

BRIGHTON VILLAGE PHASE II

Project Narrative Description

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General Project Narrative:

Project Description

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

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

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

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

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

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

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

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At that time, ownership would pass to the Authority (subject only to the amount of the permanent debt). Even though Hendricks has ownership rights in Phase I through the end of 2022, he's offered to deed his interest to the Housing Authority upon completion and stabilization of phase II. It's anticipated that the stabilization of Phase II will occur in 2017. Therefore, the Authority's ownership of Phase I will be accelerated by approximately 5 years, significantly enhancing its asset base and cash flow.

Market Conditions

As indicated, the first phase of Brighton Village was completed in 2007. That property has enjoyed enormous success as one of the few affordable senior properties in a community that needs additional senior housing. Phase I currently has a waitlist of over 800 pre-qualified households, including over 450 at the 30% AMI level, over 275 at the 40% level, 60 at the 50% level and over 30 at 60%.

The market for the proposed project is excellent. The only other senior tax credit properties in the immediate area are the first phase of Brighton Village and the Libretto Apartments, the 28-unit property mentioned above (this property houses the former residents of the Platte Valley Manor). Brighton Village averages only 11 resident turnovers per year. Libretto has not had a vacancy since it opened in November, 2013. The success of these projects clearly indicates the need for additional affordable senior housing in the area. The project Market Study Update indicates an overall capture rate of 22.2%. This consists of a capture rate of 23.4% for the 30% AMI units, 34.5% for the 40% AMI units, 21.3% for the 50% AMI units and 7.5% for the 60% AMI units.

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

This is further reinforced in the Market Study and the Update, which indicate that while the capture rate at the 40% AMI level might be a concern under other circumstances, the rapid lease-up rates and high occupancies at other senior properties in the area, the history of high occupancy at Brighton Village I, the large waitlist at that property, and the track record of the co-developer and management company are given as reasons that the higher capture rate is not an obstacle.

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Market Study Recommendations and Conclusions

The Market Study and Update conclusions are all positive with no items that are recommended for change. The only indication of any concern in the initial Study was the location of the property on US Highway 85. This however, is mitigated by the property's location adjacent to Brighton Village I and the extremely high occupancy it has maintained over the last 8 years, indicating that location has not been a hindrance to that property. In addition, the proposed project is adjacent to a recent redevelopment of downtown Brighton, the Brighton Pavilions, which further complements the location of the property.

Proximity to Existing Tax Credit Projects

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

Readiness to Proceed

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

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

Zoning Status

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

Site Suitability/Location

As previously mentioned, the subject site is located adjacent to the completed first phase of Brighton Village. The completed subject property will be connected to the existing

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

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

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

Parking

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

Between the two completed phases of Brighton Village, consisting of 123 residences, there will be a total of 139 parking spaces – 16 garages spaces (10 on Phase II and 6 on Phase I) and 123 open, free spaces. Of those parking spaces, 73 (63 open and 10 garages) will be specifically designated for Phase II. Therefore, there will be at least one open, free parking space for every residence at the completed development. Prior to the closing of the construction loan and partnership on Phase II, a joint access and use agreement will be signed between the separate ownership entities of the two phases (both controlled by the principals of MJT Properties). The agreement will provide for complete access by the residents of both properties to all driveways, outdoor and indoor facilities, parking areas and other shared areas between the two phases. This is a similar agreement to what MJT completed on other projects, including the Libretto Apartments, Caribou Apartments, Allison Campus and others. A letter, dated April 20, 2015, has been included with the tax

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credit application, indicating that such an agreement will be created and signed by the principals of the first and second phases of Brighton Village.

Environmental Items

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

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

Unit Mix – AMI Mix

The 63 units to be developed will consist of 37 one-bedroom/one-bath units and 26 two-bedroom/one-bath units. The units will range in size from approximately 625 square feet for the one-bedroom units to approximately 821 square feet for the two-bedrooms. The affordability mix will include 20 units at the 30% AMI level (11 one-bedrooms and 9 twos), 27 units at the 40% AMI level (17 one-bedrooms and 10 twos), 11 units at the 50% AMI level (5 one-bedrooms and 6 twos) and 5 units at the 60% AMI level (4 one-bedrooms and 1 two). Occupancy in the project will be restricted to residents aged 62 and over. Many of the new residents will come from the extensive Phase I waitlist. Based upon the developer's experience with Brighton Village Phase I, it's anticipated that many residents will come from Brighton and the surrounding rural areas of Adams and Weld counties. However, based upon data provided in the Market Studies, there will also be some residents who will move to the property from outside the PMA.

Amenities & Services Provided

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

Provided services will include organized gatherings, community newsletter and bulletin board and an on-site manager who will serve residents, organize activities and coordinate service providers from the area. Services provided by the management company will be tailored to meet the specific needs of senior residents. The existing property is already an

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active community. There will be increased opportunities for social interaction among the residents when the property expands from the current 60 residences to 123.

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

Community Outreach and Support

MJT Properties, as one of the project co-developers, has not only reached out to the community, it has established an 8-year relationship and partnership with the City of Brighton and the Brighton Housing Authority. It has been a successful public/private partnership that is heading into the development of its 3rd property (with the development of the proposed project). In addition to the involvement of the City and the Housing Authority, there is significant support from Adams County and the Colorado Division of Housing for the development of Brighton Village Phase II. Each will provide a \$200,000 award of HOME funds to the project. The City of Brighton will also provide affordable housing incentives in the form of fee waivers and reductions, in the approximate amount of \$810,000.

Ownership Structure

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

Financing

The project will be financed through the sale of Low Income Housing Tax Credits. A preliminary reservation of Credits in the amount of \$1,117,700 is being requested. The project tax credits will be sold to an institutional investor. Letters of interest have been included in the tax credit application from US Bank Community Development Corporation and Hunt Capital Partners LLC. Other investors have expressed interest in the project and will be considered. US Bank will also provide a construction loan in the amount of \$11,500,000. US Bank has been the construction and permanent lender for many previous projects developed by one of the co-developers, MJT Properties. The sponsor is requesting

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that CHFA provide permanent financing in the amount of \$2,055,000. CHFA is the current lender on Phase I of Brighton Village. HOME fund awards in the amount of \$200,000 each will be provided by Adams County and the Colorado Division of Housing. There will also be deferred developer fees or equity in the amount of \$130,000.

Cost Reasonableness / CHFA DDA Boost

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

Regarding the cost reasonableness of the proposed project, there will be significant economies of scale because this is the second phase of development, thereby decreasing overall project costs. During the development of the first phase, a significant amount of work and expense was put into completing the infrastructure for the entire development.

Despite the economies of scale, we will still need the CHFA Basis Boost and are requesting this in our tax credit application.

Overall Financial Feasibility and Viability

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

Financial feasibility for the project can be demonstrated in many ways, including the partnership and ownership by the Housing Authority, the community support, the provision of soft funds by the county and the state, the experience of the development team, the economies of scale and lower costs resulting from the development of a second phase, and other factors.

Construction

Project construction will be wood-frame on a post-tension foundation system. Exterior materials will include hardboard siding and brick veneer. The design of the proposed project will match the existing Phase I building, so that when completed, the project will have the appearance of a single 123-unit development, rather than a project that was developed in two phases. Landscaping will be extensive in accordance with City of Brighton specifications. The project will be designed to meet all required local, state and federal guidelines for accessibility. In addition, every attempt will be made to design,

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

Energy Efficiencies

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

Lightly Treading has been a consultant on two other projects developed by the co-developers of Brighton Village II (Caribou Apartments II and Libretto I).

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

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

Solar Energy Installation

The project has been designed to include DOW (DOW Chemical Corporation) solar panels as part of the construction systems. The DOW panels are installed as part of the asphalt shingle installation, so as to have a minimal effect on the appearance of the completed

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project. The costs of the solar components, which are all manufactured in the United States, are included in the construction cost estimate that's been provided with the tax credit application. Those costs were generated in conjunction with DOW and Shaw Construction, the selected project contractor. The development team has done a significant amount of research with regard to the solar panels, including viewing the in-progress installation of the systems, held meetings with users of the installed panels and organized numerous meetings over the last several years with the engineers and representatives of DOW. In addition, United Power who provides energy for the City of Brighton, has been consulted on the installation of the system. The system has been used in other developments served by United Power, so they're very familiar with the details of the solar installation, including the interface of the solar energy system into the primary electric panels for the property.

Engineers with DOW, who designed the system, in conjunction with the project architect, have estimated that the panels may generate a federal tax credit. To the extent that these credits are available, US Bank, the project construction lender and potential tax credit investor, has expressed an interest in purchasing them. Because there may be some uncertainty with regard to the availability of these credits, they have not been included in the sources and uses analysis for the development. If they do, in fact, become available, any funds generated from their sale will be used for development of the project as an additional contingency and/or to offset direct development costs of the project.

A copy of the solar panel design for Brighton Village II is included with the tax credit application, along with a copy of the DOW brochure.

Solar Savings Fund for Residents

Electricity cost savings generated by the use of the panels have been estimated by DOW to be approximately \$7,700 per year. This can be monitored on a daily basis as part of the equipment that is provided with the panel installation. Because this is an estimate, and likely to be uncertain, the savings has not been used as a means to reduce anticipated property operating costs in the financial analysis of the property. However, to the extent that savings are generated, they will be split equally between the property owner (the Brighton Housing Authority) and a Resident's Fund that the Authority will monitor. The Fund will be used, at the direction of the Authority, to provide financial assistance to residents, in the form of rental assistance, special programs, etc.

Development and Management Team Experience

The project principals include an experienced group of individuals who have been involved in the Denver area construction, development and property management business for over 30 years. One of the co-developers of the project will be J. Marc Hendricks and MJT

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Properties, Inc. In addition to other projects, Hendricks has developed 17 successful tax credit properties over the last 20 years. The projects have been completed on time and under budget, and have consistently leased up in less time than anticipated.

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

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

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

All properties managed by the management team have provided timely reporting and have remained in compliance with all tax credit requirements throughout their compliance periods and beyond (for those properties that have reached the end of their initial compliance periods).

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

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

Brighton Village Phase II will provide affordable housing to low income residents at a range of AMI levels from 30% to 60%, with the majority of units (a total of 47 or approximately 75% of the residences) offered to residents at 30% and 40% AMI.

These AMI mixes were selected for the proposed project despite the relative high capture rates for the 30% and 40% AMI units, as referenced in the Market Study and the Update. Because of the large number of households on the waitlist at Brighton Village Phase I, who have been pre-qualified at 30% AMI (over 450 households) and 40% AMI (over 275 households), it was decided to concentrate the number of developed units at those lower AMI levels. This decision is supported by the conclusions and recommendations of the Market Study and the Update.

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

Guiding principle 2 – To support projects in a QCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A.4, Primary Selection Criteria

The proposed project may not technically meet this criteria, however, as indicated elsewhere in this Narrative and the Market Studies, the site is adjacent to Brighton Pavilions, a recently completed retail project. The property is also located within close walking distance of downtown Brighton, which is undergoing a significant redevelopment. In addition, the subject site is located with the boundaries of the Brighton Urban Renewal Authority, which has been instrumental in the development of the Pavilions and the redevelopment of downtown.

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

Brighton Village Phase II will provide much needed affordable senior housing in the City of Brighton. The other two projects developed by the co-developers in Brighton, Brighton Village Phase I and Libretto I, have been extremely successful. Brighton Village I has a

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waitlist of over 800 prospects including over 450 at the 30% AMI level and over 275 at 40%. There's also a significant waitlist at Libretto I. This clearly indicates the need for more affordable senior housing in the community, which has a distinctly rural atmosphere and a high number of very loyal residents. The nearest senior tax credit property in the Market Study PMA, besides Brighton Village I and Libretto I, is in Dacano, nine miles northwest of the subject. As stated in the Market Study "there are no other known approved planned properties in the PMA that would be comparable or competitive with the subject".

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

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

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

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

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

The project is within 1/4 mile or less of a Park 'N Ride facility that provides transportation around Brighton, to Denver and to DIA. The project is also located within a Call 'N Ride zone, so that public transportation will be available at the front door of the property.

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

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

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

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

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

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

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

- 1) Projects serving persons with special needs as defined in Section 5.B.5**

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