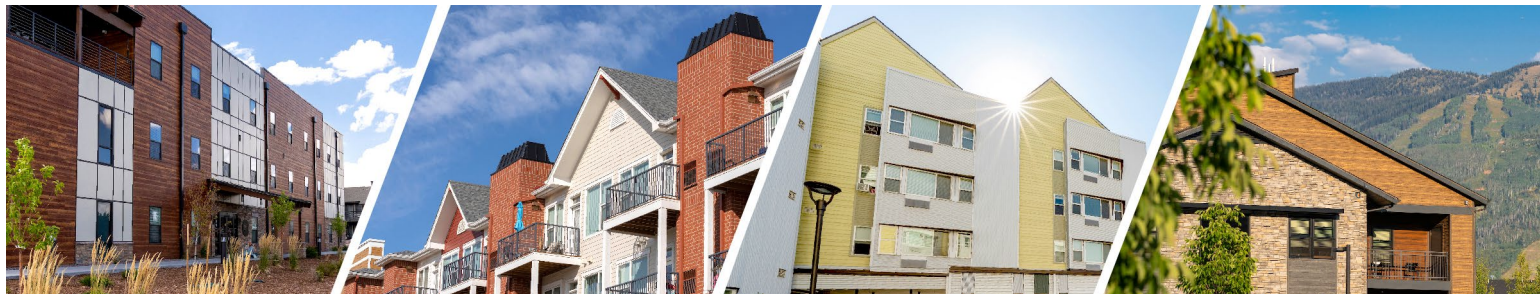


# 9% housing credit application narrative



Project Name: 10<sup>th</sup> & Sheridan

Project Address: 5045 and 5055 W. 10<sup>th</sup> Ave, Denver, CO, 80204

10th & Sheridan (the “Project”) is a proposed three-story, elevator-serviced, Permanent Supportive Housing (PSH) project located at 5045-5055 W. 10th Avenue in Denver. The new construction Project is being developed by and will have supportive services provided by WellPower, formerly Mental Health Center of Denver. 10th & Sheridan hopes to replicate the success of WellPower’s previous LIHTC project, Sanderson Apartments, a 60 unit PSH project, located in southwest Denver.

The Project will consist of 60 one-bedroom, one bath units for chronically homeless individuals. The targeted area median income (AMI) level will be 30% AMI and below and each unit will have a project-based voucher provided by the Colorado Division of Housing (CDOH). The tenant selection plan will replicate that of Sanderson Apartments with 50% of referrals coming from the One Home Regional Coordinated Entry System and 50% of referrals coming from WellPower’s waiting lists and case management.

The Project’s proposed site is 1.01-acres in the Villa Park Neighborhood. It is zoned C-MX-5, which is Mixed Use District and allows up to 5-stories and multi-unit dwellings. The site is in census tract 9.04 which is a Qualified Census Tract. Currently, there is a planned extension underway of W. 11<sup>th</sup> Avenue to the north, providing vehicular access to the site. The Project site was previously used for two single family homes that were vacant when WellPower purchased the property in 2020. The homes were then abated and demolished leaving the site clear of any structures.

10<sup>th</sup> & Sheridan will utilize Trauma Informed Design concepts to provide residents with a living environment that feels safe and restorative. The Project’s common spaces have a bright and open design with wider than average hallways, views of the exterior, and spaces to meet, talk, and relax. There are clear sight lines throughout the building with no hidden corners. A safe courtyard that is fully enclosed and open to the sky provides protected access to the outdoors.

WellPower will provide supportive services for tenants on-site. On-site services include tenant orientation/move-in assistance, tenant’s rights education, referrals to other services and programs, individualized service planning, and individual counseling and support. Residents will also have access to WellPower’s full array of clinical services that are available in WellPower’s satellite clinics off-site. Project staffing will include twenty-four-hour access to residential counselors and safety officers. While the zoning allows for additional density, WellPower believes that 60 units is the largest size PSH project that can be managed without compromising the quality of supportive services provided to residents. The supportive services will be financed by Medicaid revenue, Tenancy Supportive Services funding from the Colorado Division of Housing, cash flow from the Project, and a developer fee reserve fund.

The first floor of the Project will include a lobby with administrative and office areas, community and event rooms, exercise room, laundry, safe courtyard, restrooms, mailroom, and a primary building services room. Laundry rooms will also be provided on the second and third floors. Security features of the building include limited access entries, security cameras,

courtesy patrol, and perimeter fencing. Surface parking for 11 vehicles will be located to the west of the building and will be accessed via the planned extension of W. 11<sup>th</sup> Avenue.

Each of the units in the Project will contain one bedroom. All units will have central air conditioning, blinds, a mix of carpet and luxury vinyl plank floors, a refrigerator, disposal, microwave and electric cooktop, Energy Star appliances and fixtures, and entrances from double-loaded interior hallways. The units will all have entryway doors from the hallway but will not have doors on the bedrooms. This will allow property management or WellPower staff to have a clear view of the entire unit from the hallway without crossing the threshold into a resident's personal space. Sanderson Apartments does not have doors on the bedroom in its units which has proved to be a good model, as residents are able to see their entire unit and confirm there is no danger. Additionally, WellPower has never had a request for a bedroom door at Sanderson Apartments. WellPower has planned and would prefer to provide electric cooktops for each 10th & Sheridan unit, instead of meeting the full stove, oven, and vent hood requirement, please see a waiver request as Attachment 1.

WellPower hopes to make improvements to 10th & Sheridan based on the many lessons learned from Sanderson Apartments. One improvement is to the design of the building, the new design of 10th & Sheridan will be an "L" shape, the new shape provides sightlines from the reception area to all entrances and exits. At Sanderson, the basketball court has been a very popular amenity and the safe courtyard has proven helpful to assist in the transition from homeless to housed. Both amenities are included in the 10th & Sheridan design.

The construction will be slab on grade and constructed with a mix of wood frame and structure steel. The building will have a hardiplank siding exterior with brick and metal accents, varied façade and flat roof. There are three staircases located in the northeast corner, southwest corner, and center of the Project. The elevator is located next to the center staircase. The foundation will be concrete post-tension slab on grade.

The site is 150 feet from Family Dollar, 0.5 miles south of the Sheridan Light Rail Station, 0.8 miles south of King Soopers, 1 mile south of Lamar Station Plaza, 0.5 miles from a Walgreen's pharmacy, and 0.9 miles south of Target. The Edgewater Public Library is 1 mile northwest of the site, government services are at Denver City Hall, 3.2 miles northwest, and a U.S. Post Office is 0.9 miles northwest.

The 10th & Sheridan site is conveniently located near multiple Regional Transportation District (RTD) sites. The Route 9 bus route runs east and west along W. 10<sup>th</sup> Ave and has two stops near 10<sup>th</sup> & Sheridan. The Route 51 bus route runs north and south along Sheridan Blvd and has two bus stops near the site, approximately 0.1 miles west on either side of Sheridan Blvd, depending on the direction of the route. A light rail service, Sheridan Station, is located at Sheridan Boulevard and W. 12th Ave, 0.5 miles from the Project site. As part of a Drainage and Road Cost Share Agreement (see "Project readiness"), a connective path is being built next to the Project extending to the Lakewood Dry Gulch Trail. From the Dry Gulch Trail, residents can safely access the light rail or buses on the east or west side of Sheridan via stairway or elevator to the platforms. Please see Attachment 2 for additional details on public transit near the Project.

The Project has been designed to have multiple energy efficiencies. 10<sup>th</sup> & Sheridan will obtain the Enterprise Green Communities Certification and provide a cool roof. The Project will be Photovoltaic ready and electrification ready.

Funding for 10<sup>th</sup> & Sheridan will include 9% LIHTC equity, a permanent loan, CHFA Capital Magnet Fund loan/grant, gap funding from the Colorado Division of Housing (CDOH) and the City of Denver's Department of Housing Stability, Tenancy Supportive Services funding from CDOH, Project-Based Vouchers from CDOH, Medicaid revenue, WellPower's contribution to the annual developer fee reserve fund, and the Project includes a special limited partnership with the Denver Housing Authority for property tax exemption.

1. Identify which, if any, of the priorities in Section 2 of the Qualified Allocation Plan (QAP) apply:

All of the units are reserved for persons experiencing Homelessness as defined in Section 5.B 5 of the QAP.

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

- Market conditions

Homelessness in Denver remains an increasing problem. The 2022 Point-In-Time count found that there were 4,794 homeless individuals in Denver, including 3,481 sheltered persons and 1,313 unsheltered individuals. There will continue to be significant demand for rental housing for individuals experiencing homelessness in the city, especially developments that provide rental assistance and access to additional homeless services. The Project's capture rate is very low at 12.4%, and is attainable because of the Project's services, proximity to public transportation, significant historical demand for units serving homeless populations, WellPower's extensive experience, and the lease-up and occupancy track records of similar projects. The Project is estimated to lease 30 units per month and reach stabilized occupancy within two months, without concessions.

- Proximity to existing tax credit developments

The market study indicates that Denver has 1,652 PSH units and found nine comparable LIHTC/PSH projects with a total of 838 units. Renaissance Legacy Lofts, the most recent LIHTC/PSH property to open in the PMA, is 3.7 miles from the Project and has 98-units. It opened in October 2022 and absorbed 17 units per month, without concessions. It was 97% occupied within two months of opening, illustrating significant pent-up demand for units with homeless set asides. Other LIHTC/PSH projects include St. Francis Center at Cathedral Square, 3.9 miles from the Project with a 100% occupancy rate; Brandon Courtyard, 0.5 miles from the Project with a 98.1% occupancy rate; Renaissance Off Broadway Lofts, 3.7 miles from the Project with a 100% occupancy rate; Renaissance Downtown Lofts, 3.6 miles from the Project with 100% occupancy rate; Renaissance at Lowry, 9.3 miles from the Project with a 99.2% occupancy rate; Renaissance Stout Street Lofts, 3.7 miles from the Project with a 100% occupancy rate; Renaissance at North Colorado Station, 6.5 miles from the Project with a 91.2% occupancy rate; and Forum Apartments, 3.2 miles from the Project with a 100% occupancy rate excluding units being renovated.

- Project readiness

WellPower purchased the land in April 2020 and began work on plans and design. WellPower started discussions with the City and adjacent landowner partners to facilitate the development of the Project and to understand the development plans of adjacent parcels. Partnering landowners are Urban Land Conservancy, Yates Investment Partners, and Morrison Group (site ownership detailed on submitted site plan). In August 2021, the City changed course and requested the four land owners to transition development plans to prioritize the extension of 11th Avenue as the primary site access for these parcels. The four site owners are working to execute a Drainage and Road Cost Share Agreement outlining terms and how costs will be split between the four property owners. Attachment 3 shows the costs split that has been agreed upon.

The Project meets the city's zoning requirements for the site. The Site Development Plan (SDP) was submitted in September 2022. The administrative approval of the Project SDP will be approved after approval of the Transportation Engineering Plan (TEP) submittal for the required 11th Avenue extension and the TEP for 10<sup>th</sup> Avenue sidewalk improvements including recordation of the TEP right of way dedications. It is anticipated that the required recordings will be accomplished by the end of July 2023. Further, the approval of the offsite Storm and Sanitary Sewer Plans (SSPR), these include the water quality and detention pond to which the Project site is tributary, and the approval of the on-site SSPR Plans, including a maintenance easement (PNEE), is required for approval of the Project SDP.

After recording the right of ways and approval of the offsite plans, construction can start on the roadway and detention pond. The roadway and detention pond construction that are required by the City (and approved by the TEP) does not need to have started to start construction on the Project.

- Overall financial feasibility and viability

The Project is financially feasible due to its location in a QCT, gap funding from the Colorado Division of Housing (CDOH) and the City of Denver's Department of Housing Stability, Tenancy Supportive Services funding from CDOH, Project-Based Vouchers from CDOH, Medicaid revenue, and WellPower's contribution to the annual developer fee reserve fund. In addition, WellPower will be able to utilize their existing relationships with lenders, financial partners, and tax credit equity investors from Sanderson Apartments or utilize their strong reputation in the community to form new relationships.

- Experience and track record of the development and management team

#### Developer and Service Provider -

WellPower is a Colorado non-profit corporation that was incorporated in 1987 and commenced operations in July 1989. WellPower provides outpatient and emergency mental health services, primarily to the residents of the City and County of Denver. WellPower's primary purpose is for the development and maintenance of a system of care for those experiencing mental health issues in Denver, including diagnosis, treatment, care and rehabilitation services, and employment and housing services. Lead staff members include Dr. Robert Carl Clark, who joined WellPower in 1989, became the Medical Director in 1991 and then the Chief Executive Officer in 2000, and in 2014, he also became the president. As President and CEO, Dr. Clark is the visionary leader for the entire WellPower organization. Angela Oakley is the Chief Financial Officer at WellPower, overseeing the organization's accounting, finance, contracting/payer strategies, consulting services and accounts receivable functions. With more than 25 years of experience in healthcare finance, she has worked in both nonprofit and for-profit organizations including hospitals, insurance entities and other healthcare establishments. Darla Goddard has been WellPower's Director of Real Estate for the past five years. Darla has over 30 years of combined broad based experience in financial services, affordable housing, real estate development, and project management.

WellPower has successfully owned and operated residential homes and apartments for over 25 years, providing safe and affordable housing for consumers throughout the city. WellPower completed another PSH LIHTC project, Sanderson Apartments, in 2017.

#### Property Manager-

ComCap Management has been providing professional apartment management services for its clients since 2006. The company currently manages over 2,600 apartment units. ComCap's team of professionals have a broad spectrum of experience in the multifamily management business. Specializing in LIHTC properties, ComCap has an impeccable record in all of the property management disciplines including a fully integrated accounting system and compliance department. ComCap is currently the property manager for nine PSH properties, including Sanderson Apartments.

- Project costs

The Project's construction costs were estimated by Alliance Construction, a local general contractor with extensive affordable housing experience. Given the Project's readiness the estimate is based on 50% of plans. Most PSH projects have an above average ratio of common spaces to residential spaces and therefore higher per unit costs. The site work has additional costs due to the water detention and road extension, required by the City and addressed through the cost share agreement discussed above.

- Site suitability

The 10<sup>th</sup> & Sheridan site is well suited for a PSH project due to nearby amenities such as grocery and pharmacy, the proximity to the light rail station and bus stops, recreational and green space opportunities of Dry Gulch, beautiful views to the mountains and downtown, and easy access provided by Sheridan Boulevard and Colfax Avenue. The City of Lakewood has also planned and rezoned areas to the west of 10<sup>th</sup> & Sheridan to allow for transit-related uses and higher density, with the potential for future, additional development. There is significant redevelopment activity occurring around the Project site. Older single-family homes are being demolished to make way for denser townhomes and duplexes, and several multifamily developments are under construction or have been recently completed along the light rail line.

#### 3. Provide the following information as applicable:

- Justification for waiver of any underwriting criteria
- Justification of the financial need for a CHFA Discretionary DDA basis boost of up to 30 percent of eligible basis

Not applicable for 10<sup>th</sup> & Sheridan.

#### 4. Address any issues raised by the market analyst in the market study.

The subject's average one-bedroom unit size of 411 square feet is 25% smaller than the weighted average sizes of surveyed LIHTC/PSH comparables. Additionally, its average unit size is 7% smaller than the smallest one-bedroom units at comparable LIHTC/PSH projects. Although the subject's unit size is smaller than comparable projects, this should not negatively impact its marketability for a homeless target market. The subject's units will not have a dishwasher, which is typical at surveyed LIHTC/PSH properties in the PMA. However, its proposed design, project amenities and tenant services are all in line with the surveyed projects with PSH units in the PMA. Additionally, the Trauma Informed Design strategies utilized in the Project should make for an overall improved living experience for tenants. The subject's location is slightly

inferior to the surveyed LIHTC/PSH properties, partially due to its neighborhood. The neighborhood has been and continues to be redeveloping which will continually improve the site location. Also, there are multiple public transportation options near the site, including access to buses and the light rail, so residents are able to get wherever they may need to go.

5. 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 Phase I ESA found no evidence of recognized environmental conditions. There are not further investigation recommendations for the property.

6. Identify if there are any unusual features that are driving costs upward, as well as if there are any opportunities to realize cost containment (refer to Section 2 of the QAP for additional information).

A large cost for 10<sup>th</sup> & Sheridan is the ongoing supportive services. Supportive service costs are estimated to start at approximately \$650,000 per year and escalate by 3% per year. Services funding remains a challenge for PSH projects, but WellPower will bridge this gap with Medicaid funding, CDOH supportive services funding, cash flow from operations, and a developer fee reserve fund. In addition, the 11<sup>th</sup> Ave road extension and water detention project is adding a cost of \$1,581,401 to be split by four property owners impacted.

7. Describe the outreach to the community that you have done and describe local opposition and/or support for the project (including financial support).

In Spring of 2021, WellPower and two adjoining property owners; Urban Land Conservancy and Morrison Development held two community planning events with the registered neighborhood organizations (RNO) and surrounding businesses and residents of the Villa Park Neighborhood. Denver City Council President Jamie Torres attended each meeting. In the summer of 2021, WellPower met with Denver Police Department District One Commander Layla DeStaffany and members of her team onsite at 10<sup>th</sup> & Sheridan to describe the proposed development. WellPower continues to attend the Villa Park RNO meetings and provide updates to Council President Torres on a regular basis.

8. Describe how the proposed development contributes to promoting equity as well as economic mobility for residents. 10<sup>th</sup> & Sheridan promotes equity and economic mobility for residents by providing an affordable place to live and high-quality services to those with the lowest incomes. Permanent supportive housing has shown to effectively reintegrate chronically homeless and other highly vulnerable homeless individuals with mental health disabilities or chronic health challenges into the community by addressing their basic needs for housing and providing ongoing support. People living in supportive housing have a private and secure place to make their home, just like other members of the community, with the same rights and responsibilities. Residents will have the opportunity to access services that may include the help of a case manager or counselor, help in building independent living and tenancy skills, assistance with integrating into the community, and connections to community-based health care, treatment, and employment services. Permanent supportive housing allows people with one or more serious disabling conditions to stabilize their housing and address underlying conditions that often have gone untreated for many years. The combination of housing and supportive services creates a synergy that allows residents to take steps toward recovery and independence.

# 9% housing credit application narrative



Project Name: **The Annex**

Project Address: **1603 Walnut St, Boulder CO 80302**

## Executive Summary

The Annex (“Project”) will be a new mixed-use apartment building in the heart of Downtown Boulder. The non-profit owner, Grace Commons Church, has committed to developing this valuable land into a mixed-use community asset that provides high-quality housing and economic mobility. Coburn Partners designed the Type IIA steel-frame 4-story structure with a brick exterior, cedar siding, flat roof, two elevators and two interior stairs. The building will feature new energy efficient appliances, rooftop solar array, and NGBS-Bronze certification. The 1<sup>st</sup> floor includes a café and bakery that provide workforce training and career counseling for young adults, as well as storage for the affordable units on the 2<sup>nd</sup> and 3<sup>rd</sup> floors. The 18 studios and 12 one-bedroom units, all featuring private balconies, include 3 studios at 30% AMI, 6 studios at 50% AMI, and 9 studios and 12 one-bedrooms at 60% AMI. Residents will also enjoy bike and car parking and a private rooftop deck with views of the Flatirons. The 4<sup>th</sup> floor will contain an event space that provides additional employment opportunities. The commercial spaces in the 1<sup>st</sup> and 4<sup>th</sup> floor will be financially self-sustaining and removed from basis. The space on the 1<sup>st</sup> floor dedicated to career counseling will be included in basis through the Community Service Facility provision. The Project Team believes the Annex is deserving of a 9% award for several reasons:

- **Economic Mobility:** In addition to the 1<sup>st</sup> and 4<sup>th</sup> floor employment opportunities, residents will have abundant access to jobs in Downtown Boulder. This project brings affordable housing to where jobs are located, reducing the need for long commutes that cause social, economic, and climate consequences. The Annex is a unique opportunity to invest in economic mobility, personal growth, and high-quality long-term affordable housing all under one roof.
- **Walkable TOD Location:** Located only a block away from both the Pearl Street Mall and Downtown Boulder RTD station, the project's location is considered a “Walker’s Paradise” according to the Market Study. The site has a walk score of 95, bike score of 100, and an average transit score of 77 – far greater than any comparable property in the Market Study. The project encompasses best practices in urban planning by providing density and affordable housing in the center of one of the most vibrant downtowns in the country.
- **QCT:** The project site is in a QCT and contributes to a community revitalization plan.
- **Density:** The Project Team committed valuable time and financial resources going through the site review process to obtain the maximum allowable density and FAR.
- **Readiness to Proceed:** The Project Team has taken the critical step of obtaining site review approval and is on track to apply for a building permit in March 2023 and to begin construction in Q3 of 2023. The site review approval requires the project to be substantially completed by January 2025, which the Project Team can achieve if awarded 9% this round. With a 9% award the project would no longer be at risk of losing site review approval due to a push in substantial completion beyond January 2025. The Project Team has explored several design and funding options since 2016 to make this project viable. After deep analysis of all options, it is clear a 9% award this round is necessary to ensure this generational community asset comes to life.
- **Lowest Income Tenants for Longest Period:** In addition to setting aside 10% of units at 30% AMI and 20% of units at 50% AMI, Grace Commons Church will execute a permanent covenant on the property to ensure it remains affordable and serves the Boulder community for generations.

1. **Identify which, if any, of the priorities in Section 2 of the Qualified Allocation Plan (QAP) apply:** While none of the priorities listed in Section 2 of the QAP apply, the project has set aside 10% of the units at 30% AMI and will provide career counseling and workforce development opportunities for young adults who are out of school and without employment.
  
2. **Describe how the project meets the criteria for approval in Section 2 of the QAP:**
  - **Market Conditions:** As evidenced by the market study, there is strong demand for affordable units at the Annex in the Primary Market Area (PMA). According to the Market Study, “the overall surveyed vacancy rate in the PMA was 1.0%, including 0.5% at all family and senior LIHTC units. Most LIHTC projects had historical occupancy at or near 100% and some had waitlists. The subject can achieve its proposed rents. It should lease up at an average monthly rate of 35 units, without concessions. After completing lease-up, the subject should have a stabilized physical occupancy rate of 97% and a yearly turnover rate of 10%.”
  - **Proximity to Existing Housing Tax Credit Projects:** The Annex is located within ½ mile of Walnut Place and 1440 Pine. Walnut Place provides 95 Section 8 studios and one-bedroom units for adults 55+ and is managed by Boulder Housing Partners. 1440 Pine, a PSH project for youth experiencing homelessness, provides 40 apartments – 28 at 60% AMI and 12 at 30% AMI – and received a 9% award in 2016. These two projects serve different populations from the populations that will be served at the Annex. According to the Market Study, “although there are 189 family LIHTC units in the development pipeline, including the subject, the PMA has absorbed an average of 359 rental units annually over the past three years, while its vacancy rate declined during this period, and the most recently completed LIHTC projects absorbed 33 or 38 units per month during lease-up. Based on these factors, the subject and all other new family LIHTC supply should be absorbed quickly and have limited impact on the occupancy of existing properties.”
  - **Project Readiness:** The project is fully entitled and ready to proceed. The Project Team has secured site review approval, a critical step that can take years in the City of Boulder. The project architect is ready to submit for building permit in March 2023 and anticipates receiving the building permit in August 2023. The Project Team has received strong interest from potential lenders and equity investors to provide financing for both the commercial and residential components. Pending a 9% LIHTC award, the Project Team is on track for a financial close and construction commencement in September 2023 with a 13-month construction schedule.
  - **Overall Financial Feasibility and Viability:** The Annex is financially feasible if awarded 9% LIHTC. The project has already received soft funding through Boulder County’s Worthy Cause program and assumes additional soft funding from Grace Commons Church, City of Boulder, Colorado Division of Housing, Federal Home Loan Bank of Topeka, as well as deferred developer fee to complete the project’s capitalization. Since the project is receiving substantial soft fund contributions, it would not qualify under the 50% test and thus requires a 9% LIHTC award.
  - **Experience and Track Record of the Development and Management Team:** The development team has deep experience in capital markets, design, and construction of LIHTC properties in Boulder. The development consultant, Element Properties, completed the Nest Communities (238 units) in 2017, Spark West (45 units) in 2018, Ciclo Apartments (38 units) in 2020, and is currently developing Bluebird (40 units) and Zinnia (55 units) and is consulting for Presbyterian Manor (78 units). The three Element principals - Catherine Bean, Scott Holton, and Chris Jacobs - will play an important role in the Project. Catherine Bean will lead the Project with support from development associate, Alex Rugoff, and controller, Christy Valentine. Architect, Coburn Partners, brings local expertise in sustainable design and affordable housing projects in Boulder. The General Contractor, Pinkard, was selected for its impressive track record of building affordable housing projects across Colorado. The Property Manager, Brothers Property Management, has deep experience in managing affordable housing and CHFA-administered programs. The project Applicant, Grace Commons Church, has the financial stability to meet equity and debt guarantees and requirements.
  - **Project Costs:** Total project costs are expected to be \$653,076 per unit, including \$463,506 per unit in hard costs. These costs will go further than providing housing, as it also includes the space to build out the Community Service Facility which will provide career counseling to 15-to-24-year-olds who are not

currently employed or enrolled in school. The Project Team worked diligently over the past two years to value engineer and redesign the building. The valuable parcel of land is also being contributed to the project through a land lease that is paid with remaining cash flow.

- **Site Suitability:** The flat site does not contain any topographic issues and utilities are readily available. The property is 135 feet from a bus stop, and within 0.5 miles of the Pearl Street Mall, the City of Boulder municipal building, a library, a post office, a convenience store, a neighborhood shopping center, a public park, a grocery store and off-street bike paths. This urban infill project will provide residents with a strong sense of community, as they can easily access economic, cultural, and civic amenities. The Market Study ranks the Annex's location "superior" to all other comparable properties, and states that, "the subject is in a desirable neighborhood of Downtown Boulder, with very good visibility and access to shopping, schools, services and recreation. Its location is slightly superior to most surveyed properties because they are typically less centrally located and have less access to shopping, services, recreation, public transportation and employment centers."

**3. Provide the following information as applicable:**

- **Justification for waiver of any underwriting criteria:** The Project is seeking a waiver of the Method 3 calculation for LIHTC. The Project includes a Community Service Facility on the ground floor. This important community space adds to total costs. Since Method Three only factors in residential units – and not Community Service Facilities – it does accurately capture the actual LIHTC costs. Additionally, in order to receive site review approval, the City's Staff, Planning Board, and City Council required that the Project use high-quality building materials and designs that might not typically be incorporated into an affordable housing project. The City will subsidize these high costs with a significant contribution to the Project. With only 30 units, the Project is of a smaller scale with less ability to amortize fixed costs across units, resulting in a higher per unit cost for the Project. The Community Service Facility, the increased costs associated with the discretionary review processes, and the small-scale of the Project led to the Applicant requesting a waiver of the Method Three calculation.

- **Justification of the financial need for a CHFA Discretionary DDA basis boost of up to 30 percent of eligible basis:** N/A.

**4. Address any issues raised by the market analyst in the market study:** The Market Study gives the Project a capture rate of 51.4% which is above CHFA's threshold, but provides several reasons why the capture rate is overstated and attainable, including, but not limited to:

- a. "The surveyed LIHTC properties were 99% occupied and have mostly maintained historical occupancy rates at or near 100%, suggesting that the estimated number of income- and size-qualified renters is understated";
- b. "The existing 50% and 60% capture rates are already well above the acceptable threshold despite surveyed 50% and 60% AMI units being 99% occupied, further evidence that Claritas' estimate of existing qualified renters at 60% AMI is understated.
- c. "The subject's proposed LIHTC rents provide a discount to average Class-B market rate apartments of 22% to 61% and provide a good to very good value to prospective tenants.
- d. "Its setting in Downtown Boulder, with excellent access to major employers and mass transit service, will likely allow the subject to draw renters from outside of the PMA."

Given these and other considerations, the Market Study anticipates the project should lease-up within a month without offering concessions. Additionally, the Market Study has "no recommended changes for the subject."

**5. 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 Phase I environmental study found that the site was previously used for tire and automotive repair services, which is considered a Recognized Environmental Condition (REC). The Project Team ordered a Phase II report, which found no further evidence of RECs.



The existing building on site tested positive for asbestos containing materials in both the roofing materials and a small section of the drywall. Because the roofing material is non-friable, both EPA and CDPHE standards exempt these materials from NESHAP and CDPHE regulations during removal. The trace amounts of asbestos found in the drywall do not require abatement, but the demolition contractor will comply with the OSHA requirements in the asbestos report.

**6. Identify if there are any unusual features that are driving costs upward, as well as if there are any opportunities to realize cost containment (refer to Section 2 of the QAP for additional information):**

The Annex utilizes high-quality building materials – which add to the project costs – but also contribute to Downtown Boulder’s historic character and create a strong sense of home for future residents. These high-quality materials were necessary to obtain site review approval, which allowed the Project Team to design the densest possible building on the site. This attention to detail and commitment to quality is evident in the Market Study, which ranks the Annex apartments as superior to all other comparable properties in the area.

The City of Boulder Energy Conservation Code sets stringent requirements for high-efficiency buildings, particularly mixed-use buildings. Although these improvements are costly up front, they will benefit the Project by decreasing the risk of ongoing utility costs.

It is also important to note that the Annex is applying the Community Service Facility provision in Section 42 of the IRS Code. This additional space is important to provide job training for both the residents of the affordable housing as well as other participants in A Precious Child’s award-winning program. Leveraging LIHTC for this important work increases the Project costs but helps achieve the Project’s and CHFA’s shared goal of generating economic mobility.

In an effort to control costs, the design and consulting team interviewed three general contractors, all of whom provided similar DD-level pricing. Grace Commons ultimately selected Pinkard for its track record of building affordable housing projects on time and within budget. The Project Team meets weekly to discuss ideas to control costs and schedule. These brainstorm sessions ultimately led to the removal of a previously designed basement, which has significantly reduced costs and the overall construction schedule. The Project Team will continue to explore additional ways to decrease construction costs while maintaining the intent and integrity of the Project.

High costs have also been mitigated through the sourcing of additional funds and the contribution of the land through a cash flow land lease. The Project is expecting \$5,500,000 in soft funds and grants, approximately 28% of the affordable housing project costs.

**7. Describe the outreach to the community that you have done and describe local opposition and/or support for the project (including financial support).** There is strong community support for the Project as evidenced by the letters of support included in the application. These organizations recognize the economic and social benefits of stable job and housing opportunities.

Local governments are putting financial support towards the Project. In 2022, Boulder County’s Worthy Cause program awarded \$150,000 to the Project. The City of Boulder, Colorado Division of Housing, and Federal Home Loan Bank of Topeka have all encouraged the Project to apply for gap funding once the Project receives a 9<sup>0</sup>% award.

The Project Team also engaged the neighborhood through written communications and private and public meetings during the design and entitlement processes. Dozens of community members spoke in support of the project at multiple Planning Board meetings. After hearing some initial concerns from the immediate neighbors about the 4<sup>th</sup> floor event space, the team redesigned the space and collaborated with the stakeholders to create a better development and earn their support.

- 8. Describe how the proposed development contributes to promoting equity as well as economic mobility for residents.** Economic mobility and equity are integral to the Annex. Grace Commons Church is deeply committed to not only creating housing, but a community space that facilitates growth and stability. The Applicant intentionally selected A Precious Child to run the 1st-floor café and bakery based upon their successful Precious Perks program. The program provides job training for 15-24-year-old participants by giving them hands-on experience in the retail and service industries and has a special focus on diversity and inclusion for participants. The program helps young adults gain the exact skills that are highly sought after in Downtown Boulder. Precious Perks is excited to expand economic opportunities for young people in a vibrant downtown location.

Housing has not kept pace with the strong economic growth in Boulder over the past decade. According to the Boulder Community Foundation, for every 3.5 jobs created, only one housing unit was added in Boulder County. The extreme imbalance in jobs and housing has contributed to long commutes and growing housing costs. More than half (58%) of renters in Boulder County spend more than 1/3 of their income on housing costs, compared to 46% nationally. According to City officials, over 50,000 workers commute into the City of Boulder each day. This Project promotes equity and economic mobility by providing high quality affordable housing and workforce training in the center of a fast-growing local economy with demand for jobs.

The affordable units on the 2<sup>nd</sup> and 3<sup>rd</sup> floors are accessible to a range of incomes from 30%-60% AMI. These newly constructed units are designed to provide residents with a strong sense of place and housing stability. Residents will have tremendous access to transit, jobs, and urban amenities right outside of their front door.

The 4<sup>th</sup> floor event space helps the overall financial viability of the Project and provides additional economic opportunities. For example, a resident on the 2<sup>nd</sup> floor could learn culinary skills on the 1<sup>st</sup> floor and then cater an event on the 4<sup>th</sup> floor. The building is designed to be a cohesive and inviting space that promotes collaboration, growth, and equity. This unique Project leverages the incredible location and mix of uses to revitalize a downtown corner while providing housing, job training, and a café to benefit the entire community.

- 9. Acquisition/rehab or rehab projects:** N/A

# 9% housing credit application narrative



Project Name: Aster Place

Project Address: TBD Stone Quarry Road, Parachute, CO 81635 (adjacent to 10 Stone Quarry Road)

## Executive Summary:

Lincoln Avenue Capital LLC (LAC) is excited to present Aster Place (AP), the first affordable low-income family apartment development to be built in Parachute, CO. The Town of Parachute continues to have residents that are rent burdened due to the increasing cost of living and extremely low inventory. Our market analyst stated, *“The surveyed LIHTC units were 2.7% vacant, representing only four vacant units at one property that were all pre-leased, and all three property managers noted waitlists with 42 to 120 applicants, demonstrating substantial pent-up demand for low-income rental housing.”* Additionally, market rate housing in Parachute and Battlement Mesa is scarce and the properties available are dated. Some were built in the early 2000s and others built in the early 1980s. There is 0.0% vacancy at the five market rate properties in the PMA. Those five properties have a waiting of 100 to 190 applicants. If you stay within just the Town of Parachute and Special District Battlement Mesa, there are only three market rate properties and no LIHTC properties. Further exacerbating the pent-up demand in just the Town of Parachute and Battlement Mesa is significant. The market study states there are 251 renter households in Battlement Mesa and Parachute alone that qualify for the proposed 40 units if they did not receive rental assistance. There 205 renter households with incomes between 40% and 60% AMI and even more concerning there are the additional 124 renters with incomes between \$0 and \$30,540 that would qualify for the 30% units. All these household unfortunately have no option but to rent in market rate units as the closest rent restricted community is 18 miles away. This project gives these households an option that currently doesn't exist. Current Parachute residents are forced to seek the limited conventional housing where rents are 34% to 48% higher than proposed 40% AMI rents, 15% to 34% above the proposed 50% AMI rents and 19% higher than the proposed 60% AMI rents.

Parachute and Battlement Mesa has plenty employment opportunities, but unfortunately very little housing. There are some very large oil and gas companies with offices or do work in Parachute such as WPX Energy, Caerus Oil and Gas, and Encana. Solvey is the global leader in soda ash and they operate a Baking Soda plant in Parachute. This plant is one of the largest in the world of its kind. There is also a wide range of service, government, and educational jobs in Parachute. In talking with The Town of Parachute town manager, one of the barriers of entry for new businesses and companies in Parachute is the lack of housing. An investment of tax credits into Parachute would truly help the local community as more businesses would come to town and existing business would be able to hire workers that live in town. This investment would have a huge impact on the Town of Parachute's residents and workers.

LAC is working with the Garfield County Housing Authority (GCHA), whose mission is to *“assist low-income families with decent, safe, and affordable housing opportunities as they strive to achieve self-sufficiency and improve the quality of their lives; to provide necessary assistance to families for the purchase or rental of appropriate housing; to facilitate development of housing that is both affordable and attainable for lower income families”*. GCHA is partnering with LAC as a Special Limited Partner, enabling the project to qualify for property tax exemption which will help ensure long-term affordability of the project (*Exhibit 09 - Evidence of a Property Tax Exemption - Housing Authority Agreement*).

GCHA and LAC have an MOU for AP to provide the project with potential eligible tenants on their waitlist (*Exhibit 10 - Supporting Documents for Scoring – GCHA MOU*). AP is truly a public/private partnership with the goal of creating affordable housing for the residents of Parachute.

The site is already zoned for multifamily, and it is located less than a mile from essential services, job opportunities, and schools, making it a great location for families. Below are some of the services within 2 miles of the site: Bus Stop Adjacent, Convenience Store 50 Feet, Fire Department 50 Feet, Park 0.1 Mile, Grocery Store 0.3 Miles, Neighborhood Shopping Center 0.3 Miles, Pharmacy 0.3 Miles, Medical Clinic 0.4 Miles, Senior Center 0.4 Miles, Recreation Center 0.4 Miles, Middle School 0.7 Miles, Head Start 0.8 Miles, Child Care 0.8 Miles, Library 1.0 Mile, City Hall 1.0 Mile, Police Station 1.0 Mile, Elementary School 1.1 Miles, High School 1.2 Miles, Post Office 1.3 Miles. One of the best services for our residents will be the Parachute Area Transit System (PATS) provides bus service in the market area. The nearest bus stop is directly east and adjacent to the subject. Residents can ride buses from this location to destinations in Battlement Mesa, Parachute and Rifle, with connections to the Roaring Fork Transportation Authority buses that have destinations from Glenwood Springs to Aspen. Please see Exhibit 10 for maps of the bus line service.

AP is zoned for the propose 40 residential multifamily units, has no buildings in or near the floodplain, and is shovel ready meaning we can proceed straight to building permit review (*17 - Zoning Verification Letter, Flood zone verification*). It will consist of 40 units with 1, 2, and 3 bedrooms, community building, open space and green space for outdoor activities, and ample parking. LACs design concept will certainly be at the top of the market. AP will utilize the same great design concepts CHFA has seen from us in the past (Exhibit 15 - site plan and renderings). The proposed development will consist of a 2 story and 3-story building of Type VB construction utilizing prefabricated building components such as trusses, wall panels and floor systems. The building will be walk up style apartments, but those breezeways will be covered and condition to help in the winter months. AP is proposed to be constructed as a slab-on-grade foundation. The exterior will be wood framed with a variety of exterior cladding materials articulated carefully to ensure durability and longevity to the building as well as provide a nice aesthetic for the residents and surrounding neighbors. AP will be 100% electric. Please see Exhibit 22 for our all-electric narrative. The building will be fully sprinklered and designed for a modern residential feel. Unit mix and sizes are in the table below:

Beds	Baths	AMI% / Type	% of Total	Units	Sqft.	2022 Net Max
1	1	30.00%	5.00%	2	850	\$ 1,248
2	2	30.00%	10.00%	4	1,150	\$ 1,530
3	2	30.00%	5.00%	2	1,300	\$ 2,112
4	2	30.00%	0.00%	-	-	\$ -
1	1	40.00%	2.50%	1	850	\$ 634
2	2	40.00%	5.00%	2	1,150	\$ 750
3	2	40.00%	5.00%	2	1,300	\$ 859
4	2	40.00%	0.00%	-	-	\$ -
1	1	50.00%	5.00%	2	850	\$ 810
2	2	50.00%	7.50%	3	1,150	\$ 962
3	2	50.00%	7.50%	3	1,300	\$ 1,104
4	2	50.00%	0.00%	-	-	\$ -
1	1	60.00%	12.50%	5	850	\$ 987
2	2	60.00%	22.50%	9	1,150	\$ 1,174
3	2	60.00%	12.50%	5	1,300	\$ 1,349
4	2	60.00%	0.00%	-	-	\$ -

Some of the project amenities will include a community room, an on-site manager, a computer station, a fitness room, and a children’s play area. According to our market analyst “*The one-, two- and three-bedroom unit sizes are 17%, 17% and 10% larger, respectively, than the overall surveyed weighted averages in the PMA.*” Each unit will have many amenities not typically seen in affordable rental housing units in the market area. These major amenities will include a patio/balcony for each unit, efficient heating and cooling systems, dishwashers, microwave ovens, refrigerators with freezers, garbage disposals, self-cleaning ovens, and in-unit washer and dryers. All appliances are Energy Star rated. AP will also enforce an on-site no-smoking policy.

Within the building, high efficiency systems will be incorporated to promote less consumption of our natural resources and provide lower utility bills to our residents. This will include the heating and cooling systems, building insulation design, window efficiencies, Energy Star rated appliances, water conserving fixtures, and Energy Star lighting or LED fixtures. Residents will also enjoy a healthy living environment because of AP’s use of green and healthy materials whenever possible, including low or

no VOC products, formaldehyde free lumber goods, and sustainably designed materials throughout the development. With the proposed prefabricated exterior shell, trusses, wall panels and floor systems, the construction waste will be significantly reduced. Overall, green building materials will be incorporated whenever possible to achieve a sustainable design and healthy environment for the residents. Please see the Energy Efficiency and Sustainability Form located in exhibit 22.

The development will be funded with 9% Federal LIHTC, Construction Debt, Permanent Debt, Deferred Developer Fee, and a DOH EDG Loan in the amount of \$500,000. Total development cost is \$17,575,713. The capital stack for AP includes deferred developer fee, a competitive 5% interest rate on the permanent loan, and competitive tax credit equity pricing (\$.87) based on the strength of the sponsorship. There is also a construction loan that will bridge the tax credit equity and permanent loan conversion through the construction period. A tax exemption is also contemplated in this transaction the partnership with the GCHA. Please see below and Exhibits 5, 6, & 7.

First Mortgage - \$3,980,000 LIHTC Equity - \$12,760,000 Soft Debt Funding - \$500,000

1. **Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP):**

- **Projects serving Homeless Persons as defined in Section 5.B 5**  
AP is not serving Homeless Persons.
- **Projects serving persons with special needs as defined in Section 5.B 5**  
AP will not serve persons with special needs.
- **Projects in Counties with populations of less than 180,000**  
AP is in Garfield County, which has a population of 63,275. Garfield County has 35.1% of the priority amount of 180, 000.

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

a. **Market conditions:**

Our market study by Prior and Associates surveyed the family LIHTC properties in the PMA. All 3 of the LIHTC project in the PMA had 4 vacant units all of which were preleased and had long waiting list. The study also demonstrates a strong demand for this project with a capture rate of 16.8%.

With 17 renters being added to the PMA annually through 2027 and no other LIHTC units in the development pipeline to account for pent-up demand, this project gives the residents of Parachute and Battlement Mesa an option that doesn't currently exist. While the PMA does reach outside of Parachute by definition, the demand in Parachute is still strong. The market analyst states *"Demographic information from Claritas indicates that there are 251 renter households in these communities that are income- and size qualified for the subject's 40 units if it did not receive rental assistance for eight units. There are 205 qualified renter households with incomes between 40% and 60% AMI for 32 total units, and 124 qualified renter households with incomes between \$0 and \$30,540, representing the count that is qualified for the eight 30% AMI units with rental assistance."* Through outreach with the town and the Housing Authority, we feel this project will reach the residents of Parachute and be extremely impactful.

b. **Readiness-to-proceed:**

If awarded credits, we anticipate construction on AP to commence March 2023 which would put us well within the carryover requirements of 13 months after reservation. We feel like we could accelerate the schedule but hesitate to promise to start construction in the winter in Garfield County. The site is zoned Medium Density Residential which allows the project's height, density, and construction type with no changes or special approvals. Since multifamily is a use by right we can go straight to building permit review. Again, we feel our actual schedule could move into the end of this year but are hesitant to start construction at that time of the year due to inclement weather (*17 - Zoning Verification Letter*). Assuming tax credits are awarded in June, we will have a review set of plans submitted to the Garfield County in September. We anticipate 60-90 days for the Garfield County to review and approve the plans.

c. **Overall financial feasibility and viability:**

The project is financially feasible. LAC is requesting \$500,000 from the Department of Housing (DOH) soft funding. The GCHA will be a Special Limited Partner, and the tax exemption allows the project to target lower income residents while generating more permanent debt proceeds while still maintain the proper debt coverage ratio to keep this project financially feasible for the life of the development. The DOH funding and tax exemption allows us to lower the affordability for the residents of Parachute. We have over 50% of our units at or below 50% AMI. AP is financially strong and exceeds all CHFA's underwriting requirements. Please see the attached equity letters from Berkadia (*Exhibit 6*), and construction and permanent debt letter from Legacy Bank and CHFA (*Exhibit 5*), and the letter of support from the Department of Housing (*Exhibit 7*).

**d. Experience and track record of the development and management team:**

Since our founding in 2016, LAC has been driven by a commitment to provide individuals and families with quality, sustainable, and affordable homes. In just four years, we have achieved significant scale. As one of the nation's fastest growing developers, investors, and operators of affordable housing, we now proudly serve more than 22,000 units within 116 properties in 21 different states.

Shelton Residential/Asset Living is the proposed property management group. Shelton Residential/Asset Living is led by two respected professionals with more than eighty years of experience in the real estate industry, each having held senior executive positions where they were responsible for the administration, management, and leasing of real estate portfolios worth billions of dollars. In Phoenix, Arizona alone, this team has managed more than 160,000 units of multifamily assets both conventional and affordable and provided services to some of the nation's most respected real estate owners and investors. Since inception, the firm's vision and commitment to excellence has resulted in optimal performance for each managed asset.

**e. Cost reasonableness:**

AP meets the cost reasonableness test. The price we paid for land was at or below market value. The project is leveraging below market land costs, tax exemption, and DOH softs funds to minimize the amount of tax credits needed to complete the project. While AP has taken all the necessary steps to keep this project affordable, rising interest rates and construction cost increases are an issue that all developers are dealing with. AP is producing over \$1,800,000 in annual credits but we are only requesting \$1,450,000 limiting the credits per unit. We believe our 3<sup>rd</sup> party estimator's budget for the proposed development in the current market are in line with our experience in the area and our cost projections for the next 12 months. AP therefore meets all cost reasonableness tests as it relates to both construction cost and all other development costs required to complete the project.

**f. Proximity to existing tax credit developments:**

There are only 3 other affordable projects in the PMA and none in Parachute. Those three projects total 123 income-restricted units. Eagles Nest in Rifle is 19.8 miles, Maxfield Heights is 19.1 miles and White River Village is 18.6 miles from the proposed property. Just in the Town of Parachute along with the Special District of Battlement Mesa there are 251 renter households in Battlement Mesa and Parachute that are income- and size-qualified for the subject's 40 units if it did not receive rental assistance. There are 205 renter households with incomes between 40% and 60% AMI for 40 total units, and 124 renters with incomes between \$0 and \$30,540, representing the count that is qualified for the eight 30% AMI units with rental assistance.

**g. Site suitability:**

LAC chose this site for LIHTC family development because of its desirable location nearby amenities, job opportunities, outdoor activities, and the need for affordable family housing in the Parachute. The density and style of development is appropriate for the location. The site will be relatively easy to build on as the property has little topographical change. The style of development, is a 2-story and 3-story building with 80 surface parking spots for families, is well suited for new housing. The ability to surface park and the expected ease of construction (due to minimal grading needed on the site) further enforces not only site suitability but also helps with cost reasonableness. The planned improvements are within the allowable uses, scale, and height of the existing zoning.

**3. 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):*

AP is not requesting any of the above waivers.

b. *Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis:*

AP is not requesting the basis boost as it already receives the boost as a Non-Metro DDA.

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

The market study does not suggest any changes to the proposed project.

5. **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 were no RECs, CRECs or HRECs found in the Phase I. The engineer did identify a BER or Business Environmental Risk and recommendations are below. There is no need for any additional testing but the civil contractors and site work personnel need to use best practices. Additionally, the active radon system is contemplated and priced accordingly.

- *Since future construction plans will likely involve significant excavation of soils, care should be taken during redevelopment. The soils should be properly characterized, and any subsurface improvements or contaminated soils encountered during redevelopment activities should be removed and properly disposed in accordance with applicable regulations.*

- *As a best management practice, the implementation of radon mitigating measures into the future residential building's design should be considered.*

6. **Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment:**

There are no unusual features in this development that should drive up cost. The cost of construction does continue to be volatile which create uncertainty. This uncertainty for General Contractors increases prices. We do feel this is off set by the significantly lower land pricing we negotiated in Parachute as opposed to other areas in the Garfield County. LAC's design team, the utilization of prefabricated building components and general contractor will aide in mitigating any additional cost that is unnecessary during our design process.

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):**

Since this project is zoned and a minimal approval process is required so we did not feel that any public outreach was needed at this time. If we, the Town of Parachute or Garfield County believes more intensive outreach is warranted, we will follow those steps needed to inform the community. All discussions with the Town of Parachute and Garfield County have been positive and the Town supports the project.

8. **Describe how the proposed development contributes to promoting equity as well as economic mobility for residents:**

As a mission-driven affordable housing organization, Lincoln invests in the communities in which we operate. We take a resident-first approach, working thoughtfully and diligently to provide an array of on-site resources. Having access to a safe, high-quality, affordable home is the cornerstone of stability and success for families. Stability in the home is a catalyst for upward economic mobility. We believe that affordable housing solutions require diverse perspectives and lived experiences. We leverage a myriad of strategies and controls to ensure we identify and hire diverse talent regardless of race, ethnicity, gender, age, or sexual orientation, and we benchmark to evaluate the success of our initiatives. Our leasing practices also follow this same strategy and follow all best practices regarding equity. The limited affordable housing stock and rising cost of living in Parachute has made living and working in town difficult. Aster Place would bring substantial economic benefit to its residents and the local community. The savings for the 30%, 40%, 50% and 60% units at Aster Place is significant, ranging from 48% to 19% each month. Additionally, residents can live and work in Parachute without commute to the next available affordable housing in Rifle 18 miles from Parachute. This is a huge savings in gas, car maintenance and wear and tear. These savings alone coupled with the services and amenities located within 2 miles of the site will promote significant upward economic mobility for all Aster Place residents.

# 9% housing credit application narrative



**Project Name:** The Benedict

**Project Address:** 2800 Midland Avenue, Glenwood Springs, CO 81601

Archdiocesan Housing, Inc., with the assistance of BlueLine Development, intends to build Senior tax credit housing in Glenwood Springs, Colorado.

- **Location and allowable density, including if the project is in a QCT/DDA/SADDA**
  - The Benedict will be located on a 0.55-acre site in Glenwood Springs, Garfield County, Colorado. Garfield County is a designated Difficult Development Area (DDA).
  - The site is currently zoned Resort-RE. Multifamily dwellings up to 60 feet in height are a permitted use. No density requirements are stated for this zoning classification, and the City has provided a Zoning Letter.

- **Population being served; bedroom mix, AMI Targeting**  
The Benedict will serve persons age 55 and older.

AMI	Unit Type	# Units
30% AMI	1 Bed 1 Bath	7
40% AMI	1 Bed 1 Bath	4
70% AMI	1 Bed 1 Bath	17
80% AMI	1 Bed 1 Bath	6
<b>TOTAL</b>		<b>34</b>

- **Unit Amenities**
  - In-unit washer and dryer
  - Dishwasher
  - Wall air conditioning
  - Blinds, Luxury Vinyl Flooring
  - High Speed internet
- **Project Amenities**
  - Covered parking
  - Indoor and outdoor community gathering space
  - On-site property management
  - Limited access entries
  - Surveillance cameras



- **Detail type of construction (including foundation type, framing, roofing, building skin, circulation, stairs, elevator(s), etc.);**

Construction will be wood framed construction over top a glue laminated post and beam parking structure. The foundation is anticipated to be drilled piers with slab on grade parking and lobby areas. The skin will be a combination of masonry, and metal and cementitious siding. The roof will be a flat roof with accent dormers. It is anticipated that the circulation will be via a double loaded corridor with two stairs and one elevator. The project will have an upper-level amenity area with an outdoor terrace space.

- **Access to public transportation within one-half mile of site and job centers (if applicable) and how the project promotes opportunities for economic mobility;**

- The site is located 0.2 miles from a major Roaring Fork Transportation Authority station and services for Seniors.
- The site is located 0.4 miles from the VA Clinic
- The site is located less than one mile from Grocery and retail services.
- Job opportunities are located within 0.5 mile of the site.

- **Type of services and how they are financed (if applicable);**

Services and activities will be shared with staff at other AHI properties in the Roaring Fork Valley as well as utilizing the robust resources available throughout the City including the neighboring assisted living facility, Catholic Charities Glenwood Office, and County and private senior services, activities, and volunteer groups.

- **Description of energy efficiencies (if applicable, include advanced energy performance standards and certification tier);**

- NGBS Bronze
- Energy Star appliances
- LED lighting
- Design of building envelope to maximize energy efficiency.
- High efficiency windows
- Maximum use of electrification as budget permits

- **Type of financing; local, state, and federal subsidies; etc.**

- 9% Federal Low Income Housing Tax Credits
- Colorado Division of Housing HDG funds
- Seven Project-Based Vouchers from Garfield County Housing Authority
- \$750,000 Land note from Archdiocesan Housing
- \$3,250,000 in Benedict Funds will be a soft loan to the LLLP
- Deferred Developer Fee
- Permanent Mortgage

- If the project is serving Persons experiencing Homelessness or Special Populations, describe how the proposal follows best practices (trauma-informed design, funding for services, experience, etc.). Not Applicable

1. Identify which, if any, of the priorities in Section 2 of the Qualified Allocation Plan (QAP) apply:

- Projects in non-metro counties with a population of 180,000 or fewer (must meet requirements of Section 5.B.3.b.) The Benedict is located in Garfield County, population 61,161.

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

- **Market conditions**
  - a. The Market Study shows a high market demand and a high marketability.
  - b. The average apartment vacancy rate in Garfield County over the past five years decreased from 10.2% to 0.9%
  - c. The vacancy level in the Primary Market Area (PMA) decreased from 4.0% to 1.2% over the past five years.
  - d. As November, 2022, the average Garfield County vacancy rate for one-bedroom apartments was 0.9%.
- **Proximity to existing tax credit developments**
  - a. The PMA has six LIHTC projects. Two are age-restricted with 126 ;units, of which 84 are deeply-subsidized homes.
  - b. The Benedict is the only proposed age-restricted LIHTC property in the pipeline.
- **Project readiness**
  - a. Archdiocesan Housing owns the appropriately zoned site in Glenwood Springs.
  - b. Archdiocesan Housing is committing \$3,250,000 in financing along with a \$750,000 land note.
  - c. The City of Glenwood Springs supports the development and is prepared to waive permit fees.
  - d. Shopworks architecture is prepared to finalize design of the building upon award of tax credits.
  - e. FCI Constructors has extensive and recent experience constructing housing in Glenwood Springs and is committed to building The Benedict.
  - f. The State of Colorado is committed to reviewing an application for grant funds for the development.
- **Overall financial feasibility and viability**

The commitment of sources from Archdiocesan Housing through the \$4,000,000 in Benedict Funds, the financial benefits of income averaging, the increase in credit amount available and the State’s ability to invest more resources in housing all allow for this development to be a workable solution to the need for affordable senior housing in Glenwood Springs. The high cost of construction and development in mountain communities can be overcome with the additional sources allocated to and requested for The Benedict.

- **Experience and track record of the development and management team**
  - a. AHI owns 1,635 housing units across 27 sites in Colorado including six LIHTC developments, 14 senior properties, and 3 post 15-year LIHTC developments in the Roaring Fork Valley.
  - b. AHI has 3 additional LIHTC developments under construction, 2 of which are senior properties.
  - c. AHI manages 1,718 housing units and manages 100% of its housing portfolio.
  - d. BlueLine Development, the development consultant for this project, has developed 17 LIHTC projects in the past five years and is currently developing an additional 18 LIHTC projects in Colorado, Wyoming, Montana, North Dakota, South Dakota, & Utah.
- **Project costs**
  - a. The cost of construction in mountain communities is higher than those along the front range.
  - b. The non-construction related costs for The Benedict are in line with other development projects BlueLine is working on.
- **Site suitability**
  - a. The site is zoned for multi-family housing.
  - b. The neighboring properties provide residential assisted living and memory care to Seniors.
  - c. The site is owned by Archdiocesan Housing.
  - d. The site is located 0.2 miles from public transportation.
  - e. Surrounding existing uses are senior residential, assisted living and memory care living.
  - f. The number of units has been maximized based on the size of the property (0.55 acre) and parking requirements.

**3. Provide the following information as applicable:**

- **Justification for waiver of any underwriting criteria** Not Applicable
- **Justification of the financial need for a CHFA Discretionary DDA basis boost of up to 30 percent of eligible basis** Not Applicable

**4. Address any issues raised by the market analyst in the market study.**

- a. Per the market analyst, "...the subject's features, project amenities, and unit sizes are slightly inferior to existing Senior LIHTC, the significant pent-up demand for affordable senior housing will enable the subject to compete effectively for tenants."
- b. The smaller unit sizes are driven by construction and development costs. Although smaller, the units will compete well in the PMA.

**5. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated.** No Recognized Environmental Conditions were raised in the environmental report.

- 6. Identify if there are any unusual features that are driving costs upward, as well as if there are any opportunities to realize cost containment (refer to Section 2 of the QAP for additional information).**

The location of The Benedict, in the mountain community of Glenwood Springs, is the main driving factor driving costs upward, in addition to the supply chain challenges and volatility of the construction market across Colorado directly affecting costs. Cost containment has/will be achieved by developing small units on a small site, using mechanical systems and finishes that are cost efficient.

- 7. Describe the outreach to the community that you have done and describe local opposition and/or support for the project (including financial support).**

AHI has been working on this project with the City of Glenwood Springs since November 2021, during AHI's acquisition of the property. The City's Department of Economic Development has been a strong supporter of the project, as they had previously identified a need for low-income senior housing in the area. The department has assisted AHI with finding solutions for parking, site plan optimization, and entitlements. So far, there has been no opposition to the project and AHI has received several letters of support from nearby residents., commercial neighbors, public transit executives, and senior services providers. These letters are included in the application.

- 8. Describe how the proposed development contributes to promoting equity as well as economic mobility for residents.** Development of 34 new age restricted homes creates opportunity for Seniors in Glenwood Springs and the Roaring Fork Valley by creating an affordable option to live in their community as they age. Housing stability creates economic security. Seniors who struggle to pay rent are often forced to choose between health care, food, and keeping a roof over their head. The Benedict will create opportunities for equity among Seniors regardless of income level.

- 9. For acquisition/rehab or rehab projects, provide a detailed narrative that describes the proposed rehab plans/scope of work, and relocation plan (if applicable); address the 10-year rule; capital expenditures over the past two years; previous related party relationships; past local, state, or federal resources invested in the project; obvious design flaws; obsolescence issues; safety issues; and any significant events that have led to the current need for rehabilitation (i.e., fire, natural disaster). Not Applicable**

Please see the preliminary checklist for additional narrative requirements to be included as stand-alone documents.

# 9% housing credit application narrative



Project Name: **Brigit's Village**

Project Address: **131 Aspen Drive Frederick, CO 80530**

## **Executive Summary**

Brigit's Village (affiliate of St. Brigit's Episcopal Church) and Jon Peterson as co-applicants, are grateful for the opportunity to submit an application to CHFA for 9% Low Income Housing Tax Credits ("LIHTC") for Brigit's Village. The proposed intergenerational development (family designated) is a partnership between the landowner, Brigit's Village, and Jon Peterson, an experienced tax credit attorney and owner of affordable properties. If awarded, **this will be the first affordable housing community in Frederick and the first family LIHTC project in the PMA**, thereby affording low-income seniors the ability to age in place and families, a large number of whom are single parent households, the opportunity to live close to jobs and schools within the risk of being priced out. The intergenerational concept does not involve restricting buildings to seniors but instead fosters an open opportunity for seniors and families to choose to live in a common community that works together for the greater good of all. The program includes twenty-two (22) one-, fifteen (15) two-, and three (3) three-bedroom apartments with eight (8) units at 30% AMI, eight (8) units at 50% AMI, 11 units at 60% AMI, and 13 at 70% AMI. The 30% and 50% AMI units are covered by 16 project-based vouchers provided in partnership with the Weld County Housing Authority and the 60% and 70% units are serving the market need with required capture rates of 6.9% and 6.3%, respectively. The Project is located adjacent to St. Brigit's Episcopal Church and is 0.5-mile north of Frederick's downtown. There is no public transportation in Frederick, however, Weld County operates a scheduled and subsidized van service for seniors seven days a week. The site is in census tract 20.16 which is not in a 2023 QCT or DDA.

Brigit's Village will be one-building with approximately 38,600 GSF in a three-story, elevator serviced, wood framed structure. The building is cost effective to build and manage, visually appealing, and complementary to the single-family homes in the surrounding neighborhood. The foundation design is a structural slab on grade. An acoustical mat with gypcrete will minimize sound transfer between the units. The building skin will be fiber cement board and batten lap siding. All exterior walls will utilize batt insulation with a weather barrier. The roof will be of pre-manufactured wood trusses insulated with batt and topped with a white TPO membrane. The project will meet the Bronze certification under the NGBS program and include "all-electric ready" mechanical design and EV-Ready car charging for future conversion/use as needed. Unit amenities will include first floor patios, Energy Star appliances, large closets, in-unit washers and dryers, and hard surface flooring (carpet in the bedrooms). Onsite amenities include a fitness room, a community room with a teaching kitchen, bike storage, and on-site management. A large community room will be made available to the community for use free of charge. Brigit's Bounty, a local community garden nonprofit, is located adjacent to the project and will be offering their programs and community food share to residents of Brigit's Village.

Financing for the Project will include federal tax credit equity generated from the syndication of 9% LIHTC, permanent financing, soft financing from Colorado Division of Housing (“CDOH”), deferred developer fee, and a significant contribution of local impact and permit fees by the Town of Frederick. An application to Weld County for CDBG funding, whereby the Town of Frederick is serving as the sponsor, is under review. The Weld County Housing Authority will be a special limited partner in the deal, providing property tax exemption and sixteen (16) Project Based Vouchers for the 30-50% AMI units. Since last year’s 9% application, the following major aspects of the project have changed: increased construction costs (approx. \$1.56MM) due to material and labor cost escalations and inflation and lender rates interest have increased.

**1. Priorities in Section 2 of the Qualified Allocation Plan (QAP):**

Not applicable.

**2. Criteria for approval in Section 2 of the QAP:**

**Market conditions:** There is one 20 unit senior LIHTC deal in the PMA (in Dacono). The Project has an existing capture rate of 0% and a required capture rate of 8.5%. Occupancy rates for comparable developments outside the PMA are at or near 100%. The LIHTC projects outside the PMA are achieving rents at or near maximum allowable amounts and are in counties with higher maximums than Weld County, where Brigit’s Village is located. Market rate developments within the PMA have surveyed vacancy rates of 0% while subsidized properties outside the PMA have an average surveyed vacancy rate of 2.9%. These factors indicate there is pent-up demand for affordable rental housing in the PMA and that there will be more than adequate demand for Brigit’s Village.

**Proximity to existing tax credit developments:** Brigit’s Village would be the first LIHTC development in Frederick and there are no competitive units planned, under development or in lease-up in the PMA. Dacono Senior Apartments, in the adjacent town of Dacono is a 20-unit senior LIHTC deal built in 1998.

**Project Readiness:** The project will be able to meet the carryover requirements given that the entitlement process is administrative and does not require any public hearings or discretionary reviews by the Frederick Board of Trustees. The site is zoned correctly for the use, parking requirements are met, and the administrative building permit review process will take 6 months. We do not anticipate hurdles securing financing and have been conservative in our underwriting process. Finally, the Phase 1 indicated no recognized environmental conditions.

**Overall financial feasibility and viability:** The Project is financially feasible if awarded an allocation of 9% LIHTC. In addition to the federal equity from Red Stone for this application, we are assuming construction to perm financing from Hilltop Bank, soft financing from DOH and the Town (\$200,000 in CDBG), and deferred developer fee. The Town of Frederick is providing \$535,000 in local permit fee waivers. The Weld County Housing Authority’s Board has agreed to provide sixteen PBVs to the units at 50% AMI and below and will enter into the partnership as an SLP in order to provide property tax and sales and use tax exemption. An application to Weld County for \$450,000 in CDBG funding is under review and a decision is anticipated by April 1, 2023. However, since the timing does not quite work out, we are only assuming \$200,000 from this source for the application. These funds, if awarded, could reduce the amount of permanent debt leveraged by the project, or provide additional cushion should construction costs and interest rates continue to escalate prior to closing. The equity syndicators, lenders and our financial consultant RCH Jones Consulting, have run the current project assumptions

through their tax credit financial models. This extensive up-front conservative underwriting has shown that as proposed and with the current information, there are minimal risk points.

**Experience and track record of the development team:** Jon Peterson is a real estate investor and real estate lawyer who has owned multifamily investments since 1997. His investments include initial small investments including single family homes and duplexes rented to both low income and market rate tenants, which has grown to 156 additional units in two tax credit assisted projects as well as two strip malls and a large single tenant medical manufacturing office / warehouse. In all his investments include nine properties totaling in excess of \$15M in value. Jon has also been an affordable housing and community development lawyer since 1995 and has assisted affordable housing developers in closing hundreds of affordable housing transactions involving thousands of affordable units and over a billion in financing. Jon typically assists developers in closing 15 to 20 affordable projects annually which are financed in part using low-income housing tax credits. St. Brigit's Episcopal Church and Brigit's Village, initiated the project concept in 2015. Brigit's Village, the not for profit partner of the church, is selling the land to the partnership and will receive 25% of cash flow after payment of deferred developer fee. While they do not have affordable housing experience, they bring credibility on the local level to the project, are facilitating a partnership with Brigit's Bounty (another local nonprofit), as well as connections to interested, potential future residents. BlueLine Property Management is an experienced manager of affordable housing in Colorado and will be the property's manager. The Project's architect, Shopworks and general contractor, Deneuve also have decades of Colorado affordable housing experience. To help facilitate, the developer has engaged two consultants, RCH Jones Consulting and BlueLine Development who will assist with development management and financial advisory services to the project.

**Project costs:** The project's construction and soft cost budgets are based on 100% schematic design drawings, 3 years' worth of collaborative OAC efforts, local data generated by the general contractor and informed by the development team's recent development budgets. The development team has worked to keep project costs as low as possible while balancing the requirements from the Town of Frederick, marketability, and the desires of the community.

**Site suitability:** The property is located 0.5-mile north of downtown Frederick, which is accessible from Interstate 25 and Highway 52. It is 25 miles north of Denver, 35 miles southeast of Fort Collins, and located in the Greeley MSA which has 325,435 inhabitants. The flat, undeveloped 2.0-acre site faces a minor street with low traffic volumes. It is located in an established area and is surrounded by moderate-income single family residential development built in the 1920-80s which are in average condition and sell for \$300,000-400,000. The site is zoned for the proposed use. St. Brigit's Episcopal Church and their community garden, which is run by the nonprofit they founded (Brigit's Bounty), border the site. The church and the garden's proximity to the proposed development will facilitate volunteer partnerships and help expand community access to and programming of the gardens. Frederick, like most towns east of I-25, is a car-dependent community.

#### **4. Justification for any Underwriting:**

We did request a cost basis override for the credit calculations and were granted the same. Inflationary cost increases have heavily impacted the material and labor markets over the last year, but our estimate addresses these as accurately as possible at this time. The need to extend domestic water and sanitary mainlines to our property has also added additional cost to our project. Additionally, since our project is only 40 units, costs such as general conditions, sitework, foundations, and MEP services are amortized over a relatively small number of units. This results in a higher \$/unit cost, compared to larger buildings.

All of this input has resulted in 1.) a possibly more expensive project compared to others and 2.) added costs due to market conditions and time in the amount of \$1,560,000 over 2022 estimates in hard costs alone. Another large factor in cost increases has been construction period interest costs. In 2022, we were assuming 4.75% for CPI and currently, we are at 7.0% resulting in about \$390,000 in extra interest carry. We also have added design costs as the project has necessitated more time spent because of the 2 years of previous applications.

**5. Address any issues raised by the market analyst in the market study.**

While the market study notes that the unit sizes are slightly smaller than the market standard and the location is slightly inferior to five of the seven Class B and C LIHTC properties outside the PMA in Longmont and Brighton, the pent-up demand and the site's proximity to parks, schools, and a recreation center should not impact marketability. While not specifically stated in the market study, we have had numerous comments from residents of Frederick that have indicated an out migration of low income persons from Frederick due to the lack of affordable housing. Low income residents are being forced to surrounding communities or elsewhere due to lack of affordability, rather than being able to stay and reside in Frederick.

**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 Phase 1 investigation did not reveal evidence of a Recognized Environmental Condition (REC) in related to the site.

**7. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment.**

In addition to inflation, supply chain complications, high labor demand, interest rate escalation and volatility, total local fees are relatively expensive which have been reduced by the Frederick Town Board of Trustees. The major cost driver is the Town's requirement that the project purchase water shares, which are currently valued at \$70,000 per share (10 for this project). The Town Board of Trustees, in acknowledgement of this unavoidably high cost, has voted in favor of waiving nearly 90% of fees under their jurisdiction (\$535,000). An application to Weld County for \$450,000 in CDBG funding has been submitted and is under review. If awarded, the funds will further reduce the high cost of Frederick's water fees. During the entitlement review process, the development team will work with the Town's engineer to pursue a partial water share reduction through the use of non-potable water for irrigation.

**8. In your own words describe the outreach to the community that you have done and describe local opposition and/or support for the project (including financial support).**

Volunteers from the St. Brigit's Episcopal Church actively began pursuing an affordable housing development opportunity for the site in 2015. In addition to their tireless advocacy and recruitment of other service provider partnerships (United Way and the Frederick Library, for example), they have set up a website ([Brigit's Village](#)) in order to solicit interest in the development. The Town of Frederick has also shown incredible support for the proposed development. The Board of Trustees voted affirmatively, on three separate occasions to support the project through fee waivers. Additionally, the Town of Frederick is submitting the application for CDBG funding to Weld County on the project's behalf as a local government sponsor is required.

**9. How the proposed development contributes to promoting equity as well as economic mobility for residents.**



The intergenerational housing concept is rooted in the promotion of equity across all ages and populations. Brigit's Village incorporates AMI levels from 30% to 70%, with one, two and three bedroom units, thereby targeting a wide cross section of age groups and income levels within the same project. This concept fosters economic mobility by providing a continuum of housing options within a community environment that individuals and families can feel comfortable calling home as age and family dynamics evolve.



# 9% housing credit application narrative



**Project Name: CCH Broomfield Senior Apartments**

**Project Address: 118th Ave. at Wadsworth Blvd. Broomfield, CO 80020**

## Executive Summary

Christian Church Homes (CCH), a highly experienced non-profit senior affordable housing developer, owner, operator and service provider, is pursuing a 9% LIHTC allocation to finance *CCH Broomfield Senior Apartments*, a new construction affordable senior community of 72 units in Broomfield, Colorado. CCH has previously been awarded tax credits by CHFA for its successful Hatler-May Village 76-unit affordable senior development in Colorado Springs.

CCH's proposed senior-focused project concept meets a critical housing need in this community. The market demand study reports: "There is strong demand for new affordable senior units in Broomfield, with the only two existing properties fully-occupied with waitlists. In total, those two properties have only 138 units. There has not been a new senior LIHTC property opened in Broomfield for 19 years, since 2003. Total age- and income-eligible households after factoring out-of-market draw is projected at 2,541 in 2022".

*CCH Broomfield Senior Apartments* will provide a supportive services and amenity-rich environment where the community's seniors across the income spectrum can thrive. CCH has a proven track record in Colorado, with Hatler-May being CCH's most recent new affordable development, and CCH has collaborated closely with the City and County of Broomfield staff to better understand the housing needs in this community. The proposed project directly responds to the community's need for senior housing by offering a deeply affordable unit mix, a design that promotes enjoyable and healthy living, the City's rich array of senior services and CCH's on-site staffing and services plan that will support residents to successfully age in place while maintaining maximum independence.

Located adjacent to The Harvest Station master planned community on Wadsworth Boulevard, *CCH Broomfield Senior Apartments* will be a three-story slab on grade wood framed building with two elevators, designed to serve seniors aged 55 and over. CCH worked to maximize the density on the site providing 72 units on 2.1 acres. With CCH now owning the entire site, the campus now can provide approximately 200 units of affordable housing over the 6.1 acres once the campus is built out.

**Unit Amenities** will include: full kitchens with energy-efficient

appliances, including microwaves and dishwashers; free in-unit Wi-Fi; step-in showers; Juliet balconies; vinyl

Unit Mix			
AMI	1-BR	2-BR	Total
30%	7	1	8
40%	6	1	7
50%	6	1	7
60%	17	1	18
70%	18	2	20
80%	9	2	11
Employee	-	1	1
<b>Total Units</b>	<b>63</b>	<b>9</b>	<b>72</b>

plank flooring; coat closets; blinds; and 9' ceilings.

**Common Amenities** will be centralized on the first floor of the building and will include a large community room with an entertainment kitchen and pantry. This space will serve as the focal point of *CCH Broomfield's* services programming, along with a dedicated van. Additional community amenity spaces will include:

- 3<sup>rd</sup> Floor outdoor seating area with view of the front range
- A library, computer room and exercise room
- Centralized laundry with small additional laundry areas on each floor
- 2<sup>nd</sup> Floor Seating area

Outdoor amenities will include:

- A community patio and BBQ Seating area
- small outdoor gathering spaces
- Community Garden

**Changes from Prior Application:**

- Previously there was to be a market rate assisted living facility on the same parcel. That project stalled so CCH stepped in and purchased the entire site and plans to develop it entirely as affordable housing with CCH Broomfield as the 1<sup>st</sup> phase of 72 units.
- The project will be All-Electric and certified through ZERH
- CCH has worked continuously over the past year to development community support and relationships. They have MOUs with Broomfield FISH to provide meals and an array of other services as well as with CO CarShare to locate 2 electric vehicles on site for residents to use at discounted rates
- Parking was increased to 72 spaces from 58 spaces.

**Energy Efficiency**

CCH Broomfield will be an all-electric development and be certified through Enterprise Green Communities (EGC) and Zero Energy Ready Homes (ZERH). CCH has contracted with Energetics to provide EGC and ZERH Certification and integrate energy efficiency into the design from the outset. CCH is working with Energetics to maximize building performance, reduce energy usage, increase indoor environmental air quality, and minimize environmental impact for the life of the property.

**Market conditions**

The overall capture rate for the project is 13.1%. There is strong demand for new affordable senior units in Broomfield, with the only two existing properties charging maximum rents with little or no vacancy. In total, those two properties have only 138 units. There has not been a new senior LIHTC property opened in Broomfield for 19 years, since 2003. Total age- and income-eligible households after factoring out-of-market draw is projected at 2,998 in 2023.

**Proximity to existing tax credit developments**

There are three existing senior LIHTC properties and one project with 100% Section 8 rental assistance.

- 1. Broomfield Greens (2003) 50 units:** The property reported full occupancy charging maximum rents with a waitlist of 75.
- 2. Town Centre Senior Apartments (2000) 88 units:** The property reported that it is typically full occupied with charging maximum rents but recently had 2 recent turnovers.
- 3. Heritage at Church Ranch 205 units:** The property is about 2.5 miles away in Westminster opened in March 2022. It is finishing up lease-up and currently 93% occupied charging maximum rents.
- 4. Maryel Manor (1980s/2016 PIS)** is an older, income-restricted senior apartment property. All units have Project Based Section 8.

### **Project readiness**

CCH purchased the entire 6.1 acre parcel for development. The site is zoned Planned Unit Development, currently governed by the Harvest Station Planned Unit Development Plan. Prior to the issuance of building permits, this property will need to undergo a concept plan review, followed by a final plat, site development plan (SDP), and planned unit development plan (PUD) amendment. The development review applications for a final plat, SDP, and PUD amendment can be submitted and reviewed concurrently and undergo two hearings: one before the Land Use Review Commission and the second hearing before the City Council. The typical timeframe for these processes is 29 weeks. The formation of the Broomfield Housing Authority aka Broomfield Housing Alliance (BHA) will also expedite the City's approval of funding and fee reductions. This project is a high priority for Broomfield as they recognize the critical need for affordable senior housing so we anticipate expedited processing. Applicants/developers may submit the building plans after the Land Use Review Commission hearing. The timeline for building plan approval is approximately 2-4 months. CCH has the benefit of concept plans being previously reviewed during The Olivia's concept review process plus access to the City's notes. This may help shorten the process time. Please see the support letter from BHA

### **Overall financial feasibility and viability**

*CCH Broomfield Senior Apartments* has strong support from the City of Broomfield and with the formation of the Broomfield Housing Authority will be in line to receive City in lieu fee funding along with reduction in impact fees. CCH also has a very strong balance sheet with over \$37 million in reserves plus they purchased their new Headquarters building last year and have strong positive cash flow. The development budget for this project has been vetted by CCH's development team, the general contractor, property management, engineers, and architects to ensure a high level of efficiency with its design and costs. CCH's strong financial position, along with its real estate investment in Broomfield, should assure CHFA that even if costs go up, that CCH can cover any gap and keep the project on its projected schedule with no delays.

### **Experience and track record of the development and management team**

CCH Broomfield will be developed, owned, and managed by Christian Church Homes. Christian Church Homes (CCH) is a private, non-profit 501(c)(3), California corporation, whose mission is to "Provide Affordable Quality Housing in Caring Communities." CCH currently manages 56 affordable senior housing apartment properties in seven states, providing over 5,000 units of service-enriched, affordable rental housing.

Christian Church Homes has owned and operated Hatler-May Village in Colorado Springs since 2016. Hatler-May Village is an affordable three-story property offering 77 one- and two-bedroom apartments for low-income seniors.

Christian Church Homes' founder developed one of the first federally-subsidized senior communities in 1959 in Denver, Campbell-Stone Memorial Residence. CCH has developed a total of 26 facilities since 1964, including

21 funded by the HUD Section 202 Supportive Housing for the Elderly program. CCH is currently constructing or rehabilitating over 300 units for low-income seniors. All of CCHs housing properties serve elderly residents.

### **Project costs**

CCH understands that the current inflationary environment has created instability in projecting construction costs. Measures we have taken to further control construction costs include:

- A very efficient a 3-story design that maximizes usable square footage to keep costs down
- Utilizing both an architect and general contractor who are focused on maintaining budgets in order to achieve future CCH business as we expand our portfolio

### **Site suitability**

Broomfield is an excellent location for housing for low- and moderate-income seniors. The City/County of Broomfield has created unique and superior access to all of its key governmental, recreational, and cultural services by collocating them in one area, Broomfield Commons which is about 1 mile from CCH Broomfield. Broomfield Commons is centrally located and easily accessible by car and bus. Within Broomfield Commons is a new, large recreation- community-senior center, as well as a library, auditorium, and all human services, city services, police, and court services. Also within Broomfield Commons is Broomfield Community Park, with an 80-acre park/pool and sports complex and 237 acres of open space.

A pedestrian overpass over US-36 directly to RTD's Broomfield Station begins about 2 1/2 blocks west of the site, adjacent to Harvest Station Apartments. Broomfield Station provides extensive and frequent regional (Denver area, DIA, Boulder County) and local routes in all directions.

Adjacent to Broomfield Station are a number of restaurants, coffee, salons, and services businesses within Arista Uptown. Also, numerous restaurants, retail and service businesses are located north of the site, both along US-287 and all along 120<sup>th</sup> Ave. Please see the provided walkability table.

An RTD bus stop is located immediately adjacent to the site (Route 128), with a route accessing the core retail and services areas in Broomfield, including Broomfield Commons, RTD's Broomfield Station, and the Arista mixed-use development. That route is temporarily not in service due to COVID but we expect it to be active well before the opening of CCH Broomfield. The site is easily accessible via car, located near the intersection of US-36, US-287, and CO-128. It is also a half mile walk to the RTD Broomfield Station light rail and transportation hub.

### **Justification for waiver of any underwriting criteria or basis boost**

CCH Broomfield Senior is not requesting a waiver of any underwriting criteria or a basis boost.

### **Address any issues raised by the market analyst in the market study**

Two potential weaknesses were noted in the Market study: Walkability and lack of balconies.

Walkability: Please see the provided walkability table. Also, the project will include van transportation and will coordinate with the City of Broomfield's van service. We also have an MOU with CO CarShare to locate 2 shared electric vehicles on site that residents will be able to use at discounted rates. As mentioned earlier, it is a half mile walk to the RTD Broomfield Station light rail and transportation hub.

Regarding the lack of balconies, CCH's experience is that typically balconies are underutilized and create maintenance issues. The project will include Juliette balconies and a third-floor outdoor seating area along with the rich array of first floor amenities and outdoor spaces. This will be a sociable community for seniors when the design of the CCH Broomfield Senior Apartments is combined with the market rate development and

the services offered there.

**Environmental Issues** - No issues were raised in the environmental report for this project.

**Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment**

The site is mostly vacant except for one single family home on the property. While there will need to be significant site work. As noted above, CCH is investigating all building typologies to maintain costs especially since CCH is committing its own funding.

**In your own words describe the outreach to the community that you have done and describe local opposition and/or support for the project (including financial support).**

CCH has been working with both the City Housing Committee and Planning Department as part of the master developer concept review process. The team has also met with the City of Broomfield Senior Services department to begin the coordination of our project and service package to complement the City's robust Senior Services program. Letters of support from the City are included with the application. CCH now has a MOU's with both Broomfield FISH and CO Car Share and expects partnerships with both Senior Resources of Broomfield and the City of Broomfield Senior Services.

**Describe how the proposed development contributes to promoting equity as well as economic mobility for residents.**

Multiple studies have shown the impacts of creating opportunities for low-income residents to live in Higher Resource areas. Broomfield with a high-income average of over \$107,000, 87% Caucasian demographic with only 4.9% of residents characterized as living in poverty is the definition of an upper income, high resource community traditionally excluded for low income residents due to high rents and low availability of subsidized apartments. Broomfield has an average rent of more than \$2000 and the proposed CCH development will offer lower income residents a chance to live in a resource strong community that they otherwise would not be able to.

Complementing the CCH community and our service package is the City of Broomfield Senior Services with their rich array of services including Nutrition (Meals on Wheels, Lakeshore Café, Healthy Hearts, Project Homecoming), Transportation (Easy Ride, Flex Ride, Grocery Delivery) and Support Services (Newcomer's Coffee, Cop Talk, History Talk, a variety of other classes and services). These services, combined with the goal of residents not paying more than 30% of their income on rent, will allow residents to become acclimated to the community, save money, and thrive! Our development will help diversify Broomfield and our residents will become an integral part of the community.

**Documents Accompanying the Narrative**

- Services Provided at the Nearby Broomfield Community Center
- Support Letter from Broomfield FISH
- MOU with Broomfield FISH
- MOU with CO CarShare
- CCH Supportive Services Narrative
- CCH Sample Supportive Services Plan

- Neighborhood Walkability Table

# 9% housing credit application narrative



Project Name: Chrysalis Apartments  
Project Address: 1777 Franklin St., Denver 80218

**EXECUTIVE SUMMARY:** The Chrysalis Apartments will be a newly constructed apartment building on the site of the former Bainbridge Apartments (9% LIHTC) at 18<sup>th</sup> & Franklin Streets in Denver. The existing building & adjacent duplex, which currently house 15 income restricted units (beyond their initial 15-year LIHTC period) will be demolished, and replaced with a new 7-story, trauma-informed designed building that will include 70 units to serve as Permanent Supportive Housing (PSH) for Empowerment participants and individuals coming off the Coordinated Assessment System. The current residents, all subsidized with portable Denver DHS funds, will be relocated to other Empowerment properties between the time of a LIHTC award and the start of construction (9-11 months) as was recently done for another Empowerment property. The proposed unit breakdown is as follows:

<u>No.</u>	<u>Type</u>	<u>Sq. Ft.</u>	<u>AMI</u>	<u>Rent</u>
30	0 Bdrm.	434	30%	\$1,390
35	1 Bdrm.	573	30%	\$1,585
5	2 Bdrm.	756	30%	\$1,925
70		36,860		\$1,304,700

The proposed design meets Denver’s zoning requirements for affordable housing, including limited parking spaces (9) since it is located near several bus lines. The building will have ample community space on the 1<sup>st</sup> floor with not only group meeting spaces but also 24/7 peer support staffing at a “front desk” that has a full view of all entries, the elevator and stairwells which will ensure great security. The program and staffing at the building will provide a sustainable and holistic approach to the challenges faced by homeless people and those involved in the criminal justice system, especially women. There will also be a small outdoor garden/meditation space and the kitchen adjacent to the community living room will be an exact duplicate of the unit kitchens so it can serve multiple purposes of a demonstration/training kitchen, a staff break area and as support for tenant events. All corridors will have daylight access as part of the trauma-informed design. The front porch along Franklin will allow residents to share in neighborhood life plus the bicycle facilities will exceed Denver requirements so residents can easily access the protected bike lane planned for Franklin St.

All tenants will be provided with project-based vouchers from either the Colorado Division of Housing (CDoH) or City of Denver (HOST) specific to adults experiencing homelessness with a disabling condition or other special needs. Empowerment will serve as the lead service provider. Empowerment has decades of experience successfully providing programs to these types of clients. The services will be funded through a combination of State of Colorado funds, Medicaid, a Services



Reserve Fund, Empowerment grants and cashflow from the operation of the property. The owner of the Project will be a Colorado limited liability limited partnership with The Empowerment Program Inc., a Colorado 501(c)3 nonprofit or its subsidiary affiliate, as the general partner to qualify for a 100% property tax exemption. The LIHTC investor limited partner will be admitted to the partnership at equity closing.

This 7-story, elevator equipped building will be metal framed with stucco and brick exterior, a flat membrane roof on a post-tension foundation and 1-floor podium. To reduce costs, the upper floors will be framed using the BYLD system (a site-fabricated, panelized light-gauge metal system) and the lower portion of the building will be covered with easy-maintenance brick to meet neighborhood design guidelines. All units are 100% stacking for construction efficiency and cost control. The vertical trash chutes will be designed for trash, recycling and compost in accord with recent Denver ballot initiatives. The building will include nine (9) Type A accessible units, which exceeds code requirements. The two-bedroom Type A units are designed with in-home companion living in mind. The HVAC system will include VTAC units so it will be 100% fossil-fuel free and the roof plan is laid out to support a substantial solar panel array. The building will be certified via both Enterprise Green Communities and Zero Energy Ready Homes. Bus service is available within 100 feet of the site and light rail within one mile.

### **1. QAP PRIORITIES ADDRESSED**

This project will meet two of the three priorities specified in the 2023 QAP:

- It will serve homeless persons.
- It will serve persons with special needs.

### **2. QAP SELECTION CRITERIA MET**

**Market Conditions** – The market study prepared for this project gives it the highest rating for meeting market demand and says, “The subject should fill at least 30 units per month, reaching stabilized occupancy in just over two months, without concessions. If the sponsor can use its existing client base and starts the qualification process prior to opening, then it is reasonable that all units could be filled in less than two months, without concessions.” Empowerment intends to begin pre-leasing prior to opening.

**Proximity to existing tax credit developments** – The market study focuses on nine, nearby comparable PSH projects, the closest of which is 0.6 mile distant and five others are between 1.0 and 1.3 miles distant. The closest one is 100% occupied, four of the others within 1.0 to 1.3 miles, are 99% occupied while the fifth is currently under renovation so has some vacancies due to that. It has been Empowerment's experience that they have little difficulty leasing up or keeping PSH units leased from the two sources of tenants from which they will be drawing applicants and that prospective tenants do not travel long distances (over 1.5 miles) seeking services and shelter. Their nearby main office, which is only 0.7 mile away on a 3-minute bus ride, is available for additional services that residents of this property might need (e.g., group therapy sessions, etc.)

**Project Readiness** – The site for this project is zoned for the proposed use and a preliminary site plan has been submitted to Denver Community Planning & Development. Comments back on this submission include only minor issues that will be resolved later in the spring of 2023. Once an approval for tax credits to this project is received, the team is ready to proceed with final construction drawings, city building permit approvals and start of construction.

**Overall Financial Feasibility and Viability** – As with other Empowerment LIHTC projects, this one meets all the standard criteria for feasibility. The ownership and management team of Ross and Empowerment, who currently work together at Odyssey Apartments, have years of experience working with participants like those that will inhabit this project, insures its viability.

**Experience of the Team.** – the Empowerment team has over 30+ years of experience developing & owning LIHTC projects, including over 100 apartments all serving people below 50% AMI and one PSH transitional property for the same population that will inhabit Chrysalis Apartments. Further, Empowerment will be the lead service provider at the new Greyhound-Empowerment Apartments in Commerce City.

The Empowerment Program is a Denver-based nonprofit with an outstanding record of providing PSH and support services to people who are in disadvantaged positions due to incarceration, homelessness, poverty, living with HIV/AIDS, and/or involvement in the criminal justice system. Empowerment participates in the HUD-funded Shelter Plus Care Program funded by Denver DHS as well as the Metro Denver Housing Initiative that refers chronically homeless individuals with disabilities to Empowerment housing. All properties are monitored by HUD, Denver DHS, and Denver HOST.

One of Empowerment’s primary goals is to help people obtain and maintain stable, safe housing by providing individualized care management, long-term supportive services, and resource coordination. Empowerment consistently surpasses the required success rate of 82%, with 100% of the residents successfully maintaining their housing or moving to other permanent housing. Indeed, Empowerment’s success in achieving resident outcomes at the five transitional and permanent housing apartment buildings it currently owns and operates is outstanding and has been credited with decreasing the number of Denver men and women living in poverty. It was selected by Denver in 2021 to reopen a women’s community corrections facility that was closed due to poor management by a for-profit operator. This Project, Elevate, opened last summer and has received considerable notice for its early success.

All Empowerment services utilize trauma-informed, harm reduction, non-judgmental, and strengths-based approaches that are gender-responsive and culturally inclusive. The on-site programming that would be provided at the Chrysalis Apartments includes but is not limited to:

- **Behavioral Health Treatment Services** including individual, and group mental health, trauma and substance use disorder treatment, HIV/AIDS outreach, testing and care, acupuncture as a holistic approach to withdrawal treatment and pain management, as well as peer social activities.
- **Employment Services** including individualized job placement and support maintaining employment, post-secondary career counseling, assistance registering for community colleges and technical education programs, resume support and assistance with work-related tools and clothing.
- **Education & Support Groups** regarding trauma and substance use disorders, including relapse prevention, trauma recovery, trauma narratives and anger management programming.

Empowerment also has deep experience with diverse financing of tax credit properties, Housing Choice vouchers, VASH vouchers, HOME and others.

Empowerment’s experience in developing, financing, opening and overseeing management and providing services to PSH and other affordable housing developments in the Denver metro area is excellent. The team understands the market and the specific requirements of vulnerable populations and are well-versed in harnessing local and national resources to ensure all stakeholders are engaged, aligned and supported.

**Project Costs.** – Costs are in line with similar projects. We can realize some saving since most of the site infrastructure is already in place. Additionally, we are using an experienced group of team members with whom Empowerment has had previous experience.

**Site Suitability-** The site already works for similar cliental in an older, smaller property Empowerment has owned and operated for the past 15 years. It is a flat site that is near bus lines (one adjacent and 4 nearby), the following services and amenities are nearby:

- Grocery stores—7 block walk
- Numerous other retail outlets (clothing, restaurants, cleaners, etc.)—2 block walk to Colfax
- Public Recreation Center—0.7 mile
- Elementary schools—4 block and 7 walks
- Middle School—7 block walk
- Regional Park—0.7 mile

**3. Waivers & Basis Boost**—No waivers are being requested.

**4. Market Study Issues**—The Market analyst gave the project the highest evaluation score (5) in all categories except Unit Sizes that received a 4. The analyst's statement was that "*The subject's proposed two-bedroom unit size is slightly smaller than the market standard for both homeless and LIHTC properties. However, its proposed design, unit features, project amenities and tenant services are generally in line with the surveyed projects with PSH units, and it will be a newer product in excellent condition. Overall, the subject will be competitive in the market given its target market.*" Empowerment's experience indicates the two-bedroom unit size will not be a problem.

**5. Environmental Issues**

The Phase I environmental report found no issues with this site.

**6. Unusual Features Affecting Costs**—Chrysalis Apartments includes considerable common areas and spaces designed to provide trauma informed areas that support recovery and which are not typical for other rental projects. Even with these features and the goal of being a Zero Energy Ready project, the costs are not excessive.

**7. Community Outreach**—There has been formal and informal community outreach to neighborhood residents over the years of operating the existing LIHTC facility on the site. In addition, the team has scheduled a meeting with the CHUN neighborhood organization in early February to get their input on some elements of the site plan and solicit their support for the replacement project.

**8. Promotion of equity and economic mobility**—Empowerment's reason for existing is to promote equity for typically disadvantaged people and its programs are structured to encourage, train for, promote, counsel for and support economic mobility.

# 9% housing credit application narrative



Project Name: Clear Creek TOD - Family Affordable Housing (Final Name TBD)

Project Address: 5901 Federal Blvd, Denver CO 80221

## Executive Summary

The Clear Creek TOD project is in unincorporated Adams County across Federal Blvd from the Clear Creek/Federal RTD Station. It is in Census Tract # 08001009606, which is a 2023 QCT Qualified Tract and a Designated Opportunity Zone. The property is currently being rezoned to an Adams County TOD District, a zoning designation specifically created for the RTD station areas to encourage high density residential development and to support a high activity pedestrian center surrounding the RTD stations. Density is limited only by the form-based zoning code for the district, i.e., maximum height and open space requirements.

The 47-unit project will consist of 35 one-bedroom units and 12 two-bedroom units for families with incomes between 30% and 60% of the Area Median Income, with over half of the units affordable by households at or below 50% of the AMI with 6 each at 30% and 40%, 12 at 50% and 23 at 60%.

The project will feature a private creek-side nature preserve with restored native habitat. Trails and walkways will provide access to a viewing-fishing deck, picnic/BBQ areas, outdoor fitness stations, and a children's play area. The environmentally sustainable project will use biofiltration stormwater management, an all-electric design, and high efficiency heat pump air conditioning and water heating systems. The two buildings in the project will be wood frame structures built on site as Type V-A construction. The project will obtain green building certification through Enterprise Green Communities (EGC). Unit amenities will include Energy Star washer/dryers, dishwashers, refrigerators, and microwaves, stone counter tops, and 9-foot ceiling heights.

As a transit-oriented development ("TOD"), the project will encourage use of the RTD's Gold Line Federal Station and bus transit connections at the Station, which is less than a quarter mile from the project, by providing RTD family passes for each unit. Bicycle parking and storage will also be provided. The site is adjacent to the Clear Creek Trail system which runs from Golden to Downtown Denver and provides for easy bicycle and pedestrian access from the project to nearby public amenities, like Clear Creek Valley Park and the Lowell Ponds State Wildlife Area. By providing free and easy access to commuter rail and bus transit with extensive connections throughout the metro area and to the adjacent Clear Creek Trail system, the project will promote economic mobility and help its residents reduce transportation costs. By enabling reduced dependence on automobiles, the project will promote environmental sustainability, as well as healthier, more active lifestyles, and statistically safer modes of transportation for its residents.

Financing for the project will include approximately \$13.3 million of LIHTC equity and permanent financing through CHFA's Simple Program Loan, Capital Magnet Fund, and Housing Opportunity Fund totaling approximately \$3.7 million. Funding from Adams County through its upcoming CDBG/HOME funding round is also anticipated for the project and a GP/MM equity contribution and deferred development fees round out the financing for this \$19.5 million project.

### **QAP Priorities and Guiding Principles**

The Clear Creek TOD project is not developing housing identified as priorities in the QAP. However, the project is in compliance with the QAP's Guiding Principles by serving very low-income households, is in a QCT, contributes to a concerted Community Revitalization Plan for the Clear Creek/Federal RTD Station area. Further, the project is within a quarter mile of the RTD station where residents can access public bus and commuter rail transit and light rail with easy access to job centers. Project planning maximizes the housing density of the site with the three-story walk-up design in accordance with the county's goals for building residential density around the RTD Station. Finally, Clear Creek TOD is an environmentally sustainable project that will restore native wildlife habitat alongside Clear Creek and will feature an all-electric utility plan and high efficiency heat pump air conditioning and hot water heating.

Criteria for Approval in Section 2 of the QAP:

- **Market conditions**

Demand for affordable housing at the AMI levels targeted by the project far exceeds the supply of such units in the primary market area ("PMA"), and growth in demand is expected to significantly outpace additions to the area's supply. In fact, there are currently no affordable housing projects under construction and no proposed additions to the supply in the PMA except for the Clear Creek TOD project, and SW Adams County has experienced significant population growth over the last several years.

The capture rates in the PMA for the existing supply of affordable housing are extremely low for 30%, 40% and 50% AMI units (3%, 5.1%, and 8.7%, respectively). While the capture rate for the 60% units is high, it is just a manifestation of the demographics of the population in the PMA and the absence of other affordable units in the PMA. The project's access to the RTD station and bus service along Federal Boulevard and overall need for affordable housing in the Denver metropolitan area (with the concomitant in-migration to the PMA) will mitigate that factor.

- **Proximity to existing tax credit developments**

There are only 10 family affordable housing properties in the PMA, all of which are fully leased with waiting lists. Alto is 1.1 miles to the North of the project and Aria, and Marycrest at Aria are 1.1 miles to the South. The Baker School Apartments are about 1.4 miles to the NW. The rest of the comparable properties in the PMA are 2.5 to 5.2 miles away. The Alto is located within half a mile from Westminster Station, however the Clear Creek TOD project is less than a quarter mile from Federal Station, and none of the other family affordable housing properties in the PMA are within walking distance of an RTD FasTracks commuter rail station.

- **Project readiness**

Rezoning to a TOD District is underway and should be completed by the end of March 2023. The project team has worked together to develop schematic plans and a detailed construction estimate for the project. Sources have been underwritten that will cover project costs, the team has secured an LOI for construction financing, and Atrium Housing, the project's non-profit sponsor, has the financial assets and track record to provide the required guarantees for debt and equity financing for the project and lead the development team. The project Architect and the GC have assigned personnel to complete design and permitting of the project upon its award of LIHTC and the development team expects to commence construction within 12 months of the award announcement.

- **Overall financial feasibility and viability**

The PMA has deep demand for affordable housing relative to its supply. The project budget includes appropriate contractor and owner contingencies including prudent allowances for cost escalations between application and closing. The operating reserve was sized at 6 months of expenses and project debt service. The debt service coverage supports the scheduled first mortgage and the development team has only listed sources and amounts of funding that it reasonably expects to obtain. The deferred developer fee is less than 50% of the total fee and can be paid from project cashflow in 15 years. The development team has conducted a self-assessment and determined that the project is not feasible as a 4% LIHTC project with or without State Credits.

- **Experience and track record of the development and management team**

Atrium Housing, Inc. is the project's sponsor, and it will control the managing member of the to be formed project ownership entity. Atrium is 501(c)3 non-profit affordable housing developer with offices in New Orleans, LA and Tampa, FL, and it is controlled by a woman majority board. Atrium's Development Team includes the following members:

Atrium's President, Steven Anderson, has over 25 years of real estate development, construction, and asset management experience. Through development partnerships and other investment interests, Mr. Anderson owns over 3,000 residential rental units developed as affordable, senior, assisted-living, and workforce housing with various debt and equity structures, including LIHTC, Historic, New Markets Tax Credits, PACE, and Tax Increment Financing.

In 2018, he acquired a failed bank's community development corporation from the FDIC which included a portfolio of LP and GP interests in 13 non-performing LIHTC projects in Louisiana. This portfolio of 664 units includes scattered-site single-family houses, a single-family rental subdivision, a senior housing development covered by a HAP contract, and rural USDA developments. Mr. Anderson's team turned around these struggling properties and returned them to compliance with the state and project funding partners.

Project Manager, Andy Fritzshall, has 10 years of non-profit real estate development experience as a co-founder of Home by Hand, Inc. and a team member of Project Home Again Foundation. He has overseen the financing, construction, and sale of 175 single-family homes for low-income first-time buyers; designed the first Community Land Trust homeownership program in New Orleans; and provided homeownership coaching for hundreds of low-income first-time homebuyers.

Atrium Housing is currently co-developing a 46-unit new construction project in New Orleans using 9% LIHTC and Historic Tax Credits, as well as a 150-unit acquisition-rehab in Indianapolis using 4% LIHTC and tax-exempt bonds.

Atrium's development partner in the project, Catalyst Development LLC, is a real estate development and management company owned by Hal Fairbanks, who acquired the project site with partners in 2022 and is the managing member of the current owner of the project site. Mr. Fairbanks' career in real estate includes over 20 years working in development for a large public-private partnership development company that specialized in adaptive reuse of historic buildings and affordable housing development.

Rosemann Architecture has extensive experience in designing and overseeing the completion of affordable housing projects in various states across the county, having completed 38 affordable housing projects in the last 5 years, delivering more than 5,000 units of affordable units to the market. Rosemann has operated in Colorado since 2013 and has completed 30 projects in the state. Nathan Rosemann, their Denver Studio Director, and Kerrie Kannburg, Project Architect, a LEED Accredited Professional with a background in sustainable design, will take the Clear Creek TOD project through design development, construction drawings & permitting, and contract administration.

Based in Thornton, Colorado, Taylor Kohrs, the GC for the project, also has extensive experience with affordable housing developments. They have recently completed twenty LIHTC projects in the state, representing approximately \$250 million of affordable housing construction. Senior Estimator Jeff Marek will lead their team through cost estimating and contract buy out for the project.

The development team is augmented by the services of Rodger Hara a Colorado affordable housing consultant, Scott Rathbun of Apartment Appraisers & Consultants, Inc., Chris Gunlikson, a partner at Holland & Hart, the project's tax credit attorney and local counsel for the project, and Kenneth Bryant, a CPA with Carter & Company CPA, LLC, the project's accountant.

The project's property manager will be Ross-Envolve. The company is a merger of Envolve Communities LLC one of the country's largest affordable multifamily property owners, managers and investors and Denver-based Ross Management. The company operates in 17 states and manages a large portfolio of affordable housing developments in Colorado. Executive Vice President, Brooke Parra, who has twenty years of experience in the industry working with Ross, has been working closely with the project development team in developing the operating budget and reviewing concept design and green building options for the project. Ms. Parra will work with the development team through construction, assignment of on-site management personnel, lease up of the project management, operations and compliance reporting.

- **Project costs**

Costs of the project are within industry norms for the market and the significant site work and offsite utility connection costs of the project will be mitigated by an equity contribution from the current property owner in connection with the disposition of the property. (See attached MOU)

- **Site suitability**

The site is in a QCT with strong demand dynamics for affordable housing. It is also across the street from Gateway Park, a public park with children's play equipment, and RTD's Federal Station, an excellent location for a TOD. With a 5-minute walk to the Station and a 15-minute ride on an electric train, residents can be in the heart of downtown Denver. Grocery stores and other businesses are located in the project's neighborhood, just a short distance away to the North and South of the project. The Creekside location of the project will enable the creation a private nature preserve on-site for the resident's use and enjoyment and connections with the Clear Creek Trail system provide easy access to the area's public parks, playgrounds and wildlife areas.

### **Environmental Concerns**

The Phase 1 ESA for the project site, performed by Ninyo & Moore and dated Jan 18<sup>th</sup>, 2023, did not reveal any evidence of Recognized Environmental Concerns (RECs) or Controlled RECs (CRECs) in connection with the site. The assessment revealed no evidence of Historical RECs (HRECs) in connection with the site, except for the following:

- A LUST case at the site was addressed through regulatory agency oversight and after cleanup and remediation efforts, considered closed (No Further Action) as of August 2016. An updated inspection of January 18<sup>th</sup>, 2023 revealed no evidence of Recognized Environmental Concerns (RECs) or in connection with the site. As a precautionary measure, the report recommends that a materials management plan be developed and implemented during any excavation activities to address any unforeseen impacts encountered at the site. If tax credits are awarded, such a plan will be developed and implemented.

### **Community outreach and community support for the project**

The development team has conducted a public meeting for rezoning of the site to a TOD District and the County has approved a variance for the project through a public hearing process to allow for the site to be regraded along Clear Creek to fill a gravel pit left on the site and restore native habitat. Support for the project has been widespread. Please see the support letters from the Adams County Community and Economic Development

Department that indicate our plans for dense residential development at the site will contribute to the County's plans for redevelopment of the Station area and pledge to consider a request for an allocation of Adams County's HOME/CDGB Funding to support the project.

**How the project promotes equity as well as economic mobility for residents**

The project is a Transit-Oriented Development (TOD) with immediate proximity to the Clear Creek Trail system and the Clear Creek/Federal RTD Station which is served by the G Line commuter train and is a transit stop for the Federal Blvd. bus line, Route, 31. The G Line provides service to Old Towne Arvada in about a 5 minute trip from the Station and service to Union Station in downtown Denver in about 15 minutes. The Route 31 bus line provides service to Thornton at the North end of the line and service to the Federal/Evans Transfer Station on the South end. It has stops at Westminster Station, Clear Creek/Federal Station, Decatur-Federal Station providing easy connections to the B Line, G line, and the W-Line RTD commuter rail systems. By providing family rail passes for each tenant household the project will provide free and easy transit to various large employment centers around the metro area, including downtown Denver, with a relatively short commute compared to rush hour drive times. Easy access to many of the area's employment centers will promote economic mobility for the residents of the project. And, by helping residents save money on transportation expenses, the project will help the residents save money and accumulate savings.

According to Chat GPT, locating affordable housing near commuter rail stations is important for several reasons:

First, it promotes accessibility and mobility for residents. When affordable housing is located near commuter rail stations, residents have easy access to public transportation, which can help them reach their destinations quickly and easily. This is particularly important for low-income individuals and families, who may not have access to a car or may have difficulty affording the cost of driving.

Second, it can help to reduce congestion on the roads, which can decrease traffic and air pollution. When more people have access to public transportation and are able to take the train or bus to work, it can take cars off the road, which can help to improve traffic flow and reduce emissions.

Third, it can help to promote economic development and job growth. When affordable housing is located near commuter rail stations, it can help to attract businesses and employers to the area. This can lead to more job opportunities for residents, which can help to reduce poverty and improve overall economic stability.

Finally, it can help to promote social equity and reduce the effects of gentrification. When affordable housing is located near commuter rail stations, it can help to provide housing options for low-income individuals and families who may be priced out of other areas. This can help to reduce social segregation and promote more diverse communities.

Overall, locating affordable housing near commuter rail stations can have many benefits, including increasing accessibility and mobility, reducing congestion and pollution, promoting economic development and job growth, and promoting social equity.



# 9% housing credit application narrative



**Project Name: Diagonal Plaza**

**Project Address: 3320 28<sup>th</sup> St. Boulder, CO**

**Executive Summary:** Boulder Housing Partners (BHP), the Housing Authority of the City of Boulder, is pleased to present this application for our Diagonal Plaza project. BHP seeks 9% Federal Low-Income Housing Tax Credits (LIHTCs) to redevelop the site--located in an underutilized and blighted parking lot in north-central Boulder--into a thriving 73-unit, 100% affordable housing campus. This site has long been a goal for redevelopment for BHP and the City. Diagonal Plaza will be constructed adjacent to BHP's Diagonal Court Apartments, a 30-unit former public housing site that was renovated as part of the Project Renovate conversion of Public Housing to LIHTC project in 2016. The parking lot where the new Diagonal Plaza project will be constructed currently isolates the Diagonal Court residents due to a lack of safe pedestrian or vehicular connections, access to park space, and additional safety concerns with an unmanaged vacant space. The redevelopment of the parking area will not only provide for much needed affordable homes, it will also dramatically improve the community connection with Diagonal Court residents. The new project will consist of 40 one-bedroom units, 27 two-bedroom units, and six three-bedroom homes for households earning between 30% and 60% of Area Median Income. BHP will also voluntarily set aside five 30% AMI three-bedroom units at Diagonal Plaza targeting families experiencing homelessness or at risk of homelessness. BHP will work with a local network of service providers through the Boulder County Family Resource Network to receive referrals for the set aside units. BHP's Resident Services Team will provide and coordinate services to the families once housed. Participant agencies in the Family Resource Network include Emergency Family Assistance Association, Safehouse Progressive Alliance for Nonviolence, Family Resource Network and Boulder Valley School District among others. According to McKinney-Vento data, in 2020-2021, 698 school age children in Boulder County experienced homelessness. This percentage has only gone up as we exit the COVID pandemic due to the spike in housing costs and other local strains on the rental market due to the Marshall Fire. There is an acute need for 3-bedroom homes and a large delta between the cost of rent for a three-bedroom unit and income.

**Narrative:** This infill project is a result of BHP's strong partnership with the City of Boulder. BHP will receive the land at zero cost as a land conveyance from Trammell Crow Residential (TCR) to satisfy their Inclusionary Housing obligation to the City of Boulder with BHP as the Designee for the transfer. TCR will redevelop five acres of land adjacent to our project into workforce housing and community serving retail space. By agreeing to use City of Boulder resources, Diagonal Plaza will be affordable in perpetuity,

The new affordable units will be directly adjacent to BHP's existing Diagonal Court with 30 units for a combined 103 total units creating efficiencies for BHP management. In addition, minor site changes to the current community will form a campus-like setting for the two properties. BHP will offer the same service programming as provided at Diagonal Court to the new affordable residents at Diagonal Plaza including after school and parent programming, community food share, computer lab access, wellness programs and independent living referrals to other partner service organizations.

The site is exceptionally well located with easy access to Boulder's multi-use paths, high-frequency transit stops along 28th Street, and grocery stores and neighborhood serving retail are within easy walking distance. From a larger community perspective, the redevelopment of the site from the existing deteriorated parking lot will also help to continue the transformation of the 28th and 30th Street corridors of Boulder into mixed-use, walkable neighborhoods which has long been a goal for the City. The project has enjoyed wide support from City officials, community members, and current residents of Diagonal Court.

The proposed buildings will be post-tensioned slab on grade foundations with wood framed walls above ground, and roofing will be a mix of sloped asphalt shingles and low-slope TPO membrane. The buildings will be clad in a mixture of brick and composite siding, with continuous exterior insulation at the walls, roof, and foundation to meet and likely exceed Boulder's energy code. The windows and glazing will be wood composite Andersen 100 series windows, which will contribute to the high-performance envelope. Building 5 will be four stories with elevator access and building 6 will be a three-story walk-up. The ground floor units of both buildings will feature secondary exterior entries to provide residents with outdoor access, semi-private outdoor space, and bring variation to the streetscape. Each building will provide ample bike storage and large storage closets to encourage an active lifestyle, as well as primary stairs featuring expansive glazing to encourage use. Diagonal Plaza will meet the Zero Energy Ready Homes certification as well as Enterprise Green Communities. As with all recent BHP tax credit projects, Diagonal Plaza will be an all-electric site with a goal of Net Zero Energy, a large solar array, Electric Vehicle parking, easy access to public transportation including provision of Eco -Passes to residents, and significant water-wise and xeriscape landscaping.

We are thrilled to bring forward a project that removes a long-time blighted and unsafe parking lot and blends both the new affordable project and the existing affordable project into a larger and connected, safe, and active multi-use neighborhood. The project helps Boulder reach its affordable housing goals of 15% affordability. Diagonal Plaza creates not just deeply affordable housing, but serves to make Boulder more beautiful, sustainable, and equitable which are all goals shared by BHP, CHFA and the City of Boulder. The following information demonstrates how the project meets the specific goals in the 2023 QAP.

**1. Priorities in the QAP:**

Not Applicable

**2. Criteria for Approval:**

- *Market Conditions:* Diagonal Plaza's location is in a highly desirable, master-planned community which is being redeveloped with other high-quality projects. Its public transportation options and numerous employment, shopping, and recreational opportunities will all assist in attracting tenants and allow it to perform well in the future. The 30%, 40%, 50%, and 60% AMI LIHTC rents provide a discount to average Class C market-rate rents of at least 25% and an affordable vacancy rate of around 1.0%. The PMA is projected to add 410 renter households over the next two years. We are confident, given our experience in leasing affordable units, the BHP Property Management Team will lease-up at a pace of at least 30 units per month without concessions.
- *Proximity to Existing Tax Credit Developments:* There are several tax credit developments in proximity to the Diagonal Plaza site, and all are currently achieving high occupancy and rent levels. This alleviates concerns around unit absorption at Diagonal or negative impacts on other LIHTC communities. BHP's LIHTC properties in the vicinity, including Diagonal Court, 30PRL, Canopy and Ciclo all have experienced strong demand, quick lease-ups, high occupancy, and low turnover. Demand remains exceptionally high for below market units in Boulder, especially in the transit and amenity rich neighborhood where Diagonal Plaza is located.
- *Project Readiness:* Site control is demonstrated through an executed Purchase and Sale Agreement.
- *Zoning:* The zoning for the site is Business Community 1 (BC-1) and the proposed unit mix, design, and programming are approved per the approved Development Agreement. The density approved for the site is 73 units on 1.45 acres. The project is fully entitled and we will submit Technical Documents to City planning staff in March 2023 with permit approval targeted by the end of 2023.
- *Environmental:* The Phase I ESA discovered no Recognized Environmental Conditions (RECs).
- *Schematic Design:* The Schematic Design process has been completed and the 50% Design Documents have been included in this application.
- *Overall Financial Feasibility:* We believe the construction and development of the Project is financially feasible if awarded an allocation of 9% LIHTC. We have significant local funding from the City of Boulder including land valued at \$6.89MM plus an additional \$116,000 per unit in gap funding, and we have been awarded \$500,000 from Boulder County's Worthy Cause grant. We will apply for CDOH Gap Housing Funds. In addition to federal LIHTC equity, we are assuming a reasonable permanent mortgage with a conservative interest rate that is currently underwritten to a 1.20 DSCR. We intend to work with a selected investor to keep the land value assigned to the project as low as possible with one option being a land lease. It is also notable that a portion of the site infrastructure is being managed and funded by TCR which results in cost savings of approximately \$850,000 to the BHP project.
- *Experience and Track Record of the Team:* Diagonal Plaza will be developed and managed by Boulder Housing Partners. BHP has over 55 years of experience building and managing affordable housing developments, including experience successfully managing over 1,249 apartments financed through the tax credit program. We are working with Coburn Design as an architect and Deneuve Construction as a General Contractor. These teams are very familiar with BHP, affordable housing design and construction. Please see the full project team's résumés for detailed information.

- *Project Costs:* Deneuve Construction, the general contractor for the Project, has provided both summary and details for the hard cost estimates on the Project based on a 50% Design Development package provided by the design team. BHP has worked closely with Deneuve and Coburn to realize cost containments wherever possible. The buildings were designed to efficiently stack units, eliminate the need for elevators in one building, and provide on-site parking in a surface lot rather than in an underground garage.
- *Site Suitability:* The project site is centrally located with easy access to services, employment, and transportation. There is a Safeway grocery store located across the street and residents will enjoy easy access to nearby retail, dining, and employment destinations, including 24 Hour Fitness and a large number of locally owned retailers. A brand-new multi-use path will run next to the property and will provide safe pedestrian and bike access to nearby parks, recreation facilities, and downtown Boulder. There are also numerous transit routes within ¼ mile of the site including both local and regional routes. The Boulder BOUND route services the property via 30<sup>th</sup> Street and the Boulder BOLT, the 205 and the 208 service the property via 28<sup>th</sup> Street.

**3. Justification for any Underwriting Waiver and Financial Need for CHFA DDA Boost:**

Not applicable.

**4. Issues Raised by the Market Analyst:**

While Diagonal Plaza's overall and 60% AMI capture rates are above the 25% threshold, there are no recommended changes from the market analyst. The study states that Diagonal Plaza can achieve its proposed rents, should lease up at an average monthly rate of 30 units without concessions, and should have a stabilized physical occupancy rate of at least 97%.

**5. Issues Raised in the Environmental Report:** No REC's were identified.

**6. Unusual features Driving Costs Upward & Cost Containment:**

BHP is experiencing increased construction costs due to labor and material escalations across the industry. We also see construction costs driven higher because of the City of Boulder's energy code which requires building efficiencies at more than 20% beyond the International Building Code, and specific City design criteria that require high quality exterior building materials. While these factors increase the construction costs, the project and residents will benefit from a more efficient building with lower energy costs, and marketable and livable living spaces. Specifically, these factors have resulted in following costs:

- The City of Boulder Energy Code requires a 60+ kW photovoltaic system to be installed. This adds an estimated \$213,000 to the project costs.
- The City of Boulder Energy Code required a highly efficient HVAC system results in approximately \$7,500 per unit compared to similar projects. The energy code also requires a particularly tight building envelope of 3ACH. To accomplish this, we're providing an aerosol air sealing method. This additional work costs \$86,000 (\$1,200/unit)

- The City of Boulder’s Livability and Transportation standards require additional storage space and bicycle parking compared to other jurisdictions in Colorado. This indoor square footage adds an estimated \$3,100 per unit to the project costs.
- The City of Boulder requires visual screening of rooftop mechanical equipment. The screening structure adds an estimated additional \$118,000 (\$1,600/unit).

BHP has offset these costs by providing local funding sources and maintaining a reasonable credit per unit request. We also balance our need to be cost sensitive with the necessity to build quality buildings that will not require significant capital infusion in the next fifteen years. This balancing act to produce high quality affordable housing requires extensive gap financing and unique solutions in every BHP tax credit development.

**7. Outreach to the Community & Local Opposition and/or Support:**

BHP has worked diligently to design the Diagonal Plaza project to enhance the surrounding community with particular focus on input from the existing Diagonal Court residents. We held several meetings with the residents of Diagonal Court in 2021 to get their feedback on the proposed project. To our knowledge, resident feedback was overwhelmingly positive, and they are excited to have safer connectivity, a park, and a voice in how the new affordable housing will look and in fact their voting resulting in the color scheme for the new affordable property! We also worked with the City’s Transportation Department to increase pedestrian and bicycle safety on the adjacent streets, including the creation of a safer school bus stop. The results of these efforts were a unanimous approval by Planning Board at the Site Review public hearing, with significant public support for the project moving forward.

**8. Describe how the proposed development contributes to promoting equity as well as economic mobility for residents.**

The deep affordability provided at Diagonal Plaza and other BHP properties provides a significant discount from market rate rents which allows residents to have more financial capacity to pursue education, extracurricular activities for children, and increase family savings which could lead to economic mobility. Affordable housing in Boulder has a direct correlation with increased equity for the families and individuals living there. In addition to safe, beautiful, amenity-rich housing, BHP provides several additional benefits to residents including free resident WiFi to combat the digital divide, free Boulder Rec Center passes to provide for access to recreational activities, and free eco-passes to encourage and enable mobility and a sustainable means of transportation.

# 9% housing credit application narrative



Project Name: ***Henninger Legacy Homes***

Project Address: 333 W. Bayaud Ave. Denver CO

## **Executive Summary**

- The project will serve persons experiencing homelessness in one bedroom units
- AMI Mix: 100% units @ 30% AMI, all units will be subsidized with project based section 8 voucher
- Amenities: Units will contain central A/C, miniblinds, coat closets, and high speed internet and cable. Common area amenities include an on-site manager, laundry facilities, a large multi-purpose community room, mail and package room, and a café / community kitchen. Tenant services will be provided by Bayaud Enterprises and will include adult education classes, compute classes, job search assistance, and job training. Employment is the main goal of the resident service program offered by Bayaud.
- Construction: The wood framed building will have a stepped flat roof, post-tensioned slab foundation, water-wise landscaping appropriate to the climate, air conditioning and energy efficient furnaces. Exterior materials will include a mixture of brick, stucco, and lap siding.
- Access to public transportation is excellent. The Alameda light rail station is located less than ½ south of the site. RTD bus service is adjacent to the site on Cherokee St.
- Resident Services and Funding: The following assistance will be provided: move-in assistance (furnishings and household goods), tenancy rights and responsibilities education and support, eviction prevention supports, coordination of access to healthcare related services including: primary care, substance use treatment, mental health care, vision and dental care, and emergency, crisis, and inpatient services. Other support services include: transportation, entitlement assistance, independent living skills coaching, de-escalation support, education, job skills training, and employment support, end-of-life planning, and re-engagement and relocation support.

Three Case Managers/Navigators and a full time Mental Health Counselor will be hired to assist residents in securing the needed mental health and substance misuse treatment. Once stable, each resident will be offered employment assistance, job skill training, and continuing educational opportunities. Employment and training is the long term mission of Bayaud Enterprises. Case managers will engage with each resident, meeting them at their place of residency or in the community prior to leasing to assess their strengths and needs, set goals and coordinate services. The anticipated positive outcomes include maintaining housing, clear judgment, improving social relations, and seeking job training and employment. The immediate goal is to reduce hospitalization, episodic ill behavior, jail time, and substance use. The long term goal is to achieve independence and self-sufficiency. These services will be funded through Homeless Bonus Developer Fee, property

revenues, DOH's Tenancy Supportive Housing (TSS) grant, and three employment and training sources. Long term funding will also be accessed through for Medicaid eligible residents through the Statewide Supportive Housing Expansion Project (SWSHE) program.

- Energy efficiencies: The building will be designed to meet and exceed the 2022 Denver Building Code, which requires a greater level of energy savings than a 2021 IECC compliant building. To accomplish this, the team anticipates designing an all-electric project with high efficiency heat pump space and water heating. Additional energy-saving features will be evaluated, including efficient ventilation strategies such as energy recovery for dwelling units, high performance windows, efficient building envelope, and optimized LED lighting and interior loads. The project will pursue the 2020 Enterprise Green Communities certification, as well as Zero Energy Ready Homes certification. This combination of rigorous certifications will not only optimize the efficiency and sustainability of the building design, but also will be highly cost effective for the project.

### **Project Overview:**

Atlantis Community Inc. (ACI) is a non-profit organization, established in 1974. At that time, the practice of "warehousing" young disabled adults in nursing homes and other institutions was common practice. The founders of Atlantis set out to change that and offer these young people alternatives to that bleak life prospect. Its core services were and remain: Advocacy, Information and Referral, Peer Support, Independent Living and Transition. Atlantis, the lost city, is and always has aimed to be a place where people with disabilities could establish their independence with community support.

The Atlantis Community Foundation (ACF), a related 501 (c) (3) entity whose board members are appointed by ACI, was created in 1998 with the specific mission to support ACI's independent living efforts through charitable fund raising, real estate acquisition, rehabilitation and operation. ACF currently owns and operates seven (7) properties, collectively 244 units, providing affordable housing to at least 95 disabled persons.

In 2014, a new board of directors came into place for the foundation and with them came a new grand vision. Since that time Atlantis Community Foundation has transformed its property holdings in Baker into 144 units of tax credit financed housing, with 24 units serving persons experiencing homelessness and another 16 units serving persons with permanent disabilities.

Today the Atlantis Community Foundation is partnering with neighboring nonprofit, Bayaud Enterprises, to repurpose its property at 333 W. Bayaud, just two blocks north on its campus. Our planned partnership is two fold. The first part will involve the redevelopment of a portion of Bayaud's property, which houses a warehouse and office building. The plan is to demolish the office building and redevelop it into the proposed project. The new facility will contain commercial office space for Bayaud, to replace the space being demolished.

The second element of our partnership with Bayaud relates to ongoing services to be provide to residents. The partnership between the Atlantis Community Foundation and Bayaud Enterprises combines the decades-long mission of serving the needs of persons with disabilities and homeless

individuals. The unique feature of this partnership is offering affordable housing with a robust employment and/or skill development service, long needed by the Denver homeless providers. Unlike any other permanent supportive housing community, the Bayaud Enterprises program offices and training facilities will be included in the building. Bayaud has been successfully operating fee for service contracts with multiple federal agencies and the State of Colorado, Division of Vocational Rehabilitation for more than 25 years. Since 2012, Bayaud has provided permanent supportive housing services for 30-45 residents for a local nonprofit organization at multiple sites with project-based vouchers. In addition, Bayaud serves the Housing and Work Connection (HAWC) program for another dozen residents who were formerly homeless who have a mental illness. Bayaud staff has also provided Continuum of Care services for veterans that included case management and that handled their subsidies for the veteran's program. Referrals for the residents served by Bayaud staff come from OneHome. Since 2017, Bayaud has operated its innovative DayWorks job placement program for adults experiencing homelessness first in Denver, and later in Adams County and the City of Aurora. DaysWorks now operates in the City of Lakewood as well. In partnership with cities and counties, this program provides adults experiencing homelessness with transitional work experience with same day pay, on-the-job-training, job placement, case management, and other essential services. In 2021, more than 476 adults were served with 219 provided work experience of which 113 were placement in permanent jobs. Eighty-six percent (86%) of these adults retained the permanent jobs for 6 months or longer.

## **Section 2 Qualified Allocation Plan Priorities**

This project will serve persons experiencing homelessness.

## **Section 2 Qualified Action Plan Criteria for Approval**

- Market conditions: Our market study recommended no changes to the planned project and indicated that the project should lease up in 2 months due to the high demand for this product in the market. Surveyed LIHTC properties in and adjacent to the PMA had no vacancies, and maintained waiting lists, which indicates pent-up demand for subsidized rental units.
- Readiness-to-proceed: The site is zoned to allow for the size of project contemplated in this application. All required approvals are administrative. The development team held a pre-application meeting with city planning; staff indicated that the project was an appropriate use for this site. Site development plan approval can be easily obtained within the timeframe needed to reach carryover.
- Overall financial feasibility and viability: Atlantis Community Foundation is an experienced provider of affordable rental housing in this neighborhood, having just completed two other LIHTC projects a few blocks away from the proposed project. The proposed operating budget is based on good comparable costs in its portfolio, and the corresponding debt load appropriate for the projected NOI. The City of Denver is very supportive of the project, and has preliminarily awarded funding for its construction.
- Experience and track record of the development and management team: This will be the third LIHTC financed project developed in recent years by Atlantis Community Foundation. To assist in



the development of the project, Atlantis has hired Medici Consulting Group to act as a development consultant. Medici has a strong track record of successfully developing affordable housing in Colorado through the LIHTC program. Atlantis is plans to hire Archway Housing to provide property management services. Archway is an experience owner and operator of similar projects in the metro area. Our architect, Shopworks, is a leading designer of PSH housing in Colorado. The lead service provider, Bayaud Enterprises, has a long track record of successfully serving the homeless community.

- Cost reasonableness: The proposed project will be located on a flat site with immediate access to public roads and utilities. No major site work expenses are associated with this project. Tap fees in Denver are some of the lowest in the State. While the project involves the construction of commercial office for Bayaud, that cost is being offset by a loan from Bayaud.
- Proximity to existing tax credit developments: There are seven existing tax credit developments within a 2.2-mile radius with a total of about 600 units, a portion of which are in mixed income projects. All are maintaining full occupancy and several have long waiting lists. Atlantis has two LIHTC projects located within 2 blocks of this project, both projects leased up quickly and maintain waiting lists.
- Site suitability: This is an infill location in a developing and established mixed use neighborhood. The site is bordered by commercial uses and single-family homes. The site is undeveloped, flat, and adjacent to existing roadways. Utilities are adjacent to the site.

### **Underwriting Waivers**

- This project requests no waivers from CHFA's underwriting criteria.

### **Market Study Overview**

Our market study indicates a severe need for subsidized permanent supportive housing in the City and County of Denver. This is consistent with the City's identification of homelessness as a significant community concern. The proposed design of the project, amenities and unit features, are in line or superior to the market standard for both homeless and LIHTC projects. The study noted the close access to shopping, public transit and recreation opportunities, making it a suitable and desirable location for a homeless rental project.

### **Environmental Report Overview**

The environmental reports provided with our application confirm that the site is free from any environmental concerns; the site is clean and ready to develop.

### **Cost Containment**

There are no unusual features driving up costs on this project. While the project involves the construction of commercial office for Bayaud, that cost is being offset by a loan from Bayaud.

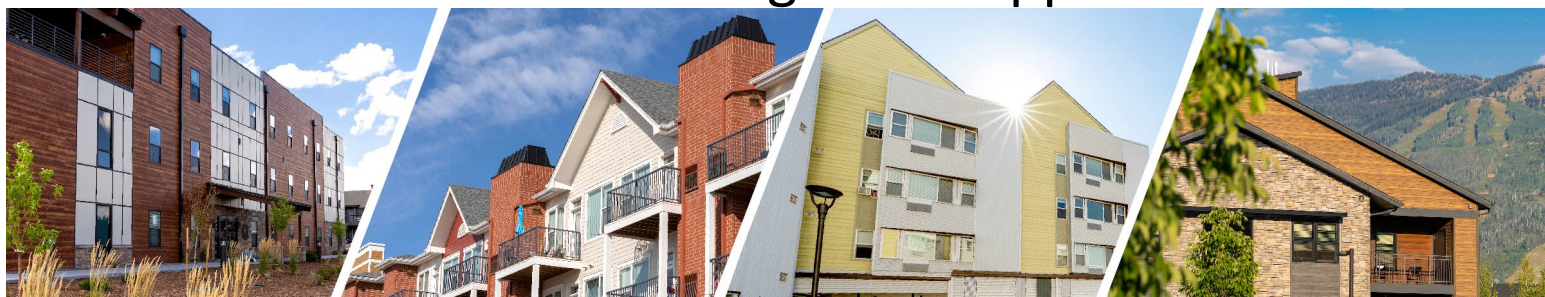
### **Neighborhood Outreach**

In addition to working through the Atlantis network with disability groups, the team has reached out to the adjacent Baker neighborhood and to the disability community associated with several board members through ARC Thrift and the Cross Disability Coalition of Colorado. Bayaud Enterprises consistently attends Baker Neighborhood meetings, and has kept them apprised of the potential development project on this site.

### **Economic Mobility**

The proposed project will provide opportunities for people experiencing homelessness to access decent, quality housing and enjoy a standard of living enjoyed by most all other members of our community. In addition to the housing, we plan to provide an array of services to our residents largely designed to promote increased employment opportunities. As described elsewhere in our application Bayaud Enterprises has as its main focus job training and job placement. We believe that this approach will provide meaningful opportunities for formerly homeless residents to materially change their economic outlook and reenter mainstream job market. Hopefully these opportunities for upward economic mobility will lead in some cases to permanent financial independence.

# 9% housing credit application narrative



Project Name:            Jacoby Meadows Senior Affordable Apartments – Phase I  
 Project Address:        **1500 Windshire Drive, Windsor, CO 80550**

## Executive Summary:

- a. **Location** – The Windshire Park master planned subdivision is located in west Windsor. It is not located in a QCT/DDA/SADDA. The allowable density is 14.5 units/acre, based on the sanitary sewer capacity of the neighborhood. The planned density, therefore, is the same 14.5 units/acre.
- b. **Access to Public Transportation** – Urban level mass transit options are not available, but the *Windsor Ride Program* provides transportation assistance to residents 55+ who reside in Windsor and are unable to drive themselves or do not have alternative transportation. This service will provide residents with convenient access to the many amenities and opportunities the Windsor community offers.
- c. **Promotes Economic Mobility** – There are no senior affordable options in Windsor. Located in one of the most affluent parts of Weld County, Jacoby Meadows promotes economic mobility by giving residents a quality housing option in an area where market rent for a 1BR apartment is \$1,950, much more than what an individual earning 80% or below of the area median income can afford. The economic security of older adults is more precarious than it has been in many years due to the current inflationary environment and declining reserves in Social Security and Medicare.
- d. **Type of Construction** - The building will be conventional Type V-B wood-framed construction, with 18” open web wood floor trusses, wood roof trusses at 24” on center, and a post-tensioned slab-on-grade foundation. Exterior materials consist of painted fiber-cement siding in a combination of horizontal lap and vertical lap patterns and stone accents. The roof will consist of architectural laminated fiberglass-reinforced asphalt shingles.
- e. **Population Served** - Moderate- and low-income senior households, age 55 and older.
- f. **Amenities** - Individual apartments will include full kitchens with self-cleaning oven/range, refrigerator, dishwasher, disposal and microwave oven, in-unit laundries with full size front-loading washers and dryers, roll-in showers for Type A units with the option of converting any shower unit to a transfer tub, built-in coat and linen closets, large windows with window coverings, and individually controlled heating and air conditioning. Exterior amenities include a covered porte-cochere for pick-up and drop-off of residents, a large outdoor gathering space with outdoor cooking/dining accessed from the interior common gathering space, community gardens, and a variety of outdoor seating and gathering areas. The site and landscaping design include sidewalks and continuous walking paths to encourage a healthy senior lifestyle. A covered walkway will connect the Phase I building to the future Phase II building.

Unit Mix			
Income Level	1-BR	2-BR	Total
30%	6	2	<b>8</b>
40%	6	2	<b>8</b>
50%	8	2	<b>10</b>
60%	17	2	<b>19</b>
70%	8	2	<b>10</b>
80%	4	2	<b>6</b>
Employee	1	-	<b>1</b>
<b>Total Units</b>	<b>50</b>	<b>12</b>	<b>62</b>

- g. **Services** - Management will arrange for local health and senior agencies to provide a range of education and health/wellness programming onsite within the building and will partner with several local service agencies to

maximize available services for residents. Management will also help residents without cars arrange transportation for shopping, health care and other services.

- h. Energy Efficiencies** – Design and construction will meet or exceed Enterprise Green Communities 2020 standards, with energy efficiencies that include Energy Star appliances and lighting, energy code-compliant thermal envelope construction and insulated Low-E glazing. The project will also feature an efficiency all-electric design.
- i. Financing** – The anticipated funding for Jacoby Meadows will include a Windsor Housing Authority Land Note, HB22-1304 grant (Transformational Affordable Housing, Homeownership, and Workforce Housing Grant Program) with 25% match by Town of Windsor, fee waivers from the Town of Windsor, and tax credit equity. The project will also have eight project-based Section 8 vouchers from the Greeley/Weld Housing Authority to assist the very low-income residents.
- j. Changes Since Previous Application** – In an effort to pursue added density and lower costs, the project has undergone a complete redesign since the last application. The previous zoning for the property restricted the building height to two stories. Since the last application, the Town of Windsor increased the building height maximum to forty (40 feet), allowing for a redesigned project that proposes a three-story, elevator-served Phase I building. This landmark revision has resulted in significant gains in economies of scale in construction including a reduction in lineal footage of foundations, concrete slab-on-grade, roof area, etc. The WHA/LHA team felt that the redesigned project deserved a new name as well. “Jacoby Meadows” was chosen with support from the Jacoby family to memorialize and honor the fallen Johnny Jacoby, a Windsor Housing Authority resident and beloved figure in the community who tragically lost his life in an unsolved gun violence incident in 2015.

The new design features an L-shaped, 3 story, 63,106 total sq. ft. Phase I building that will contain 62 senior affordable apartments. The building will be served by 2 elevators and 2 stairwells and will be 40 feet in height. The future Phase 2 building will be similar in height, shape, and square footage, and will contain 61 senior affordable apartments. Overall, the completed project will add 123 new senior affordable apartments that are in high demand in Windsor. The benefits of the revised design are numerous; most notably, by concentrating the development density closer to 15<sup>th</sup> Street and Guardian Drive, a generous open buffer area now exists between our neighbors to the west. This buffer area allows for an attractive landscape area that also incorporates a walking trail that loops the site and connects to off-site walking opportunities. The site is notably more efficient, allowing for better circulation throughout and a logical construction phasing strategy. Construction costs have continued to rise along with interest rates, equity pricing has dropped, and Weld County rents have a lower cap than neighboring counties, adding to the challenge of making the development budget feasible. Windsor Housing Authority (WHA) and Loveland Housing Authority (LHA) have adapted by increasing the contribution from the Town of Windsor in the form of additional fee waivers and a 25% HB22-1304 grant match, an application to DOH for a grant under the HB22-1304 program, value engineering in the form of a more efficiently designed project, and a larger permanent loan. The design team is also evaluating energy tax credit opportunities.

WHA requests an allocation of 9% LIHTC for the development and construction of Jacoby Meadows Phase I, a 62-unit, 63,106 total sq. ft., 100% affordable, independent living apartment development, designed to serve moderate- and low-income senior households. A future Phase II development will add 61 additional senior affordable apartment units in a twin, 3 story building that will connect to the Phase I building via a covered walkway. LHA will have an interest in the tax credit partnership, will serve as the Developer for the project, and will manage and maintain the facility upon completion.

Senior housing is a priority of the current Windsor Town Board, and the Mayor specifically requested that WHA target senior housing (age 55+) for their next development. There are no existing senior tax credit projects in Windsor. The selected site is part of the Windshire Park master planned neighborhood in west Windsor, and the land is owned in fee by WHA. The site has convenient access to grocery stores, a drug store and other retail opportunities. It is also near numerous medical and dental offices, a variety of restaurants, and the Town’s recreation facility that provides services

to seniors. The Phase I building fronts on 15<sup>th</sup> Street, a fully developed 4-lane arterial street that includes generous detached sidewalks to access all of the local businesses and services listed above. Additionally, the Windsor Park master planned neighborhood contains an internal walking path network that will be available to Jacoby Meadows residents.

Jacoby Meadows Phase I will consist of 50 1-BR/1-BA units and 12 2-BR/1-BA units, with the 1-BR units at 665 sq. ft and 2-BR units at 945 sq. ft. Income targets range from 30% - 80% AMI. The Phase I development is designed as a 3-story, L-shaped building with generous common facilities centrally located for the ultimate 123-unit complex. The architectural design and materials have been developed to blend with the adjacent single-family residential development, and to complement the Windsor Meadows Apartments development immediately to the south, a two-phase, 80-unit family housing project that was constructed in 2013 and 2015.

The interior common area of the building includes approximately 3,377 sq. ft. of community space. The building will be served by two elevators, with one centrally located in the north Phase I residential wing near the main lobby, and one at the west end of the building. Amenities include a central lobby and waiting area with an open central stair, a large gathering space that can be configured for large group events or meals with comfortable seating, televisions, library shelving, and dining and gaming area, parcel room, table and chair storage, multi-function spaces that can be used for small or large conference rooms, arts/crafts room and a library, fitness/wellness room, unisex public restrooms, and administrative office space. Some of these spaces provide the flexibility to be used for future programming, such as a drop-in wellness clinic.

The project will meet or exceed Enterprise Green Communities 2020 standards, which will facilitate the creation of quality affordable design and ensure long-term sustainability and energy efficiency. Energy efficiency features include Energy Star appliances and lighting, efficient combination heating/cooling systems with individual resident controls, IECC-compliant thermal envelope construction and insulated Low-E glazing. The building will also be engineered to be PV-ready, with south-facing roof planes designed for the future installation of photovoltaic panels.

Jacoby Meadows Phase I has strong local support and has been awarded fee waivers totaling \$1,138,548. WHA intends to apply to the Colorado Division of Housing for gap financing and has received a commitment from the Greeley/Weld County Housing Authority for eight project-based Section 8 vouchers. WHA will provide approximately \$500,000 from other sources to support the development. WHA has applied with DOH for a \$1,385,119 grant under the HB22-1304 program, and the Town of Windsor has committed \$461,706 in match funds.

The project is further supported by LHA's strong track record of development and management of LIHTC housing. Over the past 15 years, the LHA has developed over 500 LIHTC units in Loveland, Windsor, Estes Park and Milliken, and has earned an excellent reputation for award-winning design, quality construction, and management of Section 42 funded properties. LHA has been in the business of developing, managing, and maintaining affordable housing for over 50 years.

Underscoring the lack of affordable senior housing in Windsor, the 48 unit Governor's Farm income-restricted senior apartment property was recently converted to a market-rate property.

A tax credit award in 2023 will allow the project to break ground in the spring of 2024.

**1. Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP):**

Jacoby Meadows Phase I does not meet the priorities addressed in Section 2 of the QAP.

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

**Market Conditions:** As identified in our Market Study, there is strong market demand for this project, with a required capture rate of only 9.6% for existing, planned and potential units within the defined PMA.

**Readiness to Proceed:** The zoning of the property is Residential Mixed Use-One (RMU-1), which allows the Jacoby Meadows Phase I project to be developed as a use-by-right. The Preliminary Plat and Preliminary Site Plan were submitted to the Town of Windsor for staff review in late July 2022, and staff comments have been addressed. Final site plan approval is anticipated in March 2023, and the final plat will go before the Town of Windsor Planning Commission for final approval in April 2023. Design and construction drawings have been completed to a 70% Design Development level, and the design team is on board to complete 100% Construction Documents upon award of tax credits. Construction documents will be prepared for both phases of the senior housing project, to minimize design costs and allow the design to reduce duplication of infrastructure expenses.

**Overall Financial Feasibility and Viability:** The project's design and constructability have been thoroughly vetted through the Design Development process in an effort to maximize the cost-effectiveness of the overall project. The architect, civil engineer, and general contractor have worked collaboratively throughout the design process to determine the most efficient approach to horizontal and vertical design by balancing materials, construction methods, design needs, functionality, lifespan, value engineering opportunities, and cost in the most efficient way possible. One example of creative design input and value analysis resulting in significant construction cost savings of approximately \$310,000 involved the decision to forego unit balconies in order to allocate those construction dollars to slightly larger unit square footages. Because the senior demographic is often in a downsizing mode which puts a premium on storage space, the units have been designed to include walk-in closets and generous storage areas. Outdoor experiences will still be available to residents and guests to enjoy via the first floor patio, and second and third floor deck areas, promoting a sense of community and sociability. The operating budget is based on historical operations, so no significant fluctuations are expected. LHA has a proven track record and relationship with equity and debt providers and will be able to successfully close this transaction in a timely fashion.

**Experience and Track Record of the Development and Management Team:** LHA will act as the developer for Jacoby Meadows Phase I. LHA has an excellent track record of completing LIHTC projects on time and within budget. The key development principals have a combined 40+ years of developing and managing tax credit financed developments. Jacoby Meadows Phase I will be the 17<sup>th</sup> successful LIHTC project developed by LHA, with all previous LIHTC projects except one being new construction projects.

**Cost Reasonableness:** Due to the intense building activity that continues in Northern Colorado, construction costs have increased significantly over the past several years. WHA and LHA have worked diligently with Pinkard Construction, our general contractor, and the Workshop8 design team to manage costs and expectations. Priority has been given to identification and incorporation of appropriate cost savings measures while maintaining the overall quality of design, construction and livability of the development. As a cost management best practice, Pinkard's preconstruction group has provided a comprehensive construction pricing estimate update at key milestones throughout the design process.

**Proximity to Existing Tax Credit Developments:** As previously mentioned, the site of Jacoby Meadows Phase I is immediately adjacent to the Windsor Meadows Apartments family housing development, a two-phase LIHTC project that was constructed in 2013 and 2015. This proximity is a benefit as this creates efficiencies since all property are managed by Loveland Housing Authority.

**Site Suitability:** The development site has been master planned for multi-family housing, and the zoning designation of Residential Mixed Use-One (RMU-1) allows senior housing as a use-by-right, subject to the approved Windshire Park Master Plan. The site is fully developed, with street and utility infrastructure in place on three sides of the parcel. Stormwater detention improvements for the entire subdivision were designed and constructed with earlier phases of the subdivision. Small supplemental detention areas are included in the Jacoby Meadows site design.

**3. Provide the following information as applicable:**

- a. Justification for waiver of any underwriting criteria: N/A.
- b. Justification of the financial need for CHFA's DDA credit up to 130% of qualified basis: N/A.

**4. Address any issues raised by the market analyst in the market study submitted with your application:** None.

**5. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:** No issues were raised in the Phase 1 Environmental Assessment and there are no recommended improvements needed.

**6. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment:**

- Zoning Restrictions: None.
- Density Limitations: The total number of units allowed is limited by the sanitary sewer capacity.
- Site Infrastructure: Phase I site development includes a variety of construction items that will also be to the ultimate benefit of the proposed Phase II senior apartments addition and Phase III bungalows, including the entry road that extends through the site; the looped entry road at the covered porte-cochere drop-off; water, sewer and fire main piping; some stormwater detention improvements; and exterior patios, sidewalks and other common amenities.
- Common Area Size: The central gathering space and other interior common amenities have been sized for the ultimate 123-unit senior housing complex, and therefore the construction costs are higher to accommodate the additional space included within the Phase I project.
- Elevators: The Phase I project includes two passenger elevators, one of which will have a gurney-sized cab, as required by the Colorado Division of Housing.

**7. Describe the outreach to the community that you have done and describe local opposition and/or support for the project (including financial support).** The LHA/WHA design team has maintained a consistent record of community outreach throughout the design process for the previous project, and for the redesigned project by conducting several neighborhood workshops. On November 17, 2022, the development team presented the redesigned project to the community at the Windsor Community Recreation Center. The project was met with unanimous support from those in attendance, with many commenting on how much they liked and appreciated the wide landscape buffer between the project and the neighbors to the immediate west. The need for additional affordable senior housing in the community was widely acknowledged as well. These outreach efforts resulted in very strong community support for the project, and no neighborhood opposition is expected. Jacoby Meadows Phase I has strong local support and has been awarded fee waivers totaling \$1,138,548 by the Town of Windsor.

**Included Letters of Support:**

Mayor Paul Rennemeyer / Residents Penny Ballmer, Kathy Larson and Marjoir Martin.

**8. Describe how the proposed development contributes to promoting equity as well as economic mobility for residents.** Jacoby Meadows will promote equity and economic mobility by promoting WHA and LHA's shared mission of providing low and moderate income residents with opportunities for home and community through housing, regardless of race, color, sex, religion, national origin, familial status or disability, while providing older adults with an opportunity to age in place without the threat of being relegated to substandard housing or worse yet, homelessness.

# 9% housing credit application narrative



Project Name: Kappa Tower III

Project Address: 9020 Northfield Blvd. Southwest corner Northfield Blvd. and Central Park Blvd. Denver

## Introduction:

Kappa Tower III @ Stapleton will be a deeply affordable service enriched 30 unit senior housing (age 62+) community located at Northfield and Central Park Blvd. in the Stapleton redevelopment area. It is an addition to the very successful 70 unit Kappa Tower II that was completed in August 2021 and was fully occupied in less than four months. There are over 240 people on the wait list. The Stapleton community provides the following neighborhood amenities within walking distance: shopping, recreation, transit, and services. The Stapleton Affordable Housing Plan requires the provision of free land to qualified not for profit developers of affordable rental housing. This phase is the completion of this parcels development and the land is contributed for free. The land contribution, site cost savings and efficient design allow this phase of the development to be deeply affordable with thirty percent of the rents at 30% ami, thirty percent at 40% ami and forty percent at 50% ami. There are no 60% ami units. These low levels are responding to the increasing difficulty facing 30 & 40% renters and to serve as a compliment to phase one of this project.

Kappa Housing Inc. ("KHI"), will be the owner and developer of the property KHI is a 36 year old 501 (c)(3) nonprofit corporation in good standing and organized for the purpose of providing housing for low and moderate income senior citizens. KHI owns the Kappa Tower apartments located at 2160 Downing Street, in the Five Points neighborhood of Denver; these 45 units subsidized senior housing project was developed in 1984. KHI owns Kappa Tower II located on this parcel. KHI's board has elected to hire Medici Consulting Group to assist in the development of the proposed project. Silva Markum Partners will be the 3<sup>rd</sup> Party property manager. They have over 30 years of experience and focus exclusively on affordable community management.

KHI has expanded the services and community partnerships they have formed to the Kappa Tower II project and the result is a vibrant engaged resident population. The project contributes to and participates in the vibrant master planned Stapleton community. They will likewise continue enriched community services to Kappa Tower III. The Kappa II lease up drew 27% of residents from the primary market area and 67% from the broader metro area. The Market study does not perceive any weaknesses in this project and the incredible success of the phase I services and community proves this up.



### Executive Summary:

Kappa Tower III is located at the Southwest intersection of Northfield Blvd. and Central Park Blvd. The Southern boundary is 48th Ave. At the Northeast corner of the site there is an existing bus stop with direct access to Central Park Station to the South. This unique project and location and support services, paid for by KHI, allows seniors to interact with families in the area and walk to commercial services, retail shops, restaurants and other amenities in the Northfield area. A short walk to the East is Runway 35 Park and The Shops at Northfield Stapleton. The site is zoned for five story construction with a parking ratio as low as .75 per unit. This phase fully utilizes the site to it's fullest allowable density. It is located in a QCT.

The project will be developed as a four story senior independent living development comprised of 30 senior residential units and amenities/communal space with surface parking and site amenities. There will be 9 units at 30% AMI, 9 at 40% AMI and 12 at 50% AMI. The building is designed to work with the previous phase. An elevator and two stairwells will provide access to all units and amenities. A walkway will connect both phases of the community and residents will have access to amenities in both buildings. These interior amenity spaces including a communal kitchen, private dining room, multi-use/flex rooms and fitness/wellness center, salon, dog grooming room, media/computer room, outdoor rooftop deck. The building is approximately 31,359 sq. feet and has a mix of 1 and 2 bedroom types. The building is wood frame above a concrete foundation/slab. The building elevation will reflect stacked residential units with large windows that maximize daylight penetration into the bedrooms and Juliet balconies in the living room. Communal areas where the amenities are located will utilize storefront system and will activate the building and the adjacent street through transparency and appropriate, rich architectural details. The exterior building materials will mostly comprise of pre-finished metal panels, brick, cementitious fiber board and flat membrane roof to match the first phase of the site. The building is all electric with the owner paying all utilities.

Exterior amenities will be shared between the two phases, including defined health focused exterior space with communal areas that have southern exposure. Generous landscaping is provided in these open spaces as well as the following site amenities: raised communal planting beds, shaded seating area with a park like atmosphere for picnicking and cooking out, trellis, and a dog run. This phase of the project adds an exterior patio grill/bbq area.

The project will be financed through a contribution of donated land from Forest City along with a reservation of \$1,106,718 in 9% tax credits, which translates to \$9,739,122 in tax credit equity (Wells Fargo - \$.88 pricing), a CHFA risk share loan of \$1,000,000, a loan of \$1.1MM from the City of Denver through the Office of Economic Development, and a grant of \$1.1 MM from the Colorado Division of Housing that will be structured as a long term subordinate loan.

1. Identify which, if any, of the priorities in Section 2 of the Qualified Allocation Plan (QAP) apply: NA
2. Describe how the project meets the criteria for approval in Section 2 of the QAP:

***Market conditions:*** The need for affordable housing in Denver and this area is significant as Stapleton has become one of Denver's most desirable and expensive communities. The vacancy within the LIHTC projects surveyed on our PMA is less than 1%, with all projects maintaining long waiting lists of qualified applicants. The capture rate for existing projects is 23.4% and only goes up slightly to 25.3% with the addition of these 30 units. Our market study suggested that it would lease up within only two months with no need for concessions. KHI believes based on its phase one experience and the senior affordable housing needs in the area, this project will lease up in less than 2 months.

***Proximity to existing tax credit developments:*** There are several existing tax credit projects in the PMA. This speaks to the overall attractiveness and growth of Stapleton over the last 20 years. Many of these are older and smaller tax credit projects. The nearest 9% tax credit project is the Northfield at Stapleton project, however that project serves families. Other than Kappa Tower II, phase I of this project, Stapleton has not seen a new senior very low-income tax credit project since 2003, which was Clyburn at Stapleton.

***Project readiness:*** The site is zoned for multi-family (M-IMX-5) and it is a use by right zone site. We have had a pre application meeting with the City to start the site approval process and comments from that process confirm that there are no regulatory impediments to the project as conceived. Starting the SDP process early with the Affordable Housing Review Team will expedite the city review. KHI has architectural plans and we expect to spend the six additional months working with the architects and the City of Denver to develop construction documents and then approximately seven months in permitting. Construction would commence in the second quarter of 2024.

***Overall financial feasibility and viability:*** The proposed affordable rent levels are achievable in the market. Sixty percent of the rents are set at 30 & 40% AMI and the rest at 50% AMI. . In addition to the equity raised through the sale of tax credits, the project will utilize a mix of traditional and alternative financial products. A traditional 1<sup>st</sup> mortgage will be obtained through CHFA's risk share loan program for \$1MM. A soft loan of \$1.1MM from the City of Denver Revolving Affordable Housing Loan Fund and a grant of \$1.1MM from the Colorado Division of Housing will also be utilized.

***Experience and track record of the development and management team:***

Kappa Housing Incorporated (KHI), will own and co-develop Kappa Tower III @ Stapleton. KHI is a 38-year-old 501(c)(3) private non-profit corporation in good standing, organized for the purpose of providing housing for low and moderate income senior citizens.

KHI engaged Medici Consulting Group, MCG, as its development consultant. MCG offers experience in all aspects of development, access to capital, and innovative financing and marketing ideas. MCG is a 25-year-old Denver-based development and construction

management organization that has successfully developed over \$125 million of affordable housing comprised of more than 1,150 units throughout Colorado.

Silva Markum Partners is a 3<sup>rd</sup> party property management group that focuses on affordable housing exclusively. They have over 30 years of experience and are currently managing 27 affordable apartment communities. They have experience with compliance for LIHTC, HUD, CDBG, HOME PBRA, and Bonds. They manage Kappa Tower I and Kappa Tower II.

**Project costs:** The development team's strong background in construction will produce a high quality project at a competitive price. The project contractor (Alliance Construction) has developed several affordable housing projects on schedule and on budget, including the first phase of this property MCG has a proven history of developing value engineered, quality affordable communities. This phase has parking, curb and gutter and utilities already installed.

**Site Suitability:** The site is ideally located for senior family development. The site is generally flat with all necessary infrastructure readily accessible, and there are no unusual construction cost concerns. The shops at Northfield are located three blocks west of the project, and offer a wide array of shopping and entertainment options in a pedestrian friendly outdoor shopping configuration. New shops and services are rapidly being added in the area.

**Parks and Recreation:** The Runway 35 park is adjacent to the site and contains fields, sport courts, volleyball, and a community pool. Kappa Tower III @ Stapleton will have its own park like area for its tenants. The broader Stapleton redevelopment area offers a wide variety of open spaces, community facilities, and trails available to all residents of the community.

**Public Transportation:** Public transportation opportunities are excellent. The project is located immediately adjacent to an RTD bus line which provides immediate access to the Central Park light rail station 10 blocks to the south. Numerous walking and biking paths connect to all points within Stapleton. The Sand Creek trail provides access to regional biking and walking destinations.

3. Provide the following information as applicable: No waivers or basis boost are needed.
4. Address any issues raised by the market analyst in the market study.

The market analyst does not perceive any negative factors for the location and notes that the only weakness might be with seniors without cars. They note that the proximity to a bus stop immediately adjacent to the site significantly mitigates this issue. That has been the experience observed at phase one. The market analyst recommended walk in showers in all units but based on requests and feedback from several residents in phase one we are planning for ADA accessible tubs in this phase. That would give the overall project 70 showers and 30 tubs. Some of the ladies living at phase one would really prefer to take a bath! Again, the overall capture rate for the area is 23.4% and only goes up to 25.3% with the addition of these 30 units. The market study concluded that the project has an outstanding location and sufficient demand in the market to lease up within two months or less based on Kappa Housing past experiences. Factors cited include: very strong demand for the existing tax credit properties in the PMA; in-migration into this growing, highly desirable community in the PMA, driven in part by the location of the project near light rail; understated renter household growth in this rapidly

developing PMA.

5. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated. N/A
6. Identify if there are any unusual features that are driving costs upward, as well as if there are any opportunities to realize cost containment (refer to Section 2 of the QAP for additional information).  
The site already has paving, parking, curb & gutter and utilities completed, saving significant money.
7. Describe the outreach to the community that you have done and describe local opposition and/or support for the project (including financial support).

Kappa Housing Inc., approached The Foundation for Sustainable Urban Communities, the entity which was created to protect the Stapleton Community.

“Stapleton Foundation’s mission is to guide the development of the old Stapleton airport with a focus on education, healthy living, neighborhood connections and affordable housing.” The Stapleton Foundation has written a support letter endorsing Kappa Housing III’s project that is contained in our file.

KHI has reached out to several additional organizations and members of the community for support. Please see the attached letters from Brookfield Properties, Denver Housing Stability, Colorado Black Democratic Legislative Caucus, Colorado Senate Pres. Pro Tempore, and U.S. Senator Michael F. Bennet. Also please see the attached letter from Tiffany Bramwell, the service coordinator for Kappa Tower and Kappa Tower II detailing some of the support that our residents receive.

KHI, as one of the nation’s only housing providers founded by a fraternal organization - Kappa Alpha Psi Fraternity Incorporated- we are supported and closely observed by dedicated leaders throughout the city and country. This association drives our commitment to empowering young men of color to become leaders through scholarships and ongoing support programs.

***Current Board of Directors of Kappa Housing Inc. and year Appointed***

Larry A. Williams. Ret. Esq. Chairman	1998	Charles Thomas, Vice Chairman	2014
Leonard Newson, Asst. Treasurer	2015	Hon. Wellington Webb	2016
Samuel Spraggins Treasurer	2019	Stokes Anderson	2019
Geoffrey Crowell	2020	George Stowers Secretary	2021
Joseph Clay Parliamentarian	2021	Dwayne Moore. Ex Official	2021

8. Describe how the proposed development contributes to promoting equity as well as economic mobility for residents.

The inclusion of deeply affordable housing in one of the highest cost communities in the Denver metro area promotes equity and the great access to public transportation allows residents to save and improve their economic situation.

9. For acquisition/rehab or rehab projects, provide a detailed narrative that describes the proposed rehab plans/scope of work, and relocation plan (if applicable); address the 10-year rule; capital expenditures over the past two years; previous related party relationships; past local, state, or federal resources invested in the project; obvious design flaws; obsolescence issues; safety issues; and any significant events that have led to the current need for rehabilitation (i.e., fire, natural disaster). N/A

# 9% housing credit application narrative



Project Name: **Mineral Point**

Project Address: **601, 603, 605, 607 Butte Avenue, Crested Butte, CO 81224**

TWG Development and Town of Crested Butte are excited to submit Mineral Point for consideration of a 9% LIHTC award. The proposed project will consist of 34 units (four studios, 24 one-bedrooms, and six two-bedrooms) serving incomes from 30-60% AMI. An intensive community engagement process and collaborative design effort produced a thoughtful project that engages with and responds to the high alpine environment, historic context, and community's housing needs. Amenities include a community lounge, dog washing station, A/C, tenant storage, and shared laundry along with picnic areas, covered bike storage and repair station, and surface parking. Mineral Point will include three highly energy efficient two-story walk-up buildings with slab on grade foundations, composite wood and metal siding, casement windows, and gable roofs. The design and building materials are consistent with the National Historic District Design Guidelines which govern all new construction in the Town.

***Mineral Point is highly responsive to the Guiding Principles of the QAP including:***

- **Serving the lowest income for the longest time** – through a land lease with Town of Crested Butte and SLP participation of GVHRA, the development will serve households between 30-60% AMI in perpetuity.
- **Diversity of populations** – by providing studio, 1BR, and 2BR units, the development responds to the need for smaller unit sizes in a rural community where development trends have not met the needs of smaller, lower income households. Mineral Point exceeds requirements for accessibility, welcoming those with sensory and mobility impairments and supporting our local adaptive sports community.
- **Access to public transportation** – Mineral Point has superior access to free, frequent local bus service (within 300 ft), free regional service (¼ mile) and daily Bustang service to Denver (¼ mile).
- **Geographic Disbursement of Credit** – There are only two LIHTC properties in Gunnison County. The north end of the Gunnison Valley has not received an allocation of LIHTC in almost 10 years (Anthracite Place 2014).
- **Density** – Mineral Point provides 34 units on 1.26 acres, the maximum density allowed in the R-4 zone district. The project has achieved full entitlements and can submit for building permits at this time.

Mineral Point will promote **equity and economic mobility** by providing stable, affordable rental housing in a community where all but the highest income residents are experiencing housing instability and cost burden. The Town is deeply committed to providing workforce and missing middle housing, with 36 units of middle-income rental and homeownership units in the pipeline and outlay of significant investment to make Mineral Point shovel-ready. The project is a critical part of the Town's response to the housing crisis as it responds to the deep need for rentals at the lower incomes and can offer a steppingstone where households experience stability and begin to build their savings.

## **1. QAP Priorities**

Mineral Point is located in Gunnison County, a non-metro community of less than 180,000. The 2020 Census reports the population of Gunnison County to be 16,918.

## **2. Criteria for Approval in Section 2 of the QAP:**

### *Market Conditions:*

Economic trends have been exacerbating already problematic housing trends in the Gunnison Valley. The *2021 Market Update* to the *2016 Gunnison Valley Housing Needs Assessment* concluded that the economic forces that were negatively affecting housing affordability in 2016 had intensified: housing costs were accelerating well beyond local wage growth. These forces are most pronounced in the Town of Crested Butte. Market indicators include:

- Rental vacancy rates have been below 1% for the last seven years.
- The average rent for a two-bedroom apartment in the North Gunnison Valley as of August 2022 was \$2,300, up 35% from April 2020.
- The average YTD home price reached \$1,680,000 in July 2022.
- Full-time residency in the community decreased from 80% in 2000 to 65% in 2022, while the number of unfilled jobs grew by 54%.
- 10-15% of the positions in the local workforce are unfilled, threatening the community's economic vitality and ability to provide basic functions of local government, health care, and public education.
- GVRHA manages Anthracite Place, the only other LIHTC in Crested Butte, and reports a waitlist of 20 and an overall rental interest list of almost 200. Based on current turnover rates, the wait times for a one-bedroom unit is up to two years and the wait time for a two-bedroom is five years.

The project specific market study performed by Novogradac and included with this application identifies a capture rate of 5.5% and no significant weaknesses in the project's marketability.

### *Nearest LIHTC Development:*

The closest tax credit development is Anthracite Place Apartments, ½ a mile to the south in Crested Butte.

### *Project Readiness:*

Mineral Point is ready to submit for building permits and proceed with construction in summer 2023. Architecture and zoning, the biggest political and design hurdles for development in Crested Butte, were approved unanimously by the Board of Architectural and Zoning Review on Dec 20, 2022. The project team will submit for building permits in mid-April, with a permit-ready letter anticipated by mid-May. All architectural and zoning entitlements are in place, and the building permit review process is swift and administrative.

Town of Crested Butte has invested extensively in the clean-up and readiness, and the current Phase 1 Environmental Assessment indicates there are no Recognized Environmental Conditions present. Schematic drawings have been priced by a paid third party and the proposed building is financially viable to construct based on current assumptions; and financing and funding commitments from the sources identified in this application would be secured by mid-year 2023.

### *Overall financial feasibility and viability*

The Project is financially feasible if awarded an allocation of 9% LIHTC along with the DOH gap funding. In addition to the federal equity from City Real Estate Advisors (CREA), TWG is assuming construction financing from Horizon Bank, permanent financing from Colorado Housing and Finance Authority, soft financing from DOH and Town of Crested Butte, and deferred developer fee. SLP participation from Gunnison Valley Regional Housing Authority helps to support the feasibility of construction and ongoing property operations. TWG, equity syndicators, lenders and our financial consultant RCH Jones Consulting, have run the current project assumptions through their tax credit financial models.

*Experience and track record of the development and management team*

The Partnership between TWG Development and Town of Crested Butte makes the most of the strengths and experience of both organizations. Town of Crested Butte has been supporting below market housing efforts since the 1990s. Through regulations, incentives, financial support and Town sponsored development projects, 25% of the housing inventory within town is deed restricted. For Mineral Point, Town brings land, local funding commitment, expertise in the entitlement process, commitment to long-term affordability, and a newly hired housing director that has 20+ years of LIHTC experience to manage the development on behalf of the Town. ***TWG's partnership is meant to help forward Town of Crested Butte's strategic housing goals.*** TWG specializes in multi-family housing development, construction, and management with a national footprint that covers over 10,000 units across 19 states. As a vertically integrated company, TWG Construction serves as the general contractor on the majority their projects, and TWG Management has a proven maintenance and compliance track record. In Colorado, TWG has received a People's Choice award for Residences at Hoffman. With the Maxfield Heights and Residences at Delta developments, they have been able to reach carryover within six months of credit award. These projects also demonstrate commitment to rural communities and partnerships with local housing authorities that have helped to grow capacity and bring management expertise to remote locations.

As a Special Limited Partner, GVRHA brings local experience, tax exemption, and the potential participate in property management and compliance. GVRHA is the general partner and property manager for Anthracite Place Apartments and the SLP for GardenWalk. The team has engaged two local consultants. Ryan Hibbard Jones (RCH Jones Consulting) and Willa Williford (Williford, LLC) are providing strategic direction and financial advisory services. Ryan and Willa combined have 40 years of experience in the affordable housing industry.

*Project costs:*

The Town and TWG have worked closely together to manage project costs recognizing that there are multiple factors that make Crested Butte an expensive place to build, including the remote location, severe climate, land constraints, and demanding design and regulatory context. As such, the development team, the architect, the GC, and third party cost estimator have meet weekly and we are pricing a 100% SD set.

*Suitability of site:*

The development site is well suited for affordable housing. It is flat, adjacent to infrastructure and transit service, and has superior access and connectivity to employment centers and daily commercial, civic, and education opportunities. The Town of Crested Butte prides itself on being bus, bike and pedestrian friendly, with the motto of "Busses, bikes and boots before cars!" when considering land use and transportation decisions. Mineral Point residents can live car-free, four blocks from the Town's commercial business district and a ½ block from the bus stop for the Mountain Express which provides free service every 15 minutes to employment centers in downtown Crested Butte and Mt. Crested Butte, groceries, government services, and abundant recreational amenities. The main Transit Center is ¼ mile away, with free regional service to Crested Butte South and Gunnison, which includes Western Colorado University and the regional Hospital. Daily Bustang service to Denver and points in between is also available from the Transit Center.

**3. Waiver of Underwriting Criteria:**

Because net operating income is declining over time, we are requesting a waiver of the 1.30x DSCR threshold. This is a common issue for small rural deals that do not have housing choice vouchers. For small deals small changes have a large effect.

**4. Address any issues raised by the market analyst in the market study.**

The Subject's two-bedroom units are inferior to the surveyed average of comparables while staying within the comparable range. However, some comparables offer slightly smaller two-bedroom units and reported full occupancy and an extensive waiting list, indicating its small unit sizes do not negatively impact occupancy at the property. Therefore, we believe the Subject's unit sizes will be accepted in the market. The market analysis finds that the subject site has a 5.5% capture rate, likely absorption in four months, and a strong rent advantage of 11% - 59% discount to market comparables. The study concludes: The Subject appears to be a well-conceived development; There appears to be a strong underserved low income base in the PMA; Overall, we anticipate the Subject's design, unit mix, and rent structure will be well received in the market; Based on the strong demand reported at these properties, we believe the Subject's proposed rents are reasonable and achievable at the 2022 maximum allowable level.

**5. 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 current Phase 1 Environmental Assessment indicates there are no Recognized Environmental Conditions present. The subject property was part of a historical town dump site, which is fully remediated under provisions of multiple Voluntary Cleanup Program approval by the Colorado Department of the Public Health and Environment (CDHPE). The removal of landfill materials and installation of approved vapor intrusion mitigation systems constitute a controlled environmental condition as defined by ASTM Environmental Site Assessment Practice E1527-21. The vapor intrusion mitigation systems will be approved by CDPHE to ensure that methane and radon levels are safe for residential occupancy.

**6. Unusual features that are driving costs upward and opportunities to realize cost containment**

The Town and TWG have worked closely together to manage project costs recognizing that there are multiple factors that make Crested Butte an expensive place to build, including the remote location, severe climate, land constraints, and demanding design and regulatory context.

- Crested Butte is four and a half hours from Denver and almost three hours from Grand Junction, accessed by a single, paved two-lane road. The remote, rural location results in higher material and labor costs and possible difficulties in staffing. TWG's project approach blends corporate strength with local expertise. It is anticipated that TWG will bring compliance and administrative prowess, and GVRHA will provide boots-on-the-ground property management and maintenance.
- The community is located at 8,886 feet in elevation in Climate Zone 7. The harsh climate demands robust design and construction methodology to respond to snow loads, snow storage, and prolonged sub-zero temperatures. Energy efficiency is paramount to ensure reasonable operating costs and conscientious energy use. Additionally, the construction season is short with only three frost-free months per year and average annual snowfall of almost 200", necessitating thoughtful construction sequencing and staffing. TWG's experience in pairing their in-house construction expertise with high-performing local subcontractors in mountain projects was a main factor in why the Town chose them as their development partner.
- The Town of Crested Butte is 95% built out. The proposed project represents the last opportunity to achieve a high-density multifamily development; however, reclaiming the 1.26 acre brownfield required significant investment.
- Development in the Town is regulated by strict design guidelines and forward-thinking building codes. The design guidelines govern all construction and are in place to ensure that new development is compatible with the aesthetic of the Town's historic district, which encompasses 3/5 of the Town's area. Additionally, the Town adopted the 2021 building code along with requirements for full electrification and ZERH certification. The code update and additional sustainability requirements help ensure high-quality design and construction and help further the Town's Climate Action Plan. The Town recognizes that these additional requirements increase



the cost of construction and is committed to funding water and sewer taps, providing gap financing, and waiving all planning, impact, and review fees.

**7. Describe the outreach to the community that you have done and describe local opposition and/or support for the project (including financial support).**

Affordable housing has long been a concern in the Gunnison Valley. From the Town's perspective, the housing shortage reached a crisis level in 2021 and on June 7 of that year, the Town Council declared a housing emergency. Following the declaration, staff facilitated an extensive master planning process for the development parcels at Sixth and Butte (including the Mineral Point parcels) and the remaining Town-owned parcels in the Paradise Park neighborhood to ensure that the community's input on project goals and design was articulated early in the process. Concurrently the Town engaged in a 10-month community engagement process to create the *Crested Butte Community Compass*, the Town's comprehensive plan that was adopted in 2022. The far-reaching *Compass* conversations indicated that access to affordable housing is at the crux of many of the issues faced by the community. One of the seven goals identified in the *Compass* is to enable the people who live and work in Crested Butte to thrive. With clear direction from the community and elected officials, Town prioritized housing efforts to position the Mineral Point project for success. Concurrently with the development RFP process, in partnership with the Colorado Department of Public Health and the Environment under the Voluntary Clean Up Program, Town completed a \$2.6MM remediation of the proposed LIHTC parcel in the Fall of 2022. To expedite the time between LIHTC award and start of construction, Town entered into a predevelopment cost sharing agreement with TWG whereby the Town agreed to fund predevelopment activity beyond what is typically pursued in support of the LIHTC application to ensure that the project will be permit-ready by May 2023. Currently, staff is working with consultants to design the extension of a watermain as well as sewer service to serve the site with construction anticipated in early summer 2023. Looking forward, the Town commits to funding water and sewer taps, providing gap financing, and waiving all planning, impact, and review fees. **Town's total financial contribution to this project is estimated to be over \$7,400,000 or \$220,000 per unit.** Throughout the extensive community engagement for *Community Compass* and Mineral Point, members of the public expressed the urgency of more housing availability, affordability, and stability. The proposed project has been very well received by the community as it progressed through the public outreach and hearings of the entitlement process. Mineral Point has received 17 support letters from local business owners, non-profit organizations, and government entities, which are included with this application.

**8. Describe how the proposed development contributes to promoting equity as well as economic mobility for residents.**

Mineral Point will promote equity and economic mobility by providing stable, affordable rental housing in a community where all but the highest income residents are experiencing housing instability and cost burden. As home prices and rents continue to soar, growing economic inequality is an increasingly challenging dynamic in the North Gunnison Valley. Gunnison County has a suicide rate that is nearly three times the national average. The extensive negative behavioral health outcomes for this community were recently documented in the Gunnison County Community Health Coalition [State of the Community Report 2022](#). One of the primary recommendations was providing more stable, affordable, and socioeconomically integrated housing. The Town of Crested Butte is deeply committed to providing a full spectrum of workforce and missing middle housing, with 36 additional units of middle-income rental and homeownership units in the pipeline, creating opportunities for mobility from renting to homeownership and across unit types and sizes as household needs change.

# 9% housing credit application narrative



Project Name: **Monarch Gardens**

Project Address: TBD Nickerson Avenue, Poncha Springs, Colorado

**Executive Summary:** Monarch Gardens is a proposed 36-unit workforce housing community located in Poncha Springs, Colorado serving families in the town as well as the greater Chaffee County area. This new construction development will include thirteen (13) 1-bedroom, seventeen (17) 2-bedroom, and six (6) 3-bedroom units. The unit mix is tailored to be responsive to local market needs, with 7 units at 30% AMI and 12 at 40% AMI and an average income served of 44.7% AMI. The demand for an affordable housing property in this region is strong as demonstrated by the overall capture rate of 22.4% for Monarch Gardens. **Moreover, Poncha Springs has not had a new construction LIHTC award in 19 years.**

Monarch Gardens is centrally located in Poncha Springs, with the best possible access to employment and services in this rural area. The site is located on the northeast corner of Nickerson Avenue and Poplar Streets, with all major utilities already in place and easily accessible to the site. The buildings are two-story walkups, with a variety of materials including stone veneer, cement fiberboard and stucco finishes. The roof will have two parts, with gabled roofs on the outside walls to create visual compatibility with the surrounding single-family homes, and flat roofs on the interior that offer an opportunity for solar panels in the future. Units will have an open floor plan combining the living room and full-sized kitchens that feature an island or peninsula for additional seating. Unit sizes are slightly larger than is typical for this market, providing more livable space. Units will feature Energy Star-certified refrigerator, stove/oven, dishwasher, garbage disposal, and microwave. We also plan to incorporate several green build features including high efficiency lighting, water-conserving fixtures, EV-ready spaces, xeriscaping and native plantings, efficient landscape irrigations systems, passive radon-mitigation and enhanced stormwater management. Monarch Gardens will be certified under Enterprise Green Communities by Group 14 Engineering to include annual assessments of energy efficiency.

Monarch Gardens will include several project amenities that improve quality of life and foster community connections, including a large community lounge with a kitchenette, computer lab, fitness room, onsite manager's office, and indoor storage units. Outdoor amenities include a playground/tot lot, a community BBQ area, and community garden beds. Included within these community garden beds, Monarch Gardens will also include pollinator gardens to provide a habitat for several species, including the monarch butterfly. The pollinator garden creates sensory interest in the landscaping and supports the local ecosystem for increased production of the fruits and vegetables planted in the community gardens.

1. **Section 2 Priorities:** Counties with populations of less than 180,000 – According to the 2020 Census, Chaffee County had a population of 19,476.
2. **Section 2 Criteria for Approval:**
  - a. **Market Conditions:** There is strong demand for Monarch Gardens in the Primary Market Area, and the unit mix and AMI levels directly respond to the greatest market needs, favoring one- and two- bedroom units, with as many units as possible in the 30% and 40% AMI tiers. The last new LIHTC development in Poncha Springs was 19 years ago in 2004, and it was only an 8-unit project. Additionally, the rising cost of housing in Buena Vista and Salida has increased housing cost burden and forced households to move. As this trend continues, more of the low- and moderate-income households are forced to live outside Chaffee County and commute long distances through mountain passes to get to their jobs. The addition of Monarch Gardens can help alleviate this for 35 households.
  - b. **Proximity to Existing Tax Credit Developments:** Monarch Gardens is approximately a mile from the 30-unit De Anza Apartments in Poncha Springs; five (5) miles from the 48-unit Salida Apartments, built in 1991; and six (6) miles from the 48-unit Salida Ridge Apartments.
  - c. **Project Readiness:** Monarch Gardens is ready to proceed upon an allocation of 9% tax credits and will meet carryover in early 2024. The current T5 – Urban Center zoning allows multifamily development, with a Multi-Family Site Plan Review that should be completed within 90 days of a tax credit award. The site plan for Monarch Gardens has been presented to the Town of Poncha Springs and received positive feedback. We have also received strong interest from various funding partners interested in investing in Monarch Gardens.
  - d. **Overall Financial Feasibility and Viability:** Monarch Gardens is financially feasible with an award of 9% tax credits. The project's rural location, smaller unit count and lower incomes served make the 4% tax credit option untenable. While there are limited local funding resources available, the Town of Poncha Springs has offered to reduce the water tap fees assessed to Monarch Gardens. Chaffee County is a small county with very limited resources. A ballot initiative for local dedicated funding for housing recently failed. The Chaffee Housing Authority is supportive of the project, but unable to provide financial support. We will continue to pursue local matches from Chaffee County and the City of Salida, which provides wastewater services. In addition to the equity generated through the 9% tax credits, Monarch Gardens assumes proceeds from a permanent loan from CHFA, funded through the Capital Magnet Fund program. In addition, the Colorado Division of Housing will provide funding through a combination of a grant and a soft loan paid through the excess cash flow generated by Monarch Gardens. NWRECC will defer a portion of its developer fee. Our consultant, RCH Jones, has run several iterations through their financial projections and we have discussed the proposed financial stack with our funding partners.
  - e. **Experience and Track Record of the Development and Management Team:** NWRECC is a non-profit developer founded in 1999 to own and manage a portfolio of properties to

further the goal of providing affordable housing to everyone. Since then, NWRECC has become the owner and or manager of 87 properties in nine (9) states. NWRECC has also developed 38 properties and been a co-developer on another eight (80 properties. Currently, NWRECC is building Depto Square in Driggs, Idaho, that will be placed in service this year. NWRECC has also hired RCH Jones Consulting to assist with this application. RCH Jones Consulting specializes in financial and project management consulting services ranging from on-call financial analysis to complete project management. Clients include developers and investors in affordable housing. The development team also includes CSHQA, Inc. as architect and CSDI Construction, Inc. as the general contractor. NWRECC has completed a total of 36 projects with these two organizations. NWRECC, CSHQA and CSDI have been in close coordination on the design and construction of Monarch Gardens and have performed local due diligence related to subcontractors and consultants.

- f. **Project Costs:** Because of its experience completing LIHTC developments in rural communities, the development team for Monarch Gardens has reviewed the project design, schedule and cost estimates several times. In addition, NWRECC has hired RCH Jones Consulting and Williford, LLC to provide local insight on the housing market in Poncha Springs and Chaffee County, furthering the knowledge base involved in this application. Through this process, the project budget for Monarch Gardens is reasonable considering today's market and the rural location of the development. Project costs in rural areas require special consideration as they are faced with pressures from labor shortages, difficult logistics, smaller scale, and potential per diem costs; however, the development team has adjusted aspects to alleviate some of these concerns. Additionally, NWRECC has worked with several organizations to help lower project costs in unique ways including securing a partial waiver of water tap fees through the Town of Poncha Springs, creating a unique financial stack that allows both a grant and soft debt from the Division of Housing, and obtaining a Letter of Interest from CHFA for permanent debt using the Capital Magnet Fund monies at a significantly lower interest rate than the current market would provide. And NWRECC will continue to seek additional funding opportunities including fee waivers and reductions from Chaffee County and the City of Salida, as well as completing grant applications with foundations that support affordable housing projects, like the Colorado Health Foundation and El Pomar Foundation.
- g. **Site Suitability:** The site selected for Monarch Gardens is well suited for a multifamily development. It is centrally located within Poncha Springs, with good access to jobs and services. It is within a large residential subdivision called Quarry Station, with several single-family homes and Hoover Ranch Park, which is less than 500 feet away, already completed. The site is large enough to accommodate several amenities and still have open space available. It is located within close proximity of several amenities that will be beneficial to the residents at Monarch Gardens, including a grocery store, hardware store, convenience

stores, retail shops, post office, restaurants, community shopping, and public parks. There is also a fire station within ½ mile and EMS within a mile. Other local amenities in Poncha Springs include a fitness gym, lumber store, and the Chaffee County Fairgrounds. Salida District R-32J provides school bus service directly to the site. Monarch Gardens is also near the intersection of US Highways 50 and 285. The City of Salida is less than five miles east of Monarch Gardens on US Highway 50, which continues to Canon City and Pueblo. Buena Vista is approximately 25 miles north on US Highway 285, which continues to the Denver metropolitan area. There are also several outdoor activities throughout Chaffee County including hiking, mountain biking, fishing, cross country skiing, snowshoeing, and of course downhill skiing and snowboarding at Monarch Mountain, a major seasonable employer, less than 20 miles to the west on US Highway 50.

3. **Financial Waiver Justification/CHFA Discretionary Basis Boost:** Because Monarch Gardens has a declining net operating income, we are requesting a waiver of the 1.30x DSCR threshold. The financial stack proposed includes a low interest loan through CHFA and deferred developer fee instead of traditional perm debt. This allows Monarch Gardens to include several units for households earning 30% AMI.
4. **Market Study:** The market study indicated a strong demand for Monarch Gardens. The only weakness noted was the unit amenities were slightly inferior compared to other developments in the Primary Market Area; however, some of the amenities noted (such as granite counters, stainless steel appliances, ceiling fans) could be included if the actual construction costs allow.
5. **Environmental Report:** The Phase I Environmental Site Assessment did not reveal any Recognized Environmental Conditions for Monarch Gardens.
6. **Exceptional Features and Costs:** There are three factors affecting project costs:
  - a. **Project Design Requirements:** The overall design of Monarch Gardens is based on the current zoning and subdivision requirements imposed on the location. Monarch Gardens is designed as a two building, two-story development. This type of design is less efficient than having a single building with three stories.
  - b. **Local Fees:** There are four jurisdictions that are involved in the development of Monarch Gardens: Town of Poncha Springs, Chaffee County, City of Salida, and Salida School District. All three have various fees that are collected during the construction of the project. While the Town of Poncha Springs has provided a waiver of a portion of the water tap fees, NWRECC will still need to seek waivers and reductions from the other entities. Additionally, the Town of Poncha Springs has seen significant growth over the past 5 years and initiated impact fees to help defray some of the cost for infrastructure. For example, the Traffic Capital Improvement Expansion Fee is estimated to be \$46,044 for Monarch Gardens.
  - c. **Rural Location:** The remote location of Poncha Springs and Chaffee County creates some cost inefficiencies in the procurement of materials and labor. The development team for

Monarch Gardens has experience in completing LIHTC properties in such locations and will work to minimize these costs through intentional scheduling and logistics. CSDI Construction has contacted many local subcontractors to understand the market and adjusted the construction estimate accordingly.

7. **Community Outreach:** The Town of Poncha Springs and Chaffee Housing Authority have both expressed strong support for Monarch Gardens, as evidenced by the Letters of support included in this application. The Town of Poncha Springs has also provided a partial waiver of the water tap fees anticipated for Monarch Gardens. Contact with other local organizations have also been positive, including the Salida School District, Collegiate Peaks Bank, Mountain Sports Haus, and the Chaffee County EDC. All of these organizations are supportive of new, affordable housing being added to Poncha Springs and the Chaffee County Community.
8. **Promoting Equity and Economic Mobility:** Monarch Gardens will promote equity and economic mobility in two ways:
  - a. **Housing is Healthcare:** There are numerous studies showing the positive health outcomes for those with stable housing. In Chaffee County, this is shown through the WE Are Chaffee campaign and the research surrounding the effects of the current housing market in Chaffee County. Displacements are most often experienced by low- to moderate-income households who are rent burdened, moving frequently, commuting great distances, and/or living in places not meant for human habitation – often vehicles or tents. These arrangements have a negative impact on health outcomes and are associated with long-term chronic cardiovascular and pulmonary disease. Chaffee Housing Authority plans to apply for a grant through the CDPHE Office of Health Equity’s Health Disparities Grant Program to build on the We Are Chaffee campaign and demonstrate the health intervention that can be accomplished by supportive and affordable housing projects.
  - b. **NWRECC Stepping Stones and Bridge2Community:** Believing that affordable housing can serve as a platform for accessing opportunities, NWRECC utilizes its Resident Services Department known as Northwest Stepping Stones to create strong vibrant communities by connecting residents with services and resources that promote self-sufficiency, community engagement, housing stability, and economic mobility. Northwest Stepping Stones provides our property management teams with information, tools and training to engage with residents and community service providers in five outcome areas: Community Engagement, Education, Financial Empowerment, Health & Wellness, and Housing Stability. In partnership with Findhelp.org, Northwest Stepping Stones offers a virtual resource and referral program called Bridge2Community (B2C). It provides instant access to free and reduced-cost services and resources in local communities and online. It’s as simple as entering a zip code and checking off the services needed. Residents can use B2C to locate resources, apply for programs and benefits, and submit referrals directly to service providers. Staff can also use B2C to find local resources, submit referrals on behalf of residents, engage with community services, and report on resident outcomes.
9. **Acquisition/Rehab Narrative:** Monarch Gardens is a new construction community.

# 9% housing credit application narrative



Project Name: Nueva Americana

Project Addresses: 1603 – 1631 West 37th Avenue/3703 – 3713 Osage Street  
1738 – 1748 West 33rd Avenue, 2301 – 2313 Eliot Street  
2557 – 2603 West Caithness Place, 2603 – 2623 West 27th Avenue  
City and County of Denver, Colorado 80211

## Executive Summary

Nueva Americana is an assemblage of 49 units in 6 buildings in West Central Denver. The buildings are all west of Interstate 25, south of 38<sup>th</sup> Avenue and east of Federal Boulevard. All of the buildings are over 100 years old and were last rehabilitated in the late 1970's using financing from tax exempt bonds sold by CHFA with credit enhancement from HUD/FHA mortgage insurance and supported by a project-based Section 8 Housing Assistance Payments Contract that is due to expire in June 2023. The project has never been subject to the requirements of the Low Income Housing Tax Credits. CHFA is the administrator of the HAP contract. None of the buildings is in a QCT/DDA/SADDA.

The project is comprised of 49 units with 27 one-bedroom and 22 two-bedroom units. Four of the buildings are one-story exterior access buildings with a mix of one- and two-bedroom units. The remaining two buildings are two-story buildings also comprised of one- and two-bedroom units.

The project serves small families, whose average income is xx% of the AMI and will continue to be available to families whose incomes are below 60% of the AMI.

The units are all small and fully equipped with range/oven, refrigerator, garbage disposal and window coverings and have baseboard or heat from boilers. A/C will be added to all units. The buildings are all of solid masonry construction with flat or shed roofs. Some buildings have laundry rooms. A more detailed description of each building is included.

Public transportation is generally easily accessible from each property. Access will be described in the individual property description.

The owner will pay the cost of a Service Coordinator for all residents to help them access needed services. Residents will also have free access to Wi-Fi provided by the owner.

Improvements to electrical and heat systems and structural elements will be made to the extent feasible to enhance the energy efficiency of the project.

Rehabilitation of the project will be financed with a conventional construction loan, a taxable permanent loan from CHFA with subordinate debt from a CHFA HOF loan, funds from the City and County of Denver, Colorado Division of Housing, owner equity and equity from the sale of Low-Income Housing Tax Credits.

**1. Identify which, if any, of the priorities in Section 2 of the Qualified Allocation Plan (QAP) apply:**

- None of the Section 2 priorities apply, but the project is rehabilitation and preservation of the limited resource represented by a Section 8 HAP contract and will achieve a 15% reduction in energy usage and a 20% reduction in water usage.

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

- *Market conditions* – Vacancy rates are very low, demand for units at this level of affordability and with Section 8 assistance remains very high. Because all the units in the project will benefit from project-based vouchers, CHFA has indicated that a traditional Demand Analysis as outlined in the 2023-2024 QAP Market Study guidelines is not necessary.
- *Proximity to existing tax credit developments* – There are several existing tax credit developments near the subject. Some are older, some are newer, and none compete directly with the subject because of the HAP contract, locations and size of units.
- *Project readiness* – Nueva Americana is an existing project with known conditions and plans to address those conditions, so work could be done in relatively short order after the award of credits.
- *Overall financial feasibility and viability* – With equity from the sale of tax credits and other financial support from the City and County of Denver, Colorado Division of Housing and owner equity, feasibility of the rehabilitation and preservation of this scarce and valuable resource is assured. The fact that the project has been in operation under CHFA scrutiny for over 50 years is testimony to the viability of its long-term operational viability.
- *Experience and track record of the development and management team* - Related Affordable LLC is one of the largest owners and operators of affordable housing in the country and as such has significant experience and capacity for both development and management. The rest of the team – Hernandez Construction and Community Builders Realty Services bring extensive knowledge, experience, and capacity to the project. Related self-manages its properties and has a large portfolio that creates efficiencies and economies of scale for operating costs.
- *Project costs* Hernandez Construction has significant experience dealing with renovation of senior housing projects with residents in place. Related's capacity and the financing structure permit ordering of materials and supplies to mitigate cost increases and supply chain problems.
- *Site suitability* Existence and operation of the project for over 40 years is prima facie evidence of the suitability of the sites for their current uses.

**3. Provide the following information as applicable: Not Applicable**



4. **Address any issues raised by the market analyst in the market study.** No issues were raised by the market analyst.
5. **Address any issues raised in the environmental report(s) submitted:** There were no issues raised in the environmental report.
6. **Identify if there are any unusual features that are driving costs upward, as well as if there are any opportunities to realize cost containment (refer to Section 2 of the QAP for additional information).** The age and construction of the buildings create challenges and limitations for what can be done and how it is done, so that costs are impacted to that extent. All efficiencies possible will be undertaken by Hernandez.
7. **Describe the outreach to the community that you have done and describe local opposition and/or support for the project (including financial support).** As Nueva Americana is an existing project, there is no local opposition. There is support from the City and County of Denver, Colorado Division of Housing and Denver Housing Authority, as demonstrated by the letters submitted with the application. The Councilwoman for the District is also very supportive.
8. **Describe how the proposed development contributes to promoting equity as well as economic mobility for residents.** Preservation of the project will allow its residents to live in decent, safe housing near schools, transportation and places of employment in an economic way that will allow them to save to potentially move out of subsidized housing into market rate or even home ownership.
9. **For acquisition/rehab or rehab projects, provide a detailed narrative that describes the proposed rehab plans/scope of work, and relocation plan (if applicable); address the 10-year rule; capital expenditures over the past two years; previous related party relationships; past local, state, or federal resources invested in the project; obvious design flaws; obsolescence issues; safety issues; and any significant events that have led to the current need for rehabilitation (i.e., fire, natural disaster).** These buildings were initially built over one-hundred years ago and have not been substantially renovated since. The low-income residents that live here are constantly faced with sinking foundations, plumbing backups, and obsolete unit finishes / exteriors. The impact that can be made with these credits to not only preserve, but to improve the lives of both current and prospective residents will be remarkable. Our scope of work, at over \$90,000/unit (before contingency), will completely refurbish both the exteriors and interiors of the properties, and will allow for several / safety accessibility upgrades. New safety upgrades will include restricted access, upgraded security cameras, and improved exterior lighting. A more detailed description of the work to be done can be found for each address on the following pages. Information about capital expenditures over the past two years has not been made available to us, and considering that we have just taken over ownership of this property, have been gathering the necessary resources needed to address full preservation. Past federal expenditures have included interest subsidies under the HUD Section 236 mortgage insurance program and rental subsidy payments from the

project-based Section 8 Housing Assistance Payments contract. While the in-unit work is ongoing (estimated two weeks / unit), residents will be either relocated to an offsite hotel, or temporarily relocated to an on-site makeshift hotel unit. Some residents prefer this given the ease of staying on site. Further information is provided in the relocation plan. This preservation of an at-risk property is being structured through a joint venture between GHC and Related. The partnership between these two companies currently controls the asset, and upon the acquisition / renovation, Related will have full control. Furthermore, since this project is substantially federally assisted, by a federal HAP contract covering 100% of the units, the ten-year rule does not apply.

### **Description of Properties and Proposed Repairs**

**2557-2603 West Caithness Place** is a two-story building with 4 two-bedroom units constructed in 1890. The upper floor two-bedroom units have 847 SF and the main floor units have 895 SF. Four off-street parking spaces are at the rear of the building and each unit can be accessed from the parking lot. Street parking is available along West Caithness Place as well. The surrounding development consists of other single-family attached and detached dwellings. Valdez Elementary School and North High School are near the subject and increase traffic influence before and after school.

**2603-2623 West 27th Avenue** is a two-story building constructed in 1891 as townhome-style row houses and converted to 12 apartment units since. Six one-bedroom units are on the upper floor with 732 SF and six two-bedroom units are on the main floor each with 850 SF. Each of the main floor units have small yards at the rear of the units. A common laundry room is available on the main floor as well. Four off street parking spaces are available at the rear of the building and ample on-street parking is available along West 27th Avenue. The surrounding development consists of other similar attached and detached single family residences.

**3703-3713 Osage Street and 1603-1631 West 37th Avenue** are comprised of three one-story stucco exterior access buildings constructed in 1905. The building along Osage Street has six one-bedroom units, 1603 West 37th Avenue has eight one-bedroom units and 1621 West 37th Avenue has six two-bedroom units. The one-bedroom units range in size from 470 SF to 660 SF and the two-bedroom units are 585 SF. All of the units have secondary access from the rear of the building and a large grass yard is located at the rear of the buildings. A common laundry room at the rear of the 1603 West 37th Avenue serves the three buildings. The surrounding development consists of other similar attached and detached single-family residences.

**1738-1748 West 33rd Avenue** is a one-story stucco exterior access building constructed in 1896. The building offers six two-bedroom style units with primary access from West 33rd Avenue and secondary access at the rear of the individual units. Five of the units have 605 SF and one unit has 691 SF. A common laundry room is located at the southeast corner of the building for tenant use. Off-street parking is not available; however, street parking is available along both West 33rd Avenue and Quivas Street.

**2301-2313 Eliot Street** is a one-story stucco exterior access building with seven one-bedroom units. Each unit has a secondary access at the rear of the unit which opens onto a shared yard. A common laundry room is located at the rear of the building. On-site parking is not available, but street

parking is available along Eliot Street. Jefferson Park is located southeast of the subject across Eliot Street and West 23<sup>rd</sup> Avenue.

The renovation scope of work for every unit includes bathroom renovations, including new vanities and single-lever faucets, medicine cabinets, toilet accessories, toilet replacements, GFCI outlets, lighting upgrades and bathtubs with new surrounds and valves.

The renovation scope of work for all kitchens includes new cabinets, counters, appliances, grease guards, lighting, GFCI outlets, sinks and faucets.

The renovation scope of work includes general building and unit interior renovations, including accessibility upgrades (denoted in the Critical Repair, Table 1A of the inspection report), common and dwelling unit flooring, installation of smoke detectors, electrical outlets, window treatments, doors and door frames, interior doors (frameless), closet doors, common area lighting, plumbing and dwelling unit painting.

Boilers for heat and hot water will be upgraded and/or replaced at all properties.

Building exterior renovations will include roofing, façade repairs and window replacements at all properties.

There will be general site improvements, including landscaping, exterior lighting and general signage upgrades at all properties.

# 9% housing credit application narrative



Project Name: Point of the Pines Villas (an assisted living facility serving special needs tenants with mental illness and brain injuries)

Project Address: 360 Elkton Drive, Colorado Springs, Colorado 80907

The following Narrative describes the Point of the Pines Villas development (the “Project”) and why it should be selected above others for an award of Tax Credits. Note that the Project is an adaptation of our prior Application to focus on the specific special needs population to be served (that is, individuals suffering from mental illness and brain injuries), and modified to incorporate various suggestions of CHFA staff including those offered during the post-round follow-up meetings with Allocation Committee members.

## Executive Summary:

*General Information and Populations Served.* The Point of the Pines Villas will be an affordable 30-unit assisted living facility serving special needs individuals suffering from mental illness (including 10 of the units set aside for individuals with brain injuries) located adjacent to the existing Point of the Pines Gardens (“PPG”) assisted living facility (also owned and operated by the Developer) just west of I-25 near the Garden of the Gods exit. These special needs tenants are not served by many facilities, and thus additional units specifically designed for these individuals represent a great unmet need in the area as noted in the Market Study.

The Project will be comprised of 30 one-bedroom units, all of which will serve Medicaid-eligible tenants earning no more than 30% to 60% of AMI. One-third of the units will serve “very, very low-income residents” earning less than 30% AMI.

*Construction, Design and Amenities.* The Project is 26,127 total sq. ft., including 15,347 sq. ft. of common areas. All of the resident units include a bedroom, private bathroom and sitting area, are fully ADA accessible and are single occupancy. This is unique since all other affordable assisted living facilities in the Colorado Springs area (other than the Developer’s existing facilities) do not offer separate, single units with their own private bathroom for each tenant like this new facility will offer. Such single rooms are preferable for mental health tenants, who do not fare as well in double-occupancy settings (which all of our competitors require for their Medicaid tenants).

The three-story Project has been designed incorporating the site’s topography with two floors having a “walk-out” entrance/exit. Various “sitting, gathering and meeting areas” are scattered throughout the building in order to give the feel of a smaller “home-like” setting consistent with the current preferences of assisted living advocates and the state. The Project includes a large dining room to accommodate all tenants in one sitting, a commercial kitchen and various administrative, activities, treatment and common areas.

As explained in the Application materials, the layout of the facility and the units has been specially designed to accommodate tenants with mental illness and brain injuries, including through a Trauma-informed design approach to minimize stimuli. Since many individuals with mental illness and brain injuries struggle with permanent physical concerns, anxiety, depression, agitation, impulse control, sensory concerns and the ability to process information, they need private units with private bathrooms, along with other private spaces to be able to relax, gather their thoughts and destress. The Project design recognizes this, as confirmed by the

various support letters included with the Application materials.

The finish level of the Project will be of excellent quality for an affordable project (mirroring the quality of the PPG facility) and will include wainscoting throughout the common areas, six-panel doors on all doorways, and handrails throughout the building. All common areas will be furnished appropriately for disabled and special needs residents, and all three floors are accessed by an elevator and two stairwells. The grounds will include landscaping, various patio areas, walkways and gardens, along with 13 surface parking spaces. Few residents will have cars, as transportation is arranged by the facility. The Project site is within a quarter mile of public transportation.

Appropriate zoning (OC) is already in place. Building construction is Type V frame over slab on a caisson foundation system. The building skin is comprised of fire resistant and durable materials: stucco and stone exterior, energy efficient windows and Class A roofing that mimics the look of concrete tile. Water, sewer, gas and electric utilities will be paid by the owner. Also included will be cable TV hook-ups and local phone service. The heating system will be gas forced air with central air-conditioning and PTAC systems in the units. As is the case with the Developer's existing facilities, the use of green and energy-efficient equipment and systems will be maximized. In particular, the Project has been designed using sustainable practices throughout all phases of the development. Various members of the design team are LEED certified and are well versed in all trades applicable to the design of high-performance buildings.

Management and Services Provided. The Project is being developed by MEJansen Development Company, owned by Michael Jansen who previously developed the following assisted living LIHTC properties located in the Colorado Springs and Pueblo areas that are very similar to the proposed facility: Trinity Life Gardens in 2000, North Pointe Gardens in 2003, Oakshire Gardens in 2008, Pueblo West Gardens in 2010/2014 (two phases), Point of the Pines Gardens in 2013 and Oakshire Commons in 2018. Michael Jansen also owns the management companies (Accolade Living Services) which operate all of these Tax Credit properties and owns BrainCare which is licensed to provide additional Supportive Living Services for individuals with brain injuries as described below. The Project will be managed and operated by these same management team members and entities that manage and operate these existing projects.

- General Assisted Living Services. The Project will be licensed as an assisted living facility, with all of its units designed for occupancy by residents who suffer from mental illness and who are in need of assisted living services. These general assisted living services include the following (the "General Assisted Living Services"): three meals per day; 24-hour oversight; medication administration; laundry services; housecleaning; bathing assistance; and activities programs seven days per week. Residents qualify to receive these General Assisted Living Services under the Medicaid EBD Waiver and CMHS Waiver programs which cover elderly, blind and disabled individuals and those with mental illness.
- Additional Supportive Living Services. Ten of the units in the Project will be set-aside for residents with brain injuries ("BI Residents") who may benefit from an additional level of services beyond the General Assisted Living Services. These additional services are identified as "Supportive Living Services" by the relevant Medicaid rules and may include the following varied services (in addition to providing the General Assisted Living Services) as indicated in the resident's individualized care plan: behavioral management and educational programs; support for building memory and cognition skills; independent living skills training (such as cooking classes); assistance with adaptive devices and teaching to use; money management skills; specialized curriculum for job skills training and assistance with re-entering the workforce; assistance with physical and mental health through exercise and other therapy; community participation; transportation between therapeutic activities in the community, including through the use of dedicated Therapeutic Navigators who accompany the resident for all medical, therapy and other appointments. BI Residents qualify to receive these additional Supportive Living Services under the Medicaid Brain Injury Waiver Program (the "BI Waiver"), which pays for the services based upon differing Tier Levels (depending on the acuity level of the resident and level of the services required) which payments also cover the General Assisted Living Services described above.

Of note, no nursing or medical services are provided as part of either the General Assisted Living Services or the Supportive Living Services, as such services are instead provided by third-party providers (including home healthcare, physician offices, rehabilitation centers, etc.) coordinated by staff.

Rent, Food and Services Fee Structure. As a Medicaid certified facility, the monthly rent and fee structure for the Project is as follows: The operator receives a co-pay of \$755 per month from the resident. Of this amount, \$375 is allocated to food service and \$380 to rent. The operator also receives \$2,722 per month in fees for those residents receiving the General Assisted Living Services that are partially paid by the resident and partially by Medicaid, depending on the income level of the resident to cover the services offered. The operator will also receive an additional monthly payment for residents receiving Supportive Living Services (for which services BrainCare will be responsible to provide) as explained in the Application materials.

Type of Financing and Market Need. Bank of the San Juans will be providing the construction and permanent loan financing, and is very familiar with our management team as they have provided financing for our previous projects. As for the equity financing, we have received letters of interest from three syndicators, all of which are familiar with (and have invested in) assisted living facility LIHTC projects. The Developer has deferred approximately 30% of its fee in support of the Project and is selling the property to the Project for a significant discount from current market value. The Project is also eligible for fee rebates and sales tax refunds for construction related payments as described in the Application, all of which evidence the “soft funding” provided.

The Market Study and numerous letters of support confirm the great unmet need in Colorado Springs for the additional affordable assisted living units the Project will provide, with an extremely low market penetration rate to achieve full occupancy of the Project. Note that the Market Study (as is customary for assisted living projects and per the applicable HUD 232 LEAN market study guidelines) focuses in its demand analysis on the over age 75 population, so the actual need for the Project is much higher than the demand calculated (as noted and discussed in the Market Study).

1. Identify which Priorities in Section 2 of the QAP apply: The Project supports both of the following Housing Priorities identified in Section 2 of the QAP:

a. Projects Serving Special Needs Populations. As an assisted living facility, the broad range of services and meals provided to tenants permits them to maintain and increase their independence so they do not otherwise have to live in a nursing home or other institutional setting. In effect, the supporting services provided permit tenants with special needs and disabilities to continue to live in a residential setting. The Project will place an emphasis on special needs tenants with mental illness, including those with brain injuries.

b. Projects Serving Persons Experiencing Homelessness. Given the Medicaid and other funding sources available to the special needs populations it serves, the Project is able house homeless individuals needing assistance. In fact, a significant number of tenants at our existing facilities were previously homeless, especially those with mental health issues.

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

a. Market conditions: The Market Study (confirming a very low penetration rate of only 9% for all 30 units), our historical waiting lists of tenants at our existing facilities (which are all at or near 100% occupancy) and the letters of support included with the Application, all confirm the enormous need in the Colorado Springs area for the Project. As noted by the Market Study analyst, the Project’s low penetration rate as calculated by the Market Study is also overstated because the assisted living facility demographic data used (as is customary for such studies and per HUD guidelines) only assumes individuals over age 75 in determining demand, whereas at our existing comparable facilities less than 10% of our residents are over age 75. This means that the actual demand is significantly higher than the already high demand as calculated by the Market Study.

b. Proximity to existing tax credit developments: Although the Project is an expansion to the

existing PPG Tax Credit project, there are no other competing Tax Credit projects in the general vicinity.

c. Project Readiness: The site is owned by the Developer and is already appropriately zoned for an assisted living facility. The bank is very familiar with the Developer and the management team as they are the lender on a number of our existing projects, and the equity investors have experience with investing in LIHTC assisted living facilities. The Architect and Contractor have met with all relevant planning department divisions in designing the plans and see no issues with receiving timely approvals. Construction can commence shortly after allocation of the Tax Credits by CHFA and is anticipated to be completed within 14 months which evidences a readiness to imminently proceed.

d. Overall financial feasibility and viability: The strong operating performance of our existing facilities confirms the overall financial feasibility and viability of the Project, which is based upon the same general expense and revenue structures. The pro-forma contained in the Application supports this.

d. Experience and track record of the development and management team: The Developer and management team have successfully placed into service (and continue to operate) seven existing LIHTC projects and expansions in Pueblo, Pueblo West and Colorado Springs over the past twenty years. Their regulatory compliance and Tax Credit record is impeccable, and the Project will represent an expansion to the adjacent existing (and already successful) Tax Credit project campus.

f. Project Cost Reasonableness: Given today's competitive construction market, the upgraded energy efficiency requirements for new construction, and the special design considerations for individuals with mental illness and brain injuries that will be served, the Project has been designed and costed as reasonably as possible. All efforts have been made to minimize cost including Project modifications to decrease the building footprint and maintain an open detention pond. That being said, on a per unit basis assisted living facilities in general are much more expensive to build than other multi-family projects given the large common areas, commercial kitchen, dining and program rooms and staff/activities areas (representing more than the entire square footage area of the units). Moreover, the costs of constructing an assisted living facility are approximately 30% to 40% higher on a per square foot basis than other residential apartment projects given all of the various medical, health and other codes that apply to assisted living facilities (including enhanced fire and safety standards, call systems, commercial kitchens, special HVAC systems, etc.). As a result, we believe the Project costs are reasonable and appropriate.

g. Site suitability: As evidenced by the successful development and operation of the existing PPG facility adjacent to the Project site, the site is appropriate and suitable for the Project. Details as to the soils testing and foundation design were previously provided to CHFA staff and are included within the Project Development Costs.

4. Provide the following information as applicable:

a. Justification for waiver of any underwriting criteria. No waivers are being requested.

b. Justification of the financial need for CHFA's DDA credit up to 130% of qualified basis: The Application materials evidence the maximum permanent debt financing for the Project to meet the required debt service coverage ratios throughout the full compliance period (which debt will be provided by Bank of the San Juans), which will represent the highest per unit debt load of our assisted living facilities.

As for the equity financing, the syndicates who have indicated their interest in purchasing the Tax Credits are offering the highest equity rate received by any of our assisted living projects. Given the large service component inherent in the operation of assisted living facilities, an assisted living development is more akin to a services business than a real estate investment. As a result, Tax Credit syndicators do not ordinarily pay as much for Tax Credits generated by assisted living facilities as they do for other Section 42 Tax Credit properties.

As a result, given the noted debt load and favorable equity pricing, along with the 30% deferred

developer fee and property purchase price discount being provided, we therefore respectfully request a basis boost (of 26.84%) as calculated by the Application spreadsheet which we believe is justified for all of the foregoing reasons.

4. Address any issues raised in the Market Study: No issues were raised in the Market Study (which shows a strong need for the Project) other than the relatively low “Walk Score” (and included “Transit Score”) for the Project. Notably, the Project’s score is significantly lower than the Walk Score for the existing PPG project right next door! The Market Study analyst believes that because the site address is an undeveloped lot this may be causing issues with the scoring system.

However, as mentioned in the Market Study, the Project is an assisted living campus so many of the residents have mobility impairment and the poor Walk Score is unlikely to affect their daily life (the Project will also provide transportation for its residents as part of the assisted living services). The biggest impact of the poor Walk Score would be to workers, but this has not impacted the adjacent PPG facility from attracting and retaining staff. As a result, we do not believe that the low Walk Score is relevant to our tenants or employees.

5. Address any issues raised in the environmental report submitted with your Application: No issues were raised in the Phase I Environmental Report.

6. Identify any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment: No unusual features are driving costs upward (other than the continued increase in construction costs), and the Application incorporates the details and costs of the foundation recommended by the engineering reports previously received and discussed with the City Planning Department. The smaller building footprint (as compared to the Project as previously submitted) permits an open detention pond, reduces the height and amount of retaining walls and involves less pavement, all of which have resulted in site cost savings. Also, as noted above and previously discussed with CHFA staff, the costs of constructing an assisted living facility are approximately 30% to 40% higher on a per square foot basis than other residential projects given all of the various medical, health and other codes that apply to assisted living facilities (including enhanced fire and safety standards, call systems, commercial kitchens, special HVAC systems, dining areas and common activity areas).

7. Describe the outreach to the community that you have done and describe local opposition and/or support of the Project (including financial support): As for the outreach we have conducted, we are in constant contact with local government agencies and charitable organizations as to our facilities and the special needs tenants served, and consistently receive referrals from the Colorado Springs Housing Authority, El Paso County caseworkers, Brain Injury Alliance of Colorado, Rocky Mountain Health Care Services, The Resource Exchange, Pikes Peak Behavioral Health, local medical centers and providers, the Department of Housing and Human Services, the Senior Resource Center and others. All of such agencies and entities strongly support our facilities. Included with the Application materials are various letters of support confirming this along with their support of the Project. Also, our existing Point of the Pines facility has a wonderful relationship with the local neighborhood community, with various local residents serving as program volunteers.

8. Describe how the proposed development contributes to promoting equity as well as economic mobility for residents: As noted above, no other assisted living facilities in the area (other than PPG) offer separate, single occupancy units for Medicaid tenants and instead require Medicaid residents to “double-up”, which practice is not equitable to lower income residents. Single rooms are also preferable for mental health and brain injury tenants who do not fare as well in a double-occupancy setting. Also, the Supportive Living Services include job skills training and assistance with re-entering the workforce, which promotes economic mobility for residents, and BrainCare has successfully secured jobs for individuals under the program with many local employers, all as explained in more detail in the Application materials.



# 9% housing credit application narrative



**Project Name:** Prairie Run Apartments

**Project Address:** 1300 West Jefferson, Hayden, Colorado

Gorman & Company, LLC is pleased to submit a 9% Federal Low-Income Housing Tax Credit (LIHTC) application for Prairie Run Apartments, a 50-unit affordable housing development in Hayden, Routt County, Colorado (a DDA). Prairie Run Apartments will provide one-, two-, three-, and four-bedroom affordable units that target individuals and families earning between 30% and 60% of Area Median Income (AMI).

The larger Prairie Run Community, including the subject of this application, is 23.21-acres and will also include 129 for-rent housing units with rents between 80% - 160% AMI (the subject of a Transformational Funding Grant Application with DOLA) and six for-sale Live Work units. In all, the 185-unit mixed-income, mixed-tenancy housing community will illustrate a Public-Private partnership between the Town of Hayden, Hayden Municipal Housing Authority and Gorman.

## **Project Location + Allowable Density**

Prairie Run Apartments is in the town of Hayden, Colorado in the heart of the Yampa Valley in northwestern Colorado. Historically a small rural town, population growth has surged, with new residents adding more than 25% to the population in recent years. The neighboring city of Steamboat Springs serves as the major employment centers for both Hayden, and the further west community of Craig. Hayden benefits from being more affordable than Steamboat, and closer to major employers than Craig. This positioning, along with local economic development efforts, will continue to drive population growth in Hayden. New jobs are fueled by the airport (already seeing over 200,000+ enplanements per year and rising) and its expansion, and the Town's funding of the Industrial Park and Business Park. As a Coal Transitioning and Resort Impacted community, Hayden's leaders have been laser focused on economic development and sustainability. Through the Town's support letter in Tab 7, we see this development fits their goals and Housing Action Plan.

## **Population Being Served**

The development will attract community workers who, in many instances, now live in overcrowded, expensive or distant housing. Restricted to those earning 30%, 50% and 60% AMI, the project will provide rental options that are very limited in the PMA. Leveraging this LIHTC project into the mixed-income site will further benefit future residents of Prairie Run by offering a community of choice and 'move up' options for tenants. This is a unique attribute that furthers the mission of the tax credit program and is exceptionally hard to replicate in rural resort areas.

We will offer 2 units, with a good faith marketing effort for 10 days, for neuro-diverse populations, with services provided by the Yampa Valley Autism Program. This partnership is detailed in **Tab 10**.

### Unit Mix and Amenities

The one-, two-, three- and four-bedroom units will average 614, 797, 990 and 1,285 square feet respectively. In-unit amenities will ensure long-term marketability of the project and include fully equipped kitchens, ample storage space, and access to a community room, fitness room, and central laundry facilities. The three- and four-bedroom units will include in-unit washers and dryers. The newly constructed apartments will add new rental housing stock to the housing-starved community of Hayden.

### Construction Type, Parking and Density

Prairie Run will include three free-standing, slab-on-grade, wood framed, two-story walk-up buildings with varied elevations. The exteriors of the buildings will feature hardi-panel and stucco siding and pitched and shed roofs. The 90 surface parking spaces meet Hayden's parking requirements. We are maximizing the site density with our overall plans, which meet the Town's density maximum of two stories and 25 units per building along with a prescribed parking ratio based on unit size.

### Access to Transportation and Services

The site is within 0.5 miles of a grocery store, restaurant, post office, fitness studio, bank, community park, and recreation center. A variety of additional restaurants, the Hayden Heritage Center, gas stations, Town Hall, a middle school, and a church are all within one mile of the site. Steamboat Springs Transit offers bus service at a stop 0.3 miles from the subject site. There are three daily morning and one afternoon departures from Hayden to Steamboat Springs. In the afternoon, return service leaves Steamboat Springs with three stops in Hayden.

### Energy Efficiency

The project will certify to NGBS 2020 Bronze level that also meets and exceeds 2018 IECC. As an all-electric community, Prairie Run will also be solar-ready. We will provide ten EV Ready parking spaces and use dual port charging stations, totaling five charging stations.

### Type of Financing

The project will use 9% Federal LIHTC, funding from the State Division of Housing, Deferred Developer Fee, and permanent and construction debt financing. **The Town is in a precarious position as a community – the need for housing is great, yet the resources are scarce.** The Town does not have a dedicated revenue source to pay for funding, yet is adept at applying for, receiving and overseeing funding from DOLA. As such, we will apply for the SB22-159 Transformational Affordable Housing Loan (TAHL) program and loan it to the project via the Town (as shown in our funding letter from DOLA in Tab 7). The Town will use the resources it does have, including building permit fee waivers, and participation through the Hayden Municipal Housing Authority for property tax exemption. We will defer approximately 40% of developer fee within a 15-year pay back schedule to assist in funding a financing gap on the project. We are providing letters of interest from National Equity Fund (NEF) for LIHTC equity and Vectra Bank for construction and permanent debt.

## Project Need and Urgency for Funding

While the Routt County economy *was expected* to pause during COVID-19, it instead revved up in intensity, especially in the cost of housing. Many non-deed restricted housing units continue to be purchased for use as investment properties or second homes, effectively shrinking the housing stock. What is left for rent is often not affordable to local workers. As units have been lost from the locals' rental market, new housing has been slow to come on-line, and costs are untenable for local employees.

***If funded, critically needed housing can help relieve the severe housing shortage that has overtaken the PMA communities. As a shovel-ready site, we present an excellent opportunity to add affordable units quickly to a market with high barriers to entry with a strong Public-Private partnership.***

### **1. Identify which of the priorities in Section 2 of the Qualified Action Plan (QAP) Apply:**

- a. Prairie Run Apartments will serve Special Populations as defined in Section 5.B.5. We will work with Yampa Valley Autism to offer two units through a good faith marketing effort to neuro-diverse populations.
- b. Prairie Run Apartments will be in a non-metro county with a population of 180,000 or fewer.

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

Market conditions: As noted by the market study, there are no recommended changes to the project. The PMA illustrates strong demand for the project unit mix through exceptionally low vacancy rates (less than 1%) and long waitlists (over 500 people). The property's visibility and direct access to primary regional employment centers are very good. The subject's 60% AMI rents are 44% to 57% below Class B PMA market-rate properties, including the Sponsor's own Sunlight Crossing development. The market study states that the property should reach stabilized occupancy within two months of beginning lease-up, without concessions.

Proximity to existing tax credit developments: The overall surveyed vacancy rate in the PMA was less than 1% and waitlists topped 500 people. The singular LIHTC project under construction in the PMA (Anglers 400) will lease up in 2023 well before the subject property comes online, and not able to handle the existing high demand for affordable housing.

Project readiness: The project is ready to proceed. The site is zoned for the multifamily housing use which is evidenced in the zoning letter from the Town of Hayden (Tab 17). We are anticipating site plan approvals by October 2023.

Overall financial feasibility and viability: The Property Tax Exemption from the Hayden Municipal Housing Authority, subordinate loans from both the Town of Hayden and State of Colorado Division of Housing, and waiver of building permit fees are keys to project feasibility. Our experience developing in the mountains, and specifically in Routt County, assures us of the feasibility of our project application.

Experience and track record of the development and management team: Multi-family developments in mountain communities are not easy deals to put together or to see through to project completion. The Prairie Run Apartments project team has experience implementing projects in similar areas, including Wintergreen

Phase I (completed in 2019) and Phase II Wintergreen Ridge (financially closing in February 2023) in Keystone, Sunlight Crossing in Steamboat (completed in 2022), Alta Verde Phase I (in lease up) and Phase II (under construction) in Breckenridge, and Lion's Ridge in Vail (completed in 2016). We have a strong track record of completing projects on time and on budget. Our architecture and contracting teams are Colorado based. Overall, we believe we are the best suited team for the project.

**Gorman & Company** will serve as Developer, **Gorman Architectural**, an affiliate of Gorman & Company, will serve as Architect of Record. **Deneuve Construction** will serve as General Contractor. The Property Management will be led by **Gorman Property Management USA**, who has been managing our mountain properties since mid-2020. Please see the resumes included with this application in Tab 11 for more information on our team.

Project costs: Prairie Run Apartments is in a higher-cost-to-build area known for above average construction costs. We are utilizing cost saving measures in the form of design characteristics that allow for reduced construction costs, including floor and roof truss designs to accommodate engineered openings for all HVAC, electrical, plumbing, and sprinklers. This eliminates the need for dropped soffits, which saves material (lumber, drywall, and steel) and increases efficiency.

Site suitability: We completed rezoning in 2022. The site has easy access to utilities, roads, and existing Town amenities. The proximity to various places of employment, restaurants, recreational areas, and public transportation makes the site an exceptional location for a new affordable housing community. In addition, the Hayden Housing Plan identifies this type of development, in this part of Town, as an ideal development for the community.

### **3. NA - we are not seeking any waivers.**

### **4. Address any issues raised by the market analyst in the market study.**

A. Concern: The subject's project and unit amenities are slightly inferior to Class B LIHTC properties.

Our Response: We believe our amenity package finds the nexus between resident desires and cost containment. We are including wall air conditioning, blinds, cable hookups (with broadband running to the site and units), ceiling fan, ample storage in our Colorado Closets, full kitchens and in-unit washers and dryers in the larger unit sizes, with central laundry rooms for the other units. Community amenities will include walking trails, a community room, exercise room, playground, courtyard and coworking space.

B. Concern: The subject unit sizes are smaller than average.

Our Response: We have spent time fine-tuning our units to be highlight livable, even with smaller square footages, and include ample in-unit storage, full kitchens and in-unit washers and dryers in the 3- and 4-bedroom units, which will mitigate this concern.

Notably, the capture rate shows a combined capture rate of 19.2% following the pipeline and Subject property development, well below the 25% threshold identified in the QAP. The market study further indicates that the number of qualified renters is likely understated do not account for in-migration, which was 'extensive' at PMA properties.

**5. Address the environmental report.** The Phase I ESA concluded no recognized environmental conditions.

**6. Identify features driving costs upward and opportunities to realize cost containment.**

The proposed project is being built in an expensive area known for above average construction costs. We have contained costs where possible and are using design characteristics that allow for reduced construction costs (no balconies, private entrances from interior hallways, and utilization of modular framing systems to increase construction efficiency). Our experience in the mountains (and specifically in the PMA) will bring more efficient development as we apply lessons we've learned. We are adequately reflecting current construction costs, which are high in general, due to current inflationary experiences nationwide.

**7. Describe community outreach, local opposition and/ or support for the project.**

Extensive community outreach has been conducted.

- The Town hosted 7 public meetings in preparation of their adoption of their Housing Action Plan (**Tab 10**) over an 8-month process. This project is identified as one of the first and primary projects that were conceptualized to be brought forward as part of that plan. In regard specifically to the Prairie Run Community, we had several public meetings related to our rezoning request, where the Planning Commission and Town Council expressed strong support for affordable housing on the Subject property.
- We consistently hear support for affordable housing in the PMA. In speaking with employers, renters, and Elected Officials it is noted time and time again that the scarcity of affordable housing is at a crisis level and that new housing is needed quickly. We often receive calls and emails from employers in Routt County asking if we have any new housing developments planned to help add to supply.

**8. Equity and Economic Mobility for Residents.**

The Town is a leader in developing policies and projects that take an "equitable" approach to all developments and policies. Its lead administrator is Latino, most of its directors are female/people of color, and the Town Council has prioritized community diversity as a key economic driver for the future. The Town has recently completed a thorough analysis of all its policies to ensure it is providing for Inclusivity, Diversity, Equity, and Accessibility within all its functions. The Town also includes an analysis of "Justice" to ensure it's not creating inequity for those that have been disenfranchised in the past. The Hayden Town Council's budget has stated a goal of becoming the most diverse community in Routt County within the next five years. Funding for this project will allow the creation of a spectrum of perpetually affordable rental housing (both to incomes and housing typology) in a rural area. Prairie Run Apartments will catalyze economic mobility for future residents. Without this funding, the project cannot move forward.

**9. NA – this is not an acquisition/rehab or rehab project.**

**Supporting Information in Tab 10:** Hayden Housing Action Plan, Census Data, YVPA Service Provider information, Non Smoking Addendum, Housing Authority Wait List, DEI and Ownership Matrix Information

# 9% housing credit application narrative



Project Name: **Rifle Apartments**

Project Address: **County Highway 6 and Access Road, Rifle, Colorado**

**Evergreen Real Estate Group (Evergreen)**, through its Evergreen Redevelopment LLC operating company, an experienced LIHTC developer, owner, and manager of affordable housing, presents its request for 9% LIHTC to support the **new construction of a 60-unit project** in Downtown Rifle, Colorado, **a non-metro community in the Western Slope**. This project is located on a **well-situated and prominent vacant lot** that is a **focus area of the City of Rifle for downtown redevelopment**. The project site is an **amenity-rich** location in the City of Rifle for affordable housing, and just a short walk to a **major regional bus route**, shopping, dining, Rifle City Hall, Rifle Branch Library, and grocery. The site sits in a **Difficult to Develop** area, and it also sits within the City of Rifle's Central Business District in the Creekside Neighborhood Sub-District, which is **currently zoned for multifamily**, presenting the **unique opportunity for relatively high-density housing** in the **Central Business District of Rifle**. This revised **Rifle Apartments project responds to specific comments** from Colorado Housing and Development Authority (CHFA) and the City of Rifle. With our 2022 9% LIHTC application project, CHFA and the City of Rifle were concerned with the cost of structured parking and lack of green space for residents, which led Evergreen to seek a **larger site to accommodate ample parking and green space**, including a **playground area for children**. The floor and unit designs of the new project were influenced by the comments from the City of Rifle on **the need for more tenant storage**. The location of the project avoids additional traffic on Railroad Avenue in Rifle - a busy thoroughfare - and **takes advantage of a new road and transportation infrastructure improvements adjacent to the project site**. This revised project **will produce significantly more affordable units** for the City of Rifle **and develops a much larger vacant parcel in the Central Business District in the City of Rifle**.

Evergreen has **worked closely** with the **Garfield County Housing Authority (GCHA)** to ensure **deep targeting of units that will meet the need of the community**, providing new opportunities for prospective tenants on GCHA's waiting list of more than 400 individuals and families. GCHA has preliminarily committed **fourteen (14) units as Project-Based Voucher units serving individuals and families at or below 30% AMI**. This building will offer **60 new rental apartments** in a **three separate 3-story, walk-up buildings**, designed to **serve individuals and families**. The proposed concept includes **30 one-bedroom units, 20 two-bedroom units, and 10 three-bedroom units**. This **100% affordable development** will serve individuals or families at **50%, 60%, 70%, and 80% AMI**, and **14 units will be Project-Based Vouchers units serving individuals or families at or below 30% AMI**. This project will **develop the largest vacant parcel in the Downtown Rifle Central Business District – a major goal of the City's Comprehensive Plan**.

To take advantage of **the large 4.7-acre site nestled along Rifle Creek**, this proposed development of walk-up buildings will provide a cozy residential oasis **with abundant green space and sufficient parking**. Exterior cladding is a mix of brick, metal, stone, wood, and fiber cement - inspired by the materials and tones of the surrounding environment. The **all-electric construction** of the project will support vertical terminal heat pumps, unit cooking and electric water heaters, and EV-ready charging stations. In the

above-average sized units, residents will enjoy **open floor plans** with market-comparable amenities, including full kitchens with **Energy Star appliances and LED lighting**, step-in showers, **in-unit washer and dryer**, low flow plumbing fixtures, vinyl plank flooring throughout the units, **a secure storage room on each floor of each building**, **free on-site surface parking**, **access to a resident community room**, as well as a **fitness center**, and **on-site property management and building maintenance personnel**.

This project is **located directly across** the road from a **soon-to-be expanded Park-N-Ride** lot that is serviced by the **Roaring Fork Transportation Authority (RFTA) Hogback bus route** which travels from Glenwood Springs to and from New Castle, Silt, and Rifle. This route also **connects with other routes** that travel to and from **Aspen and surrounding areas**, providing **consistent and stable transportation for workers to employment centers** throughout the **Roaring Fork Valley**.

Evergreen has brought together a range of federal, state and local sources of financing for this project that includes **local funds from the City of Rifle**, State of Colorado **HB 22-1304 Infrastructure and Strong Communities funds**, **Division of Housing Gap Funds**, **9% LIHTC**, significant **Deferred Developer Fee**, **CHFA Housing Opportunity Funds** and **CHFA permanent debt**.

**1. Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP):**

This project addresses a priority of CHFA to serve **non-metro counties** with populations of **less than 180,000 people**. **Garfield County** is a **non-metro county** with a **population of 62,161** (Census.gov).

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

**a. Market conditions**

The market analysis provided by concluded that the proposed project **will be the first LIHTC family property developed in Rifle in nearly 20 years** and will be the only **LIHTC family property** with any vacancy upon construction completion and opening in the Primary Market Area (PMA). Market data supports **strong demand across all unit types**, as evidenced by lack of vacancy at both existing older LIHTC family properties in Rifle. The market analysis specifically mentions that **the 70% and 80% AMI units at the subject property will help provide additional housing options in an area where market rents have increased significantly over the last year**. The market study notes that:

- *Future residents will enjoy outstanding views of the surrounding area and have **excellent access to downtown shops and restaurants, neighborhood schools, the local library branch, the regional medical center, nearby employment sources, and regional bus service.***
- *There is **very limited competition** due to there being **fewer than ten (10) LIHTC properties across the nearly 3,000 square miles of Garfield County.** Rifle Apartments' well-balanced unit mix matches well with the anticipated tenant profile.*
- *Market data supports **strong demand across all unit types and all AMI levels**, as evidenced by both **low vacancies, low capture rates, and extensive waiting lists** at every peer group property.*

**b. Proximity to existing tax credit developments**

There are **only two other affordable, "family/workforce" tax-credit complexes in Rifle**. There has not been a family property LIHTC project built in Rifle since 2002. **The Eagles Nest Apartments** is a tax-credit property, **built in 2000**, is 1.7 miles from the proposed project site of Rifle Apartments. This family property **currently has no vacancy, and a waitlist of 43 families on a non-unit-size-specific waitlist**. **The White River Village** is a 29-unit LIHTC property **with no vacancy and a waitlist of over 100 families**.

**c. Project readiness**

This project will be ready **to proceed into full design development immediately** upon award of the LIHTC. The site is **currently zoned for multifamily**, and the building has been **designed to be fully compliant with all requirements** of the Creekside Neighborhood zoning sub-district, including **ample parking and bountiful green space**, which were major focuses for the City of Rifle. The only remaining public process events are a meeting to discuss final concept design comments with Planning officials at the City of Rifle and begin the Site Plan process. The Site Plan process requires a review of design development documents and a publicly noticed hearing with the City of Rifle Planning Commission. After this hearing, Evergreen can draft construction documents and apply for a Building Permit, review of which should take less than 90 days.

**d. Overall financial feasibility and viability**

The project has been designed to **maximize non-LIHTC** resources. Rifle Apartments has preliminary commitments from **Garfield County Housing Authority**, in the form of a commitment to act as a **Special Limited Partner** to take advantage of House Bill 16-1006, which provides a **property tax exemption**, and in the form of **fourteen (14) Project-Based Vouchers for families who are at or below 30% AMI. Of the \$28,403,918 total development cost, over 50% of the projected funding is not derived from LIHTC equity.** Evergreen has requested \$1,450,000 in LIHTC, in response to rapidly rising construction costs.

The first mortgage is in line with our **letter of intent from CHFA for permanent debt in the amount of \$5,410,000** with a 6.25% rate, which will be locked in at closing on a 40-year term and amortization. Using standard 2/3 trending, the project begins **1.15 debt coverage in Year 1**, and trending toward 1.33 in Year 15. **Impact Development Fund** has also committed to support this project with a **Capital Magnet Fund** loan in the amount of **\$510,000** with a 2.00% rate with an 18-year term and amortization. The **City of Rifle has committed to explore local funding sources** to support Rifle Apartments in the amount of **\$600,000** and will also be applying to the Department of Local Affairs for **HB 22-1304 Infrastructure and Strong Communities Funds in the amount of \$5,000,000**. If awarded, this project has **received a letter of support** that qualifies it for the **Division of Housing Gap Funds** in the amount of **\$3,000,000**, based on the **rural location**.

**e. Experience and track record of the development and management team**

**Evergreen Real Estate Group principals bring nearly 100 years of combined experience in the affordable housing industry** in various roles as owner, lawyer, consultant, property manager, educator, architect and urban planner. Principals David Block, Jeffrey Rappin and Stephen Rappin have **developed over 2,500 units of low- and mixed-income housing** in Illinois, Indiana, Wisconsin and other states, using the full range of affordable housing financing programs, **from 4% and 9% LIHTC, to HOME and CDBG funds, to Section 8 and RAD resources**. Jeff Rappin has been involved as an attorney and/or principal in over a billion dollars of real estate transactions. Director of Development David Block has developed more than \$500 million in complex, mixed-use and mixed-income projects in eight states. The EREG team currently has **3 LIHTC projects under construction, 2 projects scheduled to close and start construction by the end of 2023, another 5 projects actively under development (a mix of 9% and 4% projects)**, and several projects in the application phase. **Denver-based project manager** Javonni Butler has 10 years of experience in commercial and residential real estate and will be overseeing the project from Colorado.

**Evergreen Real Estate Services, LLC (ERES)**, Evergreen's property management company, **has more than 20 years of experience managing affordable and market-rate rental properties. ERES manages more than 10,000 units of housing in nine states**, with a mix of affordable, senior, market rate, and special needs properties, many covered by HUD operating subsidy contracts. Its director of property management, **John Kennedy, has more than 25 years' experience in the management of affordable and mixed-income housing**. ERES has a property management **staff of more than 350 people, including accounting, compliance, human resources, and other corporate staff as well as site staff**.



**EJ Architecture**, based in Lakewood, **has cultivated a specialization in designing high-quality affordable multifamily housing**. Elizabeth Johnson, the firm's owner, has **over 30 years of experience** in all areas of design and construction from traditional architecture to design-build. Her depth of knowledge coupled with an inspired leadership style results in **effective project management with an eye for detail** and a **commitment to design excellence**. Elizabeth has extensive experience dealing with community meetings, city councils and planning commissions. She has a **strong technical background** and is a **LEED Accredited Professional** committed to supporting a sustainable community. She has **completed multiple projects for local Housing Authorities** and has extensive knowledge of the process from design inception to tenant occupancy.

**Shaw Construction (Shaw)**, a full-service general contractor since 1962, has provided professional construction services to **over 1,600 projects throughout the Rocky Mountain region**. Shaw's mission is to **build buildings and relationships that last**. With unmatched dedication, Shaw has **led some of the most complex construction projects in the Rocky Mountain region**, including the first LEED project in Colorado and one of the world's first vertical greenhouses. Shaw is the **go-to multifamily builder throughout the region** because of the meticulous mindset they adopt for each project. Shaw offers the best mix of experience, expertise and cutting-edge technology. Shaw Construction has **extensive experience with multifamily and LIHTC projects throughout the Western Slope** and is familiar with all regulatory requirements such as Davis-Bacon wage rates. Shaw's **recent affordable housing experience in the Western Slope includes Glenwood Greens Apartments, Village Park Apartments, 2814 Patterson, The Hubb at Willits, Aspen Pitkin County Housing Authority Workforce Housing, and Burlingame Phase III**.

**f. Project Costs**

**Shaw Construction has extensive experience with both LIHTC and market-rate multifamily development**, and their preliminary cost estimate draws on their **strong relationships with Western Slope subcontractors** and their historic corporate cost database, along with current pricing guidance from local subcontractors to validate the proposed project's costs. **Shaw Construction, EJ Architecture, and Evergreen have been working in a collaborative and iterative fashion** to design a building consistent with the budget included in this application. The construction costs included in this budget are \$318,185 per unit, **fully consistent with recent, escalated construction pricing**.

All other soft costs, including financing costs, are based on direct review of professional service fees in the market, or on conversations with lenders and investors about rates and terms relating to debt and equity placement. Because of the strong cashflow, Evergreen is **deferring over 20% of its allowable developer fee** to keep overall project costs down. We believe that the total development cost of just under \$472,447 per unit is **reasonable and appropriate given current economic conditions for development**.

**g. Site Suitability**

The **Downtown location** of Rifle Apartments provides excellent visibility, wide-open mountain and creek views and **great access to shopping, grocery options, dining, banking, healthcare, education, parks, library, Rifle City Hall, employment, and public transportation**. The marketability of an affordable development at this site in the **Central Business District in Rifle**, should be strong based its location and strong housing demand in the Rifle area. The project site **supports** the City of Rifle's **trail extension plan, connecting residents of Rifle Apartments with Rifle Creek Trail**, which provides **access to the flagship park** of the City of Rifle, **Centennial Park**. The **large project site** also provides the opportunity for an **on-site playground and plentiful green space** for the enjoyment of the Rifle Apartments residents.

With a stop conveniently located adjacent to the project site, the **Roaring Fork Transportation Authority (RFTA)** operates the **Hogback bus route** from Glenwood Springs to and from New Castle, Silt,

and Rifle. Riders can meet with **connecting buses** in Glenwood Springs to further **travel up valley to and from Aspen and intermediate destinations**, including numerous ski resort areas. This City of Rifle Park-N-Ride stop is currently undergoing planning for a **multi-million-dollar improvements**, including an **extension of a public street, Park Avenue**, adjacent to our project site. Park Avenue extension will **greatly benefit the Rifle Apartments development**, giving residents **direct access to Highway 6**, a main throughfare of the County, a **new pedestrian-friendly crosswalk** to the Park-N-Ride lot, and **ingress and egress** for the Rifle Apartments project site.

**3. Provide the following information as applicable:**

- Justification for waiver of any underwriting criteria – **Not applicable**
- Justification of the financial need for a CHFA basis boost up to 30 percent of eligible basis – **Not applicable** – project is in a **non-metro DDA**

**4. Address any issues raised by the market analyst in the market study**

There were no issues raised in the market study completed for Rifle Apartment. The market study confirmed our assumption of the severe lack of affordable housing options in the PMA.

**5. 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 were no issues raised in the environmental report Phase I completed by Specialized Ecological Services. There were no recognized environmental conditions found at our project site.

**6. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment (refer to Section 2 of the QAP for additional information).**

Due to very strong inflationary pressures, there has been a rapid rise in construction costs that is creating significant stress on this project budget. Over the past several years material and labor costs have been rising sharply and that is the main factor in this project's construction costs.

**7. In your own words describe the outreach to the community that you have done and describe local opposition and/or support for the project (including financial support).**

We designed our unit mix **in concert with GCHA** as we learned of the needs of the residents of Garfield County and those who GCHA serves. Over several months, we met with the City Planner, Public Works officials, and City Manager, where we presented our revised 2023 project and took comments from City officials on different design, site plan, and landscaping changes they felt were important for the success of the project, and before presenting the current plan to the Mayor and the City Council in January of 2023. The Mayor and City Council were extremely receptive to the redesigned project, as noted: ["Evergreen Returns: Developer proposes 60 affordable-housing units just West of Rifle movie theater"](#). We explained the need for financial participation from the City of Rifle in the amount of \$600,000 and there was preliminary support that if awarded 9% LIHTC credits, the City of Rifle will use local funds to support this project. The City Planner, City Manager, Mayor, and City Council are also in support of the City of Rifle applying for \$5,000,000 of HB 22-1304 Infrastructure and Strong Communities funds to the State of Colorado Department of Local Affairs, to support this project. Included in our application materials is a **Letter of Support from the City of Rifle** for the Rifle Apartments project, **signed by all members of the City Council, including Mayor Ed Green**. The **City of Rifle Downtown Development Authority**, which also provided a letter of support, has **expressed excitement** at the possibility of this project **bringing 100 new residents to Downtown Rifle**.

**8. Describe how the proposed development contributes to promoting equity as well as economic mobility for residents.**

The Rifle Apartments project is striving to **create the equality of opportunity** for **clean, safe, and well-located housing** in the Rifle community. The location of Rifle Apartments will provide affordable housing to working people who will have **direct access to job centers of Downtown Rifle and the greater Roaring Fork Valley**, with the convenience of an affordable **regional bus line adjacent to the project site**. For a small, largely rural county, providing a major new affordable housing resource directly adjacent to a bus line serving significant employers is critical. This project presents the opportunity to promote economic mobility by way of lessening the cost burden of housing and providing amenities and infrastructure that **help residents achieve their employment goals**. Evergreen will work with the Garfield County Housing Authority to promote the Rifle Apartments to the hundreds of people on its waiting list. Evergreen has also engaged EJ Architecture as the design professional on this project, a long-established and highly-regarded woman-owned architectural firm.

# 9% housing credit application narrative



Project Name: Springdale Apartments

Project Address: 1366 West Main St. Sterling, CO 80751 See Attached Aerial

## Executive Summary

In partnership with Centennial Mental Health Center (Centennial), Anawim proposes the first 100% Permanent Supportive Housing project in Northeast Colorado. Housing inventory in Logan County/Sterling is minimal as the rental market has a functional vacancy of zero and rising rents. Available rentals are typically marketed by word of mouth, with few public listings. Landlords are becoming increasingly selective, with few rentals allowing pets and people with imperfect background checks struggle to find rental housing. Rentals available to those earning 30% of AMI undersupplied. According to McKinney-Vento state data, in March 2022, there were 528 youth and children in Centennial's 10-county catchment area that were considered homeless. In 2020, Logan County completed a housing needs assessment that suggests a growing need for supportive housing for those experiencing homelessness. Springdale Apartments will help alleviate this influx of homeless individuals and families and give them a place to springboard into a better life with guidance and support services offered by Centennial. In the fall of 2022 Sterling received a DOLA Planning Grant to review housing needs/challenges the community continues to experience and to make up for the current deficiencies in the market.

Springdale Apartments is a 30-unit, moderate sized multi-family apartment building in Sterling, CO. The site is nestled at the intersection of a commercial area, similar multi-family apartment buildings, and a public waterway/walking path. The location provides a degree of privacy for the residents, while ensuring easy pedestrian and vehicular access to the surrounding community. Within a 15-minute walking distance, there are a significant number of supportive amenities, including a public park and recreational complex. The location will provide the opportunity for significant landscape setback, softening the border between the building, associated parking and the neighboring commercial buildings. Additional trauma-informed aspects of the site planning include: Pedestrian connection to existing adjacent walking/jogging trail along the waterway with established grove of trees providing privacy and natural beauty; a walking path around the entirety of the building, community gardens, enclosed dog runs on the patio, located off common space, play area for young children, bike storage area with immediate connection to pathways, secure rear patio area. The interior design incorporates the following to provide a more considered solution for those individuals who have experienced trauma and are more acutely impacted by their environment: Wider than standard hallways with a soft angle at the center of the building to ensure site lines, while providing a feeling of movement; Open, wide, brightly lit stairwells with windows to the exterior; Common spaces are concentrated on the first floor, where staff visibility is ensured, while allowing for limited degrees of privacy via screening elements and furnishings; Included in these spaces will be a pantry with basic items such as food, diapers, etc.; a quiet common room for programming; Common Laundry; kitchenette; and mail, package and post area. The foundation will be constructed of strip footings and slab on grade.

Framing will be wood with limited steel supports as necessary, and a pitched roof with asphalt shingles. One central elevator with two stair wells located at each end of the corridors, and a central gathering space on the main floor. Units will be heated and cooled with PTAC units. The building envelope will feature a mixture of cementitious plank siding and wood veneer. Energy goals will be met in conjunction NGCS Bronze as well as all electric elements and a PV ready building.

Financing will be through the Colorado 9% tax credit, CDLA-CDOH gap funds, CHFA loan, and deferred developer fee. Although the development budget is supported with a robust credit level, a basis boost is being requested to help fund a shortfall in capital. PSH projects have historically required greater design scope to provide appropriate trauma informed design elements. In addition, continually rising costs of construction materials and an extreme shortage of labor require more funding than ever to offset the historically high development costs, especially in rural communities. Thirty project-based vouchers have been requested from the CDOH to provide operating subsidies to the units. State funded vouchers are being requested to ensure prevailing wage requirements are not induced. With the mentioned cost challenges, the project could not support the premium associated with tracking and monitoring the various elements required of Davis Bacon.

CMHC has been providing comprehensive services for over 40 years including PSH through DOH tenant-based voucher program for justice-involved individuals. CMHC will provide mental health and substance use disorder services, along with general support services such independent living skills, employment/job training, connections to medical and legal assistance, assistance with benefits acquisition and overall case management all offered for the residents to engage in when they are ready. Under a Housing First Model motivational interviewing and harm reduction techniques will be employed. Centennial has built a robust services budget with \$325,493 in the first year, increasing at a rate of 3% annually. Staff will be leveraged through CMHC'S network, along with 2 FTE case managers, 1 FTE peer specialist, and 2 FTE front desk staff with additional support from a part-time therapist, and 25% of the Housing Director's time for oversight, supervision, and direction to staff. CMHC is dedicating several sources to support the budget, including Medicaid, Supported Employment from DVR, and Projects for Assistance in Transition from Homelessness (PATH). Centennial believes strongly in this model of supportive housing as housing is healthcare and one of the most important social determinants of health. The 5% boost for services reserves will be drawn down as needed each year to the services budget for 15 years. Anawim is also contributing a 20% of deferred developer fee over 15 years to the supportive services budget, and cash flow will begin to support the services budget in year 6 and last throughout year 15.

**1. Identify which, if any, of the priorities in Section 2 of the Qualified Allocation Plan (QAP) apply:**

- **Projects serving Persons experiencing Homelessness as defined in Section 5.B.5** - Springdale Apartments will be a 100% permanent supportive housing project serving individuals and families experiencing homelessness and who would qualify as extremely low income at 30% of A.M.I.
- **Projects serving Special Populations as defined in Section 5.B.5** – N/A
- **Projects in non-metro counties with a population of 180,000 or fewer (must meet requirements of Section 5.B.3.b.)** - Logan County has a population of 21,528 of which 13,375 live in Sterling.

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

- **Market conditions** - Sterling has been impacted by the nationwide housing crisis and it has been worsened through the pandemic. With the lack of available affordable housing and no existing permanent supportive housing, there is virtually no vacancy and rental rates are increasing at both the rent restricted and affordable levels. The market study identified a 3.5% vacancy rate “indicative of supply-constrained conditions”. In trend comments obtained by the market analyst in the Q4 2022, the contact noted that all of their upcoming vacancies were pre-leased. All LIHTC comparables reported

maintaining waiting lists, ranging from 140 to 600 households and from four to nine months. The Sterling Housing Authority voucher waitlist contains over 50 eligible users. The market study also noted the “Subject would reach a stabilized occupancy of 95% within two to three months, which equates to an initial absorption pace of approximately 10 to 14 units per month.” With construction costs so high, the ability to build new product for the market is effectively impossible except for the very top income earners. With very little new product being brought to the market, rents continue to escalate and leaving many without the ability to afford their rent. In 2020, Sterling and Logan County began working on a housing needs assessment and action plan for our community. Springdale Apartments provides a mix of 1, 2 and 3 bedrooms to serve individuals, single parents, couples, and families, all of whom are populations in need of this type of supportive housing. While Springdale Apartments will be Sterling’s first PSH project, it will not be the first in the state to serve families. There are numerous other examples of PSH projects around the state that serve families and/or a mix of families and individuals including Pathways Village- Grand Junction; Guadalupe Apartments - Greeley; Providence at the Heights- Aurora; Warren Village III-Denver; Puwagaan Kaan-Cortez.

- **Proximity to existing tax credit developments** - Of the existing 212 units located in Sterling, 48 units at Overland Trails will be located directly adjacent to the site with 90 units at Whitcomb Apartments approximately 1.8 miles to the Northeast and 27 units at Sand Lily Assisted Care 1.17 miles to the South. Deer Run Apartments was awarded in 2021 and will add an additional 50 units 1.6 miles away in the downtown area. With a total of 262 existing and proposed units only 4 units at Deer Run will be available to those earning incomes of 30% of AMI or lower, and only available to a senior population of 55 and older. As indicated by the market study, Springdale would serve a unique population not in competition with these units as all units will serve those at 30% or lower. The nearest Permanent Supportive Housing project is ninety miles away in Greeley.
- **Project readiness** - The project is properly zoned and permits can be issued within 30 to 45 days after plan submittal. Construction will start in the Spring of 2024 with Carryover by early Summer. Construction should take no longer than fourteen months with lease up starting shortly after the first of the year 2025 and the building placed in service by spring 2025.
- **Overall financial feasibility and viability** - To serve this population of extreme need, 30 vouchers from CDOH will be required and have been requested. In addition, \$1.3 million been requested from the DOH and Anawim is deferring \$376,086 of its developer fee, as well as setting aside \$631,809 for a supportive services reserve. In contrast to last year’s proposal, a permanent loan of \$1,889,380 with an interest rate of 6.25% amortized over 35 years will be needed to capitalize construction. Revenue will support an average 1.26 debt service coverage ratio over the initial 15-year period with a minimum of 1.2. Deferred fee is being committed as revenue to the services budget along with any excess cashflow from operations. The operations budget reflects a part time property manager throughout the 15-year timeline, but a manager will be on site as needed in addition to the budgeted timeframe to ensure proper operation. Any additional time required will come out of the property management fee and/or covered by Anawim outside of the budgeted revenue as a commitment to our mission.
- **Experience and track record of the development and management team** - Anawim has been providing housing to those experiencing homelessness and poverty for 35 years. While its experience has been limited to Iowa, over the last five- years Anawim has been able to produce and preserve 479 units of affordable housing with a combined total development cost of \$87.6 million. Anawim also administers \$2.5 million in tenant based rental assistance for individuals and families transitioning out of homelessness and manages over 800 total units.
- **Project costs** - Project costs are anticipated to be greater than that of past projects with current inflation considered. Unfortunately, recent inflation has significantly increased the cost of materials, and labor is extremely tight especially in rural areas. While special attention is being paid to lowering costs and creating efficiencies where possible, and with no impact fees in the City of Sterling, the market continues to lack stability and future costs will be difficult to hedge.

- **Site suitability** - The site is relatively flat with good drainage and close access to utilities. A geotechnical study was conducted in December of 2022 and identified expansive soil conditions that will require soil modifications or additional structural features to be built into the sub-foundational components. Over-excavation and soil amendments were priced into the construction estimates but other possible solutions, such as geo-piers and aggregate pilings, will be considered as alternate options.
3. **Provide the following information as applicable:**
    - **Justification for waiver of any underwriting criteria** - The maximum allowable rent must be exceeded to match the voucher payment standards for the area. This allows enough revenue to operate the normal building functions as well as contribute cashflow to services operation. Due to the need to incorporate features that accommodate service delivery and trauma informed design, the scope of work goes beyond that of a standard LIHTC project.
    - **Justification of the financial need for a CHFA Discretionary DDA basis boost of up to 30 percent of eligible basis** - Labor conditions in the state remain extremely tight due to Colorado's expansive population growth. While materials have moderated, estimated costs for the project are 30% higher than when this project was submitted in 2022. Comparing this year's 30 unit building to last year's 38 unit building, plumbing costs are 87% higher, woods plastics and composites 38%, fire suppression 25%, electrical 40%, and concrete 27%. These are further compounded in any costs that are based on a percentage of cost such as contingency and contractor fees. In addition to construction costs construction loan interest rates are up 250 basis points or 50% from quotes at the same time last year. All in the cost per unit to produce fewer units is up \$125,000 per unit at \$526,516 per unit of total development costs. The rural nature of the site and distance from the primary growth hub of the front range also requires a premium on construction as the local trade pool is limited for this type of construction. In discussion with a CHFA construction analyst, a 4% premium is expected for projects outside of the front range. In addition to a 30% basis boost an exemption to the per unit basis limits to allow for sufficient tax credits. Current limits would restrain potential equity by \$2.7 million even with a 30% basis boost.
  4. **Address any issues raised by the market analyst in the market study.** - The market study identified no weaknesses.
  5. **Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated.** - No issues were identified.
  6. **Identify if there are any unusual features that are driving costs upward, as well as if there are any opportunities to realize cost containment (refer to Section 2 of the QAP for additional information).** - Compared to other Permanent Supportive Housing Projects there are no unusual physical features driving up construction cost. Due to significant increases in construction costs overall, the total unit count and mix were reduced from last year.
  7. **Describe the outreach to the community that you have done and describe local opposition and/or support for the project (including financial support).** - Anawim has engaged with the Logan County Economic Development Corporation to understand the local housing needs and was able to review the Housing Needs Assessment that was conducted in 2020. In addition, we've met with local officials to describe our project and listen to feedback on the needs of the community. CMHC has been working on outreach and engagement for several years through their participation in the Pathways Home Toolkit. Throughout the Toolkit process CMHC has been able reach out to multiple levels of local government through which they have educated officials and community stake holders on the value permanent supportive housing brings to the community. Since his arrival to replace longtime executive director Dr. Elizabeth Hickman in July 2022, Dante Gonzales has worked diligently to meet with local stakeholders. In October 2022, Anawim Housing and Centennial conducted two focus groups for individuals who are currently experiencing homelessness and individuals who have a history of

homelessness. Participants were asked to identify things that would make them feel safe versus unsafe in housing. Individuals who were previously homeless and now housed had very concrete ideas of what they believed would support a safe and comfortable living experience. Those ideas have been incorporated within the specific design elements of the project. Those individuals who were unhoused articulated the need for their own space with a locking door that was safe, quiet and without chaos. As expected, the ability to remain autonomous and have choice was strongly communicated by all who attended along with the sentiment that hope was tied directly to having housing. Ongoing tenant feedback will be sought through anonymous tenant feedback surveys and voluntary focus groups. Centennial considers the on-going and comprehensive evaluation of project effectiveness and customer care to be among the agency's highest priorities and recognizes how housing impacts the lives of those who we are serving and to ensure that tenant input is consistently gathered.

- 8. Describe how the proposed development contributes to promoting equity as well as economic mobility for residents.** - CMHC abides by the USDHHS CLAS standards and develops a CLAS Implementation Plan annually. CMHC has an active Diversity, Equity and Inclusion (DEI) committee that addresses issues of diversity and inclusion agency wide. Through the work of the DEI committee, CMHC is committed to the notion that different ideas, perspectives, and backgrounds create a stronger and more creative work environment that delivers better care for our clients and communities. The committee seeks to identify and alleviate health care disparities and aims to foster awareness, cultural humility and respect for all persons as we work together to move lives forward. Black, Indigenous, people of color and people who identify as LGBTQ+ are greatly over represented amongst people experiencing homelessness and housing insecurity. Homelessness and housing insecurity is also exacerbated by domestic violence and behavioral health diagnosis. CMHC ensures that the people hired are representative of the people we serve. Peer support is integrated within our service delivery model as a best practice. This model is rooted in the best practice that people who have experienced mental health or substance use disorders can leverage their experiences to support people who have similar diagnosis. CMHC provides regular training on inclusion and equity for staff. LGBTQ+ training, Bridges Out of Poverty by Ruby Payne and Trauma Informed Care. Our work is done in tandem with Fair Housing/ ADA Compliance. A primary goal will be to assist those experiencing homelessness in securing stable and permanent housing, while developing connections to their community and building positive social support networks. CMHC staff work as advocates and resource finders to ensure that the participants obtain basic necessities such as food and housing before attending to the goals of self-sufficiency. Outreach and coordination of care is done to reach individuals who typically do not have the skills necessary to navigate community based human service agencies and who may be reluctant to engage in formal service settings. As residents stabilize and are able to, some may be able to engage in employment opportunities that increase their economic standing. However, others may never be able to work a full or even part-time job due to their disabilities; therefore, case managers will support residents in accessing benefits to increase their income (i.e. fixed income such as SSDI) and through these means, the proposed development will contribute to stability and economic mobility for residents.
- 9. For acquisition/rehab or rehab projects, provide a detailed narrative that describes the proposed rehab plans/scope of work, and relocation plan (if applicable); address the 10-year rule; capital expenditures over the past two years; previous related party relationships; past local, state, or federal resources invested in the project; obvious design flaws; obsolescence issues; safety issues; and any significant events that have led to the current need for rehabilitation (i.e., fire, natural disaster). – N/A**



# 9% housing credit application narrative



Project Name: StarRise Apartments at North Weld Village PSH

Project Address: 123 9<sup>th</sup> Ave Greeley CO 80631

StarRise at North Weld Village (StarRise), located at 123 9<sup>th</sup> Ave. in North Greeley, will become a campus that will bring much needed housing and supportive services to individuals experiencing homelessness and ultimately, low-income families. The first phase of the multi-year/multi-phase development will be a permanent supportive housing (PSH) community for 58 individuals who are experiencing homelessness, earn at or below 30% of AMI and who have a disability or disabling condition.

High Plains Development Corp, (High Plains) the Owner/Sponsor has worked in partnership with WORKSHOP8, GL Development Advisors, Dwelling Development, and BeauxSimone Consulting over the past year to assess the need for supportive housing, design a trauma-informed building and supportive services programming that will meet the needs of future residents and staff, and has brought additional partners into the process.

The location of this project has been described as “ideal” for PSH, given the property’s close proximity and convenient access to critical local services such as the Greeley/Evans Transportation (GET) central public transit station, Weld County Human Services, three Sunrise Community Health Center clinics, , North Range Behavioral Health services, the Weld Food Bank, and workforce opportunities. In addition to these community resources, supportive services will be offered and available on-site by experienced professionals. The lead service provider in the PSH community will be Volunteers of America (VOA). Their team, which already has a strong presence in Northern Colorado, will bring decades of experience to serving individuals experiencing homelessness with high needs. North Range Behavioral Health (NRBH) will provide behavioral health services for individuals who have mental illness, substance use disorder or co-occurring disorders. They will also serve as the voucher administrator on this project. Finally, Rocky Mountain Communities will join the team as the property manager. RMC already owns and manages Meeker Commons affordable housing, which is located within half a mile of where StarRise is located.

StarRise will be the largest PSH development, and one of very few permanent supportive housing projects in Greeley/Weld County implementing the Housing First model and utilizing the Northern Colorado Continuum of Care Coordinated Access Housing Placement System (CAHPS) for lease-up of the property. This means that the community will be able to insure that not only the most vulnerable chronically homeless individuals be prioritized for the housing, but that they will be provided low-barrier, harm-reduction designed supportive services to maximize their ability to remain permanently housed and to be able to begin to address their on-going barriers to housing stability.

StarRise will be located in the Clayton neighborhood of north Greeley, an underserved, economically disadvantaged neighborhood, and is located in a **federally-designated qualified census tract (QCT)**. The site has been rezoned to Mixed Use, High Intensity (MU-HI) from Industrial Light (IL) and is surrounded by

a residential neighborhood to the north, and light industrial and commercial properties to the east, south and west.

### **Unit Mix and Amenities**

StarRise will serve homeless couples and individuals in 58 one bedroom units. 100% of the units will have project based vouchers and the population served will have incomes between 0-30% AMI. The units will be designed to live large, with a breakfast bar, built in shelves, walk in closet, high ceilings, ceiling fans, and energy star appliances. The property will have the following common amenities: on-site property management, laundry facilities on each floor, bicycle maintenance/storage, tenant services offices and meeting spaces, a community room, maker's space, exercise room, picnic area, business center, courtyard, game room, café and community kitchen, dog run/park, pet wash, EV-charging station and food pantry. Its security features will include limited access entries, courtesy patrol, cameras, and intercom buzzer. Through the trauma-informed design process, the development team has focused on the unit and property amenities most desired by the unhoused population all of which are included above.

### **Construction Type**

- Construction type V-A - 4 story, wood framed, fully NFPA 13R sprinklered.
- Interior circulation, dual elevator served.
- Concrete spread footings, with interior slab on grade; code required insulation damp proofing included.
- Vinyl windows throughout. Sound attenuation along high noise areas as required.
- Site modification to provide 1<sup>st</sup> level outside of proposed flood plan.
- Building Skin: stucco and metal siding with code required insulation
- TPO reflective roofing with code required tapered insulation.
- Heat pump/electrification ready mechanical systems
- LED lighting throughout
- Interior finishes include luxury vinyl tile with required sound attenuation, and flow restricted plumbing fixtures.

### **Access to Transit, Services, Employment opportunities and Economic Mobility**

As mentioned, a major benefit to this site is its proximity to a majority of the service providers offering programming and resources for the homeless and very low income households in the community. Located within close proximity to the site are the following services:

- Greeley/Evans Transportation (GET) Transportation Hub (One block) – providing access to the GET public transportation system (including special transit services) connecting the site to virtually any location within the GET system.
- Sunrise Community Health Centers (1/2 block to 1 block) – three community health center clinics serving the very low income and uninsured populations including: Monfort Children’s Clinic, Adelante Family Clinic, and Sunrise Dental Clinic
- Weld County Department of Human Services (1 ½ Blocks) – providing access to mainstream benefit programs, employment services, and multiple other human service programs
- Weld Food Bank (1 mile) – providing access to emergency food boxes and other food programs
- North Range Behavioral Health (1 ½ miles) – providing access to behavioral health, substance abuse, detox, and addiction recovery programs.
- Los Comales Market (3/4 mile) – providing affordable, essential groceries and fresh produce

- Major Employers. Located *within 1 ¼ mi.* from the site are three of Greeley's largest employers – JBS, JBS-Swift, and Leprino Foods. In addition, the property sits close to downtown Greeley and the surrounding industrial parks where extensive small business employment opportunities exist – all within walking distance.

We believe that the location as well as service connectivity inside and outside the building will provide all the residents with economic mobility and promote equity.

### **Services**

In addition to these community resources listed above, supportive services will be managed and available through Volunteers of America Colorado (VOACO). VOA is very familiar with supportive housing, as is evidenced through their work in Denver at Brandon Courtyard and in Colorado Springs at Freedom Springs. Additionally, VOA administers the Supportive Services for Veteran Families program throughout Weld, Larimer and 22 other counties in Colorado serving homeless or at-risk of homeless Veterans and their families. Services they will offer include general case management and assistance with daily living skills (this includes but is not limited to: cooking, house cleaning, nutrition, living in community and budgeting). Peer navigation and connection to additional community resources will also be available to meet residents' needs, including legal services, physical and mental health, or treatment for past trauma or substance use disorder. North Range Behavioral Health (NRBH) will provide behavioral health services for individuals who have mental illness, substance use disorder or co-occurring disorders. The supportive services budget will be funded through a percentage of operating cash flow, Medicaid billing, tenant support services funding from DOH, a capitalized service reserve and from paid developer fee.

### **Energy Efficiencies**

StarRise will be NGBS Bronze certified. Energy saving features will include highly efficient heat pump HVAC in units and common areas. The building will be solar ready. The building will be 100% electrification ready

### **Financing**

StarRise distinguishes itself through its groundbreaking level of local support. A large local foundation, the Weld Trust, has committed \$2.5 million in funding (10% of TDC). Other local support includes;

- Greeley Urban Renewal Authority has up to \$1 million available for the development.
- The City of Greeley has an allocation of ARPA funds and will pledge up to \$1 million.

Most impressively, the original donor of the land has agreed to donate \$1.5 million to the project because he believes so strongly in the development and its mission.

Greeley Weld Housing Authority has agreed to partner to provide critical property tax exemption. The Division of Housing has been supportive of this project, holding monthly calls with High Plains to discuss funding opportunities. We are applying for 58 vouchers from the Annual Request for Applications (RFA) for the Creation of Supportive Housing and will hear on that process in mid-March. We expect strong gap funding support from DOH once the project has LIHTCs as PSH is a primary focus of DOH funding. High Plains has a strong relationship with First Bank and they have provided a Letter of Intent for the construction and permanent debt. Finally, NEF has provided an equity letter. NEF will make an ideal partner for this deal due to their long history investing in PSH deals and their understanding of unique needs of these projects.

Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP):

All of the units at StarRise will serve homeless individuals and couples.

**Market conditions** There is significant demand for rental units restricted to the homeless based on the high historical occupancy rates and the coordinated entry list tracked by North Range Behavioral Health, which has 966 homeless households under the Northern Colorado CoC. The existing surveyed PSH units in Weld County were 3.4% vacant, and both projects leased via the Coordinated Entry. Having all one-bedroom units is ideal for a homeless target market in the PMA, as all of its units can target one- and two-person households, and most homeless households only have one person

**Proximity to existing tax credit developments** The most comparable properties are Guadalupe and Harmony Way, each approximately one mile from the development. These two developments maintain generally high occupancy. The other LIHTC properties in the market study are not direct competition because they do not have project based vouchers or comprehensive services.

**Project readiness** High Plains has been working on this development for well over a year and has assembled the necessary team to move StarRise forward. The zoning change has been approved and the Development Team will continue to move the site plan approval forward during the CHFA review and approval process.

**Overall financial feasibility and viability – StarRise** has strong local support and that has made a significant difference in the viability of the project. The community has rallied around the concept of PSH and they feel the urgency of the homeless situation in Greeley currently. Local support makes up 25% of the total development cost (\$6.5 million) a considerable amount. The DOH amount has been under-written conservatively as have the debt and equity components. Additionally, the construction costs have been well vetted.

**Experience and track record of the development and management team-** The assembled development team has over a century of experience combined in developing and building affordable housing. Please see resume and applicant experience section for additional detail.

**Project costs-** The project costs are in line with a development of this nature. The development team has deep experience in cost estimating between GL Advisors and KCI. KCI was brought on board early and has been refining the estimate as the drawings have advanced.

**Site suitability-** As mentioned earlier, the 6.5 acre, infill site is ideal for the development. It's near services and transportation for the residents as well as shopping and employment opportunities. The City of Greeley envisions the whole of the site to act as a continuum of housing options as the site is built out in future phases.

No waiver of any underwriting criteria or CHFA basis boost needed.

The market study noted no issues and in fact gave the project the highest rating across all evaluation criteria.

The Phase I noted no RECs on the project site.

**Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment**

There are some development challenges at this property including its current location in a 100-year floodplain, proximity to a short-line rail line and adaptive reuse of historic building. A preliminary environmental review by Terracon Engineering showed the DNL (Noise) Calculation didn't come near 65 dB so the rail line is not expected to impact development. The most significant challenge is the 100-year floodplain map. In 2020, the City of Greeley's Public Works Department engaged an industry expert to study and develop a recommended Letter of Map Revision (LOMR) to FEMA requesting that as part of FEMA's current map revision and updates that parts of the Clayton neighborhood and other parts of the Cache la Poudre river basin be removed from the floodway, as well as a request to move properties south of 1<sup>st</sup> Avenue from the 100-year floodplain to the 500-year floodplain, including the North Weld Village property. According to Andrew Fisher, Floodplain Administrator for the City of Greeley, based on notifications he has received from FEMA, formal adoption of the revised maps, including the LOMR request for removal of the property from the 100-year floodplain should

be completed by December, 2023. In the meantime, the Development Team has designed the project to meet current floodplain requirements for the LIHTC submission. This impacts cost because it's requiring us to build the first floor higher than we would otherwise, thereby increasing construction costs due to additional fill and additional concrete work.

Additionally, the project includes adaptively re-using/remodeling a historic building, and attaching it to the new building for use as the majority of the common area and offices for the project. Even though this will add cost to the project, the amount of high-quality community and resident services space this yields, at a very efficient per square foot cost, is a net plus to the development. This historic structure has 13 foot ceilings, exposed heavy timber framing and brick walls. This excellent amenity space will be designed to facilitate healthy social activities and support the services program. These two portions of the development will be physically connected at the front door of the property. This will allow for an open connection between the two portions, making the two spaces live as one, not separate wings cobbled together. The project is being designed to fit into the context of the site, multiple historic brick agricultural warehouses, and the context of the neighborhood, urban residential. The goal of the architecture is to make residents feel at home in the building and in the neighborhood and to reduce any stigma there might be associated with a more institutional feeling building.

In accepting this donation for the purpose of adaptive re-use as affordable housing, High Plains recognized these development challenges but also considered the major benefits of the property. These benefits include Owner/Developer's debt-free ownership and site control of the property, its existing infrastructure (utilities, adequate water, existing buildings), its close proximity to extensive community resources, and its capacity to develop a large housing development (6.5 acres).

**In your own words describe the outreach to the community that you have done and describe local opposition and/or support for the project (including financial support).**

A key part of the trauma-informed design assessment process is ensuring that input is heard from stakeholders embedded in the local context – that is, Greeley's unhoused community and network of service providers. In August 2022, High Plains Housing contracted with Shopworks Architecture to initiate a trauma-informed design training and assessment process with the above-mentioned design team members. Data collection efforts were carried out in October 2022 with 22 select members of the Greeley community. In-person interviews were conducted with 13 service providers and 9 individuals served from the two local emergency shelters: Guadalupe Community Center (operated by Catholic Charities) and the Housing Navigation Center (operated by the United Way of Weld County).

On January 4, 2023, High Plains hosted a Neighborhood Open House, inviting 98 neighbors (households and businesses - both English and Spanish materials were mailed) to attend and learn more about this permanent supportive housing project as well as to provide feedback to the Development Team. High Plains received one retail business response by telephone (it was very positive – the business owner was glad to have the development in the neighborhood). No residential neighbors attended the Open House, and one representative from the nearby Sunrise Community Health Center attended. High Plains will continue to conduct similar Open Houses throughout the predevelopment and construction of the project to give neighbors the opportunity to learn and provide feedback about the project.

In addition to the neighborhood, High Plains is actively involved in numerous housing, service provider, and homeless community forums where this project has been presented and supported over the past 18 months. High Plains is an active member of the Northern Colorado Continuum of Care and has received full support for the project as it meets identified goals of the CoC.

**Attachment A** – Best Practices - Service provision and Trauma Informed Design at StarRise

**Attachment B**- Northern Colorado Continuum of Care support letter

**Attachment C**- United Way Support letter

# 9% housing credit application narrative



Project Name: The Summit at Granby Apartments, LP

Project Address: 3 Pioneer Drive, Granby, CO 80446

## Executive Summary:

Welcome to The Summit at Granby Apartments (“SAG”) which will be the first LIHTC development located in Granby. Nestled in the scenic Colorado Rocky Mountains, with breathtaking views of the Continental Divide and Rocky Mountain National Park, there is a reason they call it “The Heart of Something Grand.” SAG is in a prime location just south of downtown with many employment opportunities and modern conveniences. As Grand County continues to have a shortfall in affordable housing, SAG will be an exciting affordable development that the town needs. The development will not only be engineered to meet the Enterprise Green Communities standard but also utilize solar energy in order to offset costs of all community areas. The community will offer many amazing amenities such as an outdoor space for residents to gather around a firepit while grilling on the BBQ, designated raised garden beds for growing fresh food, a spacious dog run, and a gazebo to relax and enjoy watching their children play on the jungle gym. There will also be a private storage room for each resident on their private patio, a community room to relax and watch a big-screen TV, a fitness room to encourage exercise, a business office with computers and a printer for residents to use for work, school or play, and multiple EV charging stations. Within each unit, residents will enjoy Luxury Vinyl Plank flooring, LED lighting throughout, solid surface countertops, a full set of appliances with a garbage disposal, and a washer and dryer.

The project’s two-story building will provide an amazing view of the surrounding mountains for the residents to enjoy. SAG will be the first of its kind in Granby and is supported by the town, county, and local housing authority as a much needed, quality affordable home for its residents. Based on the recently released housing needs assessment for Grand county we believe this development should be awarded due to the overwhelming need for housing in the area as well as for Granby as they have not received a LIHTC development as of today.

Unit Description	Net Rents	Unit HSF	Unit Number	% of Units
1-BR @ 30%	\$418	550	1	2%
2-BR @ 30%	\$494	750	2	4%
3-BR @ 30%	\$565	950	2	4%
1-BR @ 40%	\$584	550	2	4%
2-BR @ 40%	\$693	750	2	4%
3-BR @ 40%	\$794	950	3	7%
1-BR @ 50%	\$749	550	3	7%
2-BR @ 50%	\$891	750	3	7%
3-BR @ 50%	\$1,023	950	5	11%
1-BR @ 60%	\$914	550	5	11%
2-BR @ 60%	\$1,089	750	8	18%
3-BR @ 60%	\$1,252	950	8	18%
2- BR Mgrs. Unit		750	1	2%
<b>Total</b>	<b>\$0</b>	<b>34,400</b>	<b>45</b>	<b>100%</b>

The location of this project is ideal from its quick access to the town of Granby by foot and vehicle as well as its quick entrance to the 40 which gives access down to Tabernash, Fraser and Winter Park to the south and Hot Sulphur Springs to the Northwest. This development site is also located in a DDA. The population served will be for families in the Granby and surrounding towns. We are

targeting individuals under 60% AMI all the way down to 30% units which is currently not available in Granby. Standard crawlspace construction will be used for the foundation with 2 stories of wood construction. The roof will be a gable and hip roof with asphalt singles and solar panels. There will be exterior but covered breezeways with easy access via stairs to the units. Siding on the project will consist of LP Siding, Metal, and a wainscot.

Easy access to transportation via bus stop less than 0.4 miles away which the valley provides a free bus service that goes from Granby down to Winter Park every half hour and hour during the weekdays in the summer and 7 days a week during the winter. There has also been a new bike/walk path just created and paved with access from the site to downtown which allows residents easier access to downtown without using the roadway and cuts down on the distance. There is also an Amtrak station less than half mile away that the residents will have easy access to ride the train into Denver as well as access to multiple states.



Each unit will be provided with energy star rated appliances for the kitchen as well as the washer and dryer. The site will provide solar power to help the development offset costs in the common areas, community rooms, exterior lighting, and EV Charging stations. The development will be following the enterprise green community's standard in order to help unit efficiencies. This development is built for families to have access to clean, healthy, and safe units for them to feel comfortable in their living standards.

The development has a high level of support from the town of Granby, its residents, the Fraser River Valley Housing Partnership as well as its neighboring towns of Tabernash, Fraser and Winter Park. During the public hearings and board meetings for the FRVHP and the Town of Granby the development received unanimous approval of support for this project as well as financial support to create as many units as possible to the town.

Summit Housing Group is a highly qualified turnkey developer. SHG is a trusted, experienced LIHTC developer in Colorado creating residents with much needed units to live in and support the local community. SHG has developed 4 LIHTC projects as the General Partner and management company in the last six years. SHG has also developed over 30 other development projects throughout Montana, Wyoming, South Dakota, and Utah over the last 20 years being the General Partner, developer, and manager.

In addition to the federal 9% tax credit equity, the proposed financing includes CHFA Simple Loan Program, CHFA Capital Magnet Fund Loan, CHFA HOF Program, CHFA Capital Magnet Fund Grant, FRVHP funding and the Town of Granby funding and waivers with a deferred developer fee as well. For this development to maximize its unit count to 45 units it has been provided a great amount of support from the town and housing partnership to build many units in this mountain town.



**Priorities in Section 2 of the QAP:**

Projects in non-metro counties with a population of 180,000 or fewer. Town of Granby as approximately population of 2,218 and Grand County has a total population of 12,912.

**Criteria for approval in Section 2 of the QAP:**

Market conditions: Market conditions are very favorable for The Summit at Granby Apartments. SAG has been designed with lower (30%,40%,50%,60%) AMI levels to benefit the segment of the population of Granby that are underserved by the LIHTC program. Granby has not ever been awarded a LIHTC development in the past. In January 2023, excluding four units offline at a market-rate development and the single-family and condominium rental units, the overall surveyed vacancy rate in the PMA was 0.0%, while the overall capture rate is 26.7 % which is slightly above CHFA's preferred threshold of 25%, all of its capture rates are attainable. According to the market study. These capture rates are attainable because the single LIHTC property in the PMA was 0% vacant and the manager had a waitlist of 35 applicants, demonstrating pent-up demand for low-income housing. The Fraser River Valley Housing Partnership is the special limit partner in this development in who produced a Housing Needs Assessment in August 2022 that notes a primary need of 645-730 affordable housing units for working residents. It is reported a vacancy rate below 1% and an increase of more than 100% in average monthly rents since 2018.

Proximity to existing tax credit developments: There are no LIHTC developments in Granby, the only competing tax credit deal is Wapiti Meadow Townhomes which is leased up with a waitlist of 35 names. This project also has a much lower amenity score.

Project readiness: If awarded credits, we anticipate construction on SAG to commence in March of 2024 which would put us well within the carryover requirements of 13 months after reservation. The subject parcel is currently zoned highway/general business HGB. Per Granby municipal code, chapter 16.95, section 16.95.010, single-family and multiple-family dwellings are permitted by right. This would mean the development only need to apply for building permits. The town of Granby has promised to expedite the permitting process (see zoning letter). We have also submitted to the town for a concept review which will take 4-6 weeks. Upon successful completion the concept review SHG will submit for an SDP once tax credits have been awarded. After the first round for the SDP, SHG will submit full plans and specs to the building department in September. We have been working with Wallace Architects on the site and building design to make this happen and plan on construction commencing in spring of 2024. We have selected Big Valley Construction as the contractor who is currently the lead builder in the valley and has built multiple LIHTC and workforce housing projects. Additionally, PNC Real Estate, our equity/permanent/construction lenders, are all long-term finance partners with SHG and will further allow an expedited closing.

Overall financial feasibility and viability: The project's overall financial feasibility is supported by conservative underwriting assumptions and the partnerships cultivated by the developer. The Fraser River Valley Housing Partnership has approved financial support in the amount of \$980,000, as well as the Town of Granby has approved to provide waivers and up to \$846,000. Summit is also applying for a low interest permanent using CHFA's simple program loan, CHFA HOF Program and CHFA's Capital Magnet Fund loan. In addition, CHFA will be providing a grant to FRVHP in the amount of \$95,000, Finally, DOH will be proving \$2,200,000 of Dola Funding to the project. The total amount of soft funds equal 21% of the total project cost. Summit Housing Group has strong relationships with several lenders and LIHTC investors which will help the Project secure favorable terms for debt and equity investment.

Experience and track record of the development and management team: Summit Housing Group, Inc. is a subsidiary of Summit Management Group, Inc. (SMG), a Montana corporation engaged in the development and management of LIHTC housing. A second subsidiary is Highland Property Management, Inc. (HPM), tasked with the management of all of SMG's properties. Together the companies have developed housing in Colorado, (253 units leased and 40 under construction). Montana (214 completed LIHTC units), Wyoming (908 LIHTC units built). South Dakota (67 LIHTC units built), and Utah (230 completed LIHTC units). SHG is experienced and equipped to develop a project from acquisition through funding award, design, construction and closing. HPM is experienced

with LIHTC lease-up, compliance, and reporting, and currently managing 1,600 LIHTC units in Wyoming, Montana, Colorado, and South Dakota, with no unresolved 8823s. As an additional safety net HPM utilizes RightSource. to review all applications for all new and existing LIHTC units, as well as to provide ongoing training and support.

***Project costs:*** The project's construction and soft costs are based on initial schematic design drawings that have been created by Wallace Architects and reviewed by SHG and Big Valley Construction the local GC. We have taken the conservative approach to the costing of the construction in this mountain town to account for all costs currently and forecasting the costs by completion of this development.

***Site suitability:*** The site located at 3 Pioneer Drive is an ideal location for The Summit at Granby Apartments. Easy access to transportation via bus stop less than 0.4 miles awhile which the valley provides a free bus service that goes from Granby down to Winter Park every half hour and hour during the weekdays. There has also been a new bike/walk path just created and paved with access from the site to downtown which allows residents easier access to downtown without using the roadway and cuts down on the distance. There is also an Amtrak station less than half mile awhile that the residents will have easy access to ride the train into Denver as well as access to multiple states.

**Justification for underwriting waivers of discretionary basis boost:**

Not Applicable.

**Justification of the financial need for a CHFA Discretionary DDA basis boost of up to 30 percent of eligible basis:**

Not Applicable as the property is in a DDA.

**Issues raised by the market analyst in the market study:**

The following issues have been raised by the market study and its reasoning:

- Capture Rates
  - o In January 2023, excluding four units offline at a market-rate development and the single-family and condominium rental units, the overall surveyed vacancy rate in the PMA was 0.0%, while the overall capture rate is 26.7 % which is slightly above CHFA's preferred threshold of 25%, all of its capture rates are attainable. According to the market study. These capture rates are attainable because the single LIHTC property in the PMA was 0% vacant and the manager had a waitlist of 35 applicants, demonstrating pent-up demand for low-income housing. The Fraser River Valley Housing Partnership is the special limit partner in this development in who produced a Housing Needs Assessment in August 2022 that notes a primary need of 645-730 affordable housing units for working residents. It is reported a vacancy rate below 1% and an increase of more than 100% in average monthly rents since 2018.
- Unit Sizing
  - o To provide the Town of Granby as many units as possible to help them offset their large need for housing we had to limit the construction costs to bump up the development to 45 units. After discussion with CHFA and the Town we have all agreed to limit the size of units to create the development with 45 units. Some unusual cost conditions on this project are that the location is a very rural area which is causing the cost of construction to be much higher in this mountain town then other projects located in the metro area. We have addressed these costs with the architect and the contractor in order to design the site and its buildings to be the most efficient as possible using the least amount of materials. We have also talked with the town and are building the size of units smaller than average seen in those bedroom counts.

**Issues raised in the environmental report submitted and description on how these issues will be or have been mitigated:**

The Phase I Environmental Site Assessment, prepared in substantial conformance with the scope of limitations of ASTM Standard Practice E 1527-21, has not revealed any Recognized Environmental Conditions (RECs) in connection with the subject property.

**Unusual features that are driving costs upward, as well as if there are any opportunities to realize cost containment:**

Some unusual cost conditions on this project are that the location is a very rural area which is causing the cost of construction to be much higher in this mountain town than other projects located in the metro area. We have addressed these costs with the architect and the contractor in order to design the site and its buildings to be the most efficient as possible using the least amount of materials. We have also talked with the town and are building the size of units smaller than average seen in those bedroom counts.

**Describe the outreach to the community that you have done and describe local opposition and/or support for the project:**

We have approached the Town of Granby and have had a public notice displayed about this development and conducted a town board meeting with the public in which the town unanimously approved the support of the project as well as the financial support of up to \$18,800 per unit. We have also worked with the newly formed multijurisdictional housing authority Fraser River Valley Housing Partnership in which they conducted a board meeting and unanimously approved the support of the development as well as the financial support of up to \$21,780 per unit. Letters of support from local government agency as well as housing partnership have been included. We have also received support from the neighboring towns of Fraser and Winter Park. We are not aware of any current opposition to the proposed project currently.

**Describe how the proposed development contributes to promoting equity as well as economic mobility for residents:**

The Project promotes equity by increasing the diversity of the pool of affordable housing access to residents in Granby and Grand County. By inserting the first LIHTC development in Granby this will allow the town to then house residents under the 60% AMI level. This will help the town and nearby towns access workers. The location of this development will greatly increase the accessibility of affordable housing in the county. With the growing and diversification of the town these much-needed units will help offset the towns needs for individuals under the 60% AMI.

# 9% housing credit application narrative



Project Name: ***Sunrise at Shiloh Mesa***

Project Address: 8292 E. Woodmen Valley Road Colorado Springs CO

## **Executive Summary**

- The project is located within a SADDA in east Colorado Springs. Density is governed by a PUD for the overall neighborhood and is not site specific. Please see attached zoning information.
- The project will serve seniors aged 62+ in a mix of one bedroom (90%) and two bedroom (10%) units
- AMI Mix: **15 units (30%) @ 30% AMI; 12 units (24%) @ 40% AMI; 23 units (46%) @ 50% AMI**
- Amenities: Units will contain washers and dryers, storage, and walk-in closets. Amenities include an on-site manager, a large multi-purpose community room with TV and fireplace, mail and package room, activities and fitness center, and a welcome area and elevator lobby. Multi-purpose community and activities spaces are located near the 2 primary entrances/exits on the north and west sides of the building, including a west-facing patio and dog-run/relief area and a southwest facing open garden area. Other multi-purpose spaces include a library and internet café, and a rooftop deck and community garden space. 3 spacious 'social stations' are located adjacent to elevator lobbies on upper floors to promote and support social interaction in sunroom-style spaces.
- Construction: The wood framed building will have a stepped flat roof, post-tensioned slab foundation, water-wise landscaping appropriate to the climate, air conditioning and energy efficient furnaces. Exterior materials will include a mixture of brick, stucco, and lap siding.
- Public transportation is extremely limited in Colorado Springs, and is proximal to only 30% of its residents. The larger Shiloh Mesa development planned for a bus stop on the busy and growing east-west corridor of Woodmen Road, midway between Colorado Springs and Falcon, Colorado. Until then and to ensure access, a vehicle will be purchased for the property with volunteer and/or paid drivers from adjacent church volunteers (see Service Agreement) and Greccio (paid staff or other volunteers) at least 12-20 hours per week, depending on demand. Pikes Peak Area Council of Governments has agreed in principle to fund a high-passenger van; the award letter expected within 6 weeks. Greccio's Board of Directors has committed funding from its Reserves account if other funds are not received, are insufficient, or to any matching funds requirement. Medical appointments will be supported by various local med transport options, including long-time partners, Envida and Silver Key. Other resources will be developed to meet resident needs.
- A key element of all Greccio housing developments is its Resident Resources offerings, which include direct services and support, partner collaborations, and referrals to a network of local partners and businesses. There is no cost to the residents, and programs and offerings are provided both on-site and in the community. Programming includes financial literacy, grab-and-go libraries, eviction

prevention (emergency financial support), scholarships for personal enrichment and to increase earnings potential, food security programs/support, holiday events, social engagement, Cooking Matters classes, and an array of others. For unique needs of seniors, daily, weekly, monthly, and seasonal activities will be modeled after the very successful Atrium at Austin Bluffs property, in addition to volunteers from the adjacent church, as outlined in the WVC/CSM Service Agreement.

- Energy efficiencies: The building will be designed to meet and/or exceed 2015 IECC requirements. This will be an all-electric project with high efficiency heat pump space and water heating. Additional energy-saving features will be evaluated, including efficient ventilation strategies such as Energy Star exhaust fans for dwelling units, high performance windows, efficient building envelope, and optimized LED lighting and interior loads. The team anticipates 2020 NGBS certification.
- Financing: 9% LIHTC equity, CHFA CMF 1<sup>st</sup> Mortgage, CDOH HOME / HDG, City HOME, City Fee waivers, El Paso County Housing Authority loan, deferred developer fee.
- A February, 2022 application was not awarded. Areas of uncertainty expressed by CHFA included 1) the property's location related to existing retail and community amenities, 2) need for an improved transportation plan, and 3) need for more definition of supportive services and volunteers from the adjacent church group.
  - 1) An Area Growth and Development summary and map are included (attached) in the application, demonstrating the rapid growth and services in the area.
  - 2) Like most of Colorado Springs, the project area is currently car-dependent until public transportation is expanded. The transportation plan is addressed in the 7<sup>th</sup> bullet point in this section and the Service Agreement with WVC/CSM until public transit is available.
  - 3) The Service Agreement also provides significant and detailed offerings from volunteers and Greccio staff to ensure an active and robust array of support (please review Agreement)..
  - 4) Additionally, review of internal spaces were made with input from senior residents and program staff, and modifications to the layout and intended use were made to the plan.

#### **Project Overview:**

For over 30 years, Greccio Housing has been the largest not-for-profit provider of affordable rental housing in the Pikes Peak region. Greccio's long track record of leadership and efficiency in affordable housing is recognized throughout the community and across the state. In 2019 the City of Colorado Springs donated land to Greccio for the development of the Atrium at Austin Bluffs apartments, which opened in late 2021. Building on that success, Greccio partnered with Woodmen Valley Chapel and its Center for Strategic Ministry (WVC/CSM) in order to house vulnerable and low-income seniors. Long-term relationships, alignment of missions, and complementary talents and assets were the foundation for ***Sunrise at Shiloh Mesa***. The land owned by WVC/CSM was set aside from the larger 112-acre development around the church, and is home to a congregation deeply committed to service. In combination with Greccio's expertise in affordable housing development, property management, and community partnerships, an agreement for the donation of land, cooperative and wrap-around support for residents, and long-term benefit to the community was executed. ***Sunrise at Shiloh Mesa*** sits between the Woodmen Heights church campus to the east, single-family homes to the north, townhomes to the west, and a retail/office zone to the south. The new development is in the highly desirable northeast portion of the city, between Colorado Springs and Falcon, CO, and on the high-volume east/west corridor of Woodmen Road.

Local affordable housing support has increased in Colorado Springs since 2016, matching rapid growth and meeting needs for affordable units. Greccio has been active in this development during that time, with projects in far **south** Colorado Springs (The Ridge - Broadmoor Bluffs), northeast/central (Atrium at Austin Bluffs), **southeast** (Bentley Commons Apts expansion), **east/central** (Rocky Mountain Apts – adaptive reuse), and now, in **northeast** Colorado Springs. With hundreds of units under construction or planned in the southeast, it is imperative to continue the geographic diversity of housing options.

***Sunrise at Shiloh Mesa*** represents not only this expanded geographic expansion in a rapidly-growing area, but is a unique development from the collaboration of a premier affordable housing provider and one of the largest churches in the City, with combined resources, and on congregational land.

The exterior of the building has been designed to complement the existing established neighborhood aesthetic, with angled roof elements. Exterior materials will include a mixture of brick, stucco, and lap siding. The design and location on the site respect and preserve site lines and sunlight to the single-family homes to the north, including a stepped-roof for reduced visual impact when looking south. The main entry and lobby will provide access to the site manager, a large multi-purpose community room, mail and package room, and library and internet café. A large multi-purpose recreation and activities room is located near the north entrance and includes exercise, entertainment, and social interaction options, a sunset-facing covered ‘rocking chair patio,’ and dog run/relief area. Three ‘social stations’ in the elevator lobby sunrooms on the upper floors, where broad windows provide light and openness for residents to enjoy west-facing views, the front range, and sunsets from every floor.

**Section 2 Qualified Allocation Plan Priorities** - This project does not address the priorities listed in Section 2 of the QAP

#### **Section 2 Qualified Action Plan Criteria for Approval**

- **Market conditions:** Our market study recommended no changes to the planned project and indicated that the project should lease up in 2 months due to the high demand for this product in the market. Surveyed LIHTC properties in and adjacent to the PMA had no vacancies, and maintained waiting lists, which indicates pent-up demand for affordable rental units. In addition to existing demand, the population of income-qualified seniors in the PMA is growing by 272 households per year. The need for quality rental housing for seniors in this area is severe. The project’s rents offer rent savings of 44% – 68% compared to class B market rate alternatives.
- **Readiness-to-proceed:** Current zoning allows for the size of project in this application. Required approvals are administrative. The development team held a pre-application meeting with city planning; staff indicated that the project was an appropriate use for this site. Site development plan approval can be easily obtained within the timeframe needed to reach carryover.
- **Overall financial feasibility and viability:** Greccio Housing is an experienced provider of affordable rental housing in the market area. The proposed operating budget is based on reliable comparable costs in its portfolio, and the corresponding debt load is appropriate for the projected NOI. The City of Colorado Springs is very supportive of the project. WVC/CSM is donating land to Greccio for the development, and has executed a long-term agreement for volunteers and supportive services to ensure housing and social stability for residents.

- Experience and track record of the development and management team: Greccio Housing has served the Colorado Springs community since 1990. In that time, it has developed or acquired and manages over 600 units of affordable housing throughout the Colorado Springs area. Greccio uses a centrally-located team-based maintenance approach to increase efficiency and responsiveness for its scattered-site property management functions. Greccio has a knowledgeable compliance team experienced with every major affordable housing program. This will be the third tax credit project for Greccio, and second as primary developer. To assist in the development of the project, Greccio hired Medici Consulting Group to act as a fee developer. Medici has a strong track record of successfully developing affordable housing in Colorado through the LIHTC program.
- Cost reasonableness: The proposed project will be located on a flat site with immediate access to public roads and utilities. No major site work expenses are associated with this project. The site itself is free and will be donated to Greccio by the WVC/CSM pursuant to the terms of the attached donation agreement. Tap fees in Colorado Springs are some of the lowest in the State and will save the project significantly. A regional stormwater system can be used, saving the need to provide for on-site detention.
- Proximity to existing tax credit developments: Our PMA contains 16 LIHTC properties containing 1,721 income-restricted units. Of these, 5 are senior properties with 439 units. Of the 1,721 total LIHTC units available, 69% are set aside at 60% AMI. By contrast, only 7% of those units are set aside at 40% AMI and below. No units at *Sunrise at Shiloh Mesa* are above 50% of AMI, and 27 (54%) of the 50 units are at 30% and 40% of AMI. Our overall capture rate is 17.5%, well below the 25% threshold.
- Site suitability: This is an infill location in a developing and established neighborhood. The site sits in a small neighborhood bordered by newer single-family homes, the church, and land currently under development for office, retail, and medical options. The site is undeveloped, flat, and adjacent to existing roadways. Utilities are adjacent to the site. A regional storm-water collection system will connect to the site, saving the expense of developing an on-site water quality and detention facility.

**Underwriting Waivers** - This project requests no waivers from CHFA's underwriting criteria.

### **Market Study Overview**

Our market study indicates a severe need for affordable senior housing in the area, which is consistent with the City's identification of this as a significant community concern. There are almost no vacancies within LIHTC properties in the PMA or adjacent areas. Within the LIHTC sector, surveyed comparable LIHTC properties all maintain waiting lists. In addition to existing demand, the population of income qualified seniors in the PMA is growing by 272 households per year.

The study noted that our project had slightly higher rents than comparable senior LIHTC properties at the same AMI levels. However, no other comparable properties offer owner-paid utilities. The associated utility allowance deductions account for the balance of the rent differential.

Recent experience leasing the Atrium at Austin Bluffs indicated that the demand for units at 30% - 50% AMI is strong, and residents apply from across the City. The project leased up on schedule and has maintained a waiting list since opening.

### **Environmental Report Overview**

The environmental reports provided with our application confirmed that the site is free from any environmental concerns; the site is clean and ready to develop.

### **Cost Containment**

There are no unusual features driving up costs on this project. Unique to this project are several features which decrease costs:

- WVC/CSM will donate the land for this project at no cost.
- Tap fees in the City of Colorado Springs are some of the lowest in the State.
- The surrounding neighborhood features a master planned storm water system, no on-site detention or water quality will be needed for our project.

### **Neighborhood Outreach**

This project originated with WVC/CSM's intent to develop the land as affordable housing, and reached out to Greccio for guidance about how to best proceed. As discussions progressed, WVC/CSM engaged Greccio as a collaborator and primary developer to accomplish their housing goal. Initial conversations with the City's Economic Development Office demonstrated that one of the highest needs in the City and this area was affordable housing for seniors. The identified population was a very good fit for the missions of the Center for Strategic Ministry and Greccio Housing, and for use of the land.

Efforts to reach out to adjacent homeowners and the local neighborhood organizations have begun. Greccio presented the initial project intent, design, and resident support to nearby homeowners and Homeowners Associations. Even the location of the building on the lot and stepped 3<sup>rd</sup>/4<sup>th</sup> stories on the north end are in consideration of the single-family home-owners north of the lot. While questions were raised, the stereotypical resistance to most affordable housing developments was almost non-existent. The site is zoned appropriately for the proposed use. Nonetheless, we are sensitive to the surrounding homeowners and are committed to compatibility with the aesthetics of the neighborhood.

Greccio has cultivated long-term relationships with the City's major senior service providers and has a seat on the Board of Innovations in Aging Collaborative, and is a founding member of the Affordable Housing Collaborative. Broad support for Greccio and this project is represented in letters of support, included in this application. They include service partners (Care and Share of Southern Colorado, Envida, Center for Strategic Ministry), governmental and non-governmental entities (City of Colorado Springs, Colorado Springs Housing Authority), industry advocates (Apartment Association of Southern Colorado, Innovations in Aging Collaborative, Affordable Housing Collaborative), and Mayor John Suthers. These service agencies and others currently partnering for programs at Atrium at Austin Bluffs are prepared to continue their support at Sunrise at Shiloh Mesa, only a few miles away.

Greccio's recognized experience and expertise in bringing projects to fruition, collaboration with local partners for housing and life stability, and the unique coordination with Woodmen Valley Chapel and



Center for Strategic Ministry on donated congregational land make ***Sunrise at Shiloh Mesa*** a creative, cost-efficient, and responsive model by which to meet the critical needs for senior affordable housing.

### **Equity and economic mobility**

Consistent with our experience and according to the Stanford Social Innovation Review (Manuel and Kendall-Taylor, 2018) "...housing insecurity is not evenly distributed across the population; it disproportionately affects people of color, older people, and those living on low incomes." Greccio properties house a higher percentage of people of color than the general population, and Sunrise at Shiloh Mesa is designed to serve low-income seniors. While still thousands of units short of adequate housing availability for this population, the project targets the exact sub-section of those most likely to experience housing insecurity. And while hundreds of affordable units are being developed in the core and southeast Colorado Springs, Shiloh Mesa offers equitable opportunity in one of the fastest-growing areas of the City, the northeast and Woodmen corridor. There are no other opportunities for affordable housing in this area and at the AMIs that Shiloh Mesa offers. And while seniors are not the most likely to make dramatic strides in climbing the economic ladder, the impact of serving the lowest AMI seniors possible provides significantly increased economic opportunity, financial security, and greater access to costly goods and services that would otherwise be consumed by excessive rents. In this case, mobility is characterized more greater opportunity and access than creation of new wealth.

# 9% housing credit application narrative



## **The Project:** Tierra Azul Phase 1

**Project Address:** 800 Craft Drive, Alamosa, CO 81101

### **Executive Summary:**

The experienced development team of CRHDC, Overland Property Group and The Espinosa Group is proudly submitting this 9% LIHTC application for funding for Tierra Azul Phase 1. Tierra Azul Phase 1 consist of 46 units of affordable rental housing and a clubhouse. 100% of the units are at and below 60% AMI with more than +10% of those units at 30% AMI. All units will include spacious living areas, storage closets, Energy Star appliances, onsite staff, and more. There will be a 2,500 square foot clubhouse. The clubhouse will have program schedules for the tenants, as well as a fitness center, community room, office space, and external playground for active recreation for families and children. Additionally, there is a Detention Pond that will have walking paths which are fully integrated and connected to the pedestrian traffic flow to encourage walkability and health benefits of residents.

Tierra Azul Phase 1, which is located in a Qualified Census Tract, is the first phase of the Tierra Azul Master Plan, which consist of six phases. This thoughtfully design six phase community will create 396 new units with a diversity of housing types for a spectrum of income levels, intending to serve a range of incomes between 30% to 140% AMI. This range meets the full spectrum of much needed housing options for families, renters, homeowners and seniors in our community, as demonstrated in the 2021 City of Alamosa Housing Needs Assessment & Action Plan. Tierra Azul will consist of for-sale and for-rent units in the form of single-family, townhomes, 8 plex mid-density, and 30 plex medium-high density multifamily units with pre-fabrication design/modular considerations currently incorporated into the product design. The pre-fabrication design/modular considerations allow for thoughtful options pending financing, available sources and commodity pricing. 60% of the designed product types have been designed with these pre-fabrication design/modular considerations. Exterior materials will include hardie board siding, landscaping with native species and zero scaping that will invite residents to enjoy the natural beauty of the community. This location will abide by the Enterprise Green Communities standards and will be able to meet the electric needs for all phases within the Tierra Azul Master Plan.

As part of the of the larger master plan development, Tierra Azul will require infrastructure investment in order to provide for safe and efficient affordable housing, in one of the most suitable sites to build affordable and attainable housing, at scale in the San Luis Valley. Over the last 15 months the development team has worked extensively with the City of Alamosa including City Leadership, land planners and engineers, in order to identify the most efficient and cost-effective manner in which this vital infrastructure can be brought to the site. Additionally, the development team (through the City of Alamosa) have applied to DOLA for their Transformation Housing Grant, which could substantially decrease the infrastructure costs of the project and would potentially decrease the tax credit request needed in order to support the proposed development. The development team's extensive interaction with the City of Alamosa has produced a design concept that lays the groundwork for a project that achieves an efficient, cost-effective community with a specific focus on design, performance, and long-term operations, especially as the future phases of Tierra Azul are built out with additional efficiencies as future phases come are realized.

**1. Identify which, if any, of the priorities in Section 2 of the Qualified Allocation Plan (QAP) apply:**

Alamosa County, with a population of 16,547 (as of 2021) meets this priority and the Tierra Azul community would provide for an allocation of tax credits to a relatively underserved portion of the State. Despite its size, Alamosa has a significant lack of high-quality affordable housing, which leaves the local community and surrounding areas drastically underserved. Tierra Azul will help to address this need, not only now but for decades into the future. As the entirety of the master plan is built out, the community will provide holistic support for the families that is unprecedented in a community of this size and will have the ability to serve a wide-ranging income level and provide for extensive economic mobility.

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

Tierra Azul is located on a 43 acre greenfield property in southwest Alamosa that has completed the annexation process into the City of Alamosa and is adjacent to a previously developed CRHDC single-family development. Tierra Azul is located at the future intersection of West Eighth Street and South Craft Drive. Operating systems will be selected to reduce the carbon output and footprint of the project, where allowed and applicable. Tierra Azul consist of 67 total units, 46 of which are part of this application. The remaining 21 units will be for sale housing, primarily Self Help Ownership Program housing. CRHDC has developed nearly 15% of the Alamosa single family housing stock with the Self Help Home Ownership Program over CRHDC's near 50 year history of development in the San Luis Valley.

The Housing Needs Assessment and Action Plan was adopted by the City of Alamosa. This adopted 2021 Housing Needs Assessment indicates a demand for a range of housing product types and specifically indicates a 515 unit need across housing types and income levels that must be met to satisfy current need through 2026. Public feedback on the 2021 City of Alamosa Housing Needs Assessment and Action plan showed “more variety in housing types” as a high priority need in our community. The plan identifies “...a need for more housing variety including smaller homes, opportunities for seniors, and more affordable house types such as townhouses, duplexes and condos.” Our first “New Housing Production Goal” is to “increase the amount of housing produced in Alamosa and encourage a diverse mix of housing types: duplexes, townhouses, condos, smaller units”. The project meets the identified City of Alamosa Local Housing Needs.

The Tierra Azul product variety lends to a healthy array of housing options for the community and is supported by the 2021 Housing Needs Assessment and Action Plan which was adopted by the City of Alamosa.

The 2021 Housing Needs Assessment and Action Plan specifically identifies the need for affordable housing and this variety of housing options in the City of Alamosa, of which Tierra Azul Phase 1 satisfies.

The reality is, rents in Alamosa (and the valley) are much lower than the average state wide. Furthermore, 60% AMI rental amounts are not currently attainable in the Alamosa market. As illustrated on the proforma, identified 60% AMI rents are being targeted at 55%, as 60% is not yet attainable. This results in lower maximum supportable loan and resulting in the need for more equity for a deal to be financially feasible in Alamosa.

Aside from the need for more equity which is only provided by 9% LIHTC deals, the apparent, identified and warranted need for this type and quantity of housing is absorbed at a pace in the market which is only consistent with project sizes typically achievable with 9% LIHTCs and not 4% deals, such as Tierra Azul Phase 1 (46 units).

Tierra Azul Master Plan is designed and engineered to accommodate units targeted for home ownership. Phase 1 has a total of 67 units planned which consist of affordable rental (46 units part of this application) and an additional 21 units of home ownerships for single family homes and townhomes.

CRHDC, a registered 501c3 and Community Housing Development Organization, has a long history of providing home ownership options in Colorado. CRDHC has helped over 2,100 Colorado families build their own homes through the Mutual Self-Help Program. This program allows new home buyers to take an active role in the construction of their own

homes by contributing significant “sweat equity”, bringing down development costs and producing a more affordable home. Each family contributes a minimum of 30 hours of labor per week towards the construction of their home for approximately 6 to 8 months. The program utilizes the USDA RD 502 Direct Loan Program for home-owner construction and mortgage financing. The program provides combined construction to permanent mortgage loans at or below market rate at a fixed interest to assist low- and very-low-income applicants obtain home ownership in rural communities. Loans can also be modified by providing payment assistance to increase an applicant’s repayment ability, monthly mortgage payment can be reduced to a low as an effective 1 percent interest rate. In addition, CRHDC utilizes HUD SHOP funding to assist with the purchase of home sites and develop or improve the infrastructure needed to set the stage for sweat equity and volunteer-based homeownership for low-income persons and families. Self-Help Program home units are sold to homebuyers at prices below the prevailing market price.

**3. Provide the following information as applicable:**

CRHDC has 10 full time employees, managing 110 rental units. The local home office assists in offsetting operating payroll expenses, travel expenses, and other related items that may be higher if this was not managed by CRHDC.

**4. Address any issues raised by the market analyst in the market study.**

Due to the geography of Alamosa, lack of public transportation and the proximity of infrastructure in the City, Tierra Azul is the ideal and only location that could feasibly be served by city services and support such a diverse housing development of this scale. Infill opportunities are very limited, either by topographical or deeper infrastructure and wastewater treatment challenges. Further, strategic and economically feasible growth in the City of Alamosa community is restricted largely toward the Tierra Azul area as the San Luis Valley Regional Airport, Alamosa National Wildlife Refuge, and the conserved Alamosa City Ranch dictate development growth direction and limitations.

Unlike many other communities of its size, the San Luis Valley does not have a robust public transportation system – a fact well documented in [CDOT’s 2020 San Luis Coordinated Public Transit & Human Services Transportation Plan](#). Despite this fact, many grass-roots initiatives have developed to fulfill the need for attainable transportation. For health care needs, the Valley-Wide Ride offers free transportation for anyone in the service area to the benefit of patients and community members who may not have a car or other access to a ride. Alamosa’s taxi service, Little Stinkers, provides point to point transportation for most needs around Alamosa. Additionally, regional trips are available through Chaffee County shuttle and Bustang Outrider.

**5. 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 Phase 1 Environmental Site Assessment concluded there are no Recognized Environmental Conditions for the site.

**6. Identify if there are any unusual features that are driving costs upward, as well as if there are any opportunities to realize cost containment (refer to Section 2 of the QAP for additional information).**

As part of the of the larger master plan development, Tierra Azul will require infrastructure investment in order to provide for safe and efficient affordable housing, in one of the most suitable sites to build affordable and attainable housing, at scale in the San Luis Valley. Over the last 15 months the development team has worked extensively with the City of Alamosa including City Leadership, land planners and engineers, in order to identify the most efficient and cost-effective manner in which this vital infrastructure can be brought to the site. Additionally, the development team (through the City of Alamosa) have applied to DOLA for their Transformation Housing Grant, which could substantially decrease the infrastructure costs of the project and would potentially decrease the tax credit request needed in order to support the proposed development. The development teams extensive interaction with the City of Alamosa has produced a design concept that lays the groundwork for a project that achieves an efficient, cost-effective community with a specific focus on design, performance, and long-term operations, especially as the future phases of Tierra Azul are built out with additional efficiencies as future phases come are realized.

**7. Describe the outreach to the community that you have done and describe local opposition and/or support for the project (including financial support).**

In order to properly and fully understand the true need for housing in Alamosa, a collaborative and community effort was initiated by a number of vested parties in the region. A main priority was to obtain a Housing Needs Assessment and Action Plan. The initial steps of the Housing Needs Assessment and Action Plan included a variety of intense outreach strategies, with Inclusionary & Diversity strategies, that resulted in the most robust responses of any public engagement process the City of Alamosa has ever embarked upon.

These outreach strategies included: a mailing survey to each resident in Spanish and English; Public Service Announcements, social media blitzes, radio interviews, online surveys, eight virtual public meetings which included breakout room discussions, Q&A sessions, and community-led visioning. Meeting recordings were posted on the city website for those unable to attend. The results of the Assessment and Plan were the catalyst for city staff and CRHDC to collaborate over the next 15 months on the most effective building land use code updates, designs and project that would fulfill the community's vision and needs.

"It is a rare moment when a project can be the defining catalyst for years of growth and prosperity in a city. Alamosa finds itself at a crossroads with its documented housing shortage while simultaneously experiencing a 12% increase in population. That is why the Tierra Azul development is the city's highest housing priority and staff has spent the last 15 months meeting weekly with the developer, coordinating infrastructure and updating the City of Alamosa code to allow for affordable housing development considerations. We stand at the precipice of great change, one that could finally bring new jobs and vibrancy to our community" – City of Alamosa

**8. Describe how the proposed development contributes to promoting equity as well as economic mobility for residents.**

CRHDC has a long and extensive history of providing a wide range of affordable, low-income apartment rental opportunities across the state of Colorado. Since 1971, CRHDC has focused on providing a wide array of services that addressed the affordable housing needs of the residents and communities. Our housing services will be available for every resident of Tierra Azul. We work to support our residents with the resources they need to be good neighbors and members of a greater community. Whether it's English as a second language, a financial literacy program or health care education, CRHDC is always trying to give our residents the support they need. Each property has its own leasing office and on-site staff which can specifically tailor the programming being offered at our community to target the individual needs of our residents utilizing our vast network of in-house service coordinators and / or third-party service providers (e.g Meals on Wheels, transportation services, summer youth programs, etc.)

The communities of the San Luis Valley have a combined population just shy of 50,000 with a majority Hispanic demographic and Alamosa serves as the center of commerce. The Valley is also one of the most economically disadvantaged areas of the state. Compared to the rest of Colorado, Alamosa has 55% of the median household income and 42% of the median home value. These two figures indicate there is approximately 50% of the required amount of tax revenue in Alamosa for capital investment, which is substantially lower than almost every other jurisdiction in Colorado. Low area median incomes result in nearly no viable liquidity options to subsidize the construction capital gap locally, making building in rural communities nearly impossible and perpetuating the cycle of poverty.

Over the last 15 months, Tierra Azul has been thoughtfully and intentionally designed by City of Alamosa staff and the Development Team to address the generational poverty, equity, and accessibility problems in the City of Alamosa. The City of Alamosa staff and Development Team have met weekly for 15 months with the goal of ensuring a range of housing options for the range of incomes. These unique efforts and demonstrations of commitment and community investment ensures the entire community has access to the housing options, regardless of background.

The path of making these investments with a small jurisdictional tax base in place and positioning the City of Alamosa to grow in a sustainably and equitably manner is only possible with an infusion of outside funds such as the 9% LIHTC for

Tierra Azul Phase 1. This request will advance IDEA concepts because it will make possible an inclusive housing project in a historically underserved area and population.

CRHDC has operated for nearly 50 years in Alamosa and has served the San Luis Valley with a local office, which is only about 1/4 of a mile from the Tierra Azul site. CRHDC will continue to offer residents of Tierra Azul with an array of services. CRHDC believes, as does its partners, the key to financial stability is creating informed and educated consumers. CRHDC's goal is to offer programs and services that provide residents and community members the information needed to make decisions regarding their home and asset building opportunities with a focus on family budgeting, learning about credit, consolidating debt, preparing to buy a home, to maintaining home stability (home ownership and rental). CRHDC's bilingual nationally HUD certified Housing Counselors are here to help individuals and families invest in their future. Currently, CRHDC offers the following:

- Free and comprehensive home ownership assessments to help future homeowners determine if they are ready to own a home and get on their path to homeownership. CRHDC counselors help determine mortgage affordability, review personal credit reports, and develop an action plan to overcome obstacles to achieve homeownership goals.
- CRHDC's Financial Capability program goes beyond the classroom to help participants turn financial knowledge into financial behavior that guides them in making healthy financial decisions. CRHDC develops customized individual and family financial plans to meet individualized goals.
- Housing Stability counseling services are offered to help households remain in their home, if possible, avoiding foreclosure or eviction. CRHDC counselors work with individuals and families to understand household finances, budget, and options when facing financial challenges impacting their housing situation.
- Financial housing resources for residents and community members facing financial challenges. CRHDC currently has funding for rental and mortgage assistance and COVID-19 relief funds for eligible applicant. To access financial assistance programs, applicants are required to go through CRHDC's Financial Capability program.
- Residential lending solutions and down payment assistance.
- Community development and small business lending solutions.

# 9% housing credit application narrative



**Project Name: The Trails at Pagosa Springs**

**Project Address: 116 Alpha Drive, Pagosa Springs, Colorado 81147**

## Executive Summary

Generation Housing Partners, a Historically Underutilized Business (HUB), is pleased to present The Trails at Pagosa Springs (“The Trails”), a 50-unit, new construction, development, consisting of 3.5 acres, in a master planned community in Pagosa Springs. The master planned community is anchored by an existing adjacent Walmart and is planned to include restaurants, retail stores, a hotel, walking trails, a small community lake, and a pocket park. This master planned community has recently received an increased amount of interest from national retailers and restaurants. In fact, Starbucks currently has the northeast corner of the tract under contract. Additionally, this development is located directly across the street from Pinon Lake Reservoir, providing residents with a unique amenity not typically available to affordable housing communities. The Trails is located on a newly constructed hike and bike trail connecting the development to other parts of the city. The development site also provides residents with excellent access to public transportation. Archuleta County Transportation provides bus service in the market area, with the nearest bus stop at Walmart, 0.15 miles northeast of the site. Residents can ride buses from this location to major commercial facilities and institutions in Pagosa Springs, with connections to routes that travel to Alamosa and Durango, as well as Chama and Farmington, New Mexico. The buses run every hour, from 7:00 am to 5:00 pm, weekdays.

## Unit and Income Mix

Consisting of one, two, and three-bedroom units, The Trails at Pagosa Springs will serve families with a household income from 30% to 80% AMI. **The area’s income-restricted projects have zero vacancy and waitlists ranging from 30 to 130 applicants.** The housing crisis in Pagosa Springs is currently one of the town’s most pressing issues. In fact, in 2021, the Town of Pagosa Springs procured a regional housing needs assessment, produced by Root Policy Research. This assessment examined existing housing data, housing plans, and housing needs across a five-county area. This study found that this region requires 152 deeply affordable rental units and over 400 moderately priced affordable units in order to meet existing demand. Unfortunately, this issue is exacerbated by an influx of permanent, high-income residents, as well as a high number of vacation rental homes becoming permanent residences. **Median home prices rose by \$150,000 in just 1 year pricing many people out of the market. Workers in the area are forced to live in campgrounds, doubling or tripling up in units and even resorting to living in their cars.** The Trails will promote **economic mobility** by providing more affordable housing options in Pagosa Springs which is where the higher paying jobs in the region are located.

Income Level	Unit Mix			Total
	1-BR	2-BR	3-BR	
30%	2	1	2	5
50%	5	3	3	11
60%	6	4	4	14
70%	6	3	5	14
80%	3	1	2	6
Subtotal	22	12	16	50

## Local Support

The Town of Pagosa Springs, as well as Pagosa Area Water and Sanitation District have taken steps to incentivize the development of new affordable housing. Both entities have provided letters indicating their support of the project, as well their intent to provide tap, impact, and permitting fee waivers for the development. Additionally, the Town of Pagosa Springs has offered to provide expedited permit review.

Design and Amenities

The development site is zoned Mixed-Use Corridor MU-C, which allows multifamily use with a density of up to 16 units per acre. The proposed density of The Trails is approximately 14.29 units per acre. The 50-unit development will consist of 22 one-bedroom, 12 two-bedroom, and 16 three-bedroom units. This location is also situated in a Difficult Development Area (DDA). The Trails will include a number of Class “A” amenities including granite countertops, 9-foot ceilings, Energy Star appliances, faux wood flooring, covered entries, low-flow fixtures, washer/dryer hookups, ceiling fans, and balconies. Community amenities will include access to a hike and bike trail, computer learning center, fitness center, laundry room, picnic area, playground, dog run, and a community center. The development will consist of two, two-story residential buildings, and a clubhouse. Exterior materials will consist of stone, brick, stucco, fiber cement siding, and metal accents. The buildings will include staggered setback facades and a composition shingle roof. Structural components of the buildings will include wood framing and post tension slabs. The two-story buildings will provide covered, open-air, corridors and stairways. The development will be designed to meet NGBS Bronze guidelines and will also feature zero-combustion All-Electric building systems.

Readiness to Proceed

Over the past two years the development team has worked diligently on entitlements and site investigation to ensure a successful project. The site is fully entitled for the proposed development and the team has held a number of meetings with the planning department, permitting staff, and the fire department. The team also held a pre-development meeting to discuss design and platting requirements. The current site plan has been reviewed by staff and has been approved for the submittal of an engineered site plan for sketch plat review. A full Phase 1 Environmental Site Assessment has been procured for the site and there are no environmental concerns. Additionally, Trautner Geotechnical Engineering was engaged to analyze the soils and subsurface conditions. Trautner provided eight boring logs, located under building and drive locations and provided an assessment of the subsurface conditions. The borings went to a maximum depth of 13 feet. The topsoil, located at a depth of 1 ½ feet to 7 feet, consists primarily of sandy fat clay. This layer of soil was found to be thinner on the west side of the tract and thicker on the east side of the tract. Beneath this layer, at a depth ranging from 3 feet to 10 ½ feet, is weathered shale. This material is relatively hard but can be excavated with traditional equipment. Below this surface, at depths ranging from 3 feet to 10 ½ feet, is shale formational material. This material is harder than weathered shale and may need some additional equipment for cutting in utilities and other infrastructure. These findings have been discussed thoroughly the engineer and the general contractor. Included in the cost schedule are the expenses associated with the import of select fill and additional equipment for cutting utilities in the formational shale.

Need for Affordable Housing

The need for affordable housing in this area has grown extensively due to an influx of permanent residents, skyrocketing home prices, escalating construction costs, and the nature of the available jobs in the area. There have been several articles published recently outlining the reaching impact that the lack of affordable housing has had on this area. **According to a report recently issued by the Region 9 Economic Development District of Southwest Colorado, Pagosa Springs is the most expensive community, in the southwest region of Colorado, to live in for a family of four.** The study

2022 Comparison of Median Rental Costs to Fair Market Rent Estimates Region 9	<sup>1</sup> Actual Rental Costs		<sup>2</sup> Fair Market Rent (FMR)	
	1 BDR	2 BDR	1 BDR	2 BDR
Archuleta County - Pagosa Springs	\$ 1,475	\$ 2,300	\$ 901	\$ 1,185
Dolores County - Dove Creek	NA	NA	\$ 731	\$ 914
Dolores County - Rico	NA	NA	\$ 731	\$ 914
La Plata County	\$ 1,450	\$ 1,650	\$ 1,240	\$ 1,413
La Plata County - Bayfield	NA	NA	\$ 1,240	\$ 1,413
La Plata County - Durango	\$ 1,469	\$ 1,700	\$ 1,240	\$ 1,413
La Plata County - Ignacio	NA	NA	\$ 1,240	\$ 1,413
Montezuma County	\$ 850	\$ 1,000	\$ 812	\$ 1,068
Montezuma County - Cortez	\$ 725	\$ 950	\$ 812	\$ 1,068
Montezuma County - Dolores	\$ 850	\$ 1,200	\$ 812	\$ 1,068
Montezuma County - Mancos	NA	NA	\$ 812	\$ 1,068
San Juan County - Silverton	NA	NA	\$ 907	\$ 1,134

found that the primary reason for the high cost of living was the high cost of housing. In fact, the study found that a family of four, living in Pagosa Springs, would need a household income of \$92,760 in order to be self-sufficient. This income



requirement is approximately 3.5 times higher than the State of Colorado’s current minimum wage of \$12.56 per hour, or \$26,527 per year. The high cost of housing has had a dramatic impact on the economic vitality of Pagosa Springs. Wolf Creek, one of the region’s most popular ski resorts, can’t hire enough seasonal workers due to the lack of affordable housing. Retailers and restaurants are also struggling to fill vacant positions. The Trails at Pagosa Springs provides a unique opportunity to provide desperately needed affordable housing in an area that would typically be restricted to high-cost, market-rate developments.

#### Financing Plan

Financing for the project will consist of 9% housing tax credits, which will provide approximately \$12,760,000 equity for the development. Also included in the capital stack are a CDOH EDG Loan of \$2,500,000 and deferred developer fee. The Town of Pagosa Springs, as well as Pagosa Area Water and Sanitation District, have provided conditional waiver letters for permit, tap, and impact fees. During the construction period, Legacy Bank will provide a construction loan in the amount of approximately \$13,000,000.

#### Updates Since 2022

*Rose Mountain Townhomes has completed construction and is fully leased, with a waiting list of 130 applicants.*

*Archuleta County Housing Authority has expressed support for the development and anticipates receiving an application to be a special limited partner which would qualify the project for a property and sales tax abatement.*

*To address concerns with soils and subsurface conditions in the area, a full geotechnical study was procured. Eight borings, at a depth of approximately 13 feet, were drilled throughout the site. Fatty clay soils, weathered shale, and formational shale were encountered at various depths. These materials have been accounted for in the construction budget.*

*Starbucks Coffee has a portion of the master planned community under contract and plans to break ground by the 3<sup>rd</sup> quarter of 2023. There is also additional interest from Raddison Hotels, as well as a regional restaurant group.*

*A recent report, provided by the Region 9 Economic Development District of Southwest Colorado, found that Pagosa Springs is the most expensive community, in the southwest region of Colorado, to live in for a family of four.*

*The income mix has been adjusted to take advantage of recent IRS guidance on Average Income to better meet the demand for the “missing middle” with added 70% and 80% AMI units.*

#### 1. Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP):

The Trails at Pagosa Springs meets the priority of providing affordable housing in non-metro counties with populations of less than 180,000. Archuleta County has a population of approximately 13,359 people.

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

The current demand for affordable housing in the market is extremely strong. In fact, the market study shows that there is currently 0% vacancy. Additionally, the most recent income-restricted development to be built, Rose Mountain Townhomes, is 100% occupied and had a waitlist of approximately 130 applicants. The Trails at Pagosa Springs has included multiple income bands in order to meet housing needs not currently being met. Currently, none of the existing income-restricted developments in Pagosa Springs have units targeted at 70%AMI or 80%AMI. The Trails includes 20 units for 70%AMI and 80%AMI residents. The remaining units are 30%AMI, 50%AMI, and 60%AMI. With the given distribution, The Trails is anticipated to be fully leased in only 2.5 months.

The Trails is centrally located in the heart of Pagosa Springs. Residents of The Trails will have easy access to public transportation, which is located 0.15 miles from the site, at the adjacent Walmart Super Center. Additionally, multiple retailers, job centers, parks, restaurants, city services, and recreational areas are within walking distance of the development site.

The development is zoned Mixed-Use Corridor (MU-C) and multifamily development, with a density of up to 16 units per acre, is allowed by right. No variances to the zoning are needed to develop the project. In order to move forward, a sketch plat and building plans will need to be submitted to the city. The permitting process is administrative in nature and no public meetings will be required for the remaining approvals. Additionally, the city has agreed to provide expedited permitting review.

The development is financially feasible, with the deferred developer fee being paid back within the initial 15-year compliance period. While Pagosa Springs is a resort area, the incomes in Archuleta County are among the lowest in the state. By comparison, Denver incomes are nearly 50% higher than Archuleta County. This results in the project not being able to support as much debt and needing 9% credits to be financially feasible. It also means that The Trails will support very low-income households even compared to other affordable developments.

The existing demand for affordable housing in the Pagosa Springs area has grown extensively year after year, with no indication of slowing down. This area continues to be one of the most popular ski destinations in this portion of the state and the need for service-related jobs continues to grow.

Generation Housing Partners (GHP) is a Minority Business Enterprise (MBE), developer, owner, and asset manager of class A multi-family assets located throughout the southwest. The company was founded upon building relationships with communities, investors, partners, and the residents they serve. The principals of GHP have a track record of success with a wealth of industry experience. Generation Housing Partners reputation of creating high-quality, well-planned multi-family properties precedes itself. With over 30 years of combined experience, the principals of GHP have developed, constructed, and managed over 7,000 units throughout the southwest. Their experience includes acquisitions, financial analysis, due diligence & entitlements, 4% tax exempt mortgage revenue bonds, 9% housing tax credit equity, asset management and construction management.

The total project cost of The Trails is in line with the current market. All members of the development team, including the architect and general contractor, have experience in designing and building high-quality, affordable housing developments. Additionally, the development team has paid close attention to the financing structure in order to use the available funds in the most prudent an effective manner possible.

The development site is unique to this area of the city. All utilities are readily available to the tract and the topography is relatively flat. There are no recognized environmental conditions and a geotechnical study was procured to better understand the soils and subsurface conditions. Access to the site, including both ingress and egress, is readily available. The team has held multiple meetings with the planning, permitting, and fire department to discuss the development plans and has received approval to submit a sketch plat and building plans for approval.

3. Provide the following information as applicable:

The development is not requesting any type of waiver related to financial feasibility. The development will however qualify for a basis boost due to the location being a designated Difficult Development Area (DDA).

4. Address any issues raised by the market analyst in the market study.

No issues or concerns were raised in the market study.

5. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated.

No issues or concerns were identified in the environmental report. There were no RECs and no further investigation is recommended.

6. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment (refer to Section 2 of the QAP for additional information).

In general, the cost of building in rural areas of the state tends to be slightly more expensive than building in the metropolitan areas. The Trails product type provides a very efficient two-story design that is less expensive on cost per foot basis than single story villas or townhomes. Additionally, by developing 50 units, some benefit of economies of scale may be realized.

7. In your own words describe the outreach to the community that you have done and describe local opposition and/or support for the project (including financial support).

Generation Housing Partners has been in close communication with the Town of Pagosa Springs and the Pagosa Water and Sanitation District for the past three years. The local community understands the urgent need for more affordable housing and has expressed strong support of the development. The Town of Pagosa Springs has provided a support letter indicating a waiver of permit fees and the Pagosa Water and Sanitation District has provided a similar support letter outlining their intent to waive impact and tap fees for the development. The total in-kind contributions are anticipated to provide approximately \$700,000 in benefit to the project. Additionally, the development plans to receive a support letter from the local chamber of commerce. A number of business owners have voiced the need for more affordable housing for their employees. As a whole, The Town of Pagosa Springs has recognized that affordable housing is a key component of economic development and overall success for the city.

8. Describe how the proposed development contributes to promoting equity as well as economic mobility for residents.

As it relates to promoting equity, the developer, Generation Housing Partners is a Minority Business Enterprise (MBE) and the property manager is also a MBE and Women Business Enterprise (WBE). Public investment in rental affordability is critical to address the disproportionately high cost burdens and housing instability experienced by households of color. Pagosa Springs has **the highest cost of living in the entire southwest region**. This disproportionately affects those at the lower incomes with an even greater percentage of their income required for necessities like housing, food and transportation. The Trails provides high quality, energy efficient, affordable housing, where residents can live near where they work and have within walking distance access to 2 major grocery stores, public transit and many other amenities. Housing insecurity has a trickle-down effect that impacts a broad spectrum of daily choices. Quite often, the rent is paid while other vital necessities cannot be afforded. The Trails will offer families housing security, and in turn provides them with a solid base to build from. By removing the difficult financial choices commonly encountered by low-income families, they can then focus on their future goals. These quite often include homeownership, financial security, food security, and pursuing a higher education for themselves as well as their children.

Additional Documents Provided:

1. Letter of Support from James Dickoff, Planning Department Director for the Town of Pagosa Springs outlining the urgent need for added affordable housing
2. Region 9 Economic Development District of SW Colorado Living Wage report citing Pagosa Springs as having the highest cost of living
3. 2021 Regional Housing Needs Assessment by Root Policy Research – this study examined the housing needs for counties in southwest Colorado.

# 9% housing credit application narrative



Project Name: Westview at PrairieStar

Project Address: 1180 Little Branch Lane, Berthoud, CO

## **Executive Summary:**

Westview at PrairieStar will provide affordable apartments in the Town of Berthoud in Larimer County where there are no affordable projects at this time.

Westview was designed as a market-rate project but rising construction costs and interest rates forced the developers to consider an affordable execution using Low Income Housing Tax Credits. Consequently, the units are larger with higher levels of finish than would usually be found in a tax credit project. Further, the project is shovel-ready and can begin construction within 90-120 days of the award of tax credits, eliminating interest rate and construction cost increase risks. As the final element of a new subdivision that began 9 years ago, Westview will enhance the demographic mix of that development by adding a lower-income populace.

Westview is not in a QCT/DDA/SADDA and will serve families with incomes between 30% and 80% of the Area Median Income in 24 one-bedroom units ranging from 684-709 square feet and 24 two-bedroom units ranging from 952 to 1,056 square feet. Twenty-four of the 48 units will be affordable to families with incomes below 50% of the AMI. The site is 1.35 acres for a density of 27.43 units/acre. There will be 77 parking spaces, 37 open and 40 under carports. The project will be wood frame with walk up buildings on slabs and will be all-electric with power supplied by solar panels atop the four buildings and carports.

Residents will have access to a clubhouse and pool adjacent to the site and owned by the developers as well as the 2 dog parks, basketball court, community gardens, 2 pickle ball courts, one tennis court, 3 miles of pedestrian walking trails, and a wetland pond for riparian viewing. Plans call for a village center next to the LIHTC 48 units that will provide opportunities for employment and shopping. The Town of Berthoud will also develop a large park in the area in which events will be held.

Construction financing loans will come from a bank, the sponsor's significant equity and the Impact Development and Colorado Clean Energy Funds. Permanent financing will come from a CHFA loan, owner and LIHTC investor equity, an Impact Dev. Fund Capital Magnet Fund loan and potentially a DOH loan. The sale of solar and energy credits will bring other equity to the transaction when the IRA regs are issued and the market is established.

Westview addresses CHFA's Guiding Principles by maximizing density, serving very low-income families, being a new construction, fully electrified project in an underserved rural community and using less than the maximum allowable tax credit allocation.

1. None of the priorities in Section 2 of the Qualified Allocation Plan (QAP) apply to Westview.
2. Westview meets the criteria for approval in Section 2 of the QAP as follows:
  - Market conditions – The capture rate from the market study is 15.3% for existing units and the required capture rate is 18.2% indicating a very deep need. There is only one other apartment complex in Berthoud, and it is a market rate project with 100% occupancy.
  - Proximity to existing tax credit developments – there are no existing tax credit developments in the Town of Berthoud. The nearest are in Loveland and Fort Collins to the north and Longmont to the south.
  - Project readiness – Construction drawings are nearly complete enough for the Town to issue a building permit. Westview is shovel-ready and will be able to close and begin construction this calendar year.
  - Overall financial feasibility and viability – Westview is financially viable and given the level of need for it, the financial capacity of the sponsors and the funding support available from the solar and energy-efficient aspects of the project.
  - Experience and track record of the development and management team – The sponsors have no experience with tax credit development and do have significant experience with real estate development and finance. The principals, Scott Sarbaugh, Richard McCabe and Neil Almy, have over 100 years of combined experience in development and finance and have built almost 2,000 units of housing, half of which are multifamily rental. They have assembled a highly experienced development team that includes Jeremy Syz, Bill Callison and Christopher Gunlikson of Holland and Hart as Counsel, Sopher Sparn Architects, Dohn Construction, ConAm as property manager, energetics as green consultant, Newmark Knight Frank, market analyst and Rodger Hara, consultant, each of whom has significant legal, development, finance and operation experience with LIHTC projects.
  - Project costs – Project costs of \$270,000 per unit are in line with the costs of other LIHTC projects, even with the higher level of finish being used.
  - Site suitability – The site is very suitable for rental housing with excellent visibility and access, views of mountains and is not exposed to excessive noise, flood hazards or underground subsidence issues.
3. Provide the following information as applicable:
  - Justification for waiver of any underwriting criteria - No waivers are requested.
  - Justification of the financial need for a CHFA Discretionary DDA basis boost of up to 30 percent of eligible basis – No basis boost is being requested.
4. Address any issues raised by the market analyst in the market study.

- The market analyst suggested that the rents on the 80% units be reduced from the maximum allowable to make them more competitive with market rate units. The rents proposed for the project reflect that reduction.
5. Address any issues raised in the environmental report submitted with your application and describe how these issues will be or have been mitigated.
    - The environmental assessment revealed no evidence of RECs, CRECs, or HRECs in connection with the subject property; however, a BER was identified. Based on the conclusions of this assessment, a radon study will be conducted to assess radon levels and proper design measures incorporated to mitigate the findings of that study as required.
  6. Identify if there are any unusual features that are driving costs upward, as well as if there are any opportunities to realize cost containment.
    - There are no unusual site conditions or design features that are driving costs upward. The plans and specifications are very nearly completed and there are opportunities for value engineering if tax credits are awarded; however, at the time the decision was made to apply for tax credits, there was not enough time for a full value engineering review.
  7. Describe the outreach to the community that you have done and describe local opposition and/or support for the project (including financial support).
    - The sponsors have been actively engaged with the Town of Berthoud for many years in the construction of the full development and have enjoyed a highly supportive relationship. The level of support for the change from a market rate to an affordable project is evidenced by the letter from the Town Manager. The master plan for the subdivision has always indicated that apartments would be built on the site so homeowners there have long been aware that that is the intended use. There is no known local opposition to the apartments.
  8. Describe how the proposed development contributes to promoting equity as well as economic mobility for residents.
    - Westview at PrairieStar will permit lower income families working in the Town of Berthoud to live there and pay rents commensurate with their incomes rather than having to live in the market rate project in Berthoud or in Loveland, Longmont or Fort Collins. Even if living in affordable units in the other communities, the cost of commuting and the time lost to doing so would be regained if they were able to live near the businesses, schools and other places of employment in Berthoud. The savings achieved could be used to potentially move into home ownership, enhancing the economic mobility of the residents. Social equity will arise from permitting those who work in the Town to become more fully engaged in it than would be possible by having to live elsewhere.



# 9% housing credit application narrative



Project Name: **Williams Pointe**

Project Address: **1515 Whippoorwill Drive, Lakewood, CO 80215**

*Williams Pointe, with sweeping views of Table Mountain and the Flatirons, pays homage to William (Bill) Lunsford, the person who began MWHS' 20+ years of very successful tax credit housing development. His vision of building on this parcel, which was purchased early in his tenure, now has the opportunity to come to fruition, offering beautiful homes to 44 families who will enjoy and enhance this neighborhood.*

*MWHS continues to expand to different parts of Lakewood to provide access to great schools, ample employment opportunities, and a wide range of services. Williams Pointe has convenient access to the mountains and the metro area, both through driving and public transit options.*

## **I. Executive Summary**

- a. *Williams Pointe is at the western edge of Lakewood, an underserved part of the city for affordable housing, as noted in the market study. It is not in a QCT/DDA/SADDA. While zoning does not limit the density, the topography of the site and the availability of funding do.*
- b. *Williams Pointe will serve families in 44 studio, 1BR, 2BR and 3BR units. AMI mix will include 20, 40, 60 and 70% units with an overall average of 50%. These are the first 20% units in the PMA.*
- c. *The property is in a very desirable location, near transportation and employment. Our residents will have access to a wide variety of employment and educational opportunities, thus increasing economic mobility. This location will enhance equity by bringing the first affordable family housing to the Applewood area of Lakewood, a very desirable suburban setting.*
- d. *MWHS has a strong track record with neighborhoods and has the support of the city council members in this ward. MWHS also works closely with the police department, which says it wishes all apartments in Lakewood were managed by MWHS!*
- e. *MWHS will continue the level of high-quality management and services that it has consistently provided as it opens and operates this new development.*
- f. *MWHS purchased this land at a very reasonable price and has declined numerous offers to sell it because we believe so strongly in the multiple benefits the site will provide to our residents.*



- g. The beauty of this hillside contributes to a challenging construction process, which is leading to higher overall cost than MWHS has typically faced. This is somewhat balanced by the low land price and the hard work of the team to design cost-effective buildings.*

**II. Description of the project as proposed**

**1. Detailed type of construction**

- i. 2-three story buildings of wood frame construction built to the 2015 IBC building code.*
- ii. Foundations include retaining walls on spread footings and reinforced concrete slab on grade.*
- iii. The roofs will be flat and sheathed in a heat-reflective white or tan TPO roofing material.*
- iv. Unit heating and cooling provided by cold climate heat pump PTAC units.*
- v. Domestic hot water will be provided by central, high-efficiency hot water tanks.*
- vi. Williams Pointe will be fully sprinkled and will meet NFPA 13R standards.*
- vii. The exterior building skin will consist of a combination of masonry, cementitious lap siding, factory finished metal siding, and a rain screen material.*
- viii. Units will be served by 8 covered stairways with up to 4 units accessed from each landing.*
- ix. The unit windows will be double-pane high efficiency vinyl.*
- x. All studio, 1BR & 2BR units will have one bathroom, and all 3BR units will have two bathrooms.*
- xi. First floor units include 3 fully accessible (Type A) units and the rest Type B.*
- xii. Passive radon mitigation system included with ability to switch to active if needed.*

**2. Population being served**

- i. Families, with a focus on those with more children, are the primary target population.*

**3. Bedroom mix**

<b>Size</b>	<b># Units</b>	<b>Size - Wtd Average</b>	<b>% of Total</b>
<b>OBR/1BA</b>	<b>5</b>	<b>518 sq.ft.</b>	<b>12%</b>
<b>1BR/1BA</b>	<b>8</b>	<b>613 sq.ft.</b>	<b>18%</b>
<b>2BR/1BA</b>	<b>16</b>	<b>892 sq.ft.</b>	<b>36%</b>
<b>3BR/2BA</b>	<b>15</b>	<b>1,085 sq.ft.</b>	<b>34%</b>

**4. Location: 1515 Whippoorwill Drive, Lakewood, CO 80215**

- i. This is a well-established neighborhood in west Lakewood. It includes primarily single-family homes. Substantial retail and office uses are nearby, offering a wide range of employment.*
- ii. A significant portion of the area is dedicated to open space and recreation.*

**5. Amenities**

**- Common amenities include:**

- i. Main floor community flex room with kitchen and connected to an outdoor terrace with BBQ.*
- ii. Playground/tot lot, and community gardens.*
- iii. 2 laundry rooms on the main floors of each building with 4 each of washing machines and dryers.*
- iv. Off-street parking, and onsite covered bicycle storage.*

**- Unit amenities include:**

- i. Units will have 8½ & 9-foot ceilings, with large windows. Many units will have walk-in closets.
- ii. Unit finishes will include high quality plumbing and electrical fixtures, laminate countertops, wood grain luxury vinyl tile flooring, and wood cabinets. Kitchens include stainless steel refrigerator, electric range, dishwasher, range hood/microwave, and a disposal.
- iii. Free wireless internet for residents.

**6. Services**

- i. Williams Pointe will have a part-time Resident Services Coordinator, allowing residents to conveniently access services in the place where they live. The coordinator works with residents on multiple levels: helping identify resident goals/needs, developing strategies to link residents with services, and bringing together information and resources for easy resident access. Information and services provided to residents include assisting with emergency needs, computer skills classes, job search assistance, career planning, community cultural activities and much more. The coordinator is available to meet with residents individually as well as to host classes and children's enrichment activities on-site. Specific classes and activities are determined site by site to meet the wishes and needs of that particular community but might include homework club or STEM activities for children and art classes or sustainability workshops for adults. Services will be paid by MWHS.

**7. Description of energy efficiencies**

- i. MWHS' integrated design approach to sustainability focuses on the site, building, and individual apartment scales to maximize sustainability and efficient use of resources. Williams Pointe will be constructed on a previously undeveloped site with reasonable public transportation options. Features are chosen based upon first cost value, payback for residents and the property owner, and impact to residents' quality of life. Specific sustainable attributes will include:
  - Highly efficient building envelope
  - All Energy Star© appliances as well as LED lighting throughout the building
  - PV ready, EV ready parking spaces, and electrification ready
  - Designed to meet the 2020 Enterprise Green Communities standard

**8. Type of financing; local, state, and federal subsidies; etc.**

- a. HOME funds from Jefferson County
- b. HOME or other funds from Colorado Division of Housing
- c. Equity from Metro West Housing Solutions (including land and cash)
- d. Tax credit equity (LIHTC)
- e. Mortgage

1. Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP):

*This development does not qualify for any of the 2023-24 housing priorities.*

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

- a. Market conditions

- i. *The PMA had an overall surveyed vacancy rate of 1.7% in November 2022, including 2.3% at LIHTC properties, 2 of which had an interest list and a 449-applicant waitlist, reflective of substantial pent-up demand for affordable units. Although there are 1,377 rental units in the development pipeline, almost three quarters are market-rate. Williams Point is the only family LIHTC property in development that will address the pent-up demand for affordable rental units. The existing capture rate for the 60% AMI units is 64.5%. Adding the Williams Pointe units increases the capture rate only 1.2%. The vacancy rate for surveyed 60% AMI units is 1%. If the 60% units truly were overbuilt the vacancy rate would be significantly higher for those units. The addition of the WP units increases the overall capture rate by less than 2%, a nominal increase. Finally the units offer at least a 15% discount to class B market rate units, a compelling discount.*
- b. Proximity to existing tax credit developments
  - i. *The very large PMA has ten LIHTC projects containing 1,181 income-restricted units. Of these, three are age restricted projects with 133 income-restricted units and 7 are non-age-restricted properties that have 1,048 dwellings. Williams Pointe will compete most directly with 1,048 of the tax credit units that are comparable in terms of target market and income restriction. As noted the vacancy rate is very low at the LIHTC properties in the PMA and demand for new affordable in the PMA is high based on the significant wait lists.*
- c. Project readiness
  - i. *The land is owned, free of debt, by MWHS. The site is zoned for this use, "Use by Right."*
  - ii. *MWHS will be ready to proceed to a formal site plan submission after receiving an award of tax credits. This timing will allow for construction to begin within 1 year after the award of credits.*
  - iii. *Carryover will be met within the required timeframe since the land will be purchased at closing and significant soft costs have already been expended.*
  - iv. *The Owner Equity is covered by unrestricted funds and is in an account at FirstBank of Colorado.*
- d. Overall financial feasibility and viability
  - i. *MWHS owns the land and has the funds available for its equity portion.*
  - ii. *The state and the county have both reviewed the plans and are open to requests for the amounts listed in the pro forma.*
  - iii. *The development meets all of the CHFA requirements (debt service, operating reserves, Green Communities, etc.).*
  - iv. *MWHS is contributing a sizable amount of funds (\$25K+/unit) to provide these deeply affordable, large family units.*
- e. Experience and track record of the development and management team
  - i. *MWHS has developed 11 tax credit developments over the past 20 years. In addition, MWHS owns 6 other tax credit developments which it purchased. Development staff have worked for years with MWHS. The management team has decades of experience, all with no findings in tax credit reviews.*
- f. Project costs
  - i. *MWHS has done extensive work to identify and quantify costs on this project. We have completed an unusually large amount of design work in order to understand cost implications.*
  - ii. *This is the 6<sup>th</sup> new construction tax credit development MWHS has done with the GC (Calcon Constructors, Inc.). They are consistent in cost estimating and having low change orders.*

- g. Site suitability
- i. *Williams Pointe is adjacent to a bus stop, within ½ mile of neighborhood shopping, childcare and a park, and within 1 mile of community shopping, a convenience store, grocery store, big box retail store, mall and elementary school. It is within 2 miles of a light rail station, senior center, library, hospital, urgent care and college. The site is located on the western edge of Lakewood and is within walking distance of 2 major employers (Martin/Martin and FirstBank), within a mile of 2 community and regional shopping centers and less than 2 miles from Tallgrass Energy, Red Rocks Community College, the Denver Federal Center and the St. Anthony Hospital Campus.*
4. Provide the following information as applicable:
- Justification for waiver of any underwriting criteria - *Not applicable*
  - Justification of the financial need for a CHFA basis boost up to 30 percent of eligible basis - *Not applicable*
5. Address any issues raised by the market analyst in the market study.
- a. *While listing numerous strengths of the proposed development, the market analyst did include a minor weakness, which is location. But the analyst also stated they do not expect this weakness to negatively affect the property's operation nor its marketability.*
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. - *No REC's*
7. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment (refer to Section 2 of the QAP for additional information).
- a. *The largest factor in the cost of construction for this project is the site. It has a great deal of topography requiring extensive grading and retaining walls. The additional cost is being offset by a significant sponsor financial contribution to the project. Further, the land was acquired at a very low basis so the high site costs should be viewed in light of the offsetting contributions by MWHS.*
8. In your own words describe the outreach to the community that you have done and describe local opposition and/or support for the project (including financial support).
- i. *MWHS has received positive feedback from neighbors, one of whom stated that it will only help the neighborhood and her home values. The council person whom we've contacted is supportive and as mentioned the local police feel MWHS is a property owner and manager to be emulated.*
  - ii. *Local support includes fee waivers for planning, building and park fees, totaling \$175,445.50 - 1.5% of the total development cost.*
9. Describe how the proposed development contributes to promoting equity as well as economic mobility for residents. *As mentioned, the property is in a very desirable location, near transportation and employment. Our residents will have access to a wide variety of employment and educational opportunities, thus increasing economic mobility. This location will enhance equity by bringing the first affordable family housing to the Applewood area of Lakewood, a very desirable suburban setting*