Burlington Manor Apartments

11. Narrative Attachments:
   - Local Support Letter from Mayor
   - Waiting List
   - Relocation Plan
Project Name: Burlington Manor Apartments

Project Address: 2505 Senter Ave., Burlington, CO 80807

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

Introduction

Steele Burlington LIHTC LLC (Applicant), in connection with the developer for the project, Steele Properties LLC (Steele), is pleased to submit its application to the Colorado Housing and Finance Authority (CHFA) for Low Income Housing Tax Credits (LIHTC) to support the acquisition and rehabilitation of Burlington Manor Apartments in Burlington, CO.

The goals of the Burlington Manor Apartments rehabilitation are:

- to preserve the affordability of the project due to the existing expiring HAP contract (which expires on 9/30/15) and extending the useful life of the property;
- to improve the quality and security of the buildings for current and potential residents, creating safe comfortable homes where individuals and families can thrive;
- to address current critical repair needs and to reduce future repair needs of the building so that it can continue to operate as decent affordable housing for years to come;
- to contribute to the availability of much needed housing opportunities to low-income individuals and families in Burlington, CO.
Should the Burlington Manor Apartments development be awarded tax credits, the property will undergo a significant rehabilitation that will improve the lives of residents, ensure the operability of the buildings and preserve the affordability of the project for years to come.

**Summary**

Burlington Manor Apartments is a 100% Project- Based Section 8 multi-family community located at 2505 Senter Ave. in Burlington, Colorado. The City of Burlington is a rural farm community located approximately 166 miles southeast of Denver, with convenient access off of I-70. Burlington is approximately 16 miles from the Kansas border. The property is well located just west of the downtown area and within close distance to a number of amenities. Even though the City has a small in population, there is a wide variety of services in the city, including restaurants, houses of worship, schools, grocery and drug stores and many shopping retailers. The closest hospital, Kit Carson County Memorial Hospital, is located approximately 0.71 miles from the property. Major employers in the area include the City of Burlington, Hitchcock, Inc. Manufacturing, Midwest Farms, Inc. and Kit Carson Memorial Hospital. The project will continue to target the same population, low income families, and also is able to cater to large families with 12 three and four-bedroom units.

The proposed transaction will result in over $2,500,000 in hard cost physical improvements to the community. The renovation will include the rehabilitation of all 54 units and provide modern enhancements that will improve the building’s aesthetic appeal, safety, functionality and quality of life for the tenants. The project site scope of work will encompass extensive exterior and interior renovations, including upgraded kitchens and bathrooms as well as an extension and remodel of the current management office. This addition will include a new community center for all residents to congregate and enjoy. Additionally, the renovation budget includes central air conditioning for all units. Currently, only a few of the tenants have outdated and inefficient window air conditioning units and most have no form of air-conditioning. This critical addition will be a major upgrade to the property and provide residents significant relief from the hot summer days in Eastern Colorado. Lastly, the project includes a new playground, giving the many children at the property a safe and convenient place to play.
One of our development team’s primary goals is to foster the creation and/or preservation of affordable multifamily rental housing in Colorado to promote healthy lives, strong communities and a robust economy. The Developer and its affiliates currently own and manage over 40 affordable housing apartment complexes across the country, including 15 housing complexes in Colorado, all of which are in full CHFA compliance. Burlington Manor Apartments is an essential housing community for low income tenants in the area. The property is in dire need of significant repair in order to remain a safe and viable housing option for the residents that it serves. This planned renovation of Burlington Manor Apartments will not only go a long way in improving the property, but will also serve as a catalyst in helping to revitalize the neighborhood.

**Project Strengths**

- The project provides an opportunity to preserve affordable housing in Burlington for the foreseeable future as the current HAP contract is set to expire 9/30/15.
- Kit Carson County has not received an allocation of tax credits in over 15 years. In fact, there is only one tax credit project in the entire county: Senter West Apartments; placed in service in August, 1999
- The property is in significant need of rehabilitation. The last renovation of the property occurred in 1984, 31 years ago. The current project scope includes upgrading and/or replacing all major systems, including central air-conditioning for all tenants, and a full renovation of 4 units to fully comply with ADA requirements.
- There is considerable local support for the project, which includes a letter from the Mayor of Burlington. Additionally, the City has waived the building permit fees associated with the renovation due to its strong support of the project.
- A tax credit renovation will help to permanently eliminate criminal activity at the project. Current management, since taking over in December of 2013, has worked hard to clean the property and promote a safe and comfortable living environment, and the substantial renovation proposed will go a long way towards fully eliminating crime at the property.
- The subject property has a well-balanced unit mix and can accommodate large families with 8 three-bedroom units and 4 four-bedroom units.
- The historical occupancy for the project has been between 97% - 100%. Currently, the property is 100% occupied. Property management is very proactive with any turnover of units and thus the property is almost always fully occupied.
- There is a current waiting list of 22 people, expressing interest for each unit type within the property. Thus, there is considerable demand in the market for affordable units.
- The project will have an accomplished development, design, construction and property management team, all with considerable experience in Colorado and the affordable housing industry.

**Unit Mix**

The complex is improved with 3 three-story apartment buildings (each 18 units) containing 54 units and a one-story accessory maintenance and storage building. The unit mix is comprised of 22 one-bedroom units, 20 two-bedroom units, 8 three-bedroom units and 4 four-bedroom units. The total net rentable square footage is 34,516 and the total land size is 3.728 acres or 162,392 square feet. The property was originally constructed in 1973 with the last renovation in 1984.

Each unit contains a living area, kitchen, bath(s) and bedroom(s). Existing unit amenities include stove ranges, refrigerators, blinds, carpeting and garbage disposals. Project amenities include laundry facilities in each building, on-site management and maintenance, covered picnic tables and abundant parking.

**Physical Description**

All three residential buildings are clad primarily with aluminum siding above brick with asphalt shingle covered sloped roofs. The leasing office, which is a one story extension of the central building, has sheet vinyl flooring in the storage and bathroom area and carpet elsewhere. The three central laundry rooms have sheet vinyl flooring and contain two commercial washers and two dryers each. The equipment is owner provided and maintained. Unit flooring consists of carpeting in living areas and bedrooms with sheet vinyl at kitchens and bathrooms. Units are heated with gas fired forced air furnaces and domestic hot water is provided by three 100
gallon domestic water heaters centrally located adjacent to laundry rooms in each building. A total of 71 surface parking spaces are provided on site, including 3 accessible spaces.

**Energy Efficiencies**

With the rising cost of energy and the negative effects properties can have on the environment it is important to identify opportunities to go “green”. The Applicant has agreed to meet all of the 2011 Enterprise Green Communities requirements and has scored 41 in the Green Communities Self Certification Workbook. Committing to many green features will allow the property to reduce energy and water costs significantly. Not only will these additions benefit the environment, but also will help to reduce operating expenses over the long term. Below is a list of some of the items that will allow us to achieve these energy efficiencies:

- Energy Star rated appliances (dishwashers, refrigerators, clothes washers)
- New efficient windows
- Energy efficient lighting throughout the project
- New HVAC systems in all units
- Water conserving low flow toilets, kitchen faucets and bathroom faucets
- New power-vented kitchen exhaust fans that exhaust to the outdoors

**Types of Financing**

Burlington Manor Apartments will be financed with low income housing tax credits, deferred developer fee and a forward-committed permanent loan as outlined below. In order to help fill the funding gap the developer has deferred $297,606 or 48% of the total fee. This deferred fee will be fully paid through cash flow in year 14. The equity and debt provider (PNC Bank) has submitted letters of intent, has thoroughly reviewed financial information regarding the ownership and the property and has a high level of comfort with the project. Unlike Manors I and II, another application being submitted by Steele for a 9% allocation of tax credits, FHA financing is not the best option for permanent first mortgage debt for Burlington Manors Apartments given its smaller size (and the smaller size of the transaction), its rural location and the difficulty the project would have absorbing the addition costs and timing constraints of an FHA loan closing.
PROJECT SOURCES

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<td><strong>Total</strong></td>
<td><strong>$6,020,901</strong></td>
<td><strong>111,498 per unit</strong></td>
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In addition, the narrative should address the following:

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

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

     The project fulfills the goal of supporting the acquisition/rehabilitation of affordable rental housing. 100% of the new units with be rent and income restricted at 60% of the Area Median Income, for a total period of 40 years.

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

     Per the 2010 Census, the population of the City of Burlington was 4,254. Burlington is a rural farm community, just 16 miles from the Kansas border. This would be a great opportunity to help spread credits to different areas within the state, and Kit Carson County has not received an allocation of tax credits in over 15 years.

   - To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail
Though Burlington, due to its rural location, does not offer the most robust public transit system, the city does provide a public transport bus. Anyone can call up the bus and it will pick them up and take them to their desired location for a fee of $0.25 per trip.

- **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**

Burlington Manor Apartments is a true “At-Risk” acquisition/rehabilitation preservation project. The current Project-Based Section 8 Housing Assistance Payment (HAP) contract expires 9/30/15. Losing Federal subsidies would directly impact 54 family households and the community would lose 54 units of Project-Based rental assistance. There is an immediate need for the comprehensive renovation that has been proposed. Although the underlying structure of the complexes is stable, the units themselves are old and in very poor condition. The most critical needs, which are discussed in more detailed below) are bringing the 4 ADA units up to current requirements, installing complete system upgrades (electrical, plumbing, heating & cooling), creating a number of energy efficiencies to help control operating costs and finally implementing significant interior upgrades for the first time since 1984. The current furnaces have been in use since 1984 and are potential health hazards due to the old exhaust systems. Additionally, plumbing leaks from the tubs, toilets and showers pose ongoing operating hardships and could pose health risks and unsanitary living conditions if not remedied.

- **To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period**
The project will meet CHFA’s goal to reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period. The project has maximized all other project sources and will utilize only the amount of Federal LIHTC as is needed to support the project development.

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

   - Projects in Counties with populations of less than 175,000

   Per the 2010 Census, the population of Kit Carson County was 8,270. Per the 2010 Census, the population of the City of Burlington was 4,254.

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

   a. Market conditions:

      The demand for affordable housing in Kit Carson County, and in particular Burlington, is quite strong. The property is currently 100% occupied and has historical occupancies between 97% - 100%. Please see the attached waiting list demonstrating solid demand for each unit type within the property.

   b. Readiness-to-proceed:

      - Site Control – The Applicant has the ability to purchase the project quickly upon receipt of an award of tax credits pursuant to the existing fully signed Option Agreement with the current owner.
      - Zoning – The site is currently zoned R2-Multifamily. No zoning change is needed for the potential renovation.
      - Phase 1 – A Phase 1 ESA was completed for the site, and no recognized environmental conditions were identified.
      - Schematic Drawings – E&A Architecture has provided complete floor plans, unit layouts, elevations and a site plan to enable construction to commence promptly upon receipt of an award of tax credits and closing.
• **Cost Estimate** – Harmonic Construction Services Inc., a contractor with significant LIHTC experience, has provided the required third party estimate in CSI format and is ready to proceed upon a tax credit closing.

• **Property Conditions Assessment** – The Property Conditions Assessment has been prepared by E&A Architects and conforms to the requirements as stated in the QAP.

Upon receipt of an award of tax credits, the Applicant will able to quickly proceed to closing using the financing described in this narrative and then promptly commence and complete the full tax credit renovation.

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

Steele Properties LLC, the developer for the transaction, is a nationally accomplished and recognized development firm specializing in affordable housing. Based on its broad experience, Steele has constructed a development and operations budget that is appropriate for this project in this location. As is the case with most affordable housing projects, a combination of sources is necessary to make this project feasible. The project needs a “basis boost” to increase the tax credit equity, as detailed later in the narrative. Below is a summary of the sources and uses demonstrating the viability of the project:

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<tr>
<th>Project Sources</th>
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<td>First Mortgage</td>
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<td>Deferred Developer Fee</td>
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<td><strong>Total Sources of Funds</strong></td>
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<th>Project Uses</th>
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<tr>
<td><strong>Total Uses</strong></td>
<td><strong>$6,020,901</strong></td>
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The following is a further explanation of the sources of funding:

**First Mortgage** – This conventional debt of $1,697,698 will be provided by PNC Bank, N.A. The loan will be amortized over 35 years at an interest rate of 5.6%. Please see the attached debt letter of interest.

**Tax Credit Equity** – Tax credit equity is priced at $0.95 per credit. Numerous tax credit investors have expressed interest in Burlington Manor Apartments. Please see the attached equity letter of interest.

**Deferred Developer Fee** – In order to help fill the funding gap the developer has deferred $297,606, which represents 48% of the total developer fee. This deferred fee is projected to be paid off with cash flow in year 14 of the pro forma.

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

Steele Properties LLC is a highly experienced developer and owner of affordable housing across the country. Steele has developed over 4,500 units in fourteen states, including 28 tax credit developments. Steele’s property management partner, Monroe Group, was founded in 1978 and manages a portfolio of 41 affordable, multifamily communities across the country. Steele and Monroe’s resumes are included as attachments to this application.

e. **Cost reasonableness:**
The total project cost is estimated to be $6,020,901 or $111,498 per unit. There is some added cost due to the project’s rural location and difficulty in finding qualified construction workers. These overall costs are in line with the market for projects of this size and type.

**f. Proximity to existing tax credit developments:**

There is only one LIHTC property in Kit Carson County. Senter West Apartments in Burlington received tax credits over 15 years ago and is 100% occupied. Thus, the region has a pent up demand for affordable housing and is in dire need of quality affordable housing. The community simply cannot afford to lose Burlington Manor Apartments as an affordable housing asset.

**g. Site suitability:**

- This project is an acquisition/rehab. The site will be sold to the Applicant upon a tax credit closing for the renovation of Burlington Manor Apartments. An executed Option Agreement is included in this application.
- The current zoning for the site is R-2, Multifamily Residential. This zoning is legal and conforming and no change is needed for the rehabilitation.
- The subject property has good visibility and access and is located in a predominately residential neighborhood.
- The property is located within a mile of a supermarket, convenience store, post office, school and several banks.

**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):**

The analysis for this project has met all of the underwriting criteria with the exception of the debt coverage ratio (DCR) requirement. Please note that the DCR in year one of the Pro forma is 1.19 (and thus conforms to the requirement), but exceeds 1.30 during the 15 year compliance period. Because our project is 100% Project-Based Section 8, the QAP stipulates that the annual rent escalation
shall be 3%. However, our debt provider, PNC Bank, has required a maximum annual rent escalation of 2%. With a 2% increase the project stays within the DCR limits over the 15 year pro forma period, but with a 3% increase the DCR rises above the 1.30 – 1.0 limit. For this reason we are requesting a waiver (if one is needed) and to use a 2% annual rent increase assumption.

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

We are respectfully requesting a CHFA discretionary basis boost. Development of affordable housing in Burlington, a rural farm community, comes with increased construction cost. Due to the limited supply of local construction workers there will be an increased cost to bring workers to the area and an increase in wages. The 30% basis boost is necessary to bridge the remaining funding gap. Without the full basis boost, the deferred developer fee will increase beyond the requirements of the tax credit investor and ultimately the requirements of the Internal Revenue Service for purposes of calculating tax credit basis. Currently, the deferred fee is scheduled to be fully paid in year 14 of the pro forma.

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

Due to the fact that our project is an acquisition/rehab a market study is not required. Our project is 100% Project-Based Section 8 and there is a considerable waiting list showing strong demand for the property. (See Attached).

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

The Phase 1 report dated April 15th, 2015 and prepared by Corn and Associates, Inc. indicate that the site does not have any environmental hazards or concerns.
7. **In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):**

The development team made it a priority to meet with City of Burlington officials, the planning/zoning department and the City Administrator as well as the Burlington Housing Authority. Both the City and the Housing Authority were not only receptive, but also very excited about and supportive of the potential renovation and the opportunity to keep the project as affordable housing. The development team, including the management staff at the property, gave the City officials a tour of the property and explained the project scope in its entirety. Given our extensive experience renovating affordable housing projects across Colorado, the City and Housing Authority have a great level of comfort with our ability to complete the project to budget and on time. The zoning department does not anticipate having any zoning, planning or permit issues related to the renovation. In fact, the City has agreed to waive the building permit fees as further sign of support. Please see the attached letter of support signed by the Mayor of Burlington.

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

This proposal is for the preservation, acquisition and substantial rehabilitation of Burlington Manor Apartments in Burlington, CO. The substantial rehabilitation of this project addresses four critical and immediate needs:

1) Targeting accessibility/ADA issues
2) Replacing critical building systems, including adding much needed air-conditioning
3) Reducing operating costs through energy efficiency upgrades
4) Significantly upgrading current dilapidated interior units that have not been renovated since 1984
The project will include the complete remodel of 4 ADA units to comply with accessibility standards and requirements. Currently, these units are not in compliance and pose a danger and inconvenience to current accessible tenants. These first floor units, laundry rooms and playground, picnic areas all will be made accessible.

Current plumbing and electrical systems are outdated and could pose a safety threat to the residents. This project covers all new kitchen and bathroom plumbing installation as well as electrical installations in the units and parking areas. In addition, the renovation will provide all tenants with much needed air conditioning.

Energy efficiency improvements are important in that they benefit the environment and at the same time reduce operating expenses. Specifically, the project will upgrade major systems, including the replacement of hot water heaters and air furnaces to high efficiency units, install much needed air conditioning, upgrade insulation and siding and install new highly energy efficient windows. The renovation will also provide the residents with all new Energy Star kitchen appliances and new low water kitchen and bath fixtures.

Interior kitchens and bathrooms have become worn and unsanitary. The renovation will add new resilient flooring and carpet, new kitchen cabinets and bathroom fixtures and brand new kitchen appliances, including refrigerators and stove ranges. A total modernization of these units is absolutely necessary. With the proposed renovation tenants will not only enjoy completely renovated interiors, but also will benefit from many new amenities including air conditioning, a playground and a community building.

10 Year Rule Explanation

The Project is not required to meet the 10-year “look-back” requirements of Section 42(d)(2)(B) of the Internal Revenue Code in order for the Applicant to be eligible for low-income housing tax credits related to its acquisition of the Project. Section 42(d)(6) of the Code provides that the 10-year “look-back” requirement is inapplicable if the Project is a “federally-assisted building.” Because the Project is assisted with a 100% Project-
Based Section 8 Housing Assistance Payments Contract, the Project is a “federally-assisted building” as the Project is substantially assisted, financed, or operated under Section 8 of the United States Housing Act of 1937.

**Related Party Explanation**

The project currently is owned by Steele Burlington Manor LLC (“Seller”), whose managing member is Steele Burlington Manor MM LLC. Steele Burlington Manor MM LLC is owned 100% by Steele Properties Holdings LLC (“Steele Holdings”). Steele Holdings also is the managing member of Steele Burlington LIHTC MM LLC, the managing member of the Applicant. However, Steele Holdings (directly and indirectly) owns less than 50% of the capital and profits interests in Seller, and, thus, the Project will be acquired by “purchase” upon a tax credit closing as set forth in Internal Revenue Code Section 42(d)(2)(B)(i). The acquisition price is supported by a certified appraisal.

**Past Local, State, Federal Sources**

The project has a Section 8 Housing Assistance Payments Contract and previously was financed with an FHA insured mortgage, which mortgage has since been repaid.

**Capital Expenditures**

There has been a minimal amount spent in capital expenditures since acquiring the property in December of 2013. Other than small repairs the only item of significance was a new heater for the manager’s office. The total cost was $2481. There are no obvious design flaws or obsolescence issues.

**Relocation Plan**

Please also see the attached relocation plan that addresses the project’s goals and compliance with any potential relocation of tenants.
You may also provide additional documentation that supports your narrative by attaching it to the narrative or submitting it on a CD. Each supporting document should briefly describe what is contained in the attachment.

Please find attached supporting documentation.

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

Example 2: Soft funds documentation to support that amount of soft funds listed in the Application can be secured could be labeled as follows: Attachment Overall Financial Feasibility and Viability or Overall Financial Feasibility and Viability.pdf, etc.
April 16th, 2015

Paul Moore  
Project Manager  
Steele Properties, LLC  
6795 E. Tennessee Ave., Suite 530  
Denver, CO 80224

Dear Mr. Moore –

As the Mayor for the City of Burlington, CO I am very pleased that your organization is pursuing the rehabilitation of Burlington Manor Apartments. The project provides our local citizens with a safe and comfortable rental environment to raise families, reside and retire. I would like to express my full support of your application to the agency outlined below for tax credits to support the development.

I am glad to know that the transaction will result in over $2.5 Million in rehabilitation – a needed investment that will revitalize this community.

I understand that Steele Properties, LLC will leverage different resources to make this needed preservation and rehabilitation possible, including:

- An application to the Colorado Housing and Finance Authority (CHFA) for an allocation of Federal Low Housing Income Housing Tax Credits

Additionally, as a further sign of support for the project, the City would like to waive all building permit fees associated with this potential renovation.

Again, I am very supportive of your application and associated development plans. Please keep me apprised of your development progress.

Sincerely,

Kerry Korsvold  
Mayor  
City of Burlington

"Building a Stronger Community For Tomorrow!"
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Income status - EL (Extremely Low), VL (Very Low), L (Low), B (BMIR), UQ (Unqualified), UD (Undetermined), NA (Not Applicable), M(Moderate)
Status - A (Active), O (Active with offer), C (Canceled), F (Failed to Respond), M (Moved in), R (Rejected), W (Voluntarily withdrew), P (Pending move-in)
Accessible - M (Mobility), H (Hearing), V (Vision), No (Standard)
## Waiting List Report
### As of 4/24/2015

Wait lists - All; Bedrooms - All; Sort by - Bedroom and Name
Statuses - Active, Active (with offer), Pending move-in; Time zone - Central Standard Time

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**Transfer List**

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Income status - EL (Extremely Low), VL (Very Low), L (Low), B (BMIR), UQ (Unqualified), UD (Undetermined), NA (Not Applicable), M(Moderate)
Status - A (Active), O (Active with offer), C (Canceled), F (Failed to Respond), M (Moved in), R (Rejected), W (Voluntarily withdrew), P (Pending move-in)
Accessible - M (Mobility), H (Hearing), V (Vision), No (Standard)
Relocation Plan for Burlington Manor Apartments
2505 Senter Avenue Burlington, Colorado 80807

This Plan is intended to comply with the Uniform Relocation and Real Property Acquisition Policies Act of 1970, as amended (the “URA”), the Colorado Housing and Finance Authority (the “Department” or “CHFA”) and any other applicable state and local regulations and policies.

Steele Burlington LIHTC LLC (“Steele” or “Owner”) is proposing a significant rehabilitation of Burlington Manor Apartments with the assistance of Low Income Housing Tax Credits (“LIHTC”). This scope of work includes complete kitchen, bathroom, and floor replacements for each unit. Steele is committed to minimizing any impact of relocation to residents as much as possible. Given the required scope of work, there will be minimal temporary relocation requirements impacting only four (4) units, as the scope of work of the proposed rehabilitation can safely and effectively be completed with most residents’ in-place of fifty (50) units.

In-place rehabilitation means that current residents will not be required to move out of their unit for any period of time, and will not be required to vacate their unit for more than an eight-hour work day at a time during the renovation. Renovation activity will take place during business hours, and residents will return to a fully functioning apartment (all systems in order and free and clear of debris) at the end of the day. Daytime accommodations will be provided on site, and have been sufficiently budgeted for. Great care will be exercised to ensure that residents are treated fairly and equitably throughout the renovation process.

All tenants have been notified of the proposed project prior to relocation activity by General Information Notice (“GIN”) issued via hand delivery or sent via certified mail (see exhibit A attached), as required under the URA, and will subsequently sent a Notice of Non-Displacement explaining the reasonable terms and conditions under which the person may lease and occupy a unit once the rehab is completed. This plan is based on current project conditions and may be subject to change.

Relocation Plan Description:
The project consists of fifty-four (54) total units of which are all project based Section 8 in three-story buildings at the following address: 2505 Senter Avenue Burlington, Colorado 80807. Currently one hundred (100) percent are occupied. Because this is a Project Based Section 8 property, residents will not be permanently displaced due to this investment. The specific details and associated costs of our relocation plan are as follows:

Relocation Coordinator:
Amy Mari
Property Manager
Office 719-346-5454
Fax 719-346-8013
In Place Rehabilitation Plan:
Our goal is to minimize the impact of construction as much as possible. Fifty units (50) will allow for in-place rehabilitation which will minimize rehabilitation disturbance to residents. Renovation activity will be completed in individual units during pre-scheduled eight-hour days as more fully detailed below. Residents will not be required to vacate his or her unit for more than eight hours (though most days the work will be completed in less than eight hours).

When necessary, the construction teams enter an apartment and rehabilitate specific areas of the unit. At the end of each day, the apartment is fully functional and left clean and free of debris. This team has completed several rehabilitations of similar and larger scale using this same relocation tactic. We anticipate that we will only need to ask residents to allow the construction team to enter their unit a maximum of 21-28 days throughout the entire renovation process. These days are separated by a sufficient amount of time, as daily work is completed on one element of each unit at a time. For example, a construction crew will complete work on all kitchens throughout the property one after another. The next phase will subsequently proceed, where a crew will go through each unit in the same order and complete work on all bathrooms. This process will continue until all unit work is complete. All work will be completed during business hours. Though some work will require a full eight hours in the unit, many days will require less time to complete the needed unit work (as little as an hour).

Management will notify residents of upcoming renovations to their unit and give them plenty of time to prepare. Residents will only lose access to certain portions of their unit at a time. However, due to the renovation activity in the unit, residents may choose to vacate their unit while work is completed. During these times, residents will be provided with water, beverages and snacks. Onsite property staff will be available to assist residents with any needs that they may have during the day. Additionally, meal reimbursements will be provided if the resident is unable to use his/her kitchen facilities for any period of time. We have budgeted for onsite in-place rehabilitation assistance described above as follows.

Temporary Relocation - Lodging
As previously noted, in-place rehabilitation creates the least amount of disturbance for residents therefore the majority of the residents (50 units) will not be required to temporarily relocate during the rehabilitation project. The remaining four (4) units will be constructed to meet ADA accessibility requirements. Due to the extensive construction work, residents that live in the 4 ADA converted units will temporarily relocate from his or her unit. The unit work will be completed as efficiently as possible to ensure residents return to their units as soon as possible, limiting off-site relocation to four (4) calendar weeks per unit. At the end of the four week relocation period, residents will return to their own completely livable unit. All systems will be in working order, the unit will be clean and free of debris, and there will be no threat of exposure to hazardous materials.

During the four week relocation period, residents will have the option of receiving lodging at a nearby hotel, or to elect to stay with friends and family while work is being completed on his or her unit:
a) The cost of moving the tenant and his family to a moderately priced hotel in the vicinity of the project for a period not to exceed 30 days. Assistance would include any costs associated with the move, storage of the tenant’s furniture, if necessary, as well as payment of other out of pocket expenses including, but not limited to, meal reimbursements;

b) The cost of moving the tenant and his family to a friend or family member’s residence. The Owner and Tenant may reach a written agreement that the Tenant and his family will temporarily relocate to a friend or family member’s residence for a short period of time. Assistance may include the costs of moving the tenant and his family from the unit and back or storing all or a portion of the tenant’s furniture, reasonable rental payments, meal payments to the family member or friend and other out of pocket costs.

Relocation Schedule
The Owner will adhere to all advisory service and other requirements outlined in the Uniform Multifamily Rules and the QAP Manual. The owner will make every effort to work with each resident’s schedule to make arrangements that will not create any direct costs, and that will minimize and mitigate any indirect cost to the resident.

The majority of the in-place rehabilitation process will be completed 14-16 units at a time and each cycle consists of 3-4 weeks:

In-place Rehabilitation:
• 1 and 2 bedroom units assume an in place 3 week rehab schedule
• 3 and 4 bedroom units assume an in place 4 week rehab schedule
Temporary Relocation:
• 4 bedroom units are temporary relocations due to full ADA conversions assuming a 4 week renovation schedule

Estimated Costs:
All relocation costs will be funded through tax credit equity. The total maximum relocation budget is: $21,000.00

However, we do anticipate that some households will elect to stay with friends and family, which lessens the total cost and allows for flexibility in the budget.

Steele has ample experience managing rehabilitation at nearly 20 properties across the country. Our goal is to ensure the safety and comfort of all residents during construction, and to effectively communicate the long-term benefits of the construction work to them. The rehabilitation work will create a far more desirable home for residents of Burlington Manor Apartments, and we are confident that all residents will feel that the benefits far outweigh any inconvenience, as has been the end-result for all of our tax credit rehabilitations.
GENERAL INFORMATION NOTICE

RE: General Information Notice (GIN)

Dear Tenant, et al:

Steele Burlington LIHTC LLC is interested in acquiring the property you occupy at 2505 Senter Ave., Burlington, CO 80807 for the rehabilitation of Burlington Manors Apartments. This notice is to inform you of your rights under Federal law. If Steele Burlington LIHTC LLC acquires the property and you are displaced for the project, you will be eligible for relocation assistance under the Uniform Relocation Assistance Act and the Real Property Acquisition Policies Act of 1970, as amended.

However, do not move now. This is not a notice to vacate the premises.

You should continue to pay your monthly rent to your landlord because a failure to pay rent and meet your other obligations as a tenant may be cause for eviction and loss of relocation assistance. You are urged not to move or sign any agreement to purchase or lease a new unit before receiving formal notice of your eligibility for relocation assistance. If you move or are evicted before receiving such notice, you may not receive any assistance. Please contact us before you make any moving plans.

If Steele Burlington LIHTC LLC acquires the property and you are eligible for relocation assistance, you will be given advisory services, including referrals to replacement housing, and at least 90 days advance written notice of the date you will be required to move. You would also receive a payment for moving expenses and may be eligible for financial assistance to help you rent or buy a replacement house. This assistance is more fully explained in the enclosed brochure, “Relocation Assistance to Tenants Displaced from Their Homes.”

If for any reason any other persons move into this unit with you after this notice, your assistance may be reduced. If you have any questions, please contact Amy Mari, Property Manager at 719-346-5454.

Again, this is not a notice to vacate and does not establish eligibility for relocation payments or other relocation assistance. If Steele Burlington LIHTC LLC decides not to purchase the property, you will be notified in writing.

Sincerely,

Hud Karshmer, Principal
Steele Properties, Developer
On behalf of Steele Burlington LIHTC LLC