

9% lihtc application narrative



Project Name: **71st and Federal Apartments**

Project Address: **7120 Grove Street, Westminster, Colorado 80030**

Project Description

The Adams County Housing Authority (ACHA) is pleased to submit a 2015 LIHTC application to CHFA for the 71st and Federal Apartments, a mixed-use development incorporating affordable housing and the “South County” ACHA office, along with non-profit office space. ACHA is partnering with Gorman & Company, Inc. as a turnkey developer to develop 70 very-low and low-income units in South Westminster. The **resulting Public-Private-Non-Profit Partnership** project has been identified as the catalyst project for the new RTD commuter FasTracks station (Westminster Station), scheduled to open in July 2016. If we are funded in this round we can place the building in service shortly after the Station opens.

Located within three blocks of Westminster Station, the site is at the northwest corner of 71st and Federal Boulevard within the South Westminster Urban Renewal District. It has been identified as a high priority area for redevelopment by the City of Westminster.



This is an affordable housing project at a new commuter rail station, in an area that has seen few LIHTC projects, has high demand, and is experiencing an escalation of market-rate development.

Project Location

7120 Grove Street is in the new 135-acre Westminster Station Area, less than 3 blocks from the Station itself which will provide nonstop rail service to Union Station in 12 minutes starting next year. It is

within two blocks of main bus lines such as routes 31/31X on Federal Blvd and route 72/72W on 72nd Ave, and less than a half mile from shopping, parks, walking paths, and social services. It is adjacent to the 40-acre Little Dry Creek Park that is under construction.

Located within Census Tract 96.06, a Qualified Census Tract, South Westminster has a mix of residential and commercial uses. It is a low-income neighborhood which suffers from blight, poverty and low-quality infrastructure. *About 43% of all of Westminster's substandard units are located in this Primary Market Area; Over 1,250 renter households are in substandard housing.* The median household earns \$46,706, well below Westminster's median household income of \$80,901¹. However, South Westminster has a stabilized tenancy, where 37% of all households are long term residents. All of this illustrates the significant need for very low- and low-income housing units.

Project Importance

The push of development northward from Denver and the promise of the Westminster Station is generating speculative market-rate development. According to Adams County Planning Developmentⁱⁱ and the City of Westminster, over 1800 market-rate rental and owner-occupied units are planned or under construction within a half-mile of the subject site. This will push out long-term, low-income households. ACHA is intent on ensuring that affordable housing remains in the area so that low-income households who have called this area "home" can remain and benefit from the new transit, parks and public infrastructure investments.

The Westminster Station Neighborhood context:

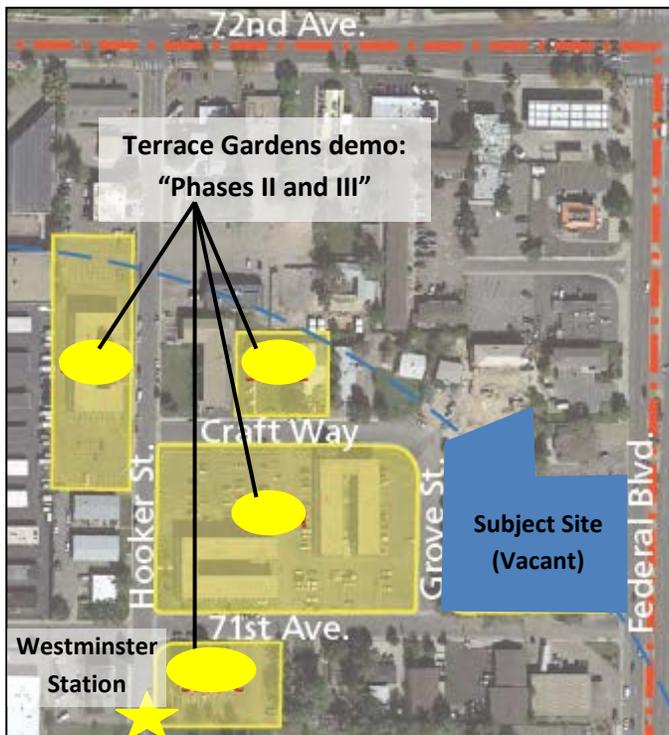
- Vast, strategic Investments are already committed to the neighborhood. These will have a tremendous impact on the subject property by improving pedestrian and bicycle linkages and overall quality of life. By the station's opening date in July 2016, the City of Westminster, Adams County, CDOT, RTD, Urban Drainage and DRCOG will have **spent nearly \$77 million on the Westminster Station** neighborhood in the form of infrastructure upgrades, environmental remediation, the new Little Dry Creek Park with its foot and bicycle trails, pedestrian bridges connecting Little Dry Creek Park and Westminster Station, and parking.
- In 2014, the subject project was designated "**the catalytic project**" by the Denver Region Sustainable Communities Initiative (SCI) for the Northwest corridor. ACHA received an SCI Planning Grant from HUD through DRCOG to pull together a plan for the development of this site, which was completed in late 2014.
- In 2015, the Federal Boulevard Corridor between 48th Avenue and 72nd Avenue was one of three Colorado recipients of a **Healthy Places Advisory grant** by the Urban Land Institute Foundation, which included funding and guidance from the Urban Land Institute.

- In 2015, the Adams County Planning Commission adopted the Federal Boulevard Framework Plan to guide planning, transportation, and economic development between 52nd and 72nd Avenues. Tri-County Health Department conducted a Health Impact Assessment to provide recommendations for better health outcomes for residents in the study area.

Successful community revitalization is the result of multi-faceted efforts, with stakeholders working in tandem to reach a tipping point to dramatically improve conditions across the board. Leveraging recent investments, South Westminster has many pieces in place. Adding this project to the above investments will yield incredible benefits for residents of the 71st and Federal Apartments.

Project History and Urgency for Funding

In anticipation of the future rail system, ACHA started acquiring land and buildings in 2008 and 2009 and has 6.5 acres around 71st and Federal Boulevard. Excited about the planned Westminster Station, ACHA started design on the first phase of development in 2008 – just as financial markets collapsed. The project



was put on hold. The primary acquisition at the time was Terrace Gardens Apartments, a functionally obsolete, rundown complex that was de-facto affordable housing. It was purchased for a short hold and future redevelopment. The 2009 economic fallout created a longer hold than planned and ACHA spent thousands upon thousands of dollars to just maintain conditions for tenants and became an unintentional land banker. Now ACHA is faced with a debt balloon payment requirement in February 2016. The two market-rate properties we have been using to collateralize the debt on the subject land are in need of disposition to fund other affordable housing initiatives at ACHA. A third debt restructuring proposition on the land has been deemed infeasible.

After 7 years the capital needs at Terrace Gardens requires demolition of existing structures and relocation of existing tenants. Given the below-market rents of Terrace and historically low vacancy rates, relocation would be very costly and disruptive for existing tenants faced with long distance relocations. Housing availability is in short supply; rents went up over 15% in the City in 2014 and continue to climb at a rapid rate. ***If this project is funded now, we preserve affordable units in advance of demolition - the alternative is to demolish Terrace Gardens before replacement units can be added and incur over \$1 million in relocation costs.***

Funding of this tax credit application is urgent and necessary in this funding round.

- Terrace Gardens, slated for redevelopment in 2008 but halted by the economic downturn, has been limping along with band aids and lipstick. Although we've invested thousands into the property, the quality of housing is below our standards and must be redeveloped as soon as possible. We prefer to mitigate displacement of the current households (whose rents are on average 47% below area market-rate rents) by relocating them directly into the subject's units. When Terrace Gardens is redeveloped, it will be seen as a loss of critical low-income housing. We are trying to get ahead of the crisis created when these units are taken off line for redevelopment.
- Relocating Terrace Gardens residents will cost over \$1million to a project that demolishes existing structures first (instead of our proposal to build new units before we demolish).
- By building the subject property now, ACHA can use the Subject's new units as the relocation destination for households living in the adjacent Terrace Gardens Apartments.
- ACHA, currently located in the Adams County Human Services Building, will have to move to 120th Avenue and Huron Street when the current building and all county services are moved. The new location will make accessibility harder for Housing Authority residents and clients. ACHA has identified the subject site as an ideal "South County" location; it is within six miles of all ACHA properties and easily accessed by bus and (soon) commuter rail.
- We have been holding on to the critical land since 2008 but are faced with a debt balloon payment requirement in February 2016 with no viable source of 'take out' funding.
- The two market-rate properties we have been using to collateralize the debt on the subject land are in need of disposition to fund other affordable housing initiatives at ACHA. We've been holding off on disposition but can no longer do so. A third debt restructuring proposition on the land has been deemed infeasible.
- If we are awarded with tax credits this round we can close on the financial partnership prior to the balloon payment due date.
- If we are funded in this round we can place the building in service shortly after Westminster Station opens.

Services

Services are necessary to support residents in the area which suffer from economic inequality:

- The median household income for the area is almost half of the level for the entire City.
- The poverty rate for the area is almost two and a half times the rate for the entire City.
- The percentage of adults 25 years and over in the area without a high school diploma is three times higher than that of the Cityⁱⁱⁱ.

To address this, the project includes the **Center for Career and Community Enrichment (3CE)**. A nonprofit community center, 3CE benefits North Metro Denver residents and businesses by providing access to jobs, housing, housing counselling, life skills, parenting classes, educational classes, GED and health services. Personalized job services include counseling, credit score review and repair, case management, resume building and job searching. Services are offered in English and Spanish through bilingual staff members. A public computer lab with high speed internet access, phone, and a fax machine supports job seekers. While 3CE is open to everyone its focus is on low-income, underserved, minority communities; 89% of 3CE-served households have annual incomes at or below \$47,000. These services will help to transform the community over time.

Population Being Served

The development will attract neighborhood residents who, in many instances, are living in substandard housing. Units will be restricted to very low- and low- income individuals and families. 63 of 70 units (90%) are restricted to households at or below 50% AMI, with the remaining 7 units at 60% AMI (although rents are set at the 50% Ami levels). Local housing complexes have long waiting lists (between 50 and 77 persons); there is high demand for affordable housing.

The number of new households that entered the County between 2010 and 2013 outpaced new housing production by a factor of 3.5. The County also experienced the largest share of the metro region's increase in suburban poverty since 2000 (an increase of more than 28,000 people).^{iv} Subsidized or deed restricted housing units in the County comprise only 6% of the total housing stock , so market pressures significantly alter the affordability of the remaining 94%,

71st & Federal Apartments will not 'over-concentrate' income restricted properties in the area.

Only one family LIHTC project has been built in the PMA since 2007.

Only one 9% LIHTC award has been made in the City of Westminster since 1987.

Only 6% of the total housing stock in Adams County is deed-restricted.

threatening to destabilize low income families. Since 2009, only 160 new units of subsidized housing have been built in Adams County, or 5% of the Metro Denver’s 7-county regional production.^v

Unit Mix and Amenities:

The one- and two- bedroom units will average 720 and 1,050 square feet respectively, with the three bedrooms averaging 1,350 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
- Balconies in half the units

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
- On site management
- Leveraging 2008 land-banked property
- Within 0.5 mile of high frequency bus route, commuter rail, supermarket, senior center, rec center, park, library.
- Access to abundant services and employment centers.
- Excellent value, location and amenities.
- Provides very low- and low-income housing AND highly demanded services in one building.

The 70 units will be provided as follows:

Unit Type	AMI %	Square Feet	# of Units	% of overall
1 Bedroom	30%	720 SF	7	10%
1 Bedroom	50%	720 SF	18	26%
2 Bedroom	30%	1,050 SF	7	10%
2 Bedroom	50%	1,050 SF	29	41%
2 Bedroom	60%	1,050 SF	4	6%
3 Bedroom	50%	1,350 SF	2	3%
3 Bedroom	60%	1,350 SF	3	4%

ACHA is providing fourteen (14) Project-Based Vouchers on the 30% AMI units with Fair Market Rents set at 100% of the FMR payment standard. A letter is attached with details on the PBV commitment.

Type of Construction

71st and Federal Apartments will be a free standing, elevator building apartment complex with a Hardi-panel exterior and brick accents, staggered setback façade, varied elevation and flat roof. It will be constructed on a site that is approximately 1.61 acres. Due to the variation in grade at the site, the building height will transition from five stories at 71st Avenue to four stories at Craft Way. Units will have private entrances located along doubled-loaded interior hallways. The residential apartments are above one to two stories of office space that create a strong architectural focal point and entrance to the Westminster Station area, as well as to add vibrancy to the project. Units will have views to the Station Area, Little Dry Creek Park and mountains. Indoor and outdoor community spaces will keep eyes on the street and offer many opportunities for social interaction.

Parking will be in two separated parking lots to take advantage of the declining grade at the site in a cost effective approach that meets the City's parking requirements. As evidenced by the zoning letter, the project must provide 123 on-site parking spaces; we are therefore providing 77 in the below grade lot and 46 spaces in the upper lot. The rent will include parking on a first-come, first-served basis. The building will have enough frontage along Federal Boulevard to serve commercial customers while the residential units will primarily front the quieter 71st and Grove Streets.

Energy Efficiency and Green Building

The building will employ Enterprise Green Communities best practice standards for 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 and exceed the ASHRAE 90.1-2009 energy standards. Plans include:

- Energy Star appliances, LED and florescent lighting, and electrical controls on lighting.
- High performance windows, increased wall and roof insulation, and shading.
- Plumbing systems with low flow fixtures.
- Smart HVAC systems to reduce energy reliance and increase tenant comfort.
- 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).
- Walkable neighborhoods (three connections will exist from the development to sidewalks in the neighborhood).
- Reduction of heat-island effect.

Type of Financing

The project will use Low Income Housing Tax Credits, HOME funding from the City, County and State, ACHA funding for the commercial space and permanent and construction debt financing. The project is helped significantly by the \$940,000 in fee reductions provided by the City of Westminster, offered to spur this catalytic project now. These waivers are leveraging the tax credits and helping to offset other permit and tap fees, which are well over \$1,000,000 for the project. We will defer 32% of developer fee on a 13-year pay back schedule to assist in funding a financing gap on the project. We have letters of interest from Boston Capital for LIHTC equity and Citibank for construction and permanent debt.

Sources and uses are as follows:

TOTAL USES:		TOTAL PERMANENT SOURCES:	
LAND	\$ 1,250,000	INVESTOR EQUITY	\$ 12,875,000
NEW CONSTRUCTION	\$ 16,980,379	FIRST MORTGAGE	\$ 4,241,000
SOFT COSTS + FINANCING	\$ 2,530,465	CITY OF WESTMINSTER HOME	\$ 400,000
DEVELOPER FEE	\$ 2,075,000	ADAMS COUNTY HOME	\$ 400,000
RESERVES	\$ 360,200	STATE OF COLORADO HOME + CHIF	\$ 1,975,000
		COMMERCIAL SOURCE (ACHA)	\$ 2,650,406
		DEFERRED DEVELOPER FEE	\$ 654,638
	\$ 23,196,044		\$ 23,196,044

There is no line item for construction loan in the Commercial Development Financing tab in the application. The Construction Loan is grouped on the Development Financing tab in cell J14.

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. 63 of 70 units (90% of total) are restricted to households at or below 50% AMI, including 14 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 use period.

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

The subject is located within Census Tract 96.06, a Qualified Census Tract. The site is located in an Urban Renewal Area that Westminster Economic Development Authority (WEDA) identified as blighted and the target for reinvestment through the South Westminster Urban Renewal Plan included as an attachment to this application.

- c. To provide for distribution of housing credits across the state.

The PMA has received only one LIHTC award since 2007, the city of Westminster has received only one 9% LIHTC award (in 2008) since the LIHTC program's inception. 71st and Federal Apartments is an opportunity to ensure long term affordable housing exists at an exceptional transit oriented development site where speculative higher-end development is beginning to occur.

- d. To provide opportunities for affordable housing within a half-mile of public transportation.

The proposed 71st and Federal Apartments is within 0.2 miles of Westminster Station commuter rail, opening in July 2016 and on main bus line routes, including the Federal Boulevard and 72nd Avenue routes.

- e. To support new construction of affordable rental housing projects.

The proposed project 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 of 50 to 77 persons, indicating pent-up demand for high quality, income-restricted units. The capture rate for the project is low at 18.6% (after completion). The capture rate for the 30% AMI units is 0.6% and the 50% AMI units at 7.1%. The capture rate for the 60% AMI units (10% of the total units in the project) is very high at 47.9%. However, the Market Study indicates that "surveyed 60% AMI units were 99% occupied with some waitlists and effective rents that are comparable to the subject's proposed rents, suggesting there is sufficient demand for all unit types proposed at the subject. The Study further indicates that the 'capture rate analysis contradicts the

performance of existing 60% AMI units in the PMA'. This description, along with the annual projected renter household increase of 552 renter households in the PMA, suggests that the subject will be able to achieve its capture rate and operate in a stabilized manner.

To further mitigate this issue beyond the apparent market demand, we have set the 60% AMI units at the 50% AMI maximums and will compete more directly with the existing 50% AMI units in the PMA, which have a capture rate of 6%. Thus, as indicated on page 4 of the market study, although income-restricted at 60% AMI, these planned units at the subject will not have a material effect on the required market share of existing 60% AMI units, but would rather add to the 50% AMI capture rate, increasing it to a total of 7.3%.

b. Readiness-to-proceed:

Adams County Housing Authority has site control on the property, having owned it since 2008. The subject site is designated by the Westminster Comprehensive Plan as Mixed-Use Center, which encourages a variety of uses including retail, office and multi-unit dwellings. As evidenced by the City's Zoning letter, the Comprehensive Plan is the overriding land use regulation tool and requires that new development, regardless of its zoning, be developed within the context of the Comprehensive Plan. The City uses the Preliminary Development Plan (PDP) and Official Development Plan (ODP) review process to ensure projects meet the standards identified in the Comprehensive Plan.

The subject has submitted plans to the City following the PDP and ODP review process and has received staff support. The site is currently zoned C-1 and PUD and will need approval by City Council to be fully entitled. *As noted in the support letters provided with this application, the project is supported by Staff, the City Manager, City Council and County Commissioners.*

Per the City's zoning letter, 123 on-site parking spaces are required, which we have included in our plans.

The development team is partnering with Shears Adkins Rockmore as Architect and Swinerton Builders as General Contractor. Schematic drawings, elevations, site plan, and floor plans were uploaded with this application. A construction cost estimate and Phase I ESA have also been completed and are included with this application.

c. Overall financial feasibility and viability:

As proposed, 71st and Federal Apartments is financially feasible if awarded the requested 9% allocation. The financial sources include substantial fee waivers from the City of Westminster,

HOME funds from the City, State and County, 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.

ACHA will be the funding source for the entire commercial space buildout expense.

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

Mixed-use developments that include community serving facility space and affordable housing are not easy deals to put together. The development project team has a depth of experience implementing complex projects in the metro area at similar sites in similarly challenged neighborhoods. We believe we are the best suited team for the project at this site.

The Adams County Housing Authority (ACHA) has a thirty-five year history of providing a wide range of affordable housing options to the residents of Adams County and will **serve as Property Manager**. ACHA has directly acquired or been part of a partnership for the acquisition of more than 20 properties totaling 2,634 units. The Housing Authority owns and solely operates 1,506 units of affordable housing and is in partnership with the private and public sectors for an additional 1,128 units. ACHA is designated by HUD as a high performing agency in the administration of more than 1,460 Housing Choice Vouchers which make market-rate units affordable to low-income households. ACHA has extensive experience with management and compliance of LIHTC properties in Adams County, including compliance for other soft funding sources.

Don May is the Executive Director of the ACHA with an annual budget of \$25 million. Don has been the Executive Director of ACHA for the past 20 years. He holds a B.S. in Business Administration and a Certificate in Nonprofit Organization Administration. Don is committed to donating his time to serve on various boards and committees that assist families in need. He sits on the Adams County Workforce Investment Board; Housing Colorado Board; is Chair of NAHRO's Legislative Network, NAHRO Board of Governors, Past President of Colorado NAHRO; Immediate past President of Mountain Plains NAHRO; and serves on various national, state and local Boards and committees.

Sarah Vogl leads the ACHA Development Team as Manager of Housing Development. Prior to ACHA she was a Housing Developer for over six years with the Colorado Coalition for the Homeless. At CCH she led the development of two new construction multifamily 9% LIHTC projects of similar scale to the subject property. She also managed rehabilitation projects that included 4% LIHTC financing, State Historic status, and those with multiple HUD financing sources. Previous to CCH, Sarah was a Housing Developer at the Aurora Housing Authority and oversaw the HUD disposition of public housing units and managed the rehab of a high-rise senior residence using 4% PAB. Sarah also worked in the Mortgage lending field as a Bilingual Senior Loan Officer.

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 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 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. She helped leverage over \$150 million in funding for six phases of development at the site. She previously was the Director of Development for the ACHA; the Executive Director of the Colorado Community Land Trust; and Senior Analyst at Paramount Financial Group. Her career has focused on synthesis of all elements of affordable housing development – from policy through financing, construction, stabilization and implementation of master plans. Kimball holds an M.S. in Urban Planning from the University of Colorado – Denver and a B.S. in Economics from the University of Kansas. She is a Certified Commercial Investment Manager (CCIM), and Board Member of the Women's Bean Project and Colorado NAHRO.

Shears Adkins Rockmore will provide Architectural services, and **Swinerton Builders** will be General Contractor. Additional information about our Development Team, including resumes, are included in this application.

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 metro Denver, construction prices have been increasing over the last three 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 project is helped significantly by the \$940,000 in fee reductions provided by the City of Westminster. These help offset other permit and tap fees, which are over \$1,000,000 for the project.

f. Proximity to existing tax credit developments:

All but one other LIHTC projects in the 71st and Federal Apartments' PMA were built prior to 2007. Comparables 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 (between 50 and 77 persons), indicating pent-up demand for quality income-restricted units like the subject.

g. Site suitability:

The site is suitable in many ways – with frontage along Federal Boulevard the site will offer excellent visibility for 3CE and ACHA office spaces on the first floor of the building as well as provide easy access to commuter rail, bus transportation, 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. 71st and Federal Apartments is located within Census Tract 96.06, 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 above average to comparable properties, with excellent visibility and access along Federal Boulevard. The location, however, also presents noise that will need to be mitigated through architectural design. As suggested, the design of the building will deliver noise mitigation with a solid building envelope including windows, structure design and unit layout. Balconies along Federal Boulevard will be avoided to ensure high noise mitigation.
- The subject's 60% AMI capture rate (7 total units) is above average at 47.9% upon completion. However, as the market study points out, the surveyed 60% AMI units in the Market Study are all at 99% occupancy, with wait lists and effective rents comparable to those proposed by the subject. This suggests that pent up demand exists in the PMA for 60% AMI units and thus, as the market study points out, contradicts the capture rate analysis. The overall capture rate of the project is 18.6% and below the 25% threshold. To further mitigate this issue beyond the apparent market demand, we have set the 60% AMI units at the 50% AMI maximums and will compete more directly with the existing 50% AMI units in the PMA, which have a capture rate of 6%. Thus, as indicated on page 4 of the market study, although income-restricted at 60% AMI, these planned units at the subject will not have a material effect on the required market share of existing 60% AMI units, but would rather add to the 50% AMI capture rate, increasing it to a total of 7.3%.
- The project and in-unit amenities at the subject are slightly inferior to comparable projects, many of which offer a swimming pool. The location, access to shopping, services and employment will help mitigate this inferiority.

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:

A Phase I ESA for the site is included with this application. No evidence of Recognized Environmental Conditions (RECs) was found on the property.

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

A critical element of this application, given the pending entitlement of the site is the tremendous local support for this project. In addition to two well received community meetings in late 2014, the project has immense support from the City of Westminster staff, the City Manager, and Adams County Commissioners. The City has been working to revitalize this neighborhood for years, and the

subject's mixed-use development will catalyze their efforts. The overall development will address community needs for both quality affordable housing and empowerment services.

Additional documentation that supports this narrative includes:

- State of Colorado financing and support letter (\$1,975,000)
- City of Westminster financing and support letter (\$400,000)
- Adams County financing and support letter (\$400,000)
- ACHA letters of commitment for Project-Based Vouchers and Financing for Commercial Space
- 3CE Support Letter
- Adams County Commissioners Support Letter
- City of Westminster Zoning Letter
- South Westminster Urban Renewal Plan
- South Westminster Neighborhood Revitalization Strategy Area Plan
- Excerpt from City of Westminster Comprehensive Plan – Focus Areas

ⁱ [www.realtor.com/local/South-Westminster Westminster CO](http://www.realtor.com/local/South-Westminster_Westminster_CO)

ⁱⁱ South Westminster Neighborhood Revitalization Strategy (NRS) Area Plan. August 14, 2013. Downloaded 4/14/15 at <http://www.ci.westminster.co.us/Portals/0/Repository/Documents/CityGovernment/Community%20Development/2013%20NRSA%20Plan.pdf>

ⁱⁱⁱ South Westminster Neighborhood Revitalization Strategy (NRS) Area Plan. August 14, 2013. Downloaded 4/14/15 at <http://www.ci.westminster.co.us/Portals/0/Repository/Documents/CityGovernment/Community%20Development/2013%20NRSA%20Plan.pdf>

^{iv} [Driving a Vibrant Economy: Housing's Role in Colorado's Economic Success](http://c.ymcdn.com/sites/www.housingcolorado.org/resource/resmgr/Advocacy/Driving_a_Vibrant_Economy.pdf) at http://c.ymcdn.com/sites/www.housingcolorado.org/resource/resmgr/Advocacy/Driving_a_Vibrant_Economy.pdf Downloaded March 24, 2015.

^v [Driving a Vibrant Economy: Housing's Role in Colorado's Economic Success](http://c.ymcdn.com/sites/www.housingcolorado.org/resource/resmgr/Advocacy/Driving_a_Vibrant_Economy.pdf) at http://c.ymcdn.com/sites/www.housingcolorado.org/resource/resmgr/Advocacy/Driving_a_Vibrant_Economy.pdf Downloaded March 24, 2015.