

# 9% lihtc application narrative



Project Name: **Aria Senior Apartments**

Project Address: **5274 Decatur Street, Denver CO 80221**

## **I. Project Characteristics:**

Aria Senior Apartments is a proposed 72-unit apartment complex located at 5274 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. First Bank will finance Aria Senior Apartments and Enterprise Community Investment, Inc. 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 applied to participate in the 2015 Permanent Supportive Housing (PHS) Pilot Program. Aria Senior Apartments has signed a Memorandum of Understanding (MOU) with the Mental Health Clinic of Denver (MHCD) to make refer formerly homeless clients and to provide case management and Supportive Services. Aria Senior has also signed a Referral Agency Agreement with the Metro Denver Homeless Initiative (MDHI). Thus, we are trying to support the Colorado PHS Pilot Program and trying 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. MHCD will provide supportive services to the 18 formerly homeless residents that will be utilizing the Housing Choice Vouchers. MHCD "has over 25 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." MHCD is one of the strongest supportive 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 52<sup>nd</sup> 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 demonstrated by the fact that the Denver Office of Economic Development awarded the Aria master planned community a \$5,000,000 dollar NSP2 TIF loan through the Denver Urban Renewal Authority 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 Chaffee 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. Phase 2 of Aria Denver, scheduled for construction in 2016, is planned to consist of the 72-unit Aria Senior Apartments and 13 for sale townhomes, 28 condominiums (modified co-housing) and 4 row homes. The Aria Senior Apartments will be designed, developed, constructed, leased and managed by an experienced team that successfully developed, leased and managed the Aria Apartments in 2013 and other previous LIHTC Projects in Denver.

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 social and 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 Gold Line 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. These savings can make the difference between 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 452 housing units, linked by pedestrian friendly streets, open spaces and approximately 30,000 square feet of neighborhood serving commercial shops and services. A non-binding letter of intent has been issued, at the retailer's request, to a national health retailer. The housing types will consist of townhomes, condominiums, co-housing, market rate and affordable apartments, as well as senior independent living rentals. The first

“pocket neighborhood” in Denver will be developed as part of this community where smaller and more affordable, ranch-style townhomes will be built around a central green space. The commercial area at the corner of Federal and 52<sup>nd</sup> is planned to include a health related retail, 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 to the Aria Senior 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 a farm stand that will sell the produce on a pay as you can basis and to provide CSI shares to low-income residents (classes in healthy, local food preparation will also be offered). The production Garden is scheduled for construction in mid-2015. 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, healthy places that use resources efficiently and creatively. Aria Senior Apartments provide low and moderate-income seniors the opportunity to live in this exciting, mixed-income health oriented new infill community.

In July of 2014, a partnership of Regis University Perry Rose, Urban Ventures and the Chaffee Park neighborhood were awarded a \$1 million grant from the Colorado Health Foundation to fund the “Cultivate Health Initiative” (CHI). This grant is designed to improve conditions in the Chaffee Park neighborhood which is currently designated a “health care and food desert” and will directly benefit Aria Senior residents. 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 and serving as a community learning laboratory for the future. CHI will develop a one acre production farm on the Aria Site to provide healthy locally grown food to neighborhood residents including Aria Senior. CHI will also include: 52<sup>nd</sup> and Federal intersection improvements, sidewalk, landscape, pedestrian lighting and way-finding signage improvements along 52<sup>nd</sup> 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 in the Aria Denver community park 100 feet from Aria Senior and adjacent to the Marycrest Assisted Living Facility. Adult Fitness equipment will also be located at Zuni Park at 52<sup>nd</sup> Avenue and Zuni. Finally, CHI will provide bicycle racks, community gardens, local fresh food cooking classes at Beach Court Elementary School. 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. LIHTC allocation approval of Aria Senior Apartments in 2015 and construction in 2016 is absolutely critical to meeting the Phase 2 schedule for generating the TIF revenues required by the Aria Denver redevelopment agreement and maintaining the momentum for the entire \$85 million Urban Renewal project. If Aria Senior Apartments are not approved in 2015 the success of the Aria Denver will be significantly set back. Because Aria Senior was not approved in 2014, TIF collections in the Urban Renewal District are a year behind. Approval of the Aria Senior Apartments will act as the catalyst for the development of Aria Denver's phase 2, just as the Aria Apartments were the catalyst for phase 1. Aria Senior will create increased private investment with additional construction and permanent jobs and long-term neighborhood revitalization. This revitalization effort will improve both physical conditions throughout the Chaffee Park/Regis Neighborhoods but will also significantly contribute to the health and well-being of residents of the community ranging from seniors to elementary school children. Recently, the Federal Corridor (from 52<sup>nd</sup> Avenue to 72<sup>nd</sup> Avenue) was selected by the Urban Land Institute as a case study for the creation of healthy urban corridors. Aria Denver is a key node in this corridor and its momentum must be maintained if the corridor is to continue to revitalize. If Aria Denver languishes, other nodes in the corridor will have more difficulty in succeeding. Thus Aria Senior should be selected above all other projects in this corridor.
2. Aria Senior Apartments has applied to participate in the 2015 Permanent Supportive Housing (PHS) Pilot Program sponsored by the Colorado Division of Housing and CHFA. Therefore, Aria Senior should be selected above other non-PHS projects. We believe, that Aria Senior is the only PHS applicant that has proposed to include the homeless in a mixed-income community (not 100% Homeless). The mixed income approach may be a critical means of helping to meet the needs of the homeless and this model deserves funding in the context of the Pilot program.
3. Aria Senior Apartment project will meet CHFA's Allocation Plan guiding principle and priority of "serving Homeless Persons as defined in Section 5.B.5." 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 that do not propose to serve the homeless. 2) Perry Rose and Aria Senior Apartments has executed a MOU with MHCD to provide supportive services to the 18

formerly homeless residents that will be utilizing the Housing Choice Vouchers. After discussion with CHFA staff regarding Aria Senior's 2014 allocation application we have strengthened Aria Senior's capacity to provide effective supportive services for the formerly homeless residents. MCHD has over 20 years of experience in case management and supportive service work providing thousands of low-income and formerly Homeless individuals with the tools, resources and hope needed to maintain independent living. MHCD is the strongest supportive services provider in Colorado; 3) Aria Senior Apartments has signed a Referral Agency Agreement with the Metro Denver Homeless Initiative (MDHI). Thus, we are trying to provide the best supportive services possible and 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; 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.

4. Aria Senior Apartments seeks to implement and is consistent with the Mayor's 2015 Denver Housing Plan. Aria Senior ranks high in meeting the housing priorities included in "Housing Denver: A five year plan – 2015-2019" and should be one of Denver's top ranked LIHTC projects. These priorities include: "Priority 4: Provide Additional Critical Needs and Homeless Housing; Priority 5: Increase Housing Diversity; and Priority 8: Encourage Sustainable Housing Development."
5. 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 and that developed the Trocadero and Cottage Hill Apartments. 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 nation's 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).
6. 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 70 senior (62+) renters annually and has no age – income-restricted units in the development pipeline other than the subject.” Because Aria Senior Apartments is an age restricted apartment community (62+), the geographic area that it will serve consists of the Primary Market Area, (PMA) the Metro-Denver Region, the State of Colorado and beyond. The market study found that 45% to 65% of the residents of senior apartments come from outside of the PMA and that low-income seniors are one of the most underserved demographic groups in Colorado today. Colorado’s senior population is projected to grow at approximately 7% per year between now and 2020 (twice the national average). In the PMA, population growth in 62+ cohort will increase by 3.7% annually. (See Market Study).

7. 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.
8. 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.

9. 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.
  
10. 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.
  
11. Proximity to Transit: Aria Senior Apartments is located within 2/3<sup>rd</sup>s of a mile of the proposed 60<sup>th</sup> and Federal, Gold Line Rail Station.
  
12. 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, (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. Catalytic Project. Aria Senior Apartments is a catalytic project and is absolutely necessary to keep the Aria Denver Urban Renewal project on schedule and to continue the redevelopment of the 17-acre Aria infill site. Without Aria Senior Apartments, the progress that has been made to revitalize the site and the whole Chaffee Park/Regis neighborhoods will be setback.
  
2. Model PHS Diversity Project. Aria Apartments is a model project for the 2015 Permanent Supportive Housing (PHS) Pilot Program. By giving 18 formerly homeless seniors the opportunity to live in a mixed-income community, Aria Senior will allow the PHS Pilot to

evaluate the strengths and weaknesses of including formerly homeless seniors in a mixed-income community. Case studies have found that formerly homeless tenants benefit from living in diverse settings with general population tenants who serve as role models for independent behavior. Service providers explain further, saying that buildings reserved solely for special needs tenants often may have an institutional air that complicates recovery by making a statement that the residents are set apart and different from “normal people” (<http://www.bridgehousing.com/PDFs/Is-Mixed-Pop.pdf>). Aria Senior Apartments will provide a wonderful place for 74 seniors to live, play and recover. For some of these seniors, Aria Senior will provide the first opportunity in their lives to live in a decent, safe and healthy home in a mixed-income community.

3. Creates Escrow to fund long-term enhanced Supportive Services. Aria Senior Apartments has proposed to utilize additional development fee (above the standard 12%) to fund an escrow for long-term supportive services and a full-time on site case management liaison. One of the weaknesses of our 2014 LIHTC allocation application, that was pointed out by CHFA Staff, was the question of whether we would be able to provide sufficient supportive services and case management to adequately assist the 18 formerly homeless seniors. We have attempted to address this issue by participating in the PHS 2014-2015 Pathways Toolkit Workshops, executing a MOU with MHCD to provide case management and supportive services (most of which will be paid for through Medicaid), and budgeting a full-time case management liaison that will be funded from an escrow created with additional development fee. Case studies indicate that on-site case management is preferable because tenants come to trust the Case manager they see routinely and because the accessibility of on-site Managers make it more likely that tenants will use their services (<http://www.bridgehousing.com/PDFs/Is-Mixed-Pop.pdf>). The request for developer fee funding of these additional supportive services conforms to the provision of the 2015 QAP which provides: “An increase of the percent allowed, up to 5 percent, may be requested for homeless projects that are serving tenants at or below 30 percent AMI. The increase in equity provided by the additional annual credit must be committed to provide supportive services or a rental subsidy for such tenants. Evidence of the commitment must be provided with the application and such commitments will be reflected in the LURA. A minimum of 15 percent of the total units in the project must be at or below 30 percent AMI. For those projects subject to the HUD subsidy layering review, this change is subject to approval by HUD.”
4. Green Sustainable Model Low-Income Apartment Building. Aria Senior Apartments will serve as a model in the affordable housing industry for green building, renewal energy and LEED Certification. All LIHTC affordable housing projects are required by their lenders to carry a contingency in the construction budget. If Aria Senior Apartments is built on time and on-budget it will use the contingency to fund a solar array and to pay the final costs for LEED Certification. When other LIHTC projects have left over contingency, they often use the contingency to purchase additional amenities or to pay down the permanent loan. Aria Senior Apartments will demonstrate that enhancing environmentally responsible improvements is one of the best uses of left over contingency.
5. 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 61.8 dwelling units per acre.

6. 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.
7. 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.
8. 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, and low-income Aria Senior and Chaffee Park residents, who will benefit from CSA food shares and the "pay only as much as you can afford" neighborhood food stand.
9. 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).
10. 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.

| Weaknesses:

1. Funding Gap: With the increased costs of wood-frame construction and a location in a transitional neighborhood with a recovering neighborhood economy, the project will require a relatively significant amount of soft funds and secondary financing.
2. Capture Rate: The Capture rate for the project is 35.4%, a moderate increase from the existing rate of 26.4%. As the Market Study finds: "The subject's required capture rate is above the 25% threshold, but attainable". The list of specific reasons that the capture rate is attainable are given on Page 4 of the Market Study which 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."

3. 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 the possibility of neighborhood serving retail in future phases. Currently, at the request of a national health retailer, the developer has issued a Letter of Intent to lease or purchase property for an 18,000 sq. ft. store. The retailer has made 2 trips to Denver to prioritize sites and Aria is a finalist to be reviewed in an upcoming site selection trip in May. 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 52<sup>nd</sup> 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 52<sup>nd</sup> and Decatur, the Eastern entrance to the project.
4. 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. Consequently, in the past these neighborhoods have been largely ignored by the public funding programs. Chaffee Park has a Registered Neighborhood Organization (RNO) that is currently becoming more active. 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.
5. 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.

#### **IV. Construction Type:**

The Aria Senior Apartments consist of a wood framed, L-shaped 4 story building with one central 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 and case manager offices, mailroom, common accessible bathrooms, library, business center, exercise room, a multi-purpose community room (aerobics/yoga, communal kitchen/event space), and 15 units with patios 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 consist of 593 square feet. The one-bedroom units average 691 sf and the two-bedroom units average 932 sf. All units will have patios or balconies that average 60 square feet and the building's overall average unit size is 738 sf. (Please see site and unit plans included with application).

The Aria Senior Apartment lot is approximately 1.165 acres in size (50,737 square feet) making the density 61.8 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.

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 a post-tension concrete 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 hydronic fan coil units and condensing A/C system (temperature control for 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 received LEED Platinum designation.

## **V. Population Served:**

The population served will be low and very low-income seniors, age 62 and older. 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 sixty percent of the units are restricted to families earning 50% of AMI or less. The income mix is: twenty five percent of unit's at 30% AMI (18 Units) which will receive DHA project based vouchers, thirty six percent of units at 50% AMI (26 Units), thirty eight percent of units at 60% AMI (27 Units), and one manager's unit. 25% of the units will be set-aside as units serving formerly Homeless Seniors (18 Units). This will create an opportunity for senior renters

from various income levels to live in a new master planned infill neighborhood where the majority of Aria Denver residents will be market rate homeowners, thus creating a well-balanced mixed-income community.

**VI. Bedroom Mix**

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

| Number of Units | Unit Type                  | Maximum Household Income<br>% of AMI | Monthly Rental or FMR for 30% AMI | HUD Utility Allowance | Max. Adj. Rent |
|-----------------|----------------------------|--------------------------------------|-----------------------------------|-----------------------|----------------|
| 1               | Studio                     | 30% w/voucher                        | \$ 687                            | \$ 96                 | \$ 591         |
| 12              | One Bedroom                | 30% w/voucher                        | \$ 848                            | \$ 115                | \$ 733         |
| 5               | Two Bedrooms               | 30% w/voucher                        | \$ 1,098                          | \$ 144                | \$ 954         |
| 20              | One Bedroom                | 50%                                  | \$ 748                            | \$ 115                | \$ 633         |
| 6               | Two Bedrooms               | 50%                                  | \$ 899                            | \$ 144                | \$755          |
| 20              | One Bedroom                | 60%                                  | \$ 898                            | \$ 115                | \$ 783         |
| 7               | Two Bedrooms               | 60%                                  | \$1078                            | \$144                 | \$934          |
| 1               | Two Bedroom Manager's unit |                                      |                                   |                       |                |
| 72              |                            |                                      |                                   |                       |                |

**VII. Location**

The Aria Senior Apartments (“Project”) is a proposed 72-unit residential rental project to be constructed on the former Marycrest Convent Campus on the north side of 52<sup>nd</sup> Avenue, between Decatur and Clay Streets in Denver, Colorado. Aria Senior Apartments are part of the second phase of the overall redevelopment of the Marycrest site into the new Aria Denver mixed-income mixed-use urban renewal project. Aria Denver is located on a 17-acre infill site. The place making design and diversity of the Aria neighborhood reflects the heritage of the site and the Sisters commitment to social and environmental stewardship and community building. In this tradition, Aria Denver focuses on opportunities for affordable and market rate housing and a healthy, active style of living.

Aria Denver is also distinguished by its diversity of housing types. At full build out the neighborhood will consist of approximately 452 housing units, linked by pedestrian friendly streets, open spaces and 30,000 square feet of neighborhood serving commercial shops and services. The housing types will consist of townhomes, condominiums, co-housing, market rate and affordable apartments, as well as senior independent living rentals. The first “pocket neighborhood” in Denver will be developed as part of this community where smaller and more affordable, ranch-style townhomes will be built around a central green space. The commercial area at the corner of Federal and 52<sup>nd</sup> is planned to include health and wellness uses (LOI has been submitted to national health retailer), and perhaps a small fresh food store, a coffee shop, a green dry cleaner and neighborhood restaurants.

The location of the LIHTC apartments is in the northeast corner of the overall Aria Denver 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 8 of the Supporting Documents. The major streets surrounding the site are Federal Boulevard (HWY 287) and 52<sup>nd</sup> 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 38<sup>th</sup> and Tennyson Art District and the Main Street shops on West 32<sup>nd</sup> Avenue. RTD’s bus stop on Federal is 0.19 miles from the property and provides high frequency bus service on Federal Boulevard every 15 minutes on-peak time that connects into the greater Denver Area. In the future, the Federal Station on the Gold Line will be 8 blocks north from the site at 60<sup>th</sup> & 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 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 and supportive services. CHI received a \$1mm Colorado Health Foundation Grant to support its pedestrian access and locally grown food initiatives and to formalize partnerships between Regis and the many non-profit neighborhood institutions involved. As part of CHI a designated biking and walking loop that will connect Zuni Park, Beach Court Elementary, Regis University, and Aria Denver with appropriately placed signage that will allow residents to monitor their walking and biking distances. ADA-compliant, Adult fitness zones will also be constructed in the Aria Denver community park (less than 100 yards from the proposed Aria Senior Apartments) and in Zuni Park to further encourage active healthy lifestyles. Regis University has recently hired a full-time "Healthy Living Coordinator" that will connect and/or lead residents to volunteer and recreational activities (Please see Regis University In-Kind Supportive Services letter and correlating Denver Tribune article included with application). Other activities of the funded CHI grant that will empower and enhance the lives of Aria Senior residents include: a one-acre production garden operated by a non-profit selling produce at an onsite "pay-what-you-can farm stand" and providing CSI Food Shares to low-income Aria Senior Apartment residents; the establishment of the Center for Urban Agriculture and Nutrition at Regis University where faculty and students will empower the Aria Senior community by working with residents to design, build/plant, and maintain/harvest permaculture pocket gardens installed at Aria; and the Regis Neighborhood Health Clinic that will provide medically-underserved residents access to preventative and personalized health care from Regis faculty and students comprising of nurse practitioners, physical therapists, pharmacists, and behavioral health specialists. The production Garden is scheduled for construction in July of 2015. Therefore, fresh locally grown produce will be available to Aria Senior Apartment residents as soon as the apartments open. 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. These features will allow Aria Senior Apartments 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. These savings can make a significant life changing difference by providing a senior with enough disposable income so they do not have to make the choice between paying rent, paying for utilities, buying groceries or purchasing needed medication.

### **VIII. Amenities:**

The Aria Senior Apartment unit amenities will include the following:

- 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 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> 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 (ADA-compliant);
- Central Location: 10 minutes from downtown, 2 minutes to I-70, 2/3rds of a mile to proposed Gold line Transit station on 60<sup>th</sup> and Federal, across the street from Regis University;
- Services of the Cultivate Health Initiative.

## **IX. Services**

Aria Senior Apartments has designated 25% of the project's total units for formerly homeless seniors (62 year and older) and is a participating project in the 2015 Permanent Supportive Housing (PSH) Pilot Program. As part of this Program, Perry Rose and Rose Companies Management staff participated in the 2014-2015 Pathways Toolkit Workshops to build capacity to create and manage an effective PSH project for the Denver Metro region. Aria Senior Apartments is a unique PSH Pilot Project because it takes a mixed-income approach to integrate very-low income (homeless seniors) with moderate-income senior

residents into the larger intergenerational, mixed-income demographic make-up of the Aria Denver community. The project has received a local commitment from the Denver Housing Authority to provide 18 project based vouchers contingent upon a 2015 LIHTC award. Perry Rose/Rose Companies Management has executed a Memorandum of Understanding (MOU) with the Mental Health Center of Denver to be the primary supportive service provider (case management, group therapy, and additional supportive services) and referral agent for the 18 formally homeless seniors in the project (please see the attached MHCD MOU in application for more detailed list of services). The Case Manager will individually meet with or transport these residents to additional supportive services at least two days a week (please see the Plan & Budget as part of the MHCD MOU expected Costs and Sources in the application). The Supportive Service Plan & Budget for Aria Senior Apartments was prepared in accordance with the State's 2015 PSH Pilot Program forms and direction. In addition to the Pathways Toolkit Workshops, Perry Rose worked with DOLA's Homeless Programs Manager and MHCD to develop this Plan and Budget (including formalizing partnerships with appropriate supportive service providers) to support this specific population.

The Metro Denver Homeless Initiative (MDHI) has also committed to be a referral agent for these units. MDHI will refer transitionally homeless seniors in the Metro area most in need of permanent supportive housing as part of their Coordinated Assessment and Housing Placement (CAHP) system (please see attached Commitment Letter from MDHI). Perry Rose/Rose Companies Management will also hire and commit a part-time Resident Services Coordinator to be responsible for ensuring Aria Senior residents adjust comfortably into their independent living environment and effectively integrate into the Aria Senior Apartments and overall Aria Denver community. The Resident Service Coordinator will be the liaison between these residents, Case Manager, and Property Management/Ownership: facilitating effective communication, preventing/resolving tenant issues, and linking residents to additional in-kind services (see the attached RCM Commitment Letter and MHCD MOU for more details of their expected role and responsibilities).

Mi Casa has committed in-kind services for interested Aria Senior residents that include financial literacy training, legal counseling, as well as employment/economic development training (see attached complete list of in-kind services from Mi Casa). The Case Manager will arrange travel accommodations (if needed) for the participating residents to attend training sessions and programs not held on site. Rose Companies Management will provide the tenant counseling to all of the residents at The Aria Senior Apartments regarding lease education and building policies. Management will thoroughly go over these documents with each resident prior to move in. Management and the Resident Service Coordinator will provide tenant orientation that will include explaining/demonstrating unit features and appliances, green/energy efficiency and recycling training, common amenities, and building/community programs and events available to all residents.

In addition to the in-kind services committed through the Cultivate Health Initiative (described earlier) Regis University's College for Health Professions (Division of Counseling and Family Therapy) will support the formerly homeless Aria Senior residents who are in need of additional counseling and therapy as referred by the Case Manager. (Please see Regis Letters, MOU, and correlating Denver Tribune article included with application) Certified Faculty and students in the highly-accredited Masters Programs of Art's in Counseling, Addictions Counseling, and Marriage & Family Therapy (among others) will be available and are eager to provide in-kind behavioral health services to these Aria Senior residents. Regis has partnered in a similar manner with the Center for Career & Family Enrichment a few miles north on Federal and plan to refine that model specific to the needs of the future Aria Senior population. As the largest private academic institution in the State, Regis also commits to investigating opportunities to expand/deploy effective health-related services to the specific needs of the Aria senior community.

## **X. Energy Efficiencies and Green Features**

Aria Senior will use various energy efficient strategies throughout construction and operations of the senior building. Examples of these methods are: 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. The roofing is highly reflective energy star compliant membrane material and the structure will be designed to incorporate a 65kW solar photovoltaic system. The Aria Senior Apartments are being designed to exceed Enterprise Green Community Standards with unit features including the 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, as well as high efficiency HVAC systems in each of the units. The intent of the developer is to design Aria Senior Apartments with the same high standards of sustainability as the recently completed Aria Apartments that achieved LEED Platinum certification from the US Green Building Council and was awarded the 2014 Mayor's Design Award for Sustainability. Just recently, Aria Apartments was also awarded the ULI Impact Award for Infill.

The 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). The site will contain many Green features. The landscaping at Aria is designed to consist of native and drought tolerant plants. Furthermore on-site open space will be utilized to enhance storm water quality as well as opportunities for community gardens and production farming. Other Green site amenities that will be developed are the opportunities for car and bike sharing, the creation of pedestrian and bike friendly private streets and a network of paths for connectivity to promote healthy active living. As previously mentioned, the Cultivate Health Initiative, to be completed in 2016, including adult fitness zones and community permaculture pocket gardens installed in open spaces throughout the Aria Denver development.

## 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

#### **Construction Financing**

| Sources                                   |   | Amount              |                            |
|---|---|---------------------|----------------------------|
| First Bank Construction Loan              | P | \$ 5,696,841        | Hard and Soft Costs        |
| DOLA State HOME (or other) Loan           | P | \$ 495,000          | Acquisition and Soft Costs |
| Denver city HOME Loan                     | P | \$ 495,000          | Acquisition and Soft Costs |
| FHLB Topeka Grant                         | P | \$ 750,000          | Hard and Soft Costs        |
| LIHTC Equity                              | P | \$ 6,912,843        | Hard and Soft Costs        |
| Owner Equity                              | C | \$ 476,186          | Hard and Soft Costs        |
| Construction Financing Total              |   | \$14,825,870        |                            |
| Deferred Dev Fee to be Paid Over 10 years | P | \$ 939,048          | Development Fee            |
| <b>Total</b>                              |   | <b>\$15,764,918</b> |                            |

| Uses                       | Amount        |
|----------------------------|---------------|
| Land                       | \$ 840,000    |
| Site Work (On Site Work)   | \$ 437,838    |
| New Construction*          | \$ 10,492,355 |
| Professional Fees          | \$ 575,765    |
| Construction Interim Costs | \$ 657,099    |
| Permanent Financing Costs  | \$ 82,196     |
| Soft Costs                 | \$ 392,769    |
| Syndication Costs**        | \$ 105,383    |
| Developer Fees             | \$ 1,878,095  |

|                  |                      |
|------------------|----------------------|
| Project Reserves | \$ 303,418           |
| <b>Total</b>     | <b>\$ 15,764,918</b> |

P= Pending, C= Committed

- \*See Spreadsheet directly following Contractor’s Cost Estimate included in 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

**Permanent Financing**

| Sources   | Amount               |
|---|----------------------|
| First Mortgage  | \$ 2,603,300 P       |
| 2 <sup>nd</sup> Mortgage CO Division of Housing State | \$ 495,000 P         |
| 2 <sup>nd</sup> Mortgage Denver City HOME Loan        | \$ 495,000 P         |
| Federal Home Loan Bank Board Grant                    | \$ 750,000 P         |
| LIHTC Proceeds  | \$ 10,635,143 P      |
| Deferred Development Fee                              | \$ 290,288 P         |
| Equity Syndication Legal Fee                          | \$ 60,000 P          |
| Solar Tax Credit Proceeds                             | \$ 20,000 P          |
| Owner Equity  | \$ 416,186 C         |
| <b>Total</b>  | <b>\$ 15,764,918</b> |

Uses (same as Uses in Construction Period)

**XII. Local State and Federal Subsidies:**

Aria Senior Apartments has applied for a \$495,000 HOME Loan (or other Gap Financing) from the City of Denver, a \$495,000 HOME Loan (or other Gap Funding) 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 1% interest with a 40-year amortization, to match the affordability period.

Aria Senior Apartments applied for and received a conditional commitment of 18 Project Based Vouchers from the Denver Housing Authority to support transitionally homeless seniors at or below 30% AMI (please see DHA PBV Award Letter). In addition, Aria Senior Apartments has applied for a \$750,000 Federal Home Loan Bank AHP Grant. Aria Senior Apartments is a strong candidate for a FHLB grant due to its ability to meet FHLB Topeka's scoring requirements. According to the Affordable Housing Program Grant Manager, projects that are chosen for funding tend to score in the high 50's to low 60's on the 100-point scale. Aria Senior preliminarily scores 65.5 points. The key scoring components that Aria Senior fulfills and making the application a strong candidate for funding include: 1) The project is 100% affordable housing with at least 40% of the units being at 60% AMI giving the project the maximum points possible for income targeting. 2) The project also satisfies FHLB's special needs priority by being a senior project. 3) Furthermore, the Aria Senior Apartments also receive points for providing homeless units. The project's ability to utilize these three components help separate it from other projects and position the application as a contender for a grant allocation based upon the scoring criteria and the unique aspects of the project. In addition,

Enterprise Community Investment, Inc. has committed to purchase the LIHTC Equity for approximately \$10,635,143 (\$1 for each \$1 of LIHTC Eligible Basis) provided that CHFA approves the 2015 9% LIHTC Allocation.

Letters of interest from the City of Denver and Division of Housing, along with First Bank and Enterprise Commitment letters, have been included with our application.

In the past, Perry Rose has been successful in securing HOME, NSP and other public loans for similar projects in Northwest Denver. For example, HGV Multifamily (74 Units) and HGV Senior Apartments (63 Units) both received HOME Loans from the City 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 or less (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, the project site is located 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 and infrastructure is now successfully completed. The Townhomes are also complete with the second set of 13 townhome drawings to be submitted for building permit in June of 2015. Phase I leveraged an additional \$7million in private investment with a total added value of over \$20 million. The Aria Denver Master Plan has been completed with the remaining infrastructure for the project designed to 100% Construction Documents—ready for construction for any of the next phases of development. Phase 2 also includes a 28-unit Condo project (co-housing), 4 row homes, and the Aria Senior Apartments that will serve as the next step in the development of Aria Denver. The timely development of Aria Senior Apartments, with LIHTC approval in 2015 and construction in 2016 is critical to meeting the Phase 2 schedule for generating the TIF revenues required by the Aria Denver redevelopment agreement and maintaining the momentum for the entire \$85 million Aria Denver project. Approval of the Aria Senior Apartments will create increased private investment with additional construction and permanent jobs and long-term neighborhood revitalization. Other than DHA's Mariposa Redevelopment, 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 well-being 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. Denver also has the greatest demand for seniors and housing for the homeless. Out of the Seven-County Denver Metro Region, Denver reported 77% of the homeless seniors (60 years or older) surveyed as part of the Point in Time assessment (2014 MDHI State of Homelessness Report, page 12), showing the incredible need specific for the City of Denver to provide housing and supportive service for homeless seniors. Eight of the potential 35 LIHTC applications in 2015 round are from Denver and it is hoped that because of the unmet needs that at least 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). Perry Rose’s unique experience and model allows leveraging of private (impact investment) capital to efficiently create mixed-income affordable housing projects in new master planned communities.

- ***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 that has reserved 25% (18) of its units to formerly homeless seniors. The project will provide case management and supportive services through MHCD, Regis, a full-time on-site case management liaison and will benefit from the Cultivate Health Initiative (See Section “IX. Services” above). Perry Rose is progressing its successful model of creating mixed-income affordable projects with the Aria Senior Apartments. It will mix a diversity of populations in dire need of affordable, stable, and supportive housing. There have been multiple projects in the country that have successfully combined moderate-income senior residents with formally homeless senior residents by offering the same quality of units to all and having the right supportive/ resident services to create an equal community (*Potiker Senior Apartments, San Diego and Tyrol Plaza Senior Apartments, Anaheim, CA*). There is a need for this diversity of housing in the Denver Region and Aria Senior Apartments is set to become the successful model to overcome the unique challenges of housing/supporting these certain populations.

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

Aria Apartments is within ¼ mile of the High Frequency Bus Route on Federal Boulevard and is within ~~2/3~~one mile of the Gold Line Station at 60<sup>th</sup> Avenue and Federal Boulevard that will be completed in 2016.

- ***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 that will add permanent affordable housing to an area of NW Denver quickly becoming in critical need of affordable rental housing. The surrounding Chaffee Park neighborhood (predominately homeownership) has experience over a 40% increase in the average home price in the last two years (almost doubling the Regional average appreciation of home prices). The new Aria Townhomes have all sold between \$222 to \$313 psf and one of the carriage house units (540 sf) is currently renting for \$1,300 per month. Thus the Aria Senior site is at risk to convert to a market-rate project but the Aria Denver development team is committed to the original vision of creating a well-balanced, mixed-income, intergenerational community—this project will push the affordable to market-rate mix from 19% to 31% of the overall Aria Denver development.

- ***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 \$14,408 per unit of LIHTC Equity allocation. This amount is approximately 20% lower than many other potential projects and 30% to 50% lower than other supportive housing projects requesting allocations this round. Perry Rose has created a strong budget by leveraging other local/federal public resources and private funds.

- ***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 requested allocation of \$1,063,514 is below the \$1,250,000 allocation limit. Aria Senior's per unit requested credit amount is \$14,408, while other potential projects have requested 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 2015. 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.

- ***State Tax Credits.***  
Not Applicable.

**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 will 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. 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. These eligible “homeless” senior individuals will have a certified Case Manager from the Mental Health Center of Denver (MHCD) at the project to provide primary supportive services on a weekly basis that will also refer and provide transportation (if necessary) to additional supportive services on/off site. MHCD and all other additional service providers committed to serving this population have at least three years of experience (please see *Supportive Service Plan & Budget for more information*). Additional supportive services will also be provided through the Regis Division of Counseling and Family Therapy.

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

**a. Market conditions:**

The market analysis indicates that Aria Senior Apartments will have a large demand within the area in which it is located, as well as the need for more affordable senior housing throughout the Denver Metro Area and the state of Colorado.. 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 0.6%, no projects were offering concessions 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 70 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 Final plan was submitted in April of 2015 with final City approval expected by July 2015. We have met with First Bank, 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 (Enterprise) and worked with them closely on the development program and proforma. Enterprise is highly interested in this project. Construction is scheduled to start in August of 2016 and will be completed in approximately 13 months (Sept. 2017). The Aria Senior Apartments can receive a Certificate of Occupancy and be placed in service during September of 2017 (See Timeline/Schedule included in Tab 6 of the Application).

In addition, a phasing diagram for the entire Marycrest site has been included with the Site and Unit Plans in the application. The Aria Senior Apartments have been designed to work as either a standalone project or as a part of the larger development of the entire site. Therefore, if the rest of the development is delayed, the Aria Senior apartments will become an important part of the Chaffee park neighborhood and will provide much needed affordable housing in this community. The second phase of the project also includes 13 for-sale townhomes and as currently planned, the entire Marycrest project will be completed by the end of 2019.

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

The attached Debt (First Bank), Equity (Enterprise) 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. 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. 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 Basis Limit Test. Under the Basis Limit Test the total eligible basis would be \$14,979,189 resulting in an annual credit of \$1,120,443. Under both the Qualified Basis and Gap Calculation test the Eligible Basis is \$14,218,105, resulting in an annual credit of \$1,063,514. Therefore, Aria Senior Apartments Eligible basis of \$14,218,105 is 5% below the \$14,979,189 Basis Limit 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 0.6%, no projects were offering concessions 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 70 senior (62+) renters annually, while there are no age- and income-restricted units in the development pipeline, other than the subject, suggesting demand will increase. The most recently completed LIHTC project completed lease-up within three months, further illustrating the abundance of pent-up demand in the PMA.”

***g. Site suitability:***

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

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

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

NOT APPLICABLE

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

NOT APPLICABLE.

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

The Market Study raised no issues. Page 6 of the Market Study Recommendations and Conclusions states: “there are no recommended changes for the subject.”

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

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

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

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

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

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

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

Throughout the redevelopment process, the Developer has continued to work with the Sisters of Saint Francis, Regis University and the surrounding neighborhood to obtain public comment on the proposed development. For example, a display has been posted at the Regis Student Center from June of 2012 through February of 2014 describing the history of the Marycrest Campus and

the proposed redevelopment. In addition, Regis University and Aria Denver applied for and received a Colorado Health Foundation Grant for approximately \$1,000,000 to fund the Aria Cultivate Health Initiative. Significant public outreach was involved in preparing this application including working with Denver City Councilwomen Susan Shepherd and Judy Montero, the Chaffee Park Neighborhood Association, Marycrest Assisted Living, Beach Court Elementary School, Cooking Matters, Denver Urban Gardens, Urbiculture, Groundworks, Trust for Public Lands, Project Recycle, Bicycle Colorado, Caring for Colorado, and The Colorado Trust, and other community partners.

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

In December of ~~2014~~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. In 2015, the Chaffee Park Neighborhood Sustainable Neighborhood Pilot Program continued the community outreach with a new website and enhanced recycling program. These and other activities resulted in Chaffee Park reaching the 100 credit sustainability mark and was awarded Denver's first Outstanding Sustainable Neighborhood Award by Denver's Department of Environmental Health.

The Developer is has submitted the final application for the Phase 2 Planned Building Group (PBG), public comment was requested on this application but none was received.

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

8. ***For acquisition/rehab or rehab projects, provide a detailed narrative that describes the proposed rehab plans and relocation plan (if applicable). Address the 10-year rule; capital expenditures over the past two years; previous related party relationships; past local, state, or federal resources invested in the project; obvious design flaws; obsolescence issues; safety***

| *issues; and any significant events that have led to the current need for rehabilitation (i.e., fire, nature disaster).*

NOT APPLICABLE.