

## The Highlands

805 Bookcliff Avenue, Grand Junction, Colorado

### INTRODUCTION

As the first LIHTC development in Mesa County for seniors, The Highlands will set a high standard for attractive, service-enriched affordable housing.

The Highlands will address a significant unmet need for affordable senior housing in Grand Junction. Its central location facilitates the provision of community-based wellness services to its residents. Several important local human service providers have already committed to bring an array of senior-focused services to The Highlands, most at no cost to the residents. Located on the Grand Valley Transit bus routes and conveniently close to a host of healthcare, retail and social opportunities, The Highlands has an integrated Wellness Focus that will support active seniors' quality of life and will allow them to better age-in-place. This 64 apartment community will serve residents with a wide range of incomes, from 30% to 60% of Area Median Income.

### THE DEVELOPMENT

The Highlands will be a 4-story building with elevator, located just off North 7<sup>th</sup> Street, a major arterial street and only 2 blocks southeast of St. Mary's Hospital. An infill development, the 2.422 acre site makes efficient use of existing infrastructure. The land was acquired in August 2013, and has been master planned as a senior campus with entitlements for 132 units. Phase 1 is the subject of this application; Phase 2 will follow as resources allow. Grand Valley Transit bus stops are located within one block of the property.

The building's exterior will be an attractive mix of brick and stucco. The interior boasts two large community gathering spaces with free Wi-Fi, and 7 smaller resident-amenity spaces, including fitness and exercise rooms, a business center / computer lab, classroom, craft room, library and TV lounge. A first floor Bistro area encourages social gatherings, pot-lucks and cooking classes that support seniors' healthy lifestyles. An on-site property manager will support the community.

The 64 apartments are to include 52 one-bedroom, one bath units and 12 two-bedroom, one and one-half bath units. Ten apartments will be fully ADA accessible. The units will serve a range of residents' incomes as illustrated below:

	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>
One Bedroom – 603 s.f.	5	11	23	13
Two Bedroom -- 878 s.f.	2	2	2	2
Two Bedroom – 842 s.f.	1	1	1	1

The apartments will be bright and welcoming, with 9 foot ceilings, Energy Star appliances, walk-in closets and large windows that provide abundant natural light. Interior finishes will be beautiful and durable, including solid surface countertops, tile walk-in showers and LVT flooring. The open kitchen / dining area will accommodate residents' dining furniture. As a special amenity, each apartment has a balcony or patio. The floorplan was thoughtfully designed to allow good circular flow. A resident or guest using a wheelchair or walker can easily circulate through the space without encountering any dead-end corners. Consistent with its wellness focus, The Highlands will be a smoke-free building.

The exterior amenities are equally impressive, including a large semi-covered patio, beautiful landscaped grounds, raised garden beds and a walking path. A selection of outdoor seating areas will provide both sunny and shady areas throughout the day. A local service organization will bring a weekly farmers market to the property each summer.

## THE WELLNESS FOCUS

The Highlands has been laid out as a campus with a Wellness Focus, supporting Aging in Place. The Wellness Focus will be integrated into all aspects of community living, from building design to a dynamic menu of senior-specific services provided by local human services organizations.

The building has been thoughtfully designed with several amenity areas on site for both programmed activities and for resident's independent use. Many local service providers have committed to bring health and wellness services on site, most at no cost to the residents. A full Services Plan has been developed to address the five key aspects of Senior Wellness. See Attached.

Helping seniors to better age in place has numerous benefits for the residents' quality of life and for the community at large. A supportive environment that encourages seniors to be active and engaged may keep seniors healthier longer and may delay or eliminate the need for costly hospitalization or nursing home care.

### Energy Efficiency:

The Highlands will meet the Enterprise Green Community Standards, and includes the following energy efficient features:

- Reduced Heat-Island Effect Roof
- Low flow water fixtures
- Energy Star rated appliances
- Use of untreated rainwater from a regional irrigation ditch system for irrigation
- Energy-Star Advanced Lighting Package
- Photo Voltaic Ready
- Resident Recycling centers on each floor
- Electricity individually metered to each apartment

- Passive Radon venting system
- 30% Green Space
- Regional Material Selection and 25% Construction Waste diverted from landfill
- Compact development, density of approximately 27 units / acre
- Infill location which makes efficient use of existing infrastructure
- Proximity to Grand Valley Transit bus stops on two separate bus routes

Construction Type:

The Highlands is a 4-story Type-VA wood-frame construction w/R-2 occupancy. The 48,868 SF (64 Unit) Senior Housing Development’s wood framed structure sits on a structural concrete foundation. The exterior envelope consists of a flat membrane roof and has stucco and masonry siding with vinyl and storefront windows for the vertical skin. Each floor is serviced by a 4 stop, stretcher compliant, machine-room-less elevator. The building is protected by a NFPA 13R fire suppression system with dry heads at the exterior balconies. The plumbing fixtures are designed to meet the requirements of Green Communities. The mechanical system provides fresh air and DX cooling to the common areas and heating and cooling for the units is provided by individual horizontal fan coils that contain a DX cooling coil and an electric heating coil.

GUIDING PRINCIPLES / HOUSING PRIORITIES

The Highlands responds to CHFA’s Guiding Principles and Housing Priorities by:

- ❖ Serving households at the lowest levels for the longest time – The Highlands will serve households between 30% and 60% of AMI, with a 50 year commitment.
- ❖ One third of the units will serve households at 40% AMI or lower. All units will be affordable.
- ❖ Building in a Qualified Census Tract, which contributes to a concerted community revitalization plan
- ❖ Locating affordable housing within one-half mile of public transportation
- ❖ Adding affordable senior housing to a community with a population under 175,000. Mesa County’s population is estimated at 148,255 (2014)

CRITERIA FOR APPROVAL

Market Conditions:

The Market Study documents strong demand for more affordable housing for seniors in Mesa County. The Highlands will be the first LIHTC development in Mesa County to focus on the specific needs of seniors. An overall capture rate of 3.6% is indicative of this demand. Existing LIHTC family communities managed by GJHA experience an occupancy rate between 96.6% and 98.6%.

### Readiness-to-Proceed:

GJHA is committed to bringing this affordable community to life in Grand Junction now, and is highly invested in its success. GJHA acquired the land in August 2013. The City of Grand Junction approved GJHA's un-opposed request to rezone the property to Planned Development in January 2015. Subdivision of the land, Site Plan approval and a planning clearance were achieved in April 2015. Service Providers have lined up to bring wellness-focused services to The Highlands well in advance of its anticipated January 2017 opening date. While the LIHTC Application is pending CHFA review, GJHA will work toward finalizing a stormwater Discharge Agreement with the Grand Valley Drainage District and will complete our financing package. We have instructed the Architect to move forward to complete the Construction Drawings so that upon receipt of the Tax Credit Allocation we may move quickly to obtain final pricing, obtain a Building Permit and commence construction.

A funding commitment has been received from the City of Grand Junction for \$388,329, the amount of the City's Development Impact Fees. A grant application will be submitted to the State of Colorado, Division of Housing for \$800,000. Our conversations with CDOH suggest that CDOH will be receptive to our application. A commitment for a construction-to-perm loan has been obtained from Bank of Colorado. In addition to these sources, GJHA has committed to loan a total of \$419,265 to the development, in the form of 2 sponsor loans and deferred developer fee.

One important detail has not been settled. The land underlying The Highlands was purchased from Emanuel Epstein, an elderly man now living in St. Pete's Beach, Florida, who owned the land for 51 years. Mr. Epstein asked that we find a way to honor the military service and sacrifice of his friend, Sgt. Thomas R. McMahan. Epstein and McMahan fought in the battle of Normandy in WWII, and McMahan was killed in action in Germany in December, 1944. A suitable tribute will be incorporated into our plans.

### Financial Feasibility and Viability:

The Highlands is a premier quality and amenity-rich development requiring substantial investment in order to be economically viable at the anticipated very low rent levels. To that end GJHA has acquired commitments for both construction and long term debt financing from a local bank at competitive rates and a much lower "fee" structure than is typical. GJHA has also achieved a high equity pay in for this project due to its quality and position in the market. In order to make the project economically viable and in an effort not to burden the project with additional "hard" debt GJHA has agreed to reduce its Allowed Developer Fee by more than \$260,000 and to defer over \$165,000 of the reduced developer fee. In addition GJHA has committed \$254,000 of Housing Authority funds to the project in the form of subordinated loans.

The Highlands has also received a conditional commitment of eight Project Based Housing Choice Vouchers, with an initial 15 year HAP Contract. The Vouchers will ensure that even seniors with extremely low incomes, who otherwise would be unable to afford a safe place to reside, will be able to enjoy living at The Highlands.

Using CHFA's underwriting criteria, the development is projected to operate with a minimum of 1.15 to 1 Debt Coverage Ratio throughout the first 15 years of the compliance period.

The Highlands is the first of a two-phase development planned on a 3.763 acre parcel of land. Some of the predevelopment efforts for the first phase of the development also benefit the second phase. This includes the costs of rezoning and subdividing the land, designing the site plan for the development at full build-out, and designing and building an underground storm detention facility for the entire parcel, as required by the City of Grand Junction. Landscaping and parking spaces are also distributed somewhat disproportionately on the full site. This "front-loading effect" has been counter-balanced by a substantial reduction in the land cost allocated to the first phase and a corresponding increase in the land cost allocated to the second phase. The increased value of the second phase land is justified and supportable by virtue of the now complete entitlements, schematic design, engineering and the improvements to be constructed as part of the first phase of the development. Additionally, at our request the City has agreed to defer its typical requirement to underground utilities until construction of the second phase. As a counterpoint, this allows the residents of the first phase to enjoy greater amenities than would be possible otherwise prior to completion of the second phase.

#### Experience and Track Record:

Over the past 20 years, GJHA has successfully developed 4 family developments with LIHTC funding, with a clean record of compliance. GJHA owns and operates 10 affordable rental properties and administers over 1,250 Housing Choice Vouchers.

GJHA's senior management is experienced in development and management of affordable housing. CEO Jody Kole has led GJHA for 23 years. COO Lori Rosendahl has helped grow the organization over her 15 year tenure. The attached Resume for GJHA outlines its strong 40-year history of successful development and management of affordable housing.

GJHA collaborated with the respected Design-Build Team of OZ Architecture and Shaw Construction to complete the successful Village Park development in 2013, and will benefit from the continuity achieved by bringing this talented development team together again.

Shaw Construction is the leading affordable housing builder in Colorado and has current, relevant experience with the Enterprise Green Communities standards, as well as an outstanding reputation for the timely completion of affordable developments. With more than 10,000 units completed throughout Colorado, Shaw's multi-family experience is unparalleled.

OZ Architecture has extensive experience in multi-family housing development, including affordable and market rate units in both Front Range and Western Slope communities. The attached Resumes of each of our partners demonstrate the strength of this team.

Cost Reasonableness: A perspective from Clark Atkinson, President, Shaw Construction

The Highlands Senior Housing Project in Grand Junction is estimated to cost approximately \$170,265 per unit to construct. Design fees, insurance and bonds are accounted separately.

No new senior housing has been built in the Grand Junction area in several years. Two comparable Senior Housing projects in Denver have been completed, with a third about to break ground. The first two projects are directly comparable as four story wood frame structures with elevators and accessible features similar to the Highlands. Those projects were contracted in 2012, and cost approximately \$154,000 and \$180,000 per unit respectively. In today's market, both projects would cost approximately \$187,500 and \$225,000 per unit respectively. A third project located near Longmont is estimated to commence construction within the next 45 days and is estimated to cost approximately \$187,000 per unit, however this is a two story structure.

The amount of sitework, storm system detention and utility services required for the Highlands Phase I, as well as the amenity space, which will complement the prospective future Phase II, are included in the above costs.

When evaluated with comparable costs of similar Senior Housing projects in the region, the Highlands, is very price competitive. Part of this reason is that the general economy in Grand Junction has not recovered as much as that in the Front Range, keeping trade costs lower than other regions of the state. We estimate that cost escalation on the West Slope and the Grand Junction area will continue to increase, at an accelerating rate as the economy improves on the West Slope.

Proximity to Existing Tax Credit Developments:

The closest LIHTC development is Arbor Vista, a family development located at 515 Court Avenue is approximately 2 miles away from The Highlands. There are no senior LIHTC developments in Mesa County.

Site Suitability:

The site is exceptionally well-suited for this development. An infill site, it makes economical use of existing infrastructure. The multi-family seniors development provides a good buffer between the commercial land uses to the west of the site and the residential uses to the east. The proximity of health care and other amenities and the immediate availability of GVT bus service adjacent to the property are ideal.

## MARKET ANALYST

The Market Analyst offered two recommendations to improve The Highlands:

“To better facilitate community gatherings such as potlucks, parties, holiday events and other building-wide gatherings, we recommend upgrading the kitchenette in the community room to a complete kitchen, including an oven, dishwasher and counter and storage area in addition to the planned sink, refrigerator and microwave.” (Page 5 of 58)

Response: We have made the recommended change.

The subject will not offer in-unit washers and dryers, as do most other new senior tax-credit buildings. However the developer’s decision to instead control up front and ongoing maintenance costs, and offer senior apartments to those with very low incomes from 30% and 40% AMI appears to more effectively meet the expressed needs of this community. (Cited as a Weakness on Page 51 of 58)

Response: In senior units there is a lower premium on the in-unit laundry, and a higher premium on quality amenity spaces. This is a trade-off we chose to make. GJHA owns and manages two large (90 – 107 unit) senior developments, each with a single common laundry area. These are well accepted. Each of these laundry centers has 4 – 5 sets.

At The Highlands, we have opted to have a laundry center on each floor, so that 16 apartments on each floor share 3 pairs of washers / dryers, for a total of 12 pairs. We believe that this will serve our residents’ needs, provide operating and maintenance economies, and allows more functional use of the area of each dwelling unit. We do not consider this a weakness, just an alternate approach.

Opting for a Laundry center:

- Reduces up front cost of acquisition and construction;
- Reduces ongoing maintenance costs;
- Facilitates Maintenance Staff servicing laundry units without disrupting residents; and
- Facilitates residents’ socialization, along with the other shared amenity areas & programs.

## ENVIRONMENTAL ISSUES

The Phase One Environmental Site Assessment identified no evidence of recognized environmental conditions. This is a very clean green-field site.

## COMMUNITY OUTREACH

GJHA participated in the Housing Colorado Design by Community Design Charrettes for this site in 2014. Participants in the Charrette included two potential residents, three employees of the City of Grand Junction (Public Works and Engineering, Community Development and Fire Department), two representatives of committed service-providers, a general contractor, GJHA employees and architects and architectural students from the University of Colorado at Denver.

A neighborhood meeting was held to discuss the proposed rezoning in late 2014. At the City Council's public hearing on rezoning, neighbors actually spoke in favor of the rezoning and the development. No opposition was voiced at the neighborhood meeting or the public hearing.

We presented The Highlands proposed development plans to the Mesa County Council on Aging. The group was excited to learn of the proposed development and voted unanimously to support the development. GJHA Service Coordinators have been consulted to ensure that we have addressed key issues of importance to low income seniors.

GJHA staff has met with several local human service providers whose work focuses on the needs of seniors. To date each organization has agreed to bring services to The Highlands, most at no charge to our residents. The accompanying Services Plan and the Letters of Support demonstrate the success of this outreach.

## ADDITIONAL DOCUMENTATION

### The Highlands Service Plan

#### Letters of Support from

- Mayor Phyllis Norris, Mayor of Grand Junction
- Christy Whitney, CEO & President of HopeWest
- Chris Thomas, President & CEO of Community Hospital
- Dan Prinster, Vice President Business Development of St. Mary's Medical Center
- Michaelle Smith, Vice President Senior Life Options, Hilltop Community Resources
- Lisa Fenton-Free, Executive Director, Rocky Mountain Health Plans Foundation
- Kay Ramachandran, Executive Director, Marillac Clinic
- Jeff Kuhr, PhD, Executive Director, Mesa County Health Department
- Elizabeth Collins, Transportation Planner, Mesa County Transportation Planning Office
- Dave Norman, Director, Area Agency on Aging of Northwest Colorado
- Dr. Greg Reicks & Dr. Dale Utt, Foresight Family Physicians

April 28, 2015