

9% lihtc application narrative



Project Name: Colfax Gardens

Project Address: The subject site is vacant land, located on the Northeast Corner of Xanadu St and 13th place in Aurora, CO (APN# 1973-01-1-08-007 in Arapahoe County). Per the Arapahoe County Assessor's office, the address is 1348 Xanadu Street. However, the City of Aurora Addressor's office has recommended either 1314 or 1324 Xanadu Street and will be assigning the final site address upon project approval.

I. Why this project, why now, and why us?

Retirement Housing Foundation (RHF) understands the competitive nature of this process and the number of other qualified applicants. That being said, RHF believes that its proposed Colfax Gardens project compares superiorly amongst others and addresses an immediate need in an area of Aurora that is experiencing a significant positive gentrification. Furthermore, RHF has the experience, financial strength and resources to build an excellent senior affordable housing project on time and on budget.

As evidenced by the Highland Group market study, Colfax Gardens ranks above comparable properties, both inside and outside the market area, in terms of unit sizes, quality, amenities, and location. RHF has spared no expense in the budget to make sure the project is developed as an Enterprise Green Community, rich in amenities and project activities, that meets RHF's high standards of excellence. In fact, RHF is contributing \$650,000 of its own money to maintain this budget, which sets us apart from other developers and projects.

Historically, the City of Aurora contains some of the lowest income areas of the Denver Metro Area. However, the area immediately surrounding the subject site encompasses the Fitzsimons Boundary Area II, a newly adopted Tax Increment Financing area and the expansion of the Anschutz Medical Campus. New development planned within this area include new homes, retail and a \$90 million, 245-room, Hyatt full service hotel with a 30,000 square-foot conference center. Colfax Gardens will be an excellent addition to the future new development in the area, all working to reverse neighborhood blight. As part of this redevelopment, the new Veteran's Affairs Medical Center is currently under construction to the east of the project and therefore Colfax Gardens provides the opportunity to house a senior Veteran population desperately in need of affordable housing. To that end, RHF has been exploring the availability of VASH vouchers with the Veterans Administration.

It is also well known the high demand and lack of supply for senior affordable housing in the City of Aurora. There are 662 qualified households within the proposed market area, which is further bolstered by the number of individuals who live outside the proposed market area that will be interested in this development. In addition, there are currently no 30% AMI units in the proposed market area. Colfax Gardens will double the number of tax-credit affordable senior units in the market area and will provide much needed 30% AMI units.

II. Project Summary

a. General Project Description:

Colfax Gardens is a proposed 50-unit affordable senior housing community designed for individuals 62 years and older with a focus on the residents' health and wellness. The project will be 100% rent and age restricted to persons whose incomes do not exceed 30%, 50% and 60% AMI levels for Arapahoe County. Proper forward planning as well as close collaboration with our highly experienced marketing consultant led to a sustainable Enterprise Green Community (EGC) offering superb amenities and program activities while providing a tremendous value to the residents. In addition, the close proximity of the Fitzsimmons Urban Renewal Area, a locally designated redevelopment area, offers residents many shopping, dining and recreational choices as well as health and medical services.

b. Common Area Amenities:

Colfax Gardens will offer the following common area amenities:

- Community Room with flat screen TV and sink, dishwasher and microwave for social gatherings, educational activities, potlucks and games.
- Internet Café with common-use computers available to all residents as well as WiFi throughout the common areas for individual, private point-of-access.
- Large Outdoor Garden Patio with barbeques, raised planter boxes for gardening projects and a large garden trellis as the central landmark.
- Fitness Room complete with exercise bikes, treadmills, resistance machines and other fitness equipment such as medicine balls.
- Walking Trail which circumvents the site and incorporates activity nodes such as fitness stations and other exercise opportunities

- Multi-Purpose Room with arts and crafts area, sink and large storage closet to expand or reduce sitting and card/utility tables as needed.
- Yoga Studio with floor to ceiling mirrors, hand rails and laminate flooring.
- Library with periodicals, magazines and other subscription material as well as an assortment of traditional books.
- Social Services Office for a full-time coordinator who will provide residents with services and materials to help them live independent and dignified lives as they age in place.
- ViewRoom on the top floor accessible to all residents.
- Secured Building including surveillance cameras and controlled key-access entry.
- Two Elevators with back-up generator in case of power failure.
- Owner paid hot & cold water, sewer and trash services. Residents will receive a monthly utility allowance towards electricity.
- Daily Resident Activities and Services coordinated by RHF personnel, including fitness and yoga classes, dance sessions, pot-lucks, arts and crafts classes and health and wellness seminars. One such activity includes assigning a pedometer to each resident to calculate walking distances and rewarding residents for improvement, consistency and participation.

c. Unit Amenities:

The individual units at Colfax Gardens are feature rich and include:

- Vertical Terminal AC (VTAC) units which is a ducted heating/cooling system typically found in higher end hotels and apartments.
- Window covers and blinds
- Coat & walk-in closets (in almost all units)
- Energy-star ceiling and bathroom fans
- Energy-star refrigerators and dishwashers
- Patios and/or balconies
- Stove/oven
- Garbage Disposal
- Built-in microwave/vent hood combination
- Energy-star washers and dryers

- Emergency pull cords in each bedroom and bathroom

III. Project Highlights

a. Strong Demand:

Colfax Gardens will serve a large senior population looking for affordable, quality housing with rents at 30%, 50% and 60% of Area Median Incomes (AMI) for Arapahoe County. According to the market study, prepared by the Highland Group (and attached as part of this application), demand for Colfax Gardens is strong, with an overall capture rate of 14.4% of the age and income qualified households in this AMI range for the designated market area. Moreover, the relatively large units, the individual balconies/patios, and the high quality amenity package provide Colfax Gardens with a marketing advantage over comparable properties. (As is typical of RHF projects, affordability was maximized to the extent possible without compromising the amenities and health & wellness programs slated for this community.)

b. Readiness to Proceed:

Although we are not required to and this project is not dependent upon it, we have submitted a rezoning application to the City of Aurora for a Transit Oriented Development (TOD) overlay. We will be submitting the site plan and civil engineering construction drawings in the summer of 2015, after approval of the TOD overlay.

We have met with the City of Aurora Planning, Engineering, Traffic, Life & Safety, Water & Sewer, Parks and Recreation and other Departments to fully understand the approval process and gain City support. The entire development and consultant team has already been selected from local (Denver MSA) areas and all are ready to proceed.

In line with RHF's commitment to sustainable and responsible planning & development (as well as being a good neighbor), we conducted a neighborhood outreach to better understand the culture of the surrounding area in order to put forth a thoughtful project that will blend well within the existing fabric of the community. Through those efforts, we reduced the size of the project from 64 to 50 units, although the site can be developed "by-right" for up to 70 units per the City of Aurora Planning/Zoning Code.

In addition, RHF has obtained financing commitments for both the equity and debt and has secured soft financing.

c. **Proximity to Transportation Infrastructure:**

There are two main bus routes serving this site within less than a ½ mile walking distance. One bus line is on Potomac Street (serving North/South) and the other is on Colfax Avenue (serving East/West). Furthermore, the new I-225 light rail line is currently under construction and will be online and operational in 2016 (prior to lease up of Colfax Gardens), with the Colfax Station located less than ½ mile from the site. A map of the new rail line is shown below. Finally, the site is within walking distance to coffee shops, casual dining and the Anschutz Medical Campus.



d. Area Redevelopment:

The proposed project is within close proximity of the Fitzsimons Boundary Area II, a newly adopted Tax Increment Financing area located south of Colfax, which is an extension of the Fitzsimons Life Science District on the Anschutz Medical Campus. New development planned within this area include new homes, retail and a \$90 million, 245-room, Hyatt full service hotel with a 30,000 square-foot conference center. Colfax Gardens will be an excellent addition to the future new development in the area, all working to reverse neighborhood blight. Directly to the North of the subject site is an existing low-income housing community in poor condition. Colfax Gardens will serve as a pleasant buffer between this aging project and the single family homes to the South, a benefit that was well received by the various neighborhood groups.

e. Local Support:

The project has documented support from both the Mayor's office (Honorable Steve Hogan) as well as the district/ward supervisor (Ms. Sally Mounier—see attached support letters). Further, RHF has met with and received verbal support from the surrounding home-owners groups and the nearby St. Pius Church.

f. Local subsidies:

Due to the overwhelming need for affordable housing for the elderly, the City of Aurora has agreed to waive certain taxes and zoning fees related to this project. The site is within a Qualified Census Tract (Census Tract 73.01 in Arapahoe County) and therefore qualifies for a 30% boost.

g. Cost reasonableness:

The general contractor, Pinkard Construction, has been retained through a pre-construction agreement to be part of the design team. As a result, they have worked closely with the architect since the beginning, providing valuable feedback regarding project systems, efficiencies, and construction means and methods. RHF has worked with this same design team (Pinkard Construction and The Abo Group) previously on our Harvest Pointe project (HUD 202 building) in Loveland, CO, and we are confident in their ability to accurately estimate, construct and deliver this project based on their preliminary budget and recommendations.

h. Proximity to existing tax credit developments:

There is one other true tax-credit senior apartment property in the market area, located approximately 2.5 miles from the site named Pinewood Lodge. That property is a 103-unit 9% tax credit project constructed in 2004 and is completely leased with an existing waitlist.

i. Site suitability:

Both RHF and the Highland Group feel that the subject site is in an excellent location for affordable seniors housing. The site has not previously been developed, and according to the environmental Phase 1 report, it has no environmental issues of concern. It is flat to gently sloping and has access to all necessary infrastructure and utilities. The site is not in a flood plain and is surrounded by single family homes, apartments and a Catholic Church. It is within a few blocks of a coffee shop, casual dining, the Anschutz Medical Campus, bus stops and a future light-rail station. Denver's extensive paved multi-use paths, greenways and parks can be accessed via a trailhead 1/2 mile north of the site.

IV. Financing:

RHF has secured commitment letters from Wells Fargo for the debt and the tax credit equity (at \$1.09 per credit). Furthermore, in order to build the very best community on the site, without compromising its unique amenities and features, RHF Foundation Inc. will make a loan to the project of \$650,000, secured by a 40-year residual receipts note. Finally, as previously mentioned, the project qualifies for a 30% boost due to the QCT overlay and it will realize fee and tax relief from the City of Aurora.

RHF prides itself on developing quality and financially sound projects and Colfax Gardens will be no exception. The architect, The Abo Group, has completed the schematic design and has started design development. The general contractor, Pinkard Construction, has performed detailed take-offs of the drawings and obtained a competitive construction budget. The financial sources and uses are shown below.

SOURCES	
First Mortgage	\$ 1,900,000
Limited Partner Equity	\$ 11,021,102
GP Equity	\$ 1,102
Commercial Space	\$ -
Fee Waiver	\$ -
Angelus Trust - Gap Loan	\$ -
RHFFI Angeles Land Loan	\$ 650,000
Deferred Developer Fee	\$ 325,138
Total Sources	\$ 13,897,342
USES	
Acquisition	\$ 693,000
Construction and Construction Contingency	\$ 8,677,959
Architect	\$ 450,271
Construction Interest	\$ 333,677
Lender Costs	\$ 192,781
Impact Fees and Permits	\$ 881,298
Reserves	\$ 117,260
Third Party Consulting Fees	\$ 100,000
Other Costs	\$ 760,360
Developer Fee	\$ 1,690,735
Total Sources	\$ 13,897,342

V. Experience and Track Record:

Retirement Housing Foundation (RHF) is one of the nation’s largest non-profit developers and managers of housing and services for older adults, persons with disabilities and low-income families. Formed in 1961, RHF currently owns and operates 175 housing communities in 28 States, the District of Columbia, Puerto Rico and the U.S. Virgin Islands, serving more than 19,000 residents. While these communities are comprised mostly of apartments, RHF also owns and operates assisted living facilities and skilled nursing beds. We are a member of Leading Age (formerly known as American Association of Homes and Services for the Aging), the International Association of Homes and Services for the Aging, LeadingAge State affiliates, the American Senior Association of the National Multi-Housing Council, the Low Income Housing Coalition, American Society on Aging, the Association of Housing Management Agents and the Stewards of Affordable Housing for the Future. RHF's overall goals and policies are set by its Board of Directors and its President/CEO. Headquartered in Long Beach, CA, RHF employs over 2,800 people. All RHF communities are managed in-house through its two subsidiaries—RHF

Management, Inc. and Foundation Property Management, Inc. A resume of key Corporate Members is attached.

VI. Outreach efforts:

RHF has met with local neighbors, the St. Pius Church, local HOA's as well as representatives from the City of Aurora in an effort to design and build a sustainable community that will have the support of all stakeholders. At a presentation on June 18th, 2014, the public opinion towards the project was unanimously positive.

VII. Enterprise Green Communities and sustainability:

RHF has been working with Group 14, a sustainability/green consultant, to design the green elements of this building. Some of those elements include: efficient lighting and controls, efficient heating and cooling systems, well-insulated building exteriors, recycled and regional materials, high performance water fixtures and green streets/on-site water management. The project will incorporate native landscaping, efficient irrigation and improved stormwater management. Water conservation shall be achieved through the use of high efficiency water closets, low flow shower heads, low flow sinks and faucets, metal aerators and energy-star dishwashers and clothes washers. Further, this project is designed to allow residents to recycle materials by using a dedicated trash chute specifically for recyclable materials. Windows shall be low e-glass, roof insulation shall be R-38 batt and walls shall be R-19 batt (and up to R-21 in some areas). All clothes washers, dishwashers, microwaves and refrigerators shall be energy-star certified as will bathroom, ceiling and kitchen hood fans. Most lighting will be hard-wired pin-based fluorescent or LED fixtures with use occupancy sensors installed in the staircases and common corridors. This project shall comply with EGC criteria 5.1b Verification of Energy Performance through the CHFA and Enterprise approved alternative compliance path outlined by Xcel's Energy Design Assistance (EDA) program's Verification methodology. In addition, this project will implement "Healthy Interiors" and engage occupants to educate them about conservation and best practice techniques in our conservation efforts.

VIII. Surrounding Land Uses and Amenities:

The University of Colorado's Anschutz Medical Campus comprises the majority of the area to the north of Colfax Avenue. This newer campus houses the University Hospital and numerous physician offices, including University eye and dental teaching clinics. The new Veteran's Affairs

Medical Center is currently under construction to the east of Anschutz. To the south of the site, the majority of the area is comprised of single family homes. Approximately one-half mile south and east, along N. Potomac Street, are the Aurora Medical Center, Spaulding Rehabilitation Hospital and Kindred Hospital Aurora. A newer retail center exists roughly two blocks to the east along Colfax Avenue, and contains a Caribou Coffee, Smash Burger, Chipotle, Spicy Pickle, Noodles, a FedEx store and dental office. Beyond this, and crossing I-225, are additional single family neighborhoods and a mobile home community with shopping, banks and restaurants along E. Colfax Avenue. Generally, the areas west of the site consist of older single family homes and the Fitzsimmons Urban Renewal Area, which will include future development including a new hotel and conference center adjacent to the newly-constructed Marriott Springhill Suites Hotel, Fitzsimmons Offices, 1st Bank, and retail spaces. Older retail and commercial space are interspersed along N. Peoria Street.