

9% lihtc application narrative



Project Name: Valley View Apartments

**Project Address: Northeast corner of Highway 67 and Valley View Drive
Woodland Park, Colorado 80863**

Project Summary:

AmericaWest Housing Solutions is pleased to present this application for 9% low income housing tax credits for the construction of the Valley View Apartments, a 24-unit affordable housing complex in Woodland Park, Colorado. In 2006, Woodland Park completed a housing needs assessment that clearly documented the significant need for additional housing, lack of availability of all types of housing and especially affordable housing (both rental and for-sale). Since then, the need has become even more pronounced. The number of cost-burdened rental households has grown to 41% as the median rent has risen to \$1,822 for a family of four in Teller County.

The Woodland Park PMA currently contains no affordable rental units. The Valley View Apartments project provides a unique opportunity for a 9% LIHTC award to create the first new, quality and affordable multi-family homes in Woodland Park for the local workforce and seniors.

AmericaWest's initiative to construct this project comes with significant support from the City of Woodland Park, area non-profit organizations, and local residents. This is the third time a project on this site has been presented to CHFA for consideration. In this round, the project's size, design, bedroom mix, and service partnerships have been refined to better suit the needs of the community. Additionally, AmericaWest is a project sponsor dedicated to creating affordable housing options in Woodland Park and Teller County and its officers are long-time community leaders with long involvement in affordable housing.

Project Strengths:

- **First and only affordable rental community in Woodland Park:** This project begins to address an overwhelming demand for rental and affordable options in Woodland Park, Teller County's most populous city.
- **High demand and low capture rates:** There are no LIHTC units in the PMA. The market study indicates that there is significant demand for this project: the overall market vacancy is 1.9% and the project has an overall capture rate of 5.2%. Median home sale prices are well above what is reasonably affordable for households earning 60% AMI or less.
- **Mix of bedroom types, including three bedroom units:** The significant pent-up demand for affordable housing options ensures that the Valley View project will attract a wide variety of households to live at this community. The project will offer one-, two-, and three-bedroom units to accommodate this wide variety of household sizes and types. Three bedroom rental units tend to be especially scarce and are included in this project to accommodate families with children or larger households.
- **Local support:** AmericaWest Housing Solutions, with the support of the City of Woodland Park, has been created to dedicate itself to affordable housing development in the city and Teller County. The support expressed by the local community demonstrates its commitment to affordable housing creation and forward momentum for this project.
- **30% AMI units:** Inclusion of 30% AMI units demonstrates the project's commitment to housing some of the lowest-income households in the community.
- **40-60% AMI units:** The project offers a spectrum of rent levels to support the project's long-term viability while providing a variety of rental options to those at different incomes. The 50% and 60% AMI units have a significant rent discount from the maximum allowable rents.

- **Strong service partnerships:** AmericaWest has partnered with multiple charitable service organizations in the community to provide referrals and ongoing services to all interested residents living at the Valley View Apartments.
- **Good location for families with children:** This project is located within walking distance of parks, schools, and recreation facilities, as well as a short drive or bus ride away from the high school, the City's teen center and other children-friendly places.
- **Good location to access services:** The Storehouse, one of the project's major service partners, is located immediately adjacent to the project. There are other public services located within walking distance and others within a short drive or bus ride.
- **Transit options:** Woodland Park recently approved the creation of its first transit line which will connect Valley View residents to downtown Woodland Park and surrounding communities.
- **Thriving small community:** Woodland Park's economy is diverse and growing and supports a large number of small businesses, larger employers, recreation and tourism, all of which are available to Valley View residents.
- **Beautiful location:** Residents will have unobstructed views of Pikes Peak and the surrounding mountain scenery.



Project Weaknesses:

No changes were recommended by the market study.

Construction Type:

The Valley View Apartments will be created in a “big house” building design, where the overall building resembles a large single family home. This allows these apartments to blend into the surrounding residential fabric. Units are currently planned to be constructed on site with external building materials to suit the City’s specific design standards, including but not limited to manufactured stone, Hardie plank style siding, and stucco. Internal finishes will include carpet in the bedrooms and tile and vinyl plank flooring in the other rooms, as well as residential grade cabinets and countertops, energy star appliances including stackable washer and dryers in each unit. Creative use of lighting and paint schemes for interior rooms will be incorporated to project an up to date modern lifestyle. Insulation will provide a minimum of R-19 in walls and R-38 in roof areas. Every unit will have an exterior patio for ground level units and balconies for above grade units. 15% of units will be Type A accessible.

Population Served:

Woodland Park contains an economically diverse population. There are a sizable number of higher-income residents who are self-employed or who commute to and from Colorado Springs for employment. Many middle and lower income households also live in Woodland Park and commute to El Paso County, other parts of Teller County, as well as the Denver metro area. With the creation of the new Charis Bible College campus in Woodland Park, the population will increase as students, faculty, and college employees come to live and work in the community. There are also many residents who live and work in Woodland Park and throughout Teller

County in retail, service, mining and tourist jobs. Residents working in these important and vital Woodland Park jobs can often expect to make lower salaries and are being left behind by the steady increase in housing prices and decrease in housing options. Many renters in Woodland Park are also those employed in local industry and about half are long-term Woodland Park residents. Market data shows that approximately 41% of renter households are paying more than 40% of their income on rent. Median housing prices are significantly higher than what is affordable to these locally-employed and lower-income households. The Valley View Apartments intend to serve those working in the Woodland Park and Teller County workforce. The project will also provide appropriate housing for Teller County seniors and others with lower incomes. Attached is a profile of one family who has benefited from affordable housing development in Woodland Park.

The severe shortage of affordable housing in Woodland Park combined with the project's desirable location, amenities, and services will attract a wide variety of households. Recent data show that approximately 432 Woodland Park households will qualify for a Valley View apartment. AmericaWest has high expectations that Valley View Apartments will become a multi-generational community.

Bedroom Mix:

The project will be one building that contains eight one-bedroom units, 12 two-bedroom units, and four three-bedroom units. The demand for this bedroom mix is well supported by the market study and will provide options for households of many sizes. Nearly all bedroom types are available at all AMI levels.

Location:

The project is located in Teller County and within the city limits of Woodland Park at the northeast corner of Highway 67 and Valley View Drive, on the north end of the city. Woodland Park is a small city of approximately 7,200 people in the mountains approximately 20 miles northwest of Colorado Springs and Pikes Peak. The city is a center of several local economic engines: outdoor tourism and hospitality, regional retail and commercial businesses including internet-based and exporting businesses, healthcare, and the creative arts.

It is the largest city in Teller County, which has seen several periods of significant growth. In the early 1990s, Teller County was dramatically impacted by the establishment of Cripple Creek (about 27 miles from Woodland Park) as a limited stakes gaming city. In the post-recession, the Woodland Park economy has recovered and has seen a corresponding increase of high-income households.

The 3.3 acre site is currently vacant with grass and is nearly flat with stable soil conditions and no known environmental issues or concerns. The property is on a corner with good visibility. Woodland Park is a mountain community where no additional land is available to annex and this site is one of the few available sites in town zoned for multi-family development . The location is also desirable because of the open lot and view of the mountains (including Pikes Peak), proximity to other moderate and middle income single family homes as well as nearby community amenities. Access to the property will be located from a single entrance off Valley View Drive. The north end of Woodland Park is primarily residential interspersed with some commercial and public uses. To the north is a tech research and ceramics facility as well as a Woodland Park Post Office, Woodland Park Police Station, Colorado Springs Christian School, and other businesses. Two blocks to the south is a popular neighborhood grocery store.

The Valley View Apartments are immediately adjacent to the Storehouse, a faith-based charitable organization who has expressed an interest in providing referrals and ongoing case-by-case services and support to any and all interested Valley View residents.

Children living at the site will be within about ½ mile of the nearest public elementary school and just over a mile from the nearest middle school. Additionally, childcare is located only ¼ mile from the site.

There are many nearby outdoor recreational amenities. The site is close to the regional Centennial Trail, a multiuse trail that accommodates hiking, biking and walking. Crestwood Park is within ½ mile of the apartments and includes playground equipment, basketball court, gazebo with picnic and BBQ facilities, and a fitness trail with fitness equipment. A city-run skate and BMX bicycle track is about 1 mile from the site. Residents will be within about ½ mile of the nearest post office and 24-hour fitness club. The Meadow Wood Sports Complex, a City

fitness complex with hockey, soccer, baseball and tennis facilities as well as playground and fitness equipment is approximately 1.5 miles from the site.

Just two miles away, downtown Woodland Park (a Colorado-designated Main Street district) offers many restaurants, retail shops, a public library, parks, a teen center, and Help the Needy, another partner service organization. To the south of downtown are several grocery, hardware, retail and big-box retail stores as well as major medical facilities. The city is surrounded on three sides by National Forest as well as State and local wilderness parks. Woodland Park is about 20 miles northwest of Colorado Springs and about 27 miles from Cripple Creek, a major entertainment and regional employment center.

Amenities:

Units will include full amenities including dishwasher, garbage disposal, central air conditioning, and in-unit washers and dryers. Each unit will have a private patio or balcony. Most units have coat and walk-in closets as well as built-in shelving. Exterior storage spaces are also available to residents at no additional charge. Project amenities will include a play area, community garden, barbecue facilities and picnic area.

Services:

AmericaWest has initiated partnerships with a number of Teller County's most effective community service providers in order to support all interested Valley View residents with general resources and one-on-one support to ensure their economic success. These services are especially critical for households with the lowest incomes or those transitioning out of an unstable housing situation or homelessness. Partnership with these organizations will include two aspects. First, these community organizations will refer their interested clients to live at the Valley View Apartments. These organizations will then follow up with resident households to offer them ongoing access to their full spectrum of services:

- **Help the Needy:** A faith-based non-profit located in downtown Woodland Park and supporting their clients in achieving success.

From their website: “Help the Needy clients are supported with assistance on their financial and other issues, creating a “recovery plan” for each of them, so that with counseling they can achieve financial stability. The organization offers budget and credit counseling and job search assistance as well as financial help when needed. This assistance includes:

- Rent/Mortgage payment
 - Utility payment
 - Computer training
 - Budget counseling
 - Legal assistance/referral
 - Firewood
 - Job opportunities/resume writing
 - Food and clothing bills
 - Car payment/repair
 - Medical bills”
- **Storehouse Ministries:** The services arm of Woodland Park Community Church, located immediately adjacent to the Valley View Apartments. Care coordinators are available to assist households with the following:
 - Financial assistance (bills, gasoline, etc.)
 - Financial counseling
 - Meal delivery during life events
 - Food pantry in conjunction with the Little Chapel Food Pantry
 - Free soup lunches on Wednesdays
 - Firewood
 - Household goods
 - A medical lending closet
 - Counseling
- **Teller Senior Coalition:** A local non-profit whose *mission is to provide services to Teller County senior citizens to enable them to live full, active, and independent*

lives. This organization provides various free/donation-based services for Teller County residents aged 60+:

- Transportation
- Respite care and counselling
- Hot meals and delivered shelf-stable meals
- Utility payment assistance
- Home safety repairs
- Tai chi and yoga classes
- Legal aid and health insurance assistance
- Veterans services

- **Community Partnership Family Resource Center:** *A regional non-profit services provider whose philosophy is to provide tools, skills and enrichment activities which strengthen families.* They offer the following services:

- Adult Education
- Parenting
- Early Childhood
- Healthy Living
- Health Coverage and Resources
- Basic Needs Services
- Free Exercise Classes
- GED Classes
- Family Development
- Disease Management
- Cooking & Nutrition
- Community Gardens
- Parenting Classes
- Medicaid, CHP+ or SSI Applications
- Utilities Bills
- Program Schedules

Energy Efficiencies:

The Valley View Apartments will exceed Enterprise Green Communities standards. Please see Enterprise Green Communities workbook and Green Building Chart for more information.

Type of Financing and Subsidies:

This project will be financed with a combination of 9% LIHTC equity, a conventional construction loan combined with permanent financing from CHFA's 9% LIHTC financing program, affordable housing financing from the Colorado Division of Housing, and deferred developer fee.

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:** This project includes units set aside for households earning 30% AMI or less and offers supportive services available to promote resident success. The remaining units serve a spectrum of households at 40-60% AMI; rents at these levels are significantly discounted from the AMI maximum rent in order to improve affordability. 100% of the units will be permanently affordable for 40 years.

- **To provide for distribution of housing credits across the state:** Woodland Park has no LIHTC-financed development and Teller County's fourth and most recent LIHTC-financed project was placed in service in 2007. A LIHTC award for this project will support construction of affordable housing to serve the unique needs of a rural mountain community. Although Woodland Park is close to Colorado Springs, it has its own economic opportunities and challenges, many of which are similar to other Colorado mountain communities.

- **To provide opportunities to a variety of qualified sponsors of affordable housing, both for profit and non-profit:** In the past, Woodland Park has had no organization responsible for the development and support of affordable housing. AmericaWest Housing Solutions was specifically created as a 501c3 non-profit to address the affordable housing needs of Woodland Park, Teller County and beyond. AmericaWest receives in-kind support from the City of Woodland Park and its board members are prominent supporters of community development and affordable housing solutions and possess experience with other types of affordable housing. This will be AmericaWest's first LIHTC application and an award will open the door to facilitate the creation of additional affordable housing in the Teller County region. AmericaWest is in the process of applying for designation as a Community Housing Development Organization (CHDO) with the Colorado Division of Housing.

- **To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing:** Because of the overall scarcity of affordable housing options in Woodland Park and Teller County, this project will serve a diverse base of potential residents. Its location, bedroom mix, design, and amenities are suitable for families with children as well as smaller households, those in the local workforce as well as seniors, and its accessible units will be available to serve individuals with disabilities. Supportive services will be provided, in partnership with several local partner organizations, to any and all interested residents, especially those transitioning out of housing instability or with the lowest incomes. This project will function as an intergenerational community and add diversity to the surrounding neighborhood.

- **To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail:** Woodland Park recently approved the creation of its first public transportation service. The new transit line will run along Highway 67 immediately adjacent to the Valley View Apartments and will connect riders to downtown and southern Woodland

Park, Cripple Creek, and eventually Colorado Springs for both employment, shopping, and recreation. This transit program is funded in partnership with the City of Cripple Creek, the Colorado Department of Transportation and the Teller County Senior Coalition (TSC). This local transit route will provide scheduled pick-ups and drop-offs to Valley View residents to local critical needs facilities including Pikes Peak Family Medicine, Pikes Peak Regional Hospital, City Market, Safeway, Walgreens, Wal-Mart, and the Teller County Dept. of Social Services. For more information please visit the TSC website at www.tellerseniorcoalition.org.

- **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:** This project includes construction of 24 new affordable rental units in a city with no unoccupied affordable housing, very little unoccupied rental housing, and rapidly rising housing costs that leave behind the local workforce and those with lower incomes. Affordable housing pressures are exacerbated by the recent expiration and conversion of two affordable properties to market-rate rental. As the population increases due to a growing economy and the relocation of Charis Bible College to Woodland Park, there is a risk that other existing affordable rental units will be converted to market rate housing as soon as practical for the owners.
- **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 financing of the Valley View Apartments has been developed using sharp pencils and due diligence. AmericaWest is presenting a project with an excellent balance between the allocation amount and the long-term viability of the project.

- **To reserve credits for as many rental housing projects as possible while considering the Priorities and Criteria for Approval in the following sections:**

The Valley View project will meet or exceed all priorities and criteria for the \$17,981 in tax credits allocated per unit. The overall annual credit amount and per-unit request are both modest when considering the significant impact of this project on the Woodland Park community. The low amount of annual credits will ensure that credits are available to other projects.

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

- **Counties with populations of less than 75,000:** Teller County population is forecasted to be 23,894 by the end of 2015.

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

- a. Market conditions:** The housing market in Woodland Park is highly constrained and affordable housing options nearly non-existent. Because of its mountainous location surrounded on three sides by National Forest, Woodland Park cannot annex additional land into its boundaries. The number of buildable parcels zoned for multifamily development is extremely limited, and land is expensive. Until last year, no new multifamily units had been built in decades.

The community's physical restraints combined with a growing population and economy are demonstrated in market statistics. Overall vacancy rates in the Woodland Park PMA are at 1.9% and rents are steadily increasing, with some data indicating an average rental increase of \$200 in the past two years. 41% of rental households are rent burdened. Median rents in Woodland Park have significantly increased in the past year. There are only a few dedicated affordable housing communities in the entire county and the lack of affordable housing options is exacerbated by the recent conversion of two formerly

affordable properties to a market-rate structure.

The general upward market trend of supply and demand, and the subsequent pressing need for affordable housing in Woodland Park and Teller County has been well-documented within the 2006 *Teller County Housing Needs Assessment*, performed under contract to the County. A major part of the study was a survey of citizens, employees and employers to determine the need for new housing unit production. The study concluded that, at the time, 440 new housing units in Teller County were needed to meet the then-existing demand, 218 units of which were needed in Woodland Park alone. Although the study was comprehensive and convincing, in 2006 there was no political will to address the housing shortage. During the recession, local builders and construction workers disappeared from the scene, and new building ground to a halt. But change has occurred: the economy in Teller County and the City is growing, a significant number of new residents are moving to the City, most to attend the newly-established campus of the Charis Bible College, and the City Council and staff are more supportive of addressing the lack of housing options in the community. Many of the 700 current Charis Bible College students are competing with other Woodland Park residents for accommodations. The plan for the college is to grow to 3,000 students at build-out. The City has recently commissioned a new housing needs assessment to effectively implement affordable housing creation.

The Trail Ridge Apartments (a 168 unit market rate multifamily development) began construction last summer. This complex will offer one-, two-, and three – bedroom apartments. Unfortunately, none of these 168 units is affordable. One bedroom units rent from \$839 - \$964. Two bedroom units range from \$1,109-\$1,434 and three bedroom units from \$1,439-\$1,539. In conversation with the property manager, they have leased or preleased 120 of the new units and rapid absorption is expected to continue. The owners of the Trail Ridge Apartments have increased the rental rates twice as units continue to lease up. While the Trail Ridge apartments will relieve some of the pent-up demand for rental

housing in general, the demand for affordable housing continues unabated. Conservatively, there is a need for hundreds of affordable units in Teller County.

The most positive forward step in addressing the lack of affordable housing is the creation of AmericaWest Housing Solutions as a local non-profit dedicated to building as many affordable apartments/homes as possible, as quickly as possible in Teller County. The City of Woodland Park is supportive of AmericaWest's mission and development plans, including the construction of the Valley View Apartments. New initiatives between AmericaWest, local government, and other community organizations will create a network of resources to support affordable housing development as part of the City's overall community and economic development goals.

The Valley View Apartments will draw from a base of 462 households as potential renters throughout Teller County who are being left behind by the rapidly-increasing housing prices. Potential households include those currently living in sub-standard housing situations (such as run-down mobile homes or rustic cabins) or who are on the verge of homelessness, workforce families working in retail or tourist industries in Woodland Park, Cripple Creek, or the surrounding communities, senior citizens, and other residents living on lower incomes. Valley View's proposed AMI and unit mix, design, and amenities is intended to provide a spectrum of options to capture this diverse group of potential renters.

b. Readiness-to-proceed: The project will be ready to begin the financial closing process upon notification of a LIHTC award. AmericaWest has secured an option on the land, which will be purchased as part of the overall financial closing. The land is appropriately zoned for multifamily construction and entitlement is expected as by-right with no City Council approval needed. Building permit approval is expected about three months after completion of Construction Drawings. There are no environmental issues or existing improvements to be addressed.

c. Overall financial feasibility and viability: The attached LIHTC worksheets and funding letters of intent show the strength of the project's construction and operations assumptions.

d. Experience and track record of the development and management team: AmericaWest's leadership team has experience with development, planning, and financing of different kinds of affordable housing and real estate. AmericaWest has hired an experienced team of development and operational consultants to assist with the LIHTC financing aspect of the project. AmericaWest is planning to co-develop the property with two experienced developers who will lend their substantial LIHTC and affordable housing and development experience to the AmericaWest team. The co-developers are also able to provide the necessary project guarantees and financial backing. Long-term, AmericaWest will own and operate the property and will hire an experienced property management and compliance firm for assistance. Please see attached résumés for more detailed information.

e. Cost reasonableness: Total construction costs are very much in line with other current LIHTC projects and are very reasonable for the product type and location. Please see the project Development Budget and cost estimate for more detailed information.

f. Proximity to existing tax credit developments: Teller County's LIHTC developments are located in Cripple Creek and Divide, miles away from Woodland Park. Based on the housing market and data within the project market study, we believe there is excessive demand for affordable housing in Woodland Park and that adequate lease up and occupancy will not be a problem.

g. Site suitability: The neighborhood consists mostly of single family homes and condominiums. The apartments will fit in well in the area. The site is reasonably flat and has no environmental, soil or wetland issues. The southern section of the property has a minor gulch and is in the flood plain. There are no

exceptional costs associated with site preparation. The building improvements will be located on the north end of the site, outside of any FEMA floodplain limits associated with the drainage channel. Please see the attached letter from JPS Engineering.

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): This project does not require waiver of any underwriting criteria.

b. Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis: The project is requesting a 19.20% basis boost. CHFA's approval of a boost will allow the project to be constructed durably, maintain long-term viability, and still offer 25% of its apartments at 30% and 40% AMI levels and discounted rents at the 50% and 60% AMI levels.

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

- **Slightly farther from community shopping and services than surveyed comparables:** There are many important community services and features within walking distance of the site, including schools, recreation, grocery, post office, and Teller County Department of Social Services. The new transit line will connect any resident without access to a personal vehicle with all major amenities in the community.
- There were no recommended changes made by the market study

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 site is vacant and no environmental concerns were identified in the attached Phase I Environmental Report.

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): Significant gains have been achieved in building local support for affordable housing initiatives. As discussed earlier in this application, the City staff and City Council have recognized the affordable housing urgent need and are seeking ways to encourage development. For instance, a current proposal making its way through the administrative and election process is one that would reduce the City fees that developers/builders must pay in order to build affordable housing. Those costs currently represent approximately 10% of a project's total cost. In 2012, the City Council approved a reduced-cost fee schedule for water and sewer connections for multifamily development with the hopes of supporting more affordable multifamily rental units. Additionally, the City of Woodland Park is funding an update to the 2006 Housing Needs Assessment. These City priorities indicate a major shift in attitude to support affordable housing.

Local residents have expressed interest and excitement about the opportunity to live in new units. Many of the existing rental units in the existing housing stock were built in the 1970s and 1980s with few renovations, and very few new units have been built.

AmericaWest's leadership team consists of a City Councilman, the Director of Economic and Downtown Development and a well-known local architect, lending credibility to AmericaWest's involvement in creating new housing; these individuals are known for their integrity and energy. The recent publicity about AmericaWest's creation and focus on affordable housing was greeted with enthusiasm. There is now a palpable sense of urgency that has been lacking in the past. There is now no doubt that Woodland Park is on the move to address the lack of affordable housing challenge.