

# 9% lihtc application narrative



Project Name: Hidden Lake Homes, aka JCHA Westminster Senior

Project Address: 73rd Avenue and Sheridan Boulevard, Westminster



## ***PART ONE: Project Description, Strengths and Weaknesses***

### PROJECT DESCRIPTION & LOCATION

The Jefferson County Housing Authority proposes to construct 72 units of high quality affordable housing for independent seniors in a newly redeveloping area of Westminster.

Building on its success with the recently opened Lewis Court Senior Apartments in Golden, JCHA has brought the same team together to develop a similar project in a highly desirable location currently undergoing both residential and commercial development. The site is adjacent to the historical Shoenberg Dairy Farm and within short walking distance of several established retail stores, restaurants, medical facilities, and a new Walmart. The location is on main bus line public transportation routes, both North/South (Sheridan) and East/West (72nd Avenue) . For longer travel, the proposed Northern light rail station at 72nd and Federal Boulevard is a five minute drive.



HIDDEN LAKE HOMES SITE PLAN  
N.T.S.

# HIDDEN LAKE HOMES: Experience Renderings



Entrance



Rooftop Patio



Farmer's Market



Walking Path

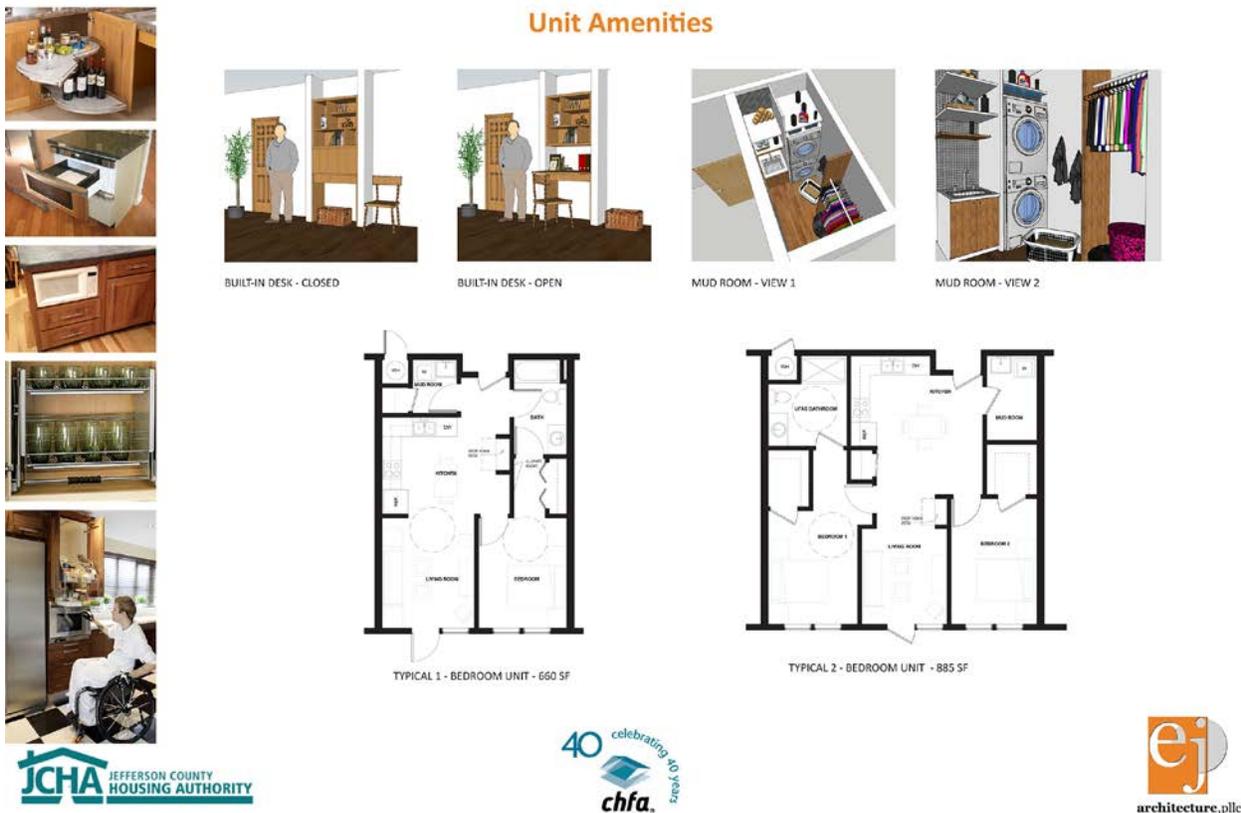
4/21/2015



## SITE DESIGN, CONSTRUCTION, AMENITIES & ENERGY EFFICIENCIES

The proposed construction, designed by ej architecture, is a single three story elevator building on a 4 acre site. The proposed unit mix is 42 1BR/1BA units averaging 667 square feet each and 30 2-BR/1-BA units, averaging 928 square feet each. The total building square footage will be approximately 73,400 square feet comprised of 55,839 square feet of residential space, and 20,926 square feet dedicated to hallways, stairs, mechanical spaces, and common areas.

Interior amenities will include a community room with attached kitchen, fitness room, internet cafe, hair salon, an exam room for visiting medical personnel, and a third floor open viewing terrace. Each unit will include its own washer and dryer and utility sink, features very popular with independent seniors. In addition, units will have private patios/balconies with lockable storage space, walk-in closets, and a mud room.



The site offers attractive outdoor amenities as well, designed to encourage activities to promote a healthy lifestyle. The centerpiece is a large central courtyard, with a patio and flower gardens. Community gardens will be located at the south side of the main building to allow for maximum solar exposure and enable the residents to grow a variety of flowers and vegetables. Storage will be provided for seasonal planting tools. Water will be readily available for residents to water and care for their plants. In addition, a fenced small dog park and a butterfly garden with sitting benches are included on current site plans. JCHA has also initiated discussions with the City of Westminster to secure permission to hold a seasonal Farmer's Market on the site.

Walking paths have been included throughout the site to link these various amenities and also to provide foot path access to nearby stores.

On-site parking capacity will be 116 spaces, 36 of which will be covered. Parking will be included in the rent. Current design plans include a photovoltaic solar energy system to be mounted atop the parking structure, which will help reduce overall consumption of electricity from the public power grid. Following its success with a similar system at Lewis Court Apartments, JCHA has elected to include ALL utilities in the rent, including individual unit electricity. This will assist residents, many of whom are on limited fixed income budgets, to be able to predict their living expenses with greater assurance.

## POPULATION SERVED

The project will primarily serve independent seniors, 55 and older. JCHA has applied to the Colorado Division of Housing for the 2015 Permanent Supportive Housing Pilot Program. In this program, JCHA has designated 20 of the units (27% of total units) to be reserved for homeless families and/or disabled/handicapped families. These families will receive Section 8 Rental Assistance as the 20 units will be Section 8 Project-Based apartments. Age is not a requirement of this program. JCHA will enter into a Memorandum of Understanding with Seniors' Resource Center to provide Case Management and Supportive Services for the homeless residents and other special needs populations at Hidden Lake Homes as described in the Colorado Division of Housing's 2015 Permanent Supportive Housing Pilot Program. JCHA maintains a waiting list of eligible applicants, many of whom are disabled and/or homeless, as part of its ongoing Section 8 rental assistance program which currently assists over 1,400 tenants annually.

JCHA has a contractual partnership with Seniors' Resource Center (SRC) that provides a comprehensive set of services at all of its senior properties. These services include the development of care plans to assist each resident with a streamlined way to enter the social services system based on their individual needs. Through an on-site office at the project, SRC also offers recreational activities, assistance with laundry, meal planning, shopping, light housekeeping, and other personal needs. Door-to-door transportation for short trips to the store, medical appointments, congregate meal sites, or hair appointments is available via a dedicated shuttle bus. For adults still interested in the active workforce, job readiness assistance is available for writing a resume, launching a job search, and interview techniques. Also, the Jefferson County Department of Human Services in coordination with SRC will provide assistance to the disabled and homeless residents.

The proposed unit mix includes 42 one bedroom 670 square foot units and 30 two bedroom 920 square foot units. As indicated in the market study, the proposed rents make these units

the BEST VALUE on a square foot basis among all affordable units in the market area. The affordability mix distribution is as follows:

- \* 30% AMI - 4 one bedroom units and 4 two bedroom units - 11% of total units
- \* 40% AMI - 10 one bedroom units and 5 two bedroom units - 21% of total units
- \* 50% AMI - 16 one bedroom units and 13 two bedroom units - 40% of total units
- \* 60% AMI - 12 one bedroom units and 8 two bedroom units - 28% of total units

JCHA has elected to pay ALL utilities as part of the rent, so tenants will not be subject to seasonal fluctuations or spikes in utility costs. The market study also reports that the proposed rents, taking the utility payment plan into account, makes this project SIGNIFICANTLY LESS EXPENSIVE than the existing comparable properties.

## FINANCING

The financing structure for the project is modeled after the successful Lewis Court Senior project and includes many of the same participants. Current anticipated sources include HOME/CDBG funds from Jefferson County, HOME/CDBG funds and cost waivers from the City of Westminster, HOME/CDBG funds from the State of Colorado Division of Housing, public housing disposition funds and fee deferrals from the Jefferson County Housing Authority, a permanent first mortgage from CHFA, and LIHTC equity investment from a competitively-selected investor. "Soft" financing sources, including JCHA equity and fee deferrals are currently estimated at approximately \$3,300,000, or \$45,800 per unit. In addition, JCHA has designated 20 units to participate in the 2015 Permanent Supportive Housing Pilot Program through CDOH. Finally, JCHA will also make the project a priority on its Section 8 voucher waiting list.

## PROJECT STRENGTHS AND WEAKNESSES

STRENGTHS: Why the project should be selected for a LIHTC award.

1. Large, high quality living units at extremely affordable prices. Rents on a square foot basis are The "Best Value" among affordable senior properties in the market area, according to the market analyst.
2. Location is part of larger residential and commercial redevelopment effort already underway in Westminster, providing residents with an immediate and future package of economic and social amenities in a walkable growing vibrant neighborhood.
3. Highly desirable unit designs, based on the success of Lewis Court Senior Apartments in Golden, offering larger than average total unit square footage, in-unit washer and dryer, walk-

in closets, private balconies/patios, lockable personal storage, and second bathroom option in the two bedroom units.

4. Expansive common areas for residents including a central courtyard with sitting areas, flower gardens, a butterfly garden, a small dog run, and meandering walking paths. Residents may have their own vegetable garden and participate in a seasonal on-site Farmers Market.

5. A senior support services package available to every resident, coordinated by Senior Resource Center, including recreational activities, assistance with laundry, meal planning, shopping, light housekeeping, and door-to-door transportation for short trips to the store, medical appointments, congregate meal sites, or hair appointments.

6. The project meets CHFA's Special Priority for homeless/disabled residents, by participating in CDOH's 2015 Permanent Supportive Housing Pilot Program covering 20 units (27% of total units).

POTENTIAL WEAKNESSES: Additional considerations.

1. The site is part of an overall redevelopment that is in the process of being built-out, meaning some commercial and residential construction in the nearby area is expected to occur over the next few years. While the PUD is known to be compatible with this senior project, some temporary inconvenience is expected near any construction.

2. The market study noted no weaknesses in the project as proposed.

### ***PART TWO: Guiding Principles, Priorities, and Criteria for Approval***

QAP GUIDING PRINCIPLES & PRIORITIES: As applicable.

1. To Support of Rental Projects serving the lowest income tenants for the longest period.

This development restricts 52 of the total 72 units (over 70% of the entire project) to residents at 50% AMI or less, including 11% at 30% AMI and another 21% at 40% AMI. The overall average rent at the property is 48% of AMI, including ALL utilities. The property LURA restrictions will be extended to the full 40 year term. Additionally, JCHA, as developer and owner, will make access to its Section 8 voucher program as easy as possible, within the mandated constraints of the Section 8 program. The project will be committed to the maximum period of affordability – 40 years.

2. Providing opportunities to a variety of qualified sponsors of affordable housing.

JCHA, the sponsor, developer and sole general partner of the ownership group, is a public housing authority. JCHA owns and operates a total of 1,065 units of affordable housing in Jefferson County, of which 320 are LIHTC-restricted units. The highly acclaimed Lewis Court project which was completed in 2012 is a testament to the qualifications of JCHA as a sponsor and developer of affordable housing.

3. To distribute housing credits to assist a diversity of populations including ...seniors...

This development is for independent seniors, age 55 and up. In addition, the project includes a set aside of 20 units for homes and/or handicapped/disabled residents, who may be senior or not.

4. To provide housing opportunities within a half mile walk to public transportation.

This development is located at the intersection of two major bus routes in Westminster, one North/South on Sheridan Avenue, and the other East/West on 72nd Avenue. The actual bus stops are located approximately 1 to 2 blocks walk from the property. Additional walkable destinations in less than a half mile include the Super Walmart for grocery, banking, pharmacy, general shopping, an urgent care medical facility, 7-11 Convenience store, Starbucks, four fast food shops, a barber shop, and a public park.

There intends to be a "farm to market" campus near Hidden Lake Homes. It will offer the packaging directly from the farmers or the growers of bulk foods. It is anticipated that the residents of Hidden Lake Homes can participate as Volunteers at the retail site or actually work at the manufacturing/packaging site if they so choose.

5. To support new construction of affordable rental housing.

This development is entirely new construction of 72 units of affordable housing.

6. To reserve only the amount of credit CHFA determines necessary...and for as many rental housing projects as possible...

This development is requesting less than the maximum credit allowable and is not requesting any discretionary eligible basis boost from CHFA. This is possible because the project will bring an additional "soft money" investment totaling approximately \$3,300,000, equal to \$45,800 per unit from local government and the sponsor.

7. To meet (any of) CHFA's special priorities in the 2015 QAP.

The project will meet the special priority for homeless/disabled persons. As noted above JCHA has designated 20 of the units (27% of total units) to participate in the 2015 Permanent Supportive Housing Pilot Program of the Colorado Division of Housing (CDOH) and CHFA. These units receive project-based Section 8 rental assistance vouchers, enabling very low income homeless and/or handicapped/disabled residents to meet the rent requirements of the project. While it is anticipated that many of these qualifying tenants may also be senior, age is not a requirement of this program. JCHA maintains a waiting list of eligible applicants, many of whom are disabled, as part of its ongoing Section 8 rental assistance program which currently assists over 1400 tenants annually. As of the date of this application, JCHA has submitted an application to the Colorado Division of Housing for this program. The Jefferson County Department of Human Services in coordination with Seniors' Resource Center (SRC) will provide the needed assistance to the disabled residents. JCHA, SRC and the Jefferson County Department of Human Services have many years of experience providing services to the disabled and homeless.

#### CRITERIA FOR APPROVAL

##### 1. Market Conditions.

Jefferson County has the largest Senior population in the state. In 2014, 122,157 of the County's population was over 60 years of age. From 2010 – 2020 the 60+ population is expected to grow to 165,281 or a 64% increase which will continue the County's demand for Senior services and continue to have Jefferson County lead the state in Senior population.

33% of the senior population has a disability. 18.5% are at or below 200% of poverty guidelines. Based upon the Jefferson County Age Well Study: "There is a need for affordable independent housing for older adults throughout the County." The greatest need is reported for individuals with incomes of 30% of area median income or lower. The 2010 Community Assessment of Older Adults indicated 28% or 30,141 individuals identified Housing as a need.

The project market study reports the capture rate for the proposed project, including the project itself, is 17.4%, rising from a rate of 14.7% under existing conditions. The overall vacancy rate for the eight similar competing affordable senior properties in the PMA is only 0.5%. Combined wait lists currently show approximately 393 households waiting for 40% AMI units and 306 households waiting for 50% AMI units. This high occupancy level mirrors JCHA's own experience of continuous strong demand for all its senior affordable rental properties, both LIHTC and non-LIHTC. These conditions, combined with the competitiveness of larger-than-average units and Best Value rents in the proposed project, provide a high level of confidence in the demand for the proposed project.

## 2. Readiness-to-Proceed.

Current zoning of the site is a PUD. The City of Westminster has performed a preliminary review and provided comments back to the design team. The comments received were expected and are in the process of being addressed by the design team for re-submittal. This re-submittal is being run concurrently with Developers revision to the overall PUD and is expected to be complete in approximately 4 months. The City is currently viewing the project favorably and complimentary to their development vision for the area. A detailed construction estimate from the general contractor is being provided as part of this application that reflects the current design as provided to the City as part of their predevelopment services. A phase one environmental review of the site was completed in 2014 and no problems found. An update will be provided to CHFA upon award of an LIHTC reservation.

## 3. Overall Financial Feasibility.

The developer has based the financial structure of this project on its previous success with the Lewis Court Senior Project, also located in Jefferson County, and done with the strong cooperation of the local jurisdictions (City and County). As such, the "soft" funds identified in this application from those sources, which are awarded on a year-by-year basis and represent significant investments from those jurisdictions, are considered to be highly achievable, though not yet possible to receive a firm commitment. Letters indicating this are included with this application. The "hard" funds identified, including construction financing terms, permanent mortgage terms, and tax credit investor pay-in rates, are all based on discussions with the developers' existing relationships with these firms and considered very achievable, given the forecasted conditions for the next 12 months in the financial markets. Proforma estimates of rental income, vacancy rates, operating expenses, debt coverage ratios, reserve deposits all fall within the developer's typical underwriting targets and within CHFA's underwriting standards as well. Finally, the project is not feasible as a PAB/4% LIHTC project, which is probably best illustrated by the need already to provide the significant \$3,300,000 injection of soft funds. The amount of soft funds required under a "4% scenario", would be beyond JCHA's current capabilities to assemble.

## 4. Experience and Track Record of Development and Management Team.

The developer has reassembled the team who recently completed Lewis Court Senior Apartments in Golden, Colorado. Lewis Court came in on time, on budget, and leased up in under three months. JCHA also owns and manages 320 other tax credit units and 745 non-tax credit affordable/subsidized units. In addition to JCHA itself, this team includes EJ Architecture, Martin and Martin Engineering, Palace Construction, Faegre Baker Daniels LLP, Affordable

Advisors LLC, and Dan Morgan and Associates, all of whom have experience with the tax credit program in Colorado and are locally based businesses.

5. Cost Reasonableness.

Total development cost of the project is approximately \$258,000 per unit, including land. The construction cost estimate (GMP, including contractor contingency) is \$163,000 per unit, or \$153.16 per square foot, including all site development costs, photovoltaic allowance, and GMP contractor contingency.

6. Proximity to Existing Tax Credit Developments.

According to the market study, the following existing LIHTC projects fall within the PMA:

- Arvada House, Arvada (PAB)
- Columbine Village at Arvada, Arvada (9%)
- Columbine Village on Allison I, Arvada (4%)
- Columbine Village on Allison II, Arvada (9%)
- Columbine Village on Allison III, Arvada (9%)
- Orchard Hill, Thornton (9%)
- Residences at Panorama Pointe Phase I, Westminster (9%)
- Westminster Commons Apartments, Westminster (PAB)

The market study does not consider two of these properties (Arvada House and Westminster Commons) to be competitive with the proposed project. Both of these properties are older 100% Project-based Section 8 properties.

7. Site Suitability.

The site is located within the City of Westminster, Jefferson County. It is currently a vacant site, zoned by the City as part of a larger PUD including residential and commercial development, some of which has been constructed over the past 10 years. Public roadway access is directly off 73rd Avenue. Due to the ongoing redevelopment of the larger area, all utilities required for the project are currently available at the site perimeter. The building site itself is essentially flat with no special geological features identified. The Phase One Environmental report indicated no known hazards or requirement for additional investigation. As a residential environment, the location has significant easy access to shopping, medical services, public transportation. Of strong interest to residents is a Super Walmart one block away with groceries, pharmacy, general merchandise, and banking. A large public park is nearby, with lakeside open space, multiuse trails and greenways. Finally, while the site is very near the intersection of 72nd and

Sheridan, it is buffered from the effects of passing traffic by the shopping center that wraps around the east and south sides of the site.

8. Justification for any Waivers requested.

No waivers are requested. The only request is for a 2.86% designated DDA basis boost. The basis boost is needed because of several factors:

- Increase in construction costs
- Inclusion of amenities such as covered parking, gardens and walking paths
- The relatively low mortgage per unit because of the commitments to lower income residents and to providing services

9. Issues Raised by Market Analyst.

No issues or weaknesses identified by market analyst.

10. Local Support sought for this Project.

The City of Westminster and Jefferson County have indicated their willingness to provide financial support to the project in the form of a combination of cash and waivers of certain development fees.