

# mihtc application narrative



**Project Name: Exodus at Green Valley Ranch**

**Project Address: 19151 E 56th Avenue and 19102 E 57th Avenue Denver, CO 80222**

## **Executive Summary**

*Location:* Exodus at Green Valley Ranch is well-located in the heart of the growing Green Valley Ranch submarket. Located at the corner of E 56<sup>th</sup> Avenue and N Dunkirk Street, the project has many amenities nearby including Singletree Park (750 ft), Highline Academy (elementary school, 700 ft), Sprouts (.25 miles), UC Health Urgent Care (.30 miles), Target (under construction, .3 miles), and many others commercial businesses (restaurants, dentist, bank, etc). This submarket is perfectly positioned for workforce housing. Denver International Airport already supports 244,172 jobs and \$15.9 billion in total payroll as the largest employer in the state of Colorado, and under DEN's Vision 100 plan, is projected to support 447,386 jobs with a total economic impact of \$71.28 billion by 2032, a net gain of roughly 203,000 jobs (2025 CDOT Economic Impact Study; DEN Vision 100; CPR News). The surrounding Colorado Aerotropolis adds thousands of acres of shovel-ready land around the Denver airport for industrial and commercial development, with the broader district projected to capture one quarter of all metro-area growth. The bulk of those jobs align with this project's target income demographics.

*Population, AMI Targeting, and Unit Mix:* This project will provide 205 units, with 15% at 70% of AMI, 70% at 80% of AMI, and 15% at 90% of AMI. These AMI's will be even distributed evenly across unit types and unit quality, ensuring equitable unit quality. A greater-than-typical concentration (37%) of two-bedroom units allows more residents and household sizes to be served. The unit mix includes 15 studios, 115 one-bedrooms, and 75 two-bedrooms. The property will not serve any special populations exclusively and will cater to middle income workers, matching the existing demographics of the neighborhood.

*Unit and Project Amenities:* Exodus at GVR provides quality units and amenities compared to competitors. The predominant building topology in Green Valley Ranch is a multi-building development with three-story walkup construction, unconditioned corridors, no elevators, and amenities centralized in a clubhouse with limited hours. In contrast, Exodus at GVR is a single building with conditioned corridors, elevators, trash chutes, and all amenities on site and open 24/7. The amenity package is robust, offering an exterior courtyard with a dog run, picnic tables and firepits, grilling stations, hammocks and seating areas, a 1,200 square foot gym and 300 sq ft private fitness space, a dog wash, an amply sized mail and package room, 1,000 square feet of coworking space catering to hybrid or remote workers, bicycle repair and storage, a resident lounge and public kitchen, and a rooftop deck and lounge. The project also provides on-site storage units, a convenience for renters with gear-storage needs. The units have quality finishes including blinds on all windows, washer and dryer in unit, stainless steel appliances, and quartz countertops.

*Detail Type of Construction:* Exodus at GVR was designed from inception to be delivered via wood-frame volumetric modular construction. This construction methodology results in significant cost savings, a faster construction schedule, and reduced embodied carbon and construction waste. Site construction will include the site work, surface parking, slab on grade foundation, ground floor amenity space, the elevator cores, the northeast stair core, the rooftop deck, and hung balconies. All residential units, corridor spaces, and the westernmost stair core will be delivered through wood frame volumetric construction. The roof utilizes a TPO membrane, and the building is skinned in mixed cladding including brick, fiberboard, metal parapets, and aluminum storefront on the commercial components.

*Access to Public Transportation:* Exodus at GVR sits 1.1 miles from the 40th Avenue A-Line Station, a major regional transit hub that combines RTD's A Line commuter rail with 6 bus routes and a 1,079-space park-and-ride. From that station, the A Line reaches Denver International Airport in 10 minutes and Union Station in 25 minutes, with service every 15 minutes. As important, the site is just .4 miles from the Tower Road transit corridor. Route 169L boards at Tower Road & 56th Avenue, just .4 miles from the project, and reaches Denver Airport Station in approximately 13 minutes via an express route, giving DIA shift workers and travelers excellent access to DIA.

*Description of Energy Efficiencies:* Exodus at GVR is a predominantly electric, modular wood-frame community designed to exceed 2021 IECC energy standards by 25.2%, saving an estimated \$50,000 annually while targeting NGBS Silver certification. The project features high-performance building systems including in-unit heat pumps, fully electric hot water, a solar-ready roof, extensive EV parking, and water-wise landscaping and fixtures that support long-term sustainability and drought resilience. Designed to be fully electrification-ready the only currently gas components are the Dedicated Outside Air System and the exterior grills and fire pits. The development also leverages volumetric modular construction to reduce embodied carbon and significantly minimize construct on waste

*Type of Financing:* This project combines several financing sources, with a private construction loan, a Middle-Income Housing Authority Special Limited Partnership, \$9.9mm of Proposition 123 Equity, and \$5.5mm of Sponsor Equity which is invested long-term creating strong incentive alignment. All non-MIHTC financing sources are already secured with commitments and draft closing documentation in hand.

## **MIHTC Priorities**

### **Project Marketability**

The project's location near DEN airport provides an excellent employment base. The project has strong visibility from East 56th Avenue and Dunkirk Street giving it a built-in marketing advantage. The neighborhood is still in its growth phase, with new shopping, services, and restaurants continuing to fill in around a well-planned mix of housing, and residents benefit from easy access to the freeway system and rail transit at Pena Station. The unit mix is well diversified across studios, one-bedrooms, and two-bedrooms, the amenities and parking generally beat the affordable comps, and west facing upper-floor units will pull mountain views that support rent premiums. Demand at the proposed 70, 80, and 90 percent AMI levels is healthy with very little competing income-restricted supply. With a modest rent adjustment to better align with current market conditions, the appraisers expect absorption of around 15 units per month and conclude the property should compete well in the primary market area.

### **Distribution of Applications**

In the 2025 MIHTC round both Elmwood North and Park Place Apartments were awarded. Although both of those projects are in the Denver MSA, they are in very different submarkets and over 14 miles away from the Exodus at GVR project. Although technically in Denver this project is on the east side of town and serves an entirely different community and employment base including DIA, nearby industrial parks, and the Fitzsimmons and Anschutz Medical Campus.

### **Project Readiness**

This project is truly shovel-ready. Entitlements have been completed; there is an approved Site Development Plan, permits are in hand, and 100% construction drawings have already been completed and bid with draft Guaranteed Max Price contracts in hand. Additionally, other financing sources have already been secured; Proposition 123 Equity has issued a signed loan commitment and provided all required closing documents. The Middle-Income Housing Authority has signed a resolution to enter a Special Limited Partnership and has provided the accompanying Operating Agreement Addendum and Regulatory Agreement. Lastly, the project has secured a Letter of Intent from a construction lender for the required construction loan. Private equity will be provided by the Sponsor, and the funds are already invested in the deal for predevelopment and land carrying costs. But for a reservation of MIHTC this project is ready to proceed immediately.

### **Site and Location Suitability**

This site is the ideal location for workforce housing because it sits at the intersection of three of metro Denver's largest job engines, putting tens of thousands of workforce jobs nearby. To the south, the Anschutz Medical Campus and Fitzsimmons Innovation Community in Aurora form the largest academic health center in the Rocky Mountain region, with nearly 25,000 faculty, employees, and support staff. To the north and east, the site is embedded in the Colorado Aerotropolis, thousands of acres of shovel-ready land around the Denver airport for industrial and commercial development anchored by Denver International Airport. Airport proximity provides significant nearby industrial employment including, including Karcher North, Walmart, Amazon, and joined by distribution and logistics tenants at Porteos, JAG Logistics Center, Stafford Logistics Center. Independent analysis of the surrounding Aerotropolis footprint projects more than 170,000 new jobs to the area as build-out continues, meaning this site is not just providing proximity to existing middle income employment, but also meeting the growing needs of a booming submarket. The site is large, has a flat grade, and requires no demolition or environmental remediation, providing a suitable pad for development.

### **Development and Management Team Experience**

The project team is made up of modular experts with a significant track record of success. Exodus Development's team members have delivered over seven million square feet of modular construction. E Gilbert & Sons, the project's General Contractor has built more than 5,000 multifamily units, including several Colorado modular projects. Nashua Builders, the modular factory is the leading volumetric modular manufacturer, having produced more than 30,000 units since 1988. Architecture and Engineering has been performed by Galloway, a local firm with modular experience having delivered three modular projects. The Exodus team has partnered with Trellis Housing Partners, whose principals Tanner Crawley and Chris Spelke, have closed over \$1.5 billion in mixed-finance developments, including more than \$1 billion in LIHTC development. Combined, this team has the expertise and track record to execute the project and meet all required milestones.

### **Advanced Energy Efficiency and Sustainability Commitment**

Exodus at GVR is a predominantly electric, modular wood-framed development designed to exceed 2021 IECC code performance by 25.2% (saving roughly \$50,000/year versus baseline) and targeting NGBS Silver certification. Roughly 82% of site energy use is electric, with the only remaining gas load isolated in the DOAS ventilation heating sections, a modular component swap that makes the building all-electrification-ready without resident-side disruption and without significant retrofitting. The envelope substantially exceeds prescriptive minimums while a high-reflectance white roof meets Denver Green Buildings Ordinance thresholds. Space conditioning is handled by in-unit heat pumps, and domestic hot water is fully electric. The roof is solar-ready with a dedicated 10,800 SF zone (40% of roof area) structurally sized for a future PV array. The project greatly exceeds EV parking minimums; 38 of 250 parking stalls (about 20%) are EV-Ready with conduit and panel capacity already provisioned and another 13 with level two EV charges installed. Water-wise low-flow fixtures, Energy Star appliances, and drought-tolerant landscaping meet water-wise design standards, providing drought resilience. Volumetric modular wood-frame construction delivers reduced embodied carbon and an estimated 50 to 90% reduction in construction waste.

### **Length of Affordability Commitment**

The project is committed to an extended affordability commitment for 40 years ensuring long-term affordability and aligning with Proposition 123 Equity goals.

### **Market Conditions**

Denver, and the greater front range, have recently been contending with an oversupplied market resulting in increasing occupancy, and flat or declining rents. However, those conditions are reversing rapidly; challenging capital markets have caused new unit starts to decrease by 95% resulting in an impending supply cliff. At the same time, the Green Valley Ranch submarket is growing at more than twice the rate of Denver Metro overall, with middle-income households (70 to 90% AMI) doubling over the past five years. A supplemental market study projects annual absorption of 1,679 units against just 422 units of annual new delivery, producing a cumulative shortage of approximately 3,790 units by 2029 and pushing submarket occupancy to a projected 98% by 2028. Against this demand backdrop, Exodus would need to capture only 4% of forecast 2026 to 2028 demand to fully lease the project.

### **Project Costs and Volumetric Modular Construction**

Exodus at GVR has cost certainty as the project has already been bid out and GMP contracts have been negotiated with both the modular factory and the general contractor. From inception this project has been designed to achieve significant cost efficiencies. Surface parking, slab on grade foundation, efficient unit sizes, and five stories of wood frame volumetric modular construction manufactured in a low-cost of labor market (Boise Idaho), provide significant cost savings. Hard costs are budgeted at ~\$40.5 million or ~\$200,000 per unit with total projects costs totaling just ~\$300,000 per unit.

### **Overall Financial Feasibility and Viability**

This project has strong financial feasibility. Modular construction allows for strong cost and schedule efficiencies, keeping project costs low. A high unit count provides economies of scale allowing for operational efficiencies, and pairing MIHTC with the other secured subsidies allows for an appropriate amount of leverage and debt coverage. The project has received full subcontractor leveling bidding providing a great degree of underwriting certainty while the proforma income statement has been informed by working closely with the third-party property manager.

### **Addressing Market Study Issues**

The market study recommended reducing rents to increase lease-up velocity given current market concessions and effective rents. In response we have lowered rents by \$100 for studios, \$125 for the smaller one-bedrooms, \$25 for the larger one-bedrooms, and \$100 for the two-bedroom units. This will units at the low end of the existing average and among the lowest for newly delivered product.

### **Financing Structure**

This project has a commitment for \$9.9mm of Proposition 123 Equity. This funding source provides low-cost subordinated "equity" allowing private equity to be invested at a lower cost of capital. Additionally, the P123 Equity investment provides a Tenant Equity Vehicle (TEV) in which residents/program participants will receive a share of net operating cash flows, and a share of net sales or refinancing proceeds. This TEV provides a significant wealth-building mechanism that will allow residents to receive cash back, and lump sum distributions from the sale of other P123 Equity projects. This program is estimated to provide approximately \$750 per unit per year in operating cash back at stabilization and \$140,000 to residents upon a sale in year 40. The Middle-Income Housing Authority (MIHA) has agreed to provide property tax exemption through a Special Limited Partnership and has already provided the required regulatory agreement and Operating Agreement Addendum. The project is utilizing a private construction loan with and has secured a term sheet for the required construction loan for a 30-month term with two 6 month extension options. The project does not have a forward perm loan in place but will secure a permanent loan using HUD 223F upon stabilization. Lastly, the Sponsor will invest \$5.5mm of equity as a preferred equity investment alongside the Prop 123 Equity investment. This equity investment is not a deferred developer fee and will not sweep any cash flows other than what is available and distributable in the P123 Equity partnership. This long-term equity investment is more subordinated than a traditional deferred developer fee and is investment in the deal for at least ten years. This Sponsor Equity is already invested in the deal and will be contributed as equity at loan closing.

### **Environmental Reports**

The Phase I revealed no recognized environmental conditions and no further investigation needed.

### **Community Outreach and Local Support**

Exodus at GVR has engaged with Denver's Office of Housing Stability through a series of meetings and direct applications for funding. HOST provided a letter of support helping secure P123 Equity funding for the project. Additionally, the SLP provided by the Middle-Income Housing Authority must receive local government approval which Denver quickly provided, supporting the project with direct property tax relief.

### **Describe how the proposed development contributes to meeting the middle-income housing needs and will promote equity as well as economic mobility for residents.**

Exodus at GVR delivers units at 70%, 80%, and 90% AMI, the middle-income band the DRCOG Regional Housing Needs Assessment (2024) identifies as one of the region's largest unmet needs. The project aligns directly with Blueprint Denver's Goal 3 to "develop housing that is affordable to residents of all income levels" through "mixed-income housing, especially where close to transit". The project advances Denver HOST's Five-Year Strategic Plan, which names equity as its overarching core value and prioritizes mixed-income housing development. Beyond rents, Proposition 123's Tenant Equity Vehicle converts long-term tenancy into a measurable wealth-building mechanism, with approximately \$750 per unit annually during operations and an estimated \$140,000 per participating resident at a year-40 sale. For renter households otherwise locked out of the asset appreciation captured by homeowners, the TEV directly addresses the generational wealth gap HOST's Strategic Plan explicitly seeks to close, turning a stable rental into a steppingstone toward downpayment savings and economic mobility.

### Project Rendering





Project Name: **Lumberyard Apartments**

Project Address: 300 Woodward Lane, Aspen, CO 81611

### **EXECUTIVE SUMMARY**

Gorman & Company, LLC is pleased to submit a MIHTC application for **Lumberyard Apartments**, in Aspen, Colorado. This application seeks a \$2,890,000 MIHTC allocation to provide financial feasibility for this community-designed and supported development. Lumberyard will be a good investment of MIHTC as it offers substantial local funding, readiness to proceed, energy goals compatible with the QAP, perpetual affordability, and a proven developer track record delivering middle income units in the Colorado High Country.

Funding this round will provide **the final piece of the capital stack** required to construct the project. Significant capital provided by the City of Aspen, along with Gorman's own contribution, provides unprecedented leverage of \$14.59 dollars of other funding for every \$1 of Middle-Income Housing Tax Credit. Through a MIHTC award, Lumberyard Apartments will promote economic wellbeing to residents by reducing long commute times, offering truly affordable housing for local workers that is right sized for local wage earners in a market with severe housing scarcity.

The Aspen Pitkin County Housing Authority (APCHA) defines the deed restriction for developments in their jurisdiction, including Lumberyard. APCHA dictates local rental rate maximums, while following the HUD AMI for income maximums, annually. This project is required to use the ACPHA rent maximums, and those are our pro forma rents. APCHA rents do not rely on the typical '30 % rent burden' that HUD follows and instead considers local wages and other higher-than-typical expenses incurred while living in the high-cost community. This results in maximum ACPHA rents that are below HUD rent maximums. Because AMIs can be skewed high (from high-net-worth residents compared to working W-2 wage earners) in the mountains, we agree with this rental rate approach and are excited to offer truly affordable housing to middle income workers.

### **Project Description**

Lumberyard Apartments will offer 173 apartment homes with 118 set aside as Middle Income Housing Tax Credit units. The one-, two- and three-bedroom apartments are dispersed throughout the two buildings on the site. While the overall project serves those earning incomes between 50% AMI and 240% AMI, the MIHTC units will be set to the maximum of 90% and 130% AMI levels. To note, in the application 'Unit Mix' tab, rows 23 and 27, the 205% and 240% units are labeled as 'unrestricted'; however, all Lumberyard units are deed restricted.

### **Project Amenities**

The project offers an excellent amenity package, including a great location, community room, media room, dog park, playground, a campus RFTA bus station, and access to a multi-modal all-season regional trail. In-unit amenities include washer/dryer, fully equipped kitchen, air conditioning, and plenty of parking (in garages, surface and covered carports), balconies, and in-unit storage that are marketable in all economic cycles. Both buildings are served by two elevators per building.

### **Construction Methods**

Lumberyard Apartments will have two four-story buildings. Each will include a subgrade pre-cast parking garage, with modular boxes for levels 1 through 4. The flat roof will include an initial layer of roofing that will be installed at the modular factory, with a final TPO roof applied on site. The building exterior will feature fiber-cement and metal siding along a varied facade that will be field-installed over the factory-finished weather barrier along with a brise soleil shading structure for the reduction of heat gain and architectural variation. Each building will have two five-stop elevators and three staircases for building circulation.

### **Access to Public Transportation**

Transportation is excellent from the on-site Roaring Fork Regional Transportation Authority bus station. RFTA is the second largest transit provider in the state of Colorado, and the largest rural transit provider in the US. It provides regional bus service connecting communities from Aspen to Rifle along the Highway 82 and I-70 corridor. Please see additional details in Exhibit 12.1.

### **Energy Efficiency**

Energy efficiency is above average as the project will be built to Enterprise Green Communities Plus and achieve ENERGY STAR®, Zero Energy Ready Homes, along with a 75% Net Zero energy offset. Please see additional details in Exhibit 22 and 22.1.

### **Financing**

The project is financed through a public/private partnership including City of Aspen Funds (including \$70,000,000 voter-approved bonds passed in November 2025 for this development), Aspen Pitkin County Housing Authority (APCHA) SLP for property tax exemption, Gorman deferred developer fee, MIHTC equity and construction to permanent debt. Except for the MIHTC allocation, the capital stack has been identified and is ready for our spring 2027 closing. Please see additional details in Exhibits 5, 6, and 7.

### **QAP Priorities:**

1. **Lumberyard Meets the Priorities in Section 2 of the MIHTC Allocation Plan:** Lumberyard represents a major investment in Aspen's future by strengthening the local economy, supporting workforce stability, and advancing economic well-being of residents and the community's longstanding commitment to housing affordability. It meets the following QAP Priorities:

- **Project Marketability**

As a mixed-income development, Lumberyard will provide the breadth of affordability that is needed locally, where the median single family home price exceeds \$13,000,000 and market rate housing is primarily for the wealthy.

As noted in the Market Study in Exhibit 18, there is strong demand for the proposed apartments at the proposed rents. Vacancy rates hover at 1.5% on average, and there are no noted rent concessions. The project location, project and in-unit amenities are all attractive to future residents, while rents offer an excellent value given the pricing structure.

- **Distribution of Applicants**

Lumberyard is in a rural resort community (Aspen, Pitkin County), that is in desperate need of middle-income housing for local workers who earn too much for LIHTC housing yet cannot afford market rate rentals or ownership products.

- **Project Readiness**

Lumberyard is ready to proceed and will break ground in spring 2027. All entitlements (final site development plan and schematic design) are in place as adopted by City Council. Our development agreement, adopted by the Council, is in place. With an award of this MIHTC funding, the capital stack is complete, and the project can begin construction in spring 2027.

- **Site and Location Suitability**

Lumberyard is three miles from downtown Aspen. Job centers exist adjacent to the site in the Aspen Airport Business Center, at the airport across the highway, and in town. Childcare and Colorado Mountain College are within 0.6 miles of the site. Additional day care through elementary to high school are within 4 miles of the site. The site includes a regional bus station within the site and is along a four-season, multi-modal pathway (please see Exhibit 12.1).

Interior to the site are open spaces, a playground, and dog park to support the pet-inclusive community. Noise from the adjacent airport and roadway are buffered through building design and site landscaping. Previous environmental hazards were mitigated (resulting in a No Further Action determination from CDPHE) and there are no other hazards on site. The site is flat, with good soils. Maximum density has been designed to align parking, community character, and energy goals.

- **Development and Management Team Experience**

Gorman has excellent experience developing and managing LIHTC and middle-income housing development (see Exhibit 10 for details). Our middle-income housing portfolio exists in the mountain communities of Vail, Breckenridge, Silverthorne, Keystone, Steamboat, and Hayden. We have a proven track record developing and managing deed restricted housing for middle income earners, while ensuring public funds are invested wisely and in keeping with the intent of the community.

- **Length of Affordability Commitment**

Lumberyard Apartments will comply with the MIHTC LURA for 15 years. Please note that the project is perpetually affordable through the ground lease structure with the City and subject to the APCHA Deed Restriction, which limits AMIs and rents in perpetuity.

- **Advanced Energy and Sustainability Commitment**

The project will be built to Enterprise Green Communities Plus and achieve ENERGY STAR®, Zero Energy Ready Homes, and a

75% Net Zero energy offset, significantly reducing energy use, operating costs, and carbon emissions. In addition to onsite solar production through photovoltaics power, batteries will be placed on site for storage of produced energy to consume during off-production hours. Please see Exhibits 22 and 22.1 for more details.

- **Market Conditions**

Market-rate rents in Aspen fall between approximately 190% and 389% AMI, illustrating the significant gap between market pricing and what local workers can afford. The market study (exhibit 18, page 28) demonstrates that the project is in a severely supply-constrained rental market. 7,200 units regionally (and 1,289 units in Pitkin County alone) are needed over the next 10 years. Vacancy rates are low, about 1.5% overall, ranging from 0% to 3.7% (page 62, market study).

As illustrated on page 57 of the market study, rents structured at typical HUD AMI maximums would exceed market rates at the 130% AMI level within the PMA. In the chart on page 62 of the market study, the pro forma rents, which are determined by the APCA Deed Restriction, show a discount to PMA market rents of 48% to 59%. This demonstrates the good value Lumberyard rents will offer to future residents in the PMA.

The overall capture rate is 4.9%, including a 4.3% capture rate for 90% AMI units. After adjusting for income qualified households within the 100%-120% AMI income bracket (for income capture), the market analyst concludes the overall income qualified demand (including a 25% in-migration factor) results in a capture rate of 2.37% (page 75, market study).

Lumberyard directly responds to the housing need by delivering housing at targeted AMI levels under APCA rent regulations within a severely constrained market.

- **Project Costs**

High Country development in Colorado is expensive. Aspen is incredibly expensive due to myriad factors. Lumberyard has focused on cost containment to help reduce overall project cost, including:

- A \$10 annual ground lease payment
- A site with most infrastructure requirements, completed during the first phase of development, including CDOT improvements, multi modal pathway alignment, development of a bus top and amenities such as playground, open spaces and dog park.
- The waiver of many impact and development fees (totaling over \$12,000,000), including waived water tap fees.

While the cost per unit is high compared to other projects in the state, the location of the site, size of the development and use of other funding sources (including the very high funding amount contributed from the City of Aspen) helps to leverage scarce MIHTC resources to bring an environmentally sustainable and perpetually affordable housing community to Pitkin County. The project does not require a Cost Basis Waiver and therefore fits the CHFA criteria for cost reasonability.

- **Overall financial feasibility and viability**

The Lumberyard application is seeking the least amount of MIHTC for financial feasibility. Our sources are vetted and committed, including a voter-approved Bond financing commitment from the voters of Aspen, to make up the city's financial contribution.

The underwriting criteria follow CHFA minimum standards. We have set the DCR for permanent debt to 1.25, which has been the lender requirement on every workforce housing permanent loan we've closed. To reduce this to the 1.15 minimum debt service would be inappropriate given our experience and knowledge and create a sizable gap in our sources once we go to closing.

Our modular deposit and payment timing follows a methodology we've used previously: using predevelopment sources for our initial deposit requirement and closing on the project to cover subsequent deposits and escrow payments during production.

## **2. Issues raised by the market analyst in the market study.**

- Issue: A higher capture rate at the 130% AMI level with an oversupply of housing units when only considering 130% AMI income households.
- Mitigation: This risk is mitigated, as noted by the market study (page 76), by rents that are significantly lower than the HUD-maximum rents. This will expand the pool of eligible and interested renters across the 90%–120% AMI range, ensuring ample demand. As a result, the project is well-positioned to lease up and operate sustainably. The market analyst concludes that the project will absorb at a pace of 20 units per month (page 65, market study) and will be well received by prospective residents given the significant lack of housing options within the PMA (page 76, market study).

3. **The financing structure includes:**

- The construction and permanent financing term sheet is from Vectra, offering a 36-month construction term and 17-year permanent period (20 years). The permanent loan is set to a 1.25 DCR, the 'standard' requirement on our other workforce housing projects we've closed to date.
- There is a sizable Capital Contribution from the City of Aspen of \$131,155,235, which will be drawn during construction. Gorman will contribute a portion of our developer fee as deferred and a source. The remaining equity will come from MIHTC equity, if awarded.
- Without the MIHTC equity, the project faces a \$10.55 million financing gap. Our MIHTC request is below the maximum \$3.55 million MIHTC eligible amount under the Cost Basis Method to support a more competitive funding request.

4. **Description of cost drivers and cost savings through innovative.** Construction in the high country, and Aspen, is expensive. The alpine environment increases site work and structural requirements. Remote access and a short building season further raise costs, while a constrained workforce drives wage premiums and limits availability. To provide cost savings, this project utilizes economical building design and modular construction to shift a portion of work off-site, reducing on-site labor demands, improving cost predictability, and accelerating delivery within Aspen's limited construction window. We will minimize known cost risks and address unknown risks as they arise (related to tariffs or labor supply issues, for example) as proven in our other recent developments.

5. **Address environmental issues.** Lumberyard is on a cleaned Brownfield site. Remedial activities have been conducted, and a No Action Determination (NAD) approval letter was issued on April 22, 2026. Due to the NAD approval, the Controlled Recognized Environmental Condition (CREC) in connection with the subject property requires no further action regarding previous environmental concerns.

6. **Describe community outreach.** Lumberyard has had a long community process, resulting in significant support from the community. The City owned about a quarter of the Lumberyard property from the late 1990s, purchased another large portion in 2008 and the final piece in 2020 to assemble the 11-acre site.

Aspen City Council directed a community-based design process from 2019 through 2022. Council then adopted and codified these goals in the Planned Development and accompanying ordinance in 2023, which constitutes the full entitlement process of the development. Financial support has followed the community vision – resulting in the financial contribution of over \$250,000,000 for site infrastructure, the first building that is under construction (104 units) and the subject of this MIHTC application (173 apartment homes). In November 2025, voters in the City were asked to forward commit \$70,000,000 of their local affordable housing funds to make available for Lumberyard Apartments, which was passed and will be available in the financing stack on an expedited time frame to ensure financial feasibility of this development.

7. **How Lumberyard contributes to meeting housing needs and promotes equity and economic mobility for residents.** The housing provided by Lumberyard Apartments is incredibly scarce and in demand. The free market will not supply deed restricted housing to middle-income earners because it is too expensive to build, and not financially feasible without significant public subsidy. The market study (exhibit 18) demonstrates that the project is in a severely supply-constrained rental market with low vacancy rates of 1.5% overall.

The project promotes equity and economic mobility for residents by offering perpetually deed-restricted housing close to jobs, schools, transit, and community services. Lumberyard promotes equity by reducing housing cost burdens, long commutes, and displacement pressures that disproportionately impact lower- and moderate-income households. The development advances long-term economic mobility by allowing residents to build financial stability through predictable housing costs, reduced transportation expenses, and greater access to employment opportunities, childcare, education, and community resources. By supporting housing affordability and workforce retention, Lumberyard strengthens household outcomes and their long-term economic resilience.

**Additional Supporting Items:** Please see additional narratives included as stand-alone documents.