

9% lihtc application narrative



Project Name: Legacy Senior Residences II

Project Address: NE Corner of Horsetooth and Stanford

Development Overview:

The Legacy Senior Residences will be a sixty (60) unit affordable senior-oriented development located at the northeast corner of Horsetooth and Stanford. Cornerstone Associates, LLC is proposing a joint venture in partnership with the Fort Collins Housing Authority (FCHA), with FCHA co-developing as well as holding the majority general partner interest in the partnership.

The Legacy II development will offer forty (40) one bedroom and twenty (20) two bedroom units to qualifying seniors with incomes at 30%, 50% and 60% of the area median income. One hundred percent (100%) of the development will be set aside for qualified seniors within these income set-asides.

Legacy II will serve a range of populations, including the very low-income, which is a critically underserved population in the Fort Collins area as well as the 60% AMI tenant population, of which is also identified as an underserved market. When establishing the AMI mix for the Legacy II, attention was paid to the wait list currently being held at Phase I.

Development Design and Amenities:

The Legacy Development will be comprised of one building consisting of three residential floors. Each unit will have either a patio or balcony for personal outdoor enjoyment.

Legacy II will provide 3 handicapped units, (2) one bedroom and (1) two bedroom units, including the visually and hearing impaired. Each unit at the Legacy is designed either as a type A (handicapped) unit or a type B (convertible) unit, and all units include showers that are handicap accessible. Every unit in the Legacy will have visitability and, upon reasonable accommodations, can be rented to persons with disabilities.

The exterior materials will consist of a combination of brick and stone on the majority of the exterior facade with a much smaller percentage composed of either a hardy-board or stucco material. The final brick, stone and stucco design will be determined through the Plan Review process with the City. The intent with the exterior materials is to create a building theme that is contemporary, energy efficient and sensitive to the neighboring area.

The building is designed in a modified "L" shape with an over all orientation of northeast to southwest to take advantage of the Green Communities orientation and design to the extent possible given the site size. Along the north corner of the building will be one story high veranda with tenant access from both the library/club room and dining area. The veranda will be deep enough to provide casual seating without blocking natural sunlight.

BUILDING AMENITIES:

Key components for tenant satisfaction and retention are the building amenities offered to all the residents. The Legacy Senior Residences II will offer tenants the following:

- Controlled Access entry
- Fully equipped computer lab
- Fully equipped and easily accessible multi-station fitness center
- On-site management
- 24 hour on-call maintenance
- Formal club room/library
- Dining room with serving kitchen
- Covered veranda for outdoor enjoyment
- Patios or balconies
- Elevator
- Social and health care services
- Central mail center located off main lobby
- Ample parking and green-space for outdoor enjoyment

UNIT AMENITIES:

Each of the units will provide a significant array of standard amenities. In addition to the size of the units (750 sq ft and 880 sq ft) tenants will find the following standard amenities:

- Fully equipped kitchens with Energy Star Rated refrigerator, stove, built-in microwave oven, dishwasher and disposal
- High efficiency furnace and water heater
- Laundry room with Energy Star Rated electric washers and dryers
- Water conserving faucets, shower heads and bathroom facilities
- Wall to wall carpeting
- Full windows coverings

- Ceiling fans
- Cable and internet connections in the living room and bedrooms
- Nurse Call systems in the bedrooms and bathroom
- Balcony or patio

The interior of the building is designed to make efficient use of space while providing tenants with a comfortable, secure and conducive environment. The use of a three story residential floor plan was incorporated because it served the dual goals of both efficient land use and tenant convenience as regard to the length of hallways, distance to elevator and access to community spaces. The first floor of the building contains the primary building entrance, the manager's office, a formal living room/library and a dining room with serving kitchen. In addition to these common spaces is a separate lobby for the elevator and central mailroom.

Green Perspective:

Legacy II will be developed in compliance with the Enterprise Green Communities criteria. It will meet all mandatory requirements.

Integrative meetings and communications between the developer and our development team are ongoing. The LEED consultant has reviewed the preliminary design drawings and has provided preliminary comments and suggestions with regard to the plans. Following the initial review, it has been determined that the project will meet or exceed the requirements.

Legacy II will also include additional green criteria as follows:

- Compact Development: Legacy will provide 60 units on 2.95 acres for a total of 20.34 dwellings per acre.
- The project is located on a site adjacent to the public bus transportation system.
- Advanced water-conserving appliances and fixtures will be installed, and all appliances will be Energy Star rated appliances.
- The project will use wood products of at least 25% by cost, that are engineered framing materials that do not include urea formaldehyde based binders.
- Construction will follow a waste management plan that reduces waste by at least 25% by weight through recycling, salvaging or diversion strategies.
- The project will provide dedicated, permanent and accessible areas for the collection and storage of materials for recycling.
- All interior paints, primers, adhesive and sealants will have no or low VOC.

1. Legacy Senior Residences II meets the following guiding principles in Section 2 of the Qualified Allocation Plan (QAP):

- **Legacy** will serve the lowest income tenants for the maximum period. 23 % of the units will serve households at or below 30% AMI; 26% of the units will serve households at 50% of the AMI and 50% of the units will serve households at 60% of the AMI.
- **Legacy** will be developed and owned by Cornerstone Associates, LLC and the Fort Collins Housing Authority. As with Legacy Senior Residences at 413 N. Linden, Legacy Senior Residences II will be a joint venture with the Fort Collins Housing Authority (FCHA). FCHA will have a majority ownership position and co-develop.
- **Legacy** is being developed on a site that has a public transportation bus line adjacent to the site along Horsetooth. The bus line has several connections, as identified in the TOD section of the LIHTC application that allows seniors access in and around the City as well as the Rapid Transit line which runs to the larger metropolitan areas several times each day of the week.

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

N/A

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

- a. Market conditions: The need for affordable senior housing in the area is great. The overall vacancy rate among comparable senior properties is 0.7 percent. Additionally, LIHTC properties maintain extensive waiting lists. Legacy Senior Residences maintains a five year waiting list.

The demand analysis illustrates capture rates of 12.3% at the 30% AMI level; 19.4 % at the 50% AMI level and 12.9% at the 60% AMI level, with an overall capture rate of 18.0%.

The market study illustrates substantial strength of demand. The proposed development will benefit from the pent up demand as evidenced by the extensive waiting list at Legacy Senior Residences I as well as the existing senior properties in Fort Collins.

As previously indicated, the tenant population(s) that the Legacy development intends to serve are those senior individuals and couples whose incomes fall at or below the three (3) income set asides described in the first paragraph of this

narrative. To be specific, however, the Legacy development will be comprised of the following unit and income set asides:

Unit Type	30%	50%	60%
1 Bedroom	7	10	23
2 Bedroom	7	6	7
Total	14	16	30

Consistent with the set asides and the greater interests of the tenant population to be served, the rent structure of the Legacy Development is such that all rents (which include utilities) at the Legacy will be below fair market rents. The Legacy II will remain affordable for a minimum of 40 years, as will be committed in the extended use portion of the tax credit application and recorded in the Land Use Restriction Agreement.

Market demand, as measured in the market study for this application, measures capture rates for each set aside. The respective capture rate for each set aside is as follows*:

	30%	50%	60%	Total
Existing Units	15	70	60	145
Existing Capture Rate	4.1%	15.8%	8.6%	19.6%
Under Construction / Planned Units	14	16	30	60
Total Existing and Planned Units	29	86	90	205
Capture Rate Required	12.3%	19.4%	12.9%	18.0%

*Source: Market Analysis prepared March 20, 2015 by Lea and Company (pg 52)

- b. Readiness-to-proceed: The site is currently zoned MMN – Medium Density Mixed Use, which does not have a maximum allowable density per acre, however it does have a height restriction of three stories. The proposed development is a three-story building and does conform to the current zoning use. Due to this project being a plan design that has already been constructed in other locations, the time frame to submit and meet with the Development Plan Review Committee can be expedited due to plans and specs already having been prepared. This should allow for the review process to be more efficient. The developer has provided a Phase I Environmental Review report that does not identify any concerns that would inhibit the site being available for construction commencement.

- c. Overall financial feasibility and viability: The proposed financing for Legacy Senior Residences II is similar to that utilized for the Legacy I. The City of Fort Collins is recommending an approval of CDBG/HOME funds from their Spring 2015 round in the amount of \$282,609 at the May 19th Council meeting. In addition, the Applicant will apply for an additional \$250,000 of CDBG funds from the City in their next funding cycle, of which the co-developers have a reasonable expectation of approval. Legacy II has strong overall financial capacity, as evidenced in the pro-forma. As with Legacy I, the support and joint venture with the Fort Collins Housing Authority and the award of soft money from the City of Fort Collins on a second development is a confirmation of the success within the community to build and operate affordable housing.

The financing arrangements for the Legacy Senior Residences II will include the following:

- Equity from the syndication of the low income housing tax credits requested through this application. The applicant is requesting 1,005,000 in 2015 LIHTC tax credits.
- Permanent Mortgage Debt will be \$2,250,000, with a commitment from Pinnacle Bank.
- Local CDBG funds. A CDBG award has already been recommended by the City of Fort Collins* in the amount of \$282,609 for their spring 2015 round. Another application will be made to the City of Fort Collins for An additional \$250,000 in CDBG funds in the next funding cycle to help offset the building permit and tap fees charged by the City of Fort Collins, of which the co-developers have a reasonable expectation of approval.
- Deferred Developer Fee and Developer equity make up the balance of project financing.
- Developer/Managing GP has committed to provide back-up financing to the development in the event that development “soft money” financing is either obtained in part or not at all.

In addition to the above, the development is exempt from Poudre District school fees. Under existing Colorado Statutes, the development will also be exempt from property tax liability.

*CDBG award is contingent upon receiving 2015 LIHTC tax credits from CHFA.

- d. Experience and track record of the development and management team:
The Developer and the Management team have successfully placed into service and are operating three properties within the state of Colorado, one of which is currently located in Fort Collins.

In addition, the Developer owns and operate several properties within the Midwestern states. Our management team has a strong dedication to performance and accuracy with regard to compliance and all appropriate regulations and focus on the ongoing operations of each and every property.

The intent of the development team is to provide a high quality, secure and environmentally sensitive residential alternative that serves a broad socio-economic mix of residents and does so in a manner that is compatible with both the short and longer term market dynamics of the community of Fort Collins.

- e. Cost reasonableness: The total development cost (including reserves and all soft costs) is approximately \$12,620,000. Hard costs are estimated per unit at \$153,500. Total per unit costs, including land and all soft costs, is approximately \$210,333 per unit.

- f. Proximity to existing tax credit developments: The market study identified the following proximity to existing tax credit developments:

Reflections Senior Apartments	LIHTC	0.68 Miles
Caribou Apartments I & II	LIHTC	1.60 Miles
Woodbridge Senior Apartments	LIHTC	3.07 Miles
Legacy Senior Residences	LIHTC	3.67 Miles

- g. Site suitability: The site is located within the City of Fort Collins, Larimer County. The site is a vacant "in-fill" site zoned MMN. The proposed Legacy II conforms with the current zoning use.

The Fort Collins Senior Center is located approximately 1.83 miles from the site.

Due to the redevelopment of the Foothills Mall, located just northwest of the site (approx. 77 acres), and which is anticipated to be complete by the end of 2015, and the new Banner Health Center hospital and medical campus on Harmony, just south of the property approximately 3.25 miles, this makes the site an appealing location for residents who have personal transportation or for those who will benefit from the public transportation/bus line adjacent to the site on Horsetooth.

Locational Amenities – Fort Collins, CO



Distance From Local Services			
Map #	Name	Service	Distance
1	Bus Stop	Transportation	Adjacent
2	Wells Fargo	Bank	0.24 miles
3	Post Office	Mail Delivery	0.48 miles
4	Albertson's	Grocery Store	0.50 miles
5	Hamony Presbyterian Church	House of Worship	0.62 miles
6	Diamond Shanrock	Gas Station	0.63 miles
7	Warren Park	Recreation	0.63 miles
8	Walgreens	Pharmacy	1.00 miles
9	Hamony Library	Library	1.74 miles
10	Fort Collins Senior Center	Senior Center	1.83 miles
11	Poudre Valley Hospital	Hospital	2.43 miles

Source: Google Maps and Lea & Company

4. Justification for Waivers or Financial Need:

- a. Applicant is not requesting any waivers from CHFA.
- b. Applicant is asking for a 19.29% boost. The request is warranted by the following:
 - o Increase in construction costs.
 - o Inclusion of common areas that do not generate operating income in addition to the amenities provided for the senior population.
 - o Reduced Tax Credit Rate.
 - o Relatively low mortgage per unit due to commitment of 23% of the units targeting the 30% AMI population.

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

There are no issues raised by the Market Analyst. The report does not identify any weaknesses.

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:

There are no environmental issues on the proposed site.

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 City of Fort Collins has indicated their willingness to provide financial support to the project by recommending an award of \$282,609 in CDBG funds in their Spring 2015 award cycle. In addition, the City offers a waiver/reduction of certain fees due to the nature of affordable senior housing, which is an identified priority within their Consolidated Plan.

The Fort Collins Housing Authority has chosen to, again, joint venture with the developers on a second development within the City. This, too, is an indication of trust in the Developer's ability to jointly own and operate a development with FCHA and promotes the missions of both parties in providing affordable housing within the City of Fort Collins. It also furthers CHFA's guidelines of fostering for-profit and nonprofit ventures.

The addition of Legacy Senior Residences at Linden St. has been very well received within the senior community and holds an expansive wait list for available units. As evidenced by our market study and our wait list, future development of a second senior facility is welcomed by the City and the seniors anticipating another development.