Project Name: 40 West Residences

Project Address: 5830 West Colfax Lakewood CO

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

40 West Residences Strengths

- **40 West Residences is committed to providing supportive housing to homeless Veterans, which is a confirmed housing need as identified by both the City of Lakewood HOME/CDBG plan and the market study.**
- **40 West Residences has the support of HUD, the Veterans Administration and Colorado Division of Housing in the form of a commitment of VASH vouchers to serve those homeless Veterans.**
- **40 West Residences has strong local support financial and otherwise from the City of Lakewood, Jefferson County and MetroWest Housing Solutions.**
- **The location of the project, which is on the largest major transportation corridor in the city, Colfax Avenue, and less than one half mile away from the new West RTD Line and bus rapid transit.**
- **The design and housing use is in sync with the City of Lakewood area plans including: West Colfax Action Plan, West Colfax Avenue Corridor Reinvestment Plan, Lamar Street Station Area Plan and the 40West Arts District Design & Mobility Concepts.**
- **Neighbors are open to this housing as witnessed by a series of presentations and meetings with the two registered neighborhood groups: Two Creek Neighborhood Association and the West Colfax Community Association, of which Archway Housing is a member. They are particularly anxious to see the current “blighted” and abandoned, boarded up structure from this formerly foreclosed motel office removed and they are pleased about the population we intend to serve.**

Project Description

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

This innovative project will serve a range of populations including very low-income homeless veterans, a critically underserved population in the Denver Metropolitan area. Archway Housing has received a commitment for 15 VASH vouchers to provide supportive housing for veterans. As is the goal with the VASH program, the property will focus on mainstreaming the veteran population with households from a wide variety incomes and populations. **40 West Residences** will have units affordable to households with income from 30% to 60% AMI. The quality, location and transit oriented nature of the development will make it very desirable to a range of households.

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

**Location**

**40 West Residences** is located at 5830 West Colfax Avenue in Lakewood, near Sheridan Blvd. It is in close proximity to services including community, retail facilities, health and veteran services. There is a grocery store and retail services at 19th and Sheridan, a new public library planned near West Colfax and Irving (completion date Fall 2014) and a library at 5843 W 25th Ave, Edgewater, West End Health Services at 5050 W Colfax, an urgent care center and health care services at Perry and 17th, a senior center at 1580 Yarrow, and several large parks all in close proximity.

New sidewalks will be installed along the Colfax frontage and along Gray St to the south, connecting the property to the pedestrian grid and linking public spaces, open spaces and adjacent development. This public access complies with the Enterprise Community Green Criteria.

The West line light rail and subsequent/concurrent redevelopment of the Lamar Station area, the development of the 40 West Arts District, and a focus on rezoning and redevelopment by the City of Lakewood along West Colfax Avenue are all marvelous opportunities to locate a property in an area of transition. As redevelopment occurs along West Colfax Avenue, West 14th Avenue, West 13th Avenue and surrounding streets, the project site will have better transit access, walkability, bicycle access, and upgraded neighborhood appeal.
Type of Construction and Project Amenities

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

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

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

All units will have the following amenities:

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

Proposed Tenant Population

There will be 54 one bedroom units and six two bedroom one bath units at the property. Nine units will target households at 30% AMI, ten units at 40% AMI, 34 at 50% AMI and six at 60% AMI. One two bedroom unit will be reserved for a resident manager. Rental rates include all utilities.

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

In response to CHFA concerns about the marketability of the non voucher units at 40 West Residences, we have done additional follow up with other providers of mixed population housing. Community Housing Development Association (CHDA) develops all of their properties with the goal of mixing 20% special needs units with general affordable housing populations. The 20% special needs are referred by and serviced by a service agency partner, just as Archway proposes at 40 West Residences with the Veterans and the VA. Discussions with CHDA revealed they have no difficulty leasing the non special needs units and that their units in general rarely turn over. CHDA’s model is predicated on mixing populations so that special needs residents can live in integrated, independent living. This is precisely what Archway is proposing at 40 West Residences and believes is a tested successful model.

Additionally, Archway followed up with West End Flats (WEF), an integrated community a few blocks to the east in Denver. West End Flats has 50 units that are open to any income qualified household, and 50 that are set aside for homeless households coming through CCH programs. The following information was provided by management:
32% of the non project based subsidy units are rented by households with no assistance. They either have work income or retirement income. Others have vouchers from DHA or other providers (not CCH).

WEF currently has a wait list for the non-homeless units. Vacant units lease as soon as they become available, either to households with work income. Retirement income, or to those who have vouchers from DHA or other agencies.

Residents choose to live at West End Flats because it is affordable, newer, has desirable amenities, and many want to live in the neighborhood, near family and friends. Units rarely turn over because of the desirability of the property compared to market rate properties in the area.

These additional conversations with other affordable housing providers have bolstered Archway’s conviction that 40 West Residences’ integrated housing will be successful.

The new units at 40 West Residence will be available to the 7,488 income qualified households in the Primary Market Area (PMA) including small families, single people and seniors. The market study has documented that the market area has significant pent up demand and the new units will be very competitive with the amenity package and all utilities included.

**Unit Mix and Income Set Aside**

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

**Set Asides and Residents Served**

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>30% AMI</th>
<th>40% AMI</th>
<th>50% AMI</th>
<th>60% AMI</th>
<th>Sub total</th>
<th>% of TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
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<td>8</td>
<td>32</td>
<td>5</td>
<td>54</td>
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<td>2BR</td>
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<td>2</td>
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<td>1</td>
<td>5</td>
<td>10%</td>
</tr>
<tr>
<td>sub total</td>
<td>9</td>
<td>10</td>
<td>34</td>
<td>6</td>
<td>59*</td>
<td></td>
</tr>
<tr>
<td>% of TOTAL</td>
<td>15%</td>
<td>17%</td>
<td>57%</td>
<td>10%</td>
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<td></td>
</tr>
</tbody>
</table>

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

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

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

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

Rocky Mountain Human Services and Jefferson Center for Mental Health, with whom Archway is collaborating, has each received a Veterans Affairs grant to provide outreach, case management, and access to community resources, including employment services to veterans. Veterans will be assisted in accessing the Department of Labor programs for veteran job training and the placement of veterans in appropriate employment opportunities. Rocky Mountain Human Services will offer career counseling and resume preparation and assistance, and assistance accessing transportation. RMHS will provide appropriate referrals to career services when indicated. In addition, RMHS clients living at 40 West Residences will be eligible for internships under the Colorado REHIRE Program; Jefferson Center for Mental Health will assist their clients in accessing community resources and provides access to a wellness program, encouraging holistic treatment of their clients. Because the proposed 40 West Residences is on the bus line and the light rail West Line is within 1/2 mile of the development, residents will be able to secure transportation to their place of employment.

It is Archway Housing & Services' goal that the residents will have an independent living environment with service enriched housing. Additionally, by offering a more normalized setting, veterans will have role models for housing stability within the development.

The additional service agreements are in place to back up the services from VA and if those service agencies have clients who want to live at 40 West Residences, services would be available to them. Because Archway is a housing developer that provides services and referrals to their residents, their inclination is to partner with other service providers to make sure connections are in place for even those
who may come to the building without a service referral. We talked with the ED of CHDA and they find that tenants may move in as general population but have a time when they could use some services to keep their lives on track.

Additionally, Archway has partnered with MPowered, a nonprofit financial education organization, to provide financial literacy classes for any interested residents at no charge to the residents. These classes will be held on site twice annually and will focus on the basics of budgeting, the credit and debt systems, how to get and read your credit report and debt reduction strategies.

Furthermore, Archway Housing and Services plans to provide service referrals to all tenants who are interested at the property through their Archway Family Services program. Archway Housing's services staff work with tenants to create self-sufficiency plans, and coordinate access to other community resources. The linkages with Jefferson County Mental Health and Rocky Mountain Human Services will be critical for these service referrals.

Archway also offers career development assistance, English as a Second Language courses, leadership opportunities, and cultural enrichment activities. Regular community meetings are held and residents provide feedback on the services they would like to receive.

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

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

- The project will exceed the density of 15 units per acre and is located within .5 mile walk distance of combined transit services.
- The site will be designed and engineered to accommodate a future photovoltaic system.
- Advanced water-conserving appliances and fixtures will be installed, and the appliances will be ENERGY STAR appliances.
- 40 West will use energy star-compliant roofing and anticipates using R-48 insulation.
- The walls are scheduled to be R-21, and the foundation is anticipated as 2 inch thick EPS at R-6.
- The project will use wood products of at least 25% by cost, that are engineered framing materials that do not include urea formaldehyde-based binders.
- All interior paints, primers, adhesive and sealants will have no or low VOC.
- Construction will follow a waste management plan that reduces waste by at least 45% by weight through recycling, salvaging or diversion strategies.
- Roof and Parking storm water will be managed on surface with a rain garden system as approved by City of Lakewood.

An individual Monitoring system will be installed to monitor energy consumption. Individual metering is not feasible due to the extra construction costs ($100,000). In addition, Developer wishes to ensure
residents do not risk having their utilities shut off due to lack of payment of the bill. Project Owner will develop a resident manual and conduct tenant orientation to the green building features and will participate in a project data collection and monitoring system for energy usage.

**Financing**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
<th>Source</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>Land &amp; Buildings</td>
<td>$256,700</td>
<td>First Bank</td>
<td>$1,850,000</td>
</tr>
<tr>
<td>Site Work</td>
<td>$598,966</td>
<td>LIHTC equity</td>
<td>$8,816,491</td>
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<tr>
<td>Rehab. &amp; New Construction</td>
<td>$8,578,405</td>
<td>Deferred Developer fee</td>
<td>$324,996</td>
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<td>Professional Fees</td>
<td>$462,500</td>
<td>Colorado Division of Housing</td>
<td>$590,000</td>
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<tr>
<td>Construction Interim Costs</td>
<td>$859,316</td>
<td>Jefferson County</td>
<td>$261,909</td>
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<tr>
<td>Permanent Financing</td>
<td>$150,313</td>
<td>FHLB AHP</td>
<td>$750,000</td>
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<tr>
<td>Soft Costs</td>
<td>$260,540</td>
<td>TOTAL SOURCES</td>
<td>$12,593,396</td>
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<tr>
<td>Developer Fees</td>
<td>$1,255,000</td>
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<td></td>
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<tr>
<td>Project Reserves</td>
<td>$171,656</td>
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<tr>
<td>TOTAL PROJECT COSTS:</td>
<td>$12,593,396</td>
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<td></td>
</tr>
</tbody>
</table>

In addition, the narrative should address the following:

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

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

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

   **40 West Residences** will be developed in an area of Metro Denver that has very high demand for affordable housing as evidenced by the rapid lease up of the two most recently opened LIHTC projects in the area.
**40 West Residences** will be developed, owned and managed by Archway Housing and Services, a Colorado based nonprofit housing developer who has been active in the market for over 20 years.

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

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

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

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

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

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

   a. Market conditions:

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

      The property will meet demand in the PMA for new affordable rental housing. Vacancies at comparable properties are 3.2%, and the market rate vacancy rate is 2.5%. Vacancy rates have stayed low in the area for the past two years. A mix of one and two bedroom units targeting households from 30 – 60% AMI will meet the needs of one to three person households in the area, which make up over 90% of all renters in the PMA.

      The demand in the area is very high as the market study notes, the most recent affordable projects to lease up in the area, Lamar and West End Flats leased up remarkably quickly with similar rents, unit sizes and amenities.

   b. Readiness-to-proceed:
Archway has owned the land since May 2012 and has been working on the development of 40 West Residences since soon after that. Architectural plans are at the design development stage which has allowed for near completion of the final development plan and enabled the project to get "hard bid" numbers. The site plan has moved through the city of Lakewood Community Development and is in compliance with the new zoning, design, and parking requirements. We have made significant progress with all our funding sources on nailing down their commitments to the project. Once Archway receives credits they will be able to move to closing quickly.

**Timeline**

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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</thead>
<tbody>
<tr>
<td>Application to CHFA for LIHTC</td>
<td>July 1(^{st}) 2014</td>
</tr>
<tr>
<td>Application to FHLB for AHP</td>
<td>April 15, 2014</td>
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<tr>
<td>Award of Credits</td>
<td>September 30(^{th}), 2014</td>
</tr>
<tr>
<td>Jefferson County Award</td>
<td>May 2014</td>
</tr>
<tr>
<td>Planning approvals</td>
<td>Summer 2014</td>
</tr>
<tr>
<td>Application to DOH</td>
<td>November 1(^{st}), 2014</td>
</tr>
<tr>
<td>DOH award</td>
<td>Mid December 2014</td>
</tr>
<tr>
<td>Closing</td>
<td>April 2015</td>
</tr>
<tr>
<td>Construction start</td>
<td>April 2015</td>
</tr>
<tr>
<td>Construction completion</td>
<td>May 2016</td>
</tr>
<tr>
<td>Placed in Service</td>
<td>May 2016</td>
</tr>
<tr>
<td>Lease up /Conversion</td>
<td>November 2016</td>
</tr>
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</table>

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

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

Archway has also spoken with the Division of Housing and has been encouraged to apply for grant funds for this project. Archway will apply for these funds as soon as we have an award of LIHTCs. DOH will not accept applications without an award of credits.

Additionally, Archway has met with Jefferson County staff who presented our request for funding for a HOME grant to the Jefferson Community Development Advisory Board (CDAB). The Jefferson CDAB is recommending to the Jefferson County Board of Commissioners and HUD an award. They had set aside 2013 dollars for an award but those could not be held any longer. However, Jefferson County is extremely committed to this project and has agreed to fund it out of 2014 dollars or a forward commitment of 2015 funds. They have provided a new letter to that effect.

We are very pleased to be working with First Bank on the debt for the project. They have offered a very competitive rate and terms and have also sponsored our AHP application to the Topeka Federal Home Loan Bank. The AHP application to Topeka was submitted in mid-April and awards are typically made in the fall. Archway has a strong record with FHLB Topeka and this project should compete well as a supportive housing project serving homeless Veterans near a transit stop. Our application scored very highly and based on previous years scoring and awards 40 West Residences should receive funds.

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

Both First Bank and Richman remain committed to the project and we went through additional underwriting with both when we made our application to FHLB AHP in April 2014.

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

Archway Housing & Services, Inc. formerly Rocky Mountain HDC Inc., a faith based non-profit affordable housing development corporation, is committed to providing service-enriched and high quality affordable housing for low-to-moderate income families in Metro Denver. In pursuit of this mission, Archway Housing & Services seeks opportunities to purchase vacant land for new construction or purchase and renovation of obsolete multifamily developments. Archway Housing & Services currently owns and manages six housing sites in the metro Denver area with a combined total of 363 units.
Archway’s Executive Director, Joyce Alms Ransford, has over 33 years of experience in the affordable housing field and has been involved in the development of over 650 units of quality affordable housing in that time.

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

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

Dwelling Development acts as Archway’s financial consultant for all their housing development. Sarah Batt of Dwelling Development has been active in the affordable housing arena for twenty years and has experience as a lender, syndicator and developer.

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

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

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

Archway’s costs and LIHTC credit request are in line with recently awarded LIHTC projects, accounting for the increase in construction costs. Archway’s per unit LIHTC request of $15,467 is below any of the per unit awards for the first LIHTC round this year.

f. Proximity to existing tax credit developments:
The only comparable LIHTC development in the PMA is Lamar Station, which was completed in early 2014 and is completely leased up but for the market and live work
g. Site suitability:
Archway Housing selected this location for this project due to its reasonable land costs enabling Archway the opportunity to build affordable housing on this site. Its location on Colfax and proximity to public transportation, services, and commercial development will offer the residents of 40 West Residences the ability to connect to community services and employment opportunities. The property was foreclosed over two years ago when the owner was unable to sell it on the open market. Archway saw the potential that the site could offer both as a TOD site and to meet an unmet need for affordable supportive housing, which is why they moved forward quickly to gain site control using a Mile High Community Loan Fund bridge loan.

Merely upgrading the neighborhood, by removing the blighted and abandoned structure and building a new modern structures that covers nearly an acre of land will spark the continuation of economic development from other land owners along the Colfax corridor.

The project location has excellent visibility, and is located .47 miles from the Lamar Station, served by the West Line of RTDs light rail system, as well as by high frequency buses at stops within a block of the site. The site is within a 15 minute public transportation commute to downtown Denver or the Federal Center. The site could serve over 70,000 college students at the Auraria Campus and other local colleges.

There is abundant shopping, recreation, and educations opportunities are within .5 miles – 1.0 mile of the site.

4. Provide the following information as applicable:

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

   b. Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis:
40 West Residences is asking for a small DDA credit boost of just over 5%. This request is largely to do with two factors, the high cost of construction and the low applicable percentage (7.56%). 40 West Residences has great community support, and is bringing over $1.6 million in soft sources to the project. Additionally, Archway has done an excellent job containing costs on the project. The project has relatively high operating expenses to do with the level of service they want to provide and the tenancy. This makes it challenging to take on high levels of debt. They are underwriting the project conservatively to create a strong project that will be sustainable for the next 40 years.

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

   The analyst noted that 40 West Residences is being developed in an area of transition and that access to the property could be better. We agree but the transitional nature of the neighborhood was what enabled Archway to secure the property for a workable price. Additionally, Archway believes 40 West Residences will be a catalyst in the positive changes in the corridor.

   Additionally, the study noted that access to the property from West Colfax Avenue traveling West by car is not direct and residents accessing the property by car from West Colfax will have to travel around the building to access the parking gate on Gray Street. However, the same can be said for West End Flats, comparable LIHTC property in the area and it does not seem to have greatly impacted their lease up or occupancy.

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

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

   The only major environmental issue is the "blighted structure" on the site, which has asbestos containing materials. As the removal and remediation of that structure is fairly minimal cost, this seems like a reasonable activity to undertake in order to create this newly constructed housing community. There was also mention in the report about a 55-gallon drum barrel, later determined to be hardened asphalt or roofing tar by the environmental consultant. We have verified that this can be eliminated through proper disposal of this waste at a very nominal cost.
(in the hundreds of dollars). Therefore, we do not anticipate this to be a significant issue to remediate.

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

The financial support that is part of this effort includes the recommendation from the new "funding collaborative" known as the Jeffco-Lakewood HOME Consortium, which has resulted in a recommendation for funding of HOME dollars. MetroWest Housing Solutions has also agreed to act as special limited partner for the purposes of providing property tax exemption to the project which saves a significant amount in operating cost. The city of Lakewood whole heartedly supports the development of this project as documented by the support letter from the Mayor of Lakewood.

Archway has undertaken outreach over the last year to the various entities representing the area, including West Colfax Community Association, of which they are a member, the 40W Arts District, and the West Colfax Business Improvement District. The West Colfax Community Association encompasses a broad area focused "business district" down Colfax into Lakewood, as well as the 40West Arts District. Archway has also received the support of Two Creek Neighborhood Association, the oldest registered neighborhood organization in Lakewood and the neighborhood where 40 West Residences is located.

Archway regularly attends the monthly meetings of West Colfax Community Association, in which they provide updates on the status of 40 West Residences. Archway also was an exhibitor at the Sheridan Station West Line Light Rail Opening Day Celebration on April 26th and 27th, 2013, where Archway displayed the site plan for 40 West Residences. And within the past 18 months Archway has attended three Two Creek Neighborhood meetings, where Two Creek has indicated support for the project, believing that 40 West Residences will be of tremendous benefit to the community and to the Two Creek Neighborhood.

Attachments:
Letters of Support/ Service partnership
- Rocky Mountain Human Services
- Jefferson County Mental Health
- City of Lakewood HOME
- 40 W Arts District
- West Colfax Community Association
- Two Creeks Neighborhood Organization
Project Name: Aria Senior Apartments

Project Address: 5300 Decatur Street, Denver CO 80221

I. Project Characteristics:

Aria Senior Apartments is a proposed 72-unit apartment complex located at 5300 Decatur Street in Denver CO. The Aria Senior Apartments will include studio, one and two-bedroom units and will be rented to individuals and families 62 years of age and older. Aria Senior Apartments will serve residents earning a maximum income of 30% to 60% AMI. 25% of the Units will be set aside to provide housing for formerly homeless seniors. The Apartments have been designed to meet and exceed Enterprise Green Communities Standards and will be following Xcel Energy Design Assistance and LEED-NC Programs. Some green measures include highly insulated facades, low-e double pane windows, low VOC paint, energy efficient appliances (Energy Star Rated), water conserving fixtures and native vegetation landscaping with a low-impact storm water quality and detention system. If the LIHTC allocation is approved, the Aria Senior Apartments will be developed by Perry Rose, the Denver office of Jonathan Rose Companies, one of the nation’s most innovative and sustainable affordable housing and mixed-use developers. Bank of America will finance Aria Senior Apartments and will purchase the LIHTC Equity. Aria Senior Apartments has been awarded 18 DHA Housing Choice Vouchers and proposes to serve the Homeless. Aria Senior Apartments has also signed a Referral Agency Agreement with the Metro Denver Homeless Initiative (MDHI). Thus, we are trying to help implement MDHI’s new, innovative and more efficient referral procedures for providing supportive services and housing to the homeless throughout the Metro Denver Region. MDHI is building a coordinated assessment and housing placement system for the seven-county metro Denver area in order to move from the current fragmented process of assessment and referral to a standardized process and a centralized wait list for appropriate housing placement of homeless. Catholic Charities to provide supportive services to the 18 formerly homeless residents that will be utilizing the Housing Choice Vouchers. Catholic Charities “has over 30 years of experience in case management work providing thousands of low-income and formerly Homeless individuals with the tools, resources and hope needed to maintain independent living.” Catholic Charities is also one of the strongest senior services providers in Colorado;

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

Aria Denver is a centrally located mixed-use community. Aria is located on a 17-acre infill site that was the former Marycrest School and Convent of the Sisters of Saint Francis. The place making design and diversity of the Aria neighborhood reflects the heritage of the site and the Sisters commitment to environmental stewardship and community building. In this tradition, Aria Denver focuses on opportunities for a healthy, active, life-long learning style of living. The community is across the street from Regis University, 4 blocks from I-70, 8 blocks from a new Light Rail Station on Federal Boulevard opening in 2016 and just 10 minutes from downtown. The convenient location is one example of Aria’s environmental responsibility and will reduce transportation cost and promote the use of alternative forms of transportation. These factors will make Aria a comprehensive multimodal community. In addition, these features will allow Aria Senior to increase the quality of life for low-income seniors by providing the opportunity to reduce the residents’ housing, transportation, food and health costs. Research has shown that reducing each of these costs could save a senior as much as $2,000 to $6,000 per year. This saving can make the difference in a senior having enough disposable income so they do not have to make the choice of paying rent, paying for utilities, buying groceries or purchasing needed medication.

Aria Denver is also distinguished by its diversity of housing types, and its commitment to the principles of healthy living. At full build out the neighborhood will consist of approximately 400 housing units, linked by pedestrian friendly streets, open spaces and 30,000 square feet of neighborhood serving commercial shops and services. The housing types will consist of townhomes, condominiums, cohousing, market rate and affordable apartments, as well as senior independent living rentals. The first “pocket neighborhood” in Denver will be developed as part of this community where smaller and more affordable, ranch-style townhomes will be built around a central green space. The commercial area at the corner of Federal and 52nd is planned to include a health and wellness center, and perhaps a small fresh food store, a coffee shop, a green dry cleaner and neighborhood restaurants. The open space will have community gardens that will provide healthy home grown produce for the residents. In addition, a portion of the open space will be dedicated to be a model fresh food urban production garden that will provide locally grown produce to the caterer for the Regis Campus, to the Wellness Center which will teach classes in healthy, local food preparation and to a farm stand that will sell the produce on a pay as you can
basis. The production Garden is scheduled for construction in July of 2014. Therefore, fresh locally
grown produce will be available to Aria Senior Apartment residents as soon as the apartments open.

Another one of Aria’s primary assets is that living in this community will allow the residents to cultivate
their interests and to be part of a connected community. Aria Denver will provide a replicable model of
environmentally, socially, and economically responsible community development—one that creates a
diverse, tight knit community with a sense of place, that increases residents’ wellbeing and contributes to
the overall redevelopment, health and vitality of the surrounding Chaffee Park/Regis Neighborhood. Aria
Denver draws from the site’s rich past, while envisioning the future of what communities can be—
connected, inspiring, affordable, diverse places that use resources efficiently and creatively. Aria Senior
Apartments provide low and moderate-income seniors the opportunity to live in this exciting, health
oriented new infill community.

The Aria senior residents will benefit from the "Cultivate Health Initiative" (CHI), a partnership of Perry
Rose, Urban Ventures, Regis University, and the Chaffee Park neighborhood. The goal of Cultivate
Health is to support the wellness of residents in a multi-generational, mixed-income, mixed-use,
pedestrian friendly community by promoting active lifestyles, access to healthy food, access to integrated
health services and serving as a community learning laboratory for the future. As a part of this initiative,
a portion of the Aria Campus open space will be devoted to growing fresh local food. In addition, Regis
faculty and students will operate an innovative community health “Wellness Center” model called “Regis
CARES”. Located in the Aria Cultivate Health Center at 52nd Federal, primary care will be delivered by
an inter-professional team of mid-level providers. Co-locating these providers (nurse practitioners,
physical therapists, pharmacists, and behavioral health counselors) in a pod will enhance access to
primary and preventative care for the Chaffee Park Neighborhood that is currently designated a “health
care and food desert”. Providers may write prescriptions for medications that can be filled in the onsite
pharmacy as well as prescriptions for fresh fruits and vegetables grown in the Aria Urban Garden. The
Cultivate Health Initiative will also include: 52nd and Federal intersection improvements, sidewalk,
landscape, pedestrian lighting and way-finding signage improvements along 52nd Avenue connecting Aria
to: Regis on the West, Zuni Park on the East and Beach Court Elementary School on the South. In
addition CHI will provide ADA and Adult Fitness Zones adjacent to the Marycrest Assisted Living
Facility at 2850 Columbine Road and at Zuni Park at 52nd Avenue and Zuni. Finally, CHI will provide
bicycle racks, community gardens, local fresh food cooking classes at Beach Court Elementary School,
and health care services through the Regis CARES program to Beach Court Elementary School students,
parents and faculty. The character of the Aria community and the interaction among Aria Senior
Apartments residents and the rest of the Aria Cultivate Health Initiative programs and partners are
designed to engage the senior residents in a more vitally active, holistic life style that will improve their
overall wellbeing and their physical and mental health.
II. Why Project Should Be Selected Above Others:

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

1. **Aria Senior Apartment project will meet CHFA’s guiding principle and priority of “serving Homeless Persons as defined in Section 5.B.5.” (As defined on page 6 of the 2014 LIHTC Allocation Plan).** 25% of the units will be prioritized as units serving the Homeless. Aria Senior Apartments applied for and received a conditional commitment from DHA for 18 Housing Choice Project Based Section 8 Vouchers. The fact that Aria Senior Apartments is able to serve the homeless in this fashion is important for four reasons: 1) It means that CHFA may rank the Aria Senior Apartments application higher in comparison to other competing applications. Among the 30 applications received in Round Two of 2014, only 3 proposed to meet the QAP priority of “serving the Homeless” and no projects serving the Homeless were selected in Round One. Of the 30 applications in Round Two, 12 are proposed senior projects. However, only Aria Senior Apartments has been awarded DHA Housing Choice Vouchers and proposes to serve the Homeless, which could make Aria Senior the top contender among the senior applications; 2) Aria Senior Apartments has signed a Referral Agency Agreement with the Metro Denver Homeless Initiative (MDHI). Thus, we are trying to help implement MDHI’s new, innovative and more efficient referral procedures for providing supportive services and housing to the homeless throughout the Metro Denver Region. MDHI is building a coordinated assessment and housing placement system for the seven-county metro Denver area in order to move from the current fragmented process of assessment and referral to a standardized process and a centralized wait list for appropriate housing placement of homeless; 3) Perry Rose and Aria Senior Apartments has received a Letter of Intent from Catholic Charities to provide supportive services to the 18 formerly homeless residents that will be utilizing the Housing Choice Vouchers. Catholic Charities “has over 30 years of experience in case management work providing thousands of low-income and formerly Homeless individuals with the tools, resources and hope needed to maintain independent living.” Catholic Charities is also one of the strongest senior services providers in Colorado; 4) Finally, Jonathan Rose Companies (JRCo) and Perry Rose (PR) strongly believe that in order to integrate formerly homeless seniors back into the mainstream of society, it is important include these individuals and families in mixed-income affordable housing developments so that the formerly homeless may benefit from interaction with other members of the community who are striving and achieving greater independence.

2. **Strong, Experienced Development Team:** Aria will be developed financed, built and leased by the same successful experienced team that completed the Phase 1 Aria Apartment. The Development Team of Perry Rose, OZ Architecture, Palace Construction and Rose Companies Management have completed 3 other LIHTC projects in Denver and have worked together for
over 15 years. In addition, Jonathan Rose Companies (JRCo - the parent company of Perry Rose) is one of the nations leading green developers who pioneered and implemented sustainable development practices in both market rate, affordable housing and commercial space long before green building was in vogue. JRCo has completed over 3600 units of affordable in the past 2 decades. (See Developer Qualifications).

3. **Success of the Phase 1 Aria Apartments and Proven Market Demand:** The Aria Senior Apartment market area has significant unmet demand for affordable housing. The Phase 1 Aria Apartments, a 72 unit mixed-income family apartment project, which received a LIHTC allocation in 2011, was completed on time and on budget was fully leased in 90 days, and now has a waiting list of over 1000 individuals, showing that this market area and this planned community has more unmet demand and a higher probability of filling this demand than other projects. Although the Capture Rate has been cited as a potential concern, the Market Study states, “the capture rate analysis contradicts the performance of PMA senior LIHTC Properties and indicates that such properties draw a significant portion of their tenants from areas outside the PMA… its required market share is attainable given that all existing senior LIHTC projects in the PMA were 100% occupied, reported historical occupancy levels at or near 100% and had waitlists with 30 to over 100 applicants. Their performance indicates that there is substantial pent-up demand for senior affordable housing in the PMA, which will only increase given that the PMA is expected to gain 60 senior (62+) renters annually and has no age – income-restricted units in the development pipeline other than the subject.”

4. **Significant Leveraging of Private Investment:** Aria Senior Apartments will serve as the next step in catalyzing a total project with an estimated value of approximately $85 Million. Subtracting $15 Million for Phase 1 that is now complete, there is another $70 million of redevelopment to be built on the Aria Denver Site. That is, the $13 Million Aria Senior LIHTC project will help to create an additional $70 Million of private development for a leverage ratio of approximately 8 to 1 of other private and public investment for the proposed $8.8 Million LIHTC allocation. Other than DHA’s proposed redevelopment of Mariposa, no other LIHTC allocation proposal will create this magnitude of increased private investment, the economic spin-off of additional construction and permanent jobs and the long-term neighborhood revitalization that Aria will create. This revitalization effort will improve both physical conditions throughout the Chaffee Park/Regis Neighborhoods that will also significantly contribute to the health and wellbeing of residents of the community ranging from seniors to elementary school children.

5. **Planned Community, Not “one-off” Apartment Building:** Aria Senior Apartments is a critical component of a comprehensive planned community redevelopment strategy for the Chaffee Park/Regis Neighborhoods. It is not a one-off affordable Apartment Building (like some of the other applications). The singular apartment building applications will have less impact on the surrounding neighborhood and will leverage less public and private resources than projects that
are part of a planned community. The Aria Senior Apartments will help to create an integrated
community with over 400 housing units and 30,000 square feet of commercial space, leveraging
over $72 million of other public and private investment. Approval of the Aria Senior Apartments
LIHTC Allocation is also critical to sustaining the momentum created by the Phase 1 Aria
Apartments and to keeping the overall redevelopment of the Aria neighborhood on schedule.

6. **Strong Support From the City of Denver:** The Aria Senior Apartments and Aria Denver have
strong support from the City of Denver as evidenced by City Council’s approval of the Marycrest
Urban Renewal District (including TIF financing) and the 2011 approval by the Denver Office of
Economic Development of a significant NSP/Skyline Loan to help to fund infrastructure
improvements for Phase 1 of the Aria Denver Project. Denver has also named the Aria and
Chaffee Park neighborhoods one of 2 pilot “Sustainable Neighborhoods” designated by the
Mayor’s Office of Sustainability.

7. **Leveraging Other Affordable Housing Funds:** Through its application for Federal Home Loan
Bank Board Funds, Aria Senior Apartments will have the potential of bringing additional
affordable housing funding to the Denver Metro Area.

8. **Proximity to Transit:** Aria Senior Apartments is located within 2/3 of a mile of the proposed
60th and Federal, Gold Line, light Rail Station.

9. **Wellness Center and Healthy Living:** Aria Senior Apartments is part of a community that has an
integrated approach to the health and wellbeing of its residents. The model Cultivate Health
Initiative will include such services as: a community based production farm, providing locally
grown healthy food, pedestrian way-finding and walkability, a wellness clinic including nursing,
physical therapy, counseling, pharmacy and will provide community based low-cost health care
and supportive services. (See Section I: Project Characteristics). Few other projects can
demonstrate such a commitment to the improvement of the physical and mental health of their
residents. In addition, these features will allow Aria Senior to increase the quality of life for low-
income seniors by providing the opportunity to reduce the residents’ housing, transportation, food
and health costs. Research has shown that reducing each of these costs by 4% could save a senior
as much as $2,000 to $6,000 per year. This saving can make the difference in a senior having
enough disposable income so they do not have to make the choice of buying groceries or needed
medication.
III. Strengths and Weaknesses:

Strengths:

1. Competitive Project Amenities: In-unit and common area amenities exceed market standard per the surveyed rental projects in the Primary Market Area (PMA) of the Market Study. (See Market Study).

2. Large 2 Bedroom Corner Units with amazing views: West and North facing units will have great views of the Mountains. East and South facing units will have great views of downtown Denver.

3. Compact, High Density Building Type: Aria Senior Apartments is a higher density project, reflecting the characteristics of successful high quality urban infill development. The 4 story senior building will have 58 dwelling units per acre.

4. Denver Sustainable Neighborhood: Aria, together with Regis and the Chaffee Park Neighborhoods has been selected as one of two Denver neighborhoods to participate in the pilot Sustainable Neighborhoods Program where residents collectively select and implement grass-roots projects to make their communities stronger and more sustainable (i.e. resource sharing, composting/recycling programs, edible landscaping, exercise classes, home improvement programs, etc.). The Sustainable Neighborhood Program will add to the ongoing and proposed Aria Denver community building programs, including co-housing, and the Cultivate Health Initiative.

5. Greenfield Infill: Aria is unique because it provides the opportunity to develop underutilized clean land of the old Marycrest Campus and connect to the built-out neighborhoods surrounding it. By building into the existing infrastructure (utilities, roads, paths) it will bring together disconnected neighborhoods and enrich the surrounding properties, schools, and businesses.

6. Pedestrian Friendly: Aria Denver will be internally and externally connected with pocket parks, open space networks, sidewalk/streetscape improvements, way-finding signage and enhanced bicycle routes.

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

**Weaknesses:**

1. **Funding Gap:** Together with the increased costs of wood-frame construction, the 7.64% value of 9% credits and a slowly recovering neighborhood economy hard hit by the recent recession (2009 NSP2 Target Neighborhood), the project will require a relatively significant amount of soft funds and secondary financing.

2. **Project Location/Site Suitability:** According to the market study, “The subject has limited visibility and road access due to its setting along a minor road and the view to West 52nd Avenue that is obstructed by Aria Apartments – Phase I.” The study also states that, “The site is within a redeveloping area with vacant surrounding parcels, which diminish its suitability for a multifamily development, while many of its primary competitors are in fully established and more affluent neighborhoods.” “In addition, the project is located further from shopping, services and community amenities than most of its age-restricted competitors.” In responding to this weakness, the Developer contends that it is important to remember that Aria Senior is a part of a large planned community that will include a community wellness center in Phase 2 as well as the possibility of neighborhood serving retail in future phases. In response to the visibility issue, Aria Senior Apartments has already begun to establish a pre-waiting list including potentially interested parties from eligible senior applicants that continue to contact the Phase 1 Aria Apartments. In addition, during lease-up Aria Senior Apartments will have 2 large leasing signs: One sign will be the corner of 52nd and Federal, a major intersection on a commercial arterial with traffic counts of over 30,000 cars per day, and a second leasing sign will be located on the corner of 52nd and Decatur, the Eastern entrance to the project.

3. **Weak Community Leadership:** Aria Denver sits in between the Regis and Chaffee Park Neighborhoods of northwest Denver County. These neighborhoods lack identity and visibility being north of Interstate 70 and on the border of Denver and Adams County. Chaffee Park does have a Registered Neighborhood Organization (RNO), but the efforts of this group currently lack focus. Since Regis University operates as a University not as a neighborhood, the area has less of a voice and active community leadership to advocate for neighborhood improvements, resources and programs. The new Aria Denver seeks to connect these two communities and form leadership with a shared vision to bring about a stronger overall neighborhood.

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

IV. Construction Type:

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

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

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

V. Population Served:

The population served will be low and very low-income seniors, age 62 and older. 25% of the units will be set-aside as units serving the Homeless (18 Units). It is anticipated that some of the very low-income seniors may have disabilities such as mobility impairments, mental, physical or developmental disabilities, alcohol or drug abuse. Catholic Charities will provide case management for the formerly homeless seniors and the Regis Cares Clinic will provide nursing, physical therapy pharmacy and counseling services.

VI. Bedroom Mix

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

<table>
<thead>
<tr>
<th>Number of Units</th>
<th>Unit Type</th>
<th>Maximum Household Income</th>
<th>Monthly Rental or FMR for 30% AMI</th>
<th>HUD Utility Allowance</th>
<th>Max. Adj. Rent</th>
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<tbody>
<tr>
<td>13</td>
<td>One Bedroom</td>
<td>30% of AMI</td>
<td>$ 799</td>
<td>$ 111</td>
<td>$ 688</td>
</tr>
<tr>
<td>5</td>
<td>Two Bedrooms</td>
<td>30% of AMI</td>
<td>$ 1,008</td>
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<td>$ 871</td>
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<td>50% of AMI</td>
<td>$ 719</td>
<td>$ 111</td>
<td>$ 608</td>
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<td>Two Bedrooms</td>
<td>50% of AMI</td>
<td>$ 863</td>
<td>$ 137</td>
<td>$ 726</td>
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<tr>
<td>1</td>
<td>Studio</td>
<td>60% of AMI</td>
<td>$ 805</td>
<td>$ 93</td>
<td>$712</td>
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<tr>
<td>20</td>
<td>One Bedroom</td>
<td>60% of AMI</td>
<td>$ 863</td>
<td>$ 111</td>
<td>$ 752</td>
</tr>
<tr>
<td>7</td>
<td>Two Bedrooms</td>
<td>60% of AMI</td>
<td>$ 1,036</td>
<td>$ 137</td>
<td>$ 899</td>
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</table>
VII. Location

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

VIII. Amenities:

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

Aria Senior Apartment Amenities include:

- Fully equipped kitchens with energy efficient stove, refrigerator and garbage disposals;
- Washers and dryers in all units;
- Commercial sized community washer and dryer, for washing and drying large items in the common laundry room;
• Energy efficient appliances that will result in lower utility bills;
• Large kitchens with islands or peninsulas;
• Large dining areas and eat-at counters;
• Closets and pantries.
• Cable and high speed internet hookups
• Private patios for the ground floor units and balconies for the 2nd, 3rd and 4th floor units;

Site and Project Amenities will include:

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

IX. Services

Services will be provided through two sources. First, Catholic Charities will provide case management services including help with insurance forms, resources and referrals, financial and medical consultations benefits check-ups, and psycho-social assessments. Catholic Charities will also provide supportive services including: access to low-cost providers, arranging and monitoring in-home health care, home safety inspections, medication review and management, mental health counseling, prescription assistance, chronic disease management services, help with benefits including food stamps, LEAP, Medicare/Medicaid, OAP/OAP Dental, PEAK, and SSI/SSDI and Spanish translation. Catholic Charities “has over 30 years of experience in case management work providing thousands of low-income and formerly Homeless individuals with the tools, resources and hope needed to maintain independent living.” Catholic Charities is also one of the strongest senior services providers in Colorado (See Letter in Tab 14
of the Application). In addition Aria Senior Apartments will form a partnership with Regis University and the Chaffee Park Neighborhood Association to form the Regis Cares Wellness Center. Services at the Wellness Center will include: affordable fresh produce from local urban garden, cooking classes teaching healthy cooking, low-cost health care and nursing services, individual and family wellness programs, physical therapy services, supervised exercises classes, pharmacy services, counseling services (See Letter in Tab 14 of the Application, from Regis Rueckert-Hartman, College for Health Professions, Division of Counseling and Family Therapy, describing 8 year history of providing such counseling services).

X. Energy Efficiencies and Green Features

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

Significant green features of the overall development include:

• Located in an urban infill neighborhood with access to existing and adequate water, sewer, roads and other infrastructure surrounding the site on all sides;

• The site is located next to a rapid transit bus line (Federal Blvd.); Interstate-70 is four blocks away, making access to downtown Denver less than 10 minutes;

• Opportunities for car and bike sharing;

• Project will exceed the Enterprise Green Communities requirements for compact development (greater than 25 units per acre over the entire master-planned, mixed-use community);

• On-site open space will be utilized to enhance storm water detention and water quality as well as opportunities for community gardens and production farming;

• Landscaping at Aria is designed to consist of native and drought tolerant plants;

• Pedestrian and bike friendly private streets and a network of paths for connectivity will promote active living.

Project specific green features for Aria Senior Apartments include:

• The Aria Senior Apartments are being designed to exceed Enterprise Green Communities Standards (49 total intended points, see the “EGC Intended Methods” worksheet included electronically and in Tab 28 of the Application):
• A construction waste management plan will reduce the amount of material sent to the landfill by at least 65%;

• More than half of the products used for project construction will be extracted, processed, and manufactured within 500 miles of the project site;

• Highly reflective energy star-compliant roofing material will be utilized and the roof will be designed to incorporate solar photovoltaic panels when there is sufficient contingency and or budget to afford the installation;

• Aria Senior Apartments will have a 65KW solar array on its rooftop.

• Passive solar heating and cooling will occur to the majority of the units with proposed building orientation and façade shading elements;

• Use of: low/no VOC paints, primers and glues; low-e, double pane energy efficient windows; recycled and Green Labeled carpeting/flooring; all Energy Star appliances and highly efficient lighting; advanced water-conserving appliances and fixtures; properly-sized and high efficiency HVAC systems;

• Individual electricity meters will be installed and tenants will be billed individually;

• Resident and Property Management Orientations will highlight the building’s green features, goals, and recycling program;

• The building will be smoke-free with proper ventilation, mold prevention, and radon-mitigation.

XI. Type of Financing

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

**Aria Senior Apartments Sources and Uses Construction Period**

<table>
<thead>
<tr>
<th>SOURCES</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Loan</td>
<td>$4,953,861</td>
</tr>
<tr>
<td>2nd Mortgage Colo Division of Housing State HOME Loan</td>
<td>$495,000</td>
</tr>
<tr>
<td>2nd Mortgage Denver City HOME Loan</td>
<td>$495,000</td>
</tr>
<tr>
<td>Federal Home Loan Bank Board Grant</td>
<td>$750,000</td>
</tr>
</tbody>
</table>
LIHTC Proceeds $ 5,614,727
Deferred Developer Fee $ 643,602
Bank Syndication Legal Fee Reimbursement $ 60,000
Owner Equity $ 159,323

Total $13,171,512

<table>
<thead>
<tr>
<th>USES</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$ 840,000</td>
</tr>
<tr>
<td>Site Work (On Site Work)</td>
<td>$ 332,929</td>
</tr>
<tr>
<td>New Construction</td>
<td>$ 8,639,381*</td>
</tr>
<tr>
<td>Professional Fees</td>
<td>$ 595,984</td>
</tr>
<tr>
<td>Construction Interim Costs</td>
<td>$ 581,593</td>
</tr>
<tr>
<td>Permanent Financing Costs</td>
<td>$ 75,000</td>
</tr>
<tr>
<td>Soft Costs</td>
<td>$ 381,092</td>
</tr>
<tr>
<td>Syndication Costs</td>
<td>$ 121,170**</td>
</tr>
<tr>
<td>Developer Fees</td>
<td>$ 1,287,258</td>
</tr>
<tr>
<td>Project Reserves</td>
<td>$ 317,850</td>
</tr>
</tbody>
</table>

Total $13,172,257

- *See Spreadsheet directly following Contractor’s Cost Estimate included in Tab 7 of the application for reconciliation.
- ** The construction cost of building the storage units are included in the Syndication Cost Section because this was the only section that we could find that would not include the construction cost of the storage units in LIHTC basis. The cost of the storage units are not counted in basis because the storage units will be rented to residents, for additional rent, on a first come first serve basis. CHFA staff recommended this change from our Round 1 LIHTC application.

Aria Senior Apartments Sources and Uses Permanent Loan

<table>
<thead>
<tr>
<th>SOURCES</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Mortgage</td>
<td>$ 2,324,149</td>
</tr>
<tr>
<td>2\textsuperscript{nd} Mortgage Colo Division of Housing State HOME Loan</td>
<td>$ 495,000</td>
</tr>
</tbody>
</table>
2nd Mortgage Denver City HOME Loan $ 495,000
Federal Home Loan Bank Board Grant $ 750,000
LIHTC Proceeds $ 8,638,081
Deferred Development Fee $ 219,000
Bank Syndication Legal Fee Reimbursement $ 60,000
Owner Equity $ 191,027

Total $13,172,257

USES  (same as Uses in Construction Period)

XII. Local State and Federal Subsidies:

Aria Senior Apartments will be applying for a $495,000 HOME or other Loan from the City of Denver, a $495,000 HOME or other Loan from the State of Colorado Division of Housing. The actual amount of these loans will depend on the final project gap. These loans are assumed to be cash flow notes at 2% interest with a 40-year amortization, to match the affordability period.

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

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

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

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

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

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

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

     The project is 100% affordable and is deed restricted for 40 years. The project serves low-income senior residents with incomes ranging from 30% to 60% AMI. Over 60% of the units are restricted to families earning 50% of AMI or less. The income mix is: 25% of unit’s at 30% AMI (18 Units), 36% of units at 50% AMI (26 Units) and 39% of units at 60% AMI (28 Units).

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

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

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

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

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

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

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

Aria Senior Apartments is a Senior Project and will provide supportive services through Catholic Charities, Regis Cares and the Cultivate Health Initiative. (See Section “IX. Services” above)

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

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

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

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

Aria Senior Apartments is requesting approximately $12,361 per unit of LIHTC Equity allocation. This amount is approximately 1/3rd lower than other potential projects that have requested LIHTC allocations as high as $20,000 per unit.

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

Aria Senior’s per unit requested amount of LIHTC allocation is significantly less than many other applicants. Aria Senior’s per unit credit amount is $12,361, while other potential projects have as high as $20,000 of credits per unit. Aria Senior’s efficient use of credits allows for a greater number of 9% LIHTC projects to be funded in Round 2 of 2014. Furthermore, the Aria Senior project will apply for other sources of funding, including HOME, other City and State of Colorado soft loans and FHLB funding.

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

Aria Senior Apartments Qualifies for the priority of “Serving Homeless Persons as defined in Section 5.B.5.” That is, Aria Apartments proposes to set aside 25% of its units for formerly homeless seniors. Aria Senior Apartments is not in a rural area, nor in a county impacted by a natural disaster. Aria Senior Apartments will serve low and very low-income seniors (25% of the units at 30% AMI). It is also anticipated that some of the very low-income seniors may have disabilities such as mobility impairments, mental, physical or developmental disabilities, alcohol or drug abuse and case management services will be provided by Catholic Charities with additional supportive services provided for these individuals through the Regis Division of counseling and Family Therapy.

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

a. Market conditions:

The market analysis indicates that Aria Senior Apartments will have a large demand within the area in which it is located, as well as the need for more affordable senior housing throughout the Denver Metro Area. The Market Study concludes that: “The subject’s overall capture rate is above the 25% CHFA threshold, but attainable because: The PMA has an overall vacancy rate of 3.5%, no projects were offering concessions in February 2014 and four had waitlists with between 30 and 1,300 applicants, illustrating a strong rental market. Surveyed age-restricted LIHTC projects are 100% occupied and have waitlists with 30 to over 100 applicants, indicating that there is substantial pent-up
demand for affordable senior housing. The PMA is gaining 60 senior (62+) renters annually, while there are no age- and income-restricted units in the development pipeline, other than the subject, suggesting demand will increase. The most recently completed LIHTC project completed lease-up within three months, further illustrating the abundance of pent-up demand in the PMA. The subject’s proposed amenity package, condition and tenant services will place it at or near the top of the rental market for its product type, and it will be able to match the performance of existing senior LIHTC projects.”

b. Readiness-to-proceed:

The Aria site is currently Zoned RMU 30, which allows the proposed multi-family uses. The only planning approval required is a Planned Building Group (PBG) approval and a building permit. The PBG Concept plan was submitted in April of 2014. The Formal PBG plan was submitted in May 2014 with Final Approval expected by mid September 2014. We have met with Bank of America, and construction and permanent financing commitments can be approved as set forth in the schedule proposed in this application. The rates quoted in these commitments are conservative to ensure that the Aria Senior Apartments project will proceed, even if there is an increase in currently low interest rates. If interest rates remain stable, it may be possible to reduce the amount of HOME or other City and State funding required. In addition, we have met with the Tax Credit Investor (Bank of America) and worked with them closely on the development program and proforma. Bank of America is highly interested in this project. Construction is scheduled to start in July of 2015 and will be completed in approximately 12 months (July 2016). The Aria Senior Apartments can receive a Certificate of Occupancy and be placed in service during August of 2016 (See Timeline/Schedule included in Tab 6 of the Application).

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

c. Overall financial feasibility and viability:

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

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

Another indication of the project’s readiness to proceed is the fact that the Aria Senior Apartments are being designed, financed and constructed by an experienced team that has worked together and completed numerous successful projects together over the past decade. OZ Architecture designed both the HGV Senior Apartments (Cottage Hill) and the HGV Multi-family Apartments (Trocadero) and the Phase 1 Aria Apartments. Palace Construction built the Trocadero Apartments, the HGV Commercial Shopping Center and the Phase 1 Aria Apartments. First Bank has financed numerous Jonathan Rose projects including the Denver Dry Goods Building and the HGV Commercial Shopping Center. Bank of America provided the construction financing, permanent financing commitment and the LIHTC Equity for the Phase 1 Aria Apartments. Rose Companies Management has successfully managed Cottage Hill, Trocadero the Denver Dry Goods Building and the Phase 1 Aria Apartments, all of which include LIHTC units, and has always been in compliance with all appropriate regulations. In addition, Jonathan Rose Companies has an exemplary track record of closing upon and completing its model green Low Income Tax Credit (LIHTC) projects on time and on budget, and of closing on LIHTC financing even in difficult economic times. In conclusion, the Aria Senior Apartments are being designed, financed, developed, constructed and managed by a strong team with over a decade of experience of working together and completing successful model projects. The project is ready to proceed and will result not only in the development of much needed affordable housing but will also stimulate the revitalization of the entire neighborhood surrounding the Marycrest site and Regis University.

e. Cost reasonableness:

As mentioned previously, the proposed Aria Senior Apartments LIHTC project land purchase is the subject of a binding Purchase and Sale Agreement between Perry Rose LLC and Marycrest Land Company. This agreement is contingent upon an award of an LIHTC allocation and financial closing, at which time the land will be transferred at the set price of $840,000 or $15.16 per square foot. For this reasonable land price, Marycrest Land will deliver the pad site ready for development with all required utilities stubbed five feet into the property line and within two feet of finish grade. This reduces the project’s site work budget and eliminates the heavy costs and complexity of offsite construction work.
Aria Senior Apartments also meets the Cost reasonableness test based upon the total development cost per unit and the Basis Limit per unit. Based on total development costs of $13,172,257 the Aria Senior Apartment average cost per unit is $182,948 that is significantly below the allowed basis limit of $190,492 per one-bedroom unit and $231,623 per two-bedroom unit. Therefore, Aria Senior Apartments total development cost of $13,172,257 is 8.98% below the $14,472,585 Basis Limit development cost allowed.

f. Proximity to existing tax credit developments:

According to the Market Study, “The PMA has 13 existing LIHTC projects containing 600 income-restricted units. Of these, five are age-restricted projects with 454 units and the remaining eight are non-age-restricted LIHTC projects with a total of 146 units. There are three existing deeply-subsidized LIHTC projects within the PMA including 270 units. The subject will compete directly with the five senior LIHTC properties with 454 tax credit dwellings. The Colorado Housing and Finance Authority indicated that there are no projects within the PMA that have received a tax credit allocation in the past two years that have not already been placed in service. Completion of the subject will raise the PMA’s LIHTC inventory to a total of 672 units.” Nevertheless, there is still a large demand for this property as the Market Study indicated that, “The PMA has an overall vacancy rate of 3.5%, no projects were offering concessions in February 2014 and four had waitlists with between 30 and 1,300 applicants, illustrating a strong rental market. Surveyed age-restricted LIHTC projects are 100% occupied and have waitlists with 30 to over 100 applicants, indicating that there is substantial pent-up demand for affordable senior housing. The PMA is gaining 60 senior (62+) renters annually, while there are no age- and income-restricted units in the development pipeline, other than the subject, suggesting demand will increase. The most recently completed LIHTC project completed lease-up within three months, further illustrating the abundance of pent-up demand in the PMA.”

g. Site suitability:

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

3. **Provide the following information as applicable:**

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

      NOT APPLICABLE

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

      NOT APPLICABLE.

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

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

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

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

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

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

   The site was rezoned in 2008. The re-zoning required a public hearing before City Council and there was significant outreach to residents of the surrounding neighborhood to encourage comments on the rezoning and testimony before City Council.
In 2012, City Council approved the site as an Urban Renewal District. This required a public hearing before City Council and there was significant outreach to residents of the surrounding neighborhood to encourage comments on the Urban Renewal District and testimony before City Council. The support of the community is evidenced by the TIF Financing approved for the Urban Renewal District and a $5 M Denver Office of Economic Development Loan to fund Phase 1 infrastructure improvements of Aria Denver.

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

Throughout the redevelopment process, the Developer has continued to work with the Sisters of Saint Francis, Regis University and the surrounding neighborhood to obtain public comment on the proposed development. For example, a display has been posted at the Regis Student Center from June of 2012 through February of 2014 describing the history of the Marycrest Campus and the proposed redevelopment. In addition, Regis University has applied for a Colorado Health Foundation Grant to fund the Aria Cultivate Health Initiative and Health Center at 52nd and Federal Boulevard. Significant public outreach was involved in preparing this application including working with Denver City Councilwoman Susan Shepherd and Judy Montero, the Chaffee Park Neighborhood Association, Marycrest Assisted Living, Beach Court Elementary School, Cooking Matters, Denver Urban Gardens, Urbiculture, Trust For Public Lands, Project Recycle, Bicycle Colorado, Caring for Colorado, and The Colorado Trust, and other community partners.

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

In December of 2013, Aria and the Chaffee Park/Regis Neighborhood were selected as one of 2 pilot Denver Sustainable Neighborhoods. The application process for this selection was led by volunteers from Aria Denver and the surrounding neighborhood. The application process included gathering petitions from neighborhood residents and working with residents to determine priorities for the Sustainable Neighborhood program. Future outreach efforts will include neighborhood surveys, performing neighborhood assessments of pedestrian barriers, alternative transportation workshops, tree planting, community education and exercise classes, and food clothing and school supply drives etc.
The Developer is currently working on the Phase 2 Planned Building Group (PBG), which will involve public meetings and comment on the proposed site development and infrastructure plan. This will include soliciting input on the Phase 2 Aria Senior Apartments proposed site and building design.

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

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

   NOT APPLICABLE.
BRIGHTON VILLAGE PHASE II
Project Narrative Description
Page 1

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

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

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

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

The Authority will be the owner of Brighton Village Phase II throughout the development process, as they currently own the site and are a 100% interest holder and limited partner in the project sponsor. The participation of MJT Properties, Inc. will be as a fee developer, with no ownership position. In addition MJT and its owner will provide all guarantees for completion of the project development.
Through ownership of a separate entity, HC Brighton Senior I L.P., the existing first phase of Brighton Village is owned by J. Marc Hendricks, the owner of MJT Properties, Inc. Agreements on Phase I call for the property ownership to be deeded to the Housing Authority when the compliance period has ended, expected to be December 31, 2022.

BRIGHTON VILLAGE PHASE II
Project Narrative Description (continued)
Page 2

At that time, ownership would pass to the Authority (subject only to the amount of the permanent debt). Even though Hendricks has ownership rights in Phase I through the end of 2022, he’s offered to deed his interest to the Housing Authority upon completion and stabilization of phase II. It’s anticipated that Phase II stabilization will occur in 2016. Therefore, the Authority’s ownership of Phase I will be accelerated by approximately 6 years, significantly enhancing its asset base and cash flow.

Market Conditions
As indicated, the first phase of Brighton Village was completed in 2007. That property has enjoyed enormous success as one of the few affordable senior properties in a community that needs additional senior housing. Phase I currently has a wait list of over 700 pre-qualified households, including over 400 at the 30% AMI level, over 225 at the 40% level, over 40 at the 50% level and over 30 at the 60% level.

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

When establishing the AMI mix for the proposed project, attention was paid primarily to the wait list on Phase I, rather than to the indicated capture rates. While capture rates are significant as an analytical tool, we felt it was more crucial to match up the available AMI units with the indicated number of pre-qualified households on the wait list, rather than just to the capture rates. Had the primary focus been to pursue favorable capture rates, the proposed project would have many more units at the 50% and 60% AMI levels, which would not match up with the needs of the households on the wait list, nor would it serve people with the lowest incomes, which is one of the primary goals of the tax credit program.
This is further reinforced in the Market Study, which indicates that while the capture rate at the 40% AMI level might be a concern under other circumstances, the rapid lease-up rates and high occupancies at other senior properties in the area, the history of high occupancy at Brighton Village I, the large wait list at that property, and the track record of the co-developer and management company are given as reasons that the higher capture rate is not an obstacle.

BRIGHTON VILLAGE PHASE II
Project Narrative Description (continued)
Page 3

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

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

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

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

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

Site Suitability/Location

As previously mentioned, the subject site is located adjacent to the completed first phase of Brighton Village. By its adjacent location to the completed property, it will be possible to complete construction of the subject property, connecting it with the existing common areas of Phase I. Hence, this is the perfect location and site for development of a new independent senior property. The connection of the two phases allows for great synergies for marketing, operations, and most importantly for expanded social possibilities for the current residents of Phase I, and the new residents moving into the second phase.

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

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

Parking

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

Between the two completed phases of Brighton Village, consisting of 123 residences, there will be a total of 143 parking spaces – 16 garages spaces (10 on Phase II and 6 on Phase I) and 127 open, free spaces. Of those parking spaces, 73 (63 open and 10 garages) will be specifically designated for Phase II. Therefore, there will be at least one open, free parking space for every residence at the completed development. Prior to the closing of the
construction loan and partnership on Phase II, a joint access and use agreement will be signed between the separate ownership entities of the two phases (both controlled by the principals of MJT Properties). The agreement will provide for complete access by the residents of both properties to all driveways, outdoor and indoor facilities, parking areas and other shared areas between the two phases. This is a similar agreement to what MJT completed on other projects, including the Libretto Apartments, Caribou Apartments, Allison Campus and others.

BRIGHTON VILLAGE PHASE II
Project Narrative Description (continued)
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Environmental Items
The Platte Valley Manor was a Public Housing property that was located on the site of the subject property. All 28 households who resided at that property moved into the Libretto Apartments when it was completed by the development team in November, 2013.

Since that time, the Manor building has been completely demolished. The site for the proposed project, therefore, is fully available for development and the start of construction.

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

Amenities & Services Provided
The development will include one building, a three-story, elevator-served structure (separate elevators will serve each phase of the property). The building will be constructed so that it attaches to the lobby of the first phase of Brighton Village. Therefore, the second phase will share the existing common areas, including a restricted entry, large lobby area, a community kitchen and café area, sun room, billiards room, media room, manager’s office, mail kiosk, public restrooms and library. The second phase building will also have a hair salon to serve the needs of the residents of both buildings, a separate computer room with provided computers, craft room, exercise room with provided equipment and private
dining room that can be reserved by individual property residents. A free wi-fi connection will be provided for both buildings, at the time that Phase II is developed.

Provided services will include organized gatherings, community newsletter and bulletin board and an on-site manager who will serve residents, organize activities and coordinate service providers from the area. Services provided by the management company will be tailored to meet the specific needs of senior residents. The existing property is already an active community. There will be increased opportunities for social interaction among the residents when the property expands from the current 60 units to 123.

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

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

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

Financing
The project will be financed through the sale of Low Income Housing Tax Credits. A preliminary reservation of Credits in the amount of $937,895 is being requested. The project tax credits will be sold to an institutional investor. US Bank Community Development Corporation and Hunt Capital Partners LLC have provided letters of interest, however, other investors will be considered. US Bank will also provide a construction loan in the amount of $10,000,000. US Bank has been the construction and permanent lender for many previous projects developed by one of the co-developers. The sponsor is requesting that CHFA provide permanent financing in the amount of $2,130,000. CHFA is the current lender on Phase I of Brighton Village. HOME fund awards in the amount of $200,000 each will be provided by Adams County and the Colorado Division of Housing. There will also be deferred developer fees in the amount of $201,200.

BRIGHTON VILLAGE PHASE II
Project Narrative Description (continued)
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Cost Reasonableness / CHFA DDA Boost
The development team has evaluated the feasibility of the project utilizing 4% bond financing and determined that this financing will not meet the AMI needs of the people in the community. Therefore, we feel that 9% tax credits are the best source of financing.

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

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

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

Financial feasibility for the project can be demonstrated in many ways, including the partnership and ownership by the Housing Authority, the community support, the provision of soft funds by the county and the state, the experience of the development team, the economies of scale and lower costs resulting from the development of a second phase, and other factors.
**Construction**
Project construction will be wood-frame on a post-tension foundation system. Exterior materials will include hardboard siding and brick veneer. The design of the proposed project will match the existing Phase I building, so that when completed, the project will have the appearance of a single 123-unit development, rather than a project that was developed in two phases. Landscaping will be extensive in accordance with City of Brighton specifications. The project will be designed to meet all required local, state and federal guidelines for accessibility. In addition, every attempt will be made to design,

**BRIGHTON VILLAGE PHASE II**
**Project Narrative Description (continued)**

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construct and manage the project utilizing “green” guidelines and materials. More details on the specific “green” materials to be used and management guidelines that will be implemented, are included in the Green Communities Intended Methods Worksheet attached to the application.

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

Integrative meetings and communications between Lightly Treading and the development team are ongoing, wherein the consultant has reviewed the preliminary design drawings with the team, and has provided comments and adjustments to the plans. Following their initial review, they’ve determined that we’ll meet or exceed the requirements of the 2011 Enterprise Green Communities Criteria. They have estimated, through computer modeling, that the project will reduce its HERS score by 5 points, and likely more, based upon the planned materials and equipment to be used in construction of the project. A letter from Paul Kriescher, President and CEO of Lightly Treading, confirming this reduction, is included in the Narrative section of the application.

The project will receive additional points in most sections of the Green Communities Criteria, including some of the following areas: 1) increased water saving measures through more restrictive fixtures in bathrooms and kitchens, 2) greater energy efficiencies through the reduction of HERS rating scores below the baseline performance standard, and
3) implementation of several construction procedures and practices that will reduce waste, make use of recycled products and use products produced locally. Additionally, the project will be a smoke-free building and will be a drop-off location for CSA shares of produce grown within 150 miles of the project.

BRIGHTON VILLAGE PHASE II
Project Narrative Description (continued)
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Development and Management Team Experience
The project principals include an experienced group of individuals who have been involved in the Denver area construction, development and property management business for over 30 years. One of the co-developers of the project will be J. Marc Hendricks and MJT Properties, Inc. In addition to other projects, Hendricks has developed 17 successful tax credit properties over the last 19 years. The projects have been completed on time and under budget, and have consistently leased up in less time than anticipated.

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

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

The completed property will be managed by Terra Management Group LLC, however, the long-term plan is for the Housing Authority to take over management, once they’ve been able to sufficiently increase the size and expertise of its staff. Terra Management is overseen on a day-to-day basis by Debi Robertson. Debi has extensive experience in the management of affordable housing properties, including facilities for the exclusive use of independent seniors. All properties managed by Terra perform exceptionally well, maintain high occupancies, high revenues and low expenses. Lydia Smith, who operates the company day-to-day, has been with Terra for over five years. In addition to her responsibility for daily operations, she is responsible for staff and resident relations, crisis intervention and communications between staff and upper management. Heather Aguirre is an asset manager who has extensive experience with tax credit properties. She is primarily
responsible for managing file compliance, management reviews and investor/lender inspections and requests. Sheri Wagner is the on-site property manager at Phase I. She will continue with the day-to-day management of the proposed project, thereby providing a significant continuity of management for the subject property.

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

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Project Narrative Description (continued)
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Identification of Guiding Principles in the QAP that the project meets and why it meets them

Guiding principle 1 – To support rental housing projects serving the lowest income tenants for the longest period of time
Brighton Village Phase II will provide affordable housing to low income residents at a range of AMI levels from 30% to 60%, with the majority of units (a total of 41) offered to residents at 30% and 40% AMI.

These AMI mixes were selected for the proposed project despite the relative high capture rates for the 30% and 40% AMI units, as referenced in the Market Study. Because of the large number of households on the wait list at Brighton Village Phase I, who have been pre-qualified at 30% AMI (over 400 households) and 40% AMI (over 225 households), it was decided to concentrate the number of developed units at those lower AMI levels. This decision is supported by the conclusions and recommendations of the Market Study.

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

Guiding principle 2 – To support projects in a QCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A.4, Primary Selection Criteria
The proposed project may not technically meet this criteria, however, as indicated elsewhere in this Narrative and the Market Study, the site is adjacent to Brighton Pavilions, a recently completed retail project. The property is also located within close walking distance of downtown Brighton, which is undergoing a significant redevelopment. In addition, the subject site is located with the boundaries of the Brighton Urban Renewal Authority, which has been instrumental in the development of the Pavilions and the redevelopment of downtown.

BRIGHTON VILLAGE PHASE II
Project Narrative Description (continued)
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Guiding principle 3 – To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural and tribal areas
Brighton Village Phase II will provide much needed affordable senior housing in the City of Brighton. The other two projects developed by the co-developer in Brighton, Brighton Village Phase I and Libretto I, have been extremely successful. Brighton Village I has a wait list of over 700 prospects including over 400 at the 30% AMI level and over 225 at the 40% level. There’s also a significant wait list building up at Libretto. This clearly indicates the need for more affordable senior housing in the community, which has a distinctly rural atmosphere and a high number of very loyal residents. The nearest senior tax credit property in the Market Study PMA, besides Brighton Village I and Libretto I, is in Dacano, nine miles northwest of the subject. As stated in the Market Study “there are no other known approved planned properties in the PMA that would be comparable or competitive with the subject”.

Guiding principle 4 – To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and non-profit
The development of this project will provide the best of both worlds. The Brighton Housing Authority, headed by Joseph Espinosa, is striving to become a viable owner, developer and operator of affordable properties, so that it may better serve the community. The for-profit co-developer, MJT Properties has an excellent track record in the development and management of both senior and family tax credit properties throughout the Front Range of Colorado. In addition, as previously indicated, the participation of the two co-developers, through their partnership, will provide not only an excellent source of cash flow and stability for the Authority, it will allow the Authority to enhance their skills
as a developer and manager of affordable housing. This will allow them to develop and expand their portfolio of affordable housing in the future.

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

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

**BRIGHTON VILLAGE PHASE II**

Project Narrative Description (continued)

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

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

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

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

**Guiding Principle 8 – To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period**

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

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

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

**BRIGHTON VILLAGE PHASE II**

**Project Narrative Description (continued)**

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

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

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

Project Address: 3405 South Broadway, Englewood 80113

Introduction:

Medici Communities is extremely excited to once again participate in a true public/private partnership project that will impact an entire neighborhood. For the last 15 months we have been working in partnership with the City of Englewood to develop a beautiful, mixed use project at a high profile location that has long been neglected. This project will be the catalyst for revitalizing the traditional core of the City and anchoring this section of Broadway Boulevard.

The Broadway Lofts is a 61 unit family project at the intersection of South Broadway and Englewood Parkway, in the heart of Englewood. The site is currently owned by the City of Englewood, and the proposed project is the result of a RFP initiated process by the City’s Urban Renewal Authority. The shared objectives of the team include the creation of a vital, beautiful project on one of the City’s highest profile locations. In addition to 61 units of well-designed affordable housing, the project will contain a separate commercial condo that will host community, retail and restaurant uses.

The residents of this project will have access to a number of excellent public transportation options. Two high frequency RTD bus lines run along Broadway and Englewood Parkway, providing access to locations in every direction. Additionally, the site is served by a free local circulator bus line, Englewood’s ART bus. This free service connects our site to the Englewood light rail station, which is located ¼ mile to the west and to the Swedish Medical Center that is located ¼ mile to the east. There are numerous other employment areas that are immediately accessed by public transportation from the site.

This is a very visible site. To create the kind of signature building the City wants, the architecture will have to live up to the challenge. We are very capable and committed to
producing the type of project that is needed, at a cost that can be supported. It isn’t all about spending; it is about attention to detail and opportunity. The building design and layout is targeted for smaller families that are interested in living in a dense urban setting adjacent to multimodal transportation options. The unit amenities include air conditioning, washer & dryer, dishwasher, garbage disposal energy star refrigerator. The building is a five story building with two elevators and controlled access. The ground floor will have the leasing office, community room, exercise facility and computer/business center, as well as a separately owned retail and commercial space. The top four floors will have a mix of one and two bedroom units, laundry rooms on each floor, (in addition to laundry hookups in each unit), and a community deck on the fifth floor, providing mountain and city views in a gathering space for tenants. The site is also adjacent to a city park and trail system for outdoor activities and access.

We are committed to quality construction materials and practices. We will use systems and materials that are high quality and provide a long term life cycle. The proper materials add to the quality of life for the residents and controls repair and replacement costs over time.

We are very familiar with green building practices and are at the forefront in understanding and implementing the Green Communities standards. We incorporate what we believe to be the best and most effective elements into the design and construction. These include, but are not limited to, infill location, high density, construction waste management, energy star rated appliances, finger-jointed framing materials, efficient lighting, low v.o.c. paint and adhesive, high life cycle exterior materials.

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

   **Affordability**: This project will serve families earning between 30% and 60% of AMI, and commit to a 38 year extended use period.

   **Community Revitalization Plan**: The proposed project is being developed on land owned by the City of Englewood’s Urban Renewal Authority (“EURA”) in response to a
community led effort to revitalize this high profile site, which is located in a QCT. In 2013 EURA issued a request for proposals and selected Medici Communities as its partner in this community redevelopment project. Since that time Medici Communities has been working closely with EURA to refine a program that best meets the needs of the community.

**Proximity to Public Transportation:** The project is located at the intersection of two major RTD bus lines (Broadway and Englewood Parkway). Additionally, the site is served by a free local circulator bus line. This free service connects our site to the Englewood light rail station to the west and Swedish Medical Center to the east. Both locations are within a half mile of the project location.

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

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

   a. **Market conditions:** The need for affordable housing in this area is great. There are no vacancies within the LIHTC projects surveyed on our PMA. The capture rate for this project is below 7%. Our market study recommended no changes to the project, and suggested that it would lease up in four months with no need for concessions.

   b. **Readiness-to-proceed:** The site is zoned for multi-family and it is a use by right. In fact, this project was initiated by the City of Englewood itself and the local support for this project has created a favorable environment for the timely approval of our plans. We expect to spend the next 2 to 4 months working with the architects and the City to develop the best possible plan and then approximately 4 months in permitting. Based on our agreements with the City of Englewood, we expect to begin construction in the spring of 2015.

   c. **Overall financial feasibility and viability:** The proposed rent levels are achievable in the market and as such, we believe that the proposed debt load is supportable. In addition to debt, the project calls for the receipt of a HOME grant from Arapahoe County. We have met with the County; funds are available and
targeted towards this type of project. The county was very supportive of our application for funding.

d. Experience and track record of the development and management team: Medici Communities has been deeply involved in the development, finance and operations of affordable housing for over 15 years. We have been involved in all aspects of the development process, including complete development, construction management, and financing consulting for the LIHTC program in Colorado. Our team of professionals has been involved in every element of project development and management. We focus on and specialize in public/private partnership projects such as this. We have consulted with other non-profits and housing authorities. We have built and overseen the construction of multiple projects throughout the State. In terms of property management, we plan to contact with Echelon property management company to operate the project. Echelon currently operates all of the projects in our portfolio, and has an excellent track record of compliance and efficiency.

e. Cost reasonableness: Medici’s strong background in construction will produce a very high quality project at a very competitive price. Our latest project, the Evans Station Lofts, was built on budget and won the Mayor’s award for Design Excellence. This infill site, located on existing retail parking, does necessitate the construction of a structured garage for the residential parking. This parking garage does add to the cost of this project relative to a surfaced parked site. To offset these costs the City has a number of reduced fee programs for which we qualify (see attached letters). On a qualitative level, we think the value of the project’s location proximate to transportation, services, employment, and recreation offsets the added cost of parking. The transit oriented urban infill nature of the project is enhanced by the density.

f. Proximity to existing tax credit developments: There are no other new construction family tax credit projects in the City of Englewood. A 43 unit project was renovated through the credit program in 2012, and is fully leased up. Site suitability: The site is located in the center of Englewood, at the intersection of two major roads. Its high profile location will generate a tremendous amount of traffic during lease up, and thereafter during operations. Utilities, storm drainage, zoning and local support are all present in this public/private project.
g. Shopping: Adjacent to the site are numerous shops and small businesses the stretch north and south along Broadway. Across the street to the north is a King Soopers anchored shopping center. To the east is a large big box shopping center, with Wal-Mart, Hobby Lobby, Petco, and numerous others. Finally, surrounding the light rail station is the Englewood Town Center development.

Parks and Recreation: On the block south of the site is a Park and trail system with a paved bike path along Little Dry Creek that connects to ball fields several blocks further east. About a mile to the west is a connection to the South Platte trail, a paved bike path that runs the entire length of the South Platte River. Two small parks (Miller Field and Mary Flood) are located about ½ mile south of the project, on either side of Broadway. There are numerous commercial recreation opportunities in the area, including bowling, concerts venues, recreation centers and gyms.

Education: The City of Englewood School District operates an elementary, middle, and high school. All three schools are within 2 miles of the proposed project.

Public Transportation: Public transportation opportunities are excellent. The project is located at the intersection of two major RTD bus lines (Broadway and Englewood Parkway). Additionally, the site is served by a free local circulator bus line. This free service connects our site to the Englewood light rail station to the east and Swedish Medical Center to the west. Both locations are within a half mile of the project location.

4. Provide the following information as applicable:

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

   b. Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis: N/A
5. Address any issues raised by the market analyst in the market study submitted with your application: N/A

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

The Phase I indicated that there were several REC’s in the vicinity of the project, as is not unusual for sites in older commercial neighborhoods. Based on the Phase I results we elected to perform several test bores. The results of those bores indicated that there is some groundwater contamination that originated from an off-site location. Once agreement of this analysis is obtained from the State Dept. of Public Health & Environment we will proceed to obtain a no further action determination. In the unlikely event that we need to perform remediation, we have included a $50,000 remediation contingency for potential remediation work.

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

The site is owned by the City of Englewood. Through a competitive RFP process the City’s Urban Renewal Authority selected Medici Communities to develop the parcel into the project proposed herein. The local support for this project is evidenced by the result of this process; we wouldn’t be applying for the project today but for the prior support this project has received from the City. In addition to this public/private partnership, Medici has reached out and met with local business owners and held several public meetings with the business owners and neighbors. The primary topic of conversation related to the construction of a garage over the existing parking lot the customers of these businesses use. After explaining the construction process, as well as the other benefits to the local business community that the project will produce, we have garnered their support.

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

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: Canon City Gardens

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

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

Summary

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

As also explained below, an award of Tax Credits for the Project is a very efficient use of available Tax Credits by CHFA, as the Development Cost for the units is well below the calculated HUD value limits, both on a per unit and total cost basis. In fact, the total Project development costs (including all reserves and other soft costs) of approximately $10.6 million is over $2 million lower than the HUD Section 221 limit for a 72 one-bedroom unit facility in the area (which, as previously acknowledged by CHFA, is the appropriate calculation to use given the large common areas, commercial kitchen and dining areas of an assisted living facility). Moreover, even using the lower zero-bedroom calculations, the total Development Cost for the
Project is still over $680,000 less than the comparable HUD Section 221 cost limits. These cost calculations are a very compelling indication of the Project’s enormously economical cost which makes it a very efficient use of the Tax Credits being requested.

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

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

**General Description of Project**

**Project Design**

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

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

**Site and Site Plan**

The building site is located on N. 9th Street at the north end of Canon City just south of Family Center Drive. The site on which the facility will be built is approximately 4.5 acres in size and is rectangular in shape.
The site is under contract, and is in process of being re-zoned from R1 to R3. All utilities (water/sewer, natural gas, electric and cable TV) are adjacent to or near the perimeter of the parcel in which the building site is located, and all tap fees and extensions are covered by the Development Budget included within the Application materials. The site is flat and currently undeveloped, and no environmental issues are present as confirmed by the Phase I Environmental Report received.

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

**Number of Units by Type and Size**

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

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

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

**Project and Unit Amenities**

Resident common areas include a large living room, a dining room large enough to serve all the residents, a central kitchen, a laundry room and maintenance rooms. The finish level will be of high quality for an affordable project and will include, for example, wainscoting throughout the
common areas, six-panel doors on all doorways, and handrails throughout the building. All common areas will be furnished appropriately for frail elders and others in need of assisted living services. The grounds will include landscaping, patios adjacent to the building, fencing, gardens and fountains.

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

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

**Services and Management**

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

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

- 3 meals per day and snacks
- 24-hour oversight
- Medication administration
- Personal laundry and linens
- Housecleaning
- Transportation to doctor appointments
- Weekly bathing assistance
- Activities program seven days per week, with at least 2 activities daily.
Staffing includes one caregiver for each 10 residents during the day and one for each 16 residents during the night. There are no additional service levels for additional fees. Beauty shop services are available on-site by an outside contractor. Residents needing additional levels of service are discharged to another setting.

**Utilities and Type of Heat**

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

**Development Schedule and Anticipated Date for Delivery of Units**

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

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

* * * * * * * *

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

1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (“QAP”) the Project meets and why it meets them:
The Project meets numerous of the Guiding Principles, including the following cited:

- “To support rental housing projects serving the lowest income tenants for the longest period of time.” The Project serves the lowest income tenants (given that 30% of the units are set aside for those tenants under the 30% AMI level) for the longest period of time (given the longest 15-year compliance plus 25-year waiver period selected). In fact, many of our tenants are homeless elderly with no income other than the Colorado Old Age Pension Act and SSI payments, for which payments we assist them in qualifying.

- “To support projects in a QCT, the development of which contributes to a concerted community revitalization plan.” The Project is located within a Qualified Census Tract, and as noted in the Application materials it contributes to the goals of the community’s strategic plans.

- “To provide for distribution of housing credits across the state.” The Project is located in Southern Colorado, which historically has not received as many Tax Credit allocations as other areas of the state, which supports this Guiding Principle. Moreover, it is located within the city limits of Canon City, which has not had a LIHTC project awarded for a number of years.

- “To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing.” The Project, by its nature as an assisted living facility, serves frail elders and others in need of supportive housing and services. It also houses a number of individuals who were previously homeless (many homeless individuals have mental health and other problems that are best served in an assisted living setting). Senior citizens are another main area of service, and its tenants are much in need of the Project as supported by the strong Market Study findings.

- “To reserve credits for as many rental housing projects as possible while considering the Priorities and Criteria for Approval.” The Project is requesting a relatively smaller amount of Tax Credits as compared to the norm of requesting the maximum $1.25 million amount available for a single project. By selecting the Project for an award of Tax Credits, this Guiding Principle.
Principle is adhered to as it permits more projects to be funded when a smaller amount of credits is involved.

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

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

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

- **Projects Serving Persons with Special Needs.** As an assisted living facility, the broad range of services and meals provided to tenants permits them to maintain and increase their independence so they do not otherwise have to live in a nursing home or other institutional setting. In effect, the supporting services provided permit tenants to continue to live in a residential setting.

- **Projects Serving Homeless Persons.** The Project, similar to our existing affordable assisted living facilities, is being constructed to service those members of society most in need of the numerous amenities noted under “Services and Management,” many of which are beneficial to the elderly homeless population. Our existing facilities house a number of individuals who were previously homeless (many homeless individuals have mental health and other problems that are best served in an assisted living setting).

- **Counties with Populations of less than 175,000.** Fremont County, in which the Project is located, meets this definition.
3. Describe how the Project meets the criteria for approval in Section 2 of the QAP:

   a. **Market conditions**: As noted above, the Market Study and our waiting list of tenants at all of our existing facilities (which are all at or near full 100% occupancy) confirm the enormous need in the Canon City market for the Project.

   b. **Readiness-to-proceed**: As noted above, the site is in the process of being rezoned which should be approved/complete by the end of September 2014 (given the 60 to 90 day time period as confirmed by the local development and zoning office). The same Tax Credit equity syndicator and lender is involved as was involved with our recently completed project, so the financing will close quickly. Construction will commence shortly after allocation of the Tax Credits by CHFA and will be completed within the year (as was the case with our other LIHTC facilities), which confirms an absolute readiness to imminently proceed.

   c. **Overall financial feasibility and viability**: The strong operating performance of our existing five facilities confirms the overall financial feasibility and viability of the Project, which is based upon the same expense and revenue structures. The strong pro-forma contained in the Application materials support this, and the extremely reasonable costs of construction (on both an overall and per unit basis) enhance this feasibility.

   d. **Experience and track record of the development and management team**: The Developer and Management team have successfully placed into service and operated five existing projects in Southern Colorado similar to the Project over the past fifteen years. Their regulatory compliance and tax credit record is impeccable, and the Project will add to their successful portfolio of Tax Credit projects.

   e. **Cost reasonableness**: As noted in the Application, the total Project development costs (including all reserves and other soft costs) of approximately $10.6 million is over $2 million lower than the HUD Section 221 limit for a 72 one-bedroom unit facility in the area (which, as previously acknowledged by CHFA in prior project applications, is the appropriate calculation to use given the large common areas, commercial kitchen and dining areas of an assisted living facility). Moreover, even using the lower zero-bedroom calculations, the total Project costs are still over $680,000 less than the comparable HUD Section 221 cost limits. These cost calculations are a very compelling indication of the Project’s enormously economical cost which makes it a very efficient use of the Tax Credits being requested.
f. **Proximity to existing Tax Credit developments:** There are no other competing assisted living Tax Credit projects in the general vicinity of the Project (or in Canon City).

g. **Site suitability:** As evidenced by the successful development and operation of our existing facilities all of which were located on similar sites, and as confirmed in the Market Study findings, the site is appropriate and suitable for the Project.

4. Provide the following information as applicable:

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

      - As noted in the Application materials, the only waiver being requested (which was granted by CHFA for all of our previous projects for which Tax Credits were awarded) is the waiver of the minimum $20,000 per unit per annum (“PUPA”) in operating expenses, since our track record confirms we are able to operate facilities at a much lower expense rate. In this connection, the Application includes total annual operating expenses of $1,283,000, which equates to PUPA operating expenses of $17,575. Such expenses are based on the most recent audited financials of our North Pointe Gardens facility (the permanent loan on which was provided by CHFA), after making adjustments for the number of units, as described and calculated in the attachments to the Application.

      - Pursuant to Section 4.C of the 2014 Allocation Plan, licensed assisted living facilities are to use a $20,000 PUPA in operating expenses except “[f]or senior-only developments a lower PUPA may be accepted if documentation of actual expenses from an existing senior-only deal is made available.” Documentation of these actual expenses from our existing North Pointe Gardens facility included with the Application supports this lower PUPA of $17,575 (and the waiver is thereby requested).

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

      - The Project is located within a Qualified Census Tract (“QCT”), so no DDA boost in qualified basis is required, as the 130% boost in basis is already automatically provided for in the QCT qualified basis calculations.
5. Address any issues raised in the Market Study submitted with your Application:

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

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

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

7. Describe and demonstrate local support for the Project:

- Attached to the Application are letters of support from various local governmental and private entities that describe the strong need for the Project and indicate their support of the Project. Included are letters from:

  -- Mayor of Canon City
  -- Fremont County Commissioner
  -- Upper Arkansas Area Council of Governments
  -- Freemont Economic Development Corporation
  -- Canon City Chamber of Commerce

- All of these letters demonstrate local support for the Project and our other existing affordable housing projects in the area.

The foregoing Narrative provides all of the requested information, and we trust it will support an award of the Tax Credits requested. All of the referenced documentation supporting this Narrative is included with the full Application.
Project Name: Foundry I
Project Address: 601 W. Bates Ave.
Englewood, CO 80110

FOUNDRY MASTER PLAN:

The Foundry is a 10 acre mixed-use master plan development located at the prior General Iron Works site in Englewood, CO. The overall development plan is proposed to include two phases of affordable multifamily housing, market-rate multifamily housing and creative office-flex space similar to the office developed at Taxi in Denver’s River North. Phase II of the Foundry Master Plan includes the 10 acre Winslow Crane Service Co. site located at the northeast corner of Dartmouth and Sante Fe. This extension of the development will include additional housing, commercial and structured parking. The full Foundry redevelopment has been rezoned as described in the entitlement section of the narrative. The development team is working with RTD and the City of Englewood to finalize plans for a pedestrian bridge over Dartmouth Avenue, a pedestrian and biking path connecting the site to the bridge and an RTD operated Art Shuttle bus line stop at Fox Street & Bates. Internal circulation of the master planned development will include sidewalks, bike lanes and a gravel multi-modal path to promote a healthy active lifestyle. The Foundry received zoning approval in April of 2013 and a No Action Determination for environmental in June 2014. Multiple townhome and multifamily developers have presented offers to purchase the site. Foundry I as presented herein is an opportunity to include an affordable housing community into this exciting infill redevelopment.

FOUNDRY I OVERVIEW:

Foundry I is the first development in the overall Foundry master plan and is a proposed 70-unit affordable multifamily development located at the southeast corner of the site, at W Bates Ave & S Elati Street (the “Project”). The Project will be developed by SW Development Group and will be owned by a real estate company owned by the Winslow family. ShopWorks Architecture leads the design team and Kimley Horn is in process of completing the civil design. Shaw
Construction has been selected as the general contractor based on a competitive process. ComCap Asset Management will be the property management firm. The qualified development team is outlined in more detail later in the narrative.

Foundry I Location

Foundry I is located within five blocks of the Englewood light rail station, within ¼ mile of three active RTD bus stops, two blocks to a community garden, a 5 minute walk to Cushing Park and within close proximity to multiple schools, grocery centers, retail services, restaurants, the Englewood recreation facility and the Englewood library. The site is within a 6 minute walk to the Broadway corridor that the City of Englewood and private developers have recently made significant strides to redevelop into a thriving business and retail corridor.

There has been planning by the City of Englewood and RTD for a proposed light rail station at West Bates Avenue and the light rail line just a block west of the Project. While there is no funding for this station in the short term, and the long-term status and viability of this “proposed” station is not clear, obviously a light rail station if built at that location would be extremely positive for the Project.

The property is one mile southwest of Porter Adventist Hospital and one mile northwest of Swedish Medical Center, two of the leading medical facilities in the Denver metro area. Hospitals within close proximity offer both healthcare and strong employment opportunities with hundreds of jobs. Due to its location south of the CBD and close to bus lines and a major light rail line, the property has excellent access to a large number of employers. There are numerous employment opportunities with businesses located in nearby downtown Denver, the southern suburbs, the Denver Tech Center and the western suburbs; all only a short distance away. Future residents will benefit from the abundance of walkable amenities, proximity to employment centers and access to public transportation that this site so greatly affords.

Foundry I Building

The 71,558 square foot buildings include 58,100 net rentable square feet, a 2,500 sf community amenity space, a 500 sf property management office and 10,458 sf of circulation space. There are 42 one-bedroom units that are 750 sf and 28 two-bed units that are 950 sf. All units will have a private balcony or patio, an open floorplan, 9’ ceilings, elongated windows, storage room in units, walk-in closets, washer and dryers provided in units, a full Energy Star appliance package and luxury vinyl plank flooring throughout with carpet in bedrooms. All two-bed units will have two full baths. The Project will have a 2,500 square foot indoor clubhouse that will
include a gym, a business center with free Wi-Fi, a kitchenette and a large community room complete with furniture, television, Nintendo Wii, board games and a Ping-Pong table. There is a large outdoor community courtyard as described below.

The Project has been designed with two central boilers to serve all hot water needs, including individual fan coil heating units for each apartment. This highly energy efficient approach will reduce overall utility usage of the Project as well as reduce long-term maintenance needs for the ownership. Units will have air conditioning sourced from individual roof mounted air condensing units and multiple operable windows for light and fresh air. The Project will be designed and has been budgeted to meet Energy Star V.3 and Enterprise Green standards. The development team has recent experience designing to these standards on two separate Boulder projects and understands the best approach to achieve the energy efficiency standards.

The Project consists of two wood-framed buildings that range in height between two-stories and three-stories. The drop in elevation to two-stories allows for the preservation of mountain views to the West. The exterior of the project has been designed to complement the previous foundry architecture. This includes elongated buildings with low sloping roofs that will be clad with corrugated galvanized panels. Painted balcony screens will create interest by adding color and articulation to the building’s facade. The south face of the building will have a reclaimed brick veneer with high pitched metal roofs. Each stair core and the railings of the project will be constructed with steel to further enhance the architectural design. The single-loaded covered corridors promote a sense of community that looks over an intimate outdoor community courtyard. The outdoor courtyard includes shade trees, patio furniture, a fire pit, a children’s tot lot, a trellis and bbq grills. The Project provides 80 off-street parking spaces (including 11 tuck-under) in an access controlled parking lot. There are an additional 48 existing on-street parking spaces adjacent to the Project boundaries on Bates and Elati.
Foundry I Market

All 70 units will be rent restricted for a period of 40 years to households earning at or below 60% AMI. 17 of the 70 units (24% of total units) will have rents at 40% AMI, 18 of the 70 units (26% of total units) will have rents at 50% AMI and the balance of the 35 units will serve households at 60% AMI.

The primary market area is generally Mississippi to the North, University to the East, Belleview to the South and Sheridan to the West. The market analyst found that there are 21,613 renter households in the market area and that 41% of all renters in the PMA are a one-household renter while 81% of renters in the PMA are between a one-person to three-person household. Less than 20% of all renters are a 4-household+. Therefore, the unit mix was designed with 60% one-bedroom units and 40% two-bedroom units to correctly serve this market. Of the 21,613 total renter households, 6,968 households are income eligible for 60% AMI and less. There are only 262 existing units serving this population, the equivalent to a 3.8% existing capture rate. The addition of the Project’s 70 units will still leave 6,636 households underserved and the capture rate at 4.8%. Information provided by CHFA indicates that Evan’s Station (delivered in PMA) had in-migration exceeding 95%, which further supports the market demand but cannot be accurately quantified.

The Project is located in a Market Area with a relatively low number of comparable/competing LIHTC projects. Much of the inventory is older, smaller projects with the exception of several newer communities. The Market Study indicates the Project will benefit from having larger units and more amenities than the market comparables and that there is sufficient demand to support this Project. Of the total 262 comparable LIHTC units in the market area, only one unit is vacant representing a market vacancy of 0.30%. A chart of comparable properties, number of units, proximity to Foundry I and vacancy is below. The Project is well positioned to provide affordable housing given the amenity rich location, potential to be a part of a larger mixed use development and proximity to the surrounding established residential neighborhood.

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<thead>
<tr>
<th>Number of Units</th>
<th>Foundry I</th>
<th>Evans Station Lofts</th>
<th>Canterbury</th>
<th>Mount Loretto</th>
<th>Renaissance Loretto Heights</th>
<th>Broadway Junction</th>
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</tr>
<tr>
<td>Waiting List</td>
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<td>25</td>
<td>27</td>
<td>598</td>
<td>300+</td>
<td>300+</td>
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Foundry I Team and Ownership

The long-term ownership of Foundry I will be members of the Winslow Family, a family that can trace its roots in Colorado back 100+ years with a long history in the State’s real estate and construction industries. A few notable ventures include Winslow Crane Service Co., Leyden Properties, LLC, Winslow Construction Co. and Sand Creek Investors, LLC. For more than 60 years the Winslow’s have focused on investing in quality real estate, actively managing partnerships and other fiduciary relationships for successful real estate investments throughout Colorado and Arizona. Real Estate investments and ownership include office, land, retail, single-family and multifamily, including a new multifamily project currently under construction in Glendale.

Foundry I will be developed by SW Development Group, LLC. SW Development Group and its principal Scott Yeates have been involved in multiple recent 4% and 9% LIHTC projects. Mr. Yeates contributed and facilitated the successful strategy, budgeting, financing, entitlement, compliance during development, design and construction management for Yale Station Apartments (9% LIHTC), Ledges on 29th (4% LIHTC/PAB) and Lumine on 28th (4% LIHTC/PAB). Recently SW Development Group contributed to the successful completion of University Station Apartments, facilitating the financing of the project and contributing to the overall development strategy. Mr. Yeates has been involved in all aspects of the financing for 9% and 4% low income housing tax credits including the negotiation of syndicator, lender and loan documents, managing the underwriting process and closing tax credit equity, construction debt, permanent loan forward-commitments, State and local HOME funds, TCEP funds and FHLB funding. With four projects under construction in 2014, SW Development Group is current on construction costs and has relationships with major subcontractors to help facilitate competitive costs in the current cost sensitive market. SW Development Group has successfully entitled multiple market rate and affordable multifamily projects including Site Plan Approval for over 400 units in Denver, a recent 120-unit rezoning in Arvada and a recent 100-unit rezoning and comprehensive plan amendment in Broomfield. Mr. Yeates and SW Development Group will provide overall project orchestration and management throughout the project, including the lease-up and stabilization phases.

ShopWorks architecture is the selected architecture firm for the project. Chad Holzinger and his firm are a perfect fit for Foundry I based on Mr. Holzinger’s history growing up in an ironworks environment and his deep resume of completed LIHTC projects. Chad Holzinger, as a partner at Oz and more recently as founder and owner of ShopWorks, has completed in excess of 900 affordable units and brings with his design an understanding of efficiency and
perspective to establish a quality built community. ShopWorks has designed Foundry I to be reminiscent of the building form and materials of an ironworks foundry while having all the bells and whistles of a new construction apartment community.

Shaw Construction has been selected as the general contractor for Foundry I based on their experience in 9% and 4% LIHTC multifamily, previous experience building a 9% LIHTC project in Englewood, the project team, proximity to the site and their approach to managing material & labor cost escalations. Shaw has implemented an in-house framing specialist and strategy to address both framing and drywall escalations by providing detailed framing estimates in house, procure material directly, manage the usage of material onsite and manage labor subcontractor directly. Kristie Walters, Shaw’s project manager, is involved in the project design and estimating from day one, ensuring both that all design elements are reviewed for cost and efficiency and that there will not be a gap of information critical to the project delivery. We are 100% confident in Shaw’s ability to proactively manage potential cost escalations and work with the ownership and development team to ensure a high quality building is delivered.

ComCap Asset Management has been selected as the property manager for Foundry I. In addition, Arthur McDermott is acting as a consultant to the Project to ensure its long-term success. With over 25 years of experience, ComCap has been able to apply a keen understanding of the Colorado real estate market to the area of property management. The team ComCap puts in place, including a fulltime compliance manager, is highly skilled in managing tax credit housing properties. Our previous experience with ComCap on lease-up, compliance and ongoing property management has been that they offer an experienced approach and the result is flawless.

Entitlement

Bryant Winslow, in concert with the City of Englewood, has spent 10+ years meeting with the community and re-zoning the assembled land with the vision of one day repurposing the parcels for a mixed use development that focused on reintroducing families back into the north Englewood landscape. The surrounding neighborhood and Englewood community at large has been actively engaged in the process to approve the PUD and allow for the residential uses. Foundry I is part of the approved Sand Creek PUD and allows for residential uses including low, medium and high density multifamily. Per the zoning letter enclosed in the application, Foundry I has been reviewed by the Englewood Planning staff and the proposed plan is in conformance with the approved PUD.
The ownership and development team has been actively engaged with the City of Englewood for the proposed Foundry I project. The Project is of such importance to the City of Englewood that the Community Development Director attends all meetings and the assistant City Manager attends when he is available. Foundry I has been well received by City planning staff and the engineering departments. The Project has been through concept review with the City of Englewood and the proposed plan for Foundry I is in conformance with the PUD and Englewood’s building/planning standards. Site Plan Approval is a typical 4-5 month process and all parties have been engaged to date in support.

Environmental

General Iron and its foundry has served as a landmark in Englewood dating back to the 1930’s – many familiar with Denver will surely remember those large old green buildings that could be seen for miles up and down Santa Fe Drive. During its heyday the General Iron Foundry was one of Englewood’s largest employers and manufactured many important American parts and products including many used to support our military in World War II. After the plant shut down, many of the buildings fell in disarray and much time and effort was required to clean up the site and prepare it for redevelopment. Sand Creek Investors, LLC remediated the site (primarily foundry sands contamination) under the Colorado Voluntary Cleanup Program and the ownership received a No Action Determination (NAD) for the General Iron Works Site on June 18, 2014. The NAD specifies that residual soil and groundwater contamination will be controlled through institutional controls. Such institutional controls, as more detailed in the Phase I, include an identification barrier that has been placed over environmental conditions. Foundry I is situated in an area least impacted by the environmental impacts of the overall site and the identification barrier is only located over a small area to the north of the subject property under the parking lot.

Development Cost

SW Development Group, ShopWorks and Shaw have worked closely to design a Class A multifamily project. The project will benefit from mechanical, electrical, plumbing and coordination cost savings with only two unit types (one-bed and two-bed/two-bath). Additionally, the corridor design will reduce the number and cost of stair cores. The site generally has minimal grade and is adjacent to appropriately sized water, sanitary and storm utilities as have been confirmed by Englewood Engineering. Therefore, there are no offsite costs to finance and site work costs are reduced. Further, the City of Englewood offers highly competitive permit, use tax, tap fees and impact fees that significantly reduce the cost to develop this project. The above cost efficiencies, combined with competitive soft cost contracts
and no consultant fees result in a competitive development cost and reduced tax credit request.

Financing

Foundry I will be financed with low income housing tax credit equity, a City of Englewood grant, deferred developer fee and a forward-committed permanent loan as indicated below. While the property is located within a Qualified Census Tract, the tax credit request only accounts for approximately 14% of the allowed 30% basis increase. This has been achieved through the Englewood incentive soft funds and ownership’s commitment of additional deferred developer fee. The banks and institutions that provided letters of intent have all reviewed initial financial information regarding the ownership and have a high level of comfort with their financial security.

<p>| | |</p>
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<tr>
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<tbody>
<tr>
<td>Tax Credit Equity</td>
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<td>Englewood Soft Funds</td>
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<td>Deferred Developer Fee</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$ 13,551,789</strong></td>
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</table>

**SPECIFICS TO BE ADDRESSED IN THE NARRATIVE:**

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

   - **Serving the lowest income tenants.** Foundry I will provide 50% of its total units or 35 units to households earning 50% AMI or lower. 24% of the total units or 17 units serve households earning 40% AMI.

   - **Support projects in a QCT.** Foundry I is located in a qualified census tract. The site location/census tract is surrounded by 9 additional QCT’s within the primary market area.

   - **Distribution of tax credits.** Per the market study, “The inventory of affordable apartment complexes in the Denver metro area, and specifically Denver and Arapahoe Counties, is extensive. Despite this, the subject market area in the northwestern portion of the City of Englewood, along with extreme southwestern Denver County, does not have a large number of LIHTC properties currently. Award
of tax credits to this project will help facilitate an affordable housing void that has a current capture rate of 3.8%.

- **To provide opportunities to a variety of qualified sponsors.** The Winslow family has been active in Colorado real estate and construction for over 60 years. Their focus of infill development, commitment to affordable housing and interest in long-term ownership is a perfect fit for a LIHTC sponsorship.

- **To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail and light rail.** Foundry I is located less than ½ mile from multiple bus stops (Broadway 0 and Yale 27) that account for more than 1,000 trip stops per week. In addition, Foundry I is located 6 blocks from Englewood light rail station (0.7 miles south). There is a RTD proposed light rail station at Bates Ave, within 100’ of the site. While the station has not been finalized or funded, the potential for a future station is possible.

- **To reserve credits for as many rental housing projects as possible.** Foundry I is requesting the equivalent of $14,213 of annual credit/unit for 70 total units. This is achieved through a market supported project, a qualified development team, a ready to proceed project with an increased deferred development fee and a grant by the City of Englewood. The Project request is comparatively 20% lower than the $17,890 average annual credit/unit awarded in the first round of 2014.

2. Describe how the project meets the criteria for approval in Section 2 of the QAP (if not described in Foundry I Overview narrative):

- **Market conditions.** The demand for affordable rental housing in the Foundry I market area is very strong. Of the 6 comparable properties, vacancies are nearly non-existent, with only Mount Loretta having one vacant unit at the time of the market study. There are collectively 600+ households on waiting lists for the comparable properties and 6,706 affordable renter households remain underserved in the market.

- **Readiness to Proceed.** Foundry I is zoned and is a priority project supported by the City of Englewood (as is evidenced in their letters and public website). The Project stands on its own and is not dependent on other infrastructure improvements. Soft funds from the City of Englewood are tied to the Project and
are a grant based on fees paid; therefore, there is not a financial risk of the funds approval or availability of funds. The development team and ownership are both highly qualified for the Project and committed to the long-term success of the project. The development costs account for potential escalations and the tax credit request is very competitive for the number of units being delivered. Multiple lenders and tax credit syndicators have reviewed the project and have expressed interest. The development team is ready to fully engage in the development of the project following an award.

- **Overall Financial Feasibility.** Foundry I is financially feasible to complete as budgeted; for cost, equity pricing, debt pricing, revenue and expenses. SW Development Group and this team have a track record of delivering successful projects to meet the budget and exceed expectations on leasing timeframes. Additionally, the debt is clearly supported by the calculated revenue and expenses.

3. **Address any issues raised by the market analyst in the market study submitted with your application**

- The only issue raised by the market analyst in the market study mentions the proximity to the major light rail line and RTD facility. Notwithstanding, the market analyst notes that future commercial and residential phases of the larger master development will help to buffer the actual subject building. The applicant’s response to the market study addresses this mitigated concern. In summary Foundry I is the first stage of a mixed-use, mixed-income master planned community that will provide residential and commercial uses to the site. Foundry I is positioned adjacent to existing residential and will be buffered from the rail line and the RTD facility by future commercial and residential projects.

4. **The market study and development team have identified the following Foundry I Strengths:**

- Opportunity to include affordable housing at one of the largest infill redevelopments in the Denver metro market
- Strong location near downtown Englewood and with good access to the nearby Denver CBD
Centered between three major employment hubs in the Denver metro area: downtown Denver, the Denver Tech Center and the southern and western suburbs.

Future subject residents will have excellent access to neighborhood schools, major medical facilities, a local library branch, local shopping, and a nearby light rail station.

Close proximity to a community garden and Cushing Park

The subject property has a well-balanced unit mix that matches up well to the anticipated tenant profile.

An abundance of both exterior and interior amenities

Proximity to recently redeveloped south Broadway retail corridor

Strong affordable unit demand across all AMI levels and unit floor plan sizes.

Limited competition for the subject in the Primary Market Area, and even less in the immediate neighborhood of the subject site.

Stable market with 0.3% vacancy and over 600 households on waiting lists

A qualified development, design, construction and property management team

A financially secure and capable ownership

Potential for project to be within one block of a future light rail station

A second full bathroom in the two-bedroom floor plans at the subject differentiates it from most of its competitors.

In-unit washers and dryers are an amenity that will help to set this project apart from other competing complexes.

4.8% capture rate after Foundry is delivered
Project Name: Grove Street Apartments
Project Address: 3116 W. Alameda Avenue, Denver, CO 80219

Project Description:
Gorman & Company, Inc. is pleased to submit a 2014 LIHTC application to CHFA for Grove Street Apartments, a mixed-use development incorporating affordable housing and the primary office for Mi Casa Family Resource Center, a local community nonprofit organization. The development will bring 42 units of much-needed affordable housing to the Westwood neighborhood, along with extensive services provided by Mi Casa, who will relocate their office from their existing location to be closer to their constituents.

The site is located in an Urban Renewal Area that Denver Urban Renewal Authority (DURA) identified as blighted and the target for reinvestment through the Westwood Urban Renewal Plan. This application includes a time-sensitive funding commitment of $3,350,000 from DURA; by Colorado statute these funds must be obligated by January 2015 or are lost. Therefore, these DURA funds will not be available for subsequent 9% LIHTC funding application rounds - it is truly a “use it or lose it” situation. This is a one-time opportunity to leverage the DURA funding with low-income house tax credits to initiate redevelopment efforts in the Westwood Neighborhood and create a tangible neighborhood impact. As shown in the Market Study there is a near 0% vacancy rate and approximately 27% of all of Denver’s substandard units are located in this Primary Market Area. Over 320 renter households are living in substandard housing – pointing to the desperate need for quality affordable housing. The income levels of households living in Westwood point to a significant need for very low- and low-income housing units, therefore our unit mix offers primarily 30%, 40% and 50% AMI units to best meet household demand.

Westwood has been described as a neighborhood that has been “neglected” and suffers from a poor neighborhood identity, poor housing stock and deterioration of business areas. Westwood developed during the depression when its cheap land attracted people - “It became a shack town, trailer town and tent town.” During World War II the Denver Ordinance Plant (now the Federal Center) was built west of Denver. Westwood (near the plant) offered bargain-priced land and nearly non-existent building restrictions. Houses and businesses were built rapidly and largely of substandard quality. Through the

decades Westwood has maintained its poor identity – physically and economically. The neighborhood has an 81% Latino population characterized by poverty – 24% of families live below the poverty line, compared to 11% of families in Denver. 95% of children in Westwood are eligible for free- or reduced-price lunch.²

Recent efforts have culminated to leverage the capabilities that Westwood offers: a diverse resident base including many first generation Americans and generational families, a strong stakeholder base that wants to improve the neighborhood and be part of a resurgence, and a vibrant mix of businesses that reflect the culture of the neighborhood. In 2011, Westwood was one of three Colorado communities awarded a Healthy Places grant by the Colorado Health Foundation (CHF), which included funding and guidance from the Urban Land Institute. Following the award, Westwood was eligible to apply for an additional $1,000,000 of funding from CHF to further facilitate the goals established by the planning process. This funding was secured in Spring 2014 and will be used to implement changes to become a model for active design and healthy living for urban communities throughout Colorado. The CHF funding will allow Westwood to come to the forefront of addressing food security and health issues through the work of their community-based organizations.

Additional investment in the neighborhood includes:

- A Volunteers of America Early Childhood Education facility broke ground in June 2014 that will be a neighborhood preschool, health center and social-aid hub will serve up to 170 children and their families. Located at Alameda and Yates (1.3 miles west of the subject site), the facility is scheduled to open in September 2015³.

- Denver Health purchased a land parcel at Louisiana and Federal (1.3 miles south of the subject site) and will be breaking ground on a new Health Clinic in fall 2014. The clinic will have 40 exam rooms, 10 rooms for urgent care with extended hours, a pharmacy and dental clinic. The $37 million facility is scheduled to open in early 2016⁴.

Successful community revitalization efforts must be multi-faceted and tackle the issues of poverty, economic self sufficiency, adequate and decent housing, food security and the holistic health of residents. It is rare that a singular building or effort can address every issue – but working in tandem

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with various efforts, a community can reach a tipping point of investment that can dramatically improve conditions across the board. Leveraging the efforts recently initiated by the energetic Councilman Paul Lopez (who has added open space, and envisions a protected bike highway connecting the neighborhood to light rail stations), the work of neighborhood organizations, funding from the Colorado Health Foundation and ULI, Denver Urban Renewal Authority and the City of Denver (Mayor Michael B. Hancock and his administration has targeted the area within the JumpStart 2014 strategic plan for economic development due to high rates of English Language Learners, unemployment, poverty, and a need for business development), Westwood has many pieces in place for their community revitalization puzzle.

**The funding of Grove Street Apartments can significantly catalyze the neighborhood.**
Beyond simply housing alone, Grove Street Apartments will bring the combination of high quality affordable housing AND services to Westwood; services that will strengthen the economic well being of families living in Westwood, addressing issues of poverty and identity and helping to transform the community over time.

**Services by Mi Casa:**
Founded in 1976, Mi Casa is among the oldest and largest Latino-serving nonprofit organizations in the state. With the mission to advance the economic success of Latino families, Mi Casa is a comprehensive resource center for low-income families, offering a variety of services to empower families to achieve their goals of economic independence. Mi Casa’s overarching goal is to increase the education, employability, knowledge and life skills of those served, empowering them to trade poverty for lasting economic stability and to flourish for generations. Mi Casa believes that when members of a family have realistic opportunities to pursue professional, educational and entrepreneurial advancement - within a culturally responsive and supportive environment - the cycle of poverty will be broken.

Mi Casa has an extraordinary track record of programmatic effectiveness and strong leadership. In the last two years, Mi Casa has received many local and national awards for excellence, including the 2014 U.S. Small Business Administration Women’s Business Center of Excellence for Colorado and Region VIII; the 2013 National Council of La Raza Far West Affiliate of the Year award; the 2013 Hispanic Chamber of Commerce Nonprofit of the Year award; and the 2013 9News Leader of the Year award (Christine Marquez-Hudson).

**Housing to Stabilize the Community:**
The development will add 42 units of energy efficient housing and attract residents from within Westwood who are currently living in substandard housing. With 20% of units at 30% and 40% AMI, the
units will meet a critical housing need. The one, two, and three-bedroom units will offer washer/dryer hookups, full kitchens, and modern amenities. The deep affordability of the project stretches the scarce LIHTC resources and deploys them to a neighborhood desperately in need of adequate and decent housing. **The Westwood Neighborhood has not seen a LIHTC allocation since 2008** – discussions with local housing complexes and their long waiting lists (up to 300 persons) emphasize the high demand for affordable housing.

The one and two-bedroom units will average 696 and 948 square feet respectively, with the three bedrooms averaging 1,301 square feet.

Each unit will have:
- Mini-Blinds
- Self-Cleaning Stove/Oven
- Carpet
- Resilient flooring
- Dishwasher
- Refrigerator
- Disposal
- Microwave
- Washer/Dryer Hookups
- Central Air Conditioning
- Ceiling Fan
- Cable TV Hook-Up
- High Speed Internet Hook-Up
- Interior storage closet

The property will have the following common amenities, security features and tenant services:
- Community Room
- BBQ/ Picnic area
- Play area
- Limited Access Entry (Elevator Building)
- Surveillance Cameras
- Exercise Room
- Central Laundry Room
- Mi Casa Services

Grove Street Apartments will include the following unit mix:

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<tr>
<th>Unit Type</th>
<th>AMI %</th>
<th>Square Feet</th>
<th># of Units</th>
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<td>3 Bedroom</td>
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<td>2</td>
<td>5%</td>
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</tbody>
</table>
Grove Street Apartments – Strengths

- Leveraging time-sensitive DURA funds to add very low- and low-income housing AND highly demanded services in one building.
- Mi Casa Resource Center office on the first floor includes services for tenants and will enhance neighborhood identity and economic self-sufficiency.
- Adding quality, new affordable housing in a neighborhood with a significant level of substandard housing.
- Targeting of very low- and low- AMI households to serve neighborhood demand.
- Excellent location along two major bus routes, the Federal and Alameda routes.
- Excellent community support from DURA, Mi Casa, Councilman Paul Lopez and the City.
- Mi Casa will provide access to programs and services for all Westwood residents.

Type of Construction:
Grove Street Apartments will be a free standing rental apartment complex consisting of a three-story elevator building that has a stucco exterior, staggered setback façade, varied elevation and flat roof. The project will take cues from the strong cultural characteristics of the Westwood neighborhood. It will be constructed on a site that is approximately 1.29 acres. The elevator-served units will have private entrances located on double-loaded interior hallways. The two-story townhouse units (attached to the main building) will have private exterior entrances. Parking will be available at an on-site surface parking lot featuring 69 total spaces (34 spaces as required per zoning for the residential, with an additional 8 ‘flex’ spaces to be shared with the Mi Casa office and their community spaces and 27 commercial spaces). Overall, the subject will exceed the required 61 parking spaces. The rent will include parking on a first-come, first-served basis. The building will have enough frontage along Alameda to serve the commercial visibility desires of Mi Casa, but primarily front the quieter Grove Street, a collector street.

Grove Street Apartments will help catalyze other investment along Alameda Avenue leading from Federal Boulevard west to Morrison Road. The building will activate the street with pedestrian activity from residents and visitors to the Mi Casa office. This will incorporate more ‘eyes on the street’ and improve the pedestrian experience.

Population Being Served:
All units will be restricted to very low- and low-income individuals and families. 37 of 42 units (88% of total) are restricted to households at or below 50% AMI, with the remaining 5 units at 60% AMI. As noted in the Market Study, approximately 27% of all of Denver’s substandard units are located in the Primary Market Area. Over 320 renter households are living in substandard housing – pointing to the desperate need for quality affordable housing.
This unit mix will complement a proposed 4% tax credit project that is near the subject site, at Alameda and Irving, which will primarily target 60% AMI households. The subject project offers five units at 60% AMI levels, with rents held 8% below maximum levels.

**Bedroom mix:**
Grove Street Apartments will include 42 units – (15) one-bedroom units, (24) two-bedroom units, and (3) three-bedroom townhome units.

**Location:**
Grove Street Apartments is located at 3116 West Alameda Avenue in the Westwood neighborhood of southwest Denver. The neighborhood includes a mix of residential and commercial uses. There is a strong need for quality affordable housing; according to the U.S. Census, 27% of Denver’s substandard housing units are located in the Primary Market Area of this project, and 78% of renter-occupied housing was built prior to 1980.

Grove Street Apartments is located within Census Tract 45.05, a Qualified Census Tract. Zoning is Urban Edge Mixed-Use Three Stores (E-MX-3), which permits the proposed use. The property is on main bus line public transportation routes, including routes 30 & 31 on Federal Blvd and route 3 on Alameda Ave, which provide access to both the Alameda and Federal/Decatur Light Rail stations. The site has nearby access (by either walking or bike/bus/car) to shopping, parks, and social services. Buses on Federal Boulevard stop at a high frequency, approximately every 15 minutes, and Alameda buses stop approximately every half hour throughout the day and night with increased frequency during rush hour.

**Services:**
Grove Street Apartments will include first-floor space for Mi Casa Resource Center, a 40 year old nonprofit dedicated to advancing the success of Latino families in the Denver area. Mi Casa has selected the site as ideal for their office to be better situated among the constituents they serve.

Mi Casa provides a number of services for businesses, youth, and families with excellent measurable results of their programming. If this project is awarded tax credits this round, these services would be available to both residents at Grove Street Apartments and the surrounding community at Mi Casa’s new office location. These services include:

- **Business Development Programs** - Provided services to over 700 businesses in 2013. Mi Casa created 80 new businesses in 2013 which created 54 new jobs and retained 328 jobs resulting in
the generation of over $7 million of revenue. Over 450 entrepreneurs were served in various programs. 83% of program participants live in households with income levels between 30% and 50% of Denver’s AMI.

- **Career Development Programs** - Placed 69% of participants in full time jobs in 2013, with an average wage of $11.35 per hour. 100% of program participants live in households with income levels between 30% and 50% of Denver’s AMI.

- **Youth and Family Development Programs** - Served over 900 youth in after school, evening and summer programs in the 2012-2013 school year. Among youth that participated in their programs, 49% increased their GPA during the school year, 72% achieved 90% or better school attendance, and teachers reported that 71% improved in their class participation.

- **Talent Source** – one of Mi Casa’s social enterprises offers a full service staffing agency that offers contract, contract to hire, and direct placement employment services with a focus on bilingual and diverse workers.

- **Financial Services** – the second Mi Casa social enterprise offers bookkeeping and accounting services to other nonprofit organizations and small businesses.

**Energy Efficiency and Green Building:**
The building will employ Enterprise Green Communities best practice standards which will improve resident and operational efficiencies in regard to energy use. The building will also utilize best practices from LEED and Healthy Living goals. The building will apply for Xcel Energy’s Energy Demand Assistance program to effectively chart energy improvements for the building through cost effective measures and exceed the ASHRAE 90.1-2009 energy standards. 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, and electrical controls on lighting.
- Efficient building envelope 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.

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

- Smart site location (orienting the building to use passive solar heating/cooling),
- Compact development (density will be greater than 30 dwelling units/acre for the project site),

7
Walkable neighborhoods (three connections will exist from the development to sidewalks in the neighborhood),
Water conserving appliances and fixtures, and
Reduction of heat-island effect.

**Type of Financing:**
The project will utilize Low Income Housing Tax Credits, permanent and construction debt financing and time-sensitive grant funding from the Denver Urban Renewal Authority. The $3,350,000 grant funding from DURA represents a significant funding investment into the site that will leverage the tax credits by a ratio of nearly 3 to 1. We will defer 20% of developer fee on a 12-year pay back schedule to assist in funding a financing gap on the project. We have letters of interest from Enterprise Community Partners for LIHTC equity and Citibank for construction and permanent debt. Sources and uses are as follows:

<table>
<thead>
<tr>
<th>TOTAL USES:</th>
<th>TOTAL PERMANENT FINANCING:</th>
</tr>
</thead>
<tbody>
<tr>
<td>LAND</td>
<td>INVESTOR EQUITY $9,155,039</td>
</tr>
<tr>
<td>NEW CONSTRUCTION</td>
<td>FIRST MORTGAGE $1,576,796</td>
</tr>
<tr>
<td>SOFT COSTS + FINANCING</td>
<td>DURA FUNDING (Cash Flow Note) $3,350,000</td>
</tr>
<tr>
<td>DEVELOPER FEE</td>
<td>DEFERRED DEVELOPMENT FEE $217,660</td>
</tr>
<tr>
<td>RESERVES</td>
<td></td>
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<tr>
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<td>$14,299,495</td>
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Please note that there is no line item for construction loan in the Commercial Development Financing tab in the application, therefore the Construction Loan is grouped on the Development Financing tab in cell J14. Additionally, the construction interest paid is broken into interest paid during construction and that of which is paid during lease up until conversion to permanent debt. Cells D48 and D76 (in the Development Budget) and cell E41 (in the Commercial Budget) add up to a total construction interest amount of $184,700.

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.**
      All units will be restricted to very low- and low- income individuals and families. 37 of 42 units (88% of total) are restricted to households at or below 50% AMI, including (5) units at 30% AMI. The project has elected to commit to the longest extended use period under the Allocation Plan - a 15 year compliance period and 25 year waiver of the right to terminate the extended us period.
b. **To support projects in a QCT, the development of which contributes to a concerted community revitalization plan.**
Grove Street Apartments is located within Census Tract 45.05, a Qualified Census Tract. The site is located directly in an Urban Renewal Area that Denver Urban Renewal Authority (DURA) identified as blighted and the target for reinvestment through the Westwood Urban Renewal Plan.

c. **To provide for distribution of housing credits across the state.**
The Westwood neighborhood has not received a CHFA LIHTC allocation since an award in 2008. Grove Street Apartments is an opportunity to complement redevelopment efforts in this community and leverage other financing sources – **including expiring DURA funds** – along with the tax credits to create a true impact. The cost effectiveness of the project allows for the scarce tax credits in this round to be shared with other projects.

d. **To provide opportunities for affordable housing within a half-mile of public transportation.**
The proposed Grove Street Apartments is on main bus line routes, including routes 30 & 31 on Federal Blvd and route 3 on Alameda Ave. These bus routes provide access to the Alameda Light Rail station, which is 19 blocks to the east, and the Federal/Decatur West Line light rail station which is 16 blocks to the north. Buses on Federal Blvd. stop frequently, approximately every 15 minutes. Alameda buses stop approximately every half hour throughout the day and night with increased frequency during rush hour.

e. **To support new construction of affordable rental housing projects.**
The proposed Grove Street Apartments is a new-construction, 100% affordable rental property.

2. **Identify which housing priority in Section 2 of the QAP the project qualifies for:**
Not applicable.

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

   a. **Market conditions:**
The existing LIHTC projects in the PMA are highly occupied (99.8%) with waitlists (up to 300 persons), indicating pent-up demand for high quality, income-restricted units like the
subject. The capture rate for the project is very low at 9.9% (after completion). If two other proposed projects in the PMA are completed (one 9% and one 4% deal currently indicated as Letters of Intent to apply with CHFA), the capture rate would remain low at under 13% for the PMA. This, along with the projected renter household increase in the PMA over the next five years, suggests that the subject will be able to achieve its capture rate and operate in a stabilized manner.

b. Readiness-to-proceed:
Gorman & Company, Inc. has site control on the property with a Purchase Contract in place with the land owner.

The proposed development meets current zoning requirements (Urban Edge Mixed-Use Three Stores, E-MX-3). Parking requirements are met in the following way:

- Residential: (1 space per residential unit with a 20% reduction for affordable housing)
  - 42 affordable units = 34 required parking spaces (42-8 (the allowable 20% reduction) for affordable housing).

- Commercial: (2 spaces required for every 1,000 SF of office and 0.5 per 1,000 SF of community space). 19,724 total commercial square feet broken down as:
  - 12,000 SF for office = 24 required parking spaces
  - 6,000 SF for community space = 3 required spaces
  - 1,724 SF for circulation/utility/electrical/mechanical space = 0 required spaces

Total Required Parking Spaces: 34 + 24 + 3 = 61 required spaces
Total provided: 69 parking spaces

Gorman & Company is partnering with Workshop8 as Architect and Deneuve Construction Services as General Contractor. Schematic drawings, elevations, site plan, and floor plans can be found in Tab 6 of the application. A construction cost estimate from Deneuve is included in tab 7. A Phase I ESA has been completed as well.

c. Overall financial feasibility and viability:
As proposed, Grove Street Apartments is financially feasible if awarded the requested 9% allocation. The financial sources include time-sensitive funding from the Denver Urban Renewal Authority (contributing 23% to the total development budget and leveraging the 
tax credit investment by 3:1) permanent and construction debt, tax credit equity and deferred developer fee.
The pro forma does NOT include any rent revenues from the commercial space, thus eliminating concern of commercial space burdening the project and ensuring the long term economic sustainability of the building.

The combination of both residential and commercial space in this mixed use building is a critical component to revitalizing and empowering the community, activating the street, and adding much needed affordable housing to the neighborhood.

d. Experience and track record of the development and management team:
   Gorman & Company, Inc. has 30 years of experience in developing some of the nation’s highest quality workforce housing and neighborhood revitalization projects. Gorman & Company works closely with local governments and community groups to help communities meet their development, planning, economic and social goals. With over 70 community revitalization projects in their portfolio, Gorman has utilized the LIHTC program since 1989 and worked with other financial tools, such as EB-5, to accomplish revitalization goals for communities. Gorman’s staff brings a broad range of development, construction and real life experience to the development process and applies those skills to solve problems and help communities bring their plans to reality.

Kimball Crangle, Colorado Market President for Gorman & Company, Inc., was formerly Senior Developer for Denver Housing Authority (DHA), the largest Public Housing Authority in Colorado and the Rocky Mountain Region. While at DHA, she directed the redevelopment of a 17.5-acre distressed Public Housing site into Mariposa, a nationally-acclaimed mixed-income, mixed-use, transit-oriented community. Focusing on the delivery of energy-responsible buildings that also improved the health of residents, Kimball helped leverage over $150 million in funding for six phases of development at the site. Ms. Crangle also served in previous roles in the affordable housing sector as the Director of Development for the Adams County Housing Authority; the Executive Director of the Colorado Community Land Trust; and Senior Analyst at Paramount Financial Group. Kimball’s career has focused on understanding all elements of affordable housing development – from policy through financing, construction, stabilization and implementation of master plans. Kimball holds a Master Degree of Urban Planning from the University of Colorado – Denver as well as a Bachelor of Science in Economics from the University of Kansas. She is also credentialed as a Certified Commercial Investment Manager (CCIM) and second-term Board Member of the Women’s Bean Project.
The Ross Management Group, Inc. will serve as Property Manager. Ross Management was formed in 1986 and specializes in the management of affordable, Tax Credit, Market-rate, and service-enriched housing. They have extensive experience with management and compliance of LIHTC properties in Denver and the Metro Denver region, including compliance for other soft funding sources.

Workshop8 will provide Architectural services, and Deneuve Construction Services will be General Contractor. Additional information about our Development Team, including resumes, can be found in Section 15.

e. Cost reasonableness:
The costs submitted for this LIHTC application are realistic and reflect the current state of the construction market, including recent price increases in the concrete, steel and framing markets (for both labor and materials). With the recent influx of building activity in Denver, construction prices have been increasing over the last two years and this application reflects that reality. The development plans balance current high construction costs to ensure that the very scarce tax credit resources are not wasted, but invested wisely and in a way that allows more projects to be awarded credits and leverages community impact. The ability to add funding from DURA and add a stable, trusted and impactful non-profit (Mi Casa) to the mixed use building delivers a catalytic project that will be a win-win for the Westwood Neighborhood and CHFA’s tax credit program.

f. Proximity to existing tax credit developments:
Other LIHTC projects near Grove Street Apartments were built prior to 2008, have a strong history of stability and confirm demand for new units is high. The existing LIHTC projects in the PMA are highly occupied (99.8%) with waitlists (up to 300 persons), indicating pent-up demand for quality income-restricted units like the subject. The capture rate for the project is very low at 9.9% (after completion). Two other LIHTC projects (one as a 4% LOI and one as a 9% application) are proposed in the Primary Market Area. The subject would not directly compete with those units, which are primarily targeting 60% AMI units. If both projects were to come online along with the subject, the overall PMA capture rate would stay under 13%, indicating a strong need for affordable housing units.

g. Site suitability:
The site is suitable in many ways – with frontage along West Alameda Avenue, the site will offer excellent visibility for the non-profit commercial space (and service provider) on the
first floor of the building as well as provide easy access to bus transportation and existing services and amenities. The site then flows back into the residential area of the neighborhood, suitable for the family units the subject will provide. The site offers walkable and bike-able opportunities for residents with easy access to amenities, jobs and services for a wide spectrum of households at various income levels.

4. Provide the following information as applicable:

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

   b. Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis:
      Not applicable. Grove Street Apartments is located within Census Tract 45.05, a Qualified Census Tract.

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

   • The subject’s location is cited as comparable or slightly inferior to competing surveyed projects, due to the prevalence of nearby auto repair shops. Landscaping and building design will mitigate the impact to residents of these uses. The market study then points out that the design and unit mix, amenities and in-unit features will ensure the competitiveness of the project. Additionally, the location, with easy access to transportation and services, will be attractive to the target tenant households.

   • While the market study indicates that the subject’s unit mix is not ideal for a PMA where 54% of PMA renters have three or more persons, it then goes on to clarify that the unit mix is in fact responsive to the PMA’s demand. The PMA’s one- and two-bedroom LIHTC units were 100% occupied and its three-bedroom dwellings were 99% occupied. Of the households on the waitlists of LIHTC projects, 25% were seeking one-bedroom units, 39% two-bedroom apartments and 36% three bedroom dwellings. This illustrates that the unit mix is responsive to the market demand.

6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:
The Phase I ESA indicates that a gas station likely occupied a portion of the site (albeit under a
different property address) between 1934 and 1937. While it is suspected that any fuel releases
since that time would have degraded, the Phase I ESA provider was not able to obtain historic
records indicating that the underground storage tanks were emptied/abandoned in place or
removed from the subject property. A ground penetrating radar survey was completed on June 27,
2014 and confirmed there are no underground storage tanks on the site. Investigatory drilling to
determine the health of the groundwater under the site will be accomplished the second week of
July 2014, along with a full Phase II ESA report, to confirm no environmental concerns. To note, the
project calls for a surface parking lot and slab on grade foundation, which will minimally disturb any
subsurface conditions.

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

   There is tremendous local support for this project from the Denver Urban Renewal Authority, Mi
   Casa Resource Center, and Councilman Paul Lopez. Both Councilman Lopez and DURA have been
   working to revitalize this neighborhood for years, and the Grove Street Apartments mixed-use
development will help catalyze their efforts. Mi Casa is excited at the opportunity to better
   serve their constituents at a more convenient location that is specifically designed for them. The
   overall development will address community needs for both quality affordable housing and
   empowerment services.

**Additional documentation that supports this narrative includes:**

- Mi Casa support letter and description of services,
- Certificate of Consolidated Plan Consistency from City of Denver,
- Support letter from Councilman Paul Lopez,
- Support letter from Denver Urban Renewal Authority, and
- Westwood Urban Renewal Plan.
Project Name: Hidden Lake Homes, aka JCHA Westminster Senior
Project Address: 73rd Avenue and Sheridan Boulevard, Westminster

PART ONE: Project Description, Strengths and Weaknesses

PROJECT DESCRIPTION & LOCATION

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

SITE DESIGN, CONSTRUCTION, AMENITIES & ENERGY EFFICIENCIES

The proposed construction, designed by E.J Architecture, is a single three story elevator building on a 4 acre site. The proposed unit mix is 42 1BR/1BA units averaging 660 square feet each and 30 2-BR/1-BA units, averaging 885 square feet each. The total building square footage will be approximately 73,400 square feet comprised of 54,300 square feet of residential space, and 19,100 square feet dedicated to hallways, stairs, mechanical spaces, and common areas. Interior amenities will include a community room with attached kitchen, fitness room, internet cafe, hair salon, an exam room for visiting medical personnel, and a third floor open viewing terrace. Each unit will include its own washer and dryer and utility sink, features very popular
with independent seniors. In addition, units will have private patios/balconies with lockable storage space, walk-in closets, and a mud room.

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

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

POPULATION SERVED

The project will primarily serve independent seniors, 55 and older. JCHA has also designated 18 of the units (25% of total units) to participate in the Section 811 Program of Rental Assistance for Disabled Persons, a program of the Colorado Division of Housing (CDOH). These units receive project-based Section 8 rental assistance vouchers, enabling very low income disabled residents to meet the rent requirements of the project. While it is anticipated that most of the qualifying disabled tenants will also be senior, age is not a requirement of this program. JCHA maintains a waiting list of eligible applicants, many of whom are disabled, as part of its ongoing Section 8 rental assistance program which currently assists over 1,400 tenants annually.

JCHA has a contractual partnership with Seniors’ Resource Center (SRC) that provides a comprehensive set of services at all its senior properties. These services include the development of care plans to assist each resident with a streamlined way to enter the social services system based on their individual needs. Through an on-site office at the project, SRC also offers recreational activities, assistance with laundry, meal planning, shopping, light housekeeping, and other personal needs. Door-to-door transportation for short trips to the store, medical appointments, congregate meal sites, or hair appointments is available via a dedicated shuttle bus. For adults still interested in the active workforce, job readiness assistance is available for writing a resume, launching a job search, and interview techniques. Also, the Jefferson County Department of Human Services in coordination with SRC will provide assistance to the disabled residents.

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

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

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

The financing structure for the project is modeled after the successful Lewis Court Senior project and includes many of the same participants. Current anticipated sources include HOME/CDBG funds from Jefferson County, HOME/CDBG funds and cost waivers from the City of Westminster, HOME/Recycled Jefferson County NSP funds from the State of Colorado Division of Housing, public housing disposition funds and fee deferrals from the Jefferson County Housing Authority, a permanent first mortgage from CHFA, and LIHTC equity investment from a competitively-selected investor. "Soft" financing sources, including JCHA equity and fee deferrals are currently estimated at approximately $2,400,000, or $33,300 per unit. In addition, JCHA has designated 18 units to participate in the Section 811 Project-based Rental Assistance for the Disabled Program through CDOH. Finally, JCHA will also make the project a priority on its Section 8 voucher waiting list.

PROJECT STRENGTHS AND WEAKNESSES

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

1. Large, high quality living units at extremely affordable prices. Rents on a square foot basis are the "Best Value" among affordable senior properties in the market area, according to the market analyst.

2. Location is part of larger residential and commercial redevelopment effort already underway in Westminster, providing residents with an immediate and future package of economic and social amenities in a walkable growing vibrant neighborhood.

3. Highly desirable unit designs, based on the success of Lewis Court Senior Apartments in Golden, offering larger than average total unit square footage, in-unit washer and dryer, walk-in closets, private balconies/patios, lockable personal storage, and second bathroom option in the two bedroom units.

4. Expansive common areas for residents including a central courtyard with sitting areas, flower gardens, a butterfly garden, a small dog run, and meandering walking paths. Residents may have their own vegetable garden and participate in a seasonal on-site Farmers Market.

5. A senior support services package available to every resident, coordinated by Senior Resource Center, including recreational activities, assistance with laundry, meal planning, shopping, light housekeeping, and door-to-door transportation for short trips to the store, medical appointments, congregate meal sites, or hair appointments.
6. The project meets CHFA’s Special Priority for disabled residents, by participating in CDOH’s Section 811 Project-Based Rental Assistance program covering 18 units (25% of total units).

POTENTIAL WEAKNESSES: Additional considerations.

1. The site is part of an overall redevelopment that is in the process of being built-out, meaning some commercial and residential construction in the nearby area is expected to occur over the next few years. While the PUD is known to be compatible with this senior project, some temporary inconvenience is expected near any construction.

2. The market study noted no weaknesses in the project as proposed.

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

QAP GUIDING PRINCIPLES & PRIORITIES: As applicable.

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

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

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

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

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

This development is for independent seniors, age 55 and up. In addition, the project includes a set aside of 18 units for disabled residents, who may be senior or not.
4. To provide housing opportunities within a half mile walk to public transportation.

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

5. To support new construction of affordable rental housing.

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

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

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

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

The project will meet the special priority for disabled persons. As noted above JCHA has designated 18 of the units (25% of total units) to participate in the Section 811 Program of Rental Assistance for Disabled Persons, a program of the Colorado Division of Housing (CDOH). These units receive project-based Section 8 rental assistance vouchers, enabling very low income disabled residents to meet the rent requirements of the project. While it is anticipated that most of the qualifying disabled tenants will also be senior, age is not a requirement of this program. JCHA maintains a waiting list of eligible applicants, many of whom are disabled, as part of its ongoing Section 8 rental assistance program which currently assists over 1200 tenants annually. As of the date of this application, CDOH is awaiting final approval of the Section 811 from HUD. (See attached letter from CDOH). The Jefferson County Department of Human Services in coordination with Seniors’ Resource Center (SRC) will provide the needed assistance to the disabled residents. JCHA, SRC and the Jefferson County Department of Human Services have many years of experience providing services to the disabled.

CRITERIA FOR APPROVAL
1. Market Conditions.

Jefferson County has the largest Senior population in the state. In 2014, 122,157 of the County’s population was over 60 years of age. From 2010 – 2020 the 60+ population is expected to grow to 165,281 or a 64% increase which will continue the County’s demand for Senior services and continue to have Jefferson County lead the state in Senior population.

33% of the senior population has a disability. 18.5% are at or below 200% of poverty guidelines. Based upon the Jefferson County Age Well Study: “There is a need for affordable independent housing for older adults throughout the County.” The greatest need is reported for individuals with incomes of 30% of area median income or lower. The 2010 Community Assessment of Older Adults indicated 28% or 30,141 individuals identified Housing as a need.

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

2. Readiness-to-Proceed.

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

3. Overall Financial Feasibility.

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

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

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

5. Cost Reasonableness.

Total development cost of the project is approximately $221,000 per unit, including land. The construction cost estimate (GMP, including contractor contingency) is $139,000 per unit, or $136.14 per square foot, including all site development costs, photovoltaic allowance, and GMP contractor contingency.

6. Proximity to Existing Tax Credit Developments.

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

- Arvada House, Arvada (PAB)
- Columbine Village at Arvada, Arvada (9%)
- Columbine Village on Allison I, Arvada (4%)
- Columbine Village on Allison II, Arvada (9%)
- Columbine Village on Allison III, Arvada (9%)
- Orchard Hill, Thornton (9%)
- Residences at Panorama Pointe Phase I, Westminster (9%)
- Westminster Commons Apartments, Westminster (PAB)
The market study does not consider two of these properties (Arvada House and Westminster Commons) to be competitive with the proposed project. Both of these properties are older 100% Project-based Section 8 properties.

7. Site Suitability.

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

8. Justification for any Waivers requested.

No waivers are requested. The only request is for a 6.09% designated DDA basis boost. The basis boost is needed because of several factors:

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


No issues or weaknesses identified by market analyst.

10. Local Support sought for this Project.

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

Project Address: 2239 5th Street, Greeley, CO

Commonwealth Development Corporation is pleased to submit this request for tax credits for the development of new, quality affordable family housing in Greeley, Colorado.

**Why this project should be funded**
Mission Village of Greeley will provide new, family-sized units in an increasingly tight rental market in a county that was devastated by the 2013 floods. The project will be constructed on an infill site in a PMA that has a vacancy rate of less than 1%, and will bring much needed rental options to low income families in Greeley, CO.

**Project Summary**
Mission Village of Greeley will be a new 50-unit family housing development in an established neighborhood in North Central Greeley. This unique opportunity to develop an 8.8 acre vacant site in a redevelopment district, near schools, community centers and the center of commerce, will provide new rental housing options for families struggling to find suitable housing in Greeley’s tight rental market. Greeley has one of the lowest vacancy rates in the state because of a rapidly expanding economy. Added pressure from college students on large family units, and the loss of affordable mobile homes in Weld County from recent flooding has left many Greeley families with limited options. The market study attached to this application shows a vacancy rate in the PMA of 0.5%. Greeley Colorado is experiencing tremendous economic growth and has seen vacancy rates plummet in recent years, particularly for large family units. According to the American Community Survey, Greeley has one of the highest poverty rates in the state at 21.7%, with over one-third of children living in poverty. This makes it all the more important that new, safe affordable units be built for families in this community who are struggling with housing.
**Location**

The site is located at the intersection of 23rd Avenue and 5th Street, in Greeley’s North Central Neighborhood. The property is less a mile from downtown Greeley, which offers a host of services, amenities and employment resources families need in order to succeed. Residents of Mission Village of Greeley will be within walking distance of Madison Elementary School, Madison Head Start, several city parks and the Monfort Youth Development Center operated by the Boys & Girls Club of Weld County. The neighborhood is predominantly single family homes, with some institutional and educational uses nearby, making this a great location for families with children. The Walk Score for the site is 46, which is low by urban standards, but is higher than the Greeley average of 36.

**Population Served - priority for residents displaced by 2013 floods**

The units at Mission Village of Greeley will be designed for families. The project will serve a broad range of income levels with units at 30%, 40%, 50% and 60% of AMI. Mission Village of Greeley will feature two, three and four bedroom units.

There are still many households in Weld County that were displaced by the 2013 floods that remain temporarily housed. These families are doubling up with relatives, staying in motels, or residing in other forms of short-term housing. If these families fail to find adequate housing in the near-term, many may relocate out of the county or to other parts of the state.

Tight rental market conditions in Greeley, coupled with high demand from students for three and four bedroom units makes it extremely difficult for local families to find suitable housing. Through various service providers and to the extent there are still displaced families when the units are placed in service, priority will be given to those impacted by the floods.

**Unit/Income Mix**

Mission Village of Greeley will serve a diverse mix of income levels and family sizes. The project will feature both single-story cottages and two-story townhomes. The following is a detailed breakdown:

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>% AMI</th>
<th># of Units</th>
<th>Net Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 Bedroom</td>
<td>30%</td>
<td>2</td>
<td>$349</td>
</tr>
<tr>
<td>2 Bedroom</td>
<td>40%</td>
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<td>50%</td>
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<tr>
<td>3 Bedroom</td>
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<td>40%</td>
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</tr>
<tr>
<td>3 Bedroom</td>
<td>50%</td>
<td>16</td>
<td>$729</td>
</tr>
<tr>
<td>3 Bedroom</td>
<td>60%</td>
<td>6</td>
<td>$893</td>
</tr>
</tbody>
</table>
Construction/Design Summary
Commonwealth has spent years refining several design concepts to better suit the needs of households we serve. The cottage and townhome designs have had tremendous success in many parts of the country. Commonwealth frequently solicits feedback from residents and incorporates design modifications into future projects. The design is efficient to build and in this particular location it is the most compatible type of housing for the surrounding neighborhood. The maximum density of the site with R-H zoning is far greater than 50 units, but Commonwealth made a conscious decision to balance density with the scale and context of the surrounding community. This low density will also allow for more shared green space and more places for children to play, all within sight of the units.

In markets where most of the rental comparables are in mid-rise or garden style walk-ups, we consistently hear from residents that they never thought they could live and raise their children in an apartment that felt like a home. Each cottage style unit will have its own garage, its own entrance and its own patio space. The townhomes will provide a similar, but two-story alternative for those families that wish to have living space and sleeping space on separate floors. Throughout Commonwealth’s portfolio, these unit types consistently maintain near 100% occupancy with very high resident satisfaction.

Mission Village of Greeley will feature a row of townhomes along 23rd Avenue to create an active street presence.
Cottages will be spread throughout the back of the site in a layout that preserves open space and creates a sense of community. All buildings will be of wood frame construction with slab on grade foundations.

All units will have garages for extra parking and storage, washers and dryers, efficient heating and cooling, a mix of hard flooring and carpet, and energy saving fixtures. The proposed unit mix will require 113 parking spaces, per city code. In addition to two spaces per unit, the site will feature an extra 31 visitor spaces, thereby exceeding the minimum requirement. The units will also have fire suppression sprinklers, which are required by local code.

**Green Building and Energy Efficiency Measures**

Commonwealth will employ cost effective green building measures, and the project will exceed the baseline standard for Green Communities. Specific features will include low flow plumbing fixtures, Energy Star appliances and lighting, low VOC sealants and paint, drought tolerant landscaping and high performing Low-E windows. Commonwealth will also ensure that the contractor maximizes the recycling of construction waste and we intend to provide tenant-based educational opportunities to help lower utility costs for both the owner and occupant. Commonwealth will require the property manager to adopt a no smoking policy for the project. A draft policy, typical to one Commonwealth has used in the past, is attached to this application.

**Project Strengths**

1. **Market** – This project adds much needed new family units to a tightening rental market. The market study identified an average capture rate of 5.2% and a 0.5% vacancy rate in the PMA, which indicates significant pent up demand for these new units. In addition to the market study which shows resounding support for the project, the Greeley-Weld Housing Authority maintains a waitlist of over 250 households for its 154 affordable units.

2. **Investment in a Qualified Census Tract** - Mission Village of Greeley will be an infill project in an established neighborhood and will bring valuable investment to a qualified census tract. Despite being one of the closest neighborhoods to downtown Greeley, the area surrounding the development site has seen a lack of investment in recent decades. New housing starts from 2001-2009 in Ward I, which is where the site is located, were significantly lower than the rest of the city. This historic neighborhood offers many amenities residents will benefit from, including walkable streets, community centers
and cultural centers. Development of this project will also include new sidewalk improvements along 23rd Avenue. Currently, the undeveloped frontage of this site is an impediment to foot traffic in the neighborhood. New sidewalks will complete a valuable linkage in the neighborhood.

1. **Location – Redevelopment District** - The site is in close proximity to services, amenities, transit and schools, and it is located in the city of Greeley’s Redevelopment District. A map, showing district boundaries is attached to this application. The primary goal of the Redevelopment District is to: “Prioritize support to the established areas of the community in order to maximize the taxpayer return on existing infrastructure investment, promote the viability and value of such areas, and enhance the community image, reputation and inclination for community investment in these areas.”

The city’s 2060 Comprehensive Plan further aims to “Promote the stability of established neighborhoods through infill and redevelopment opportunities to maintain the viability of these areas and provide new housing options”.

Mission Village of Greeley will help advance these goals by developing a large infill site in an established neighborhood where infrastructure already exists.

2. **Disaster Relief** – The project provides new housing for families impacted by the 2013 floods and priority will be given to families still displaced at the time the units are placed in service.

3. **Design** - The cottages and townhomes are a proven design that suits the needs of families and helps create a sense of home for the residents.

4. **Experience** - Commonwealth has a long track record of developing successful residential communities. Commonwealth has won numerous awards over the years in recognition of its efforts to bring quality housing options to the communities it serves.

5. **City Support** - City leadership has been extremely supportive of this project, as evidenced by the letter attached to this application, as well as their support through the rezone process.

**Project Weaknesses**
The main weakness is that the project is nearing completion of its land use approvals, but the site is not properly zoned as of application date. The team has been working with the city of Greeley for several months and the rezone application is under review, but it has not cleared final approval yet. The project has the support of the city, including the Community
Development Department, so we believe there is little risk in the City Council not approving our request. Further, we anticipate zoning approval will occur prior to CHFA making tax credit awards for this second round.

No weaknesses were noted in the market study.

Resident Services
Commonwealth coordinates resident services at many of its properties and Mission Village of Greeley will be no exception. We have made contact with several service providers in the neighborhood and upon project completion, we will offer referrals to the residents and provide onsite space for outside providers. Between the Boys & Girls Club and Head Start, children living at the property will have walking access to valuable services. Adults, including parents will benefit from being near many county programs. The following is a short list of services in close proximity to the site:

Boys & Girls Club of Weld County (0.1 miles)
Madison Head Start (0.2 miles)
Lutheran Family Services (1.3 miles)
North Range Behavioral Health (0.2 miles)
Catholic Charities (1.6 miles)
Weld County Food Bank (1.1 miles)
Aims Community College (3.0 miles)

In addition, the narrative should address the following:

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.**
  This project will serve a variety of income levels including over 12% of the units at or below 30% AMI, 16% of the units at or below 40% AMI, 56% of the units at or below 50% AMI and the balance of units at 60%. Commonwealth will also commit to the longest possible affordability term.

- **To support projects in a QCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A 4, Primary Selection Criteria.**
The development site is located in a Qualified Census Tract and this census tract (5.01) has never had a tax credit development. This census tract is also considered “Highly Distressed”, which is represented by a poverty rate of over 30%. Census tract 5.01 has a poverty rate of 34.7%. The site is also located in a “Combination Hot Zone”, which is a designation established by the Community Development Financial Institution (CDFI) Fund. This designation combines both the Housing Hot Zone and the Economic Development Hot Zone. These designations are further indication that the surrounding community is experiencing both housing and economic hardship and the CDFI Fund has prioritized these areas for increased investment.

Ward I, which encompasses the project site, census tract 5.01, much of downtown Greeley and the North Greeley neighborhoods has seen significantly less private investment than the rest of the city in the last decade. From 2001-2009, permits were issued for only 123 new housing units in Ward 1. This pales in comparison to the rest of the city that saw significantly more building over the same period of time (Ward II – 915 units, Ward III 3,440 units and Ward IV – 1,217 units). Given this area’s proximity to the Central Business District, Commonwealth is excited to undertake this important investment in one of Greeley’s oldest neighborhoods.

- **To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit.**
  Commonwealth Development Corporation has completed twenty-four LIHTC projects, maintains an average portfolio occupancy of 98% and in its fourteen year history, has never failed to complete a project on time or on budget. Commonwealth is committed to long-term ownership and operation of quality housing. Local partnerships are also important to Commonwealth, which is why we chose to have the Greeley-Weld Housing Authority manage the project upon completion.

- **To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing.**
  Mission Village of Greeley will serve families, with many of the units serving large families. Decent, affordable housing for large families is in short supply in Greeley’s tight rental market. Pressure from students and energy workers has significantly limited the supply of available housing for families with children in Greeley.
To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail.

The metro area of Greeley is served by GET (Greeley-Evans Transit). The purple line runs near the development site, with a stop less than 500 feet from the property. This line will connect residents of Mission Village of Greeley to shopping and other services to the west and to the downtown area to the southeast. The main transit center is located in downtown Greeley and is just over a mile from the property. From this transit center, residents can connect with all bus lines and reach any part of the broader service area.

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

The project would qualify for more credits than is being requested because it receives the full 130% basis boost for being located in a qualified census tract. We have been able to reduce the credit request to $990,000 from an eligible amount of $1,125,000 because of an efficient design, through leverage of outside resources and by selecting a cost effective site that comes with valuable water resources. We recognize the scarcity of low income housing tax credits and we are requesting only the amount needed to complete the development, in a cost effective way. We have been in discussions with the Division of Housing (DOH) about an award of CDBG Recovery funds. A letter is attached to this application indicating they would welcome an application for the amount we have budgeted ($750,000) following an award of tax credits.

Projects in Counties impacted by a natural disaster.

Weld County was hit hard by the floods of 2013.

Guiding Principles and Criteria for Approval

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

   “Projects in Counties impacted by a natural disaster”

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

   a. Market conditions:
      The rental market in Greeley is extremely tight, with a vacancy rate in the PMA of 0.5% for affordable projects and 0% for market rate projects. This indicates
significant pent up demand. Quality affordable housing is in short supply, with many families struggling to find suitable housing options. These new units will be absorbed quickly, with no adverse impact on existing affordable units or the market as a whole. Rent for the 30% and 40% units will have a variance to market of between 30%-50%. The 50% units will have a 6-8% variance to market for the low-end comps and a 40% variance to market for the high end comps. The 60% units will be comparable to the low end of the market, but will have nearly a 30% variance to the high end of the market, according to the market study. Overall, the units at Mission Village of Greeley will offer an exceptional value to families in the area.

b. Readiness-to-proceed:
Commonwealth has completed twenty-four tax credit developments and has an additional four projects in predevelopment or construction. Commonwealth has a deep understanding of tax credit guidelines and regulations and has a strong partner network that will ensure efficient design and entitlement work and a seamless closing process. We expect the zone change to be approved prior to tax credit awards, which means this process will in no way impact the development schedule. Below is a summary of the anticipated timeline:

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHFA Application</td>
<td>July 2, 2014</td>
</tr>
<tr>
<td>Zone Change Approval</td>
<td>August 2014</td>
</tr>
<tr>
<td>CHFA Awards</td>
<td>September 2014</td>
</tr>
<tr>
<td>Application to DOH</td>
<td>October 2014</td>
</tr>
<tr>
<td>DOH Award</td>
<td>November 2014</td>
</tr>
<tr>
<td>Building Permit Application</td>
<td>January 2015</td>
</tr>
<tr>
<td>Building Permit Issuance</td>
<td>April 2015</td>
</tr>
<tr>
<td>Finance Closing – Begin Construction</td>
<td>May 2015</td>
</tr>
<tr>
<td>Placed in Service</td>
<td>May 2016</td>
</tr>
<tr>
<td>Lease-up Complete</td>
<td>September 2016</td>
</tr>
<tr>
<td>Stabilization</td>
<td>December 2016</td>
</tr>
<tr>
<td>Conversion to Perm Loan</td>
<td>February 2017</td>
</tr>
</tbody>
</table>

We will have no problem meeting carryover and placed in service deadlines associated with the credit allocation.

c. Overall financial feasibility and viability:
Low per-unit land costs, an efficient design, and being located in a QCT make this project financially feasible with limited gap funding. Relative to other northern and metro Colorado areas, we have secured an affordable site that will cost $9,000 per unit. This site, along with competitive tax credit pricing, helps offset rising construction costs in Weld County. All underwriting criteria have been met, with no exceptions needed. Commonwealth has incorporated precise estimates for development soft costs, financing charges and operating expenses
based on local research and our years of tax credit experience. We have obtained an equity letter of interest with preliminary pricing of $0.95. A construction loan term sheet is also attached to the application and we are currently in discussions with several sources of permanent financing, including CHFA.

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

Commonwealth Development Corporation has successfully developed over 1100 tax credit units in twenty-four different projects, and has four additional projects in construction or predevelopment. Mission Village of Greeley will be Commonwealth’s first development in Colorado if awarded credits. Commonwealth has delivered each of its tax credit projects on time and on budget, never having to request a supplementary allocation of credits for any of its projects.

Headquartered in Wisconsin, with regional offices in Dallas and Portland, the Commonwealth Companies include development, construction, property management and landscaping. In recognition of its development work, Commonwealth has received many awards including the Wisconsin Builder’s Association Developer-of-the-Year Award in 2008, the Avenues West Association Community Investment Award in 2012, the Marian University Economic Development Award in 2012, the Wisconsin Main Street Award for Best New Building Project 2013, and the Wisconsin Main Street Award for Best Adaptive Reuse Project 2013.

Commonwealth’s tax credit portfolio includes new cottage and townhome developments, urban midrise buildings and several adaptive reuse historic projects. Commonwealth provides safe, affordable housing to many different populations, including families, formerly homeless adults, veterans, seniors and low-income artists. Projects are developed around the individual community need, both in terms of population served and building type.

The development staff is comprised of six highly qualified team members that bring over 30 years of combined experience using low income housing tax credits. Daryn Murphy, Vice President, has over thirteen years of experience with affordable housing. Prior to joining Commonwealth, Daryn held positions with a state agency, a tax credit syndicator and a non-profit community based tax credit developer.

Marissa Downs, Senior Vice President, has overseen development of 540 units in 12 projects during her career with Commonwealth. She has also structured and closed the only RAD conversion project in Wisconsin. Prior to joining
Commonwealth, Marissa was an acquisition manager for a national tax credit syndicator.

A former officer in the United States Marine Corps, Louie A. Lange III is President and founder of The Commonwealth Companies, which was established in 2001. Under his leadership, Commonwealth has created award winning projects and now houses thousands of people in its units throughout the country.

Despite the fact that Commonwealth is also a vertically integrated company that includes property management, construction and landscape, we chose to use local partners to build and manage this project. Dohn Construction, Inc. (DCI) will be the general contractor of record. DCI has completed several tax credit projects, most recently Windsor Meadows. The Greeley-Weld Housing Authority (GWHA) will manage the property upon completion. Led by Tom Teixeira, the Greeley-Weld Housing Authority currently manages 154 units of tax credit and public housing and has an overall occupancy rate of 97%.

e. **Cost reasonableness:**
Construction costs have continued to climb in northern Colorado, making new development financially challenging. Additionally, the units at Mission Village of Greeley will be family-sized units, which often cost more on a per unit basis than smaller units. An informal survey of recently funded and recently completed tax credit projects indicates that our per square foot construction cost of $128 is in line with the market. Unfortunately, recent increases in costs at time of final estimating for the application caused our credit ask to increase from the letter of intent. We feel comfortable that the numbers presented in this application reflect both the current construction costs as well as a marginal escalation to cover the period of time from application to construction commencement. Total per unit development costs are less than basis maximums.

f. **Proximity to existing tax credit developments:**
There are no tax credit projects in Census Tract 5.01. There are several tax credit projects in Greeley, the closest, Stagecoach Apartments, is approximately one mile away. Stagecoach was placed in service in 1998 and as of application date had two vacancies, one due to the death of a resident and one due to an eviction. Overall occupancy at tax credit projects in the PMA was 99.3% at the time of application. The newest tax credit project in Greeley is Chinook Winds, located approximately four miles from the site. This project will serve seniors residents.

g. **Site suitability:**
This large parcel in an established neighborhood is a prime location for infill development. There is one blighted house on the property that will be
removed upon commencement of construction. Approximately 8 acres of the
site are flat. A small area surrounding the existing house does slope slightly, but
development of the new units will be concentrated on the flat portion of the
property. The size of the site will require onsite storm water retention, which
has been included in the preliminary design. The site is served by all municipal
utilities.

This particular site is also beneficial because of water availability. Owners of
new development in Greeley are required to dedicate raw water to the city.
This development site is required to dedicate over 26 acre/feet of raw water.
On the open market, that could cost over $650,000. Because this is an infill site,
there has already been raw water dedicated that would cover much of the
requirement. The site also comes with 1.75 shares of the adjacent irrigation
ditch, which further reduces the amount of raw water the project must
purchase. The total expected cost of remaining water dedication will be less
than $25,000, which is very reasonable for this area.

3. **Provide the following information as applicable:**

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

      The project does not require any waivers of CHFA’s underwriting criteria.

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

      The project is located in a QCT and does not require CHFA’s discretionary boost.

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

   There were no issues raised by the market analyst.

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

   As evidenced in the Phase I Environmental Site Assessment, there are no
   Recognized Environmental Conditions (REC) associated with the site.
6. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):

Commonwealth has been working with the Greeley Community Development Department for several months as we explored feasibility for this project. City leadership is very supportive, as evidenced by the letter attached to this application. Local financial support is limited in Greeley. Commonwealth has discussed the project with the HOME Program Coordinator, but we learned that the small amount of federal HOME funding Greeley receives has been committed to two existing projects. The city has even forward committed some of these funds, leaving no funding available for this project. We have discussed several other incentives with both the Greeley-Weld Housing Authority and the city of Greeley. Unfortunately, partnering with the Housing Authority in a way that would result in property tax exemption for the project would not be supported by local taxing districts, particularly the schools. Taxing districts will support property tax exemption for senior projects only. Commonwealth has also contacted several key service providers in the area in an attempt to offer the units at Mission Village to clients supported by these agencies. As predevelopment progresses, Commonwealth will continue to engage with local partners, city leadership and the surrounding community to ensure the project continues to be well received.

Attachments:
1. Support letter – Greeley-Weld Housing Authority
2. Support letter – City of Greeley
Project Name: Montbello VOA Elderly Housing II

Project Address: 4355 Carson St, Denver CO 80239

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

Development Overview

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

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

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

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

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

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

**Project Summary**

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

The proposed site is adjacent to Montbello Manor, an existing 79 unit HUD Section 202 owned by VOANS and operated by VOA-CO. Montbello Manor opened in 2005 and has 100% project based rent subsidy; it primarily serves residents with incomes below the 30% Area Median Income (AMI) level. Montbello II will target residents between 30%-50% AMI. One of the interesting features of this proposed project is the opportunity to link an existing senior property with another new seniors building. VOA will leverage its experience as owner / operator of Montbello Manor which will benefit Montbello II. In addition to the new housing, the large vacant site presents an opportunity to create a one acre outdoor garden/amenity area for use by residents of the proposed project and the existing building. About half of the new units would have a view of this outdoor amenity/garden area. VOANS plans to fence the entire property, build a perimeter trail, and upgrade the
The landscaping of the existing building in effect unifying the site.

**Type of Construction**

Montbello II will be a new 4-story building with access via two elevators, three sets of stairs, and common corridors. A unique feature of this building will be a 4-story “Health Stairs” near the main entrance. These stairs will encourage residents to take the stairs instead of an elevator and will be well lit and inviting. The unit mix will include 38 one-bedroom units and 12 two-bedroom units. We plan to exceed the building code requirement for the Americans with Disability Act (ADA) accessible units which is only one percent or one unit for a 50 unit project. The 4-story stick, Type V-A, frame wood structure will be built on a post tensioned slab on grade. Interior common areas will include: a management office, a computer center, a fitness room, laundry rooms on each floor, and a community room with a kitchen and space to host a variety of programs and activities for residents.

**Population Served/ Bedroom Mix**

The proposed project will be restricted to senior residents age 62 and over, as required by CHFA. The households include rent and income targeting at 30, 40, & 50% of the Area Median Income (AMI) or less, per the table below:

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<th>Unit Type</th>
<th>AMI</th>
<th>Square Feet</th>
<th>Number</th>
<th>Percentage</th>
<th>Rent</th>
</tr>
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<td>30%</td>
<td>625</td>
<td>19</td>
<td>38%</td>
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<td>625</td>
<td>6</td>
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<td><strong>100%</strong></td>
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</table>
Population Served/ AMI Level Chart

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<thead>
<tr>
<th>AMI Level</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td>25</td>
<td>50%</td>
</tr>
<tr>
<td>40%</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>50%</td>
<td>18</td>
<td>36%</td>
</tr>
<tr>
<td>Manager Unit</td>
<td>1</td>
<td>2%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Location

The Montbello community is 10 miles northeast of downtown Denver between downtown Denver and Denver International Airport (DIA). The property can easily be accessed via two interchanges off of I-70 at Peoria Street or Chambers Road.

Neighborhood amenities within a mile of the site include the Montbello Recreation Center, Denver Health Montbello Family Health Center, Denver Library, Village Place Park, Regional Transit District (RTD) Park-n-Ride and various places of worship. The nearest full service grocery store, Safeway, is located 1.5 miles northeast of the property on Chambers Road.

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

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

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

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

The Typical Montbello Resident
To better understand the demographic of the typical Montbello residents, Prior & Associates analyzed the tenant profiles of the current Montbello I residents. The following map and analysis shows a very high, 75%, in-migration rate. Due to this high rate of in-migration, Prior has performed the capture rate analysis utilizing a higher in-migration rate of 50% as a comparison to the capture rate. This additional analysis helps support that Montbello II will be well positioned in its market (see Pages 23-24 in Market Study).

Previous Residence of Montbello Tenants

<table>
<thead>
<tr>
<th>Previous Residence</th>
<th>Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>PMA Only</td>
<td>43</td>
<td>32.4%</td>
</tr>
<tr>
<td>Aurora Outside PMA</td>
<td>19</td>
<td>13.7%</td>
</tr>
<tr>
<td>Denver Outside PMA</td>
<td>40</td>
<td>28.8%</td>
</tr>
<tr>
<td>Other MSA</td>
<td>14</td>
<td>10.3%</td>
</tr>
<tr>
<td>Outside MSA</td>
<td>21</td>
<td>15.7%</td>
</tr>
<tr>
<td>Total</td>
<td>129</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: VOA National Services Montbello Applicant Roster

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

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

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

Community Partnerships

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

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

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

The following amenities will be provided for in each Montbello II apartment unit (see figure 3):
- Walk in closets
- 9’ ceilings
- Carpet and vinyl floor coverings
- Wireless safety call system
- Horizontal mini-blinds
- Stainless steel double bowl sinks
- Electric range with self-cleaning oven (including knobs at the front of range as an added safety feature for seniors)
- Dishwashers
- Range hood/microwave combination unit
- 18 cubic foot refrigerator/freezer
- Laundry Rooms on each Floor

Site Amenities

VOANS will implement healthy living features and design elements at Montbello II that will encourage physical activity, better eating habits, continuous health learning, and community bonding. The following design elements will be incorporated into Montbello II to facilitate an array of healthy living programs and services:
# Healthy Living Amenities Table

<table>
<thead>
<tr>
<th>Design Element</th>
<th>Description</th>
<th>Benefits</th>
</tr>
</thead>
</table>
| **Montbello Gardens**         | The planned Montbello Gardens consist of a one acre area which includes picnic tables, a tool shed, crusher fine garden trails, raised vegetable garden beds, fruit trees, and outdoor healthy living signage. Denver Urban Gardens will assist with design and Implementation. | ▪ Provides community space  
▪ Promotes physical activity and healthy living  
▪ Encourages social engagement  
▪ Access to nutritious food |
| **Health and Fitness Trail**  | The Health and Fitness Trail is a quarter mile crusher fine loop around the 5.8 acre site lined with various health stations and outdoor healthy living signage.                                                      | ▪ Promotes physical activity  
▪ Encourages social engagement  
▪ Educates about healthy living  
▪ Hosts Community Walking Program |
| **Indoor Fitness Facility**   | The indoor fitness facility will contain a variety of cardio machines and strength training equipment for the residents to maintain their active lifestyle when the weather doesn’t permit outdoor exercise. | ▪ Provides community space  
▪ Promotes physical activity |
| **Active Design Staircase**   | The Active Design Staircase will be a 4 story staircase visibly located at the entry lobby of Montbello II. The Active Design Staircase promotes walking between floors instead of using the elevator. This Active Design Staircase will include the following features: (1) be interactive to encourage everyday use, (2) be centrally located to increase use and visibility, and (3) include educational healthy signage to promote healthy living. | ▪ Provides community space  
▪ Promotes physical activity  
▪ Encourages social engagement  
▪ Educates about healthy living |
| **Community Room Enhanced Kitchen** | Montbello II's expanded kitchen will host nutrition programming focusing on educating the Montbello community about nutrition and healthy eating habits. The kitchen will have upgraded appliances and a cooking island to accommodate educational cooking demonstrations. | ▪ Provides community space  
▪ Educates about healthy living  
▪ Encourages social engagement  
▪ Access to nutritious food |
Montbello II will be designed with the following energy efficiencies and sustainable principals in mind:

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

**Security**

The project’s security features will include:

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

**Financing**

Construction financing includes a $8,000,000 construction loan from Wells Fargo, $1,000,000 in HOME funds, and part of the LIHTC Equity. Proposed Permanent Financing is as follows:

<table>
<thead>
<tr>
<th>Funding Type</th>
<th>Source</th>
<th>Amount</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent Loan @ 5.50 %</td>
<td>CHFA</td>
<td>$1,900,000</td>
<td>Loan (Hard)</td>
</tr>
<tr>
<td>(including 0.25% MIP)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred Development Fee</td>
<td>VOANS (11.23% of fee)</td>
<td>$140,000</td>
<td>Loan (Soft)</td>
</tr>
<tr>
<td>HOME Funds</td>
<td>City of Denver</td>
<td>$500,000</td>
<td>Loan (Soft)</td>
</tr>
</tbody>
</table>

Healthy Living Signage

Healthy Living Signage throughout the Montbello community combines education with the built-environment. Whether it is on the active design staircase or along the fitness trail, informative signage will foster a healthy living culture. An example of an outdoor healthy living sign could be, “By walking 4 laps (1 mile) you have burned xyz calories!”

- Promotes physical activity
- Encourages social engagement
- Educates about healthy living
**Updates and Improvements from Previous Round’s Submission**

**Changes and Explanations**

This proposal represents several positive changes since the 2014 Round 1 submission, summarized below:

1. **Denver Housing Authority – Potential Award of 25 Section 8 Housing Choice Vouchers (HCV)**

   Denver Housing Authority (DHA) encouraged VOANS to submit an application for 25 Housing Choice Vouchers, which are project based Section 8 vouchers for an anticipated 15 year contract term. VOANS applied and DHA has reviewed, with key elements as follows:

   - **Targeting:** The 25 HCV Units will be targeted at 30% AMI
   - **Unit Mix:** 19 units will be 1BR, 6 units will be 2BR
   - **Rents:** DHA advised VOANS to assume rents at the 2014 payment standard, which means gross rents of $779 (1BR) and $1,008 (2BR), and net rents (after deducting utility allowance) of $692 (1BR) and $908 (2 BR).

   The addition of project based vouchers is a dramatic positive for the overall proposal. Please see the support letter from DHA for more information, or contact DHA’s Debra Gray at (720) 932-3124 or dgray@denverhousing.org.

2. **Other Major Improvements from Previous Submissions**

   - **Deeper Rental Targeting** – Montbello II will now serve more Extremely Low Income (ELI) households as the number of units targeting 30% of Area Median Income (AMI) has been increased to 25 units (50% of the project) from 10 units from last round - a 250% increase in ELI units. This AMI targeting closely matches the City of Denver Housing Plan which identified 30%
AMI units as the most needed in Denver. Also, this AMI targeting matches the demand cited in the market study completed by Prior and Associates.

- **Annual Credit Request Reduced** – Credit request decreased to $885,776 (-$62,878) from $948,654 from last round. This reduction is primarily attributable to the increase in two offsetting sources: CHFA permanent loan and deferred developer fee. Montbello II is eligible for $984,586 in Annual Credits given its presence in a QCT; VOA has decreased this maximum request by $98,810.

- **Increased Scoring** – Scoring increased 11 points from 163 to 174. The improved scoring is the result of:
  - 1.A. Low Income Targeting: +6 pts for deeper rental targeting
  - 1.C. Targeting 30% of Area Median Income: +5 pts for increasing units targeted at 30% AMI.

- **Capture Rate for 50% AMI Units** - CHFA had commented in prior rounds that the 50% AMI capture rate, while not a major concern, had raised a question or two. The updated market study includes a capture rate of 20.6% for the 50% AMI units, vs. 27.9% on the last application; the lower capture rate is a result of reducing the number of 50% AMI units from 33 to 18, in proportion to the increase in 30% AMI units (10 to 25). The overall capture rate is 9.2%.

3. **Significant Changes to Sources and Uses**

**USES**

- **Increased Construction Costs** – The Estimated GC Contract increased 4.4% from $6,373,331 to $6,656,536 (+283,205), though this includes a 2% buffer for future cost escalation. The increased cost of construction labor and materials resulting from the flood disaster recovery effort and the high volume of market rate apartment development appear to be the primary drivers of the increased costs.

**SOURCES**

- **CHFA Permanent Loan (+$900,000)** – increased to $1,900,000 from $1,000,000;
- **LIHTC Equity (-$591,054)** – Decreased to $8,326,294 from $8,917,348; credit price remained at $0.94, but the credit request decreased to $885,776 (-$62,878) from $948,654 from last round.

- **Deferred Developer Fee (+$70,000)** – increased to $140,000 from $70,000; it still gets paid off by the end of year 6.

We are excited that the addition of 25 PBV Units has enhanced the proposal and mitigated any lingering concern about the capture rate. The inclusion of this high number (50% of the project) of PBV Units makes this a stronger project for the residents, CHFA, the investor and VOA.

In addition, the narrative should address the following:

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

   - **To support rental housing projects serving the lowest income tenants for the longest period of time;**
     
     100% of the units will be LIHTC for at least 40 years, including a set aside of 25 units at 30% AMI and 6 units at 40% AMI for 40 years.

   - **To support projects in a QCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A.4, Primary Selection Criteria**
     
     The proposed project is located in a QCT and contributes to the Denver Housing Plan. The Denver Housing Plan identifies the Montbello areas as a “neighborhood in which little investment is occurring, and in which public support is necessary to improve the quality of existing housing stock (see page 12 of the Denver Housing Plan)”. By bringing investment to the Montbello neighborhood, Volunteers of America will contribute to this community revitalization plan.

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

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

   - **To reserve credits for as many rental housing projects as possible while considering the Priorities and Criteria for Approval in the following sections. To reserve only the amount**
of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period.

The proposed financing reduces the credit request by $3,040,000 from four non LIHTC sources, including $1,900,000 (CHFA Loan), $1,000,000 in soft loans, and $140,000 in deferred developer fee.

2. Identify which housing priority in Section 2 of the QAP the project qualifies for:
   Projects serving seniors should provide amenities attractive and beneficial to seniors.
   The property will serve senior residents with a unique amenities and service package to support healthy living and aging in place.

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

   a. Market conditions:

   The market study demonstrates both strong demand in the PMA for senior LIHTC units (99% occupancy rate), and increased demand likely, as PMA has been gaining an average of 146 senior (62+) renters each year. As the market study addendum confirms, a high rate of in migration is anticipated to supplement the demand within the market area. The market study concludes that Montbello II will help fill a ‘void’ in this part of Denver for income restricted senior units.

   b. Readiness-to-proceed:

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

   c. Overall financial feasibility and viability:

   The project meets or exceeds all of CHFA’s underwriting criteria with suitable allowances for reserves and hard cost contingency. VOA ensures for long term financial sustainability by conservative underwriting and a legal structure that allows for a permanent property tax exemption. The financing plan is dependent
on securing soft sources and the CHFA permanent loan, though we have received positive feedback from those sources.

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

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

e. Cost reasonableness:

Volunteers of America has chosen to work with Shaw Construction on this application given its expertise and track record in building Low Income Housing Tax Credit properties in Denver. Shaw estimates hard costs of $121 per square foot and $133 per square foot including all construction related costs. The total construction cost per unit is $133,130. These costs are in line with other new construction service enriched senior properties and includes development of the one acre outdoor amenity/garden area.

f. Proximity to existing tax credit developments:

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

g. Site suitability:

The site is flat and appropriately zoned for the intended use, with infrastructure in place and no environmental conditions. Many neighborhood amenities are less than a mile from the property including: a park, a medical center, a recreation center, a library, and an existing bus stop near the front of the property, and an RTD Park-n-Ride station right up the street.

4. Provide the following information as applicable:

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

Waiver is Not Applicable – Proposal Meets All CHFA Underwriting Criteria
b. Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis:

The Montbello II project is located in a QCT and is thus entitled to the 130 percent basis boost. Per CHFA’s Basis Limit Calculation, Montbello II is eligible for $984,586 in annual credits, but the project is only requesting $885,776, a reduction of $62,878 from last round’s request. Forgoing this $98,810 in Annual Credits allows the LIHTC resource to be used more efficiently and promote more Affordable Housing development in Colorado.

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

The market study raises 1 issue:
(1) The site is on a minor street that has a low volume of passing traffic (p 17)

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

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

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

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

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

Summary of Strengths and Weaknesses

Strengths

1. Denver Housing Authority Housing Choice Vouchers / Deep Low Income Targeting
   Over half (25/49) of the rentable units will be set aside at 30% AMI, and will have PBV Vouchers from Denver Housing Authority, so will be able to reach the lowest income households.

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

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

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

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

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

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

**Weaknesses**

1. **Capture rate for 50% AMI units (20.6%)** – this is less of a concern than in past rounds, since the number of 50% AMI units has been reduced from 33 to 18, and the capture rate has been reduced from 27.9% to 20.6% for the 50% AMI units. We expect that the high demand/1% vacancy for LIHTC senior units in Montbello, an aggressive marketing plan and a growing market for these units will mitigate this concern.
Project Name: Mountain Apartments (formerly Mountain Vista and Mountain Oaks)

Project Address: 1580 & 1759 Florida Rd, Durango, CO
The Narrative provides an opportunity for the applicant to describe the characteristics of the project and why the applicant believes it should be selected above others for an award of credit. The applicant should document the project’s strengths and address its weaknesses. It must include a description of the project as proposed; detailed type of construction; population being served; bedroom mix; location; amenities; services, if provided; description of energy efficiencies; type of financing; local, state, and federal subsidies; etc.

**Overview:** Mountain Apartments should be selected for a tax credit award for the following key reasons:

- **True preservation project, which, if not granted an award, will be taken out of the program**
  - Resulting in devastating loss to 56 households whose proposed basic rent is over 50% lower than market rate rents
  - Resulting in the permanent loss of 22 units of project based rental assistance in a complex with an average current tenant AMI of 32%
  - No rehab or preservation projects awarded in first round and acq/rehabs only received 10% of funding in 2013

- **Durango/LaPlata County has strong need for affordable housing**
  - Does not pose threat to Animas Village Apartments
  - County still has over 1900 cost burdened renters despite recent award
  - As prime tourist and destination spot and home of Fort Lewis College, demand for affordable housing will continue to increase

- **Project has full support of City of Durango, LaPlata County and RHALPC**

- **Project in dire need of a substantial rehabilitation**
  - Serious drainage/water issues pose risk of mold and long term foundation issues
  - No existing ADA units to code or site accessibility
  - Lack of energy efficiency creates higher than necessary operating costs
  - Inferior tenant amenities negatively impact long term marketability

- **Project satisfies all of the Guiding Principles, a Housing Priority and meets all of the Criteria for Approval in Section 2 of the QAP**

- **Rehabilitation to be completed by one of the most accomplished development teams in Colorado**
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: With proposed rents set at or below 40% LIHTC rents and 22 units of project based rental assistance, Mountain Apartments is serving very low income family households and would continue to do so for 40 years.

   To support projects in a QCT: Though Durango, LaPlata County is not a QCT with a formal concerted community revitalization plan, a recent La Plata County Housing Study clearly identifies a need for safe, affordable housing. The plan suggests that there are over 1900 renters who are cost overburdened (spending more than 30% of income on rent). The study shows an overall 3.8% rental vacancy rent and less than 1% affordable housing vacancy rate, that, in turn, suggests that there is pent up demand for affordable housing in the community.

   To provide for distribution of housing credits across the state: Although Animas Village (50 units) received an award in 2013, La Plata County had not received a prior award since 2008. If Mountain Apartments were taken out the program, this community with a critical need for affordable housing would suffer a net loss of 6 affordable units.

   To provide opportunities to a variety of qualified sponsors: Though this for-profit developer has successfully completed 17 projects in Colorado, Cordes Development has not received an award since 2007.

   To distribute housing credits to assist a diversity of populations in need: With an average income of $19,474 and average AMI of 32%, it is clear Mountain Apartments will continue to serve very low income families, including 9 households with handicapped and/or sensory/hearing impaired persons.
To provide opportunities for affordable housing within a half-mile walk distance of public transportation: City Bus Route runs by both complexes on Florida Road with a bus stop located immediately in front of each complex.

To support acquisition and/or rehab of existing affordable housing projects, particularly those with an urgent and/or critical need for rehab or at risk of converting to market rate housing: Mountain Apartments of Durango is a true preservation applicant in a PMA that absolutely needs the project’s continued and upgraded existence in the affordable housing portfolio. If our third application for a tax credit award is denied, ownership of both properties would be well advised to remove these units from the USDA RD 515 portfolio to avoid loss of rental assistance due to QHS regulations due to substandard performance vis a vis poor energy efficiency and the fact that there are no truly handicapped units that meet current ADA requirements nor is there accessibility to the office, laundry and playground or ground floor units. As USDA RD rental assistance funding continues to diminish under the current Congress, the Project will either need to be upgraded or leave the program. This would directly impact 56 family households and the community would permanently lose 22 units of project based rental assistance which accounts for a significant portion of total community assistance. There is an immediate need for the comprehensive renovation we are proposing. Although the underlying structure of the complexes is good, the units themselves are old and tired with some units being in very poor condition. The most critical need is responding to the federally mandated accessibility issues, specifically, the common areas and ground floor units need to be made accessible and the current “handicapped” units need to be brought up to today’s ADA standards. Furthermore, the water/drainage issues are significant and without immediate remediation, the Project is at risk of serious mold problems and long term deterioration of the foundation. The General Partner has contacted the City and County with a plan that would involve connecting the current Florida Road drainage from uphill properties into the City’s new and effective storm drain system which ends at the City limits – one block from Mountain Vista Apartments. This will be a joint effort between the City and County officials and us as developers to not only alleviate the flooding at Mountain Apartments but to significantly improve drainage for all of our neighbors, some of whom who are affordable housing complexes.
To reserve only the amount of credit that CHFA determines to be necessary: The expertise of the development team, including its experience with multiple financing sources combined with strong cost controls will allow for the efficient use of tax credits. CHFA should note that a review of recent tax credit awards demonstrates that we are proposing to do a more cost efficient rehabilitation as measured by credit/unit (as compared to the other rehab projects which received a 2013/4 award) despite the fact that we will be doing a very substantial rehabilitation of the interior of the units and significant site work.

To reserve credits for as many rental housing projects as possible: This project is requesting $603,651 in annual credits, well below the maximum credit limit.

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

Mountain Apartments meets the housing priority of Counties with populations of less than 175,000. Durango’s population of roughly 17,000 and LaPlata County’s population of 52,400 clearly indicate that this is a small rural community.

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

   a. Market conditions: The project’s proposed rents are set at or below the 40% AMI levels, are easily achievable in the PMA and in fact, are close to the project’s current rents. The projects have an average occupancy rate of 97-100% and maintain a waitlist without advertising. Mountain Apartments has a capture rate of 28%. However, as indicated by the market analyst “This demand and capture rate calculation is based on the CHFA guidelines, which underestimate the number of renters who will be served by the subject. The subject’s proposed rents are as much as 39% below the maximum allowable LIHTC rents, and it utilizes a Rental Assistance Payment (RAP) contract for 22 units, both allowing it to target renter households from a wider income range and, thus, increasing the number of eligible households and lowering its required market share.” Further, the RD guidelines of 2 persons per bedroom allow the project to capture a larger number of households.
b. Readiness-to-proceed: We are fully prepared to commence construction by 3/1/2015 and complete construction by the first quarter of 2016. We have confirmed our financing and all the required documents and studies have been completed. We will prepare the USDA RD acq/transfer package so that we may achieve a timely review by RD.

c. Overall financial feasibility and viability: As stated above, we have a high level of confidence that we can obtain the funding sources required. The Developer has previously syndicated over 34 projects with Enterprise, has been a bank customer of CPB for 30+ years, has been an active developer in the RD 515 program since 1978, was the first private developer in the nation to receive HOME funds for a “for-profit” project and has experience in almost every affordable housing funding source available. One of the key reasons the project is financially feasible is the way in which the debt is structured to be substantially below market rates. Re-amortizing the RD loan to a 1% interest rate with a 50 year term, combined with the DOH loan at 2%(or lower) and the RD sponsored 538 loan at 4.75%, the project is able to carry the substantial amount of debt necessary to fill the funding gap. The strong DCR demonstrates an ability to handle the debt required for the rehabilitation. In addition, we will secure a $1,000,000 construction loan at a rate of 5% from Collegiate Peaks Bank. The operating and replacement reserves are calculated at a higher than minimum level to account for USDA RD requirements. The project PUPA, though below the CHFA minimum, is based on multiple years of operating experience by the ongoing long-term management company.

d. Experience and track record of the development and management team: With nearly 80 projects under their belts, the development team has a long and successful track record of developing and operating LIHTC projects both in Colorado and the western USA. Likewise, the management team has an excellent track record of marketing and leasing LIHTC units. In particular, the development team is well versed in addressing the complicated nature and often unexpected issues that are the very nature of substantial rehabilitations. The team is also facile with meeting the requirements of URA and managing the needs of tenants during the relocation process.

e. Cost reasonableness: The project will be developed, designed and constructed by a team of experienced professionals that have worked on a vast number of affordable housing projects overall and in Durango in particular. This experience
allows us to estimate costs with a reasonable degree of accuracy. We also utilize a fixed price lump sum contract that does not allow “up charging” change orders on the proposed/contracted scope of work, but will accommodate upgrades where indicated.

f. Proximity to existing tax credit developments: Because this project is a preservation project and the units are currently serving the affordable housing needs in the community, the acquisition/rehab will not negatively affect other tax credit developments. LIHTC projects are spread throughout Durango and no other family projects with rental assistance are nearby. Sponsor has successfully managed two previously competing and nearly adjacent projects, Mountain Oaks and Mountain Vista, which have maintained high occupancy for many years.

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

4. Provide the following information as applicable:

a. Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA’s minimum): Because the project has RD 515 rental assistance, rent is set based upon maintaining the approved budget. Thus, the 2% income growth and 3% expense growth assumptions in the pro forma analysis do not accurately reflect the USDA RD budgetary process. Per CHFAs recommendation, we have selected the 100% Section 8 housing option, with the income and expense amounts increasing at the same rate. However, using this scenario, the project produces far more excess cash flow than would be allowed under the USDA regulations. The project’s PUPA is below the minimum. However, we feel it is appropriate as the
operating budget is based on historical actual budgets and development team insight and experience with post rehab budgets.

b. Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis: We are respectfully requesting a CHFA discretionary basis boost. The construction/expense/COLA in La Plata County, which has been a DDA for much of the LIHTCs program history, are quite high. In order to take on the substantial debt necessary to fill the funding gap from no basis boost, the project would need to increase the rents considerably. This would seriously challenge and hinder USDA RD National Office approval of the acquisition/transfer. Further, this type of rent increase would essentially force out many of the current tenants who are not receiving rental assistance and could not afford this type of rent increase. Using 4% non-competitive credits would result in debt service and rents far beyond the regulatory constraints of the 515 program. Even regular 100% non-basis boost 9% credits at the proscribed 7.58% would result in debt beyond the 515 constraints. Even with the basis boost, the project demonstrates highly efficient tax credit use on a per unit basis. Therefore, we request a basis boost.

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

5. Address any issues raised by the market analyst in the market study submitted with your application: There were no significant issues raised in the market study that need to be addressed. Applicant would note that due to the currently different rent and utility allowance structures at Mountain Oaks and Mountain Vista, the rent comparison charts can be confusing. After the acquisition/transfer, there will be a common rent and utility allowance structure as presented in the application.

6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated: Both the original (February 2103) and the updated Phase 1 Environmental Reports indicate that the project does not have any environmental hazards or concerns.
7. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support): The entire development team met with Durango City/La Plata County officials and planning/building department staff. They were receptive to the rehabilitation of Mountain Apartments and are eager to keep the project as affordable housing. Given that the other projects developed and owned by the applicant have been successful and built with high quality craftsmanship, the town is very encouraged that our development team is back developing in Durango. The planning committee did not anticipate having any concerns regarding zoning or building permit issues. The project is not within the City of Durango boundaries even though it has a Durango mailing address. The City of Durango and La Plata County have one of the state’s strongest economic bases and has a huge pent up demand for housing. As indicated in the attached letters of support, City and County officials agree that these projects, especially with rental assistance, should remain within the affordable tent. Regional Housing Alliance of La Plata County is also in support of the planned rehabilitation.

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

This proposal is for the preservation, acquisition and substantial rehabilitation of Mountain Apartments (combining two projects previously known as Mountain Vista and Mountain Oaks) immediately adjacent to Durango in La Plata County. Mountain Apartments will have 58 units (18 one bedrooms and 40 two bedrooms) in six buildings. The substantial rehabilitation of this project addresses four critical and immediate needs: 1) targeting accessibility/504/ADA issues, thereby increasing the number of handicapped units available in the community; 2) addressing serious water and drainage issues; 3) reducing operating costs from energy efficiency upgrades and 4) making the complexes more competitive in the market.
The project will increase its current four units of barely equipped units to seven units that are fully equipped to be handicapped accessible. Two additional units will be equipped for persons with sensory and/or hearing impairments. The first floor units, offices, laundry rooms, and playground/picnic areas are currently not, but will be made, accessible. These changes are absolutely needed to maintain rental assistance. Moreover, both complexes offer a unique benefit to handicapped residents as there are public bus stops located at each site, making public transportation convenient and easily accessible to those most in need.

The water/drainage concerns are a two part issue. At the Mountain Oaks complex, there is active uphill spring water which is not being properly drained and diverted and thus, negatively impacting two buildings. If not remediated, this will cause mold and foundational problems. The need for mold mitigation and crawl space ventilation cannot be understated. This will be addressed during the rehabilitation and the costs for same are reflected in the development budget. Separately, there is significant flooding on Florida Road that is negatively impacting numerous properties, including Mountain Oaks. We are working with City and County officials to seek a DOLA/CDGB grant or other financing to address this problem and hope to have an update for CHFA at the time of applicant interviews should we be invited. Costs related to the flooding issue are not included in the development budget nor will any of the corrective actions taken in the future be paid for out of Project funds. However, because of the severity of the issue and potential impact on Mountain Apartments, we thought it is important to bring to CHFAs attention.

Energy efficiency improvements are important in that they reduce the operating expenses and thus enable the project to offer rents at or below the 40% AMI tax credit rents as well as reduce tenant costs. Specifically, the project will achieve to 2013 standards Enterprise Green certification, upgrade major systems, including replacement of gas furnaces to high efficiency units, the addition of air conditioning, upgraded insulation and cementious siding, new highly energy efficient windows, all new Energy Star kitchen appliances and new low water use bath fixtures.

Given the age and poor condition of the project, it is no longer competitive relative to current market standards. A total modernization of these dated units is absolutely necessary. With the proposed renovation, tenants will not only enjoy completely renovated interiors but will benefit from many new amenities including air conditioning,
dishwashers, garbage disposals, sport courts, enhanced and accessible playgrounds and picnic areas, and, to support the “No Smoking” policy, smoking huts, placed well away from buildings and playgrounds.

The AMI targeting of the project will be 36 family households with incomes at or below 60% AMI, 12 family households with incomes at or below 50% AMI and 8 family households with incomes at or below 40% AMI. Mountain Apartments currently serves those most in need. The two complexes have a combined total of 22 units of USDA RD 515 rental assistance and 8 tenants with PHA vouchers. These advantages allow the project to have 10 households at or below 20%, 14 households between 20%-30% AMI, 15 households between 30% and 40% AMI and 6 households between 40% and 50% AMI, for a total of 82% of current households under 50% AMI. Two units will be occupied by resident site and maintenance managers and those units will not be income qualified. The proposed rents will be set at $545 for the one bedroom units and $630 for two bedroom units. This amount represents a decrease for the tenants in the complex previously known as Mountain Oaks and an increase for the tenants in the complex previously known as Mountain Vista. This is a substantially federally subsidized project with rental assistance and interest credit. We do not believe the 10-year rule applies since there has never been a change in property ownership. A copy of both complexes’ rental assistance agreement and an attorney letter is attached.

The rehabilitation will be done in phases to allow for both an efficient construction schedule and to minimize tenant disruption. The overall plan will be to take all reasonable steps to minimize displacement as a result of the rehabilitation. No tenants will be required to move permanently unless they are over income at the time of acquisition and transfer of the project, or they decide not to reoccupy an available unit when the rehabilitation is complete. Temporary relocation will be minimized to the extent possible by using vacant existing units within both complexes. In addition, we have identified a good supply of temporary housing units in Durango. All expenses associated with the temporary relocation of tenants will be paid for by the project from its development funds. We have estimated and budgeted for total relocation costs of $145,000 which represents an average cost per household of $2,500. On completion of the rehabilitation, all tenants continuing to be income qualified and certified will be invited to move back into one of the newly rehabbed units. Twenty two (22) residential
rental units will continue to have USDA-RD Section 515 Rental Assistance, and following rehabilitation will continue to be affordable for the tenants. A more detailed rehabilitation plan is included in the relevant tab.

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

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: Northfield @ Stapleton Apartments (NSA)

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

Project Description:

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

The project developer, Northeast Denver Housing Center (NDHC), is a thirty-one year old non-profit community development corporation experienced in the design and construction of quality affordable housing. Organized in 1982 to serve the Denver metro community, NDHC’s mission is to create sustainable, healthy housing and development opportunities for underserved households through outreach, education and economic development programs.
and projects. NDHC leads locally and nationally with a long track record of success in developing energy efficient and green built award winning affordable housing.

In order to meet the challenges faced with LIHTC allocation & utilize the competitive 9% credit most efficiently, NDHC will split the 84 units into a 9% and a 4% tax credit project. The North buildings with 37 units will be the 4% project and the South building with 47 units will be the 9% project. By doing this NDHC will save about $300,000 in annual credit it would otherwise be eligible for and is anticipated to be the lowest effective use of credit per unit among all new construction applications. Additionally, it will help produce needed units at the same AMI and rent structure.

**Building Designed for Livability**

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

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

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

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

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

**Providing the Lowest Affordable Rents**

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

The 84 affordable housing units are targeted to serve as follows:
<table>
<thead>
<tr>
<th>AMI</th>
<th>Number of Units</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>30% AMI or Below</td>
<td>9</td>
<td>11%</td>
</tr>
<tr>
<td>40% AMI or Below</td>
<td>31</td>
<td>36%</td>
</tr>
<tr>
<td>50% AMI or Below</td>
<td>13</td>
<td>15%</td>
</tr>
<tr>
<td>60% AMI or Below</td>
<td>31</td>
<td>36%</td>
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</table>

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Number of Units</th>
<th>Monthly Rent</th>
<th>Unit Average Sq. Ft.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Bedroom 1 Bath</td>
<td>18</td>
<td>343 – 631</td>
<td>610</td>
</tr>
<tr>
<td>2 Bedroom 1 and 2 Bath</td>
<td>42</td>
<td>414 – 760</td>
<td>855</td>
</tr>
<tr>
<td>3 Bedroom 2 Bath</td>
<td>24</td>
<td>477 – 876</td>
<td>1,107</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>84 UNITS</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

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

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

Northfield Apartments @ Stapleton is located at the intersection of Northfield Boulevard and Trenton Street in Stapleton’s Conservatory Green neighborhood, and is the first new neighborhood north of Interstate 70 in Stapleton. This self-sustaining location is within walking distance to jobs, commercial services and retail, top rated schools, healthy living amenities and transit stops connecting to the entire Denver Metro area. When the Northfield a@ Stapleton apartments open they will be within walking distance of a major community shopping center, Community Gardens, a public elementary and secondary school, a thirty-three acre park and community swimming pool. (see large scale map in application – location map)
Jobs/ Commercial Retail
Northfield Apartments @ Stapleton is across the street from a major community shopping center that includes a grocery store, pharmacy, shops, cinema, and restaurants. The center has between 60 and 65 stores and employs approximately 3,000 workers earning wages within the target income range for future renters of the Northfield Apartments. Approximately one mile east of the apartments several industrial and warehouse businesses employ thousands also earning wages within Northfield Apartment's target income range that would benefit from having nearby affordable housing.

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

Healthy Living Amenities
Several interconnected parks, including Prairie Basin Park, Upland Park, Conservatory Green Plaza and two community gardens, play areas and pools are under construction and will be open in the summer of 2014 before Northfield apartments would be placed in service. In addition, Northfield Pond Park is a community park located 4801 Spruce Way, 0.1 mile southwest of the apartments. This facility has a pond, trails, grass, and other amenities. Approximately 1.3 miles southwest of the apartments is the MLK Jr. Recreation Center, which has a gymnasium, an indoor swimming pool, and other facilities and is open from 6:00 am to 7:00 pm, six days a week. Dick’s Sporting Goods Park, which has soccer fields and hosts U.S. Major League Soccer matches, is approximately one mile north of the apartments. Bicycle access for residents using a bicycle for transportation, are available including bike trails and bike lanes connecting the Northfield @ Stapleton Apartments to other Denver metro communities.

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

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

- LIHTC will assist reduce HOUSING COST
- NSA’s location close to jobs, grocery, mall, over 35 shops will reduce car travel cost (estimated at 10 to 15% reduction)
- The supportive services of healthy living will help households eat right/ exercise and live within budget.
NSA’s uniqueness – compared to other sites is exemplified by the fact that it will have multiple GENERATIONAL IMPACT.

**Energy Efficiency and Green Building:**

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

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

NSA will meet and exceed the Enterprise Green Communities (EGC) standard. Currently the project scores sixty-three points. While NSA currently, as proposed and designed, will meet the EGC standard, NDHC will continue to look for funds from the corporate, philanthropic and public sector in order to add value to the development without redesigning the product. We have done this repeatedly and it has become our trademark to ensure success through the
significant professional staffing input we contribute to our developments. The current green and energy features include:

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

**Type of Financing and Subsidies:**

In addition to tax credit equity and permanent financing, Northfield @ Stapleton Apartments will secure significant sources of funds from outside sources. These include:

- City and County of Denver performance grant of $900,000.
- State of Division of Housing Grant of $840,000.
- Forest City Stapleton is donating the 2.1 acre land with a market value of over $1,000,000.
- Deferred developer fee of about 35%

This amount of funding from these public and private sources shows the significant amount of support for the Northfield @ Stapleton Apartments that addresses the Stapleton Affordable Housing Plan that makes affordable housing a priority. With the award of the Low Income Housing Tax Credits this project will be scheduled to begin construction very quickly.
Specific Responses

1. Qualified Allocation Plan, Section 2 Guiding Principles:

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

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

- **To support projects in a QCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A 4, Primary Selection Criteria.**
  - The Northfield @ Stapleton Apartments have been developed in support of the Stapleton Affordable Housing Plan, which is a plan developed by the City of Denver to provide affordable housing in a neighborhood with significant attractions. This is further supported through significant funding of Northfield @ Stapleton Apartments by the City of Denver, State of Colorado, and Forest City Enterprises who are working together to implement the Stapleton Affordable Housing Plan that makes affordable housing a priority.

- **To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas.**
  - The location of the Northfield @ Stapleton Apartments in the Denver area of Stapleton is a growing area outside of the inner city limits. By locating the Northfield @ Stapleton Apartments in the outskirts of the inner city Denver area, we will be creating opportunity for low-income Denver households to relocate to a great neighborhood in close proximity to jobs and other local amenities within the Denver area. Additionally, the Northfield @ Stapleton Apartments will provide a much-needed level of diversity in one of Denver’s major residential and commercial development sites that supports Denver’s economic growth.
• To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit.
  o The Northeast Denver Housing Center is a well-established non-profit corporation with a range of partners and sponsors including both for profit and non-profit, public and private organizations that are sponsoring and supporting the Northfield @ Stapleton Apartments. We are always reaching out to the community for sponsorship and have a dedicated page for donations on our website.

• To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing.
  o The Northfield @ Stapleton Apartments will provide a variety of apartments suitable for households of varying sizes including families and singles. Additionally, the Northfield @ Stapleton Apartments will support handicap and low mobility residents in need of ADA accessibility with 13 ground floor ADA Type A compliant apartments. These units will be available and priced for households making thirty to sixty percent of the average area median income, bringing highly undeserved households to a community with opportunity for growth and success.

• To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail.
  o The Northfield @ Stapleton Apartments are located in an extremely accessible location with ample public transportation providing easy access to downtown Denver and other near-by communities with jobs, schools, and other amenities. There are three RTD bus route stops within .5 mile of the development, including the Route 40, Route 43, and Route 88 buses that also provide easy connections to Park-n-Rides, Colorado Light Rail Stations, and additional bus routes. These bus routes are easily reached by safe pedestrian walkways making transportation easy for residents. The nearest bus stop is located at Northfield and Trenton just fifty feet from the Northfield Apartments.

• To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing.
  o The Northfield @ Stapleton Apartments will be a new construction low-income housing development in an area with a critical need for low-income housing. Stapleton currently has a waitlist of over 200 applicants for low-income housing because of the unique job and community opportunities in the area. The Northfield @ Stapleton Apartments will help to fill this demand for low-income housing.
2. Qualified Allocation Plan, Section 2 Housing Priorities:

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

- **Projects serving Homeless Persons as defined in Section 5.B 5.**
  - The Northfield @ Stapleton Apartments is a residence targeting working households and families looking for an opportunity to live in a quality and sustainable community with opportunity for good jobs and quality education. Due to this specific target residents and community, we are currently unable to provide housing at the Northfield @ Stapleton Apartments for homeless persons, however we have targeted an extremely low-income population with nearly half of our units reserved for households with an income at 30 to 40 percent of the area median income in an area that provides many job opportunities.

- **Projects serving these populations will provide supportive services to help maintain or increase independence.**
  - Although the Northfield @ Stapleton Apartments does not directly serve homeless persons, the Northeast Denver Housing Center is an organization that not only gives housing opportunities to underserved households, but also continues to work with these households to maintain their new housing and assists them in working toward greater independence.

- **Projects serving persons with special needs as defined in Section 5.B 5.**
  - The Northfield @ Stapleton Apartments have 13 ADA Type A units, which will be made available, with priority, to households with persons with special needs in a location with accessibility to many outdoor activities to support healthy lifestyles.

- **Projects serving these populations will provide supportive services to help maintain or increase independence.**
  - As stated above, the Northeast Denver Housing Center not only provides opportunity to low-income households for quality housing, but also offers programs to continue to assist these households towards maintaining their new housing and working toward greater independence including households with persons with special needs.

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

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

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

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

b. Readiness-to-Proceed:

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

c. Overall Financial Feasibility and Viability:

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

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

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

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

With total development costs of approximately $200,000 per apartment unit, inclusive of one, two, and three bedroom units and including parking and amenities, the Northfield @ Stapleton Apartments has very reasonable cost for such a desirable neighborhood, high level finishes, and exceptional design. Some additional upfront costs such as Stapleton design standards, ENERGY STAR equipment, solar panels, and other building efficiencies, may increase the initial cost of the project, but will help to keep the Northfield @ Stapleton Apartments a sustainable low-income housing development by keeping resident costs low. Additionally, with an effective credit request of about $11,000 per unit NSA will be one of the most efficient uses of tax credits especially given the amount of two and three bedroom units.

f. Proximity to Existing Tax Credit Developments:

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

g. Site Suitability:

Stapleton is a very suitable site for the Northfield @ Stapleton Apartments with a community infrastructure and a master plan already in place. Stapleton is a highly accessible neighborhood, with close proximity to jobs, schools, hospitals, shopping, open space parks, and other amenities including a major shopping center directly across the street. This area provides access to many forms of transportation including walkable paths and sidewalks, bike paths and lanes, RTD bus stations located on the same block, and park-n-rides and light rail stations less than one mile away. This high level of access to jobs and amenities both within the immediate
area and surrounding communities creates greater opportunity for households at the Northfield @ Stapleton Apartments allowing them to maintain a sustainable, healthy lifestyle.

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

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

4. Applicable Information:

   a. Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA’s minimum):
   No waiver requested.

   b. Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis: The Northfield @ Stapleton Apartments is asking for a basis boost of a full 130%. By minimizing the number of units in the 9% project and maximizing the DDA boost, we moved as much basis as financially feasible into the 4% portion of the project which translates into less competitive 9% credit needed.

   Additionally, the project is located in the extremely well planned, healthy and sustainable community of Stapleton. As a part of healthy housing plans, there are higher design standards that the development must meet, but will have significant benefits for the residents. These higher design standards have added an estimated seven percent to the cost of development. In addition, the Northfield @ Stapleton Apartments will employ the use of many energy efficient and sustainable building products and strategies that often have a slightly higher cost upfront but are important in keeping costs down for residents and giving them a greater opportunity of success.

5. Market Study Issues:

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

6. Environmental Report Issues:
No issues were raised by the environmental report, in fact this site and development are extremely environmentally suitable with accessibility to alternative transportation, location in an urban area with close proximity to necessary amenities including open space, and the extensive use of sustainable and energy efficient materials and appliances.

7. Local Outreach and Support:

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

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

Letters of Support:

Northfield @ Stapleton has received letters of support from the following (see attachments):

1. Denver City Councilwoman Deborah Ortega
2. Firstbank
3. DPS School Board
4. NAACP
5. The Stapleton Foundation
6. United Church of Montbello
7. Zion Baptist Church
NARRATIVE

Introduction:
Oakridge Senior Apartments will help meet the tremendous growing need for affordable senior housing in Fort Collins and Larimer County.

Oakridge Senior should be selected because:

- The natural disaster of September 2013 impacted all housing in the county. Residents with the lowest incomes were most affected. This includes seniors.
- The Fort Collins vacancy rate is the lowest in 13 years at 1.7% in the first quarter, compared with 5.2 % statewide.
- All existing affordable senior apartments are full and no projects, except for Oakridge Senior, are planned.
- The senior population continues to grow, out-pacing increases in all demographic groups. The need for Oakridge Senior would exist if there was no flood.

This Narrative provides a complete description of the project, the neighborhood, the development team, the overwhelming local support and the services that are available for future residents.

This exciting new senior community deserves a reservation of tax credits.

1. Meeting Guiding Principles:

Oakridge Senior Apartments is unique in that it meets seven (7) of CHFA’s guiding principles.

Guiding Principle: To support rental housing projects serving the lowest income tenants for the longest period of time
Oakwood Senior will serve very low income seniors who earn no more than 30% AMI, 40% AMI and 50% AMI. Ten percent (10%) of the apartments will be set aside at 30% of area median income. The low income use will be extended 25 years.

Guiding Principle: To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural and tribal areas
McDermott Properties analyzed affordable housing needs across the state. CHFA’s priority emphasis on areas impacted by a natural disaster directed us to Larimer County. We found serious housing devastation, displaced people including many seniors and a rapidly growing senior population.
Guiding Principle: To provide opportunities to a variety of qualified sponsors of affordable housing, both for profit and non-profit
McDermott Properties, LLC, a for profit sponsor, and its non-profit co-developer, the American Community Experience, Inc. appreciates the opportunity to provide affordable senior homes in Fort Collins.

Guiding Principle: To distribute housing credits to assist a diversity of population in need of affordable housing, including families, senior citizens, homeless persons and persons in need of supportive housing
Oakwood Senior Apartments will provide quality affordable apartment homes for lower income seniors, thus meeting the diversity of population principle.

Guiding Principle: To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail and light rail.
Oakwood Senior Apartments is located 4/10 of a mile from a TransFort Bus Service stop, where 25 buses are available daily.

Guiding Principle: To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period
Oakwood Senior requires an allocation of $995,352 in annual credits to be successful. Oakwood Senior will operate with a 1.15 debt service coverage ratio thus providing low income housing throughout the credit period.

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

2. Housing Priority: Projects in counties impacted by natural disaster
This year CHFA is prioritizing projects in counties impacted by a natural disaster. Oakwood Senior Apartments is located in Larimer County, Colorado, an area severely impacted by the 2013 flood.

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

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

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

Displaced Seniors
Thousands of Larimer County citizens were displaced, losing homes and belongings. Many of these citizens were seniors. Oakwood Senior is being developed to assist seniors affected by this natural disaster, as well as other seniors that make up the surging Larimer County senior population which has increased to 12.9% of the total population.
Impact of the Disaster

The full impact of the natural disaster and the response to the need created by the catastrophic damage is detailed in the Colorado Partial Action Plan for Disaster Recovery. This 118 page plan is available online at: http://dola.colorado.gov/ckbg-dr/sites/dola.colorado.gov.cdbg-dr/files/cdbg-dr_docs/Colorado%20Partial%20Action%20Plan%202_21_14FV.pdf.

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

The Plan also states:

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

Oakridge Senior Apartments is a response to CHFA’s Housing Priority and the Action Plan’s demand for construction of affordable units.

3. Criteria for Approval

a. Market Conditions:

The Fort Collins/Loveland vacancy rate hit a 13 year low of 1.7% in the first quarter 2014, compared with 5.2% statewide.

The demand for affordable senior housing in Fort Collins has intensified because of the flood and the growing senior population.

Flood Impact

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

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

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

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

Aging Population

The steady, continuing growth of the U.S. senior population, which is mirrored by increasing numbers of Fort Collins/Larimer County seniors, warrants the construction of new affordable senior housing even if there had been no flood.

This need will continue as the U.S. elderly population is projected to more than double by the year 2030 to 78 million.

A report by the AARP Foundation states that,

“...today, approximately 13 million low-income 50+ households in America cannot afford their housing costs and/or live in inadequate housing. Many are paying over 30 percent of their household income to maintain housing that barely meets their physical
needs. Many find themselves forced to choose between paying their mortgage or rent and buying groceries or medicine.

The AARP Foundation report also states that, “...with insufficient new construction of rental housing, affordability is likely to remain an issue...with supply remaining low, rents will only continue to rise...”

**Capture Rate**

The Existing Capture Rate is 12.9%.

When Oakridge Senior (88 units) is added to the market, the rate is 19.4%, well below the 25% rate benchmarked in the QAP. Because the rate changed by 6.5%, additional information is needed to support new apartments.

Oakridge Senior is needed because:

- Larimer County was one of the three hardest hit in the state (Weld and Boulder were the other two)
- 28,363 dwellings impacted, 1,852 destroyed (estimate found in Colorado Partial Action Plan for Disaster Recovery)
- 2,500 rental properties sustained physical damage (FEMA Full Verified Loss Data)
- Seniors and families had to abandon their homes
- Those with low to moderate incomes were most impacted
- Larimer County has largest population of people with low incomes, particularly those earning less than $30,000 (compared to Boulder and Weld, page 22 of the Plan)
- The other affordable senior communities in the area are 100% occupied
- No other affordable senior projects are planned in the area

**Superior Location**

Oakridge will benefit from being across the street from the very high end MacKenzie Place senior development where the monthly charge for shelter, food and services averages over $3,000 per month. Being in the same location but with markedly lower rents can only help attract seniors who make too little to live in McKenzie House and too much to qualify for Section 8 or Public Housing.

**Fort Collins Attracts Seniors**

Fort Collins attracts seniors. The city has ranked as high as Number 1 (in 2006), 6th (in 2010) and 70th (2012) on Money Magazine’s list of the top 100 Best Small Cities in which to live in America. In 2003, AARP The Magazine named Loveland/Fort Collins at the top as “The Best Place to Reinvent Your Life.”

Fort Collins received the following honors and recognition:

- 2013 Best Towns in America: Outside Magazine - Oct 2013
- 4th Healthiest Mid-Size City in U.S.: 2012 Gallup-Healthways Survey -
- Ranked 3rd on Allstate America’s Best Drivers Report: AllState - Sep 2012
- One of the Top 10 Best Places to Retire: CBS Money Watch - Feb 2012
- One of the Top Ten Places to Retire in the Nation: Charles Schwab's On Investing - Apr 2011

b. **Readiness-to-Proceed:**
McDermott Properties is ready to develop and construct Oakridge Senior Apartments.

✦ The site is zoned for apartments (see enclosed Zoning Letter from the City of Fort Collins Planning Office).

✦ The Phase I Environmental Report indicates that the site is environmentally “clean,” with no present hazards.

✦ Initial schematic drawings have been prepared by the project architect. Oakridge Senior Apartments will be similar to our Dahlia Square Senior Apartments and Conter Estates Senior Apartments in design, construction and operations. Oakridge expands and improves on the Dahlia and Conter apartment design.

✦ Our construction cost estimates are competitive and the General Contractor is experienced.

✦ An experienced tax credit investor (RBC Capital Markets) has offered to purchase the credits; construction and permanent financing is available (CHFA, Bank of America, Key Bank).

✦ If approved, McDermott Properties will submit the Carryover Application within 90 days after the start of construction. McDermott Properties has no difficulties meeting Carryover submission deadlines.

c. **Overall Financial Feasibility and Viability:**

Our development team has worked hard to improve the feasibility and viability of Oakridge Senior Apartments.

Project financing has been structured to maximize debt to the extent possible and reduce the amount of tax credits necessary for sound project feasibility.

Our round one application sought $1,024,231 in tax credits. This application requires $995,352 in credits, a reduction of $28,879 in tax credit dollars.

Through difficult negotiations and creating a competitive situation, we were able to reduce hard construction costs by 4% (four percent), a great benefit to the project.

**We are not asking for a “basis boost”**. We have effectively controlled costs and closely managed the construction process. Our costs are lower, our credit request is lower.

✦ Permanent financing will be requested from CHFA, which offers the most affordable interest rate and terms available.

✦ A portion of the Development Fee will be deferred to further reduce the gap between sources and uses to a level that will permit the fee to be paid within 15 years.

✦ Should there be a need for additional savings, a portion of the construction loan will be pursued through the DOH CHIF program to further reduce costs.

✦ Competitive tax credit pricing from RBC Capital helps create strong financial feasibility for Oakridge Senior.

Oakridge Senior Apartments is not a viable project if financed with private activity bonds and 4% tax credits. Construction costs, transaction costs, higher interest rates combine to create a significant financial gap.
McDermott Properties has a long history of developing and operating affordable housing complexes in a highly efficient and responsible manner that has earned industry recognition and praise from investors, lenders, local communities, state and federal agencies and above all, satisfied, happy residents.

d. **Experience and Track Record:**

**McDermott Properties** is one of Colorado’s leading tax credit developers. Serving as a General Partner/Developer in 20 projects, including new construction and acquisition/rehabs, McDermott Properties has developed 2,017 affordable apartment homes for individuals, families and seniors.

**ComCap Asset Management, Inc.**, owned by McDermott Properties, has proven its experience and capacity in marketing, lease up, management and compliance for thousands of affordable housing units.

ComCap currently manages 2,306 tax credit units and has a stellar track record with no compliance issues. Further, the number of units managed by ComCap creates significant operating cost efficiencies and economies of scale resulting in lower operating expenses.

Phase One of Dahlia Square Senior Apartments, a prime example of ComCap’s experience, was 100% leased three (3) months ahead of schedule. Phase II of Dahlia was leased in 30 days. Compliance performance has been timely, precise and correct.

Our Development Team includes seasoned and industry recognized professionals in the legal and accounting areas.

Legal: Faegre, Baker, Daniels, Bill Callison

Accounting: Novogradac and Company, Mike Morrison

e. **Cost Reasonableness:**

The cost of construction of Oakridge Senior Apartments is very reasonable based on historical data contained in the tax credit applications for Dahlia Square and Dahlia Square II Senior Apartments.

In 2010, the hard costs for Dahlia Square, including significant common area, were $95,388 per unit as shown on the Development Summary worksheet of the tax credit application. In 2012, the per unit costs Dahlia Square II were $88,893, reflecting very limited common area and site development costs.

The hard costs per unit for Oakridge Senior Apartments, a project virtually identical to Dahlia Square are $103,536 after deducting the cost of tap fees and city use tax from the total costs (neither of these costs were part of the hard cost budgets for Dahlia Square and Dahlia Square II), an increase of only 9% over 4 years. Considering the rate at which labor and material costs have increased over the last two years as the economy improved and construction of apartments in Colorado escalated, this is a reasonable increase.

Most important, competitive budgeting by a Fort Collins based General Contractor produced a 4% hard cost reduction vs pricing received from our Denver based General Contractor. Thus this application includes lower construction costs than our round one application. Net result, there is a need for fewer tax credits.

Also, no basis boost will be required.

f. **Proximity to Existing Tax Credit Projects:**
In the primary market area, there are five (5) existing tax credit properties with units designated for low income seniors.

These are:

- Reflections Senior Apartments 1.8 miles
- Woodbridge Senior Apartments 6.8 miles
- Legacy Senior Residences 6.9 miles
- Windtrail Park 5.3 miles
  (10 units designated for seniors)
- Mirasol 12.3 miles

All of the surveyed properties were 100% occupied.

No other senior tax credit projects are proposed or planned for the Ft. Collins market area. Since all existing senior communities are 100% leased, Oakridge Senior will not compete with the existing projects.

**g. Site Suitability:**

The Oakridge Senior site is extremely well suited for an affordable senior community. Additionally, the site qualifies as a transit oriented site (TOD). Located on McMurray Avenue, a few hundred feet south of a major east-west arterial street (Harmony Road), Oakridge Senior is across the street from MacKenzie Place, a large market rate senior community consisting of independent living apartments, assisted living units, memory care facilities and senior cottages.

MacKenzie Place took the lead in establishing the area as a desirable place for seniors to live. This market rate community is completely full, contains 147 units, and has a waiting list.

Because of the high rents charged by MacKenzie Place it is doubtful people on their waiting list will be income eligible for Oakridge. However, MacKenzie Place has caused the location to be identified as a “senior area”, which will enhance the marketability of Oakridge Senior Apartments. The development of Oakridge Senior will complete the spectrum of senior living options by adding an affordable component to the housing mix.

Nearby dining and shopping options add to site suitability. Six restaurants (not fast food) are within one (1) mile of the site. A Safeway super market is one (1) mile away. Sam’s Club, Office Depot and Staples are one (1) to one and one-half (1½) miles from the site.

A hospital is located 6/10th of a mile away (1 minute). This is the Poudre Valley Hospital Harmony Campus.

Good public transportation enhances the suitability of this TOD site. Regular transit bus service is available throughout the day.

**4. Waivers**

**a. PUPA Waiver**

Waivers are requested for a PUPA that is below the CHFA $3900 PUPA for senior properties.

**Expenses are Below Required PUPA**

Oakridge Senior Apartments annual operating expenses, as of the end of the first full year of operation, are estimated to be $3716 per unit (excluding replacement reserves). This is $184 per unit below CHFA’s requirement of $3900 per unit.
Paragraph 4.C.3 of the 2014 Qualified Allocation Plan (page 47) allows senior projects to present lower expenses based on actual expenses from an existing senior property.

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

Oakridge Senior Apartments is estimated to have lower operating expenses due to:

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

Full details on projected lower operating expenses may be found at Section 12 (Tab 12).

b. Utility Allowance Waiver

Oakridge Senior Apartments will be designed as a Green Community. The architectural, structural, electrical and plumbing systems will be the same, if not improved, over the design of Dahlia Square Senior Apartments.

Oakridge plans to use the Energy Consumption Model (Option 3) of the IRS Treasury Regulation regarding utility allowances for tax credit properties. This Model was submitted to CHFA and approved for Dahlia Square.

Because the construction drawings for Oakridge Apartments will not be completed until the project receives a reservation of tax credits, it is not yet possible to complete the Energy Consumption Model. Based on experience with Dahlia Square Apartments, CHFA is allowing McDermott Properties to submit Oakridge utility allowances based on the Dahlia Energy Consumption Model.

5. Market Study: No issues were raised in the Market Study.

6. Phase One Environmental Study: No issues were raised in the Study.

7. Outreach and Local Support

There has been strong interest and support for Oakwood Senior Apartments. The need for additional affordable senior housing became particularly acute due to the September 2013 floods that caused Larimer County and surrounding areas to be categorized as “natural disaster” areas.

Newspaper Stresses Need for Affordable Housing
In March, April and May 2014, the Coloradoan, Fort Collins’ major daily newspaper, ran a series of articles focusing on the need for affordable housing in Fort Collins. The newspaper characterized the lack of affordable housing as a “crisis.”

Each article dealt with a different aspect of the crisis and were titled:

- “Seniors with Limited Incomes Seek Security Amid Rising Costs”
- “Working Class Moves Out”
- “Hundreds Displaces as Mobile Home Parks Disappear”
- “Rental Market Gets Even Tighter”
- “Higher Land, Labor, Permit Costs Send Housing Prices Up”
These articles stimulated much discussion and even public embarrassment because Fort Collins citizens and the government see themselves as supportive of all income groups. The article dealing with seniors follows. All articles are available upon request to McDermott Properties.

**McDermott Properties Invited to Participate in City Workshops**
McDermott Properties was honored to be asked to participate, along with other stakeholders, government officials and concerned citizens, in a series of workshops sponsored by the Fort Collins Office of Social Sustainability. The workshops were held in March, April and concluded in early May 2014. Each workshop was attended by approximately 100 people and explored, discussed and developed possible solutions to the Fort Collins affordable housing crisis.

The end result of these professionally conducted workshops was a decision of the Fort Collins City Council, led by Mayor Weitkunat, a strong affordable housing advocate, to develop a Fort Collins plan to solve the problem.

The proposed Oakridge Senior project was discussed extensively during the workshops, and gained much support.

**City Meetings**
Meetings have been held with the City of Fort Collins Office of Social Sustainability, the Planning Department, Building Department and members of the City’s Affordable Housing Committee. Each meeting confirmed the urgent need for Oakridge Senior Apartments and offered support. The Office of Social Sustainability provided direction and guidelines for City financial support in the form of CBDG and/or HOME funds. The City provided information on possible waivers of City fees in order to cushion the financial burden.

Actual commitments cannot be made until Oakridge receives a reservation of tax credits and becomes a reality. Fort Collins recognizes the particular need for affordable senior housing, due to the growing senior population which makes up 12.9% of Larimer County’s population.

City financial support would come in the form of the waivers of certain City fees.

**Citizen Input**
McDermott Properties conducted a survey of Fort Collins residents in the vicinity of the proposed Oakridge Senior Apartment site. Going door-to-door in the area on June 18th, 19th and 22nd, the project was introduced to residents.

Of the 146 residents:
- 69 signed in support of Oakridge
- 31 stated they supported the need for more affordable senior housing in the City, but needed more information in order to support the specific project
- Only four residents stated they did not support the project
- The other 42 contacted residents that did not sign indicated they were “too busy”, had “no opinion”, “don’t sign anything”, etc.

The signatures may be found in the Correspondence Section.
Other Support
Meetings were held with the Fort Collins Housing Authority which encouraged us to proceed with the project and provided a letter of support and a letter indicating they would refer potential residents to Oakridge Senior.

The Fort Collins Senior Center has been approached and Oakridge Senior residents will be able to participate in the center’s many programs for seniors.

It is gratifying to work with a community that recognizes the plight of lower income citizens. Fort Collins Office of Social Sustainability is unique in its mission and represents the attitude of the City regarding the well-being of all citizens.

Community Letters: Overwhelming Support
Our out-reach into the community has produced many letters of support, all of which are included in the Correspondence section of this application.

To summarize:

Jared Polis, Congress of the United States, 2nd District, Colorado
Representative Polis is a strong supporter of the tax credit program. He points out that many seniors in his District cannot find affordable housing. He urges support.

John M. Kefalas, State Senator, Fort Collins, District 14
Senator Kefalas saw first-hand that thousands of citizens, including seniors, were displaced by the flood. He urges support for displaced seniors and other seniors that make up the growing Fort Collins population.

Denise Selders, Colorado Division of Housing
Ms. Selders, who is working in flood ravaged Larimer County urges support of Oakridge Senior Apartments, and notes that, if needed, CDBG disaster funds are available. Due to careful project planning, Oakridge Senior will not need disaster relief funding.

Sue Beck-Ferkiss, Social Sustainability, Fort Collins
Ms. Beck-Ferkiss is a Fort Collins leader with responsibility for increasing the supply of affordable housing. Urging support of Oakridge Senior, she points out that our project aligns with the City’s affordable housing goals.

Julie Brewen, Executive Director, Fort Collins Housing Authority
Ms. Brewen urges support, pointing out that Fort Collins has the lowest vacancy rate in the state at 1.7% vs. 5.2% statewide. The devastating impact of the September 2013 floods has made affordable housing a higher priority.

Scott Beethe, President, Larimer County Foundation on Aging
Mr. Beethe points out that Larimer County is experiencing a senior affordable housing crisis. Projections show the county will have 20% of its population over the age of 60 by 2020, compared to 13% for the rest of the state. He urges approval of Oakridge Senior Apartments.

Samuel G. Betters, Executive Director, Loveland Housing Authority
Mr. Betters supports Oakridge Senior and offers to add the property to their list of communities eligible for Section 8 vouchers.

Helen Davis, Committee Chair, Office on Aging, Larimer County
Ms. Davis and the entire committee unanimously endorsed Oakridge Senior, pointing out that the committee has been seeking solutions to the senior housing shortage for some time, due to the acute lack of affordable housing.
**Guy Mendt, Larimer County Regional Director, Catholic Charities**
Mr. Mendt, on behalf of Catholic Charities, carefully studied the proposed project and offered full support due to the critical unmet need for affordable senior housing.

**Pastor David J. Niquette, Christ Center Community Church**
Pastor Niquette is well aware of the shortage of affordable senior housing in Fort Collins. He points out there is “serious need” and offers “heart-felt support” for Oakridge Senior.

**Pastor Bert Wright, Council Tree Covenant Church**
Pastor Wright notes the high cost of living in Fort Collins and the impact this has on low income seniors. He and his church “strongly supports” construction of Oakridge Senior Apartments.

**Pastor Melissa St. Clair, Heart of the Rockies Christian Church**
Pastor St. Clair points out that it is extremely difficult for lower income seniors to find a decent place to live in Fort Collins. She appreciates the proposed location and urges support.

**Crystal Day, President/CEO, Rehabilitation and Visiting Nurse Association**
Ms. Day is pleased to see Oakridge Senior Apartments is proposed for Fort Collins. As northern Colorado’s only non-profit community based home healthcare agency, the Association is prepared to serve Oakridge residents.

**Diane M. Stobnicke, Division Director, Northern Colorado, Volunteers of America**
VOA definitely supports the development of affordable senior housing to ensure safe homes for the most vulnerable in Fort Collins. VOA services will be available to our residents.

**Lynda Meyer, Program Manager, Office on Aging, Larimer County**
Ms. Meyer states that the lack of affordable senior housing is a difficult and ongoing challenge. Because of the critical need she hopes Oakridge Senior will be approved.

**Meghen Duggins, Colorado Division of Housing**
Ms. Duggins offers the support of the State Division of Housing. She encourages us to apply for Division funding should the project experience a funding gap. Due to careful project planning, Oakridge Senior will not need DOH funding.

**Joanne Vande Walle, Executive Director, Elderhaus**
Ms. Vande Walle pledges the services of Elderhaus to Oakridge Senior Apartments, should it become a reality.

**Linda Gabel, Owner, Seniors Helping Seniors**
Ms. Gabel points out the acute need for affordable housing in Fort Collins. Her organization supports the approval of Oakridge Senior Apartments.
Characteristics of the project and why it should be selected above others for an award of credit.

The city and county of Pueblo have a dire need for affordable senior housing. Despite being the 9th largest city in the State of Colorado, they currently have only 25 LIHTC units.

In its simplest form, Oakshire Trails, a project presented by Four Corners Development, LLC will be a newly-constructed, four-story planned residential community designed for moderately active, independent, seniors. Oakshire Trails will provide a total of 62 high quality, energy efficient units; a mix of both one- and two-bedroom options. The attraction of Oakshire Trails is that it offers not only a peaceful setting with an array of pleasing activities, but residents can also enjoy a stroll on the Riverwalk, attend a festival, participate in the free activities offered by SRDA, or dine at one of the many local restaurants within a short (< 5 min) commute to the heart of downtown Pueblo. Oakshire Trails offers seniors the best of both worlds; the enjoyment of suburban life and attraction of the urban downtown amenities within close proximity.

Oakshire Trails is designed to promote active engagement among the residents to help promote a sense of community and belonging. This philosophy is apparent throughout the property. The community room offers an inviting atmosphere with large windows and pockets of quaint seating for enjoying the warmth of the stone fireplace to a hand of gin rummy with a good friend. For the serious gamer, there is a separate room where residents will find everything from shuffleboard to board games, and tables to host a weekly bridge tournament. For those looking to keep up with world events or escape into solving a mystery, they can take advantage of the on-site library or computer stations available. Additionally, residents will have the flexibility to offer an invitation to their family, friends and/or groups they belong to, a place to gather. Whether for a special event or merely because they want to, the entertainment kitchen and dining area will provide the necessary equipment and seating needs. A large patio with grills and picnic tables connect to the dining area, once again to promote a transitional and engaging opportunity to the outdoor amenities.

The design of the outdoor space is as intentional as the indoor spaces. For those whom already have green thumbs, they will have the opportunity to work the dirt and foster the growth of a vegetable, herb
and/or flower garden in the raised bed planters; perhaps even mentoring less experienced gardeners-to-be along the way. The flat, meandering walking path throughout the property will be useful for not only general enjoyment of the outdoors, somewhat because of the benches sprinkled along the way, but also as an opportunity for continued light exercise or help with rehabilitation after a minor surgery or health issue. If not physically engaged in one of the several sporting activities available; putting on the putting green, badminton, croquet or beanbag toss, residents have the opportunity to cheer their comrades on by watching from the shaded gazebo area or benches. Along with an outdoor shed to store the above-mentioned sport and gardening equipment, *Oakshire Trails* will provide a total of six (6) 2 and 3 wheel bicycles for use by residents and their guests. These will provide another option to promote a healthy lifestyle beyond the exercise machines and weights available in the fitness room. The amenities and location of *Oakshire Trails* are most intentional.

Four Corners and the Housing Authority of the City of Pueblo worked in tandem to find a site best suited to independent, active Seniors. While fully understanding the decision to locate the project in an area with a lower walk score could be somewhat risky to being awarded LIHTC funding, Four Corners Development and the HACP believe it is in the best interest of the future *Oakshire Trails* senior resident to do so. Seniors today are healthier and more active than ever before. By living in the ‘silver lining’, the area slightly outside of the urban downtown area, these seniors will have the opportunity to experience all that life continues to offer them! *Oakshire Trails* is the perfect choice. Every day they will be able to choose from a long list of options, yet will require little effort on their part to enjoy. Without leaving *Oakshire Trails*, they have the opportunity to garden, exercise, entertain a group, enjoy a challenging game or hand of cards, be entertained with friendly conversation by the fire or catch a free movie in the theater room, re-live childhood memories by engaging in a game of badminton, read a book, surf the internet or improve their putting. Yet, the option to run errands or enjoy other activities ‘off site’ is as close as a parking space or front curb. *Oakshire Trails* is serviced by two (2) bus routes with frequent service to shopping, medical services, and recreational opportunities available throughout, and including downtown, Pueblo. This availability to transportation provides another key component to creating this paradise of ‘silver lining’ for the residents of *Oakshire Trails*.

Although residents will need transportation for larger grocery needs, they will have easy access for basic needs from a Dollar General and Family Dollar Stores that are within close proximity (.25 miles) of Oakshire Trails. These stores also offer a wide variety of grocery items, as well as general household and pharmacy items for day-to-day needs. Additional quick service restaurants and a convenience store are also available within walking distance.

**Why seniors:**
While certainly there is a need for affordable housing among all segments, unquestionably the greatest need will be among those aged 65 and older. A recent article *Housing America’s Graying Population* reported that, “housing will be the biggest challenge for the coming wave of aging baby boomers.” Additionally, not only will homeowners 65+ increase by 65% over the next 16 years, but renters in that same age group will increase by 100%. (Urbanland, 6/3/13) Perhaps a better understanding of this
information is to break it down to the daily impact: On January 1, 2011, the first baby boomer turned 65 and every single day thereafter, more than 10,000 have, and will continue turn 65 for another nineteen (19) years. Not only are the baby boomers ‘coming of age’ but they are healthier, and more active. With the advancements in health education, technology and medical breakthroughs, they most certainly will enjoy a longer life than any prior generation has experienced. At first glance, an additional thirty (30+) years of life sounds delightful, yet the reality of it delivers a host of challenges which among other things includes: limited financial resources to remain independent.

**Why Pueblo:**
Pueblo is facing similar significant increases to their senior population over the next six (6) years. The current population of seniors in Pueblo County (Age 60+ based off 2010 Census), is 32,392 and is projected to be 43,066 in 2020; an increase of 10,674 (33%). Pueblo is an economically challenged community yet only has 25 LIHTC competitive and comparable units available to seniors in the primary market area. This shortage of housing is evidenced by extremely low vacancies, capture rates and extensive waiting lists at all senior housing developments in Pueblo, even without taking the projected growth numbers listed above into account. With the exception of the 25 unit competitive LIHTC built in 2010, all other units were built before 1994, with the oldest dating back to 1978. What then, beyond the shortage of housing makes Pueblo a compelling choice?

Pueblo is a city rich with amenities. Whether long-time residents of Pueblo, also known as “America’s Home of Heroes”, or seniors searching for the perfect location to retire, Pueblo offers a multitude of desirable amenities for seniors. One of the most enticing attractions, in addition to the inviting mild climate, is the Historic Arkansas Riverwalk. The **Historic Arkansas Riverwalk** of Pueblo (HARP) is a 32-acre urban waterfront experience open to the public daily. The Riverwalk’s current location serves the community by revitalizing a segment of the downtown area that was previously unsightly and unusable. This urban development has been vital in attracting new businesses, thereby helping to stabilize the economic base of the city.

Pueblo is a community enriched with both cultural and physical activities, many of which are appealing to seniors. In addition to golf, tennis, baseball, parks, open trails, ice skating and the Whitewater Park Kayak course, Pueblo offers cultural festivals, the Medal of Honor Memorial, the Aircraft Museum and a diverse variety of local ethnic food and shopping options. As a compliment to the above listed area amenities, Senior Resource Development Agency (SRDA) in Pueblo provides a host of senior services, such as nutrition (Meals on Wheels), transportation (city/county wide), homemaker (laundry, meal prep, grocery, errands) and recreation (bridge, yoga, line dancing, etc.).
The City of Pueblo is committed to protecting its heritage and attracting growth; demonstrated by the Pueblo Urban Renewal Authority (PURA), which was established in 1959 to promote the revitalization of Pueblo. The Executive Director and 11-member board, identifies areas with little or no investment and creates a plan to stimulate the neighborhood through various redevelopment projects. PURA participates in development projects either by offering direct incentives to private developers or by investing in public improvements in designated project areas.

**Why Four Corners Development:**

While the formation of the partnership itself is young (formed in 2011), Four Corners is the continuation of a legacy, whose partners boast a long history (54 years of combined experience) of designing, developing and managing LIHTC developments. The partnership includes Ryan and Douglas Hamilton, who have established themselves in the field of affordable housing development, construction and management; Rita Baron, who as principal of the architectural firm Baron-Design and Associates has excelled in the design and construction of affordable an senior housing real estate; and Mike Hamra, who has worked in conventional commercial and residential construction.

The combined experience of the partners, who now make up the entity of Four Corners Development, LLC have personally been involved in over 42 projects, which span four (4) states; NE, OK, TX and MO, for a total of 1,368 family and senior units, of which 1,136 are LIHTC. Four Corners continues to build its portfolio; currently three projects which represent 148 units. (see Exhibit A)

Four Corners Development presents a capable, well-rounded team that is focused on serving the housing needs of the low to moderate income working families and seniors, developing communities, and providing jobs to the local economy. It shares CHFA’s value for quality housing, useful amenities and cost-effectiveness.

With the completion of each project, the team scrutinizes and evaluates it to determine what improvements, if any can be incorporated into future projects. Beyond the self-evaluation process, Four Corners Development actively seeks to keep abreast of segment specific changes and incorporate them into future projects as appropriate for the selected target.

Partnering with additional local organizations enhances the strength of the development team. Our mutual commitment to high quality facilities provided the platform to build our team. The Housing Authority of the City of Pueblo (HACP) has extensive successful experience in the development, design, construction, management and maintenance of over 900 units. Their experience, professionalism and understanding of the market are invaluable. HACP will provide input and knowledge in multiple facets of the project. Additionally, Printz Constructors comes highly recommended by the HACP. They have extensive experience in the Pueblo market in addition to LIHTC projects built with the HACP, which is outlined in their resume. We believe the combination of these 3 teams will provide successful results over the next 40 years.
Applicant should document the project’s strengths and address its weaknesses:

The Strengths of Oakshire Trails

- **Desirable unit amenities:** Large windows to allow natural light. Balconies/patios to expand living space to the outdoors and allow for fresh air. Large, walk-in closets to allow for plenty of storage. Vaulted 9’ ceilings and full sized, energy star appliances. Washer/dryer provided in each unit.

- **Community environment:** The entire design of the common areas (indoor and outdoor) of Oakshire Trails promotes a feeling of community with a strong focus on activity. The indoor common space offers a mix of quaint spaces with the warmth of a fire and also integrates larger areas for gathering to play games, watching a movie, or celebrate a special event. The outdoor space invites residents to enjoy activities to satisfy their mood; picnic with others, garden, take a leisurely stroll, play an outdoor game or ride a bike.

- **Ease of mobility:** A bus stop for the local transit service, which provides frequent service throughout Pueblo, is within .25 miles of the property. Required parking spaces (93) are provided for residents who own their own vehicles. A covered awning will allow for residents to unload guests and/or packages without being subjected to adverse weather conditions. Carts will also be available to assist with getting packages to their residence.

- **Answers a severe need:** The addition of these 62 units will increase the available units to low-income seniors from 25 to 87 and still return an overall capture rate of 7.5% for the project. It will be the only property to offer 2-bedroom units in the PMA.

- **Promotes healthy lifestyle:** Fitness room, walking trail, outdoor games (badminton, putting, croquet, beanbag toss), gardening and bicycles (2 and 3 wheel) are free to residents and their guests.

- **Strength in Partnership:** Local service providers, Senior Resource Development Agency (SRDA) and InnovAge will provide a range of additional services; most of which are free or covered under Medicare and Medicaid. These range from Meals on Wheels, laundry/housekeeping, grocery shopping/errands, and recreational programs to specialized transportation and care coordination services.

- **Sustainable:** Materials and design used for Oakshire Trails utilize energy efficiencies.

Potential weakness of Oakshire Trails

- **Walkscore:** Although the site does not have a particularly strong (17) walk score, Pueblo as a whole is considered a car-dependent city with only a slightly higher (36) walk score. Given these references, and the close proximity of the bus stop to the property, residents without a car should have little trouble running errands, getting to medical appointments, shopping, and enjoying recreational opportunities.

- **Limited grocery:** While there is not a major grocery store within walking distance, Family Dollar offers a large variety of food, household and over-the-counter pharmacy items at very affordable prices and is within walking distance (.25 miles) of Oakshire Trails.
• **Tub/Shower:** The market study recommends substituting step-in showers for the tub/shower combination currently planned. Four Corners Development will follow this recommendation.

*Description of the project as proposed*

Oakshire Trails will be a newly-constructed, four-story planned residential community designed for moderately active, independent seniors. The project will be located on approximately 5.13 acres of relatively flat undeveloped ground. There will be 62 high quality, energy efficient units; a mix of 46 one-bedroom and 16 two-bedroom options. There will be a total of 93 surface parking spaces for residents and their guests. The total square footage of the building will be 76,744 square feet. The large grounds will encourage activities to promote an active lifestyle.

*Detailed type of construction:*

- The building will be four (4) stories of wood frame and steel construction.
- The roof will be pitched; a mix of composite shingles and metal roofing will be used.
- The exterior of the building will be a combination of stucco and stone facade, with horizontal siding.
- All units will be accessible via an internal corridor and serviced by two (2) elevators and two (2) sets of stairs (one at each end of the corridor).
- There will be large windows throughout the unit; in the kitchen, bedroom(s) and dining area.
- The units will have 9-foot ceilings, ceiling fans, walk-in and/or oversized closets, washer/dryer and individually controlled heat and air conditioning.
- Kitchens will be equipped with full-sized, energy-star rated appliances; refrigerator, electric range/oven, dishwasher, and disposal.
- Each unit will have a useable balcony or patio.
- All units will be equipped with an emergency pull cord that will be routed to an emergency call center.

*Population being served:*

Independent Seniors (55+). Oakshire Trails will appeal to the full range of 'limited to moderately active' seniors. The grounds and amenities will provide a wide variety of recreational options.

*Unit mix:*

Oakshire Trails will include 46 1-Bedroom 700sf units and 16 2-Bedroom 881sf units. The unit mix was chosen based on discussions with the market analyst The Highland Group to address the demand of the senior population in Pueblo. The AMI targeting was chosen by balancing the desire to serve the lowest income tenants with financial feasibility. Rents in Pueblo county are very low and thus a project must have higher targeting than a metro area project to service the same amount of debt.

*Location:*
The project site is located at approximately the 2400 block of Oakshire Lane, about 1 block east of the intersection of Troy and Oakshire Lane in Pueblo, CO. The property is on the south side of Oakshire. The entire parcel is approximately 5.13 acres and is zoned Mixed Residential District (R-4). This classification use includes Residence, over four-family. The site is a flat, four-sided site that is adjacent to an assisted living facility to the east and vacant land to the south and west. There are no permanent structures on the site and all curb and gutter and public infrastructure improvements have been made. Water and sewer mains are available to the site. The property is bordered by paved roads and sidewalks. Our purchase agreement for the property is with the Housing Authority of the City of Pueblo, who is the current owner.

Oakshire Trails is perfectly located in a ‘silver lining’ zone. With transportation virtually curb-side, residents have the option to travel throughout the city of Pueblo with ease for daily errands or jobs, medical appointments, activities offered through SRDA or to enjoy any of the many recreational or cultural options available. Yet, when the resident is craving a more low-key day (or overall lifestyle) but still wants to ‘piddle’, they will have a host of choices in their ‘community’ to do so; indoor or outdoor. One a clear day, residents will also enjoy a view of the mountains off in the distance.

Within one (1) mile of the site residents will find Family Dollar, which offers a good selection of grocery, household, and over-the-counter medications. Additionally, there is a gas station, several quick-service restaurants, and church. The nearest major grocery store, Safeway, is located about 1.2 miles from the site, as it the nearest health and medical services; Pueblo Community Health Center. Belmont Shopping Center is located within two (2) miles of the site. Residents will find a Save-A Lot, Walgreens, the Public Library, a nail salon and Big R Stores. Additionally, Walking Stick golf course is within this 2-mile radius of the site for those who are golf enthusiasts. Overall, the strength of the combination of amenities and location provides a highly desirable community for seniors.

**Amenities included:**

- Community Room
- Entertainment kitchen
- Exercise Room
- Media Room and Theater
- Internet Cafe with self-serve beverage counter
- Library
- Walking trails
- Bicycles (2 and 3 wheel) for resident and guest use
- Game room
- Putting green with artificial turf
- Outside Event area (also artificial turf) for larger gatherings (private party) and/or activities such as badminton or croquet.
- Gazebo (located next to event area)
- Outdoor grill/picnic area
- Raised bed garden area (community garden)
Services, if provided:

Health and wellness services:
- Oakshire Trails will be managed by the Housing Authority of the City of Pueblo, who will provide an on-site manager.
- Four Corners Development will provide a part-time activities/service coordinator. Ideally this coordinator will provide a healthy mix of activities that will promote introducing new residents while continuing to strengthen the core community.
- There will be an office available for minor health screenings – blood pressure checks, eye exams, etc. These checks may be provided free by local service providers, or coordinated by the activities coordinator for a nominal fee.
- The activities/service coordinator will work with Senior Resource Development Agency (SRDA) and Adult Resource for Care and Help (ARCH 2-1-1). This will provide a vital link between our residents in need of services and the organizations and programs that are available to them. *i.e. Helping Elders Live Program, Nutrition education, Meals on Wheels, house keeping services, grocery shopping, errands, etc.*
- As residents need to make transitions into facilities more suited to their needs, the service coordinator will assist the family by helping connect them to an organization or facility to educate them on the options available.

Transportation services:
- Pueblo Transit offers an hourly fixed route service throughout the city of Pueblo Monday-Saturday from 6 a.m. to 6:30 p.m. at a cost of .55 cents per one-way trip.
- Should specialized transportation services be needed, the service coordinator will make arrangements with SRDA and/or InnovAge to accommodate the resident’s need. (see letters of support from these agencies)
- Several passes will be available for resident’s use on the public transit system to help offset the cost of transportation services. These will be on a first-come, first-served basis, however residents will be limited to 4 round-trip uses per month to allow all residents the opportunity to use this added benefit.

Description of energy efficiencies:
The grounds have been designed with efficiencies such as raised-bed planters and surface stormwater retention. Additionally, the landscaping will utilize a drip irrigation system for the native, more draught tolerant, species planned. The close proximity of the transit service should promote fewer single-occupied automobiles and the availability of bicycles and sidewalks should encourage ‘natural transportation’ especially for trips to Family Dollar or Dairy Queen. The open green-space will help keep residents active, thus extending their ability to continue ‘natural transportation’, weather permitting.
Each unit will be equipped with Energy-Starr appliances and utilize water-conserving fixtures; toilets, showerheads, and faucets. Efficient lighting for both interior and exterior spaces will be utilized. Signage which promotes and reminds residents to recycle will be prominently displayed along with strategically placed collection bins to encourage on-going participation are planned. The use of Solar ITC is also included. The Green Communities checklist includes additional efficiencies that will be used.

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

The following financing sources will be used:

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

   *This property will make approximately 15% of the units available for tenants at or below 40% AMI; 55% of the units available for tenants at or below 50% AMI; and the remaining units (30%) will be available to tenants at or below 60% AMI. This development will provide much needed affordable housing for 40 years plus.*

   b) To provide for distribution of housing credits across the state.

   *In the Pueblo PMA there are only 25 units of tax credit senior housing. These were built in 2010 and provide no 2-bedroom units. The market study indicates there are 3,492 age 62+ renter households in the market area in 2014, with 1,085 of those income-eligible for the proposed units. There is an immediate need for additional senior housing.*

   c) To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit.
Four Corners Development, a for-profit developer is partnering with the Housing Authority of the City of Pueblo to maintain and manage the property due to their extensive experience and knowledge of this diverse market.

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

This development will serve seniors 55+ for a diverse population of ethnicities and cultures.

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

The project is only requesting an amount of credit necessary to make the project feasible. They have sought other sources and will be leveraging $500,000 in CDOH funds. The estimated total development cost per unit is $204,126, which is reasonable in the current environment.

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

This property will serve seniors. Much care and deliberation has gone into providing amenities specifically designed to meet their current and future needs. Current activities that promote community and an active lifestyle are provided for indoor and outdoor enjoyment. Future needs that may require assisted lifestyles and/or living will be coordinated through organizations like SRDA and InnovAge, or the assisted living facility located next door.

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

a) Market conditions:
The market study indicates there are 1,085 income-eligible age 62+ renter households in the market area for the proposed units. The overall capture rate including the proposed projects units is 7.5%. Currently only 25 income-eligible units for seniors exist in the Pueblo market area; none of which are 2-bedroom units. There is an immediate need for additional senior housing.

b) Readiness-to-proceed:
The land is secured with a signed option to purchase from the Housing Authority of the City of Pueblo (HACP). The property is zoned properly with all infrastructure in place. The HACP will assist with construction management.
c) Overall financial feasibility and viability:
All sources of funding are in place. No waivers from underwriting are requested and all CHFA required tests and ratios meet compliance criteria. Project meets feasibility even with rents for 60% AMI below the maximum allowed.

d) Experience and track record of the development and management team:
Collectively the partners that comprise Four Corners Development have combined experience of designing, developing and managing close to 500 senior LIHTC units. Under the entity Four Corners Development, which was formed in 2011, they have designed, developed and currently manage 148 LIHTC units. Once the Housing Authority of the City of Pueblo (HACP) reviewed the quality of Four Corners’ previous projects, they were not reluctant to suggest offering their management services and helping us find a desirable location for our project. Likewise, we are excited to utilize their extensive experience not only in their property management of over 900 units, but also in their development expertise. Four Corners will utilize their vast knowledge and experience in the local market during the construction phase and consider additional input to ensure a successful project over the next 40 years. Additionally, Printz Constructors comes highly recommended by the HACP. They have extensive experience in the Pueblo market in addition to LIHTC projects built with the Housing Authority of the City of Pueblo, which is outlined in their resume. We believe the combination of these 3 teams will provide successful results.

e) Cost reasonableness:
Given the devastation created by the recent flooding, contractors and building materials are in high demand, which unfortunately translates to higher construction costs. Even with revised costs from the previous application round, the per unit hard cost is $151,245 with the total development cost per unit at $204,126; both of which are reasonable. The project is sustainable over the required 40 years and will remain a valuable asset to the community.

f) Proximity to existing tax credit developments:
Ashwood Apartments, the only senior tax credit project in the primary market area (Pueblo), is located .7 miles from the proposed project and was built in 2010. The next closest senior project is located 36.7 miles away in Colorado Springs.

g) Site suitability:
The site is flat with paved sidewalks and curbed streets. Transportation is available within .25 miles of the site. There are nice views of the mountains to the south and will be most enjoyable to residents on the back-side of the building. The site offers a generous area for green-space which has been designed to promote an active lifestyle. The location of the site fits our ‘silver lining’ definition: a place that provides the best that life has to offer; daily peaceful enjoyment with the opportunity to easily reach the urban center when you desire to.

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

None requested

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

This project is seeking a DDA boost. This boost is necessary for the financial feasibility of the project due to the high construction costs, low rent levels in Pueblo County and the project serving many 40% and 50% income seniors.

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

The site is not particularly walkable and is not close to a major grocery store: Pueblo overall only has a walkscore of 36 and is considered a car-dependent city. The site, however is well-served by public transit. The developer has contacted 2 additional sources for transportation for assistance in addition to public transit should the residents need special accommodations: SRDA and InnovAge. The developer will also provide several bus passes to be used to help offset the cost of transportation. These will be available on first come, first served basis with a limit of 4 round trip uses per month, per unit.

The Market Study recommended walk-in showers instead of the current tub/shower combination. We will follow this recommendation.

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

None were noted.

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

The vision of this project began in the early months of 2013, knowing there was a great need for senior housing in Pueblo. Visits with Ted Ortiviz, Executive Director, Housing Authority of the city of Pueblo and Tara Morrow, ARCH/211 Director confirmed this initial suspicion. The Market Study confirmed the need.

Gary Trujillo spent several days locating, contacting current owners, confirming zoning and showing us available property throughout Pueblo. Beyond the selection process, he has continued to be supportive not only by assisting with questions and contacts, but more importantly with recommending a local contractor he has worked with on projects for HACP. Gary has stepped in to help us understand some of the building practices he uses that have been successful. We also plan to use the landscape architect he uses. Our plan is to use Gary’s expertise during the construction phase. He will serve as our architect consultant, along with
completing site visit inspections to keep the project on time/budget. We have partnered with HACP for the maintenance and management of the property, based on seeing some of the properties in their portfolio.

Ada Clark, Director of Housing, City of Pueblo provided a letter of confirmation that Oakshire Trails does support their comprehensive plan.

Alfonso Trujillo, VP, Market Development and Care Management for InnovAge also provided a letter of support for the project.

We believe investing in Pueblo by hiring the local talents of the HACP and Printz Constructors will not only provide a higher degree of success for the project, but will boost the local economy with much needed additional jobs.
Project Name: **Pathways Village**

Project Address: **564 29 Road, Grand Junction, CO 81504**

**General Project Description**
Cardinal Capital Management, Inc. (“Cardinal”) in partnership with HomewardBound of the Grand Valley, Inc. (“HomewardBound”) is proposing the new 40-unit Pathways Village (the “Project”) for individuals and families who are homeless. Located in Grand Junction, this supportive housing project will be the first of its kind along Colorado’s Western Slope. Residents will have access to supportive services provided by Hilltop Community Resources (“Hilltop”). The Grand Junction community has identified homelessness as a significant issue that needs to be addressed, as documented by the 2013 *City of Grand Junction CDBG Action Plan* and the 2011-2016 *City of Grand Junction Consolidated Plan*; as well as several attached letters of support from community stakeholders.

Supportive housing is a proven solution for the toughest problems facing communities, such as homelessness. It combines affordable housing with services that help people who face major life challenges to live with stability and dignity. Research has shown that supportive housing improves housing stability, employment, mental and physical health, and school attendance; and reduces active substance use. Pathways Village will allow its residents to live more stable and productive lives.

In addition, homeless people with disabilities typically utilize various public systems, including hospitals, emergency rooms, psychiatric hospitals, shelters, jails, and prison. Many studies have shown that supportive housing has helped save area taxpayers millions of dollars by reducing usage of these public systems. Pathways Village will strive to do exactly that for the City of Grand Junction and Mesa County.

**Population Served**
Occupancy of all 40 units will be restricted to households with annual incomes of less than 50% of area median incomes (AMI). However, the income of the typical resident will be below the
poverty line. The project will target individuals and families who are homeless. Project-based Housing Choice Vouchers provided to the Pathways Village by the Grand Junction Housing Authority will support all 40 units.

**Unit Mix**
- 20 One Bedroom/One Bath
- 15 Two Bedroom/Two Bath
- 5 Three Bedroom/Two Bath

**Location**
The project is located at 564 29 Road in eastern Grand Junction. The 1.52-acre site is situated in a predominantly low to moderate-income neighborhood consisting primarily of residential uses. The site is within easy walking distance of a grocery store, a neighborhood shopping center, Mesa County Workforce Center and Human Services Building, the VA Hospital, Mind Springs Health, public schools, and a City park.

**Supportive Services**
Hilltop will provide comprehensive supportive services at Pathways Village that will include, but are not limited to case management, job training and/or placement, and mental healthcare. Hilltop is a well-established and leading provider of social services based in Grand Junction. It serves multiple Western Colorado counties. The tenant services plan will vary based on each tenant and their respective needs. In general, they will make the following menu of supportive services available to all residents of Pathways Village:

- **General Supportive Services** to include supportive services and training focused on anger management; parenting skills, stress management, maintenance of healthy relationships, financial literacy, health prevention and wellness, motivational counseling and mentorship programming, time management skills training, home management skills training, computer skills, interpersonal communication skills, personal hygiene, child support remediation, transportation, and volunteer opportunities.

- **Independent Living Skills** to include budgeting, time management, community resource navigation, healthy coping skills, nutrition education, pro-social recreation, personal records organization, practical consumer mathematics, conflict resolution skills and healthy home maintenance/cleaning.

- **Health/Medical Services** to include care coordination with Primary Care Physicians and other physical health practitioners, enrollment in insurance, benefit eligibility review,
transportation to appointments, assistance with medication management, prescription monitoring and on-site wellness education and experiential learning opportunities.

- **Mental Health Services** to include care coordination with clinicians, access to additional providers, medication management and prescription monitoring, on-site therapeutic education and support, participation in treatment planning, transportation assistance, crisis stabilization and positive reinforcement for harm reduction behaviors.

- **Substance Abuse Services** to include care coordination with clinicians, on-site support groups, transportation to specific treatment locations, positive reinforcement for harm reduction behaviors, accountability for personal choice, pro-social recreation behavior replacement opportunities, nutrition education, exposure to general wellness, peer support, on-going assessment, healthy coping skills and assistance with toxicology monitoring if appropriate.

- **Vocational Services** to include assistance with all aspects of job placement: skills acquisition, resume creation, interview simulation, employment search, continuing education, GED preparation, assistance with financial aid options for post-secondary or trade school, professional skills education regarding appropriate on the job dress, language, punctuality, attendance and conflict resolution.

- **Services for Families** to include on-site parenting education, assistance with selecting child care provider and accessing funding, resource navigation for food, clothing and transportation, educational liaison with schools, referral to domestic violence services, on-site pro-social parent/child education and experiential learning opportunities, car seat education, nutrition education, introduction to nurse/family partnerships, on-site child care and assistance with environment education as it relates to child safety.

These supportive services will be fully funded outside of property operations. Hilltop will capitalize on its vast experience in securing funding for services by accessing the following sources:

- Cooperative Agreement to Benefit Homeless Individuals (CABHI)- Administered through the local Psychiatric Hospital – Mind Springs

- Assertive Community Treatment (ACT) - funded through State of Colorado Office of Behavioral Health for client’s suffering from Severe and Persistent Mental Illness

- Rapid Response Treatment-In Home services provided by local emergency response team

- TANF (Temporary Assistance for Needy Families)- Funding through Mesa County
• PSSF (Preserving Safe and Stable Families)- Funding through Mesa County Department of Human Services

Construction & Energy Efficiency
The following is a detailed summary of the type of construction and the planned energy efficiencies to be incorporated into the project:

Construction
• Construction Type: 5A, wood frame, 13R sprinkler system

• Foundation/Slab: dependent on findings of the geotechnical report to be completed during the finalization of design documents.

• Exterior Wall Assembly: 1-hour rated, UL356 or similar (exterior finish on weather-resistant barrier on OSB wall sheathing on 2x6 stud wall w/ 5/8” gypsum board at interior)

• Unit Demising Walls: 1-hour rated GA #WP3245 (1 layer 5/8” type X gypsum board on ½” resilient channel on 2x6 wood stud wall with acoustical batt insulation, other side has 2 layers 5/8” type X gypsum board

• Floor/Ceiling Assembly: 1-hour rated, could do either open web joists (GA#FC5514: floor finish on 1 ¼” gypsum topping on acoustical underlayment on floor sheathing on open web joists, bottom of assembly has 1 layer 5/8” type X gypsum board on ½” resilient channels) or I joists (ICC ES ESR-1153 Assembly B, option 2: floor finish on 1¼” gypsum topping on acoustical underlayment on floor sheathing on I joists, bottom of assembly has 2 layers 5/8” type X gypsum board on ½” resilient channels)

• Roof/Ceiling Assembly: 1-hour rated UL #P522: TPO roofing on cover board on roof sheathing on wood roof trusses, bottom of assembly has 1 layer 5/8” type C gypsum board on ½” resilient channels

• Insulation (required minimums):
  o Ceiling: R-38
  o Exterior wall: R-20
  o Under-slab: R-10
  o Foundation wall: R-10, 2’ deep min.

Energy Efficiencies
• Exceed Energy Star v3 performance criteria – efficient envelope (windows, insulation, air sealing etc.), mechanical & electrical systems
• Energy Star qualified appliances, roofing and lighting
• Infrastructure to accommodate future PV installation
• High-density development within walking distance of entertainment and basic services
• Regional, drought tolerant landscaping and efficient irrigation systems
• Water conserving plumbing fixtures (toilets, faucets, and showerheads)
• Low VOC paints, primers, adhesives and sealants
• Low emitting flooring and composite wood
• Recycle a minimum of 35% of construction waste
• Recycling program for residents
• Sustainable materials such as insulation with high-recycled content and regional gypsum board
• Minimum of 25% FSC wood
• Passive radon system
• Integrated Pest Management Plan
• Durable and moisture resistant construction
• Building information & maintenance manual/orientation for both tenants and property management.

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

Serving lowest income tenants for the longest period of time
Pathways Village is committed to serving the lowest income residents of Grand Junction. As a housing facility for homeless individuals and families, it will serve those most in need. The project will be supported by 100% Project-based Section 8 rental subsidy from the Grand Junction Housing Authority. While all units will be restricted at 50% of AMI, given the likely resident population, almost all qualifying units will have incomes below the 30% AMI.

In addition, the project sponsors are committed to maintaining the long-term affordability for the residents as evidenced by their willingness to execute a 40-year LURA. Lastly, we have underwritten the overall transaction in a way that ensures the long-term financial viability of the project beyond the tax credit compliance period. For instance, increased annual replacement reserves along with a shortened amortization period will position the project for a smooth conversion in year 15. The development team made these adjustments in anticipation of the interest rate risk and the increased capital needs that this project for homeless families could potentially be susceptible to at conversion.

Distribution of LIHTC across the entire State
Pathways Village is located in Grand Junction. To date, a supportive housing project targeting the homeless has never been funded along the Western Slope of Colorado. The lack of housing locally for this special population has spurred a community-wide effort in Grand Junction to
address the needs of its homeless residents. This project has garnered substantial community support from a variety of sources, including but not limited to the City of Grand Junction, Mesa County, HomewardBound, Hilltop Community Resources, the Grand Junction Housing Authority, Catholic Outreach, Mind Springs Health, and local law enforcement. Please see the attached letters of support from the aforementioned stakeholders demonstrating the local commitment to “Housing First”.

To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit
Pathways Village is the result of a unique partnership between Cardinal and HomewardBound. Together they will develop the project while establishing a limited liability company to own the project. Cardinal, an experienced affordable housing and supportive housing for-profit developer, will serve as the managing member, and HomewardBound, a local non-profit very experienced in serving the homeless population, will be admitted as a special member.

Cardinal combines its expertise in the development and management of supportive housing with HomewardBound’s local experience serving the homeless population in the Grand Valley. Cardinal will provide the necessary financial guarantees that the project’s investment and lending partners will require. HomewardBound, as the non-profit special member will earn a share of the developer fee and potential cash flow. In addition, it will retain the first right-of-refusal to purchase the property at the end of the 15-year compliance period from the tax credit entity.

To distribute LIHTC to assist a diversity of populations
Pathways Village will provide supportive housing for individuals and families who are homeless. Supportive services will be provided and available to all tenants, with specific emphasis based upon their individual needs. These services will be provided by Hilltop Community Resources, a highly experienced and local social service organization, to assist residents in maintaining stable housing and improving their life circumstances.

To provide opportunities within a half-mile walk of public transportation
Pathways Village will be located at 564 29 Road in Grand Junction. The site is situated within ½ Mile of a half-dozen Grand Valley Transit (“GVT”) bus stops. The closest of which is 350 feet from the project site. This major GVT bus route provides connections and full access to various locations throughout the City.
To support new construction of affordable rental housing
The proposed Pathways Village project will provide 40 units of newly constructed housing for the homeless. This state-of-the-art facility will include a variety of energy efficient components and amenities that cater to the homeless population.

To reserve credits for as many rental housing projects as possible
Given the nature of supportive housing and the additional costs associated with developing and operating the project, Pathways Village will be requesting the maximum credit allocation from CHFA. That said, the credit request of $785,116 is still well below CHFA’s maximum. In addition, of the 29 projects listed in the “2014 Round 2 Letters of Intent” list published by CHFA, the average credit requested is approximately $950,000, which is considerably higher than Pathways Village’s request. This will afford CHFA an increased opportunity to fund more projects throughout the state.

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

Projects Serving the Homeless
Pathways Village will provide 40 units of housing for individuals and families who are homeless. Supportive services will be provided by Hilltop, a well-established social service agency familiar with serving this population.

Projects in Counties with populations less than 175,000
The project is located in Grand Junction Colorado, which is the county seat for Mesa County. According to the 2010 US Census, the population in Mesa County was approximately 147,000.

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

a. Market conditions:
• The addition of these 40 units at 50% AMI to the PMA’s inventory would increase the overall required capture rate to 9.6%. All required market shares are well below the 25% CHFA threshold and attainable.
• There are no existing special needs LIHTC units within the PMA that target the homeless. This leaves a significant void in the market area’s affordable housing stock that Pathways Village will be able to fill.
• According to Prior and Associates, the vacancy rate on LIHTC units in the PMA was 0.8%, indicating significant pent-up demand for affordable housing.
• Based on data from the Colorado Coalition for the Homeless, A Snapshot of Homelessness, Point-in-Time Study 2013, there are 414 homeless households in
Mesa County. The completion of Pathways Village would potentially address 9.7% of those eligible households.

- Prior and Associates concludes that given the project’s rental assistance, homeless target market, and lack of existing and new homeless LIHTC supply, it could lease up and achieve stabilized occupancy within two months.

b. Readiness-to-proceed:

- Zoning – the site is currently zoned MXG-3. The proposed 40-unit apartment complex is an allowable use, and no zoning change is required.
- Site Plan – The development team has met with the City of Grand Junction development staff on multiple occasions. The site plan approval process has been initiated and only requires an administrative approval. This process will be completed no later than the 4th quarter of 2014.
- As part of the site plan approval process, we have requested a variance to the parking requirements. We will provide 46 stalls for this 40-unit project. In our experience with supportive housing, the overall parking demands are diminished. Evidence shows that the residents we intend to serve are less likely to have cars.
- Environmental – A Phase I ESA was completed for the site, and no recognized environmental conditions were identified.
- Schematic Drawings – Oz Architecture has provided complete floor plans, unit layouts, elevations, and site plan.
- Cost Estimate: Shaw Construction, a contractor with significant LIHTC experience, has provided the required third party estimate.
- Site Control – the non-profit sponsor, HomewardBound, currently owns the site. The site will be subdivided and HomewardBound will sell the property to the to-be-determined tax credit entity. A Purchase and Sale Agreement evidencing that arrangement is included with the application.

c. Overall financial feasibility and viability:

Cardinal Capital Management, Inc., an award-winning and nationally recognized supportive housing developer, has a proven track record developing supportive housing in partnership with local non-profits that serve a given special need. The non-profit partner, HomewardBound, has significant experience with the homeless population in this market. Based on their collective experience, the partners have constructed a development and operations budget that appropriately anticipates the special needs of the homeless population.

As is the case with all supportive housing projects, a combination of sources is necessary to make this project feasible. The project is requesting a “basis boost” with respect to the tax credit equity, as detailed later in the narrative. Additionally, Pathways Village has received a commitment for 40 project-based Section 8 Housing Choice Vouchers from the Grand Junction
Housing Authority. Below is a summary sources and uses demonstrating the viability of the project:

<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Conventional Loan</td>
<td>$679,000</td>
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<tr>
<td>Tax Credit Equity</td>
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<td>CDOH Soft Funds</td>
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<td>HomewardBound Loan &amp; Accrued Interest</td>
<td>$132,815</td>
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<tr>
<td>Deferred Developer Fee</td>
<td>$102,950</td>
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<tr>
<td><strong>Total Sources of Funds</strong></td>
<td><strong>$8,580,810</strong></td>
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<table>
<thead>
<tr>
<th>Use of Funds</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Land &amp; Demo</td>
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<td>Developer Fees</td>
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<td>Project Reserves</td>
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<tr>
<td><strong>Total Uses</strong></td>
<td><strong>$8,580,810</strong></td>
</tr>
</tbody>
</table>

The following is further explanation for the sources of funding:

**Conventional Loan** - Typically supportive housing projects carry very little hard debt. Pathways Village is able to support a nominal first mortgage primarily because of the rental subsidies. In addition, we chose to amortize the loan over 20 years. HomewardBound will have a Right of First Refusal to purchase the property from the tax-credit entity at the end of the compliance period. Thus, this will leave them with an affordable statutory purchase price in year 15.

**Tax Credit Equity** – Tax credit equity is priced at $0.90 per credit. Numerous tax credit investors have expressed interest in Pathways Village.

**CDOH Soft Funds** – The Colorado Division of Housing has indicated they will consider this project for a significant grant/loan request.

**HomewardBound Loan** - HomewardBound currently owns the subject site and will contribute the land to the project in the form of a deferred payment cash flow note. In order to consider this bona fide debt, future years’ cash flow will contribute to the repayment of this debt.
Deferred Developer Fee – Given the complexity of supportive housing, the tax credit investor will require a structured short-term repayment of the deferred developer fee to protect the viability of the tax credits under the IRS regulations.

Letters of Interest and Support from each of the identified funding sources are provided with this application.

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

Cardinal Capital Management Development Experience

Cardinal Capital Management, Inc. (“Cardinal”) was organized in 2004, and has received national recognition in the development of permanent supportive housing. Cardinal’s principals are Erich Schwenker, President and Daniel O’Connell, Vice-President. Our vision is “Delivering Financial and Social Value”. We recognize that Affordable and Supportive Housing must meet social needs not accounted for in traditional real estate budgets. Affordable and Supportive Housing must also work financially in both the short-term and long-term. Cardinal is uniquely qualified to deliver both financial and social value in a manner that meets the needs of its residents, the surrounding communities in which we participate, our nonprofit partners, and our investment and lending partners.

Cardinal’s affiliate, Astar Capital Management, was organized in 2002 and is the third party contract administrator for Wisconsin Housing Preservation Corp (WHPC). WHPC is one of the largest nonprofit affordable housing providers in the United States. WHPC’s mission is the preservation of affordable housing. Astar supports this mission by providing development and asset management services including the following key functions: acquisition, finance, development, capital budgeting, asset management, construction management, and corporate operations. WHPC has no direct employees. Astar performs all services for WHPC. Astar’s principals are also Erich Schwenker and Daniel O’Connell. Furthermore, Astar and Cardinal share key staff. Astar has developed or preserved and manages over 7,000 affordable housing units in 130 projects on behalf of WHPC. In addition to the 7,000 units developed or preserved by Astar, Cardinal has developed 18 projects totaling nearly 1,000 units. Of this total, 9 projects serve special needs populations.

Cardinal specializes in developing housing for persons with special needs. We have developed housing with services and amenities that are beneficial to persons recovering from mental illness, homeless veterans, persons who are blind or low-vision and persons who are deaf, hard of hearing, or deaf-blind. In undertaking these unique housing products, it is important to work closely with an advocacy group representing the needs of the population you wish to serve. In almost every case, Cardinal has partnered with a strong nonprofit committed to providing supportive services to the appropriate resident population.

The principals and senior staff of Cardinal have been involved with non-profit housing providers and advocacy groups for persons with disabilities for decades. This depth of experience enables the Cardinal development team to identify the designers, engineers and builders best able to
produce the living environment that exceeds all others in creating a secure and safe building that enhances health and well-being for each resident. This coupled with Cardinal’s plethora of real estate knowledge and ability to bring together a strong development team, provides our supportive housing projects an excellent foundation for success.

The following summarizes the Cardinal developed supportive housing projects. These projects demonstrate Cardinals experience with a variety of special needs populations, including homeless or those who are at-risk of homelessness.

*Thomas H. Wynn Sr. Memorial Veterans Manor (Veterans Manor), Milwaukee, WI:* This development provides 52 one-bedroom units of supportive housing for homeless veterans.

Cardinal recently received a tax credit allocation to develop a similar facility in Green Bay, Wisconsin in partnership with the Center for Veterans Issues, the non-profit who sponsors Veterans Manor in Milwaukee.

*Apache ASL Trails, Tempe, AZ:* Apache ASL Trails is a state-of-the-art independent living community with services and amenities that are beneficial to deaf, deaf-blind, and hard-of-hearing seniors.

*Water Tower View, Greenfield, WI:* Water Tower View is a 43-unit apartment building designed for deaf, deaf-blind, and hard-of-hearing seniors.

*Hawley Ridge, Milwaukee, WI:* Hawley Ridge is a state-of-the-art 57-unit apartment complex designed for the blind and visually impaired.

*Highland Commons, West Allis, WI:* Highland Commons provides 50 one-bedroom units of supportive housing with supportive services for those recovering from mental illness.

*Empowerment Village National, Milwaukee, WI:* Empowerment Village National provides 35 one-bedroom units of supportive housing with services for residents experiencing severe and persistent mental illness.

*Empowerment Village Lincoln, Milwaukee, WI:* Empowerment Village Lincoln provides 30 one-bedroom units of supportive housing with services for residents experiencing severe and persistent mental illness.

*United House, Milwaukee, WI:* United House provides 24 one-bedroom units of supportive housing with services for persons with serious mental illness and substance abuse.

*Farwell Studio Apartments, Milwaukee, WI:* Farwell Studio Apartments an acquisition/rehabilitation project consists of 34 studio apartments, with services for the chronically mentally ill.

**HomewardBound of the Grand Valley, Inc Experience**

HomewardBound is a local non-profit organization in Grand Junction with roots dating back to the late ‘90s. It currently owns and operates the local homeless shelter serving adult men, women and families with children. The census of the shelter for several years now has been at a level that is exceeding capacity. Their mission is to “provide a safe and healthy first step for
homeless adults and families on their pathway home”. They have a wealth of experience with the homeless population and have strong partnerships with many of the community homeless service providers. In 2013 alone they provided over 47,000 bed nights of shelter and served over 100,000 meals to needy individuals and families.

In addition to its involvement in this important permanent supportive housing project, HomewardBound is working on a separate project to develop a family center that will provide a separate facility for temporarily sheltering families with children and single adult women. This family center project will be located adjacent to Pathway’s Village on a separate parcel.

**Cardinal Capital Property Management Experience**

Cardinal and its affiliates specialize in the management of Section 42, Section 8, Rural Development 515, and Supportive Housing projects. Cardinal is extremely well versed in the compliance associated with the various governmental programs, often being asked to assist HUD, state housing agencies, lenders, and investors in special situations regarding these types of projects.

Cardinal and its affiliates use a layered approach to property management. They provide Asset Management functions to the entire portfolio of approximately 8,000 units of affordable housing. Cardinal provides direct on-site property management services to over 55 projects totaling over 3,000 units, including all of our special needs projects.

Cardinal has significant experience in addressing the needs of supportive housing facilities and works closely with the various service providers in achieving their overall goal of providing housing stability for their special populations.

**Hilltop Community Resources**

Hilltop is a full service social service agency that was originally established in 1950. Since that time Hilltop has responded to changing economics and identified community needs for the underserved with services ranging from prenatal support to supportive retirement living.

Hilltop’s unique resources and strong community partnerships allow it to provide comprehensive care for people of all ages through a plethora of programs serving thousands of individuals on an annual basis in Western Colorado’s Mesa, Delta, Montrose, and Ouray counties. For over half a century, many young children, teenagers, adults, and seniors have created new futures for themselves through Hilltop’s programs. Hilltop also has direct experience operating transitional and permanent housing facilities.

**Other Key Development Team Members**

- General Contractor – Shaw Construction – David Hall
- Architect – Oz Architecture – Rob Rydel
• Attorney – Reinhart Boerner Van Dueren, s.c. – William R. Cummings
• Accountant – Baker Tilly - Don Bernards

e. Cost reasonableness:
The total project cost is estimated at $8,580,810 or $214,520 per unit. These overall development costs are certainly in line with the market for projects of this size and type; coupled with the added costs of developing supportive housing and the project’s location on the Western Slope, and the overall development costs are within reason.

f. Proximity to existing tax credit developments:
There are four existing LIHTC properties in Grand Junction that were built between 1996 and 2013. The overall vacancy of the existing LIHTC units is currently at 0.8%, revealing a significant pent up demand for affordable housing. In addition, Pathways Village will have rental subsidy for all units while being the only property designed to target the homeless and at-risk of homelessness.

<table>
<thead>
<tr>
<th>LIHTC Property Name</th>
<th>Village Park Apartments</th>
<th>Arbor Vista</th>
<th>Linden Pointe</th>
<th>Crystal Brook Townhomes</th>
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</thead>
<tbody>
<tr>
<td>Number of Units</td>
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<td>72</td>
<td>91</td>
<td>40</td>
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<td>Vacancy</td>
<td>0%</td>
<td>0%</td>
<td>2.2%</td>
<td>0%</td>
</tr>
<tr>
<td>Distance from Pathways Village</td>
<td>1.2 Miles</td>
<td>1.7 Miles</td>
<td>5.5 Miles</td>
<td>4.9 Miles</td>
</tr>
</tbody>
</table>

g. Site suitability
• The non-profit sponsor HomewardBound currently owns the site. The site will be sold to the tax credit entity for the development of Pathways Village. An executed Purchase and Sale Agreement is included as evidence with the application.
• The site plan approval process has commenced with the City of Grand Junction and will be complete no later than the 4th quarter of 2014.
• The infill site is flat and ideal for redevelopment. There are two small existing structures that will be removed prior to construction.
• The current zoning allows for multifamily.
• The subject site has good visibility and access, as it is located on a collector street in a predominately residential neighborhood.
• Adjacent Land Use:
  o North – market rate multifamily complexes built in the 1970s.
  o South – the Grand Valley Canal (a fence will be constructed to protect the residents safety), immediately across the canal is a combination of entry-level single-family homes and market rate multifamily.
  o East – same market rate multifamily development on the northern border of the site
West – the western boarder is 29 Road, a four-lane moderately traveled street. Directly across the street is a vacant 1.1-acre parcel that the current landowner has no plans to develop.

- The subject site has excellent proximity to public transportation, as it’s within ½ mile of multiple GVT bus stops.
- The subject is within a mile of a supermarket, convenience store, neighborhood shopping center, a Super Wal-Mart, elementary school, middle school, childcare center and a City park, as indicated on the attached map.

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):

   **High PUPA** – as is the case with most supportive housing projects, the operating expenses associated with Pathways Village are higher than a typical LIHTC development. The initial PUPA excluding replacement reserves is estimated at $5,372. There are a variety of factors that contribute to the increased costs:
   - A full-time site manager will support the project, which is atypical for a project of just 40 units. This is to ensure that we adequately address the additional needs of these high-needs residents.
   - **Utilities** – To best address this population we felt it was necessary to significantly reduce the utility burden on the resident. Thus the project will absorb the heat and hot water expenses.

   **Replacement Reserves** - Given that we intend to provide housing for homeless families, we set the annual replacement reserve contribution at $400 per unit. In our experience with family and supportive housing projects capital needs requirements are more intensive.

   **Annual Rental Income Growth for a project receiving project-based Section 8 subsidy** - In our experience, the position of the tax credit investors and lenders on supportive housing projects is that rental income growth should not increase at the same rate as expense increases. This fact combined with the expectation of continued pressure on the federal budget and HUD to limit rent increases, we felt it necessary and prudent to reflect a lower rental income growth. Therefore we have underwritten the project with 2% rental income growth and 3% expense growth to more accurately reflect our experience in this market.

   **First Year DCR above 1.30** – Typically the goal with supportive housing projects is to reduce the conventional debt to a nominal amount. Pathways Village is able to support
some hard debt, primarily because of the rental subsidy it will receive. As previously mentioned and based upon significant experience, it is most certain that expense increases will outpace revenue increases. This will result in a declining DCR during the life of the project. To ensure that the DCR stays above a minimum of 1.15 for the 15-year period, we must set the initial DCR above 1.30. This is important not only to meet the DCR requirements of CHFA, but also to make certain that we meet the requirements of the investor and do not violate the mortgage covenants of the lender. Because it is supportive housing, the investor will also require enough cash flow to pay off any deferred developer fee in an expedited manner when compared to a typical LIHTC project. This will protect and safeguard the viability of the tax credit basis as per IRS requirements.

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

Development of supportive housing along the Western Slope, a relatively rural area, comes with increased construction and operating costs associated with serving this diverse homeless population. The sponsor will leverage funding from sources including rental subsidy from GJHA, a grant from CDOH, and deferred developer fee. The 30% basis boost is necessary to bridge the remaining funding gap. Without the full basis boost, the deferred developer fee will increase beyond the requirements of the tax credit investor and ultimately the IRS.

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

There were no issues raised by the market analyst.

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

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

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

In September of 2013, Cardinal began outreach to various community stakeholders in Grand Junction about the possibility of collaborating on a supportive housing project to address the local concern for their homeless population. Starting in January of 2014, the Colorado Division
of Housing, CHFA, and Enterprise Community Partners began sponsoring a series of roundtable sessions known as the Pathways Home Toolkit. The stakeholders in Grand Junction were very enthusiastic about the potential project and took a very active role in the toolkit sessions. Representatives from HomewardBound, Hilltop, and the Grand Junction Housing Authority, among others, began participating in this effort to generate interest in the development of supportive housing along the Western Slope of Colorado. Cardinal was invited to participate in the Pathways Home Toolkit, based on its experience as a supportive housing developer.

Over the course of the last 6 months the development team was assembled and the project concept has developed rapidly, thanks in large part to the community-wide effort in Grand Junction to provide stable housing for their homeless neighbors. Support for the Pathways Village project has come from elected officials, city planning and development staff, the Grand Junction Housing Authority, the Grand Junction Police Department and its Homeless Outreach Team (HOT team), Hilltop, Grand Valley Catholic Outreach, and HomewardBound.

Financial support has come from a variety of sources, including HomewardBound, who was able to identify a site and contribute the land to the project in the form of a deferred payment cash flow note. The Grand Junction Housing Authority has also made a substantial financial commitment to the project by providing 40 project-based Section 8 Vouchers. Lastly, the Colorado Division of Housing has issued a letter of support expressing its interest in providing the project soft funds.

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

N/A

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

Example 1: Additional documentation to support the Market Conditions Criteria could be labeled to as follows: Attachment Market Conditions or Market Conditions.pdf, etc.
Example 2: Soft funds documentation to support that amount of soft funds listed in the Application can be secured could be labeled as follows: *Attachment Overall Financial Feasibility and Viability* or *Overall Financial Feasibility and Viability.pdf*, etc.

The supportive service MOU and letters of support/commitment are attached to this narrative.

Letters of Support are attached from the following entities:
Grand Valley Catholic Outreach
Family Adolescent Partnership
Mesa County Department of Human Services
City of Grand Junction Police Department
Mind Springs Health
Grand Junction Housing Authority

Letters of Financial Support:
Construction and Permanent Loan Letter
Tax Credit Equity Investor Letter
CDOH Letter
HomewardBound Loan Commitment Letter
Grand Junction Housing Authority project-based Housing Choice Voucher letter
Project Name: **South Fork Heights Apartments**

Project Address: **170 Bonnaville Drive, South Fork, CO 81154**

The Narrative provides an opportunity for the applicant to describe the characteristics of the project and why the applicant believes it should be selected above others for an award of credit.

**Development Overview**
Belmont Development Company, LLC (“Belmont”), and its affiliate IUI Housing of Kansas, LLC are proposing to acquire and substantially rehabilitate the South Fork Heights Apartment complex located in South Fork Colorado. South Fork Heights is a 48 unit apartment property originally constructed in 1990 using a combination of low income housing tax credits and USDA RD 515 funds. The 15 year compliance period for the LIHTC’s has long passed but the property continues to provide affordable housing to the area through the RD restrictions associated with the 515 funds. IUI Housing of Kansas, LLC shares common ownership with Belmont Development Company, LLC who will act as the developer for this proposal. Belmont was made aware of this property’s availability by the Colorado RD State Office. Belmont Development specializes in the acquisition and rehabilitation of Rural RD properties and after further discussions with the State Office this opportunity seemed like a perfect fit for a struggling, cash poor, rural RD property in serious need of major rehab to be acquired by an experienced rural rehab LIHTC developer with a proven track record and the ability to secure adequate funding from multiple sources and complete the necessary repairs.

This particular property is unique in the affordable housing world in the fact that it has 100% Rental Assistance through RD yet struggles to remain fully occupied. The RD State Office is concerned that continued poor performance from this property could seriously jeopardize its ability to continue to receive rental assistance putting this already cash poor development into
a considerably more dire situation in the near future. We believe that a renovation and a focused management approach would allow this property to achieve a stabilized occupancy and provide an excellent affordable housing community in Rio Grande County. By transferring this property to a new owner, the existing RD 515 loan balance will be reduced and the term and amortization periods will be extended. This savings will allow this property to operate more efficiently and allow additional funding to complete the much needed rehabilitation and capitalization of a healthy replacement reserve. We have worked together with local and State RD officials to come up with this plan of action.

As of the date of this application H2H Group of South Fork, LLC (“H2H”) is the general partner of the current ownership entity. Belmont was recently approached by the H2H and Rural Development with an opportunity to take over as the general partner of the current ownership entity as well as management. South Fork Heights is the only affordable housing development that H2H owns and manages. H2H’s principal is located in Topeka Kansas and does not have a local presence in Colorado. The unique characteristics and requirements of owning and operating an affordable housing development take an experienced team like Belmont in order to be successful. IUI Housing of Kansas, LLC has agreed to take over as the general partner and has taken the appropriate steps with Rural Development and the other interested parties to effect this change. The formal transfer of the general partner is still awaiting final approval from Rural Development but Belmont Management Company, Inc. has recently taken over as management agent. This property has been troubled for quite a while so there is no doubt that it will require special attention that Belmont is committed to provide. Although, this commitment does not come without risk and the approval of LIHTC and recapitalizing the property is a major component in transforming this underperforming, cash poor development in need of major repairs and in jeopardy of losing the RA that it relies on to continue its operations, into a newly renovated development that CHFA, RD and City of South Fork as a whole can be proud of.

**It must include a description of the project as proposed;**

**detailed type of construction;**

Construction will involve the rehabilitation of an existing RD 515 development.

**population being served and bedroom mix;**

Belmont is proposing a 100% affordable development that will serve individuals and families at 60% of AMI. The unit mix for the affordable units will consist of 6 one bedroom, 26 two bedroom, and 2 three bedroom units. One of the two bedroom units will be designated at a non-income employee unit.
**location:**
South Fork Heights Apartments is located in Southwestern Colorado where the Rio Grande joins its south fork on the western side of the San Luis Valley. The specific address is 170 Bonnaville Drive, South Fork, CO 81154.

**amenities:**
Project amenities include a picnic area, playground, basketball court, laundry facility and parking lot. In-unit amenities include range/oven/above range microwave combinations, refrigerators, specialty laminate flooring, walk-in closets and coat closets.

**description of energy efficiencies:**
Just some of the steps Belmont Development intends to take toward providing a more energy efficient property and building process include providing new Energy Star appliances and installing Energy Star lighting throughout. Installing new Energy Star qualified windows with Low-E glass. Using only low/no VOC paint throughout. The installation of water conserving appliances and fixtures. Installing additional insulation in the attic to bring the value to R-38. Additionally, an on-site recycling center will be set up for the tenants use.

**type of financing; local, state, and federal subsidies; etc.**
This development will utilize a combination of various funding sources from multiple agencies:
- Sterling Bank will provide a construction loan in the amount of $2,200,000 at 6% for 18 months
- Sterling Bank will provide a conventional perm loan in the amount of $210,000 at 5.75% with a 30 yr term / 40 yr am.
- USDA RD will provide a transfer and re-amortization of the current 515 loan in the estimated amount of 1,174,000* at 1% interest with a 30 yr term / 50 year am.
- Boston Capital will act as the syndicator for this transaction and purchase the $312,589 worth of credits awarded by CHFA resulting in equity financing in the amount of $2,656,743.
- Additionally the Colorado Division of Housing will provide soft funds in the amount of $500,000. We anticipate structuring these funds in the form of a 1% cash flow only loan.

*because this is a currently operating property there is no way to know the exact amount of RD 515 funds that will be transferred until closing of the actual transfer occurs.*

**In addition, the narrative should address the following:**
1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:

   **To support rental housing projects serving the lowest income tenants for the longest period of time**  
   South Fork Heights will support a range of income levels from 60% down to 0% AMI. Each unit has rental assistance; therefore a person with no income would still be able to live at the property. Additionally Belmont Development has opted to pursue an additional extended use period beyond the required 15 year compliance period required by the Code. Through section 5.A 2 of the QAP we have chosen to commit to 25 additional years of waiving our right to terminate the extended use. This will ensure the developments affordability to the residents of South Fork for a full 40 years.

   **To provide for distribution of housing credits across the state**  
   Since the inception of the Low Income Housing Tax Program only six developments in all Rio Grande County have received any type of LIHTC award and four of those six were located in the City of Monte Vista. As a whole, the County has not received an allocation of any type of credits since 2001 and to date there has never been an award of competitive 9% credits made within Rio Grande County.

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

   **&**

   **To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those at risk of converting to market rate housing**  
   We believe that these two priorities can actually be addressed together in this particular instance. The proposed South Fork Heights development is an acquisition/rehabilitation of existing affordable Rural USDA RD housing stock. As we have discussed previously in this narrative the RD State Office is concerned that the past poor performance of this property is likely to jeopardize its ability to continue to provide Rental Assistance for the families that are living in these units. Furthermore, as this property is already struggling to cash flow, a loss of this much needed RA could likely exacerbate an already fragile situation.

   **To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period**
We feel confident that we have only requested the amount of credits that would be necessary to make this deal financially feasible though, of course, we defer to CHFA’s underwriting team to make the final decision on that.

To reserve credits for as many rental housing projects as possible while considering the Priorities and Criteria for Approval in the following sections
Belmont Development has worked hard to secure a large amount of outside funding from various sources. This has allowed us to keep our credit reservation request very low relative to the average amount of credits generally needed to produce a given number of units in a LIHTC financed development. Specifically if you look at the average amount of credits awarded per unit recently in the State of Colorado, the amount that South Fork is requesting significantly less than that amount!* Of course there is much more that goes into developing a successful tax credit project than just this one simple metric but our ability to bring this type of development structure forward gives CHFA some flexibility to be able to award funds to as many different developments as possible which in turn acts to further another previously discussed principal in allowing CHFA more room to spread the distribution of credits throughout the State.

*This calculation was based on information posted on CHFA’s website. By looking at the award reports for 2012 and the first round of 2013 we were able to calculate that the total credits awarded during that period was $16,812,331 which resulted in the construction or rehabilitation of 1,201 total units, which equates to $13,998 credits/unit. South Fork is requesting $312,589 in credits and consists of 34 total units resulting in $9,194 credits/unit. ($9,194/$13,998 = approx. 66% of the average credit award)

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

Acquisition and rehabilitation of existing affordable properties, including those with subsidized low income rental units facing conversion to market rate units
The proposed South Fork Heights development is an acquisition/rehabilitation of existing affordable rural USDA RD housing stock. This is a cash poor property that is need of major renovations. Past poor performance has caused the RD State Office to become increasingly concerned that this property could be in jeopardy of losing its ability to continue to provide Rental Assistance if the economic conditions of this property do not improve. The full rehabilitation work that will be made possible through the infusion of tax credits will ensure the long term viability of the property as a
financially sound affordable housing development ensuring the necessary amount of affordable units are kept safe through the performance of the property as a whole.

**Counties with populations of less than 175,000**
According to the 2010 census information the population of Rio Grande County is 11,982.

**Market areas of pent-up demand for affordable housing**
According to the results of the market study that we had commissioned, the PMA which is all of Rio Grande County has very low overall rental housing vacancies and the overwhelming majority keeps extensive waiting lists. In fact, the only vacancies reported in the Study came from the subject property and will be corrected through the new management and rehabilitation of the property. There is clearly an area of pent-up demand for both affordable and market rate housing units throughout this area.

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

   a. **Market conditions:**
      As can be evidenced in much more detail in the Market Study provided, the overall market in within the Primary Market Area is strong. There is no doubt that there is demand for affordable housing in the area but through numerous detailed conversations with RD Staff, local officials, surrounding apartment managers, and housing authority personal. We feel confident that the rehab and new management will adequately address the unique market characteristics of this particular community and area.

   b. **Readiness-to-proceed:**
      The South Fork Heights property is currently secured through an Option Agreement. Once a reservation of tax credits is secured we will submit final applications to RD and CDOH, and begin acquiring firm commitment letter for all funding sources.

   c. **Overall financial feasibility and viability:**
      South Fork is currently struggling just to cash flow. The improvements that will be provided through the rehabilitation process along with the recapitalization will address the unique demands of the community and ensure the financial viability of this property over the long term.

   d. **Experience and track record of the development and management team:**
If approved, South Fork Heights would represent the first award of tax credits for Belmont Development within the State of Colorado. However the Development and Management team that we present has extensive experience in the development of LIHTC properties, specifically USDA RD Acquisition/Rehab properties. In fact it is this specialization in RD Acq/Rehab’s that led the RD State Office to initially contact us about the situation at South Fork. Since its inception in 2007 Belmont Development has completed 10 LIHTC developments representing 555 affordable housing units in three separate states. Additionally we have secured awards for another 6 developments that are each in various stages from preparing to close to nearing construction completion. All 16 of the LIHTC awards that Belmont has received to date represent rural Acq/rehab developments utilizing a combination of LIHTC’s and RD funds.

Belmont utilizes in-house management and will act as the management agent for South Fork. Belmont Management was established in 2004 and currently oversees 111 properties representing 4,446 affordable housing units throughout a 5 state region in the Midwest.

Once Belmont Development had established itself within the industry we formed the Belmont Construction Company with trusted General Contractors that we had experience with previously. Since then Belmont Construction has been acting as the GC for all awarded developments and we feel that the results speak for themselves.

We fully acknowledge that the core development team that we are proposing has no previous experience in the State of Colorado. We explored the possibility of changing our model and bringing in a local General Contractor or Management Agent, but after weighing the possible options we strongly feel that the team we have in place is the best possible one for this particular development. The fact is that we have a history of success with this particular development team when it comes to addressing the unique needs of USDA RD Acq/Rehab developments all the way through the process from start to finish.

e. **Cost reasonableness:**

The costs for this development are very reasonable. The hard cost/unit is $45,000 and the total development cost per unit 135,127. The total cost per unit figure is slightly inflated due to the large amount of up front reserves that RD requires in order to approve their transfers. Furthermore as previously noted the credits per unit that we are requesting for this development at only $9,194/unit is very low relative to past awards. Belmont Development and Belmont Construction, as well as our Project Architect Larry Blackledge (who functions in such capacity on most of our developments) each have extensive experience in the rehabilitation of existing RD 515 deals. There are certain aspects of the Colorado landscape and green building standards that have caused us to increase our costs a bit more from other states that we have previously participated in, but based on our research within the state and our own wealth
of knowledge with this particular type of development we are confident that the costs shown are accurate and fall in line with similar development structures.

f. **Proximity to existing tax credit developments:**
   There are currently no tax credit properties located in South Fork, and the subject property itself represents the only award of credits ever made within the city which occurred in 1989. The next closest Tax Credit developments are 30 miles East/Southeast in Monte Vista.

g. **Site suitability:**
   The subject is a currently operational RD 515 property; therefore we see no issues with the continued suitability of this site.

4. **Provide the following information as applicable:**

   a. **Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA’s minimum):**
      This item is not applicable to this development.

   b. **Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis:**
      Belmont Development is requesting that CHFA utilize their discretionary basis boost for South Fork Heights in the amount of 27.33%. Belmont has worked hard to bring in multiple outside funding sources but still needs a portion of the allowable 30% boost to cover the remaining financial gap and allow this development to be fully financially feasible.

5. **Address any issues raised by the market analyst in the market study submitted with your application:**
   We do not feel that the Market Analyst brought up any issues that would require additional explanation outside of that information contained within the analysis.

6. **Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:**
   The most significant issue raised in the Phase 1 environmental report deals with the need for the South Fork property to acquire a new chlorination system for its water tanks in order to come in line with CDPHE standards. This issue was raised in the Phase 1 report but the correction process to take care of this problem was already underway.
Plans for the new chlorination system have already been approved by and are on file with CDPHE and this item will be corrected within the timeframe allotted. There were no other major concerns identified in the Phase 1. Corrective action for any other less significant findings is addressed in the Phase 1 itself. This issue has been resolved since Belmont took over management.

7. **In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):**
   We have been in contact with numerous local officials from RD and the City throughout this process and the feedback has always been very positive. The South Fork property, in its current state, is greatly underperforming and everyone that we have reached out to is in agreement that they want to help in whatever way they can to see that something is done to correct it.

8. **For acquisition/rehab or rehab projects, provide a detailed narrative that describes the proposed rehab plans and relocation plan (if applicable). Address the 10-year rule; capital expenditures over the past two years; previous related party relationships; past local, state, or federal resources invested in the project; obvious design flaws; obsolescence issues; safety issues; and any significant events that have led to the current need for rehabilitation (i.e., fire, nature disaster).**
   The rehab plans call for a full inside out rehabilitation to bring the property up to like-new standards. Any and all structural deficiencies will be addresses along with specific upgrades to bring the property in line with all current ADA standards. Just a few of the capital improvements set forth in our scope of work include the following

   **Site**
   1. Repair parking lots and drives where needed
   2. Repair all sidewalks and convert access to meet ADA requirements
   3. Fully remodel the Office/Laundry facility and convert restroom to comply with ADA. We are adding a community room and kitchen addition on to the existing office.
   4. Repair roof as necessary and install new specialized guttering and spouts to assist in rainwater collection
   5. Install a new community garden
   6. Improve landscaping in line with Green Communities commitments
   7. Remove existing siding and replace with new stronger fiber cement siding
   8. Install all new energy efficient windows per the Green Communities standards
Units
9. Provide new energy star appliances and water conserving fixtures
10. Install new energy efficient lighting throughout interiors
11. Install and caulk new countertops and provide all new cabinetry
12. Install new shower/tub combo in all bathrooms
13. Remove all carpet/vinyl and replace with specialized laminate flooring
14. Provide new hardwired smoke detectors
15. Install new insulated front and rear entry doors

Relocation:
All of the exterior and site improvements will go on without requiring any relocation; however, due to the level of interior repairs proposed, tenants must be removed from their units for a portion of the construction phase. Given the high number of vacancies at this property, the need for any off-site relocation should be minimal. Regardless, as a standard practice Belmont Development budgets $1,500 per unit to cover any costs associated with tenant relocation, including temporary storage rental and when necessary arrangements for temporary lodging. We have had successes recently by partnering with a 3rd party relocation specialist and would likely consider doing so again if deemed necessary.

Other Ac/Rehab considerations
Regarding the 10-Year Rule, South Fork is a federally subsidized project with rental assistance and interest credit. We do not believe the 10-year rule applies. Per CHFA’s guidance, a copy of properties rental assistance agreement is located in tab 20 in lieu of the Attorney’s Opinion Letter. There have been only minimal capital expenditures over the past two years. Neither Belmont nor any of its affiliates have any shared relationships with any parties currently or previously involved in the South Fork Heights property.
Project Name: Spring Creek Apartments

Project Address: 320 Homestead Parkway, Longmont CO

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

Project Strengths and Weaknesses

- Spring Creek Apartments will address a pressing need in Boulder County to house extremely low income seniors, adding the only 40% AMI units in the Primary Market Area.
- Spring Creek has been ranked number one for an award of a time limited source of funds, the CDBG Disaster Recovery funds.
- The developer, Longmont Housing Development Corporation, has significant experience in developing high quality senior housing.
- There is significant community support, from the City of Longmont as well as the surrounding neighborhood.
- Currently, the site is not walkable to stores or medical appointments but LHDC’s partnership with the special transit Via in Longmont and future development within Prairie Village will help mitigate this issue.

Project Description and History

Spring Creek Apartments is a proposed 60-unit affordable senior rental development to be located on an approximately 2.0-acre parcel in the Prairie Village subdivision in Longmont Colorado. The project is being developed by Longmont Housing Development Corporation (LHDC) and will be managed by Longmont Housing Authority (LHA). Spring Creek will serve extremely low income senior households at 30% and 40% AMI. The development is being planned with a focus on wellness and keeping seniors active.

LHDC has owned the land since 2006 when the master developer of Prairie Village donated, under the City’s inclusionary housing ordinance, to LHDC to be developed as affordable (under 50% AMI) senior
housing. LHDC has been holding the property and watching the market as they completed their two HUD 202 properties. LHDC renewed focus on this property last spring by engaging the Highland Group to conduct a preliminary demand and recommendations study. The study was completed in the summer of 2013 and noted the high demand for units at 30 and 40% AMI units for seniors. In the aftermath of the fall floods with the increased need for housing, the development of Prairie Village, as it was called, began in earnest.

LHDC has been participating in the collaborative post flood planning process since its inception late last fall. The Long Term Flood Recovery Group includes all the local governments of the three most impacted counties (Boulder, Larimer, and Weld). The group has met twice monthly since January to identify and prioritize their community’s needs for the flood recovery efforts. The Action Plan of the first allocation of CDBG DR funds ($62.8 million) has been approved starting the two year clock for its allocation. Another $199 million has been appropriated by the federal government but the action plan has not yet been approved though is estimated to happen in October or November of 2014. Spring Creek has been ranked as the number two development priority for Boulder County, behind Habitat for Humanity which already received their allocation of CDBG DR funds.

Physical Description

The wood frame, three-story building will include 52 one-bedroom (617.5 SF) and 8 two-bedroom (913 SF) apartments as well as multiple community and supportive service spaces. Resident units will include:

- Individually-controlled radiant-floor heat and through-wall air conditioning
- 9’ ceilings and ceiling fans in living and bedrooms.
- Juliet balconies on the 2nd and 3rd floors.
- Large, high-performance windows with blinds
- Full kitchens with Energy Star appliances including refrigerator, oven/stove and dishwasher, disposal, microwave, and bar counters
- Full bathroom with walk-in showers
- Fiber optic with wireless connectivity available in common areas
- Linen closet in the 2-BR units

The building is designed with a central main entrance and includes central common spaces on each floor with two wings of residential units branching off the midpoint. A covered walkway leads you into the central entrance and lobby area. The secure entry system includes automatic exterior doors that open to the vestibule. The vestibule doors activate from the outside by proximity reader. The controlled access will require guests and visitors to use the telephone entry system inside the vestibule to contact residents who can activate the secure entry door and permit access into the building via their telephones.

Once inside, to the left will be an open active staircase that will be a focal point of the building. This striking three-story staircase will allow residents to access their units without using the elevator. The open stairwell in the lobby of Spring Creek will encourage physical activity for the residents, employees and visitors. Research indicates that using stairs reduces the risk of stroke, improves cardiovascular health, and reduces levels of cholesterol. The active stair will have positive implications for energy use, with increased stair use leading to decreased elevator use. Our approach to the design of the Spring Creek active stair is to make it a prominent and inviting feature in the lobby thus encouraging its use. We will include a public art element to make the staircase more than just a way to get from one floor to the next.

The entrance area will also include three offices; the first will act as a management office and will have a window on the entrance and pull up drive area. The second office will be used for service provision and could be used for medical appointments as it will have a connecting door to the first floor restroom for changing. The third office will be available for a resident or outside services provider to meet with residents.

The lobby will have a sitting area for residents waiting for guests or transportation, which will be cozy and afford a view of the fireplace. Directly opposite of the drive up entrance will be a large covered patio with seating, a fire pit, water feature and plantings for residents to enjoy the views and outdoors.
The second floor has the main community space at the top of the active stair way. The common space includes a community area large enough for gathering with a kitchenette attached. Off of that area will be a TV room that can be closed off to contain noise. The second floor common area will open onto a large common patio with tables, chairs, grills and marvelous views of the mountains to the west.

The third floor will be accessed by the active stair and elevator and will have a second television room, an active fitness room with machines, a quiet fitness room for yoga or stretching or classes, a reading room, and computer/craft room. The third floor will also have an outdoor patio with seating and a grill for resident use. In addition, all floors will have smaller patios with grills on each end of the building, one on the 2nd floor and two on the 3rd floor. All this community space is designed to promote tenant activity and interaction. Each floor will have a laundry room with two washers and two dryers. All floors will have a common toilet as well for use of the residents when they are gathering in the common spaces.

Outdoor spaces will include:

- Covered walkway with heated sidewalks on the northern shaded side of the building and patio area, and seating
- Second- and third-floor patios with mountain views, dining area and grills
- Recreation areas including walking paths with a parcours (fitness circuit), horse-shoe pit, and bocce ball court
- Stone garden and raised bed planters
- Outdoor fire pit and water feature

The site will have 62 parking spaces which is 6 spots over the current parking code maximum. We have talked with City staff and they have agreed that all they will need to approve this waiver is a paragraph explaining why we need 62 spots and it can be approved at the staff level. The city parking staff has also said that a change is coming to the parking code that would make the issue moot but they have not committed to the timing of yet.

**Service Provision**

Longmont Housing Development Corporation is committed to providing Resident Services at Spring Creek Apartments to promote access to community resources, community development and improve quality of life for the residents. The on-site Community Manager, and LHA staff will provide direct
services in the form of scheduled activities, forums and hosted guests, and provide resource and referral to relevant services already available in the community.

Existing collaborations with City of Longmont Senior Services, Via Mobility, St. John’s Food Bank, and Encompass Health Care will be extended to include Spring Creek Apartments. Services made available by these collaborations include:

- Resource Specialists staffed by City of Longmont Senior Services can assist with housing concerns, health issues, completing forms for assistance and connecting people to needed resources in the community, services commonly referred to as Case Management. Staff provides counseling, wellness groups, bilingual services and programming and facilitated programming tailored to LHDC residences. Residents can engage on an individual basis, and participate in any of the programming opportunities available at the Senior Center.

- Via Mobility provides regularly scheduled service at the properties managed by LHA through a unique partnership in service since 2009. VIA provide transportation on fixed schedule to take residents on group outings to shopping designations for such as Wal-Mart, Walgreens, Target, as well as non-emergency medical and therapy appointments in Longmont. VIA driver assisted, door to door service schedules, locations, and costs is determined annually. As an incentive to promote ridership and coordinate the same destination requests from multiple resident the per-ride cost to the residents has been $1.00 per ride, half the cost of using the VIA Call-a-Ride service. This has been the same rate since 2009.

- St. Johns Food Bank delivers weekly food boxes to households in need. The model of "relationship with assistance" fosters getting to know the clients on an individual basis. Households can determine if there are other ways that the food bank may help them to remain self-sustaining. The assistance is available for up to six months, during which time the food bank can help households gain access to other support to meet their longer term needs. Weekly deliveries include fresh fruit and vegetables, meat, dairy including cheese and occasionally eggs and some non-food items, including personal hygiene products.

- Encompass Home Health is dedicated to providing skilled nursing and therapy services. They provided health talks and blood pressure clinics in monthly forums at other LHDC Senior properties. Their preventative approach to care through structured communication and a consistent care team allow patients to age in place.
Development Green Components
As an experienced developer and advocate for green building design, LHDC has an excellent record of utilizing construction and design techniques that are sensitive to the use of green building materials during construction, providing efficient use of energy during and after completion and preserving natural pervious landscape. In addition to the energy conservation methods noted, LHDC will design the development for registration with Enterprise Green Communities.

The Spring Creek Apartments will be a certified EnergyStar-rated development. The building will include high efficiency heating and cooling equipment, including radiant floor heat, EnergyStar appliances, low-E vinyl thermal pane windows, high R-value wall and attic insulation, and large display thermostat controls. The building mechanical systems are set up to easily measure gas, electric and water usage for ongoing monitoring and reporting of energy use. The development will promote sustainable building techniques through the use of low- and no-VOC paints, carpeting, padding, and adhesives, and formaldehyde-free particle board and will promote water conservation with low-flow fixtures. Solar light shelves will be provided at southern exposed windows to limit solar heat gain. Energy star rated roofing material will be utilized to reduce solar heat gain.

Target Population
The Spring Creek Apartments will be restricted to residents age 55 and above. All of the units will be low-income tax credit eligible and income-restricted to residents at or below 40% AMI. The rents will range from about $541 to $650 for a one-bedroom unit and $720 to $865 for a two-bedroom unit. All utilities will be included in the rent.

<table>
<thead>
<tr>
<th>Unit Mix</th>
<th>1br</th>
<th>2br</th>
<th>Total units</th>
<th>Total sq ft</th>
</tr>
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<tbody>
<tr>
<td>est. s.f.</td>
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<td>913</td>
<td>30</td>
<td>19,707</td>
</tr>
<tr>
<td>30%</td>
<td>26</td>
<td>4</td>
<td>30</td>
<td>19,707</td>
</tr>
<tr>
<td>40%</td>
<td>26</td>
<td>4</td>
<td>30</td>
<td>19,707</td>
</tr>
<tr>
<td>Total Units</td>
<td>52</td>
<td>8</td>
<td>60</td>
<td>39,414</td>
</tr>
</tbody>
</table>

The units are all set aside at 30% and 40% AMI because that is where the greatest need exists. A quick look at the resident incomes of LHDC’s existing units highlights the reality for seniors living on only social security payments. The average household incomes at LHDC’s HUD 202s are $12,189 at Hearthstone and $14,028 at the Lodge. At LHDC’s two senior LIHTC properties, the average household income is $16.936 at Aspen Meadows and $21,043 at Village Place. At the highest end of this spectrum, Village Place, households are living on income just over 30% AMI for Boulder County.
Site and Neighborhood

Spring Creek Apartments is located in the Prairie Village Subdivision, a planned community consisting primarily of single-family homes and duplexes, with some planned mixed-use commercial areas. The land to the north consists of single-family homes and duplexes, with some remaining vacant land that will be developed as single-family homes. The vacant two-acre parcel to the immediate west is owned by the Longmont Housing Development Corporation and is planned to be developed as a 60-unit senior housing (Phase II). The land to the east, south, and west is owned by the homebuilding company D.R. Horton and is zoned for additional single-family housing and mixed-use commercial development. Specific uses and a site plan for the mixed-use commercial component of this development have not been proposed to the City of Longmont yet. The southwest corner of CO-66 and Alpine is zoned for neighborhood commercial.

The site is located nearby pharmacies, groceries, banks, restaurants and other amenities of interest to seniors. The closest shopping opportunities to the site are located at the Walmart Supercenter located 0.8 miles to the northwest at the intersection of CO-66 and US-287. The Supercenter includes a grocery store, pharmacy, Chase Bank and some casual dining establishments such as Kentucky Fried Chicken and Panda Express. In addition to the Walmart Supercenter, there are two other major grocery stores: King Soopers (0.8 miles west), and Natural Grocers – Vitamin Cottage (1.1 miles southwest) in close proximity to the site. There are also two adjacent neighborhood shopping centers at 17th Ave. and Pace St., 1.3 miles southeast of the subject site, containing a King Soopers and Safeway grocery store, Starbucks, Walgreens, restaurants, banks, gas stations, and liquor stores.

Financing

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
<th>Source</th>
<th>Amount</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Site Work</td>
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<td>Bank Loan</td>
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<td>Rehab. &amp; New Constr</td>
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<td>LIHTC equity</td>
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<tr>
<td>Professional Fees</td>
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<td>Def Developer fee</td>
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<tr>
<td>Construction Interim Costs</td>
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<td>City of Longmont</td>
<td>$143,000</td>
<td>1%</td>
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<tr>
<td>Permanent Financing</td>
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<td>CDBG- DR</td>
<td>$3,000,000</td>
<td>22%</td>
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<tr>
<td>Soft Costs</td>
<td>$237,340</td>
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<td></td>
<td></td>
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<tr>
<td>Syndication Costs</td>
<td>$10,000</td>
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<tr>
<td>Developer Fees</td>
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<tr>
<td>Project Reserves</td>
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<tr>
<td><strong>TOTAL SOURCES</strong></td>
<td>$13,554,339</td>
<td></td>
<td>$13,554,339</td>
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<tr>
<td><strong>TOTAL PROJECT COSTS:</strong></td>
<td>$13,554,339.00</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The proposed financing for the Spring Creek Apartments will include the following:

- Conventional construction and permanent debt and equity- LHDC has a strong long term relationship with First Bank. They have provided offer letters on both debt and equity. The Bank is very excited about the project and having one entity for both debt and equity will offer some economies of scale to the project that are very compelling.

- Colorado Division of Housing (DOH) award of Disaster Recovery Funds- LHDC has an excellent relationship with the Division who has supported all of LHDC/ LHA previous development efforts. We will make full application to Division of Housing in October after we have confirmation of the award of LIHTC and will present to the November State Housing Board. We have been in discussions with DOH since the CDBG DR funding was announced and Spring Creek has been prioritized locally as the number one priority housing development project for Longmont and number two for Boulder County.

- The City of Longmont has already approved an allocation of $143,000 of HOME funds to be used to cover project expenses.

- LHDC is deferring 20% of their developer fee to fill the financing gap.

The estimated total development cost is just about $13.5 million, or about $226,000 per unit.

Based upon successful applications for funding in 2014, the Spring Creek Apartments will close and start construction in approximately April 2015 with construction completion in May 2016 and 100% lease-up by October 2016.

In addition, the narrative should address the following:

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

   - Spring Creek is serving the lowest income population for the longest period of time. The project is serving extremely low income seniors with annual incomes as low as $20,000. All of the units will be set aside for households at 30% and 40% of area median income, a greatly underserved population in the PMA.

   - An award to Spring Creek would bring 9% credits to Longmont which has not had a 9% LIHTC award since 2009 for a family project and prior to that award the most recent 9% LIHTC award in Longmont was in early 2000.
This project is being developed by an experienced senior housing developer, the Longmont Housing Development Corporation. LHDC has four other senior properties in Longmont including two HUD 202s which was an extremely competitive process.

Spring Creek will house extremely low income seniors.

This new construction project will be extremely efficient and sustainable

LHDC has leveraged a new time limited source of funds (CDBG- Disaster Recovery) to create units that will serve extremely low income seniors with no project based subsidy involved.

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

Spring Creek Apartments will be located in Boulder County, one of the hardest hit by the fall 2013 floods. Longmont’s housing market has been impacted by the floods and the influx of new households that lost their housing. According to a housing needs assessment done by Melanie Rees, Lyons had 145 households still displaced as of February 2014, 6 months after the floods. Of those still displaced in February, 68% had incomes less than 60% AMI. 35% of the displaced were renters and 26% were households with a member that is 65 years old or older. 30% of those displaced moved to Longmont. 80% of the displaced would like to move back to Lyons but it is unclear if that will be possible or when. Longmont may be where some portion of these households ends up and they need housing units.

Within Longmont, the city is aware of 29 households that lost their mobile homes, most all of whom were low income. According to the Longmont Community Services department, seven of those households were elderly. Additionally, an existing 68 unit rental property, Park Manor, was in the flood plain and was evacuated for repairs, all leases were cancelled. A new owner came in and those units’ rents were then dramatically increased ($300- $400 per unit). The senior center in Longmont was aware of 6 senior households that were displaced due to the flooding at Park Manor and were unable to return due to the increase in rents.

This all goes to document the impact the floods had in Boulder County. Longmont might not have lost a significant number of units to the flood but Longmont is a city where those impacted by the floods have gone to find replacement housing, affecting an already tight market.
3. Describe how the project meets the criteria for approval in Section 2 of the QAP:

a. Market conditions:
   Our market study shows very strong demand with a capture rate of just over 11% for all
   the units. Currently there are 8 senior housing units in the PMA set aside at 30% AMI (4
   of which are studios) and zero set aside at 40% AMI. Third party studies commissioned
   by the city of Longmont and completed by Community Strategies Inc. in 2012 and
   updated in 2013 post flood show that median rent has increased 4.5% annually since
   2009. In the one year from 2012 to 2013, rent for a 1 BR increased 10.5% and 2BR
   increased 24.6%. Among the 15 properties (1206 units) surveyed there were two
   vacancies, a vacancy rate of .17%. The gaps analysis for renters showed a deficit of over
   3000 units for households at 0 to 50% AMI. It was an extremely tight market before the
   flood and was only exacerbated by the disaster.

b. Readiness-to-proceed:
   The CDBG Disaster Recovery (CDBG-DR) funds are a time limited resource, therefore
   LHDC is wholly focused on the development of Spring Creek and getting the units placed
   in service as quickly as possible to meet the CDBG-DR timing requirements. To that end,
   LHDC is having the architect team work to prepare the final development plan submittal
   to the city for late August, moving ahead while the LIHTCs are being decided. The city
   will approve the final development plan by early 2015 at the latest and LHDC will
   immediately submit for permit. Closing will happen early spring with a spring start of
   construction. LHDC is working with a single debt and equity provider with whom LHDC
   has a long term relationship so that should make the closing process simpler.

c. Overall financial feasibility and viability:
   The project is well supported locally and that shows in the financial viability. The City of
   Longmont is so supportive of this project and its deep rent affordability that they have
   ranked it their number one housing development priority for the CDBG-DR funds. The
   CDBG-DR funds are a critical piece of the financing for Spring Creek covering over 20% of
   the total development costs. They are what allow us to meet the most critical needs of
   the community, units affordable to households with incomes at 30 and 40% AMI. The
   per unit credit ask for this project is $14,815, less than any of the projects award in
   round one. The CDBG DR funds have enabled us to keep our credit ask low and have
   limited debt on the project, only 12.5% of the total development costs. Low debt on the
project is what enables us to serve only senior households at 30-40% AMI, those most in need.

d. Experience and track record of the development and management team:
In hope of providing the broadest range of affordable housing and services to low and moderate income residents in the community of Longmont, as well as affordable housing for the elderly and physically handicapped, Longmont Housing Development Corporation (LHDC) was formed in 1993 and received its 501(c) (3) Non-Profit Corporation status in 1994. The Mission of the LHDC is to provide housing and related services to low and moderate income families, the elderly, households with a member or members that have disabilities, and to relieve the community of substandard housing.

The LHDC is staffed by the Longmont Housing Authority (LHA), including the Executive Director who serves a Secretary to the Corporation. Since its inception, LHDC has hired LHA to administer its corporate affairs. In January 2014, LHDC executed separate property management agreements with LHA to extend the business relationship and create a more seamless property management system of accounting for, and managing, the portfolio. That relationship benefits the LHDC by having access to efforts of the LHA to garner community input including, the demographic data from the Housing Choice Voucher Program waitlist. The Executive Director has almost 25 years experience in housing program administration including all federal housing programs, project design and development, and related financing activities. The Executive Director also serves on regional housing boards such as FHLB-AHP, and is the current President of the Mile High Community Loan Fund board.

Longmont Housing Development Corporation has a strong track record of senior housing development starting with 50 units of new construction at Aspen Meadows Apartments in 2002. They then purchased an existing senior LIHTC property the 72 unit Village Place, which they re-syndicated and renovated. LHDC then received a HUD 202 grant and built the 50 unit Lodge at Hover Crossing. One year later they once again were awarded one of the last 202 grants to the state and developed the Hearthstone at Hover Crossing, another 50 unit new construction building. Hearthstone opened in January 2013, at which point LHDC turned their focus to developing Spring Creek.
Property Management  Longmont Housing Authority has self-managed portfolio properties since 1991 and has continued to do so while at the same time, Hudson Companies managed other properties in the portfolio. The portfolio increased from 74 units in 2003 to 350 units today. Longmont Housing Authority took over management of the whole LHDC/ LHA portfolio in January 2014.

The property portfolio is entirely within the City of Longmont as is the Longmont Housing Authorities Administrative Offices. The portfolio breaks into the following categories; three LIHTC properties, two HUD 202s, and three rent-restricted, conventionally financed supportive housing properties. The LHA Property Management Division is organized to keep in mind accountability, responsibility and supervision. Recently hired Angela Juhl, the LHA Portfolio Manager, is supervised by Krystal Winship-Erazo, the LHA Director of Operations.

Three current staff has LIHTC compliance certification from CHFA but LHA adds an additional layer of oversight by using an outside service to keep all the LIHTC properties in compliance and under a single point of responsibility. LHA contracts with Affordable Housing Support Services owned by Barbara Crook.

Cost reasonableness:
The costs are within the range of other projects of this size and scope. Construction costs have increased exponentially over the past 18 months. Our General Contractor, Deneuve, has done their best to estimate what costs will be next spring and we believe that our project can be built for the projected cost. LHDC has tried to keep costs low focusing on what their experience in the market dictates is needed in the project and are spending where they feel they will get the most return.

- Radiant floor heat- LHDC has used it in their past two senior projects and the residents love it and LHDC considers it a true value add: both in long term comfort and cost savings
- Fiberglass windows- LHDC has elected to go with a fiberglass window package that is higher quality than the standard vinyl window which will mean savings to the replacement reserves down the line.
- The design standards at Prairie Village subdivision include all stucco and rock which increases costs.
• The active stair is a critical part of our design but will add to upfront cost. We believe the return on investment both for the residents and operating of the building will be worth it.
• Washer/Dryers- having common laundries conveniently located on each floor rather than in the units achieves several goals; they save the property in upfront cost, ongoing repairs and maintenance, it saves on water and electricity as well as the cost of replacing the units every seven to 10 years.

e. Proximity to existing tax credit developments:
According to the market study, there are only three other senior LIHTC properties in the PMA, two of which are owned by LHDC and the third has 100% project based section 8 and is not an issue. LHDC’s units are fully leased up with significant waiting lists. Turnover is extremely minimal at LHDC’s properties.

f. Site suitability:
The site was donated to LHDC in 2006 by the master developer of Prairie Village as part of the Longmont housing affordability requirements. It is restricted to affordable (less than 50% AMI) senior housing and the community surrounding the site is excited to see the development move forward and reach build out. The site is entitled and has access to all required utilities. There are no environmental conditions and the site is flat and largely without construction issues.
The one drawback is that the site is not particularly walkable to some basic retail amenities such as grocery stores, banks, restaurants and entertainment. Most errands and daily trips will require a car. However, to ensure that residents will have needed transportation, LHDC has partnered with Via (formerly Special Transit) to provide group outings to shopping destinations such as Wal-Mart, Walgreens, Target, as well as non-emergency medical and therapy appointments in Longmont.

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 requesting a waiver of the requirement to have no more than 60% of the units set for households with incomes at 40% AMI or less without project based subsidy.
While we completely understand the intent of the restriction, we have examined the need in the market and evaluated the sources of funds available at this time and decided that units at 30 and 40% AMI is what LHDC needs to develop at Spring Creek. We have looked at cash flow for 30 years and sized the debt to keep it above 1.15 DSC until year 27. The availability of cash flow during the first 20 years will enable the property to pay off the deferred developer fee as well as create a debt service reserve. The short term availability of the CDBG DR funds acts as an upfront subsidy for the project, reducing the debt to just 12.5% of the total development cost enabling LHDC to serve these extremely low income seniors. This is a once in a great while opportunity to develop units that serve extremely low income seniors without the need for project based subsidy especially now that the HUD 202 program for seniors has been defunded.

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

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

The market study mentions two items. One is the lack of walkability which is addressed above in the site section. The other is the issue of not having patios/balconies and washer dryers. LHDC owns four senior properties in Longmont and knows their market extremely well. Balconies while good for marketing add to the cost and maintenance of the building. Spring Creek has multiple public outdoor spaces with grills that will lead to greater interaction among the residents and will encourage community. The washer dryer issue is the same, while we understand its part of a common marketing package for affordable housing currently, LHDC strongly believes it is not necessary and it adds to the upfront and operating cost of the property long term.

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

N/A

7. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):
LHDC and Workshop 8 met with the Prairie Village HOA board in May as soon as we had something to show them on the project. Twelve members of the HOA board and neighbors were in attendance and were generally pleased with what they saw and understood that there was going to be a multifamily building on the site. They supported the three story height of the building when offered 2, 3 and 4 story options. They knew of the Lodge and Hearthstone and liked what they had seen there. Their comments influenced the building location on the site and the choice of parcel. They would like to see the 2nd parcel developed soon to coincide with the build out of the single family builder DR Horton. A more formal public hearing will be held in August as a requirement of the city planning approval but we do not expect any issues from the neighbors.

The local support from the City of Longmont could not be stronger. As with all the projects that LHA/LHDC takes on, the City of Longmont is a staunch supporter. The City recognizes the need for affordable units and views LHDC as their partner in creating those units. The city has ranked Spring Creek Apartments as the number one priority for CDBG DR funds because this is the project they most want to see move forward as it will directly help reduce the shortage of affordable units.

The city is also giving the project a $143,000 predevelopment grant to defray some of the costs of getting the project going. These early funds are critical dollars that are hard to find elsewhere and document the City’s commitment to seeing this development become a reality. For all affordable housing projects, the City of Longmont reduces development fees depending on the level of affordability. For Spring Creek with its deep affordability we will get the maximum allowed a 50% reduction which provides a significant savings to the development of over $270,000. Additionally, the city provides expedited plan review for affordable housing developments. And finally, the donation of the land was all to do with the city’s inclusionary zoning policy which made the donation happen.

Attached: Boulder County CDBG DR Collaborative letter
1. Request Statement:

Brothers Redevelopment, Inc. (BRI), as Applicant and Sponsor/Managing Member, requests a reservation of $511,611 in Low Income Housing Tax Credit (LIHTC) which will be exchanged for cash equity in the 30-unit, combination acquisition/rehabilitation and new construction senior affordable rental housing property known as Victor F. Smith Senior Housing (VFSSH). The property is located within the city limits of Erie, Weld County, CO and has been owned by the Erie Housing Authority and the Town of Erie, CO since 1992. In 2013, at the request of the Town of Erie, BRI assumed operation of VFSSH using Pillar Property Services (Pillar) as the Property Manager. Since March 2013, BRI has expended approximately $80,000 in predevelopment costs, including typical report and architecture costs, in anticipation of acquiring the existing property from the Town and applying for LIHTC. Solvera Advisors is under contract to BRI as Development Consultant at VFSSH.

2. Project Summary

a. Ownership Structure: VFSSH has been owned by the Erie Housing Authority and the Town of Erie, CO since 1992. The existing 12 units of senior affordable rental housing were constructed in 2001. Upon approval of a LIHTC reservation, BRI will form a single-asset entity specifically structured to own VFSSH. BRI will be the Managing Member. No investor has been chosen at this time.

Formed in 1971, BRI is a Colorado non-profit organization whose mission is to provide safe, affordable, accessible housing and housing services for Colorado’s low-income, elderly and disabled residents. BRI provides comprehensive homeownership and affordable rental housing services. In 2013, BRI helped 2,876 individuals and families gain and maintain homeownership longer, safer and with more comfort and dignity. Currently, BRI owns and operates 12 affordable rental multifamily properties, totaling 578 units. Six properties (404 units) are available to Senior residents and qualified Disabled persons. Six properties (174 units) are available to Seniors and Families. All properties are federally-subsidized, many of which have Project-Based Section 8 Rental Assistance contracts supporting the residents. All BRI properties are managed by Pillar.
b. **Location:** VFSSH is located at 800 High St., Erie, Weld County, CO.

c. **Land:** VFSSH is controlled through an Option Agreement dated February 25, 2014 between BRI and the Erie Housing Authority, as owner of the existing 12-units of affordable senior rental housing, and the Town of Erie, as owner of all the land associated with the development. Total land acquired is approximately 5.5 acres. This application is comprised of the eastern portion of the land containing approximately 3.2 acres. The remaining 2.3 acres will be held by BRI for future development.

The following is a list of nearby services, stores, etc.:

<table>
<thead>
<tr>
<th>Facility</th>
<th>Mileage</th>
<th>Facility</th>
<th>Mileage</th>
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<tr>
<td>Full Hospital</td>
<td>5.5</td>
<td>Emergency Health Care</td>
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<td>Grocery Store</td>
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<td>Parks</td>
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<td>Library</td>
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<td>Churches (all within)</td>
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</tbody>
</table>

d. **Site Plan:** See attached exhibits. The total site is irregularly shaped and contains approximately 5.5 acres. The existing 12-units are located on approximately 1.3 acres at the south end of the property. The ‘to-be’ constructed 18-units are located on approximately 1.9 acres at the northeast side of the property. The site is surrounded primarily by vacant land (east and north), single-family residential (south) and a church being constructed to the west. It is anticipated the church will be completed in late 2014 or early 2015. All utilities are extended to the site including Xcel Energy for natural gas and electric service, and Town of Erie water and sewer. The entire site is zoned MR (Medium Density Residential) for as many 48 multifamily units. The portion attributable to the application will have 30-units total, and is compliant with the zoning. The remaining 2.3 acres will be held by BRI for future development. As planned, Town of Erie parking requirements will be met. This location is not part of a Home Owners Association (HOA) or other covenant control entity.

The site is bordered by a natural gas wellhead and an Xcel electric substation to the north. These facilities have been in existence for numerous years, and have not created any issues for the neighborhood. The Market Study calls out that the natural gas well may be a negative influence on leasing and marketability of VFSSH. Over the term
that BRI has been operating the property, no previous or current resident has ever complained about the facilities, and no prospective resident has declined to live at the property due to the proximity of these facilities. BRI does not consider the presence of these facilities a deterrent to property success.

e. Construction Type: VFSSH will consist of the existing two 6-unit buildings and four newly constructed buildings, one each of 3-units, 4-units, 5-units and 6-units. New construction will be wood frame over a post-tension concrete slab foundation. The buildings will have asphalt shingled roofs and HardieBoard siding. Windows will be vinyl, dual pane, Low-E, energy efficient with vertical blinds. Floor coverings will include laminate flooring in the kitchen and bathroom areas, and carpet in the living and bedroom areas. All units will feature wood cabinets, laminate countertops, low flow plumbing fixtures and Energy-Star rated appliances including a frost free refrigerator, electric range and self-cleaning oven, dishwasher, disposal, and in-unit, full size washers and dryers. The HVAC system will be individual gas forced air heating with individual unit air conditioning condensers. Each unit will have its own gas-fired hot water heater. Construction will include completion of all interior roads, parking, water detention requirements, and exterior common area amenities.

Rehabilitation of the existing units will follow the recommendations of the Condition Needs Assessment completed February 4, 2014. Pursuant to that report, BRI will conduct a scope of work of approximately $272,000, or $22,666 per unit. This figure represents an increase from Round One application due to updated pricing by the General Contractor. Work will include, but may not be limited to, roof replacement and exterior painting on the buildings, exterior door and storm door replacement. All units will receive replacement of all carpeting and vinyl flooring, all appliances with E-Star rated refrigerator, range/oven, range hood, dishwasher and disposal units. All units will also receive new furnaces, gas hot water heaters, air conditioning condensers, and bathroom fans. Improvements will also include new kitchen cabinets, shower and tub enclosures, sinks in both bathroom and kitchen, complete interior repainting and new window treatments. Remaining items for replacement will be covered by the CNA Replacement Plan and funded through initial sizing of the Replacement Reserve and annual deposits therein, as further discussed later in this narrative.

f. Environmental Efficiencies: The new construction buildings will be designed to be energy efficient and comply with the Green Communities program. The buildings will be physically situated and architecturally detailed to take advantage of passive heating and cooling opportunities. The buildings enclosures will be energy efficient with Energy Star
windows and doors, R-30 insulation in the attic, R-20 insulation in the walls, and R-14 insulation at the foundation. Energy Star appliances will include in-unit clothes washers and dryers, refrigerators, dishwashers, bath fans and air conditioning units. Heating and cooling equipment will be sized according to best practices and balanced for optimal operation in units of this type and size. All lighting and light fixtures will be Energy Star. To encourage residents to conserve energy, gas and electric utilities will be individually metered for each unit. Finally, BRI and VFSSH will go through a planning/Green charette.

Rehabilitation, by definition, is ‘moderate’ due to not opening the building envelope. However, all replacements will be E-Star rated and will use environmentally friendly materials.

g. Building(s):

(1) **Number:** Four new buildings will be constructed. One building each comprised of 3 units, 4 units, 5 units and 6 units respectively. The two existing buildings contain 6 units each. All units are one-bedroom, one bathroom.

(2) **Parking:** Existing parking totals 16 off-street spaces including 2 handicap accessible spaces. The new construction will include 28 off-street spaces and 9 on-street spaces for a total of 37 new parking spaces. In the aggregate, VFSSH will contain a total of 53 parking spaces which meets Town of Erie parking requirements. Please see Page 17, Paragraph ‘e’ for further information.

(3) **Unit Type and Mix:** VFSSH will contain a total of 30 one-bedroom, one bathroom units, 12 existing and 18 new construction. VFSSH will have a minimum of one fully accessible ADA unit.

(4) **AMI Mix:** The current affordability requirements for the existing 12 units at VFSSH are composed of 1 unit at 30% Area Median Income (AMI); 1 unit at 35% AMI; 1 unit at 45% AMI; 8 units at 50% AMI and 1 unit at 60% AMI. These affordability requirements will be carried forward in this LIHTC application in accordance with existing CDOH and AHP funding requirements. The 18 new units will all be restricted at 60% AMI. Additionally, 9 new units will be supported by Project-Based Section 8 Vouchers to be provided by Greeley/Weld Housing Authority. Typically, persons qualifying under the Section 8 voucher
program earn at or below 30% AMI. Therefore, VFSSH will have 10 units, or 33% of the total units, serving persons at 30% AMI.

(5) Amenities: VFSSH will provide a very competitive amenity package:

Unit Amenities include front porch and back patio for each unit, 9’ ceilings, central air conditioning, ample overall closet space, window coverings/blinds, E-Star refrigerator, dishwasher, stove/oven, disposal, in-unit washer and dryer, and bath fan. Units will also include a ceiling fan in the living/dining area and skylight. Each unit will also have a ‘pull cord’ security system. New construction units will have walk-in closets in the bedrooms, and closets at both the front and back doors.

Project Amenities, which will be available to all 30 units, includes outdoor areas, such as, a large pergola, BBQ area, seating areas, walking paths, and community gardens. The property will be served by a part-time on-site manager and maintenance staff.

(6) Services, if applicable: VFSSH will participate in all Town of Erie Community Senior programs including the ‘Transportation’ program with service such as the ‘Jump Along Arapahoe’ and the VIA Mobility Services. Further, Erie is in the RTD District, and has access to all RTD programs. Details of these programs are located in the Town of Erie Summer 2014 Program Guide submitted with the LIHTC application or on the Town of Erie website.

The Town of Erie through the Parks and Recreation Department conducts several programs focused at Seniors. These programs include, but are not limited to, the Active Adults Program, Weekly Lunch Program including Meals-On-Wheels, After Lunch Entertainment calendar, Day-Trips and Special Events calendar, various classes focusing on healthy living, etc. Most of these programs are available through the Town of Erie’s Community Center, which is located within 1.25 miles of VFSSH. Details of these programs are located in the Town of Erie Summer 2014 Program Guide submitted with the LIHTC application or on the Town of Erie website. BRI and Pillar Properties are currently assisting residents in coordinating access to these services through the Town of Erie Active Adults Coordinator.

(7) Financing Structure including all Federal, State, Local support: VFSSH will be financed by a commercial bank construction and permanent loan, LIHTC equity,
CDOH CDBG – Disaster Recovery (DR) funds, assumption of existing CDOH funding and AHP funding requirements, a reasonably sized deferred developer fee loan and owner equity.

3. Guiding Principles

a. To support rental housing projects serving the lowest income tenants for the longest period of time: BRI, as Sponsor/Applicant, commits to maintain 100% of the units at 60% AMI or less, including 9 units whose residents are supported by Project-Based Section 8 Vouchers and 1 unit each committed to 30% and 35% AMI residents.

b. To provide for distribution of housing credits across the state: The population of Erie, CO in 2012 was less than 20,000. It is located in the southwest corner of Weld County, and this municipality has never received an LIHTC allocation.

c. To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and non-profit: BRI is a Colorado non-profit organization formed in 1971. Although BRI currently owns 12 affordable multifamily rental properties, VFSSH will be BRI’s first LIHTC property.

d. To distribute housing credits to assist a diversity of populations in need of affordable housing, including homeless persons, persons in need of supportive housing, senior citizens and families: VFSSH will be the first LIHTC property in Erie, CO and will continue a 15+ year plan by the Town of Erie to meet the needs of its senior population. Further, through the association with Greeley/Weld Housing Authority, VFSSH will provide much needed affordable rental housing to seniors from many parts of Weld County, including those seniors who may have been displaced by the 2013 floods.

e. To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those at risk of converting to market rate housing: VFSSH will provide much needed new construction of 18 units as well as rehabilitation to 12 existing units that, in many respects, have several components that have reached the end of their useful life.

f. To reserve credits for as many rental housing projects as possible while considering the Priorities and Criteria for Approval in the following sections: See details listed below.
g. To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period: VFSSH utilizes 9% LIHTC, including the CHFA Discretionary Boost, as the project’s primary financial resource. However, the overall amount of 9% LIHTC and the percentage of Discretionary Boost have been lowered since the Round One Application. Currently, the total amount of annual LIHTC being requested is $511,611 compared to $519,561, and the percentage Discretionary Boost being requested is 27.32% versus 29.38%. The initial pricing of the LIHTC equity remains the same at $0.90 per LIHTC. This figure meets CHFA minimum standards. Debt financing for VFSSH is a combination construction loan converting to a permanent loan from a commercial bank. The loan is sized at a maximum level that balances the percentage of 30% AMI units (30%+ of total units including Project-Based Section Eight Vouchers) and the attendant low revenue stream from all units due to the lower Weld County income levels with the estimated higher operating costs ($4,137 PUPA before Replacement Reserves) than is typically seen in senior only properties. This higher PUPA level is due to the smaller size of VFSSH. The resultant loan sizing creates a permanent loan financial coverage factor necessary for prudent operation over the fifteen year Compliance Period. Further, with the doubling of the CDOH funds due to Disaster Recovery designation for VFSSH, coupled with a deferred developer fee that can be repaid with the first 10 years of the pro forma and owner equity, VFSSH is maximizing the available resources in order to minimize the utilization of the 9% LIHTC.

4. Housing Priority

a. Projects in counties impacted by natural disasters: Although the Town of Erie was not directly affected as deeply as many other localities in Boulder, Larimer or Weld County, VFSSH, through the Greeley/Weld Housing Authority, will be identified as a viable replacement housing option for seniors in Weld County displaced by the 2013 floods. Review of the Colorado Partial Action Plan for Disaster Recovery identifies significant flood impact on Low to Moderate Income senior households in Weld County. Specifically, approximately 867 senior (65+) households were damaged in Weld County. And approximately 37% of those households are income qualified to utilize VFSSH housing. While these potential renters are not specifically identified in the VFSSH Market Study calculations, approval of the VFSSH LIHTC application will allow it to be one of the first ‘replacement’ housing opportunities for Very Low and Low Income senior renters affected by the Weld County floods. Further, CDOH has identified VFSSH as an eligible Disaster Recovery ‘replacement’ housing project, and has indicated it
would favorably accept a CDBG – DR application in the amount of $600,000 or $20,000 per unit, if VFSSH is awarded a 9% LIHTC Reservation by CHFA.

5. Criteria for Approval

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

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

(2) **AMI strata with Capture Rate increase greater than 6%**: Because VFSSH is the first LIHTC property within the Primary Market Area identified in the current Market Study, it is not possible to meet this statistical measurement.

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

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

(5) **In-migration as specified within the Market Study**: The 40% in-migration allowance is considered reasonable and attainable by the Market Study Analyst, and is within CHFA limits. Further, the experience of both BRI and Pillar in leasing the existing 12-units indicates that this value is very achievable. This in-migration figure is further supported by the information in Section 4.a above relative to ‘replacement’ housing for Flood Disaster affected senior households in Weld County.

(6) **Achievability of proposed rents within the PMA**: Based on 2014 AMI levels, VFSSH pro forma rents are 100% in all affordability categories. However, due to the decrease in 2014 income levels in Weld County, all pro forma rents are below current rents for AMI and unit types at the four comparable properties, and are significantly less than market rents.

b. Readiness to Proceed including application timeline discussion:

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

(2) **Post-LIHTC Reservation Approval Steps**: Land and existing units are controlled by BRI through the Option Agreement dated Feb. 25, 2014. Discussion with construction lenders and LIHTC investors corroborate the estimate to close both the construction loan and the LIHTC investment by April 2015. Based on this information, VFSSH should meet a Carryover target date estimated at June 2015.
(3) **Pre-Construction Steps:** Communications with the general contractors corroborates meeting a July 2015 construction start target. Because the architecture and building designs are reasonably simpler than other, multiple-story properties, complete construction drawings are targeted to be completed by May 2015. The local approval process would then have approximately 2 months for completion, a timeline that the local building department believes is achievable. The land is currently zoned for the use intended, and no changes or exceptions are presently anticipated.

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

(5) **Post-Constructions Steps:** Solvera, as Development Consultant to BRI, will be primarily responsible for monitoring construction progress, but will use a local architect to assist. Solvera will be assembling the necessary information to submit the Place-in-Service Application to CHFA by 30 days after construction completion/Certificate of Occupancy. Given the market and demand information assembled in the current Market Study, and the active ‘wait list’ managed by Greeley/Weld Housing Authority, Lease Up/Stabilization estimate of six months appears achievable. Based on discussions with all lenders, no significant or unusual Permanent Loan Closing terms or conditions are expected, thus indicating that the Permanent Loan Closing timeline should be achievable. Solvera will manage all information and documentation to assure submittal of the LIHTC Final Application by the March 2017 target.

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

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

(2) **Vacancy Rate:** Both Solvera and third-party Market Study analyses of the Vacancy Rate indicates extremely low vacancy rates, which has led to increases in rents and further stress on limited income seniors. Based on a Feb. 18, 2014 Market Study, the LIHTC Property Comparison Chart performed by The Highland Group, vacancy in comparable properties in the PMA is 0%. Based on the data
provided by BRI over the last year of operation at VFSSH, vacancy rate at the existing 12 units has been and is 0%. Overall market vacancy rate for all rental properties is less than 5%. VFSSH will add 18-units of new affordable rental housing to help address that need. Further, in conformance with CHFA Qualified Allocation Plan (QAP) standards, the VFSSH pro forma uses the standard 7% vacancy rate, a full 7 percentage points higher than current affordable senior rental property levels.

(3) Operating Expenses: Operating Expenses have been estimated at $4,137 PUPA. This amount is slightly higher than current operating expense levels and is much higher than many other senior affordable rental properties operating data. The reason for the higher estimated costs include the small overall size of the property, the larger than usual amount of ‘grounds’ requiring maintenance, and the current experience of BRI and Pillar in managing VFSSH.

(4) Debt Service Coverage Ratio (DSCR): DCR on the 15 Year Pro Forma begins at 1.32:1 ratio and is estimated to decrease over the first 15 years to a 1.23:1 ratio. This DCR level creates a reasonable cushion for operations, allows for the CHFA QAP standard repayment of any Deferred Developer Fee within the first 10 years, and supports the risk associated with the small property size, very low rents and income levels in Weld County.

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

d. Development/Management Team:

(1) General Partner/Managing Member: Formed in 1971, BRI is a Colorado non-profit organization whose mission is to provide safe, affordable, accessible housing and housing services for Colorado’s low-income, elderly and disabled residents. BRI provides comprehensive homeownership and affordable rental housing services. In 2013, BRI helped 2,876 individuals and families gain and maintain homeownership longer, safer and with more comfort and dignity. Currently, BRI owns and operates 12 affordable rental multifamily properties, totaling 578 units. Six properties (404 units) are available to Senior residents and qualified Disabled persons. Six properties (174 units) are available to Seniors and
Families. All properties are federally-subsidized, many of which have Project-Based Section 8 Rental Assistance contracts supporting the residents. Mr. Jeff Martinez took over as President of BRI approximately 18 months ago after more than 8 years as Program Manager. Mr. Martinez has significant background and experience in managing and leading non-profit organizations.

(2) Developer: Brothers Redevelopment, Inc.

(3) Contractor: Mr. David Garabed
Deneuve Construction Services
2344 Spruce Street
Boulder, CO 80302
303-444-6633

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

(5) Consultant: Mr. Bob Munroe
Solvera Affordable Housing Advisors LLC
1553 Platte St., Ste. 208
Denver, CO 80202
303-204-4662

(6) Legal Counsel: Mr. Mark Berry
1 Wren
Littleton, CO 80127
303-932-2909

(7) CPA: Mr. Michael Morrison
Novogradac & Co.
246 First Street, Second Floor
San Francisco, CA 94105
415-356-8025
(8) Architect:  Mr. Chad Holtzinger
Shop Works Architecture
2882 Wyandot St.
Denver, CO 80202
303-433-4094

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

(10) Capital Needs Preparer:  Mr. Mark Howard
4624 Raleigh St.
Denver, CO 80212
720-441-7784

(11) Cost Estimate Preparer:  Deneuve Construction Services (see above)

(12) Green Consultant:  Shop Works Architecture (see above)

e. Cost Reasonableness Analysis: Based on the construction ‘hard cost’ estimate provided by Deneuve Construction Services, said estimate reviewed and analyzed by Solvera staff, this estimate is considered reasonable, including prudent contingency allowances in this escalating construction cost environment.

Overall, VFSSH has a reasonable ‘hard’ cost per unit on the new construction compared to other projects. However, the cost per square foot is higher than typical primarily due to the small number of units and the multiple buildings required to meet Town of Erie requirements. Land price is very good and rehab of the existing 12 units, estimated at approximately $22,666 per unit, is reasonable, given the age of the buildings and CNA findings. Solvera believes these estimates, as updated since Round One 2014, are representative of current market conditions and will hold from the time of an approval of LIHTC reservation to the construction start July 2015.
f. **Proximity to existing LIHTC properties and Community Outreach Discussion:** Per the Market Study, there are four existing affordable senior rental properties in the primary market area. Overall, the Market Study indicates that VFSSH will compete very favorably with these properties in terms of amenities, AMIs served and rent levels, and that all the properties have very low vacancy levels with wait lists. As noted in the Vacancy Rate section of the Financial Feasibility Analysis, there is no vacancy in any comparable affordable senior rental property in southwest Weld County.

BRI and Solvera continue to meet with Town of Erie officials and City Council. The communications are centered on explanation of the VFSSH plans and an open dialog concerning the impact of this property and our desire to include all our neighbors in the planning and program development. BRI and Solvera continue these meetings throughout the development process.

Further, the residential neighborhood immediately adjoining the existing units has been very pleased with the property management over the last year. They believe the use of the property as an affordable senior rental location is very beneficial to the neighborhood.

g. **Site suitability and environmental issues discussion:** Pursuant to the Market Study analysis, the site is completely compatible for the intended use, including the increase in the number of units.

VFSSH has conducted a Phase I review. Based on the findings of the Phase One report, a ‘no further action’ report was issued. Copies of the Phase I are included in this application.

The site is bordered by a natural gas wellhead and an Xcel electric substation to the north. These facilities have been in existence for numerous years, and have not created any issues for the neighborhood. The Market Study calls out that the natural gas well may be a negative influence on leasing and marketability of VFSSH. Over the term that BRI has been operating the property, no previous or current resident complained about the facilities, and no prospective lessor has declined to live at the property due to the proximity of these facilities. BRI does not consider the presence of these facilities a deterrent to property success.
6. Waiver Request and Other Matters

a. CHFA Discretionary Boost:
   This application requests an approximate 27.32% CHFA Discretionary Boost based upon the following:

   (1) current rents at the 30% and 35% AMI levels do not cover estimated Operating Costs and, therefore, these units do not generate any Net Operating Income to support a permanent loan;
   (2) higher costs of development, specifically the cost associated with the number of buildings, certain materials, and the small size of the project;
   (3) the very low income and rent levels for Weld County, which saw the AMI for a family of four decrease by $3,300 per year in 2014, down from 2013.

b. Rehabilitation Overview:VFSSH will be undertaking a ‘moderate’ rehab of the existing 12 units of senior rental housing. The CNA was performed on Feb. 4, 2014 and noted the original construction of these units was completed in 2001. The rehab called for in the CNA will not ‘open’ either building envelope, which, pursuant to the Enterprise Green Communities definitions, is the most important factor between the definition of ‘moderate’ and ‘substantial’ rehab. The rehab will, however, provide for new roofing and exterior painting on both buildings. Existing storm and entry doors on each unit will be replaced. Units will receive ‘environmentally friendly’ new carpet in the bedroom and living areas, vinyl flooring in the kitchen and bathroom areas, new window treatments, and will be completely repainted. Bathrooms will receive all new E-Star rated venting fans, environmentally friendly fixtures and ADA compatible accessories. Kitchens will receive new E-Star rated appliances including refrigerators, oven/stove, dishwasher and disposal, and each unit will have a clothes washer and dryer provided. Security and safety systems will be enhanced with newer smoke detectors, pull cord systems, and overall system upgrades.

It is currently estimated that each unit will take approximately 3-4 days to complete the rehab work. BRI and Pillar will work with each resident to schedule the work. A Relocation Budget has been estimated at $24,000 or $2,000 per unit, which would cover the cost of moving and storing furniture on site, lodging, meals, and other sundries during the rehab period.

Although the rehab schedule has a significant amount of work planned, several items will not need to be replaced at this time. A current estimate for those replacements has been made on the attached Replacement Reserve schedule. An initial Replacement
Reserve deposit in the amount of $70,000 has been estimated, so that when combined with the annual Replacement Reserve deposits, all items identified for future replacement will have sufficient funds available to cover the work at the time necessary. This entire schedule is based on the information received within the CNA.

7. Strengths and Challenges

Strengths:

a. The Town of Erie specifically asked BRI to take over the existing 12-unit property, and has supported the acquisition of the property with a substantial discount of the sales price versus current outstanding indebtedness. The Town will in fact provide over $220,000 in cash for payment of the existing loan to facilitate the sale of VFSSH to BRI.

b. Since Round One 2014, CDOH has identified VFSSH as a qualified Disaster Recovery project. As such, VFSSH is eligible to apply for CDBG – DR funds in an amount of $20,000 per unit. This amount doubles the Round One application amount, going to $600,000 in funding. This designation further qualifies VFSSH for the Projects in counties impacted by natural disasters priority.

d. VFSSH, upon approval of LIHTC reservation, will apply for a maximum of 9 Project-Based Section 8 Vouchers from Greeley/Weld Housing Authority, thus making the property affordable to 10 seniors at 30% AMI or less.

e. Vacancies at other affordable properties are zero, regardless of unit type.

f. Market vacancies remain extremely low (less than 5%) and this vacancy rate has been 5% or less for over a year.

g. Market rents continue to increase, and are higher than calculated 60% AMI for Weld County by at least $100 per month.

h. Capture rates are moderate (18.4% overall), even in light of the small statistical size of the PMA. However, in-migration is a significant factor and has been directly experienced by BRI and Pillar in leasing the existing 12 units.

i. Income targeting at VFSSH is responsive to market need.

j. No other new construction LIHTC multifamily projects are planned in Erie or the PMA.

k. The one-bedroom units and the open site plan at VFSSH have been very well received by the leasing marketplace, and it serves as distinction to certain other affordable rental comparable properties.

l. The site is located within blocks of the ‘old town’ Erie including its shops, restaurants, parks, numerous churches and other amenities.
m. BRI and the Town of Erie will coordinate and utilize the Erie Community Center and the Town of Erie Active Adults Program Coordinator for use of its transportation and event services for all residents at VFSSH.

n. Overall development team has substantial experience developing LIHTC multifamily properties, and BRI has significant experience owning and operating affordable senior multifamily rental properties.

o. During Round One, questions were asked about the use of one of the residential units as a Community Room for the property. Since Round One, and pursuant to discussions with CDOH relative to Disaster Recovery funding, BRI has elected to forego the Community Room concept, and make all 30 units rental units. This decision maximizes units available to potential persons affected by the flood disaster, eliminates any questions relative to this topic, and maximizes the effect and value of the additional funding provided by CDOH, as well as emphasizing the commitment by VFSSH to support the CDOH additional funds.

**Challenges**

a. The site is bordered by a natural gas wellhead and an Xcel electric substation to the north. These facilities have been in existence for numerous years, and have not created any issues for the neighborhood. The Market Study calls out that the natural gas well may be a negative influence on leasing and marketability of VFSSH. Over the last year that BRI has been managing the property, no previous or current resident complained about the facilities, and no prospective lessor has declined to live at the property due to the proximity of these facilities. BRI does not consider the presence of these facilities a deterrent to property success.

b. The VFSSH location has a low ‘walk score’ and is dependent on auto transportation. VFSSH will participate in the Town of Erie ‘Transportation’ program including the ‘Jump Along Arapahoe’ and the VIA Mobility Services. Further, Erie is in the RTD District, and has access to all RTD programs. Both BRI and Pillar are currently utilizing the Town of Erie transportation programs and will continue to coordinate these services through the Town of Erie Active Adults Programs Coordinator on behalf of VFSSH residents. Finally, the low Walk Score is not indicative of the property leasing performance nor is it reflective of how the current residents appreciate the property and its location.

c. Market Study Analyst suggests erecting some carports to provide some weather protection for resident vehicles. BRI and Pillar are considering this option, and may include it if there are sufficient funds to cover the costs.

d. Market Study Analyst suggests outdoor activity equipment and bicycle storage in order to promote wellness. BRI and Pillar are considering these options, and may include
them if programs can be coordinated with the Town of Erie Parks and Recreation Department, and there are sufficient funds to cover the costs.

e. During Round One, questions were asked about the apparent distance for any one resident to walk from a parking space to that resident’s unit to be a potential issue for residents. VFSSH currently maintains a ‘designated parking space’ program and will continue this program for the new construction units. Calculations have been made for the longest potential distance from a designated parking space to a specific residential unit. That distance has been estimated at 100’ or less in every case. VFSSH Development Team believes this distance is acceptable, especially in light of the typical, active resident at VFSSH. Consequently, VFSSH will have designated parking spaces which will minimize the distance from any one parking space to the residential units, and will seek to reasonably accommodate all residents with this program.

f. During Round One, questions were asked about the apparent low overall potential renter figures within the Primary Market Area (PMA) as a potential issue for VFSSH, especially when compared to other more densely populated areas. As noted in the Market Study, the percentages of population served within the PMA are very much in line with acceptable standards, regardless of the total numbers to be served, which indicates that VFSSH is serving its resident population as well as possible. Through its designation as a Disaster Recovery property, VFSSH will give all residents of Weld, Boulder and Larimer Counties affected by the flood disaster a ‘preference’ for units at VFSSH, thus providing much needed affordable rental housing to those persons affected by the floods. Finally, through its substantial relationship with the Town of Erie, VFSSH will be actively engaged with Town staff, especially those persons providing program services to seniors, for the specific purpose of actively providing affordable senior rental housing to the existing Erie resident population.