

pab lihtc application narrative



The AMICK Building Residences

1029 Santa Fe Street
Denver, Colorado 80203

January 30, 2017

Project Narrative

1. Executive Summary

The AMICK Building Residences (“Project”) is 58 unit Project designed to be an affordable rental housing project with 55 units (95% of the Project) will be reserved for low income families who earn less than 60% of the Adjusted Area Median Income (“AMI”). The remaining three units will be available for families earning less than 30% of AMI. The Denver Housing Authority (“DHA”) will be a member of the ownership entity and facilitate property and State sales tax exemptions. The primary financing will be tax exempt bonds issued by CHFA and funded by Freddie Mac. Subordinate financing will be provided by NEWSED, the Colorado Division of Housing (“CDOH”), and the City and County of Denver (“City”). The 58 unit Project will include 42 one bedroom units and 16 two bedroom units. The Project is expected to start construction in October of 2017 and will be ready for occupancy in October of 2018.

a. Project Description and Amenities

The Project will be a new 58-unit development constructed on a 31,799 s.f. Site located along the west side of Santa Fe Street in the Lincoln Park Neighborhood, approximately four blocks south of Colfax Avenue. The northern part of this neighborhood has seen very little development over the past 20 years other than the Colorado Ballet Academy Building located adjacent to the Site. The Site plan includes an existing three-story structure that will be rehabilitated to create 24 units and 33 storage units. A new four story building will be constructed adjacent to the existing building that will contain 34 units, a 3,222 s.f. community center, and 36 surface parking spaces. The two buildings will be connected via a covered skyway. The Site is located in a Qualified Census Tract and is zoned CMS- 5 which allows a four-story multi-family housing development. All utilities are available to the site.

The 66,045 s.f. buildings will include 42 one-bedroom units and 16 two-bedroom units. Each unit will be equipped with a complete kitchen and bathroom and there will be washers and dryers in each unit. The Project will include three fully handicapped accessible units and both buildings will be accessible for handicapped persons. The community center will contain the management office, art gallery, recreational space, and space available for group gatherings, educational classes, and family events.

The unit mix of the project reflects the findings cited in the market analysis. Many of the two-bedroom units will have two baths which greatly expands their marketability to a wide range of families.

Many of the units will have a balcony or a patio. These unit amenities have been consistently found to be the most desirable by families residing in the four other family LIHTC projects in Denver owned and managed by the Burgwyn Company. All four projects have extensive waiting lists.

Exhibit One: Occupancy by Income and Unit Type

| Unit Type | 30%*AMI | 40%*AMI | 60%*AMI | Market Rate | Total |
|-------------|---------|---------|---------|-------------|-------|
| One Bedroom | 2 | 0 | 40 | 0 | 42 |
| Two Bedroom | 1 | 0 | 15 | 0 | 16 |
| Total | 3 | 0 | 46 | 0 | 58 |
| Percent | 5% | 0% | 95% | 0% | 100% |

b.Project Location

The Site is rectilinear in shape and is situated along Santa Fe Street, a very busy street with excellent visibility and a major bus line. Vehicle access to the Site will be from the alley. Upon Project completion, resident access to the project will be from Santa Fe Street. The property is not located within a 100- or a 500- year floodplain.

The site is located adjacent to the Santa Fe Arts District, and within easy walking distance to the recreational facilities (i.e. playgrounds, recreation center, swimming pool, etc.) located within Lincoln Park. Greenlee Elementary and West High School are located within several blocks, as is the Byers Library. On the corner of Santa Fe and 14th (about 3 blocks away) is a King Soopers. Retail shopping is available along Santa Fe and Colfax Avenue.

c.Type of Construction

The general contractor, Pinkard Construction Company, has prepared a detailed cost estimate based on the architectural drawings. The estimate amounts to \$10,609,568 which is about \$160/sf. Pinkard will also develop a Section 3 plan that will include opportunities for WBE/MBE firms.

The existing building is a concrete frame structure with a partial basement that was constructed during the 1920s. The City, State, and Federal historic preservation agencies have approved the partial demolition of the existing building. The new four-story building will be wood frame with a single traction elevator that will serve both buildings. The exterior siding material will be stucco and Hardie plank and a thermo-plastic roof with R20 insulation will be installed. The building will be heated and cooled with electric heat pumps. A central gas-fired boiler will provide domestic hot water and both buildings will be fire-sprinkled.

d.Energy Efficiency and Green Building Features

The Project will be compliant with all of the mandatory Enterprise Green Communities criteria and many of the optional criteria to achieve a score of 71 points. In addition to being a smoke free building, optional criteria include reduced energy consumption due to the use of Energy Star appliances, windows, and lighting as well as low flow toilets, shower heads, and faucets. Storm water will be detained on the Site and there will be a dedicated waste recycling program. The Project has qualified for

the Xcel Design Assist program which measures the sustainability and the energy efficiency of the design. Xcel has calculated the gas and electric consumption of the building and established the electric utility allowances at \$35 per month for a one bedroom unit and \$47/month for a two bedroom unit. The Owner is expected to receive a \$39,175 payment from Xcel in recognition of its high level of sustainability.

2. CHFA Priorities

As a result of the severe lack of HUD Section 8 Project-based units (DHA has none) for homeless persons and persons with special needs, none of the CHFA have been met. The project does include 5% of its units for families earning less than 30% of the adjusted area median income.

3. CHFA Guiding Principles

The Project meets the CHFA guiding principles for the selection of projects to receive an award of credits by providing housing for families in a QCT and is located within a half-mile walk distance of public transportation.

4. Approval Criteria

a. Market Conditions

The market analysis prepared by Integra Realty Resources concluded that the proposed Project will be one of a very small number of new multi-family developments in central section of the metro area and the only new affordable multi-family development currently slated for its Primary Market Area (“PMA”) in 2017. Its location, close to Downtown Denver is good, and there is ample bus transportation to the Site. The Project also benefits from its close proximity the 10th and Lipan light rail line and near the Auraria campus which is less than one-half mile away.

Based on the findings of the market analysis, the unit mix and the unit sizes of the proposed development are well-positioned for its market. The units are in line with, or slightly larger than, the other comparable developments in the market. Future demand for the LIHTC units will increase in the PMA due the extremely low vacancy rate. Community amenities are a strength of the subject property and are typically more generous than competing properties. The market analysis revealed an average capture rate of 6.3% which is below the CHFA threshold of 25%. It is worth noting that the four Burgwyn Company family LIHTC projects in Denver County are 100% occupied with long wait lists for the 50% AMI units. The existing LIHTC projects in the market area all reported vacancy rates of 1% or less with long waiting lists of households desiring one and two bedroom units.

In summary the market study concluded that:

- There should be no changes to the project.
- The proposed rents provide a good value to potential residents and the project should reach stabilized occupancy within three months at a rate of 15 units per month.
- The presence of two-bedroom/two-bath units will be a competitive advantage for the subject property since many affordable multi-family developments often incorporate only one bath in two-bedroom floor plans, which is the case with most of the comparable properties.
- The “green” (i.e. environmentally friendly and/or environmentally sustainable) concepts and initiatives incorporated into the final development plan for the Project will help the

marketability of the Project.

- The low parking ratio is offset by the high number of one bedroom units and the proximity to the bus and light rail lines.

b. Readiness to Proceed

DHA is expected to join the ownership entity and the Secondary Loan Funds have been solicited from the City and CDOH. The Project has debt and equity commitments in place. The Site plan has been submitted to the Denver Planning Office for approval. Design Development drawings and specifications have been completed and the final architectural plans will be submitted to the Denver Building Department in July of 2017 with a building permit expected in September of 2017. Construction will commence in October and the Project will be completed in October of 2018. The Mile High Community Loan Fund has originated a \$690,000 pre-development loan.

NEWSED, a member of the Ownership entity, currently owns the Site and will carryback a \$921,449 note to partially off-set the acquisition cost.

c. Overall Financial Feasibility and Viability

The Project is expected to cost \$16,695,531 or \$287,854 per unit as illustrated in Exhibit Two.

Exhibit Two: Uses of Funds

| Project Costs | Amount | Per Unit | Percent |
|--------------------------------|----------------------|-------------------|-------------|
| Demolition | \$257,791 | \$4,445 | 1% |
| Site Improvements | \$ 721,555 | \$ 12,440 | 4% |
| Construction, FFE, and Permits | \$ 10,174,609 | \$ 175,424 | 60% |
| Professional Fees | \$ 742,200 | \$ 12,796 | 5% |
| Construction Interim Costs | \$ 765,855 | \$ 13,204 | 5% |
| Permanent Finance/Syndication | \$ 267,830 | \$ 4,618 | 1% |
| Soft Costs/Relocation | \$ 332,902 | \$ 5,740 | 2% |
| Operating Reserves | \$ 178,000 | \$ 3,069 | 2% |
| Development Fee | \$ 1,634,000 | \$ 28,172 | 10% |
| Property Acquisition Costs | \$ 1,584,000 | \$ 27,310 | 10% |
| Total | \$ 16,695,531 | \$ 287,854 | 100% |

The primary funding will be 35 year permanent loan from Freddie Mac arranged by Bellwether Enterprise Real Estate Capital amounting to \$4,106,400. The construction period financing amounting to \$9,310,000 will be provided by First Bank of Denver. The Project owners expect to receive funding from the City of Denver amounting to \$880,000. CDOH funds amounting to \$470,000 will be provided by the State Division of Housing. The Xcel energy conservation payment will amount to \$39,175. The Federal (\$0.95) and State (\$0.65) LIHTC will be sold to raise \$9,534,002. The sources of funds gap is closed by the

\$662,376 deferred development fee. The Denver Housing Authority will be a member of the ownership entity, therefore enabling the Project to qualify for property and State sales tax exemptions.

Exhibit Three: Sources of Funds

| Funding | Amount | Per Unit | Percent |
|--------------------------------|----------------------|-------------------|-------------|
| Perm. Loan | \$ 4,106,400 | \$ 70,800 | 25% |
| State Loan and Grant | \$ 470,000 | \$ 7,155 | 3% |
| NEWSED Loan | \$ 921,449 | \$ 15,887 | 6% |
| City Funding | \$ 880,000 | \$ 15,172 | 5% |
| Limited Partners | \$9,534,002 | \$ 164,379 | 58% |
| Deferred development Fee | 662,376 | \$11,420 | 2% |
| Xcel Conservation Payment | 39,175 | \$ 675 | 1% |
| Refund of Forward Lock Deposit | \$82,128 | 1416 | 1% |
| Total | \$ 16,695,513 | \$ 287,854 | 100% |

To achieve a high level of financial viability, the permanent mortgage has been sized based on a seven percent vacancy rate and 1.17 debt service coverage on all hard debt (including the interest only payment of \$27,544/yr. on the City Loan).

d. Development Team Experience

The general partner entity will include NEWSED (25%) and Burgwyn/Johnston (75%). The Development Team will include NEWSED and Burgwyn So-Oli Developers, LLC as the Developer, Shopworks Architecture as the architect, and Pinkard Construction Company as the general contractor. Burgwyn and Johnston recently completed the Ruby Hill Residences which had a similar finance plan to the proposed plan for the AMICK Building and provided affordable units for 86 previously homeless persons. The permanent debt financing was a tax-exempt loan funded by Fannie Mac, CHFA awarded the Project 4% LIHTC, and the City and CDOH provided secondary financing.

The Burgwyn Company has a long track record as a developer and manager of market rate, affordable, and special needs housing in the Rocky Mountain Region. During the last fourteen years, TBC has served as the developer on 21 rental housing developments which total 1,600 units of which 1,400 are affordable including 700 HUD Section 8 units. A subsidiary of the Burgwyn Company serves as property manager for many of these projects in Denver. The total cost of these projects is approximately \$250 million. The finance plans for these projects have included the use of conventional loans, LIHTC, private activity bonds, HOME loans, HOPE Six grants, and Federal Home Loan Bank grants. Mr. Burgwyn will serve as developer and general partner in the ownership entity for the Project.

So-Oli, Inc.

Douglas F. “Rick” Johnston, President So-Oli, Inc. Mr. Johnston has served as a developer, adviser, and investment banker in the area of affordable housing for 25 years. He has completed \$20 billion in financings as an investment banker, including over \$1 billion for affordable rental housing. In July 2000 he started his own business, So-Oli Affordable Housing to build, acquire, rehabilitate, and preserve affordable housing projects in targeted states in the U.S. Since starting his own business in 2000, he has acquired and rehabbed 1380 units of rental housing. Mr. Johnston is a partner with Mr. Burgwyn in the Residences at University Hills, a 101 unit affordable, mixed-income development in Denver and the 114 unit Ruby Hill Residences project that recently reached stabilized occupancy. Mr. Johnston will serve as developer and general partner in the ownership entity for the Project.

NEWSED CDC, Inc. (NEWSED) is a community development organization that has served the neighborhoods of West Denver for four decades. Since its inception in the 1970s, NEWSED has had a major impact on the development of retail, the growth of small business, the availability of housing, and the promotion of cultural events in its primary neighborhood and throughout the Denver Metropolitan area. NEWSED has development approximately 100,000 square feet of retail/commercial real estate, including two shopping centers, and has produced more than 300 units of affordable housing including the La Villa de Barela and Palico Inca projects. NEWSED was a joint venture partner with the Burgwyn Company in the development of the Chaffee Park and Shoshone Senior Residences projects.

Pinkard Construction Company was founded in 1962 and remains today a family and employ owned general contractor. The firm has completed 44 affordable housing projects including mostly recently Benedict Park Place, Willow Glen, and the Hirschfeld Towers Rehabilitation.

Shopworks Architecture was formed by Chad Holtzinger in 2012. The primary focus of the firm is urban infill development with a particular interest in affordable housing, transit oriented and mixed use development and community oriented projects. While at OZ Architecture, Mr. Holtzinger designed several projects for the Burgwyn Company including the Chaffee Park Senior Residences, Clay Street Residences, and the Residences at University Hills.

Burgwyn Residential Management Services LLC, a Colorado limited liability company, commenced operations in June of 2012, to serve as a property management company serving market rate and affordable housing projects in the Denver Metro Area owned by The Burgwyn Company. BRMS is a full-service management company that currently manages eight properties in the Denver Metropolitan area which total 605 units. Underlying management philosophy is a strong commitment to resident satisfaction, efficient project operation, financial controls with an emphasis on cash management, and clear communication channels between management staff and project

e. Cost Reasonableness

The projected Total Eligible Basis for the Project is expected to be \$14,661,737 which is substantially less the amount allowed under the Method Three Basis Limits test (\$15,009,680). The Federal LIHTC allocation requested (\$613,626) amounts to \$10,580 per LIHTC unit and the request for State LIHTC (\$949,886) amounts to \$16,377 per unit.

f. Proximity to Existing Tax Credit Developments

There are thirteen family oriented LIHTC projects in the PMA containing 584 units and one 77 unit project under construction. The 77 unit Mariposa Redevelopment IV was completed in 2015 is the

most recent addition to the LIHTC project inventory.

g. Site Suitability

The Property is located along Santa Fe Street, which serves as a major north-south arterial into the Central section of the City of Denver. The market analyst gave the Project an above average walk score of 86 and described the area as very walkable. The bike score was 95 and the transit score was 70. There are commercial districts located along Colfax and Santa Fe with a grocery store located three blocks from the Site (King Soopers). The Lincoln Park Municipal Park which includes a large children's play area is located three blocks south of the Site. The City has invested heavily to upgrade the park facilities for children by constructing the La Alma Recreation Center.

Greenlee Elementary School, West High School, and Denver Center for International Studies (which is a magnet middle school located at Sixth and Fox Street) are all within a one-mile radius of the subject Site. The Property is also within one half mile of the 10th and Osage and Auraria light rail stations. In addition to access to the current light rail lines, several bus lines serve the Project, thus providing excellent public transportation. Denver RTD bus route 1 and 9 which stops one block from the Project travels along Santa Fe Street. This bus line provides local service throughout the surrounding neighborhood and provides connection service to several other bus lines that can be used to access Denver Health Medical Center at Eight and Bannock.

5. Justification for Underwriting Criteria Waivers

a. Operating Expenses

The Project operating expenses at \$4,226 per unit per annum are above the CHFA minimum of \$3,900. The debt service coverage is 1.17, the replacement reserve is \$300/unit, and a seven percent vacancy rate was used in the projections.

b. DDA Credit

The Project is located in a QCT so the DDA is not required.

6. Issues Raised by the Market Study

The subject property's parking ratio appears low. However, this is offset by the high number of one bedroom units at the subject, the proximity to the light rail lines and bus line, and the reality that many of the low-income residents will not have a vehicle. The Project will include two car share vehicles.

7. Issues Raised by the Environmental Reports

The windows on the Santa Fe Street facade will have an enhanced level of sound protection to offset the traffic noise generated by Santa Fe Street.

8. Unusual Features that Effect Project Cost

Inner-City development projects are always more costly than suburban development projects. The land acquisition is expensive (\$27,310/unit) ,relocation is costly (\$3,094/unit), and the demolition

amounts to \$4,445/unit. In addition, the City planning office required that east façade of the AMICK building be preserved. The cost to shore up the east façade is \$2,931 per unit. The City Waste Water Department has required that a new storm sewer line be installed in Santa Fe Street to service the Project at a cost of \$2,155 per unit. The site is very small as is the Project, thus eliminating economies of scale for the general contractor. To reduce costs, NEWSSED has agreed to carryback \$921,449 (\$15,887/unit) of the acquisition costs and the DHA involvement has reduced the Use Tax by \$50,000 (\$862/unit).

9. Outreach Efforts and Local Financial Support

Meetings have been held with representatives of the Lincoln Neighborhood Associations to discuss the site plan, building design, and proposed occupancy over the last six months. A recorded public hearing was held on January 16, 2017 and the results are included herein. The City is considering a \$880,000 Loan for the Project that will be used to cover a portion of the Site acquisition cost and tap fees. The City has provided a statement that the proposed project meets community housing needs. Support letters have been received from Councilman Paul Lopez, the La Alma Lincoln Park neighborhood association, and the adjacent Colorado Ballet Academy.

The 2017 LIHTC application differs from the 2016 LIHTC application in that the construction costs have increased by over \$600,000 (6.5%), Federal LIHTC prices have dropped from \$1.055/LIHTC\$ to \$0.95/LIHTC\$, and HUD Section PB units are no longer available. The interest rate on the permanent loan has increased by 60 basis points. To compensate, we have included three units reserved for families earning less than 30%*median. The Green Communities score has increased dramatically from 44 to 71 and local support has grown. The State LIHTC allocation has increased to fill the financial gap.

pab lihtc application narrative



Project Name: Brandon Flats

Project Address: 1555 Xavier Street and 1550 Yates Street – Denver, Colorado

Project Summary: Brandon Flats is the next project to be developed by Volunteers of America (VOA) to support its mission of providing housing and services to the most vulnerable members of society. Brandon Flats will provide 104 units of permanently affordable rental housing in two connected buildings to families, couples, individuals, seniors, and veterans. Fifty-nine of these units will be set aside for people experiencing homelessness, who will be supported by VOA’s robust package of services. This is a very important legacy site for VOA. This project presents a unique opportunity to use State LIHTC to move forward quickly with the development of additional PSH units to work toward correcting the lack of permanent supportive housing options, as well as to provide additional family units in west Denver’s low-vacancy, high-rent housing market.

Type of Construction and Energy Efficiency: Brandon Flats’ two buildings will each be four stories of wood frame construction accessed by stair towers and elevators, with two entrances included within a shared lobby. All units have a Type B visitable design, come with a full complement of appliances, including washer and dryers, and large wall-to-wall windows in the living spaces. Hallways, stairwells, lobby and common areas are intentionally large, sunny, and usable. All PSH units will be fully furnished. Energy efficiency is gained by careful selection of energy source of appliances and sizing of HVAC systems. Roofs will be constructed as “solar ready” with panels installed as funding becomes available.

Population and Bedroom Mix: Brandon Flats will contain 1 manager’s unit, 44 family units, and 59 PSH units. The family building will have 8 one-bedroom, 25 two-bedroom, and 11 three-bedroom apartments. The PSH building will have 39 one-bedroom apartments for individuals and couples, and 20 two-bedroom apartments for larger formerly homeless families.

Location and Community Amenities: Brandon Flats is ideally located close to downtown Denver, the West Colfax business district, transit, to Denver’s Sloan Lake recreation area, and to community amenities for families, adults, and people emerging from homelessness.

On-Site Amenities and Services: All residents will have access to the building’s usable, south-facing and enclosed terrace and courtyard area as well as a rooftop terrace and sunny, multi-purpose lobby area with play areas, offices, classrooms, access to computers, and coffee bar. In addition, the PSH entrance will be monitored by 24/7 front desk staff who are trained to develop relationships with residents and monitor activity. In addition, all PSH residents will have access to a significant amount of

optional services. Please see the attached Services Plan for more information about PSH services. The building will also feature controlled access and video surveillance to ensure resident safety at all times.

Financing: The project will be financed with a combination of construction-to-permanent tax exempt loan proceeds, construction-to-permanent loan from the CHIF program, 4% and State LIHTC equity, funding from the Colorado Division of Housing, City of Denver Office of Economic Development, and additional funding from a variety of sources to be funded up front by VOA, including deferred developer fee. VOA anticipates \$595,000 in additional funding from Capital Magnet (\$400,000) and Home Depot funding (\$195,000). Additionally, FHLB Topeka will be considered for additional gap funds. Services for the PSH units will be funded by a QAP-allowed increase to the developer fee and corresponding increase to the equity amount, which will be held in a services reserve to be distributed over 10 years. Additionally, VOA has committed to providing funding the services budget through a variety of sources including; available cash flow, Medicaid, and fundraising/foundation grants. This funding effort for services will ensure that the PSH units will have supportive services over the long term.

Describe the bond financing structure and include the following:

- a. Total amount of bonds with a breakout of construction period bonds vs. permanent bonds:**
Construction period: \$14,103,900; Permanent: \$7,650,000
- b. Bond issuer (please specify whether you are seeking a CHFA bond-financed loan, a CHFA conduit bond issue only, or bonds from another municipal source).** CHFA will be the issuer
- c. Lender and bond sale structure (public sale/ private placement, takeout, securitization, etc.):**
Private placement with a takeout using LIHTC equity
- d. Portion of bonds that will be tax-exempt (i.e., will the bonds have a “taxable tail”), if applicable:** 100% tax exempt

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

- **Projects serving Homeless Persons:** 57% of units will be targeted for formerly homeless households and supported by voucher subsidies from the VA, CDOH and including seven units to be subsidized with Section 811 vouchers, intended to serve residents with disabilities. A significant package of services will be available to PSH and Section 811 resident to support their effort to stay housed and realize success in their lives. Please see attached Services Plan for more detail about the PSH component of this project. Services will be provided to the 44 family units from the Service Coordinators in the PSH Service Plan and Budget.

Identify which, if any, of the guiding principles in Section 2 of the QAP the project meets and how it meets them:

- **To support rental housing projects serving the lowest income tenants for the longest period of time:** Brandon Flats will have 19% of units covenanted at 30% AMI, another 38% covenanted at 40% AMI, and the remaining 43% covenanted at 60% AMI. All units will be covenanted for the maximum of 40 years. Fifty-nine units are intended to serve formerly homeless residents. PSH units will provide housing options to individuals, couples and families who are ready to live in permanent housing and who are most in

need for housing based a vulnerability assessment, which assesses factors such as physical and mental health and length of time in homelessness, amongst other factors. PSH will be provided at Brandon Flats according to best practices in the Housing First and Harm Reduction models. Please see the attached Tenant Selection and Services Plan for more information on the project's future PSH residents and services.

- ***To support projects in a QCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A 4, Primary Selection Criteria:*** The project is located in a QCT and supports the goals of a community revitalization plan on a City and regional level. Please see attached scoring documentation for more detail.
- ***To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas:*** The project will be located in west Denver in a high-density urban corridor.
- ***To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and non-profit:*** VOA is 120-year old non-profit agency providing housing and services to seniors, people with disabilities, people leaving homelessness, and families. Please see attached information from VOA and its development team members for more information on its qualifications as a housing and services non-profit provider.
- ***To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing:*** The project will serve formerly homeless households, people with disabilities, families, single individuals and couples of all ages.
- ***To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail:*** Brandon Flats is immediately adjacent to the West Colfax Avenue bus corridor and about ½ mile from the Sheridan Light Rail Station, allowing the project to qualify as a Transit-Oriented Development. The bus stop on Colfax is 100' from Brandon Flats. Its location provides easy access to the local area as well as to downtown Denver and regional transit options.
- ***To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing:*** Brandon Flats will be constructed on the site of the former Brandon House Safe Haven for homeless individuals. It is a property with a substantial history of serving the neighborhood's residents with the most need. VOA is pleased to be able to repurpose the site for a substantial new construction project that will continue to serve people with the greatest need for housing. Please see the attached document outlining the history and heritage of VOA's involvement on the 1555 Xavier Street/1550 Yates Street parcel and the Sloan's Lake neighborhood.

- ***To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period:*** The development budget and project financing structure has been evaluated in detail to ensure that the credit request is reasonable for the scope of the project. We are requesting the full \$1.0 mm State LIHTC amount due to the high number of special needs units, 59, and scale of the project, 104 total units.
- ***To reserve credits for as many rental housing units as possible while considering these Guiding Principles and the Criteria for Approval:*** The State credit request for Brandon Flats equals \$9,615 per unit, which is quite low compared to typical State LIHTC requests.

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

- Market conditions:** According to the attached market study, the overall capture rate for the project is 21.1% and healthy lease up and occupancy is possible because:
 - The PMA vacancy rate is 1.2%, with a 0% vacancy for LIHTC units;
 - The project receives an overall marketability score of 5 of 5 based on its amenities, location, and other factors;
 - The market supports the proposed design and bedroom mix;
 - The market analyst’s review of the data suggests that the household growth in the PMA is understated and will support an absorption of 30 units/month and a 3-5% vacancy rate; and
 - VOA’s services package, the amenities, referral partnerships, Section 811 and other subsidies, as well as the large number of homeless households likely willing to relocate to the PMA point toward a successful lease up of all PSH units.
- Readiness-to-proceed:** Brandon Flats demonstrates a high level of readiness to proceed. The property is owned by VOA, zoned for multifamily use by right, and the neighborhood groups and City of Denver are well informed about the project (see support letters) and have raised no issues which will impede the progress of the project post LIHTC award. Denver Housing Authority is currently processing a request for VASH vouchers and property tax exemption. An application to CDOH for project-based vouchers has been submitted and a funding request to OED will be submitted on March 1 for a concurrent award with an LIHTC allocation. Upon LIHTC award, the project will complete its funding applications to CDOH, the bond issuance process, selection of debt/equity partners, the building permit approval process, and move toward financial closing by May 2018. VOA plans to begin demolition of the existing buildings in advance of the financial closing to ensure a quick construction start upon financial close.
- Overall financial feasibility and viability:** The project’s financial feasibility has been carefully evaluated according to reasonable but conservative underwriting standards that respond to the uncertainty of the current lending, investment, and construction markets. Please see application worksheets for more detail.

- d. **Experience and track record of the development and management team:** In its 120 years of existence, VOA has developed thousands of units of housing for seniors, people with disabilities, veterans, and families. In addition to its experienced national development, compliance, and services professionals, VOA Colorado manages a significant portfolio of affordable housing in Colorado. VOA has retained consultants, designers, and construction professionals who have recent experience working with VOA on prior projects and based on their ability to deliver high quality LIHTC, multifamily, and PSH housing. Please see the attached development team resumes for more information.
- e. **Cost reasonableness:** The per-unit costs to construct Brandon Flats are within reasonable parameters for other LIHTC developments built in the Denver metro region in the past several years. VOA proposes to work with BC Builders again, a company with an excellent track record of delivering a very good construction cost per unit and per square foot value.
- f. **Proximity to existing tax credit developments:** The market study indicates that 90% of units under development in the PMA are market-rate units, highlighting the continued need for affordable units in the area. Although there are other family LIHTC units in the PMA, the market study's analysis of demand and marketability shows there will be no issues with leasing up and keeping these units occupied. In addition, all 60% AMI rents have been set at 55% AMI to provide some flexibility during any potential changes in the market and to be more affordable to more potential renters. In addition, the PSH units provide a much-needed and highly specialized housing type and will not compete with other family units. The market study also indicates that the area can support 60% AMI units.
- g. **Site suitability:** Brandon Flats is located on west Colfax between Xavier and Yates Streets in the Sloan's Lake area. It will provide a range of affordable rental options in a part of Denver that has seen rapid redevelopment and gentrification. Most of the existing housing and new housing development is market rate at much higher rental rates than affordable, curtailing the ability for working families and households emerging from homelessness to live in the area and take advantage of its amenities.

Brandon Flats is within a quarter-mile of a Walgreens, 7-Eleven, and the Sloan's Lake Park and recreation area, within 1/2 mile of both Target and King Soopers, banking, restaurants, hardware store, post office, and is within 2-3 miles of downtown Denver, the BelMar shopping area, the Rude Recreation Center, several healthcare options and the Corky Gonzales Public Library. In addition, Brandon Flats is within ¼ mile of the local Veterans of Foreign Wars post, the West End Clinic operated by the Colorado Coalition for the Homeless, and within two miles of VOA's Veterans Services Center. Children living at Brandon Flats will be within ¼ mile of the nearest elementary school and ½ mile from childcare and HeadStart program, middle and high schools, as well as within 2 miles of the Surfside Spray Park. Brandon Flats is located within a mile of the Rocky Mountain College of Art & Design and 2-3 miles from the Auraria Campus, which includes Metropolitan State College, CU-Denver, and Community College of Denver. Finally, the site is located only 3 blocks from Sloan's Lake which will be an incredible outdoor amenity for the residents of Brandon Flats and includes basketball and tennis courts, trails and playgrounds. The site is considered "somewhat walkable," "very bikeable," and in a "good transit" area according to the Walk, Bike and Transit Score criteria.

Provide the following information as applicable:

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): None

Address any issues raised by the market analyst in the market study: The market study provides strong support for the project as programmed and raises no issues for correction.

Address any issues raised in the environmental report(s) submitted with your application, including how the issues will be mitigated, if applicable: The attached Phase I environmental report shows there are no Recognized Environmental Conditions (RECs) associated with this site. The existing Brandon Safe Haven structures have been evaluated for the presence of asbestos and lead based paint and any environmental hazards will be mitigated and contained according to best practices as a component of the demolition prior to construction. Costs for this work have been included in the BCB construction budget.

Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment: Both the building design and site are straightforward for construction, contributing to the very reasonable per unit and per square foot costs. An early version of the design had a parking garage which was removed to cut costs and make the project more feasible.

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): VOA has been an active service provider in the west Colfax corridor for decades, by providing shelter and temporary housing at the now-vacant Brandon Safe Haven and nearby motels owned and operated by VOA. Since the inception of the Brandon Flats project, development and resident services staff have met with City of Denver Councilman Espinoza, Registered Neighborhood Organizations, the West Colfax Business Improvement District, and other neighborhood groups to introduce the project, hear concerns, and plan for the redevelopment of the property. The active members of the neighborhood have expressed their support for the new Brandon Flats project and the work done by VOA to provide permanent supportive and family housing at the site. Please see the attached letters of support demonstrating the ongoing collaboration between VOA and the neighborhood.

In addition, VOA staff have attended three years worth of PSH Developer Toolkit trainings to understand and prepare for the creation of PSH units and services that are effective, evidence-based, and sustainable in the long term. This project aligns with City of Denver and statewide prioritization of the creation and funding of PSH housing as well as other affordable housing options to meet the needs of the Denver community. The project's programmatic alignment is

evidenced by letters expressing intent to provide partnership, vouchers, and funding from Denver Housing Authority, CDOH, and the City of Denver OED.

pab lihtc application narrative



Project Name: Citadel on Colfax

Project Address: SEC of East Colfax Avenue and Sable Boulevard, Aurora, CO 80011

Project Description:

The Citadel on Colfax is an intentional master planned community that seeks to provide a physical space, which empowers a multitude of programmatic interventions to serve veterans. The cornerstone element of the entire master community will be an affordable mixed-use housing development as described throughout the accompanying application. The subject residence will be developed on 1.83 acres with the remaining acreage onsite expected to provide supporting resources, amenities, services and ample green space. Additionally, by intent, the development will provide significant benefit to the surrounding community, with a goal of inviting the community to take part in the reintegration of veteran’s onsite and bridging the so-called “civilian-military divide.”

The proposed residence will be comprised of ninety (90) one and two-bedroom units, ample space both indoor and outdoor for community use, child care, case management, and other supportive services, as well as ground floor commercial space in one four-story elevator-serviced low-rise building. Twenty of the units will be designated as VASH supported permanent supportive housing (PSH) where tenants will contribute 30% of their income towards rent. The remaining seventy units will be restricted to veteran households earning 30%, 50% and 60% of Area Median Income (AMI), or less. All PSH units will be ADA accessible and be made available according to the “Housing First” model, serving residents requiring substantial, long-term services to stay stably housed. The landlord will pay for all utilities including electric heating, cooling, water, sewer, and trash expenses. The proposed residence will be accessible from East Colfax Avenue and a yet to be named road that will be built during construction.

If awarded tax credits, the proposed development will be the first low-income veteran housing residence in Aurora, CO. As articulated throughout this application, the project is even more potentially impactful due to the expected influx of probable tenants who may require services at the new hospital site, managed by the Department of Veteran Affairs (VA). The Citadel on Colfax will expand the availability of permanent supportive housing units to more veterans and their families, keeping them out of homelessness and supplying them with the resources to help them thrive in their new community.

With the intent to integrate the veteran housing with the surrounding master plan development, the first floor will host four retail units totaling approximately 10,800 square feet. The retail units will be structured as one retail condominium that will be purchased by a to-be-formed single purpose entity of Northstar Commercial Partners prior construction completion of the Citadel on Colfax. Northstar has hired NavPoint, a successful retail brokerage, who has already begun marketing the retail space and has received substantial interest in a short period of time as shown in the attached retail report. Although Northstar is marketing to a wide range of

retailers, the developer is providing additional incentives such as discounted rent, to veteran focused retailers and non-profits as a means to help further the supportive mission behind the Citadel on Colfax.

Location:

The Citadel on Colfax will be located in the center of a to-be-constructed master planned community located to the east of Highway 225 along East Colfax Avenue. The project is located approximately ½ mile from the new VA Hospital, located on the Fitzsimons campus, which will presumably be the primary healthcare source for most residents. The Citadel on Colfax is immediately accessible to the high-frequency bus line along the Colfax corridor and within a quarter mile from a light rail station providing access to the surrounding metropolitan area. A plethora of shopping, restaurants, and recreation facilities are located within a short walk, bus or light rail ride from the complex as well.

The Citadel on Colfax is located in a Qualified Census Tract (QCT) with a strong demand for affordable housing and a large pool of qualified tenants for the proposed development. Buckley Air Force Base, located approximately 2.5 miles from the subject site, is the largest employer in Aurora, CO and employs more than 11,000 employees. Other major employers are concentrated in the education, healthcare, government and security sectors. As of October 2016, the unemployment rate in the MSA was 2.9% compared to the national average of 4.7% providing ample employment opportunities for the residents. Its proximity to the Community College of Denver at Lowry and the Community College of Aurora at Lowry offers very convenient education for adult learners as well.

The census tract in which the subject is located has also begun undergoing significant revitalization as a result of state, local, or federal dollars invested in the area. Over the past few years, the former Fitzsimons Army Medical Center, located within a mile of the subject site, has been redeveloped into the Fitzsimons Medical Campus which includes the Anschutz Outpatient and Cancer Pavilions, the Anschutz Inpatient Pavilion, the Colorado Science & Technology Park, University of Colorado Health Sciences Center, Children’s Hospital, the soon to be completed Veterans Affairs hospital, and a town center with new retail and residential units known as 21 Fitzsimons. The creation of this new healthcare campus involves substantial investment of local, state and federal funding which has spurred private development of retail and residential units surrounding the campus and throughout the census tract. While positive changes are occurring within the census tract, the Citadel on Colfax has a unique opportunity to lead the revitalization east of Highway 225. Because of the potential economic impacts to the community, the City has offered vocal support to the project, fully understanding its mission to serve this underserved veteran population.

Tenant Description:

Residents of Citadel on Colfax will be restricted to low-income and homeless veteran households with annual incomes at or below 60%, 50% or 30% AMI. Of the ninety units, twenty will be restricted to homeless veterans who will benefit from project based VASH vouchers where tenants will contribute 30% of their income toward rent.

Why the project deserves award:

Currently, there is no low-income housing, specific to veterans, in Aurora. It is expected that demand will grow for the housing type being proposed, once the VA Hospital opens (expected January 2018). Our goal is to construct and stabilize our residence as close to the expected opening to account for the suggested demand. Additionally, when determining award it should be noted that awarding now also ensures a long-term (at least 30 year) partner of the VA, thus creating a stable and consistent resource for veterans going forward. Further,

models exist around the country for these types of residences to offer quantifiable impact to veteran residents. Mercy Housing, our Property Management and Resident Services provider, has developed and operated successful models of similar mission, in other cities across the country.

Project Strengths:

- The project leverages multiple funding sources to achieve a community combining a vulnerable tenant population with supportive services, community integration programs and ease of transportation in a mixed-income, mixed-use environment. The Citadel on Colfax is an unparalleled opportunity to provide housing to the lowest income population in an ideal location for veterans to benefit from.
- **Demand:** Low vacancy rates, presence of waiting lists at comparable LIHTC developments, and the lack of affordable veteran housing in the PMA, create a very strong demand for this project with an overall capture rate of 3.4%.
- **Location:** The Citadel on Colfax will be the only affordable veterans housing in the City of Aurora and will be located within one mile of the new Veterans Affairs (VA) hospital. In addition, the project will be located within 0.5 miles from a light rail station, within a block from a bus station along a high frequency line. Interstate 225 and Interstate 70 are both located within a mile as well providing

Project Weaknesses:

It is the opinion of the project team (owner, developer, consultants), that there are no known or apparent weaknesses.

Construction:

The developer is working with the City through the process for infrastructure site plan approval. Site grading and utilities work is expected to commence in Jun/July but could begin sooner, should a grading permit be obtained. All roads to facilitate construction and utilities could be stubbed to the pad site in August/September to facilitate vertical construction commencement in October 2017. It is expected that it will take approximately one year to obtain a certificate of occupancy. The developer's general contractor, Pinkard Construction, will be working in concert with the developer's architecture firm, David Wince, Ltd., to construct a vibrant and energy-efficient community. The four-story building will have two elevators, ninety rental units, 10,800 SF of retail, and forty-eight designated surface parking spaces for residents. The building will be constructed with a first floor podium, topped with a 3-story steel-framed residential mid-rise building. The exterior of the building will be a mix of brick veneer and stucco. The roof will be flat and sealed with a rolled membrane. The ground-floor retail will be wrapped in full storefront glass/glazing and floors 2 through 4 will include a combination of brick veneer and stucco façade. The ground-floor commercial spaces will be individually metered with separate HVAC systems and the residential portion will include a central boiler on each floor for domestic hot-water. All apartments will have individual PTAC units for personalized climate control. Both the Architect and the General Contractor were selected early in preconstruction in order to create an efficiently design thereby reducing costs in today's expensive construction market. The plans included in this application have been developed leveraging best practices from similar developments and also, in full coordination with the City of Aurora's Planning Department.

Population Served:

The development will house low to extremely low-income veterans with units restricted at or below 30%, 50% and 60% of AMI. Of the ninety units, twenty units (22%) will benefit from project based VASH vouchers where tenants will contribute 30% of their income towards rent. The building will have the following unit mix:

| UNIT NUMBER, MIX, SIZE, AND TYPE | | | | | | | |
|----------------------------------|------------------|------------------|-----------|-------------|---------------|----------------|----------|
| Unit Type | 30% AMI/ VASH | 50% AMI/ VASH | 60% AMI | Total Units | % of Total | Unit Size (SF) | Type |
| 1BR/IBA | 3 | 15 | 27 | 45 | 50.0% | 610 | Lowrise |
| 2BR/IBA | 2 | 0 | 43 | 45 | 50.0% | 901 | Lowrise |
| Total | 5 | 15 | 70 | 90 | 100.0% | - | - |

Bedroom Mix:

Forty-five of the ninety units will have one bedroom and the remaining forty-five units will have two bedrooms catering to individuals, couples, and small families. The average one-bedroom unit is 610 SF and the average two-bedroom unit will be 901 SF.

Amenities:

The proposed in-unit amenity package includes blinds, carpet in the bedrooms, vinyl wood flooring, central heating and air conditioning, ceiling fans, and access to cable and internet. Appliances will include a refrigerator, oven/stove, dishwasher, garbage disposal, and microwave. Community amenities will include a business center/computer lab, community room, courtyard, elevators, laundry rooms on each floor, on-site management, on-site case management, on-site supportive services, playground, first-floor patio, rooftop patio with community garden, green belt, transportation services to the nearby VA hospital, and free Wi-Fi in common areas. Security will also be a focus at the property with secured controlled access, video surveillance, and on-site security personnel. The owner will partner with non-profit groups in the area that will offer various classes including, but not limited to, fitness classes, disaster response training, and job skills training. The development also includes 26 uncovered off-street surface parking spaces and 22 covered parking spaces, all of which will be included in the rent and available on a first come, first serve basis. Additionally, the project will offer ground floor retail as well as additional retail onsite, providing job opportunities to the tenants.

Services:

The project will provide a multi-faceted approach to veteran services onsite:

- Shuttle service provided for offsite care at the VA Hospital
- Onsite case management provided by the VA, to include substance abuse counseling and referral to VA resources
- Onsite behavioral health provided by VA clinicians or with partner nonprofits
- Mercy Housing will provide resident services coordination and onsite programming for families with children
- Space will be provided in proximity to the residence, for partner nonprofits to provide fitness classes, health classes, cooking classes, resume workshops and job skills training

The developer intends to implement a public improvement tax (PIF) in the retail elements of the entire site to help support these services, either by supporting staffing, materials and equipment or rents in adjacent buildings.

Financing and Local, State and Federal Subsidies:

The financing structure incorporates 4% Federal LIHTC, State LIHTC, Private Activity Bonds, construction to permanent bank loans, HOME loans, General Partner equity, and deferred developer fee. A summary of the financing sources is presented in the following table:

| Citadel on Colfax Financing | | | |
|-------------------------------------|--------------------|------------------|-------------------|
| | Residential | Retail | Total |
| Sources | | | |
| Construction to Permanent Financing | 6,500,000 | 1,730,646 | 8,230,646 |
| CHF | 900,000 | | 900,000 |
| LIHTC Equity (LP) | 13,702,358 | | 13,702,358 |
| Deferred Developer Fee* | 785,198 | | 785,198 |
| Sub Note (CDOH HOME) | 900,000 | | 900,000 |
| Land Carryback Note | 450,000 | | 450,000 |
| Sub Note (CDOH HOME) | 900,000 | | 900,000 |
| Sub Note (County and City HOME) | 600,000 | | 600,000 |
| Sub Note: Owner Equity | 2,888,421 | 567,836 | 3,456,257 |
| Total Sources | 27,625,977 | 2,298,482 | 29,924,459 |

1. Describe the bond financing structure and include the following:

- a. **Total amount of Bonds:** Bonds will total \$16,358,324, of which \$16,358,324 is for construction and \$6,500,000 will be permanent.
- b. **Bond issuer:** It is anticipated that CHFA will be the conduit bond issuer.
- c. **Lender and bond sale structure:** Based on the received proposals, Colfax and Sable, LLC anticipates a private placement structure, which will be confirmed once the financing partners are selected.
- d. **Portion of bonds that will be tax-exempt:** The residential component will be financed with 100% tax-exempt bonds while construction of the retail component will be financed with a taxable tail that will be paid off with a permanent commercial loan at stabilization.

2. Identify which guiding principles the project meets and why it meets them:

- a. **To support rental housing projects serving the lowest income tenants for the longest period of time:** This project will have 5% of the units at 30% AMI, another 17% at 50% AMI and the remaining 78% of units at 60% of AMI. Of these units, twenty will benefit from VASH vouchers where the tenants will contribute no more than 30% of their income towards rent. Colfax and Sable, LLC will commit to a 30-year affordability period.
- b. **To support projects in a QCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A 4, Primary Selection Criteria.**
The project is located in a QCT and as demonstrated in the attached Letter of from the City of Aurora, the project helps fulfill the City’s affordable housing needs as identified in the 2015-2019 Consolidated Plan (also attached). Mayor Stephen Hogan, the City of Aurora also fully supports this project as it will provide not only affordable housing units for veterans, but also much needed housing services such as transitional housing, permanent supportive housing, supportive services related to workforce development, job placement and behavioral health.
- c. **To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural and tribal areas.**

The property is located along a commercial corridor in a mixed-use, developing, suburban neighborhood near a variety of locational amenities in Aurora, CO.

- d. To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit.**

The project sponsor, Colfax and Sable, LLC, is a for-profit company.

- e. To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing.**

This property will cater 100% to veteran households at or below 60%, 50%, and 30% of AMI. Twenty units (approximately 22% of the building) will be restricted to homeless veterans who will benefit from project based VASH vouchers where tenants will contribute 30 percent of their income towards rent. Forty-five of the ninety units will contain one bedroom and the other half will contain two bedrooms accommodating individuals, couples, and small families from the veteran community.

- f. To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail.**

This development is on a high-frequency bus corridor (Colfax Avenue) with a bus stop located less than a block from the property. The site is also located within half a mile of a soon-to-be-completed light rail station located at Interstate 225 and Colfax Avenue.

- g. To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing.**

This project adds 90 units through new construction on a vacant lot along a high activity commercial corridor.

- h. To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low-income housing project throughout the credit period.**

After accounting for a 130% boost to the qualified basis for being located in a QCT, the project is qualified to receive annual state tax credit of \$1,229,199. However, Colfax and Sable, LLC is only requesting 81% or \$1,000,000 of the project's qualified annual state tax credit, as this is the amount necessary for the financial feasibility of the project.

- i. Recognizing the unique challenges of developing housing for certain populations and in certain geographic areas, CHFA has identified the following priorities.**

- **Projects serving Homeless Persons as defined in Section 5.B 5**

Twenty of the ninety units will be designated as VASH supported permanent supportive housing (PSH). All PSH units will be ADA accessible and will be made available according to the Housing First model serving homeless residents requiring substantial, long-term services to help them thrive in their new community. Mercy Housing Great Plains will be the supportive service provider. Included in the application you will find the project's Supportive Services Plan and Budget, Mercy Housing Great Plains MOU as the service provider, and the initial Supportive Services Plan for the project.

- **Projects serving persons with special needs as defined in Section 5.B 5**

The property will not be marketing specifically to persons with special needs, however, a large portion of the veteran tenants will likely meet the definition due to having mobility impairments, disabilities, suffering from PTSD, or suffering from alcohol or drug addiction.

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

a. Market conditions: Market conditions, as detailed in the market study, strongly support the development of this project.

- Average market rent in the subject's submarket is \$1,218 and \$1,282 for one- and two-bedroom units, respectively. Average LIHTC rents in the PMA are also on average above that of the Citadel on Colfax. The subject's rents on average are 5.6%, 6.1%, and 13% lower than comparable LIHTC units for 30%, 50%, and 60% AMI units respectively.
- The comparable properties surveyed in the market study all have high occupancy levels with an overall vacancy rate of 2.8%. Waitlists at these properties are running between one to three years long.
- There are approximately 2,650 income eligible veteran households in the market area. This equates to a capture rate of 1.1% for the 30% AMI units, 2.2% for the 50% AMI units, and 6.7% for the 60% AMI units.
- Absorption of affordable rental units has been very high for the past four years ranging between 18 to 50 units with an average rate of 31 units per month. The market analyst estimates that the subject will take approximately four to five months to reach full occupancy for an average absorption of 18 to 20 units per month.

b. Readiness-to-proceed:

- The land is controlled by Colfax and Sable, LLC through a deed of trust.
- Aurora City Council unanimously approved the first reading of an ordinance to rezone the subject property to the Sustainable Infill and Redevelopment (SIR) District in January 2017. The second and final reading of the rezoning ordinance is scheduled for February 6, 2017 and is expected to receive another unanimous approval.
- The general contractor, architect, property management provider, compliance partner, tax attorney, and accountant have all been selected.
- Multiple lenders and investors have expressed interest in the project with terms reflected in the attached proforma. The equity and debt providers will be selected upon receiving a preliminary LIHTC allocation.
- The City of Aurora has submitted a letter of intent to provide up to \$500,000 in funds to develop the project.

c. Overall financial feasibility and viability:

- The financial feasibility of the project is dependent on receiving 4% Federal and State LIHTC to finance a large portion of the construction costs allowing the property to place less permanent debt and thereby sustain operations above a 1.15 DSC, as required by the lender. Tax Credit financing and subsidized rents also allow the developer to restrict the rents at lower AMIs and thereby provide housing to a more vulnerable population.
- Multiple lenders and investors have expressed interest in the project, providing letters of intent, with terms consistent with the attached proforma. The equity and debt providers will be selected upon receiving a preliminary LIHTC allocation.

- Based on the proposed financial structure above, the property will be able to cover its debt obligations at or above a 1.15 DSCR for the duration of the 15-year compliance period.
- The proposed development is very viable with significant demand based on an overall capture rate of 3.4% of income-eligible veteran renter households. Further, this will be the only LIHTC project in the PMA to be restricted to veterans and existing LIHTC properties in the PMA exhibit a low average vacancy of 2.8% with typical waitlist times of 1 to 3 years.

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

Northstar Commercial Partners, the developer behind Colfax and Sable, LLC, is a commercial real estate investment company with 16 years of development experience. Since the company's inception in 2000, Northstar has acquired 121 investments totaling 11,413,373 square feet of commercial real estate opportunities at an acquisition cost of approximately \$478 Million. During the company's 16 years of operating history, it has had a specific focus on "creating opportunities, empowering people and strengthening communities." Northstar's resume is included within the application as well.

The property management, compliance, and supportive services will be managed by Mercy Housing Management Group (MHM), an established national multi-family property management firm that has been in business since 1983. MHM currently manages hundreds of properties across the United States, accounting for over 16,000 affordable units for multiple ownership groups with a wide variety of regulatory and population types. See MHM's resume attached to the application for additional information.

e. Cost reasonableness:

The costs reflect actual estimates based on conceptual/schematic drawings from Davis Wince Ltd. The construction costs per square foot are very reasonable given the City of Aurora's requirement for covered parking and the need for podium construction to achieve the City's requirement. Total development cost of approximately \$297k per unit is reasonable in comparison with similar developments after adjusting for increased construction costs, podium construction, and the City's requirements on exterior finishes.

f. Proximity to existing tax credit developments:

The subject development is within 2.5 miles of three existing LIHTC communities: Edge Point Apartments (1.7 mi), Terrace Park Apartments (2.3 mi), and Plaza Townhomes at Macon and Moline (2.5 mi). These LIHTC communities were developed in 2013, 1984, and 2007 respectively and comprise 259 affordable units. The closest LIHTC veterans' development is located in Denver, CO approximately 11.1 miles from the subject.

g. Site suitability:

The neighborhood is in a QCT with a strong demand for affordable housing and a large pool of qualified tenants for the proposed development. The site's location close to schools, medical facilities, recreational facilities, employment centers, retail centers and transit is ideal for veterans and their families. Buckley Air Force Base, located approximately 2.5 miles from the subject site, is the largest employer in Aurora, CO and employs more than 11,000 employees. Other major employers are concentrated in the education, healthcare, government and security sectors.

4. Provide the following information as applicable:

a. Justification for waiver of any underwriting criteria: The applicant is not requesting an underwriting criteria waiver.

5. Address any issues raised by the market analyst in the market study: The market analyst did not discover any issues or weaknesses with the proposed development.

6. Address any issues raised in the environmental reports, if applicable: Per the Phase I Environmental report by Geitner Environmental Management Group, LLC, dated May 20, 2016, zero Recognized Environmental Conditions (REC) were identified with the site and no further action is recommended.

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

The Citadel on Colfax is a project conceived, developed and led by Matt Runyon, a combat veteran, who served for eight years in the United State Army. As a result of that service, his participation in defense and veteran related think tanks and working groups, as well as his professional career in the defense industry and veteran related non-profits, he is a subject matter expert in the experiences, challenges, initiatives and available resources and networks that pertain to the targeted population that will be served in this project.

Additionally, he is a graduate of the Cross-Sector Leadership Program, a White House initiative led by the Presidio Institute, which seeks to create leaders who are able to work across sectors to solve our country's greatest social issues. With that in mind, the Citadel on Colfax seeks to prove that the private sector has an ability to advance social impact within the veteran community.

In December 2015, Matt drafted a white paper outlining his vision for the project. It was widely publicized at that time that veterans were experiencing prolonged wait times for care and meanwhile, there were challenges with real estate development in VA projects around the country. Additionally, the "Sea of Goodwill" – some 50,000+ veteran serving nonprofits – was also missing the mark due to donor pressure for direct veteran intervention, while lacking the physical locations to provide said intervention. Finally, there is tremendous duplicity and competition within the veteran service space, which has added confusion for veterans seeking credible solutions to the challenges they face. The resultant environment that has been created has led to largely disappointing results, especially when considering the cost incurred from taxpayers and donors. This project seeks to leverage the ability to raise capital and subject matter expertise in real estate and development, to build a place that facilitates collaboration among veteran service organizations, thus creating a "multiplier effect" on the veterans who are served.

In the beginning of the project, the concept was vetted by respected veterans across the country. Additionally, it was discussed at length with the Department of Veteran Affairs, to include the former Secretary of the VA, Jim Nicholson, and other government leaders and elected officials. Financial viability was modeled by internal analysts and assessed by the leadership at Northstar Commercial Partners. With a reasonable assurance that the project could work and would have the necessary support, Northstar decided to buy the current site, for future development.

Since that time, the company has taken steps to continue vetting the project as it iterates its design, to gain political and programmatic support. In addition to the support provided in letters, this project has

been shown to respected veterans organizations from around Colorado to include members of the Veterans of Foreign Wars, American Legion, the United Veterans Committee, as well as to the staffs of both senators, most congressional offices and others.

- 8. For acquisition/rehab or rehab projects:** This is not applicable to this project.

pab lihtc application narrative



Project Name: El Rancho Flats

Project Address: 1055 El Rancho Road Evergreen CO 80439

Executive Summary

Over the past 40 years the Jefferson County Housing Authority has been very successful addressing the affordable housing needs of those located in the eastern areas of our County. But it has been more challenging to develop housing for the residents living and working in the foothills of western Jefferson County. The proposed project presents a unique opportunity to address the extreme shortage of affordable housing in the largest of our foothill communities: Evergreen. This community will provide our residents with a wonderful quality of life, numerous job opportunities, excellent schools, and access to everyday services right in their neighborhood. It's the kind of place that provides an opportunity for our residents to make a lasting improvement in the lives of their families.

The proposed project will involve the new construction of 54 units of housing in two separate two-story surfaced parked buildings. All units will be affordable at 60% of AMI in a mix of one (25%), two (50%) and three (25%) bedroom unit types. Our target market will be households working in the Evergreen area who either commute "up the hill" now, or who live in the area and are cost burdened or live in substandard housing.

This \$16.5M project will be financed through federal and state tax credits (55%), a PAB loan (28%), a County HOME / CDBG loan (5%), and deferred development fee (2%). In addition, Jefferson County Housing Authority will offset the entire land cost with public housing disposition funds (9%). In total, over 10% of the project's funds are being provided by the sponsor.

The project will not have an interior hallway or elevator; small groupings of units will be accessed off of an enclosed stairway. This layout allows residents to enjoy secured access to a limited use stair core while saving on the costs of hallways and elevators. The units themselves will offer laundries, balconies, ample storage, and durable but attractive finishes. These wood framed buildings will have pitched roofs, post-tensioned slab foundations, native landscaping appropriate to the climate, and energy efficient furnaces (but no air conditioning). The exterior of the two buildings will feature a contemporary take on the architecture commonly seen in mountain communities. Stone, timbers,

wood siding and other elements of mountain architecture are combined with an efficient and modern building form to create an appealing appearance.

An on-site office will allow for property management and maintenance staff to interact daily with our residents. The site will contain large areas of open space, including a native buffer to the street. Along the sides and back of the site is a contiguous, wide (50+ foot) landscaped multipurpose open area. Specific programming for these areas will be developed with input from staff and residents in other facilities.

Area Overview

Evergreen's long history has shaped a housing market that today offers few options for working families. Beginning with the construction of highway 40 in 1937 access between Denver and the foothills made living full time in this area an option for residents of the Denver area. Prior to this time the Evergreen area was settled with ranches and loggers, alongside a growing number of summer cabins and lodges for the more affluent families in Denver. But in the post war years a new era of higher priced subdivisions began, and year round residents and commuters moved to the area. Demand for these mountain residences increased steadily: in the 70 years between 1900 and 1970 1,600 people moved to the area, but after I-70 was constructed in 1969 another 15,000 people moved to the area over the next 15 years. In response to this increased growth in residential housing a variety of retail centers and other support services opened in the area. Today there are an estimated 1,000 people in the Evergreen area employed in the service industries alone.

The challenge for these workers, and the community as a whole, lays in the imbalance between high housing prices and moderate wages for the local workforce. While community groups and the County planning department have identified affordable housing as a significant community need, the cost of development in the foothills, combined with a shortage of zoned and buildable land, has prevented the construction of any tax credit housing in the area. This is a shame, because the Evergreen area is an ideal location for a workforce housing project. The community has a strong job market, with jobs in the retail, service, home health care, and entry level professional industries. For those who can afford to live here, the area amenities are impressive. Parks and open space are the most well-known attributes, but so is the strong public education system. Several local schools are ranked as top performers in the State, including Evergreen High School. Most day to day amenities are available here in the local community, making this a great place to live, work and raise a family.

Project Strength's / Weaknesses

Unfortunately, Evergreen is not an easy area in which to build multifamily workforce housing, which is why we are so excited about the site for our proposed project. Entitled land is scarce: most of the Evergreen area is defined by Jefferson County Planning and Zoning as an "Area of Stability", meaning

limited to no growth is allowed. Per the Evergreen Area Plan, which guides land use decisions in the area, land zoned multifamily is limited to four small “activity centers” located along Evergreen Parkway; within each center multifamily is limited to a few specific parcels. The adequate provision of water, sewer and roadways within each activity center further limits opportunities for development of these sites. Fortunately, our location meets all of the criteria for approval: multifamily is an allowed use and adequate infrastructure is in place to support the development. Furthermore, the Evergreen Area Plan explicitly promotes the development of workforce housing at this location, making it consistent with the County’s comprehensive plan.

The El Rancho neighborhood, where the project is located, has been developed into a mix of high priced single family homes alongside a large big-box anchored retail center. Our site lies in between these two areas and will act as a transitional use between the two. For the residents, this location means easy access to any number of retail stores, services, restaurants, and employment opportunities. Theoretically, every resident in this development could work within walking distance to their home. But for those who work elsewhere, the location is also near I-70 and the El Rancho RTD Park and Ride stop, which will provide access back into central Evergreen or east to the Denver metro area.

As it has been noted, there are no tax credit housing projects in the market area. In fact, there is little to no multifamily at all. Surveyed property management companies revealed that 80% - 90% of the rental units under management were single family homes. Vacancies are extremely low, a problem compounded by very low turnover. Given that the majority of rental housing units are single family residences, there is a shortage of smaller unit types in the market. Rents reflect this shortage of product. 60% AMI rents are significantly below market. In all, there will be little to no competition for these units.

The project will not be the lowest cost development in this round. Several factors are present which drive up the cost relative to comparable Front Range projects. These include the cost of land itself; as noted earlier zoned land is in scarce supply in the area, which increases competition amongst developers. The cost of water and sewer in this difficult to develop area are also higher than many other metro area municipalities. But we believe that the value this location presents to the people and families living in this project will be profoundly positive. A great job market, high performing schools, and a wonderful quality of life will provide our residents the chance to thrive.

Section 2 Priorities:

Our proposed project does not address the three priorities listed in Section 2 of the QAP

Section 2 Guiding Principles:

- The project will commit to a 38 year LURA; as a non-profit sponsor, Jefferson County Housing Authority intends to operate the facility as affordable housing in perpetuity.
- Evergreen, a small town in the foothills outside of Denver, has never received an allocation of LIHTC's. This project will further the equitable distribution across underserved areas of the State.
- The proposed project will serve working families in an area of the State with an acute housing / jobs imbalance. Evergreen has a strong job market in the service, construction, tourism and retail sectors. Housing in Evergreen is generally not affordable to the working families employed in these sectors.
- The cost to develop real estate in mountain communities is generally higher than comparable projects on the Front Range. The scarcity of large, zoned, buildable lots in Evergreen drives up land costs. Construction costs are increased because of the challenging environmental conditions and higher labor costs. Water and sewer taps are another increased cost. The sponsor has attempted to manage costs by working with an architect to simplify building plans. The Sponsor also brings significant financial resources of its own to help fund the project.
- The proposed project is located within a half mile walk of RTD's El Rancho Park and Ride station. RTD also provides call and ride service throughout Evergreen at normal fare rates.

Section 2 Criteria for Approval

- a. Market conditions: The demand for affordable housing in Evergreen is very strong. As the only tax credit project in the PMA, the project will serve a strong unmet demand. The project's capture rates fall within CHFA guidelines. The proposed rents provide a significant value proposition to residents, as they are significantly below market rents for unrestricted properties of comparable quality. The overall vacancy rate in the market area is 1.4%.
- b. Readiness-to-proceed: The site is zoned to allow for the amount of multifamily residential development shown in this application. Utilities and access are immediately adjacent to the site in a public street. Per the County's zoning letter, our ability to obtain required site plan approvals is very feasible within the timeline needed to meet the carry-over requirements.
- c. Overall financial feasibility and viability: For the past 36 years Jefferson County Housing Authority has operated a subsidized senior project about 5 miles from the proposed project in Evergreen. As such, we have budgeted for operations with a high degree of accuracy. The debt load supportable by the proposed project's NOI is accurately sized. Jefferson County has HOME and CDBG funding available now. We have been in communications with staff to discuss the availability and likelihood that local funding will be made available for this

project. Attached is a letter from the County regarding funding availability. Jefferson County Housing Authority has public housing disposition funds available to offset the purchase price of the land, and will make those available at the appropriate time. We feel confident that our projections are accurate.

- d. Experience and track record of the development and management team: Jefferson County Housing Authority, the project sponsor, has been in business for 42 years. In that time it has developed or acquired 933 units of housing throughout the County. In the past 6 years we have developed two new construction tax credit projects: Lewis Court and the Hidden Lake (under construction). The Jefferson County Housing Authority provides property management services to the majority of its properties. Our compliance record within both the LIHTC and Section 8 programs is very strong. To assist in the development of the proposed project, we have hired Medici Consulting Group to act as a fee developer. Medici has a strong track record of successfully developing housing in Colorado through the LIHTC program.
- e. Cost reasonableness: The proposed project is located in a difficult to develop high cost area. Zoned / buildable land in the foothills is scarce and in high demand. Land prices reflect this scarcity. Water and sewer tap fees are high, but not out of the range of some other Front Range communities. Hard construction costs are slightly higher than comparable Front Range costs; these costs increases are driven by labor, material, transportation, and weather.
- f. Proximity to existing tax credit developments: There are tax credit projects in the PMA. This will be the first project to be developed in the very strong rental market.
- g. Site suitability: The site slopes from back to front. The soils in the foothills typically have some expansive qualities, which is typically mitigated by some over-excavation. Utilities are adjacent to the site in a relatively new roadway. There are no environmental, flood plain, or wetlands issues.

The proposed project is located in a well-developed location within Evergreen. Amenities in the immediate area are numerous:

Education: The local public schools available to residents are excellent. The elementary, middle and high schools are all very highly ranked by Colorado School Grades. The elementary and high schools are ranked near the top in the entire state. There are several

other private and charter schools available as well. School bus service will be available to students from the site.

Shopping: Within the El Rancho area, about 0.25 miles from the site, is a Wal-Mart and Home Depot anchored shopping center. In addition to the big box stores, there are numerous restaurants, banks, gas stations, auto shops, misc. offices and other services. Our immediate neighbors include a private school & day care center.

Parks & Recreation: The Evergreen area hosts a number of outdoor amenities; the lake, Elk Meadow's Park, Bergen Park, Squaw Pass and Mt. Evans are some of the most popular with locals and tourists. But there also are several recreation centers and parks funded by the Evergreen Parks and Recreation District that are open to residents of the project. Accessible from the site is a great bike path that runs parallel to I-70 in both directions (to Denver and Glenwood Springs). Road biking in general is a popular activity in the area.

Underwriting Waivers

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

Market Study

Our market study indicated that capture rates, vacancy rates and proposed rent levels satisfy CHFA's underwriting criteria. The market study appears to indicate a pent-up demand for affordable rental housing, which is consistent with our understanding of this market.

Environmental

Our Phase I Report revealed no environmental concerns.

Cost Containment

The site is located in a mountain community in the foothills west of Denver. There are challenges inherent to any real estate development project in the mountains. Topography is a challenge on this site. The amount and costs of rough grading will be greater than comparable projects on flat ground. Additionally, some retaining walls will be needed in order to create a flat, buildable pad. These walls add cost. By having our architect and civil engineer collaborate early in the process we were able to lay

out the buildings and parking lot in such a manner as to reduce and simplify the grading plan so as to reduce these costs. We have also located the buildings on the interior of the site so as maintain existing drainage facilities along the street, which we plan to use for our project.

Community Support

Jefferson County Community Development is supportive of this project, as described in the attached letter. The County will favorably consider an application for funding at the appropriate time. Beyond the support of the County we have spent time over the past several months meeting with a wide variety of stakeholders in the community. We have been pleased to discover a deep appreciation for the affordable housing challenges within the community. We met with several social service groups who work directly with those who struggle to make rent, or who live in substandard housing. They see first-hand the effects this has on families. We also met with business owners, many of whom cannot attract qualified employees to work in an area in which they cannot afford to live. These jobs span a variety of business types: home health care, retail, food service, construction, and a variety of professional services. We even spoke with the largest property management company in town, against whom the proposed project might compete, and received a surprising endorsement from them. Like other employers, they too struggle to recruit and retain qualified staff. They also interact with tenants who struggle with the price of housing in the area. All in all, we found people, non-profits, and local businesses to be very aware of the shortage of affordable housing in Evergreen. Moreover, they appreciated the negative effects that shortage has on families and the local economy. A variety of letters from selected local groups and businesses are attached as further evidence of this support.

pab lihtc application narrative



Project Name: [Fall River Apartments](#)

Project Address: [321 Homestead Parkway, Longmont CO](#)

Executive Summary

Longmont Housing Development Corporation (LHDC) is proposing to develop 60 units of senior housing (55+) in the Prairie Village subdivision in Longmont, Colorado. Fall River Apartments will be directly across the street from the recently completed Spring Creek Apartments and will complete the build out of the parcels that LHDC has owned since 2006. The four story building will have one and two bedroom units serving households from 30% to 50% AMI. Longmont Housing Authority (LHA) will be the property manager and will project base 15 Housing Choice Vouchers, allowing the project to serve households at even less than 30% AMI.

Strengths

LHA and LHDC are demonstrating their tremendous commitment to this project through the following:

- LHA is project basing fifteen vouchers from its HCV pool at Fall River to better enable the project to serve the very lowest income seniors. Additionally, LHA has agreed to act as special limited partner for the purpose of providing property and sales tax exemption. The budget savings on sales tax is approximately \$300,000 and the property tax exemption will allow the development to support over a million more in permanent debt.
- LHDC is donating the land valued at approximately \$900,000, significantly bringing down the cost of the development. Additionally, LHDC is contributing \$436,498 of their funds and deferring \$250,000 of their developer fee.
- These contributions and others from our partners have enabled LHDC to craft a strong project that limits their State Tax Credit request but also meets AMI targeting most needed in their community.
- Fall River Apartments will be capitalizing on the strong demand shown for Phase 1, Spring Creek, as it leased up all 60 units in just over 60 days this past fall. Additionally, the majority of residents at Spring Creek have incomes of less than \$21,000 a year validating targeting the units at 40% AMI and below. Fall River Apartments is ready to proceed soon after being awarded credits. The site's PUD was approved January 25th meaning no other approvals are required to pull permits. The design team is ready to start on construction documents while LHDC is awaiting word about the LIHTC award.

Design

The four-story building will be standard stick frame construction with a post tension slab on grade foundation. The roof will be energy star composite shingles and the building skin will be Hardie Panel, 2-coat stucco system, and architectural stone. Fall River is designed with a central main entrance and includes common spaces on each

floor with two wings of residential units branching off the midpoint. A four-story open active staircase will be a focal point of the building and will allow residents to access their units without using the elevator, encouraging physical activity for the residents, employees and visitors. The stair lobby area will also include two offices; the first will act as a management office and will have a window on the entrance and pull up drive area. The second office will be used for service provision. The second floor common space includes a community area large enough for gathering with a kitchenette attached. The third floor will have a recreational room and the fourth floor will have two communal patios at each wing of the building with grills and marvelous views of the mountains to the west. All this community space is designed to promote tenant activity and interaction. Each floor will have a laundry room with two washers and two dryers. All floors will have a common toilet for use of the residents when they are gathering in the common spaces.

The units will have the following amenities: individually-controlled radiant-floor heat and through-wall air conditioning, 9’ ceilings and ceiling fans in living and bedrooms, juliet balconies on the 2nd, 3rd and 4th floors, large, high-performance windows with blinds and linen closets in all the units.

Outdoor spaces will include: fourth floor patios with mountain views, dining area and grills. The recreation areas including parkour fitness circuit, amphitheater and raised bed planters, outdoor fire pit, festoon lighting, benches and outdoor chess set. The site will have 60 parking spaces, one per unit.

Target Population

Fall River Apartments will be restricted to residents age 55 and above. All of the units will be low-income tax credit eligible and income-restricted to residents at or below 50% AMI. The rents will range from about \$533 to \$889 for a one-bedroom unit and \$640 to \$1067 for a two-bedroom unit. All utilities will be included in the rent.

| Unit Mix | 1br | 2br | Total units |
|--------------------|------------|------------|--------------------|
| est. s.f. | 675 | 930 | |
| 30% | 18 | 2 | 20 |
| 40% | 26 | 4 | 30 |
| 50% | 8 | 2 | 10 |
| Total Units | 52 | 8 | 60 |

The units are all set-aside at 30%, 40% and 50% AMI because that is where the greatest need exists. Additionally, LHA is project basing 15 vouchers to enable the project to reach the extremely low-income seniors in the community.

Service Provision

Longmont Housing Development Corporation is committed to providing Resident Services at Fall River Apartments to promote access to community resources, community development and improve quality of life for the residents. The on-site Community Manager, and LHA staff will provide direct services in the form of scheduled activities, forums and hosted guests, and provide resource and referral to relevant services already available in the community.

Existing collaborations with City of Longmont Senior Services, Via Mobility, and St. John’s Food Bank will be extended to include Fall River Apartments. Services made available by these collaborations include:

- Resource Specialists staffed by City of Longmont Senior Services can assist with housing concerns, health issues, completing forms for assistance and connecting people to needed resources in the community, services commonly referred to as Case Management.
- Via Mobility provides regularly scheduled service at the properties managed by LHA through a unique partnership in service since 2009. Via provides transportation on fixed schedule to take residents on group outings to shopping designations for such as Wal-Mart, Walgreens, Target, as well as non-emergency medical and therapy appointments in Longmont.
- St. Johns Food Bank delivers weekly food boxes to households in need.

Development Green Components

Fall River Apartments will be a certified EnergyStar-rated development. The building will include high efficiency heating and cooling equipment, including radiant floor heat, EnergyStar appliances, low-E fiberglass thermal pane windows, high R-value wall and attic insulation, and large display thermostat controls. The building’s mechanical systems are set up to easily measure gas, electric and water usage for ongoing monitoring and reporting of energy use. The development will promote sustainable building techniques through the use of low- and no-VOC paints, carpeting, padding, and adhesives, and formaldehyde-free particle board and will promote water conservation with low-flow fixtures. Solar light shelves will be provided at southern exposed windows to limit solar heat gain. Energy star rated roofing material will be utilized to reduce solar heat gain.

Financing

| Uses | | Sources | | |
|----------------------------|---------------------|--------------|---------------------|-------------|
| Land | \$- | PAB Loan | \$3,325,000 | 22% |
| New Construction | \$11,406,138 | CHIF loan | \$1,400,000 | 9% |
| Professional Fees | \$582,450 | COL HOME | \$654,658 | 4% |
| construction interim costs | \$820,215 | COL AHF | \$750,000 | 5% |
| Perm Financing | \$206,375 | FHLB AHP | \$750,000 | 5% |
| Soft Cost | \$240,780 | DOH | \$600,000 | 4% |
| Syndication costs | \$32,000 | Owner equity | \$436,498 | 3% |
| Developer fee | \$1,594,000 | Def Dev fee | \$250,000 | 2% |
| Reserves | \$298,000 | Fed Equity | \$4,376,168 | 29% |
| | | State Equity | \$2,637,634 | 17% |
| TOTAL | \$15,179,958 | TOTAL | \$15,179,958 | 100% |

1. Describe the bond financing structure and include the following:
 - a. Total amount of bonds with a breakout of construction period bonds vs. permanent bonds.
 A total of \$8.5 million in Bonds will be issued. The construction period amount is \$5.175 million and the permanent amount is \$3.325 million.

- b. Bond issuer (please specify whether you are seeking a CHFA bond-financed loan, a CHFA conduit bond issue only, or bonds from another municipal source). LHDC plans to use CHFA as the conduit bond issuer.
- c. Lender and bond sale structure (public sale/ private placement, takeout, securitization, etc.). LHDC plans to use Citibank's Tax Exempt Back-to-Back Governmental Loan program. The program works similar to a bond private placement, but is instead a tax-exempt loan (vs a tax exempt bond) and CHFA would serve as the "Governmental Lender" rather than "Bond Issuer." Details of Citibank's structure and terms are included in the Term Sheet included with this application
- d. Portion of bonds that will be tax-exempt (i.e., will the bonds have a "taxable tail"), if applicable. None of the bonds will be taxable.

4. Identify which, if any, of the guiding principles in Section 2 of the QAP the project meets and how it meets them:

- To support rental housing projects serving the lowest income tenants for the longest period of time. Fall River will house extremely low-income seniors with a LURA of 30 years.
- To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit. LHDC is a longstanding non-profit developer with a proven history of delivering quality senior housing in Longmont.
- To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing. Fall River will house extremely low-income seniors (55 +) in a quality sustainable development.
- To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing. Fall River will provide much needed affordable rental senior housing for Boulder County.
- To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period. LHDC has reached out to all potential sources to assure that our credit ask is as low as possible to enable CHFA to fund as many housing developments as feasible. LHDC has also looked to craft the most cost effective project using lessons learned from Phase I.

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

Market conditions: Longmont Housing Authority manages the LHDC portfolio and LHA has an interest list of 655 households at Spring Creek Apartments, Village Place at Longmont, and Aspen Meadows is indicative of strong demand for additional affordable low-income units in the PMA.

the offering of affordable senior apartment options to a community with a great need for additional housing for low-income seniors. All but ten of the proposed units will be offered at 30% and 40% AMI levels, and currently, there are only 38 units at 30% AMI and 30 units at 40% AMI inside the PMA in total. In addition, Fall River will

Fall River A

provide project based vouchers for 15 of its 20 units restricted at 30% AMI increasing the ability of the project to reach extremely low-income seniors.

Readiness-to-proceed: Fall River is a second phase of a recently completed project. LHDC plans to use all the same team members to streamline the closing process. The PUD application was approved by the City on January 25th. The construction drawings will be ready for submission to the city by September 2017 and permits for the project will be available by year-end.

Overall financial feasibility and viability: Fall River has strong financial support from the City of Longmont and the sponsor LHDC. LHDC has also reached out to Division of Housing and they too are extremely supportive of Fall River. LHDC has reviewed the AHP 2017 implementation plan and Fall River will score well predicting a positive outcome for Fall River's FHLB AHP request. LHDC has recently completed transactions with all the financial partners listed in the application and understands the requirements of each.

Experience and track record of the development and management team: Longmont Housing Development Corporation has a long history of developing quality senior housing. LHDC has decided to maintain the same team that just completed Spring Creek. See bios included with the development team information.

Cost reasonableness: The costs are within the range of other projects of this size and scope. Construction costs have increased exponentially over the past 2 years. The General Contractor, Deneuve, has done their best to estimate what costs will be at the end of 2017 and LHDC has added a monthly 1% escalator to cover closing in March of 2018. LHDC has tried to keep costs low focusing on what their experience in the market dictates is needed in the project and are spending where they feel they will get the most return. They have used lessons learned at the recently completed Spring Creek to inform their decisions at Fall River. These are detailed in the cost containment section below.

Proximity to existing tax credit developments: Fall River is directly across the street from its sister development Spring Creek, also 60 units of affordable senior housing. The market study notes that proximity to Spring Creek is favorable because it provides a marketing opportunity for Fall River to generate an interest list. The other comparable LIHTC projects in the PMA are both owned by LHDC and complement the development of Fall River with a mix of income set aside and locations. LHDC's properties have consistently high occupancy and interest. The only other senior LIHTC development being proposed in the PMA is a smaller senior project, which the market analyst did consider as direct competition due to its probable target audience.

Site suitability: The site was donated to LHDC in 2006 by the master developer of Prairie Village as part of the Longmont housing affordability requirements. It is restricted to affordable (less than 50% AMI) senior housing and the community surrounding the site is excited to see the development move forward and reach build out. The site is entitled and has access to all required utilities. There are no environmental conditions and the site is flat and largely without construction issues. The one drawback is that the site is not particularly walkable to some basic retail amenities such as grocery stores, banks, restaurants and entertainment. Most errands and daily trips will require a car. However, to ensure that residents will have needed transportation, LHDC has partnered with Via (formerly Special Transit) to provide group outings to shopping destinations such as Wal-Mart, Walgreens, Target, as well as non-emergency medical and therapy appointments in Longmont.

6. Address any issues raised by the market analyst in the market study:

The market study mentions two items. One is the lack of walkability, which is addressed above in the site section. The other is the issue of no in-unit washers and dryers. LHDC owns four senior properties in

Longmont and knows their market extremely well. While LHDC understands washer dryers are part of a common marketing package for affordable housing currently, LHDC strongly believes it is not necessary and it adds to the upfront and operating cost of the property long term.

7. Address any issues raised in the environmental report(s) submitted with your application, including how the issues will be mitigated, if applicable: **Not applicable.**

8. **Cost Containment:** The redesign of Phase II has provided significant chance to make refinements that will save project cost. The choice of the four-story building allows for less of all the following design elements and that translates to cost savings: less roof material, less asphalt, and less foundations. Further, the siting of the four-story building provides for better storm water management. Additionally the flat roof saves money, makes neighbors happy and makes fire protection more efficient. Finally the shape of building allows for one less stairwell being built, providing significant savings. Additional savings on the project are due to the land being donated, (\$900K), Project based vouchers from LHA, which enables the project to carry \$1,375,000 more in debt. Finally, Fall River, based on its high level of affordability, is rewarded by the City of Longmont through their fee waiver program that will reduce all City fees 50% (a savings of approximately \$260,000).

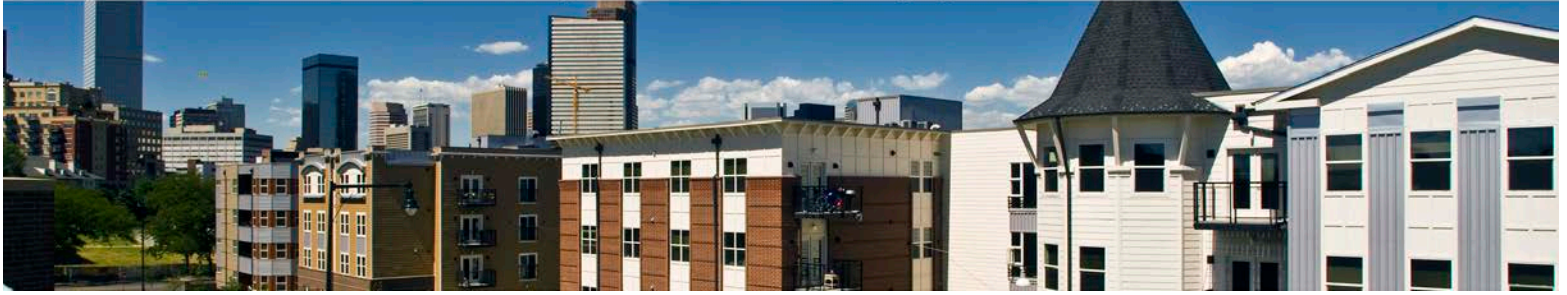
One of the cost drivers is the architectural stone required by HOA as well as parking all cars on site. This leads to more onsite parking than the zoning requires but to satisfy the neighbors LHDC agreed to this as well as providing more landscaping to screen the parking.

9. 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):
Longmont Housing Development Corporation has held three community meetings with the Prairie Village neighborhood in order to gain community feedback and support. The Design Team has worked with the community to address their desires and concerns. The community meetings were held on: 10/22/2015, 11/07/2015 and 03/28/2016. After presenting both 3-story and 4-story building options, the community gave their majority support for a 4-story structure, which will allow residents on Steppe Drive to maintain their views to the west, as well as gain the most amount of green space on the site that will be of use for the entire community.

The City of Longmont (COL) has been extremely supportive of the project and awarded \$654,548 in HOME funds to the development in 2016. As the letter from COL states, the project must receive credits in 2017 or these funds will be recaptured, as they need to be spent. Both the City and the Division of Housing understand that the greatest demand for senior housing units is those units targeted to households with incomes at 30% and 40% AMI and both agencies have provided support letters for Fall River.

Additional attachments:
PUD approval letter

pab lihtc application narrative



Project Name: [The Flats at Two Creeks](#)

Project Address: [1410 Gray Street Lakewood CO](#)

The Flats at Two Creeks Strengths & Weaknesses

- The Flats at Two Creeks is committed to providing supportive housing to homeless Veterans, which is a confirmed housing need as identified by both the City of Lakewood HOME/CDBG plan, the Governor's Office of Homeless Initiatives and the market study as well as a priority in the QAP. Archway staff is participating in the Governors Toolkit on Permanent Supportive Housing to ensure that their technical expertise on serving this population of homeless Veterans is at the highest degree possible.
- The Flats at Two Creeks has the support of the Eastern Colorado Department of Veterans Administration (VA) who would like to place 20 VASH vouchers to serve those homeless Veterans in the project.
- Archway is committed to providing comprehensive services in the project as evidenced by the strong partnerships they have formed with the VA, Rocky Mountain Human Services, Jefferson County Mental Health and the Colorado Coalition for the Homeless.
- The Flats at Two Creeks has local financial support from Metro West Housing Solutions in the form of a commitment to act as the Special Limited Partner to provide property tax and sales tax exemption. The City of Lakewood and Jefferson County are also supportive of the project, however they have no funds available to contribute to the project.
- The location of the project, on 14th Avenue, is one block south of the largest major transportation corridor in the city, Colfax Avenue, and less than one half mile away from the new West RTD Line and bus rapid transit.
- The design and housing use is in sync with the City of Lakewood area plans including: West Colfax Action Plan, West Colfax Avenue Corridor Reinvestment Plan, Lamar Street Station Area Plan, and the 40West Arts District Design & Mobility Concepts.
- The City of Lakewood has invested over \$11 million in infrastructure improvements in the project's census tract.
- Neighbors are open to this housing as witnessed by a series of presentations and meetings with the two registered neighborhood groups and two business entities: Two Creek Neighborhood Association, the West Colfax Community Association, the 40 West Business Improvement District and the 40 West Arts District, which Archway Housing is a member. They are particularly anxious to see the current "blighted" and abandoned, boarded up structure from this formerly foreclosed motel residential 4-plex and the other 3 substandard 4-plexes, removed. These entities and businesses are pleased about the population we intend to serve.

Executive Summary

Archway Investment Corporation, a subsidiary of Archway Housing & Services, is a faith based non-profit housing developer with an extensive history of serving homeless and low income individuals who reside at its housing developments. Archway Investment Corporation proposes developing 78 units of newly constructed affordable housing at 1400 Gray St, Lakewood Colorado, 80215, to be known as **The Flats at Two Creeks**. The development will be a permanent supportive housing project, housing 20 chronically homeless veterans (25% of the site). Archway Housing & Services will be the property manager and provide supportive services to all residents at The Flats at Two Creeks.

Archway has received support from the Veterans Administration for 20 VASH vouchers to provide supportive housing for veterans. As is the goal with the VASH program, the property will focus on mainstreaming the veteran population with households from a wide variety incomes and populations. The remaining 58 units at The Flats at Two Creeks will have units affordable to households with income from 50% to 60% AMI. Ideally located near public transportation, including bus and light rail, the residents will have access to educational, employment, and health services. One two-bedroom unit will be set-aside for the on-site property manager.

Archway expects to use a similar footprint and floorplan to our 40 West Residences, which is adjacent directly north of The Flats at Two Creeks. Archway will increase the number of units to 78 (70 one-bedrooms & 8 two-bedrooms). The City of Lakewood has indicated support for this project. To be cost efficient, Archway Investment Corporation will use the same development consultant, architect, and construction company when developing The Flats at Two Creeks.

The Flats at Two Creeks is a multi-family residential project consisting of three stories of Type V wood framed construction over 1 ground level of Type I concrete and steel construction. The foundation system is drilled piers and structural slab on void form. The roofing is adhered white TPO membrane assembly. The roof deck is ceramic pavers on pedestals with steel fencing at the perimeter. The building skin is decorative CMU block and cementitious panel siding with aluminum reveals. Windows are storefront for commercial/common space areas, and vinyl framed windows in residential areas. There are two elevators and two stairs serving as vertical circulation.

The ground floor will have a range of common spaces including a community kitchen and two community rooms for resident meetings, financial literacy, and life skills training. There will also be a property manager's office, a security office, one conference room, a computer room, a TV room and an exercise room. There will be two separate offices to provide case management, one for the in-house case manager and one for the off-site case manager.

Security will be provided by electronic proximity access cards and there will be closed circuit cameras recording tenant and visitor conduct on the property, as well as overnight "front desk" staff, to make sure the building is secure.

There will be on-site parking and covered bike racks available. The property manager will be onsite throughout the week and may live on site or in the alternative there will be a live-in maintenance person who addresses repairs as they occur 24/7. Each residential floor will have a laundry room with 3 washers and dryers, a trash chute, and a small community or game room. There will be two central elevators. Outdoor spaces will include a rooftop garden and a community patio and garden.

Archway will have an on-site case manager to assist all residents. This individual will focus on housing stability, coordinating care, and connecting residents to necessary social services. Archway will partner with the VA, Jefferson Center for Mental Health, Colorado Coalition for the Homeless, and Rocky Mountain Human Services to provide services to veterans who are defined as homeless or chronically homeless. The five percent boost to developer fee has been used to create a service reserve to make sure services are available long term.

The Flats at Two Creeks is ideally sited to be green because of proximity to public transportation, farmer’s markets, and urban density. The building will be equipped with low-flow fixtures and toilets. Flats at Two Creeks will have LED lighting throughout the building. All unit appliances and common area appliances will be EnergyStar. All paints, primers, and adhesives will be low-/no-VOC. The general contractor expects to be able to use locally sourced materials and materials with recycled content whenever possible. The light-colored TPO roof membrane will reduce heat island effect. The building will be “solar ready”. Solar panels will be added if construction savings are available, near the end of the project.

The unit mix will be 16 one bedrooms at 30%, 18 one-bedrooms at 50%, and 36 one-bedrooms at 60%. There will be 3 two-bedrooms at 50% and 4 two-bedrooms at 60%. The VA has indicated their desire to see some VASH units at 50% AMI to accommodate clients who have more substantial incomes. One two-bedroom unit will be for a manager. All utilities are included in rent.

The site of The Flats at Two Creeks currently has 12 occupied units. These families will be relocated under the Uniformed Relocation Act. The cost is estimated to be \$74,000 and relocation will occur prior to construction. The site was originally purchased for development by a consortium of non-profits acting as a land bank using Neighborhood Stabilization Program funds. Archway is under contract to purchase the site from the consortium. All indications from HUD state that if the land bank receives “fair market value” for the property that no other NSP or CDBG requirements remain. Archway has attached the NSP policy alert as documentation.

Financing

| Uses | | Sources | | |
|----------------------------|---------------------|----------------|---------------------|-------------|
| Land | \$850,000 | PAB Loan | \$4,375,000 | 19% |
| Site work | 1158462 | CHIF loan | \$3,000,000 | 13% |
| New Construction | \$14,961,431 | FHLB AHP | \$750,000 | 3% |
| Professional Fees | \$505,100 | DOH | \$780,000 | 3% |
| construction interim costs | \$1,316,496 | Owner equity | \$200,000 | 1% |
| Perm Financing | \$226,000 | Def Dev fee | \$2,055,000 | 9% |
| Soft Cost | \$227,000 | Fed Equity | \$8,307,951 | 36% |
| Syndication costs | \$25,000 | State Equity | \$3,571,538 | 16% |
| Developer fee | \$3,130,000 | | | |
| Reserves | \$640,000 | | | |
| TOTAL | \$23,039,489 | TOTAL | \$23,039,489 | 100% |

1. Describe the bond financing structure and include the following:

- a. Total amount of bonds with a breakout of construction period bonds vs. permanent bonds. [Construction period bond amount is \\$8,625,000 and the permanent bond amount is \\$4,375,000.](#)
 - b. Bond issuer (please specify whether you are seeking a CHFA bond-financed loan, a CHFA conduit bond issue only, or bonds from another municipal source). [Archway plans to use CHFA as the conduit bond issuer.](#)
 - c. Lender and bond sale structure (public sale/ private placement, takeout, securitization, etc.). [Archway plans to use Citibank's Tax Exempt Back-to-Back Governmental Loan program. The program works similar to a bond private placement, but is instead a tax-exempt loan \(vs a tax exempt bond\) and CHFA would serve as the "Governmental Lender" rather than "Bond Issuer." Details of Citibank's structure and terms are included in the Term Sheet included with this application.](#)
 - d. Portion of bonds that will be tax-exempt (i.e., will the bonds have a "taxable tail"), if applicable. [All the bonds will be tax exempt.](#)
3. 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 – Through the VASH project based voucher program, The Flats will serve homeless and chronically homeless veterans.](#)
4. Identify which, if any, of the guiding principles in Section 2 of the QAP the project meets and how it meets them:
- To support rental housing projects serving the lowest income tenants for the longest period of time. [The Flats will serve chronically homeless veterans and other low income households for 30 years at a minimum.](#)
 - To support projects in a QCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A 4, Primary Selection Criteria. [This site is in a QCT.](#)
 - To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit. [Archway Investment Corporation is a long standing non-profit developer of quality affordable and supportive housing.](#)
 - To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing. [The Flats will provide permanent supportive housing for homeless veterans, as well as general/typical community services to all residents, including food bank services and enrichment programming.](#)
 - To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail. [The site is within a ½ mile of the West Line and has excellent bus access.](#)

- To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing. [This is new construction rental housing development with critically needed permanent supportive housing.](#)
- To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period. [Archway has assembled all possible sources of subsidy and financing for this supportive housing project, including a long term low interest CHIF loan and VASH vouchers. Additionally they have worked very hard to design and value engineer the most cost efficient building for the site, using lessons learned from 40W Residences.](#)
- To reserve credits for as many rental housing units as possible while considering these Guiding Principles and the Criteria for Approval. [Archway has crafted a project that is sensitive to CHFA's goals as well a meeting the significant need for Veterans housing in the community.](#)

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

a. Market conditions:

[Vacancies at comparable properties are 1.3%, and the market rate vacancy rate is 3.8%. Vacancy rates have stayed low in the area for the past four years. Lakewood North rents increased 48% between the 3rd Quarter of 2013 and 3rd Quarter of 2016. One bedroom rents increased 33%, and two-bedroom one bathroom rents rose 3%. All LIHTC comparable properties have waiting lists. There are no vacancies in LIHTC properties. The only vacancies are in the two market rate units, and 10 of the 11 vacancies are in the West Line at Oak Station, which is the newest property to come online with the highest rents in the area. The rate is 4.1% for one bedroom units \(due to vacant market rate units at West Line\), and 0.0% for two, three, and four bedroom units. The waiting lists at all LIHTC properties in the area have doubled since 2015, with one to two year waits for each.](#)

b. Readiness-to-proceed:

[Archway is using the same design and construction team as well as a virtually identical design to the development, 40 West Residences, located on the adjacent site. The economy of scale on the design elements has shortened the time for architectural services. The construction materials and systems are identical to 40 West and the size of the site is identical. This affords the critical time savings and should shorten the time required by the city of Lakewood for review by at least 1/3. Archway met with city planning to review the design, and received positive affirmation that the proposed building is use-by-right as designed, and the characteristics of the design are well thought out. Approval of our Pre-Planning submittal is forthcoming. Due to previous experience with the architect and general contractor, Archway understands the zoning parameters, particular site concerns, and utility hurdles of the City of Lakewood. There are no zoning issues, including building type, parking levels or civil engineering issues so the plans and constructability review is expected to be shortened because they are virtually identical to the 40 West site. Completion of this review should allow the initiation of](#)

construction within less than the typical 9 months. Archway believes securing permits would be possible by year end 2017.

c. Overall financial feasibility and viability:

Archway has reached out to all potential sources including the Jefferson County Home Consortium and will apply to the Federal Home Loan Bank. As noted, the VA has indicated significant support for the development, including an award of 20 HUD-VASH vouchers. Archway has also spoken with the Colorado Division of Housing and will apply for grant funds of \$780,000 as well as a \$3 million long term CHIF loan. After a successful award of State and Federal tax credits, Archway will apply for CDOH gap funding, a CHIF loan and a Federal Home Loan Bank grant. Archway has a strong track record with FHLB AHP program and has reviewed the 2017 implementation plan and Flats will score well under the 2017 criteria for award, predicting a positive outcome for that award. Partnering with Metro West saves the property approximately \$50,000 in property taxes annually, allowing the development to support over a million more in permanent debt.

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

AIC is maintaining the same team they used on the site currently under construction, which is also a PSH LIHTC project, 40 West Residences. See attached for information on the development team.

e. Cost reasonableness:

Construction costs continue their upward trend. Our general contractor expects a 10%/year cost escalation, which has been built into the estimate and assumes an early 2018 start. However, Archway feels confident about its costs because they have been working so closely with both the architect and general contractor on 40 West Residences for the past 4 years. Archway's costs and LIHTC request are in line with recently awarded LIHTC projects, accounting for the increase in construction costs.

f. Proximity to existing tax credit developments:

There are six low income housing tax credit properties within the PMA with a total of 652 restricted units. Low vacancy rates and waiting lists at all the LIHTC properties indicate that the Flats at Two Creeks will not increase vacancies at the Lamar Station Crossing, the Zephyr Line Apartments, 40 West Residences or at other LIHTC properties in the PMA or adjacent areas. The addition of the Flats at Two Creeks to the 40 West Residences site will enhance both projects, linking the projects to the light rail station, and taking advantage of the redevelopment in the area.

g. Site suitability:

The project location has excellent visibility, and is located .47 miles from the Lamar Station, served by the RTD West Line light rail system, as well as by high frequency buses at stops within a block of the site. The site is within a 15 minute public transportation commute to downtown Denver or the Federal Center. The site serves over 70,000 college students at the Auraria Campus and other local colleges. Abundant shopping, recreation, and educational opportunities, including the Rocky Mountain College of Art and Design, are within .5 miles – 1.0 mile of the site.

6. 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):

Not applicable.

7. Address any issues raised by the market analyst in the market study:

The market study notes it may be two or three years before all planned changes occur along West 14th Avenue, Lamar Street, Kendall Street, and West Colfax Avenue, though new development has begun and is in the pipeline for both market rate apartments and commercial redevelopment. Light Rail is now running, but The Flats must market and lease-up the property during these neighborhood changes. However, Archway is committed to the neighborhood and plans to be part of the positive transition with 40 West Residences and then The Flats.

The market study also notes access to the property from West Colfax Avenue traveling West is not direct, and residents accessing the property by car, from West Colfax, will be required to travel around the 40 West Residences building to access the parking gate on Gray Street. However, the site does have great access from 14th, another main arterial.

Finally, the market study notes the Lamar Station Crossing development has superior access to the Lamar light rail station, and has some superior amenities. Lamar Station is a great project but Archway feels that Flat's new units with utilities included, services available and at the price point will be very competitive.

8. Address any issues raised in the environmental report(s) submitted with your application, including how the issues will be mitigated, if applicable:

Archway conducted a Phase 1 Environmental, which had no RECs, and they will be conducting a Phase Two Environmental. A plan will be drafted to abate any hazardous materials as part of demolition of the existing units.

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

Because Archways has developed an adjacent property they are aware of the unique site specific design parameters and have taken them into account in the initial design and proposal. Expansive soils led to structural enhancements including structural slab on void form and drilled piers as the foundation system, as well as enhanced requirements within the storm water management system. Again, these elements are known and incorporated into our design.

Partnering with Metro West enables the project to save over \$1 million in sales taxes.

10. 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):

Although there is no available financial support that is part of this effort from the new "funding collaborative" known as the Jeffco-Lakewood HOME Consortium, due to a city funding survey process, the city is supportive of our 4% PAB/LIHTC and state tax credit application, as documented by the support letter from the Mayor of Lakewood. Metro West Housing Solutions has also agreed to act as special limited partner for the purposes of providing property tax exemption to the project which saves a significant amount in operating cost.

Archway has undertaken outreach over the last four years to the various entities representing the area, including West Colfax Community Association, of which they are a member, the 40W Arts District, and the West Colfax Business Improvement District. The West Colfax Community Association encompasses

a broad area focused "business district" down Colfax into Lakewood, as well as the 40West Arts District. Archway has also received the support of Two Creek Neighborhood Association, the oldest registered neighborhood organization in Lakewood and the neighborhood where 40 West Residences is located.

Archway regularly attends the monthly meetings of West Colfax Community Association, in which they provide updates on the status of both our current 40 West Residences project and this new Flats at Two Creeks project. And within the past 3 years, Archway has attended four Two Creek Neighborhood meetings, where Two Creek has indicated support for the project, believing that both the 40 West Residences and the Flats at Two Creeks project will be of tremendous benefit to the community and to the Two Creeks Neighborhood.

Attached:

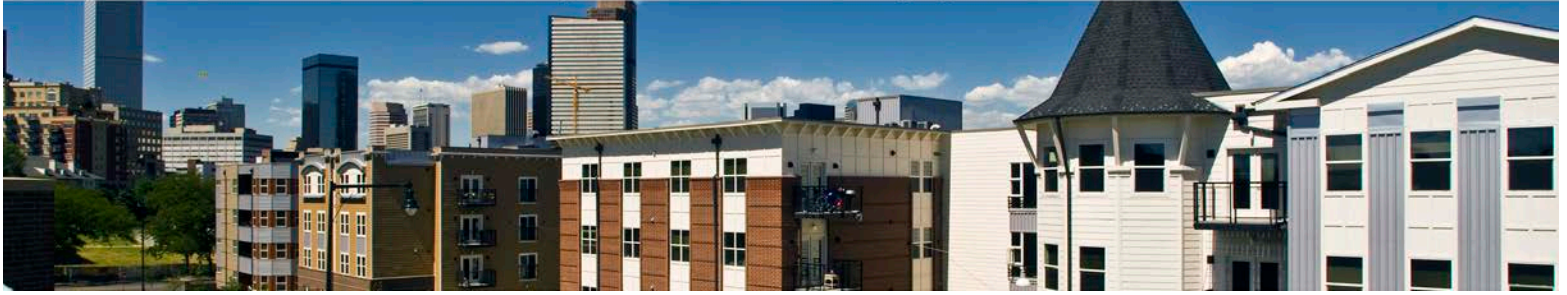
Support letters from Neighborhood Groups

Support letters/ MOUs for Services from Service Partners

Detail on the Service Reserve Funding using the 5% Developer Fee Boost

NSP Policy Alert

pab lihtc application narrative



Project Name: The Highland Affordable Housing Preservation Project (HAHPP)

Project Addresses: Seven scattered site properties: Del Norte Accessible Apartments, 3635 Decatur Street; Housing and Work Connections Apartments, 2100 West 30th Avenue; Hanigan-Canino Terrace Apartments, 1421 West 35th Avenue; Murdock Apartments, 2029 West 36th Avenue; Niblock-Yacovetta Apartments, 1301 West 35th Avenue; Talmadge Boyer Block Apartments, 2926 Zuni Street; and Vallejo Terrace Apartments, 3054 Vallejo Street.

1. Executive Summary: Del Norte Neighborhood Development Corporation is pleased to submit this application for 4% LIHTC and PAB to support the Highland Affordable Housing Preservation Project (HAHPP). The HAHPP will address improvements, financing, and preservation of affordability of eighty-eight housing units in seven buildings owned by Del Norte in Denver's Highland neighborhood. The apartments house low income individuals and families, including Homeless adults and youth and persons living with mental and physical disabilities and/or HIV-AIDS. Three properties have project based rental assistance, and many tenants in the other four properties bring their own subsidy. Services are provided for all tenants at one property, while many tenants at other properties have various types of services provided for them. Additionally, the Del Norte Social Worker will provide services for selected other tenants.

The seven HAHPP properties are located within one mile of each other. The buildings vary in size, style, roofing, finishes, unit mix, unit and building amenities. Three buildings are on the Historic Register. Six properties are brick, and one has insulated cement board siding. All but one property provides off street parking. The properties have one, two, and three stories. One three story has an elevator. All but one property has a designated outside living area.

In the seven properties, there are nineteen studios, fifteen one-bedroom units, fifty-one two bedroom units, and three three-bedroom units. All units, including the studios, have full kitchens. One property has furniture provided. All properties have either a laundry room or washer-dryer hook ups.

From July to December of 2016, Del Norte partnered with ICAST general contractors to complete \$985,178 of energy and water saving improvements, health and safety upgrades, and landscaping work at the HAHPP properties. The Denver Office of Strategic Partnerships provided a \$182,000 grant for the upgrades. Tenants immediately began to enjoy the lower utility bills and the security and comfort provided by new windows, doors, and furnaces.

The HAHPP properties are the last affordable housing in the quickly gentrifying Highland neighborhood of Denver. In a report, published January 2017 by economist Dr. Elliot Eisenburg for Housing Colorado regarding the state of housing in Colorado, he concluded that all types of

housing are urgently needed and that communities must provide diversity in housing products to meet all their needs. The HAHPP provides that diversity.

2. Describe the bond financing structure and include the following:

a. Total amount of bonds with a breakout of construction period bonds vs. permanent bonds.

The financing will include a construction period loan of \$5,000,000 and a permanent loan of \$2,500,000.

b. Bond issuer. CHFA

c. Lender and bond sale structure. The expectation is that CHFA will be the lender for the construction and permanent bond financing for the HAHPP project.

d. Portion of bonds that will be tax-exempt. None of the bonds will be taxable.

3. 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 and
- Projects serving persons with special needs as defined in Section 5.B 5

The current demographics of the persons who live in the seven HAHPP properties include homeless and special needs persons. All of the 37 project based voucher units are home to tenants with special needs. Del Norte partners with Bayaud Enterprises to provide onsite services at the HAWC property. Also, Del Norte has contracted with Bayaud to provide services for several tenants at other properties who need support to live independently. Additionally, Del Norte partners with Colorado Health Network to provide services for our tenants with HIV.

Because of the potential termination of the contracts for the PBV's we are not proposing to set aside units or claiming points for homeless or special needs. It is however our goal to continue to serve the homeless or special needs population so long as it is financially feasible.

4. Identify which, if any, of the guiding principles in Section 2 of the QAP the project meets and how it meets them:

- **To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing.**

The Highland neighborhood has been experiencing significant residential and commercial development for the past eight years. With higher income residents moving in, the demographics have changed dramatically. The neighborhood, once categorized as "old poor" by the Piton Foundation, which meant extremely low income for more than twenty years, is now categorized as moderate income by GeoCode. The neighborhood has become "hot," forcing housing prices astronomically high. According to Piton, more than 60% of Highland renters are spending more than 30% of their income on housing. The Market Study, completed by Prior and Associates, states that the HAHPP properties would do well with subsidies or if they "turned" market.

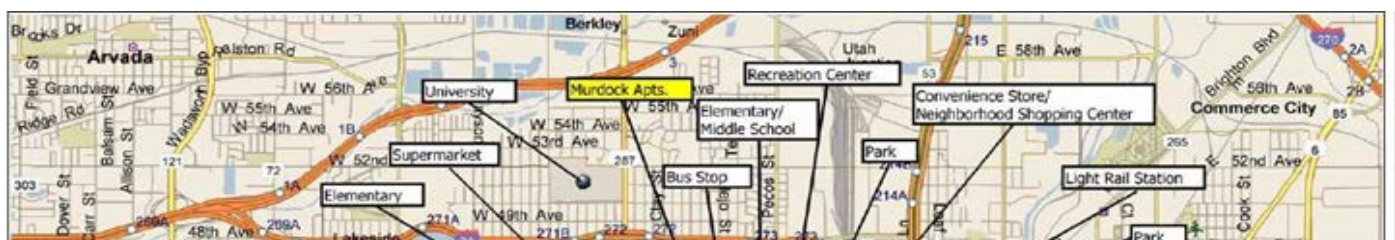
- **To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing.**

The “HAHPP Property Demographics” chart above shows the diversity of population in the properties. Thirty-seven tenants will continue to receive rental assistance through a Housing Assistance Payment (HAP) contract or a Rental and Occupancy Covenant. Del Norte Accessible, Hanigan Canino Terrace, Housing and Work Connections, and the Niblock Yacovetta Terrace have HAP contracts, which allow tenants to pay 30% of their incomes for rent and utilities, renewed annually or to expire as late as 2027. The HAHPP will provide housing for some of the lowest income persons in Denver for well into the future.

- **To provide opportunities for affordable housing within a half-mile walking distance of public transportation such as bus, rail, and light rail.**

The map below shows the seven HAHPP properties in yellow, all within one mile of each other. Every property is within a half mile of an RTD bus stop with busses that run on fifteen minute intervals throughout the day, and half hour schedules at night and on weekends. Some properties have multiple bus stops. Please note the proximity of medical clinics, parks, recreation centers, elementary, middle, and high schools, shopping centers, and the library.

HAHPP Properties With Yellow Labels Showing Proximity to Transportation and Amenities



- **To provide opportunities to a variety of qualified sponsors of affordable housing, both for profit and nonprofit.**

Del Norte Neighborhood Development Corporation, a Colorado nonprofit, has operated as a 501(c)(3) since 1978. Del Norte's mission is to create and preserve housing and other opportunities for underserved households, including those that are low and moderate income, Spanish-speaking, and those with special needs. The rehabilitation and re-syndication of the HAHPP properties, which will result in the preservation of eighty-eight units of affordable housing, aligns with the organization's mission.

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

- a. Market conditions:** Prior and Associates submitted the Market Study of the Highland Market Area on January 31, 2017. The overall average surveyed vacancy rate was 1.1%, including 1.1% at the HAHPP, 0.0% at Class B and C LIHTC units, 5.0% at Class C market-rate projects and 1.5% at Class B market-rate projects. These statistics reveal a very high pent-up demand for rental housing. The Market Study states the proposed HAHPP was strong and contained no recommendations for improvement. It further states that the HAHPP properties could do very well with or without subsidies.
- b. Readiness-to-proceed:** Del Norte owns all the HAHPP properties, with ownership confirmed by Paul Smith, Esq., of Bryan Cave Attorneys. All zoning is in place, with no variance needed. Environmental studies have been completed. Work write ups are finished, with cost estimates submitted by the general contractor. Tenants are aware of the HAHPP and have been preparing for construction. Pillar Property Services, the management company, will be working with the contractor and ownership to communicate with tenants.
- c. Overall financial feasibility and viability:** The HAHPP can be redeveloped with no requests for waivers and within the standard underwriting criteria. Projected operating expenses are conservative and achievable, filling all reserves, have a PUPA within CHFA limits, an acceptable DCR, and a conservative 7% vacancy rate. According to the LIHTC worksheets, the debt coverage ratio throughout the 15 year proforma is within the normal tax credit parameters. The deferred developer fee will be paid back from cash flow within the allotted period. Also, the energy and water saving techniques incorporated into the design are good for the environment and are important way for the tenants to save money.
- d. Experience and track record of the development and management team:** Del Norte Neighborhood Development Corporation has significant multifamily rental housing development experience. A very long list of complex multifamily developments, both rental and for-sale, for special-needs, and low-income populations is included under the Development Team resume. Del Norte also has a significant experience developing housing using various CHFA products.

Del Norte's first project utilizing LIHTC was in 1993, the Tallmadge Block, which produced twenty-eight units of affordable housing. Del Norte's largest project – at ninety-eight units – was the mixed-use, mixed income Mercantile Block in downtown Denver. Both projects have performed well and continue to preserve affordable housing in now gentrified areas.

The Juan Diego apartments, a 9% LIHTC project, was completed in 2009 within the time frame and on budget despite the political charge of housing chronic homeless persons with HIV/AIDS and having Washington Mutual Bank, the construction lender, go bankrupt. The Veterans Apartments also finished on time and on budget, despite having extreme investor requirements, including a requirement to use the investor's expensive products, an initial equity rate of \$0.64, use of Davis –Bacon wages and compliance, and having to secure project-based subsidy from the Veterans Administration. Del Norte's most recent 9% LIHTC project, the Avondale Apartments, finished on-time and on-budget. The mixed-use development is home to eighty families and has 10,000 square feet of commercial space.

Pillar Property Services (PPS) has managed properties for Del Norte since 2013 and will provide management services for the properties. The offices of PPS are located within a mile of all the HAHPP properties. PPS provides property management services for a diverse clientele, a clear majority who are very low-income, homeless, and have special needs - some of the state's most vulnerable and difficult to house. Tenants bring several types of subsidies and therefore the compliance requirements are demanding.

- e. **Cost reasonableness:** There are specific costs related to developing in an urban area. Specific to the HAHPP, these include higher land costs, the costs of rehabilitating older buildings, and Denver building department requirements. In consideration of these costs, Del Norte has brought in significant amounts of leverage funds for the rehabilitation. These leveraged funds, combined with the allowable credit amounts, will make the project viable throughout the 15-year credit period. In addition the land will be leased by Del Norte to the tax credit partnership for a minimal amount.
 - f. **Proximity to existing tax credit developments:** According to the CHFA website, there are four tax credit developments in Highland. Three of them are the HAHPP properties.
 - g. **Site suitability:** The scattered site, located adjacent to downtown Denver, is in a gentrifying neighborhood near many amenities and opportunities for employment. Sound studies, flood plain, wetlands, and other environmental considerations have undergone examination, and the property sites has been cleared.
- 6. Provide the following information as applicable:**
- a. **Justification for waiver of any underwriting criteria:** We are not asking for a waiver of any underwriting criteria. The development has excellent projections and can fill operating reserves, has a PUPA within limits, has a good DCR, replacement reserves at \$300 per unit, and a conservative 7% vacancy rate.
- 7. Address any issues raised by the market analyst in the market study:** The Market Study, on January 31, 2017, found the HAHPP market and properties favorable. The report mentions that two properties, the Niblock and the Hannigan, are in inferior condition. At the time of the report, Del Norte had begun rehabilitation of the Niblock. Both properties are scheduled to undergo rehabilitation in 2017.
- 8. Address any issues raised in the environmental report(s) submitted with your application:** A Phase 1 environmental inspection was performed by Pinyon Engineering on July 25, 2016. All

seven properties were inspected. The only concern noted in the report was a “plastic 40-gallon drum, containing approximately 30 gallons of unknown liquid, observed in the boiler room of the 2926 Zuni Street Site. The building manager did not know the contents of the drum. The drum appeared to be in good condition and no leaks were observed.” It was determined that the drum contained water and oil from the elevator. The drum contents were disposed of by Waste Management Corporation.

9. Identify if there are any unusual features that are driving costs upward and if there are any opportunities to realize cost containment: Construction in an occupied household must be finessed. Contractors deal with families, their belongings, timelines, animals, and more. Done poorly, costs not related to construction or materials but to inconvenience and irritation will increase. After performing occupied rehab for over twenty years, communication with tenants, especially in written form, was found to be the best way of avoiding cost increases.

10. 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): At a meeting held in the summer of 2016, Marvin Kelly, Del Norte Executive Director, presented the HAHPP concept to Highland United Neighbors, Inc, the Registered Neighborhood Organization. The attendees were unanimous in their approval, and wrote a Letter of Support. The residents were very concerned about the lack of affordable housing in the community.

We received a letter of support for the HAHPP from Del Norte’s City Councilman, Paul Lopez. We also received both a support letter and a “Consistency of Consolidated Plan” letter from the City of Denver.

Del Norte was awarded a \$35,000 grant from the State Historic Fund for stucco repair and exterior painting of the Niblock-Yacovetta Terraces.

11. For acquisition/rehab or rehab projects, provide a detailed narrative that describes the rehab plan and tenant relocation plan (if applicable); addresses 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. Using the Property Needs Assessments as a basis, Del Norte staff produced a detailed scope of work for the seven HAHPP properties. Two of the properties - nineteen units - will have interior work requiring the tenants to leave for one or two nights. Both properties have a vacant unit which will house the tenants as we rotate the work done to their units. This all the relocation that will be needed.

Paul Smith, Esq, analyzed ownership documents for all the properties and gave a legal opinion that the acquisition of the properties by the Tax Credit Partnership should satisfy the Ten-Year Rule. There are no conflicts of interest in the HAHPP and all transactions are, and will continue to be “arm’s length.”

From July to December of 2016, Del Norte partnered with ICAST general contractors to complete \$985,000 of energy and water saving improvements, health and safety upgrades.



Del Norte Accessible Apartments



Housing & Work Connections (HAWC) Apartments



Hanigan-Canino Terraces



Murdock Apartments



Niblock-Yacovetta Apartments



Talmadge Boyer Block



Vallejo Terrace Apartments

pab lihtc application narrative



Project Name: Indy Street Flats

Project Address: 1440 Independence Street, Lakewood, CO 80215

1. One page Executive Summary:

- a. Indy Street Flats is MWHS' latest transit-oriented revitalization undertaking. It will transform an underutilized, disjointed site into a vibrant, unique neighborhood focal point offering a range of housing options for families and seniors. Indy Street Flats is well-located, across the street from Eiber Elementary School, a short walk from a major retail center featuring banks and supermarkets, and less than a mile from a recreation center, park, and The Action Center. High frequency bus service along Colfax Avenue and light rail at Garrison Station offer transit ¼ mile from the site.
- b. The nearly \$30M investment recognizes its context, preserving a vacant 67 year old masonic temple, one of the neighborhood's oldest buildings, and giving it new life in the 21st century as a home to 18 households in micro-apartments, a unit type increasingly desired today. The masonic temple and the existing housing complex owned by MWHS built in 1961, Belmont Manor, will become safer with the removal of asbestos in Belmont Manor and the creation of ADA-compliant accessible apartments throughout the development. MWHS has responded to requests by local stakeholders to be cognizant of traffic, parking, architectural character, and height/views. As evidenced by the Eiber Neighborhood Association's support letter, MWHS has crafted a plan that meets the goals of the LIHTC program in partnership with neighborhood stakeholders.
- c. Indy Street Flats encompasses a total of 115 apartments comprising 14 studios, 41 1BR, 46 2BR, and 14 3BR units in 4 buildings. 89 of these apartments will be in a newly constructed building, 18 in the masonic temple, and 8 in two buildings of Belmont Manor. New construction will be built to LEED Home Gold standards. MWHS intends to participate in Xcel's EDA Program for new construction and partner with Energy Outreach Colorado for renovation to maximize energy-efficiency.
- d. Common space amenities include: control access entry; a community resource center with offices, maintenance, and supportive services staff; community rooms and kitchen; laundry facilities in each building; a business center; and a picnic/BBQ area, tot lot/playground, and a community garden. Apartment amenities include A/C in the form of VTACs and PTACs, window coverings/blinds, coat closet in some apartments, walk-in closets, ceiling fan(s), refrigerator, stove/oven, dishwasher, garbage disposal, built-in microwave, and cable and internet connections. All utilities will be included in rent.
- e. The new building will be 3- and 4-story wood frame construction, served by 2 elevators and interior stairs along interior corridors. The roof will be white TPO material. Exterior skin includes cementitious lap siding and brick. The two-story masonic temple was constructed with masonry and steel frames. It is served by an interior stair and corridor and will have white TPO roofing. The existing brick façade will be maintained as much as possible. Belmont Manor is two stories of wood frame construction with a primarily brick veneer façade. It is served by interior stairs and corridors. High-efficiency vinyl windows, HVAC, etc. will be installed as part of renovation.

- f. Financing sources include Federal and State tax credit equity, private activity bonds, acquisition carryback by MWHS, Colorado Division of Housing grants, Jefferson County HOME funds, a deferred developer fee, and Xcel Energy rebates through the Energy Design Assistance Program.



2. Describe the bond financing structure and include the following:
- Total amount of bonds with a breakout of construction period bonds vs. permanent bonds. *Up to \$19,275,000. Construction \$19,275,000, permanent \$9,000,000.*
 - Bond issuer (please specify whether you are seeking a CHFA bond-financed loan, a CHFA conduit bond issue only, or bonds from another municipal source). *Metro West Housing Solutions will issue the bonds.*
 - Lender and bond sale structure (public sale/ private placement, takeout, securitization, etc.). *Private placement of the bonds with FirstBank. There will be one close with construction to perm covered in it. There is no additional credit enhancement or securitization.*
 - Portion of bonds that will be tax-exempt (i.e., will the bonds have a “taxable tail”), if applicable. *None – fully tax-exempt.*
3. Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP):
This development does not meet any of the priorities.
4. Identify which, if any, of the guiding principles in Section 2 of the QAP the project meets and how it meets them:
- To support rental housing projects serving the lowest income tenants for the longest period of time
 - 25% of the units are at or below 50% AMI, with 5% of the units at 30% AMI. The remaining units are at 60% AMI. MWHS will agree to an additional 25-year tax credit compliance for a total of 40 years.*
 - To support projects in a QCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A 4, Primary Selection Criteria
 - This development is in a QCT.*

- To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas
 - *This development is in a large urban area in an inner ring suburb.*
 - To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit
 - *The sponsor is a public housing authority.*
 - To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing
 - *This development will serve families. However, in all of our family properties we have a proportion of senior households, generally 10-15%.*
 - To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail
 - *This development is ¼ mile from the Garrison Station of the West Line light rail. In addition, there is high frequency bus service along Colfax, less than a block from the site.*
 - To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing
 - *This development does both. It will include 89 units of new construction, the addition of 18 new units in the adaptive reuse of an old Masonic lodge, and the preservation of a portion of Belmont Manor, which is 75% affordable currently.*
 - To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period
 - *This development is intended to function as a 4% deal and utilizes the State housing credit as a tool to maximize depth and scale of affordability. This is important with metro rents reaching the levels they have. However, even with the State credit, MWHS will commit significant funds to the development. With construction costs continuing to rise, the planned development cost per unit is about 10% higher than our other 4%/State credit development that is about to start construction. This also includes higher value for land and existing structures based on the appraisals for the Masonic building and Belmont Manor.*
 - To reserve credits for as many rental housing units as possible while considering these Guiding Principles and the Criteria for Approval.
 - *This development includes 115 units, 100 of which are new affordable units in addition to the existing 15 affordable units at Belmont Manor.*
5. Describe how the project meets the criteria for approval in Section 2 of the QAP:
- a. Market conditions: *There is very strong demand for affordable housing in this PMA. The market study shows a capture rate of 12.9%. There are over 1600 households on waitlists for MWHS' tax credit units in Lakewood. Section 8 voucher holders are having difficulty locating housing and many have had to relinquish their vouchers as a result.*

- b. Readiness-to-proceed: *The land and buildings are owned by MWHS. The site zoning is in place for multifamily development. There were no issues raised by the city in the pre-planning submittal. MWHS will provide subordinate debt for project costs, which will be loaned to the project from existing unrestricted funds set aside for this development.*
- c. Overall financial feasibility and viability: *We have equity pricing from an investor with whom we have partnered and have received assurance from them that these amounts are reasonable. The construction and perm loan projections are conservative since interest rates are rising. The contractor has included price escalation in the construction estimate, which should allow pricing to remain close to the current amount.*
- d. Experience and track record of the development and management team: *MWHS has developed 7 tax credit developments over the past 13 years. In addition to these, MWHS owns 6 other tax credit developments which it purchased. Members of the development team have worked for years with MWHS. The management team has decades of experience, all with no findings in tax credit reviews.*
- e. Cost reasonableness: *The development hard cost of just over \$159,000 per unit is lower than our current project that is starting construction. By keeping some Belmont Manor buildings we are able to keep costs down. We are also making use of less costly building materials, for example using lap siding on a large portion of the new building. The building design is also efficient, with units stacking in order to keep the framing costs down. The unit sizes are somewhat smaller, thus keeping the overall square footage of buildings down. We are planning surface parking, which is far less than underground. As mentioned, the higher land and existing structures values are adding to the overall development cost. MWHS is contributing the value of these through a cash flow note to the partnership.*
- f. Proximity to existing tax credit developments: *The primary market area is very large, encompassing roughly one-third of Lakewood. There are 5 other family tax credit developments in the PMA (Belmar Groves, Renaissance at Concord Plaza, Timberleaf, Lamar Station Crossing and Zephyr Line). The first 3 are much older developments, having been placed in service 10-18 years ago. Lamar Station Crossing and Zephyr Line are newer and both leased very quickly and maintain extensive waitlists. Other tax credit developments in the PMA are either senior or project-based Section 8.*
- g. Site suitability: *The site is located in close proximity to shopping, education, employment, recreation and transit, making this site ideal for workforce and family housing. The site is already zoned for multifamily development and the density being proposed is fitting and appropriate to the neighborhood. The topography of the site lends itself to the new building having a lower elevation on the west where it is closest to single family residential and higher on the east adjacent to office and multifamily uses. The ability to maintain some of the existing structures offers the opportunity to step down around parts of the perimeter in order to meet neighborhood desires.*

6. 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): *No waivers are being requested.*

7. Address any issues raised by the market analyst in the market study:

- a. *The market is generally very positive and lists numerous strengths, including such things as close proximity to transit and services, being in a very walkable neighborhood, and the high level of demand that exists for affordable housing in the area with an overall vacancy of 1.9% and waitlists at existing rent-restricted communities.*
- b. *The market study mentions a few potential weaknesses:*
 - i. *There is an electrical tower adjacent to the northeast corner of the property. In order to mitigate this we placed one of the driveways at that corner and held the new building a further distance from the tower and wires. Also most visibility from that building is to the east and west and not directly toward the tower.*
 - ii. *The site does not benefit from high drive-by visibility. The study also notes that the buildings will be somewhat visible from Colfax and/or the light rail line due to the building heights. We believe the location not directly on Colfax is a benefit by offering less noise and easier access in and out of the site on local streets. Given the extremely high demand for affordable units, we anticipate no problem with marketing.*
 - iii. *The market study cites a low parking ratio. The zoning requires 0.75 spaces per unit. We have planned for 0.8 spaces per unit given that this is still a suburban development, although it is in very close proximity to transit. In addition, there will be street parking available on 3 sides of the development, potentially adding approximately 30-35 spaces.*

8. Address any issues raised in the environmental report(s) submitted with your application, including how the issues will be mitigated, if applicable:

- a. *Extensive indoor lead-based paint and asbestos testing took place in 2006 and 2008 in the masonic temple and Belmont Manor. No environmental concerns were noted in the masonic temple. However, Asbestos-containing material (ACM) was identified in some of Belmont Manor's drywall and joint compounds, floor tile and mastic, and exterior and interior caulking. ACM sampling was not completed in all apartments at that time, some remediation has taken place, and ACM-related regulations have changed since 2006. Accordingly, upon receipt of LIHTCs, ACM sampling will take place again in all Belmont Manor apartments and common spaces to determine what must be remediated given current conditions and regulations. A conservative cost estimate for sampling and remediation has been incorporated into the development budget.*
- b. *Radon-222 (radon) is a naturally-occurring gas which is prevalent in certain areas of the country. Radon sampling took place in the masonic temple and Belmont Manor and was detected above the EPA action level of 4 picoCuries per liter (pCi/L). Accordingly, funds have been provided in the*

budget to install active radon mitigation systems on the lower level of the masonic temple, beneath the Belmont Manor buildings and under the new building.

- c. Soil samples of the vacant land between the masonic temple and Belmont Manor were taken in 2006 from a depth of approximately four feet below ground surface in multiple borings. Results indicated benzene, toluene, ethyl benzene, total xylenes, gasoline range organics, diesel range organics, and oil range organics were not detected above the laboratory reporting limits and no further investigation was recommended at that time. Since these samples were taken there have been no significant topographic events or major development in proximity to the site to warrant additional soil sampling according to the new Phase I report.*

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

- a. In this plan we are saving and reusing a historic Masonic Temple. The temple is being saved because buildings like this Masonic Temple were an important hub of the early postwar community. The community feels that saving the structure will help give Lakewood a tie to the past, which the community finds important at a time of rapid development. We also think saving the Masonic Temple and converting it into micro units gives us an opportunity to do a new and innovative type of development, that will benefit lower income singles and couples, who are often left out of the equation in tax credit development.*
- b. The Masonic Temple sits almost dead center on the site. This makes locating the new 89 unit building a challenge and we are not able to take advantage of site efficiencies that would come if we were not trying to save the structure. The 18 units we are building in the Masonic Temple will be slightly less expensive per unit to construct than the buildings in the new 89 unit building. However the additional costs incurred while trying to make a less efficient site work far exceed the per-unit savings. Because we have to separate the parking into three different parking lots we require three access points, curb cuts, and we will simply lose efficiency in the parking. Additionally the site's storm water detention is split into several different detention ponds in order to accommodate the saving of the Masonic Temple building. It would be significantly more efficient to build one pond with one outflow structure. An additional site/building cost is the necessity for a large retaining wall that runs along the west foundation of the east wing of the 89 unit building. Saving the Temple building necessitates a single 89 unit building instead of two or more smaller buildings which could be built on the sloping site without the need to build a retaining wall. Because we have less site flexibility we need the single building. We are pleased to be able to save this iconic structure but there are additional costs involved.*
- c. We have looked at many opportunities for cost containment. We have two potential items that may be possibilities. If we are able to negotiate with the city on the site plan, we potentially can save one additional building at Belmont Manor and remove those 4 units from the new building. Each of the 4 units would then be slightly less expensive. Secondly, we will work with the structural engineer to assure that the foundation for the new building is designed to meet but not exceed the*

requirements based on the soils report. At present it appears there may be an option to consider a different system that might have some cost savings.

10. 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. MWHS conducted multiple meetings with the neighborhood beginning over a year ago. Throughout the course of the meetings the plan for the development was adapted several times to meet both neighborhood wishes and appropriate site design. As a result of this extensive outreach the development received strong neighborhood support as evidenced by the attached support letter. We have received no opposition to the project.*
- b. The required public meeting was held on January 25, 2017 after appropriate notice. Prior to this meeting, on January 11, 2017, we held what was intended to be the public meeting. As a result of the notice requirements changing on the QAP webinar, we opted to hold an additional public meeting with a much extended official notice. However, we have included the recording for both meetings because a majority of the public comment was at the first meeting.*
- c. The development will receive an allocation of HOME funds from the Lakewood/Jefferson County consortium.*
- d. We will apply for Energy Design Assistance (EDA) from Xcel Energy. MWHS is one of the program's highest performers and Xcel has consistently awarded these funds to us. If the funds are not awarded then MWHS will make up the difference in funding.*
- e. The City of Lakewood waives permit application fees for MWHS.*

11. For acquisition/rehab or rehab projects, provide a detailed narrative that describes the rehab plan and tenant relocation plan (if applicable); addresses 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, nature disaster).

- a. A relocation plan is included with the application materials. There are currently 20 units in Belmont Manor and 8 of those will be retained. At their choice, those 8 households can be temporarily relocated during the building rehabs and then return to their units. The construction is being staged so that the new building will be completed prior to the work starting on Belmont Manor. Residents who will be permanently displaced will be offered the opportunity to move into the new units if they choose. MWHS will follow the Uniform Relocation Act throughout this process.*
- b. The properties meet the 10-year rule. Belmont Manor has been owned by MWHS for over 10 years. The Masonic lodge was owned by that organization since it was constructed in 1950 and has been owned by MWHS since 2008. A 10-year rule opinion is included in the application materials.*
- c. There have been no capital expenditures at either the lodge or Belmont Manor over the past 2 years.*

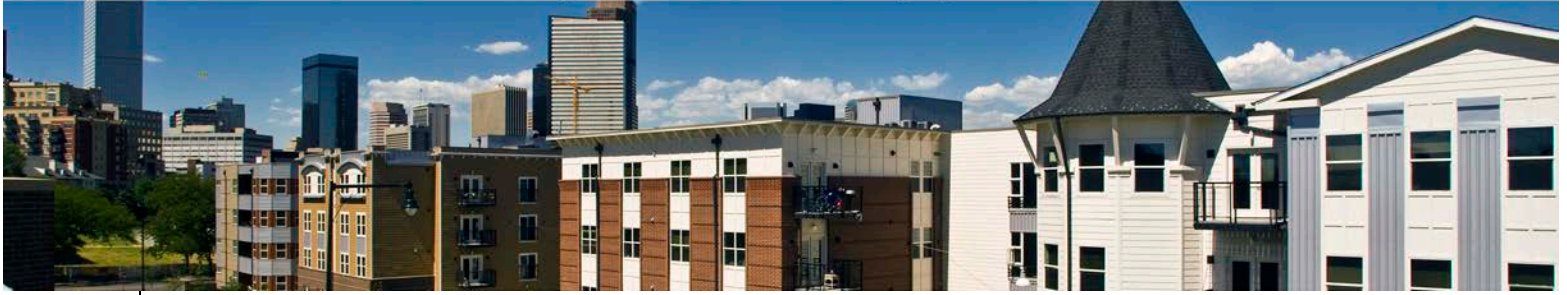
- d. There are no previous related party relationships. MWHS will sell both properties to the partnership at the appraised value at the time of closing.*
- e. Belmont Manor has HOME funds from the City of Lakewood and the State of Colorado. MWHS is working with both entities on plans for how to handle these funds in addition to adding new funds to the overall development.*
- f. The lodge clearly was not designed for residential uses. It requires a complete redesign of the interior space to work as residential. We will remove all systems (plumbing, electrical, and mechanical) and replace them with systems that meet current code. The roof had an ongoing leak that has led to significant rusting on one of the steel beams. This along with some structural sinking of one corner of the building will be addressed in the rehab. A new roof and new windows will be installed and the brick exterior will be repaired as needed. As a result of the building being vacant for over a year, there has been some vandalism that will also be addressed.*
- g. Belmont Manor was built in 1961 and the units contain asbestos in the drywall. This will be abated and insulation added to the walls. The systems, particularly the boilers, are quite old and in need of replacement. The units, which are all 2-bedroom, have just a through-wall air conditioner in the living room. This is functionally obsolete and the rehab will include an update to provide air conditioning throughout the units. The windows will also be replaced with high-efficiency vinyl windows. The steel structures of the balconies are also in need of replacement.*

Indy Street Flats offers a unique opportunity by blending preservation of a beloved piece of the Eiber neighborhood (the currently vacant Mason lodge), portions of an existing affordable apartment community, and a new building that will architecturally unite these disparate building styles. Not only is this development a transit-oriented site, it is exceptionally well located for families. The elementary school is across the street and the high school is a short 6-block walk.

When these aspects of the development are combined with our strong track record of outstanding developments, Indy Street Flats will demonstrate the necessity and usefulness of the State tax credit program. This development will make the best use of the credit through providing additional affordability that could not otherwise happen with a 4% tax credit deal, particularly with the lowered pricing of tax credits since the election.

MWHS is uniquely positioned to continue to produce high quality housing even in this challenging LIHTC environment. Through our development past we have formed a self-sustaining organization that continues to produce strong results that allow us to maintain a level of excellence in both physical buildings and, more importantly, quality communities and services for all of our residents.

pab lihtc application narrative



Project Name: Lakewood Station Apartments

Project Address: 1320 & 1325 Everett Court, Lakewood, Colorado 80215



Executive Summary

Herman & Kittle Properties, Inc. (HKP) appreciates the opportunity to present an application to CHFA for Lakewood Station Apartments. Located in Lakewood's Eiber Neighborhood and 0.35-miles from Garrison Station (West Rail Line), this Transit-Oriented Development community will consist of two newly constructed five-story, elevator-served buildings containing a total of one-hundred forty-three (143) one (46), two (79) and three (18) bedroom affordable housing units.

Pending award of Section 811 project rental assistance from the Colorado Division of Housing, thirty-five units (24%) will be restricted for those earning at or below 30% of the Jefferson County area median income. Per the Section 811 tenant eligibility requirements, these units will be reserved for homeless households with disabilities who are leaving institutions or at risk of being placed in an institution. The Wheat Ridge-based nonprofit organization, Family Tree, will be providing supportive services to these households. The remaining 108 units will be income restricted to those earning at or below 60% of the Jefferson County area median income.

The freestanding, wood frame structures will have a post-tension slab foundation, TPO roof structure, and the exterior façade will be composed of durable cement panel siding with accents of brick and stone. The buildings face surface parking, which is primarily located at the center of the site (0.87 spaces per unit). This parking ratio exceeds the required ratio per the zoning ordinance (0.75/unit), which we think is sufficient given the public transportation options in close proximity (bus line and light rail line) and the fact that 80% of Family Tree's clients do not

LAKEWOOD STATION APARTMENTS

own cars, making the fact that this is a TOD Development a critical component for this development's success (Family Tree has access to reduced fares which will be made available to residents). Covered, secure bike storage will accommodate up to 70 bikes. Outdoor amenities include a 0.33-acre outdoor play area and a fenced dog run. Interior common spaces in Building A (80 units) include 3,534 SF devoted to the lobby, on-site management offices, supportive service (Family Tree) offices/meeting space, community room with kitchenette and game room, business/computer center, fitness room, storage lockers, and a mailroom. Building B (63 units) has 2,352 SF of common area that is similarly programmed. HKP intends to achieve 38 points using the Enterprise Green Communities Criteria through the implementation of energy efficient measures and water conservation features. Accessibility is an important consideration and, to that end, HKP is voluntarily increasing the number of Section 504 compliant (Type A units) to 10% or 14 units, specifically given the lack of accessible units in the market and our target supportive service population. Please note, we will also make 21 additional units fully adaptable to barrier free standards and incorporate design standards that constitute "Visitability" in an effort to provide more housing options for those with disabling conditions.

The roughly \$40 million development is anticipated to be financed with equity generated from the sale of 4% LIHTCs and Colorado State Tax Credits, Private Activity Bond proceeds, soft funding from Jefferson County, from the Colorado Division of Housing, from sponsor sources, and deferred developer fee. In 2016, HKP submitted an application for 9% LIHTCs for 1325 Everett Court (Building B) with the intent of constructing Building A as a market rate rental. Repositioning the project as a 4% LIHTC deal will allow HKP to meet an even greater affordable housing need.

While there are several LIHTC properties in service, under construction and in the pipeline within the City of Lakewood, Lakewood Station Apartments is needed to meet the unprecedented demand for high quality affordable housing in Jefferson County. With a 0.0% vacancy rate for LIHTC units, extensive reported waitlists, significant growth projected along the light rail line, and demand for special needs/homeless housing with supportive services – an 18.6% capture rate is attainable. Under current market conditions, stabilization can be reached in six months without concessions.

This development is even more critical when evaluating the number of households experiencing homelessness or at risk of homelessness. According to the market study, there are 203 total qualified homeless households in Jefferson County, with no Permanent Supportive Housing units in Jefferson County until 40 West comes online. With 35 PSH units, this development will have the ability to cut into the homeless population by 17%. In addition, Family Tree has a 500 household waitlist, with 238 potential applicants with a disabling condition (64 applicants are from Lakewood, with 37 having a disabling condition). Existing units in Jefferson County only provide shelter for 11% of the market area's size and income qualified homeless. If awarded an allocation of tax credits, Lakewood Station, along with 40 West, has the ability to increase that percentage to over 37%, dramatically increasing housing options for people in the area experiencing homelessness, specifically those with disabling conditions.

Bond Financing Structure

Describe the bond financing structure and include the following:

1. *Total amount of bonds with a breakout of construction period bonds vs. permanent bonds.*

We anticipate a draw-down bond structure starting with \$27.6MM being paid down to \$14.15MM for the permanent amount.

2. *Bond issuer (please specify whether you are seeking a CHFA bond-financed loan, a CHFA conduit bond issue only, or bonds from another municipal source).*

We are seeking a conduit issuance from CHFA, but will work with local jurisdictions to obtain supplemental volume that can be assigned to CHFA.

3. *Lender and bond sale structure (public sale/ private placement, takeout, securitization, etc.).*

PR Mortgage is the conduit that works with HKP to propose the loan and coordinate with HUD to receive the mortgage insurance. Upon firm commitment from HUD, PR Mortgage takes the bonds to market and sells them to investors. Technically this is a form of private placement since there is nothing getting rated or placed by an investment bank, but it is not your traditional private placement where the bank purchases and holds the bonds.

4. *Portion of bonds that will be tax-exempt (i.e., will the bonds have a “taxable tail”), if applicable.*

We do not anticipate any taxable tail in this transaction.

QAP (Section 2) Priorities

The thirty-five (35) prospective Section 811 voucher households will meet the “homeless” definition as defined in Section 42 of the Code, thereby meeting the QAP priority for Projects serving Homeless Persons as defined in Section 5.B 5.

QAP (Section 2) Guiding Principles

The proposed development meets many of the Guiding Principles outlined in Section 2 of the QAP, specifically:

To support rental housing projects serving the lowest income tenants over the longest period of time. All of the 143-units planned for Lakewood Station Apartments will be restricted to low income households. A total of 24% of the units will be restricted to 30% of the AMI, supported by Section 811 vouchers from the Division of Housing, thereby providing a much-needed opportunity for extremely-low income families. Furthermore, HKP has elected to commit Lakewood Station Apartments to a 15-year compliance period plus an additional 25 years.

To provide opportunities to a variety of qualified sponsors of affordable housing. HKP is a national, mission-based for-profit developer of affordable housing and has developed and managed properties in 15 states. With more than 15,000 assisted units in their portfolio, HKP has deep experience and knowledge associated with providing reasonable accommodations and

modifications for people with disabilities. Several of their properties cater to a diverse range of special needs populations, including elderly communities, addiction recovery, persons with disabilities, women and children escaping domestic violence situations, and supportive housing for homeless households. HKP knows firsthand that it is critical to partner with a service provider who is not only imbedded within the community, but also has a strong history of providing services for special needs populations. The project's lead services provider, Lakewood-based Family Tree, is integral to the project's success. Throughout their 40-year history, Family Tree has helped the most vulnerable populations in the Denver Metro deepen their engagement within their community, while addressing the complex interconnectedness of poverty, disabling conditions, and homelessness.

To distribute housing credits to assist in a diversity of populations in need of affordable housing. The availability of Section 811 project based rental assistance (PBRA) for homeless households has created a new window of opportunity to provide support to individuals and families whose disabilities and poverty make them extremely susceptible to institutionalization and homelessness. A long-standing participant in the Governor's PSH Toolkit Program, Family Tree is excited to be one of the first applicants for Section 811 PBRA for homeless households in Colorado.

To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail. Lakewood Station Apartments is a 0.35-mile walk to Garrison Station, which offers direct access to Golden and to Downtown Denver. This development is also located within 0.2 miles of the West Colfax Ave and Estes Street bus stop. Family Tree has access to reduced fares for the supportive service population.

To support new construction of affordable rental housing projects. Lakewood Station Apartments will provide high-quality new construction of affordable rental housing.

To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low-income housing project throughout the credit period. HKP is requesting about \$1,408,750 in annual federal LIHTC and \$1,000,000 in annual Colorado LIHTC. The approximate average award for State LIHTC in 2016 was \$7,200 in annual Colorado LIHTC per unit. HKP has assumed \$6,993 per unit. HKP is also putting in a significant amount of money in the form of a GP contingency note as well as deferring a very significant amount of the developer fee.

QAP (Section 2) Criteria for Approval

The proposed development meets the QAP Criteria for Approval as follows:

Market conditions: While there are several LIHTC properties in the pipeline within the PMA, Lakewood Station Apartments is needed to meet the demand for high quality affordable housing in Jefferson County. With a 0.0% vacancy rate, waitlists averaging several years, significant growth projected along the light rail line, and demand for special needs/homeless housing with supportive services – an 18.6% capture rate is attainable. Under current market conditions, stabilization can be reached in six months without concessions.

LAKEWOOD STATION APARTMENTS

Readiness-to-proceed: The site is zoned for the intended use and because HKP is not asking for any modifications/variances, we have been informed that the process will be administrative; the Phase 1 Environmental indicated no Recognized Environmental Conditions; schematic drawings have been priced and the proposed building is financially viable to construct; and financing and funding commitments from the sources identified in this application will be secured in an appropriate time frame.

Overall financial feasibility and viability: Lakewood Station Apartments is financially feasible if awarded an allocation of 4% LIHTC and State LIHTC. In addition to federal and state LIHTC equity, HKP is assuming permanent loan proceeds, a GP contingent note, support from both Jefferson County and the state DOH, and finally, deferred developer fee. HKP, the equity syndicator, Eagle Capital, and the financial consultant, RCH Jones, have run the project through their tax credit financial models and have individually confirmed its financial viability.

Experience and track record of the development and management team: HKP was built on a foundation of providing affordable housing to communities. Currently the nation's third largest developer of affordable housing, HKP's expansive portfolio includes over 13,000 apartment homes in 15 states. HKP serves as not only the developer, but also the property manager and general contractor of their properties. As long-term owners, durability and sustainability are important to HKP – as is a solid commitment to the communities in which they do business. HKP has learned through experience that local partnerships are key to a project's success. That is why HKP has partnered with Family Tree, a local nonprofit with over four decades of experience serving individuals and families experiencing issues related to homelessness, domestic violence, and child abuse in Lakewood, Jefferson County and throughout the metro Denver area. Due to the high quality of services provided, along with their ability to meet expanding community needs, Family Tree is a respected provider of supportive services to vulnerable populations.

In an effort to ensure that Lakewood Station Apartments provided the best outcome possible for the prospective residents, the surrounding Eiber Neighborhood community, as well as the project's anticipated funders, HKP retained Ryan Hibbard Jones (RCH Jones Consulting) and Shannon Cox Baker (SCB Consulting) to provide strategic direction and financial advisory services to the project. Collectively, Hibbard Jones and Cox Baker have over 18 years of experience in the affordable housing industry having managed the development of various affordable housing communities across the US, particularly in Colorado. Jones' past experience includes working as a senior underwriter for LIHTC equity syndication firms where he closed over \$130 million in LIHTC equity across the nation. Cox Baker has developed an expertise in supportive housing, having managed from acquisition through construction the development of three LIHTC-financed supportive housing communities for homeless households in Colorado. She serves on the Boulder County Ten Year Plan to End Homelessness Advisory Board.

Cost reasonableness: The project costs for Lakewood Station Apartments reflect current hard cost information, and have been third party reviewed and verified. Construction costs in Colorado have been going up, by most accounts, by up to 0.25 percent, monthly. In order to account for the volatile commodities and labor markets, HKP has obtained up-to-date cost estimates by local contractors and included a 5.0% hard cost contingency. Given the pending

application for Section 811 project based rental assistance, prevailing wages have been assumed for this project.

Proximity to existing tax credit developments: The PMA has ten LIHTC projects containing 904 income-restricted units. Of these, five are age-restricted projects with 396 units and the remaining five are non-age-restricted LIHTC projects with a total of 508 units. There is one project within the PMA that received a tax credit allocation in the past two years and has not been placed in service. Completion of the Lakewood Station Apartments and 40 West Residences will raise the PMA's LIHTC inventory to a total of 1,106 LIHTC units, which includes 710 family dwellings. The PMA is adding 141 renter households per year and is experiencing a lack of supply for affordable housing. Combining anticipated growth, the PMA can absorb 522 rental units over the next two years according to the market study. With no Permanent Supportive Housing in Jefferson County, most individuals have to go to Denver to find shelter. Even considering the 25 units coming online from 40 West, the current market cannot support the Jefferson County homeless population.

Site suitability: The site is suitable for the intended use for the following reasons: HKP has secured site control; the blighted site presents an opportunity to enhance current conditions; the proposed use is congruent with the development goals outlined in the Eiber Neighborhood Plan; the site is located adjacent to two apartment buildings, demonstrating compatible use; the nearby Garrison light rail station (0.35-mile) and bus stop (0.2-mile) provides excellent transportation to the Jefferson County Government Center, Golden, and downtown Denver; and numerous amenities and job opportunities are within 0.5-mile walk distance and due to the site's proximity to the west Colfax business improvement district.

Justification for Waiver of Any Underwriting Criteria

Not Applicable

Issues Raised by Market Study

The project lacks a swimming pool. Due to liability, construction cost, and maintenance concerns, a swimming pool was not included in the project's amenity package. The property will be on a dead-end street that provides limited visibility. However, it will be visible from the West Line light rail and have very good access to public transportation and major arterials.

Issues Raised in the Environmental Reports

HKP commissioned a Phase I Environmental Site Assessment on December 1, 2016. No Recognized Environmental Conditions were discovered. An Asbestos, Lead-Based Paint, and Limited Regulated Building Materials Survey was conducted for the purpose of anticipated building demolition. No ACM was found. Some common RBM materials were observed and will be addressed at the time of demolition.

Unusual Features Driving Up Costs & Cost Containment Opportunities

Considering the rising construction costs along with site specific challenges, our development team has performed several detailed take-offs for Lakewood Station Apartments and have

LAKWOOD STATION APARTMENTS

considered all of the constraints *given the information we have to date*. Below are some of those constraints that have driven up costs:

- Demolition of two existing Hospice buildings and associated parking lot, including the removal of any asbestos and lead based paint: \$320,000. This quote and the size of the buildings have been reviewed by local contractors and have confirmed our assumption.
- Extension of sanitary line additional 300 feet to West 14th Street: \$27,000. This has been recommended by both a civil engineer and the city and we are confident the actual expense will not exceed this amount.
- The site is tight, leaving little room to stage construction material. We are anticipating approximately 2 additional months to alleviate this concern or an additional \$150,000 in additional GR.
- We budgeted an additional \$350,000 for the possibility of underground detention, we are planning on above ground detention, but in the event this is too small, we would incorporate a portion underground so as not to eliminate any outdoor amenity space. We have planned for a 2,015 s.f. above ground detention, so the \$350,000 would only be needed if the detention exceeded this amount. We are confident that this amount will cover any additional below ground detention.

We have reviewed this budget by multiple local general contractors in the Denver market and feel confident that this budget will hold up during the buy-out process. In addition, the 5% hard cost contingency should provide any additional funds for unexpected items not currently anticipated. HKP is confident that we have accurately budgeted and can contain the above mentioned costs without the need to dip into the contingency.

Community Outreach and Related Feedback

In an effort to aid community awareness of and participation in the development process, HKP initiated conversations with Paul Ditson, President of the Eiber Neighborhood Association in early 2016. We met with the neighborhood association most recently on January 11, 2017. While this project is not asking for any code modifications or variances, the attendees at this meeting expressed general concern for parking and overall massing. In general, the use of affordable housing was not wanted at the site—attendees would prefer commercial or market rate homes. HKP remains available to meet directly with the Association Board, as well as other key stakeholders in the community including the West Colfax Business Association and city council members representing Ward 1. Additionally, HKP has been in regular communication with Metro West Housing Solutions and other LIHTC developers in the area, namely Archway Housing (developer of the neighboring 40 West Residences), soliciting input and guidance regarding community outreach and support.

Rehab and Tenant Relocation Plan for Acquisition/Rehab Projects

Not Applicable

Supporting Documentation

The following documentation to support this narrative is include but is not limited to:

- Section 811 Services Plan and Budget, MOUs with service providers
- Location maps including regional, PMA, and site
- Eiber Neighborhood Plan
- 2016 City of Lakewood Community Development Block Grant Action Plan
- Various detail supplements to the application

pab lihtc application narrative



Project Name: **Laradon Homes**

Project Address: **5109 Lincoln Street, Denver, CO 80216**

1. Executive Summary

Gorman & Company, Inc. is pleased to submit a 2017 State of Colorado and 4% Low-Income Housing Tax Credit (LIHTC) application to the Colorado Housing and Finance Authority (CHFA) for **Laradon Homes**, a 91-unit affordable housing development in the Globeville neighborhood of Denver.

Laradon Homes will integrate supportive social services through our partnership with Laradon Hall Society for Exceptional Children and Adults (Laradon), with which we have a Memorandum of Understanding (MOU). Laradon provides services to individuals with intellectual and developmental disabilities (IDD). It owns and is headquartered across the street from the subject site. Laradon has agreed to ground lease the land for the project. We will set aside 25% of the housing units to disabled residents, supported by the State's Section 811 voucher program, and to strive to create and maintain synergy to help IDD tenants thrive in an independent mixed-occupant living environment.

Laradon Homes will be a free-standing, wood-framed, four-story elevator building with Hardi-panel, stucco and brick exteriors, a varied elevation and flat roof. It will have units with one-, two- and three- bedrooms. Parking will be on surface lots. The building will employ Enterprise Green Communities best practice standards for energy use and utilize best practices from LEED and Healthy Living goals.

Laradon Homes is designed to deliver excellent value for the State LIHTC program by offering:

- Affordability for disabled tenants who typically earn less than \$10,000 per year on fixed incomes.
- Supportive services both on site and across the street through our service provider, Laradon.
- Carefully crafted funding sources to leverage State tax credits include debt, equity, State of Colorado CHIF, HOME and Section 811 vouchers; City of Denver Affordable Housing Funds.
- Investment in housing instead of land acquisition and parking structures.
- Critically needed affordable housing units to a neighborhood that is exceptionally vulnerable to gentrification.

By funding Laradon Homes, we can quickly provide long-term affordable housing to current Globeville residents. This is an extremely time-sensitive chance to prevent involuntarily displacement.

Laradon Homes is unique from other Denver applications in the funding round. It will provide integrated supportive and family housing *in advance* of gentrification taking hold of a neighborhood that has not seen LIHTC investment in over 10 years.

a. Project Need and Urgency for Funding

Globeville, after decades of decline, will lose housing to the I-70 reconstruction, is next to neighborhoods that are already gentrifying, and is close to the National Western Center – which is expected to become a destination address after major public improvementsⁱ. For these reasons, Globeville is defined by the City of Denver as an **Area Vulnerable and Susceptible to Gentrification**ⁱⁱ. An urgent concern is the involuntary displacement of long-standing residents as outside investors buy available housing stock to rent at much higher levels than today. *A recent study showed that 64% of neighborhood renters have a lease that is 6 months in length or shorter and 51% have no lease at all – highlighting the wave of displacement set to occur*ⁱⁱⁱ.

The realignment of the I-70 corridor, approved by the Federal Government in January 2017 after the failure of attempts to stop it, is intended to remove a physical barrier between Globeville’s two sides and to repair the urban fabric flanking the Interstate. However, 56 homes and multiple businesses are in the construction zones. Local residents are apprehensive about an anticipated tidal wave of ‘improvements’ that lead to more displacement pressures. Concern for expanding sufficient housing stock has become a rallying cry for the community and the broader neighborhoods.

If we cannot proceed in this round of LIHTC funding, the threat of involuntary displacement will become reality in Globeville. Put simply, this is a time sensitive funding request.

b. Population Being Served

As the growth of Denver presses on previously forgotten areas, investors are looking for “good buys” in Globeville. Laradon Homes will attract neighborhood renters who are – or soon will be – looking for new apartments when they lose their current homes. Nearby affordable housing complexes have long waiting lists (up to 600 applicants) and can’t absorb displaced residents. Laradon Homes will be restricted to very low- and low- income individuals and families. 22 of 90 units (24%) will be restricted to households at or below 50% AMI, with 68 units at 60% AMI (and 1 unit as a manager’s unit). We have also applied for 22 Section 811 vouchers (24.4% of the total project units) from the Colorado Division of Housing to help the many IDD individuals able to receive support from Laradon Services.

c. Unit Mix and Amenities

The one- and two- bedroom units will have 640 and 850 square feet respectively, with the three bedroom units offering 1,050 square feet. All units will follow universal design best practices and be adaptable and accessible for tenants and visitors with disabilities. Amenities will be on par with other housing properties, ensuring long term marketability benefits; they will include fully equipped kitchens, ample storage space, central laundry facilities and a community room with fitness equipment and gathering spaces. An in-house Bicycle-Share program will be created at the property to encourage multi-modal transit options.

d. Type of Financing

We have worked very hard to reduce the cost to construct the project to ensure CHFA can support more LIHTC projects with their limited and critical tax credits. We propose to use a mix of 4% and State Low Income Housing Tax Credits, HOME and CHIF funding from the State, Section 811 Project Based Vouchers from the State, Affordable Housing Funds from the City of Denver and permanent and construction debt financing. Feasibility is helped significantly by avoiding both upfront land-acquisition costs and smart design and constructability features which lower our tax credit request. We have letters of interest for Federal Credits at 93 cents and State Credits at 65 cents.

| SOURCES | | USES | |
|-----------------------------|-------------------|--------------------------|-------------------|
| LAND* | 0 | FEDERAL LIHTC EQUITY | 9,617,483 |
| NEW CONSTRUCTION | 18,450,362 | STATE LIHTC EQUITY | 2,808,000 |
| SOFT COSTS + FINANCING FEES | 4,471,766 | FIRST MORTGAGE | 6,580,000 |
| DEVELOPER FEE | 2,750,000 | CITY OF DENVER | 1,820,000 |
| RESERVES | 523,555 | STATE OF CO HOME | 900,000 |
| | | STATE OF CO CHIF | 1,000,000 |
| | | COMMERCIAL TIs (LARADON) | 2,000,000 |
| | | DEFERRED DEVELOPER FEE | 1,470,200 |
| TOTAL | 26,195,683 | TOTAL | 26,195,683 |

*Long Term Lease Structure Means no Land Acquisition Costs

2. Bond Structure

- a. Total amount of bonds with a breakout of construction period bonds vs. permanent bonds:
 - Construction period: \$15,750,000
 - Permanent Period: \$6,580,000

- b. Bond issuer: We will be seeking a CHFA conduit bond issue. We will seek available bond cap from the City of Denver upon award.

- c. Lender and bond sale structure: Our proposed structure is the Citibank Back-to-Back Tax Exempt Loan Structure. Citi will make a Tax Exempt construction and permanent loan to the project via CHFA who will serve as Governmental Lender for the financing.
- d. Portion of bonds that will be tax-exempt: 100% of the bonds will be tax exempt.

3. Identify which priorities in Section 2 of the QAP the project meets.

- a. Projects serving persons with special needs.
22 of the 90 (24.4%) affordable housing units will be set aside for individuals with disabilities.

4. Identify which guiding principles in Section 2 of the QAP the project meets.

- a. To support projects serving the lowest income tenants for the longest period of time.

Laradon Homes offers 22 of its 90 affordable units to those earning 50% AMI or less. Of these, 11 units are for households at or below 30% AMI. Units will be restricted to a 30 year LURA.

b. To support projects in a QCT, the development of which contributes to a concerted community revitalization plan.

Laradon Homes is in census tract 15, a QCT. The development contributes to the Globeville Neighborhood Plan goals by directing access to affordable and diverse housing options.

c. To provide for distribution of housing credits across the state, including larger urban areas.

An award for Laradon Homes will allocate credits to a large urban area. The neighborhood last received a CHFA LIHTC allocation award in 2005. This project is an opportunity to modulate gentrification and leverage other funding sources with tax credits to create a true impact.

d. To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit.

The proposed project includes Gorman as the qualified sponsor.

e. To distribute housing credits to assist a diversity of populations in need of affordable housing, including families and persons in need of supportive housing.

Twenty-four percent (24.4%) of the proposed project is for supportive housing to individuals with disabilities. We have a signed MOU with Laradon for services and will be providing 12,500 square feet of space in the building for ongoing Laradon services.

f. To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail.

The Laradon Homes site has a #8 bus route stop, and the #12 bus route is 0.5 miles away. Both provide access to jobs, services and shopping throughout the area. The new National Western Center light rail station at 48th and Brighton will be less than a mile from the Laradon site.

g. To support new construction of affordable rental housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing.

The project will add critically needed affordable housing in the Globeville neighborhood just as gentrification approaches. Only 61% of Globeville renters have a lease longer than 6 months – showing the risk of losing rental units as they are converted into market rate housing.

h. To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability throughout the credit period.

We only seek the amount of federal and state credits needed to complete the project. The deal is structured to invest in actual housing (rather than land purchase) and smart design (smaller units and right-sized amenities) rather than expensive space (such as structured parking).

- i. To reserve credits for as many rental housing projects as possible while considering these Guiding Principles and the Criteria for Approval.

As noted above, the proposed project's cost-saving approach lowers the credit request, allowing more credits to be available for other projects in the application round.

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

- a. Market conditions:

The market is desperate for new affordable housing units, evidenced by very long waiting lists at existing properties (up to 600 applicants) and 0% LIHTC vacancy rates.

As noted by the Market Study, the conditions are extremely favorable for this project:

The subject's rents will be up to 53% lower than market rate rental units in the PMA. The service provider, Laradon, has vast experience serving populations with special needs and the Section 811 units will not deter from marketability of the other units in the project.

- b. Readiness-to-proceed:

The project is ready to proceed. The MOU and Ground Lease Agreement are signed. The site is zoned and our plan meets City parking and design requirements. We have initiated our review process with the City of Denver and are targeted to receive building permits by November 2017.

- c. Overall financial feasibility and viability:

As proposed, the project is feasible if awarded the State Tax Credits. We cannot feasibly revise the project as a non-competitive 4% LIHTC structure. The ground lease payment (rather than a loan acquisition) and our design reduces construction costs and ensure feasibility. Our local City funding, non-profit Tenant Improvement funding and deferred developer fees contributes 20% to the total development budget and **leveraging the state tax credit annual investment by 7:1**

The pro forma does NOT include any rent revenues from the commercial space, thus eliminating concern of the commercial space burdening the project while ensuring the long term economic sustainability of the building.

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

The development project team has successful experience implementing projects in similar areas with similar design components. We believe we are the best suited team for this project.

- e. Cost reasonableness:

The costs submitted for this LIHTC application are realistic and reflect the current state of the equity, debt and construction markets. Our objective is to ensure CHFA can support more LIHTC projects with tax credits by:

- Utilizing a ground lease instead of a land purchase to remove land costs from the pro forma.

- Utilizing surface parking instead of structured parking.
- Efficient design provides comfortable units, while minimizing square footage in the building.
- Underwriting the Section 811 Fair Market Rents to increase our debt carrying capacity.
- Locating within the City of Denver means low impact and tap fees.
- Using soft funding sources to reduce our credit ask (from the City and State).

f. Proximity to existing tax credit developments:

There is one other existing LIHTC project in the neighborhood: Globeville Townhomes (by DHA) which was constructed in 2005 and maintains a 100% occupancy rate. As evidenced by the Market Study, all existing LIHTC projects in the PMA have very long waiting lists are 100% occupied. More projects are needed in Globeville and this is the only proposed project in the neighborhood.

g. Site suitability:

The site for Laradon Homes is relatively level, has excellent access to downtown Denver and other varied job opportunities, offers excellent visibility, is within the Residential Core of Globeville and can proceed very quickly following an award of State tax credits.

6. Justification for waiver of any underwriting criteria:

N/A – we are not requesting any waivers from underwriting criteria.

7. The Market Analyst raised the following concerns:

Concern: The subject's unit sizes are smaller than market-rate and LIHTC properties.

How we are Mitigating: Our development team has worked on many LIHTC projects and have honed in on livable, comfortable unit layouts. We believe our unit sizes are very marketable and will 'live large'.

Concern: The subject's 60% AMI capture rate is 35%.

How we are Mitigating: Surveyed LIHTC properties are 100% occupied with waiting lists of up to 600 applicants, even at a 29.2% existing capture rate, indicating pent-up demand. Additionally, pressure from population shifts will continue to increase in-migration into Globeville.

Concern: The subject's amenities lack an in-unit washer/dryer.

How we are Mitigating: We are reducing our construction and operating costs by providing common laundry in the building. The Market Study indicates high marketability of our project without this amenity.

Concern: The subject's location is similar to slightly inferior to surveyed comparables.

How we are Mitigating: The subject site has a bus stop and the property will have its own bicycle-share program. It is in the Residential Core of Globeville and offers high visibility and access to jobs.

Concern: The subject's site will have noise from Interstate 25.

How we are Mitigating: Our high quality building envelope design will mitigate interior noise.

8. Address any issues raised in the environmental report(s) submitted:

The Phase I ESA for the site included with this application shows no remaining issues. The Asarco Smelting Plant 0.5 miles downhill from the project site was an EPA Superfund site in 1993 with high levels of cadmium, lead, arsenic and zinc in the groundwater and soil. Asarco closed the plant in 2006 and left a trust fund of \$16 million to clean up contamination. The Subject Site's previously soils contamination has been remediated, as noted in the Phase I ESA.

9. Cost Containment:

See response to Section 5(e) above.

10. In your own words, describe your community outreach:

Our best support for the project has come from one-on-one conversations with neighborhood stakeholders and Laradon. We attended a United Neighborhoods Stakeholders meeting on January 12, 2017 to not only review early concepts but also understand more deeply the need for affordable housing in Globeville. Many stakeholders expressed interest in this project. There is substantial concern to support efforts to *keep existing housing stock affordable*, but it is also accepted that new units are needed as part of the solution to maintaining stability in Globeville. Importantly, when we talked at length with Laradon, we learned there is a distinct need for supportive housing near their campus and even for their employees, who generally earn \$12 per hour and fall into the 60% AMI income band.

Interest has been expressed from the City of Denver, both financially (as evidenced by the soft funding support letter) and the letters of support from the Councilman for the District and the City's North Denver Cornerstone Collaborative Mayoral Department.

11. For acquisition/rehab or rehab projects, describe the rehab plan.

NA - this is a new construction project.

12. Additional Documentation that supports this narrative includes:

- Laradon description of services and Resume,
- Support letter from Councilman Albus Brooks, and
- Support letter from North Denver Cornerstone Collaborative.

ⁱ "Gentrification can happen 'almost overnight'". *Denverite*, Erica Meltzer. June 15, 2016. Accessed 1/16/17. <http://www.denverite.com/elyria-swanssea-gentrification-story-1365/>

ⁱⁱ Gentrification Study: Mitigating Involuntary Displacement. *City of Denver Office of Economic Development*. May 2016. Accessed 1/3/17 <https://www.denvergov.org/content/dam/denvergov/Portals/690/Reports%20and%20Studies/GENT%20STUDY%20051816.pdf> page 16

ⁱⁱⁱ According to Stephen Moore, Policy Director at FRESC, during a community meeting on January 12, 2017, located at Project Angel Heart in Denver, CO, citing a study to be released by the *Globeville Elyria-Swanssea Anti-Displacement Coalition*.

pab lihtc application narrative



Project Name: The Lodge at Sand Creek

Project Address: 1975 S. Chelton Road, Colorado Springs, El Paso County, Colorado

The Lodge at Sand Creek is a proposed affordable 132 unit multifamily development that will serve lower income families. It will be located at 1975 S. Chelton Road, Colorado Springs, El Paso County, Colorado. The site is within the City limits of Colorado Springs and will be developed under the City's Development Code and built to Enterprise Green standards for use of materials and energy efficiency. Water and sewer service is available from the City of Colorado Springs Utility Department and emergency services are in close proximity and readily serve the site. The site for the project is zoned R5, multifamily residential.

The project will be a 4-story wood frame structure over a concrete podium served by three elevators. There will be 195 surface parking spaces with some under the building and the rest outside. The building will be triangular in shape with a large open courtyard in the center of the building with benches, barbeque area and a play area for children.

The subject property will be comprised of 62 one-bedroom/one-bath units, 62 two-bedroom/one-bath units, and 7 three-bedroom/two-bath units. One-bedroom units will be an average of 723 SF, two-bedroom/one bath units will average 962 SF, and three-bedroom/two-bath units will be 1,283 SF. Apartments will include a refrigerator, stove/oven unit, microwave oven, dishwasher, ceiling fans, and in-sink disposal as well as washers and dryers. The standard appliance package will be black finish. Most units will include Juliette balconies which will enable some of them to take advantage of the spectacular views of the nearby mountains and all of them to have the amenity of French doors that open for admission of fresh air to the unit.

Unit finishes are anticipated to be above average for this market including vinyl plank flooring in kitchens and bathrooms; carpet in bedrooms, hallways, and living rooms; 6-panel doors; painted wood baseboard and wood casing, and brushed nickel finish for light fixtures, plumbing fixtures and door hardware. Cabinets will be builder-grade wood with plastic laminate countertops, quality appliances, ceiling fans, and energy-efficient heating and air-conditioning systems.

The location is in the southeast part of the Colorado Springs metropolitan area and is very close to schools, shopping, medical services, employment opportunities, Peterson Air Force Base, Colorado Springs municipal airport and has direct access via arterials to Colorado State Highway 24. Major new big box stores have opened in the last several years to the west and north of the subject site along Academy Boulevard, a major north-south arterial.

One LIHTC project was built in the southeast quadrant of Colorado Springs in the last 3 years and before that none were built for 14 years. Those that have been built and/or rehabilitated were all done with non-competitive LIHTC and are comprised of a total of 752 units; of those, 623 are income-restricted and 129 market rate. According to the market study, there are only 4 vacancies in those 5

projects, a 0.005% vacancy rate; all of the vacancies are in one income-restricted property that is near Fort Carson. Three of the 5 projects maintain waiting lists and those that do have a reported total of 77 lower income families in search of units. The overall capture rate for the 132 units in the Lodge at Sand Creek is 10.2% and the demand for new affordable units in the Primary Market Area exceeds the existing supply and proposed units, including the subject by 8,437. As the market study states, the need for 60% units in the Primary Market Area is nearly 15 times greater than the total number of units in the subject:

Market data supports strong demand across all unit types, as evidenced by low vacancies at peer group properties and throughout the local apartment submarket. The Southeast apartment submarket vacancy levels have strengthened over the last two years. Overall, the Colorado Springs apartment vacancy rate for multifamily projects in the 100-199-unit size range like the subject is 4.3%. Currently, the Southeast apartment vacancy rate is only 3.8%. Among competing properties to the subject, the highest vacancy rate is 5.7%, but peer group vacancies at the other properties are all under 1.8%. The development is anticipated to contain 132 affordable units, consisting primarily of one-bedroom and two-bedroom/two-bath units. Based on the findings of this market study, the recommended unit mix and the unit sizes of the proposed development are well-positioned for this market. The three-bedroom units are slightly smaller than the competitors; however, this should not significantly impact their demand at the subject since there is a very limited number of this floorplan. The units are in line with the other affordable developments in the market, and positioned to be competitive in the local area. This is supported by the fact that 78% of the households in the PMA consist of 3 people or less. Therefore, the subject property's unit mix, which incorporates mostly one- and two-bedroom units, should match up well with market demand.

Most of PMA's LIHTC units are targeted at the 60% AMI level, much like the subject. However, even with a double-digit Capture Rate after the addition of the subject units, the residual demand in the 60% AMI band is nearly as high as the 40% and 50% bands, and all three are substantially higher than the 30% AMI band. In fact, the overall residual demand for 60% AMI units remains roughly 85% of the total demand for 40% or 50% AMI units. So while a case can be made for targeting lower AMI bands (i.e. 40% and/or 50%) based on Capture Rates alone, the total number of residual units in the 50% and 60% AMI levels (4,366 total units of demand) is 12% higher than the total number of residual units in the 30% and 40% AMI bands (3,907 total units of demand). Just the residual demand for 60% AMI units is nearly 15 times the amount of the total unit count proposed for the subject property.

Seven of the units in The Lodge at Sand Creek, 4 one bedroom, 2 two bedroom and 1 three bedroom unit, will be set aside for preferred occupancy by families with incomes below 30% of the area median income that are participating in the transitional housing program operated by Partners in Housing, a Colorado Springs-based non-profit that will also provide supportive services and financial support for those families via a memorandum of understanding with the owner.

The project developer is Garrison L. Hassenflu. Mr. Hassenflu is Managing Member of Garrison Community Development, LLC and MW Development Enterprises, LLC, Kansas City-based companies and the development entities. He is also Manager of Garrison Management Company, a property management firm. These companies along with other affiliated companies make up the umbrella entity, Garrison Companies (www.garrisoncompanies.com). Mr. Hassenflu has over twenty five years of experience in development, having developed over \$140,000,000 in affordable and mixed income living units totaling over 1,300 units. Currently, he has a portfolio of seventeen projects totaling approximately 800 apartment units that he has built and managed in the last twelve years.

Construction will be performed by Crossland Construction of Centennial, a very experienced general contractor. Property management services will be provided by ComCap Asset Management of Centennial, a firm that manages over 2,000 affordable units around the state including several hundred in Colorado Springs and brings an economy of operational scale to the project because of that.

Project costs will total approximately \$23 million dollars, and will be financed by the equity raised by the developer from the sale of state and federal low income housing tax credits, permanent/construction loan from the sale of tax exempt private activity bonds by the Colorado Housing and Finance Authority, and a loan from the developer to the project via the deferral of a portion of his developer fee. Letters of support from the City of Colorado Springs and Colorado Springs Housing Authority are included with the application. The Colorado Springs has expressed a willingness to become a special limited partner in the project to enhance the economic feasibility of the project by abatement of the real estate taxes in exchange for payment of an upfront fee and an annual fee equal to 35% of the abated taxes and a right of first refusal in the event of a sale of the property.

Strengths

- An attractive location southeast of downtown Colorado Springs, and just east of the South Academy Boulevard commercial corridor, with views of Pikes Peak and the Front Range.
- Centered between employment opportunities in downtown Colorado Springs and the established southern part of town that is home to Peterson Air Force Base and the Colorado Springs airport as well as Fort Carson to the south.
- Future subject residents will have easy access to neighborhood schools, area shopping, and major transportation corridors, many of which are directly accessible from the Sand Creek Trail that runs along the western edge of the subject site.
- The subject property has a well-balanced unit mix that matches well with the anticipated tenant profile.
- Strong affordable unit demand across all AMI levels and unit floor plan sizes.
- High Walkability score
- Addition of 30% of AMI units in a market segment that is totally devoid of any such units.
- Limited competition for the subject units in the Primary Market Area, and not much more family/workforce housing in the overall Colorado Springs market area.
- In-unit washers and dryers are an amenity that will help this project compete with other peer group properties, most of which have W/D units in their apartments.

Challenges

- Low Transit Score and limited public transportation options.
- The rent differential between the higher AMI rent bands and the rents charged at older market rate complexes is often small.

This project meets the following guiding principles in Section 2 of the Qualified Allocation Plan:

- “To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas:”

The award of credits to this project helps fill a void in the market place that hasn't been addressed since 2014 and one with significant demand/need.

- “To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit.”

The developer of this project is qualified, has a history of developing and operating affordable housing in other areas of the country and has not been awarded tax credits in Colorado since 2003.

The project meets the criteria for approval in Section 2 of the QAP as follows:

Market conditions: Vacancy rates in affordable projects are extremely low and the need is very high.

Readiness-to-proceed: The sponsor has the resources and capacity to move forward quickly upon approval and there is political will and support for the project.

Overall financial feasibility and viability: The project has support from the marketplace of investors, lenders and political bodies that will provide additional economic support to the extent feasible.

Experience and track record of the development and management team: The team of the developer, general contractor, property manager and consultant has a proven history in the development, construction and operation of affordable housing projects.

Cost reasonableness: The design of the project is compatible with the market and reflects maximization of the allowable density of the site. Inclusion of a general contractor and property manager with knowledge of the market place helps with keeping costs contained while still offering a project that is competitive in the marketplace.

Proximity to existing tax credit developments: The Lodge on Sand Creek is near a 3 year-old tax credit development that is full with a waiting list and it will neither compete with nor adversely affect occupancy of that or any other affordable complex in the Primary Market Area due to the overwhelming demand in the PMA.

Site suitability: The site is well-located for access to employment, schools, shopping and medical services, is relatively flat, has a north to south slope promoting good drainage, is free from environmental issues and is well-suited for the development of affordable family housing. The southwestern tip of the site is located in a FEMA-identified 100 year flood plain but the building is located far enough away from it not to be effected and no living units will be at ground level.

Address any issues raised by the market analyst in the market study submitted with your application: The market analyst raised no issues but suggested the inclusion of an additional half or full bathroom in the two bedroom units to set them apart/above competitive units. A conscious decision was made to exclude additional bathrooms from those units for cost containment reasons.

Outreach conducted within the proposed community and local support for the project: Contact has been made with the Community Development Division of the City of Colorado Springs, the El Paso County Economic Development Division and Colorado Springs Housing Authority that has expressed willingness to enter in to a special limited partnership in the project for property tax abatement purposes.

pab lihtc application narrative



Project Name: Monument Creek Apartments

Project Address: 5325 Mark Dabling Boulevard – Colorado Springs, Colorado

The Narrative provides an opportunity for the applicant to describe the characteristics of the project and why the applicant believes it should be selected above others for an award of credit. The applicant should document the project's strengths and to address its weaknesses. **This document should be no more than 8 pages.**

In addition, the narrative should address the following:

1. **One page Executive Summary:** Provide a description of the project as proposed; detailed type of construction (including foundation type, framing, roofing, building skin, circulation, stairs, etc.); population being served; bedroom mix; location; amenities; services, if provided; description of energy efficiencies; type of financing; local, state, and federal subsidies; etc. Also, what, if anything has changed since previous application, if applicable.

Summary: The Monument Creek Apartments is a new construction two and three-story multifamily project that will provide 48 units of workforce housing in northeastern Colorado Springs – a part of the city that has seen very little affordable housing development. Nestled in the wooded Monument Creek corridor, future residents will have direct walking access to the new University Village retail area and future University of Colorado – Colorado Springs medical campus. The capture rates for this project are 0.8% for the 30% AMI units and 5.8% for the 60% AMI units for a total of 4.4% – clearly there is a high demand for this project.

Type of Construction and Energy Efficiency: The construction of the project is going to be Type V – A, for a wood frame building. The units will be constructed using modular construction with factory-produced pre-engineered building units that will be delivered to the site and assembled into the larger building. All life safety considerations shall be included in accordance with all local building codes. The concept design considered maximizing efficiency to locate all plumbing in stacks and including self-contained furnace/AC units. This allows for individual controls for the residents. The universal designed apartments are accessed through breezeways and also allows for access to the outdoors. First floor apartments shall be type A units per ANSI and the Fair Housing Act.

The design will include 2x6 studs which will allow for R-19 batt insulation as a minimum thermal barrier. Continuous insulation will be considered on the exterior enclosure with Low-E glass in the windows throughout. All appliances will be specified as Energy Star Rated products. Water saving fixtures will be specified where practical. The roofing will be specified to reflect solar heat and the structural design of the roof trusses will include the option to add photovoltaics in the future.

Population and Bedroom Mix: The Monument Creek Apartments is designed to accommodate a mix of households that would benefit from its location and amenities. The project contains an equal number of one- and two-bedroom units to house individuals, couples, families and seniors.

Location: Located near Mark Dabling Boulevard and Rockrimmon Boulevard, Monument Creek Apartments will be some of the first LHITC units to be developed in the north Colorado Springs/Briargate/Rockrimmon area, providing badly needed housing options to support the significant economic development that has taken place in north Colorado Springs in the past 10-15 years. The development will be constructed to the east of Mark Dabling Boulevard and to the west of the Monument Creek Regional Trail. Immediately to the south is a footbridge connecting the trail to the new University Village retail complex on the east side of Monument Creek. Residents will be able to walk .25 - .5 mile to the University Village to access Trader Joe's grocery, retail, Costco, department stores, restaurants, medical/dental offices, banking, fitness, and barber and stylist services. The Monument Creek Apartments will also be readily available for University Village employees to qualify to live. Immediately next to University Village will be the new University of Colorado – Colorado Springs medical campus, which is expected to expand the University of Colorado system by thousands of students, creating jobs and medical services close to Monument Creek Apartments. Residents will also have easy auto access to I-25 and Garden of the Gods Road, major arteries that connect the community to the rest of Colorado Springs.



Amenities: Residents will enjoy on-site amenities provided in the clubhouse portion of the development. The clubhouse will offer community space, a computer room, a BBQ area and a patio. Each unit will include a dishwasher, full-size washer dryer in the unit, storage, central air conditioning, carpets, drapes and blinds.

The site will be designed with access to the public trail at the Monument Creek as well as save access to the playground both without crossing vehicular traffic. The residents of the community will also have access to gardens to produce vegetables and herbs as well as other floral delights if so desired.

In addition, the eastern portion of the site closest to Monument Creek is intended to be developed, in collaboration with the City of Colorado Springs, into an interpretive riparian park highlighting the ecology of the wetlands and river bank in an educational, engaging, and relaxing reprieve that brings out the natural amenities that help enhance the quality of life at this location. Monument Creek

Apartments residents will have immediate access to this new park and which will connect them with nature, provide good views, and activate the site.



Financing: The project will be financed with a combination of tax-exempt construction-to-permanent debt, a CHIF construction loan, significant funding from the El Paso County Housing Authority, local and State funds from the City of Colorado Springs and Colorado Department of Housing, and owner equity. Please see the project application worksheets for more detail.

2. Describe the bond financing structure and include the following:
 - a. **Total amount of bonds with a breakout of construction period bonds vs. permanent bonds.** \$6,289,406 Construction, \$2,457,000 Permanent
 - b. **Bond issuer (please specify whether you are seeking a CHFA bond-financed loan, a CHFA conduit bond issue only, or bonds from another municipal source).** The project is seeking a CHFA conduit bond issue with a direct placement.
 - c. **Lender and bond sale structure (public sale/ private placement, takeout, securitization, etc.).** Private placement with a LIHTC equity takeout
 - d. **Portion of bonds that will be tax-exempt (i.e., will the bonds have a “taxable tail”), if applicable.** None

3. **Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP):**
 - This project does not directly address any of the three Section 2 priorities.

4. Identify which, if any, of the guiding principles in Section 2 of the QAP the project meets and how it meets them:

- ***To support rental housing projects serving the lowest income tenants for the longest period of time:*** The Monument Creek Apartments will covenant all units as affordable for the maximum 40 year restriction. Five of the project's 48 units will be covenanted at 30% AMI.
- ***To support projects in a QCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A 4, Primary Selection Criteria:*** The project is located in a QCT. Please see attached documentation of community revitalization.
- ***To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas:*** The Monument Creek Apartments will be built in Colorado Springs, which typically receives less LIHTC allocation than the Denver metro area. North and northeastern Colorado Springs has received little to no LIHTC allocation, although it is a region of Colorado Springs that has seen significant growth and development overall. Local support for this project comes in part due to its location in northeastern Colorado Springs and the need for affordable housing in this location.
- ***To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and non-profit:*** AmericaWest Housing Solutions is a non-profit housing developer who will bring both non-profit and for-profit partners to help with the financing and completion of this project.
- ***To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing:*** The Monument Creek Apartments will not be restricted by population but is anticipated to serve individuals, couples, and families of all ages who are interested in living within walking distance of shopping, services, and recreation.
- ***To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail:*** The site is well located for a walkable lifestyle, and is 0.8 miles from Mountain Metro transit routes.
- ***To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing:*** This project is a new construction development.
- ***To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing***

project throughout the credit period: The per-unit project costs are reasonable and will require a relatively small allocation of State LIHTC in order to complete its financial feasibility. Please see the project application worksheets for more detail.

- **To reserve credits for as many rental housing units as possible while considering these Guiding Principles and the Criteria for Approval.** The project is requesting a small amount of State LIHTC equal to approximately \$11,192 per unit.

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

- Market conditions:** The project is the only LIHTC development proposed in the Primary Market Area (PMA) and there are no other LIHTC properties currently under construction. According to the market study, the proposed rental rates are market oriented and are well supported by the comparable properties throughout the area. The capture rates for the project are 0.8% for the 30% AMI units and 5.8% for the 60% AMI units for a total of 4.4%.
- Readiness-to-proceed:** Upon award of credit, the project will be ready to move toward financial closing by early 2018. The site is under contract with a friendly property owner who understands the mission to construct LIHTC housing on the property. A significant amount of soft funding for the project has been approved prior to submission of this application. Zoning will be in place prior to LIHTC award. Preliminary partnership agreements have been negotiated with all partners.
- Overall financial feasibility and viability:** The project's budget has been developed in collaboration with the GC cost estimation team and the project's financial consultants to ensure that is appropriate for the current investment, lending, and construction markets. The project's budget is also viable considering the local, state and partner funding available to it.
- Experience and track record of the development and management team:** AmericaWest Housing Solutions (AWHS) is the prior recipient of a 9% LIHTC award and has familiarity with this financing. In order to support the project's success, AWHS has assembled an experienced team, most of who have worked closely with AWHS on their previous LIHTC award and its construction.
- Cost reasonableness:** The GC cost estimation and financial consultant teams have utilized up-to-date, market-based information in preparation of the project budget and costs are reasonable. Please see project's application workbook for more detailed information.
- Proximity to existing tax credit developments:** In the PMA, there are two competitive existing LIHTC properties, excluding senior-oriented or Section 8 properties. The project is the only LIHTC development proposed from the subject area, with no other LIHTC properties currently under construction.
- Site suitability:** The project is well suited for the development of affordable housing. The project is located within a short walking distance to grocery, retail and services as well as public transportation and main thoroughfares. The site itself is beautifully nestled next to Monument Creek with a soon-to-be developed nature walkway that will enhance the quality of life and help connect the residents and families to nature.

6. 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):** None

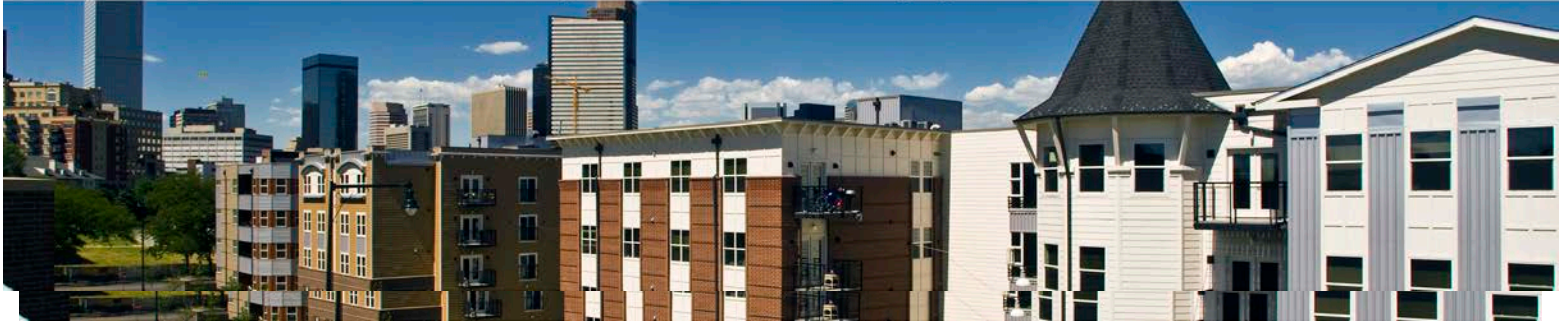
7. Address any issues raised by the market analyst in the market study: The market study highlights how the project is the only LIHTC development proposed in the PMA and that there are no LIHTC properties currently under construction, which will benefit the property during lease-up. In addition, the project brings 30% AMI units, which are not currently represented in the market area, and 60% AMI units, which are not common in the market area with predominantly 40% AMI units available. The income levels in the market area are slightly below average indicating a higher demand for affordable housing. The project also brings much needed newer housing to the area, compared to the existing renter-occupied housing built prior to 2000. Finally, the rental rates are market oriented and are well supported by the comparative properties throughout the area.

8. Address any issues raised in the environmental report(s) submitted with your application, including how the issues will be mitigated, if applicable: The Phase I Environmental Report indicates there are no recognized environmental conditions associated with this site. The project, although located near Monument Creek, will be built outside of the floodplain. The floodplain boundaries were updated in 2016 based on updated assessment of the area. Please see attached information.

9. 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 developers have worked hard to contain costs and to remove features that would drive up costs. The modular construction used to construct the units is one way the developers have worked to contain costs.

10. 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): The creation of affordable housing is of highest priority for currently leadership at the City of Colorado Springs and in El Paso County. The AWHs team has actively pursued collaboration with the City and El Paso County Housing Authority to fulfill this priority in partnership with local government. See attached letters of support for the project indicating this collaboration.

pab lihtc application narrative



Project Name: Peoria Crossing, Building 1
Project Address: 12101 E. 30th Avenue, Aurora, CO 80011

EXECUTIVE SUMMARY

Peoria Crossing, Building 1 is the first of a two-building development in an urban infill Transit Oriented Development (TOD) site in Aurora. This first building will have 82 units serving residents at 30%, 40% and 60% of Area Median Income. Twenty (20) of the units will have project-based Housing Choice Vouchers (HCV), and AHA will provide guarantees that an additional four (4) units will have 'regular' HCV participants.

The property has been designed to be energy efficient, attractive, with a variety of amenities. These include on-site property management and maintenance, a fitness room, a secured, indoor 'bike barn', laundry room – in addition to washer/dryer hookups in each unit, an outdoor play area and a community garden. Nearly one-quarter of the units (20 units) are 3-bedroom/2-bath, providing much needed affordable housing to larger households.

Because of its excellent location, residents of Peoria Crossing will have ample opportunities for world-class public transportation, employment, schools, services, and recreation. The property is conveniently located within ½ mile of the Peoria-Smith "A" line station. AHA's Peoria Crossing site is also within a ½ mile of the Fitzsimons station on the "R" line and the Fitzsimons Medical campus and it's plethora of employment opportunities.

The need for Peoria Crossing to be developed NOW is significant

- There is a demand for 2,886 affordable units in the market area; the capture rate for Peoria Crossing is just 2.2%
- Peoria Crossing is a TOD infill development, with access to employment and services throughout the Metro Denver area
- Peoria Crossing will be a catalyst for additional development of the area. The site is uniquely positioned as the 'front door' to Aurora when transferring from the "A"-line to the "R"-line to head south into Aurora to Fitzsimons and beyond.
- Peoria Crossing will provide guaranteed housing for 24 Housing Choice Voucher participants.

DETAILED TYPE OF CONSTRUCTION:

The building will be wood-frame over slab-on-grade.

- Building exteriors clad in a combination of masonry, pre-colored corrugated metal, and cementitious siding.
- Flat roofs with parapets, sheathed in heat reflective TPO white membrane surface, solar ready.
- Cost efficient VTAC units will be used for heating/cooling.
- All electric utilities reduce the construction cost by not providing gas lines to the property.

POPULATION BEING SERVED / BEDROOM MIX:

The 82 units will serve those at 30%, 40%, and 60% of the Area Median Income.

| <i>Unit Distribution</i> | | | <i>Affordability Distribution</i> | | |
|--------------------------|----|--------|-----------------------------------|----|--------|
| 1 BR - 1 BA | 14 | 17.1% | 30% AMI | 9 | 11.0% |
| 2 BR - 2 BA | 48 | 58.5% | 40% AMI | 15 | 18.3% |
| 3 BR - 2 BA | 20 | 24.4% | 60% AMI | 58 | 70.7% |
| | 82 | 100.0% | | 82 | 100.0% |

ALL of the 30% and 40% AMI units will be occupied by households with Housing Choice Vouchers. Twenty (20) of these vouchers will be project-based at Peoria Crossing, and AHA will ensure that an additional four (4) of its HCV recipients will reside at Peoria Crossing. This feat is not surprising or unusual: currently 55% of the tenancy at AHA's 'just' LIHTC properties are housed from our Housing Choice Voucher participants (180 HCV participants located in 327 units).

AMENITIES

On-site amenities:

- On-site Management, leasing, and maintenance
- Free Wi-Fi throughout building
- Secured indoor "bike barn" with storage racks.
- Sundek – large 4th floor resident access area with unobstructed views to the west
- Fitness room with 24-hour controlled access
- Active Play area
- Community Garden
- Active staircases
- Controlled / Security Access
- Smoke-Free living
- Package drop off / delivery
- Laundry room

In-unit Amenities:

- Black E-star kitchen appliances (refrigerator, stove, dishwasher, range-hood)
- Solid wood cabinets
- Garbage disposal
- Exterior vented range hood
- Washer/Dryer hook ups in dedicated closet
- Vinyl plank wood flooring in living room, dining room, bathrooms, and hallways
- Walk-in closets for master BRs
- Pendant lighting over 'breakfast bar' in kitchen
- Cable / Satellite available in each unit
- Vertical blinds in all units, with exterior sun-shading on south- and west-facing windows

Energy Efficiencies:

- Energy-Star rated appliances
- High performance envelope: Insulation levels above code level
- Energy efficient VTAC units
- Individual high efficiency domestic water heaters
- LED lighting for all units and exteriors
- Low-flow showerhead and water faucets
- Heat reflective TPO white membrane roofs
- Low-E, multiple pane, Energy Star qualified windows
- Low Volatile Organic Compound (VOC) interior paint
- Green Label certified floor coverings
- Radon Barrier
- On-site recycling
- Photo-voltaic ready

Recent capital investments in the area:

- Peoria Crossing 'fly-over' bridge over the Union Pacific Railroad and "A"-line tracks to improve vehicular access
- Sidewalks and bicycle lanes to improve pedestrian and cyclist access to the stations
- \$13 million renovation of Moorhead Recreation Center, 1.5 miles from site
- Aurora Art in Public Places commissioned works at Peoria-Smith and Fitzsimons stations
- Improved drainage at Baranmor Parkway

PROJECT STRENGTHS:

Among the many positive attributes of this project, Economic & Planning Systems, Inc. (EPS) states that Peoria Crossing's greatest strengths lie in its proximity to world class transportation and the breadth of jobs at a variety of income levels. Additionally, there is a lack of developable land zoned for affordable housing in this area, and the available and upcoming area amenities provide additional marketability. Areas to the east and south enhance the project's location, with access to neighborhoods, schools, parks, and recreation.

The market study shows a significant need for affordable units in the market area, which is demonstrated by the very low capture rate of 2.2%. No in-migration to the area is needed to support the project. Within the market area, the number of households has increased by 7,328 since 2000 (Table 25), yet there is insufficient rental housing for the need--the construction of units has not kept pace. Over 75% of the rental housing units in the market area were built prior to 1990, and over 25% of this rental housing stock is over 50 years old. (EPS Market Study, Table 30) Fitzsimons – currently employing 20,000 and a forecast to 44,000 employees at full build-out – generates a huge demand for affordable housing to serve service-level employees. Additional demand for workforce is created by DIA and area construction.

PROJECT WEAKNESSES

The immediate surrounding land uses to the west and north of the Peoria Crossing site are challenging. This area is composed primarily of small retail, low-level commercial, storage units, tire shops, and warehouses, which are challenging. Yet this area is changing rapidly with investments at Fitzsimons and along Peoria, and the introduction of the commuter and light rail. Once the "R" line is fully operational, it is expected that additional services and amenities will be developed that will better serve the neighborhood.

The December 2014 DRCOG report on the Peoria Station Catalytic Project indicates that the development of AHA's site is THE catalyst for the Peoria-Smith Station. Among the benefits it mentions are that:

- The addition of new residents and commuters to the area will result in additional retail demand
- AHA's development will contribute to a sense of place and gateway to Aurora
- AHA's development will create both east-west and north-south pedestrian connections through the site to facilitate better connectivity for the Morris Heights residents, as well as connectivity to the Sand Creek bike/pedestrian paths.

LOCATION/ NEIGHBORHOOD DESCRIPTION:

Peoria Crossing's location will provide its residents with easy access to the services, amenities and employment opportunities that the residents will want and need.

Employment: A half-mile south of the site is the Fitzsimons Anschutz Medical Campus, which is home to three hospitals and several other centers for health care, biomedical research, and workforce development. There are currently over 20,000 employees at the campus, with more than 44,000 projected at full build out. With the A- and R-Lines, Peoria Crossing residents have significant opportunities for a wide range of employment throughout the Metro Denver area.

Access and Transportation: Peoria Crossing has excellent access to a variety of public transportation. One-half mile to the north of the site is the "A"-line Peoria-Smith station that provides from downtown Denver to the Denver International Airport. Opening on February 24, 2017 will be the "R"-line, which will run from the Peoria-Smith station along I-225 south to Ridgeway/Lone Tree. The site has easy access to 4 different high-frequency bus routes. Hence, the site is well served by a variety of public transportation options. Peoria Crossing also has excellent and quick access to I-70 and to I-225.

Public Schools: Peoria Crossing is within walking distance to excellent neighborhood schools. Park Lane Elementary is a 'walk-in' school located 0.4 miles due east of the site. Park Lane has a current population of 312 students who are ethnically and culturally diverse. North Middle School is located 0.9 miles due south of the site and is a Health Sciences & Technology campus, whose mission is to provide a challenging educational program with an emphasis on STEM programs. The site is in the Hinkley High School district, which is located 3.8 miles to the south-east of the site, and is accessible by the Route #153 RTD bus, which stops in the front of the building. Hinkley High serves over 2,000 students, and is one of only 33 high schools in Colorado which offers the International Baccalaureate (IB) diploma program.

Grocery Shopping: With the opening of the "A"-line, the nearest grocery store is located one stop to the west at Central Park (Stapleton). By car, the closest grocery store will be a new 58,000 sf King Soopers store in the Eastbridge neighborhood of Stapleton, approximately 1 mile to the west of the site, opening in spring 2017. The extension of MLK Blvd from Stapleton to Fitzsimons Parkway will be opened in the summer of 2017, which will make shopping more accessible by car and bus.

Recreation: The site is also 1 block from a bike/pedestrian trail along the Sand Creek. From this trail, it is an easy bike ride/walk to the 123-acre Bluff Lake Park. The Sand Creek Regional Greenway is a 14 mile multi-use trail that connects to the High Line Canal Trail, the South Platte River Trail, the Westerly Creek Greenway, and the Toll Gate Creek Trail. Additionally, the City's Moorhead Rec Center is located 1.5 miles from the site, and is undergoing a \$13 million upgrade and renovation.

Fire/Life Safety The nearest fire station is located immediately adjacent to the site.

TYPE OF FINANCING

The financing of the development will occur through a combination of tax-exempt debt, tax credit equity, soft funds from state and local sources, and deferred developer fee.

Sources of Funding:

| Estimated Costs | | Estimated Sources | | % of TDC |
|----------------------|----------------------|---------------------------|----------------------|-------------|
| Land | \$ 700,000 | First Mortgage | \$ 9,000,000 | 40% |
| Site Work | \$ 1,644,866 | <u>Tax Credit Equity:</u> | | |
| New Construction | \$ 13,543,956 | Federal Credit | \$ 7,243,002 | 32% |
| Professional Fees | \$ 1,151,000 | State Credit | \$ 3,861,000 | 17% |
| Const. Interim Costs | \$ 2,550,049 | <u>Soft Funds:</u> | | |
| Perm Financing | \$ 155,000 | City of Aurora HOME | \$ 820,000 | 4% |
| Soft Costs | \$ 222,100 | CDOH HOME | \$ 820,000 | 4% |
| Syndication Costs | \$ 115,000 | | | |
| Developer Fees | \$ 2,096,000 | Deferred Dev Fees | \$ 795,469 | 4% |
| Project Reserves | \$ 361,500 | | | |
| TOTALS | \$ 22,539,471 | | \$ 22,539,471 | 100% |

Leverage:

AHA has requested \$820,000 each from the State Division of Housing (DOH) and the City of Aurora Community Development (COA), for a total of **\$1.64 million** (8% of TDC). By State statute, properties owned by AHA are exempt from the payment of real estate taxes. The value of this exemption is estimated at **\$65,600/year** (\$800/unit). The Aurora Housing Authority is exempt from the assessment of building permit fees, plan review fees, and sales and use taxes during construction. Based upon a hard construction cost of \$14.6 million, the value of these exemptions is approximately **\$467,500**.

Importantly, the value of AHA project-basing of 20 Housing Choice Vouchers (plus an additional 4 HCV) is valued at \$3.75 million over the 15 years of the LIHTC partnership:

| AMI | Unit Type | # Units | AMI rent (less UA) | HCV Rent less UA | Monthly Diff | Annual |
|----------------------|-----------|---------|--------------------|------------------|--------------|--------------------|
| 30% | 1BR- 1BA | 1 | \$ 366 | \$ 947 | \$ 581 | \$ 6,972 |
| 30% | 2 BR-2BA | 6 | \$ 425 | \$ 1,190 | \$ 765 | \$ 55,080 |
| 30% | 3BR-2 BA | 2 | \$ 480 | \$ 1,751 | \$ 1,271 | \$ 30,504 |
| 40% | 1BR- 1BA | 2 | \$ 517 | \$ 947 | \$ 430 | \$ 10,320 |
| 40% | 2 BR-2BA | 9 | \$ 606 | \$ 1,190 | \$ 584 | \$ 63,072 |
| 40% | 3BR-2 BA | 4 | \$ 688 | \$ 1,751 | \$ 1,063 | \$ 51,024 |
| | | | | | | \$216,972 |
| | | | | | | \$ 221,311 |
| | | | | | | \$ 225,738 |
| | | | | | | \$ 286,290 |
| Annual Inc: | | | | | | 2% |
| | | | | | | Yr 1 |
| | | | | | | Yr 2 |
| | | | | | | Yr 3 |
| | | | | | | Yr 15 |
| 15 Year Value | | | | | | \$3,752,187 |

The increase in revenue from PBV has 'translated' to an increase its first mortgage from \$4.2 million to \$9 million. Hence, the total leverage that AHA brings to Peoria Crossing is over **\$7 million**:

| Source | Amount |
|----------------------|-----------------------------------|
| COA HOME | \$ 820,000 |
| CDOH HOME | \$ 820,000 |
| Permit Fee Exemption | \$ 467,500 |
| 15 yr RE Tax Exempt | \$ 1,134,448 (@2% inflation/yr) |
| Increased Mtge | \$ 3,800,000 based on PB-S8 rents |
| TOTAL | \$ 7,041,948 |

Changes since June 2016 application:

1. Elimination of Retail/Commercial

The June 2016 application included 2,650 square feet of retail/office space. Concerns were raised about the financial viability of the proposed tenants, and there was concern from the neighborhood regarding hours of operation, parking, and traffic for these businesses. This space has been converted to additional residential units.

2. Elimination of attached, tuck-under parking

There were 16 tuck-under spaces on the site, which cost an estimated \$350,000 to create, with no source of additional revenue. We have eliminated these spaces, rearranged our surface parking to accommodate the lost spaces, and have turned this area into additional residential units.

3. Increased Number of Units

With the elimination of the retail and the tuck-under parking, we have been able to gain 8 additional units. We have also added 2 more units on the 4th floor adjacent to the elevator, for a total increase of 10 units. The new units are two 1-BR, five 2-BR, and three 3-BR. The additional units did not significantly add to the cost, provide additional needed workforce housing, and provide the project with greater income.

4. Laundry Room

We have replaced a storage area with a small laundry room on the 2nd floor of the building to be able to accommodate those residents who may not be able to afford the rental or purchase of their own washers and dryers. All units will still have washer and dryer hookups, and the laundry room will be access-controlled and credit-card activated.

5. Project-Based Vouchers

The most significant change has been the addition of 20 project-based vouchers, plus a commitment to an additional 4 Housing Choice Voucher residents at the property. Under the "Housing Opportunity Through Modernization Act of 2016" (HOTMA), PHA's may project base a maximum of 25% of a development's units with their own HCV's. Hence, AHA is committing 20 Housing Choice Vouchers (HCV) to be project-based at Peoria Crossing. Additionally, AHA commits to ensure that there are another 4 HCV participant at Peoria Crossing. This can be easily achieved, as there is a dearth of landlords willing to accept HCV residents. Currently, at AHA's non-project based properties, 55% of the units are occupied by Housing Choice Voucher clients. (180 units of 327 LIHTC units)

CHFA Section 2 Priorities: N/A

CHFA Guiding Principles:

❖ To support rental housing serving the lowest income tenants for the longest period of time:

Of the 82 units, 24 units (29%) are reserved for those at 30% and 40% of the Area Median Income: this equates to annual income between \$18,000 and \$33,340 (\$8.65- \$16.00 per hour). The 2017 Colorado minimum wage is \$9.30 per hour; hence, a lower-skilled hourly worker could afford our 1-BR apartment at 30% AMI without subsidy. Yet by providing 20 project-based vouchers to the project, and ensuring that a minimum of 4 other HCV clients reside in the development, we are putting our 'money where our mouth is', and ensuring that these units will continue to serve the lowest income residents for the longest period possible.

❖ To support projects in a OCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A4 Primary Selection Criteria:

The site is not in a OCT; however, Peoria Crossing is in a HUD "Higher Opportunity" area to qualify for higher payment standards for voucher holders. The development of this parcel contributes to community revitalization plans embraced by the City of Aurora. The Census Tract in which Peoria Crossing is located (82.00) has only 5,484 residents (2015 Census Demographic Data), and is the employment home for light industrial and manufacturing. The 2015 estimated median income of the tract is at

83.82%, or nearly \$67,000. Providing affordable housing in this tract will have NO effect on disparate impact, nor concentrate poverty. This site qualifies as a HUD "Higher Opportunity" area with lower poverty rates, allowing HUD to increase the payment standard for voucher holders. Areas of Opportunity are defined as neighborhoods with low poverty rates, better housing, better schools, and higher paying jobs. Clearly, Peoria Crossing meets these definitions.

❖ To provide for distribution of housing credits across the state, including large urban areas, smaller cities and towns, rural and tribal areas:

In the immediate area of Peoria Crossing, there is a significant unmet demand for affordable housing. In the Peoria Crossing neighborhood, 90% of the housing units are single family detached. There are market rate and luxury apartments located within the Fitzsimons campus, and a new luxury apartment is under construction at the corner of E. Colfax and Potomac Street. With the exception of MGL's Edgepoint 1 & 2 and the yet-to-be constructed Paris Street Apartments, 75% of existing multifamily within walking distance of the Fitzsimons campus were built before 1990.

❖ To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit

The Housing Authority of the City of Aurora is an exceedingly qualified sponsor of affordable housing. Since 2005, AHA has developed 4 new LIHTC properties (226 units), acquired/renovated 2 LIHTC properties (118 units), and resyndicated 2 LIHTC properties (274 units). Additionally, AHA maintains strong and cooperative partnerships with other for- and non-profit developers. Our partnerships with these groups have created nearly 1,000 additional affordable units in Aurora. AHA has a strong balance sheet and is committed to creation and maintenance of affordable housing in Aurora.

It is critical to the agency that the agency continues its mission of providing quality affordable housing options within the City. The development fees earned by AHA go back into the Authority's mission. No individuals at AHA have personal gain from these fees. We continue to serve Aurora and its residents in all cycles of the market. We're not going anywhere else to develop, and our commitment to excellent, attainable, and sustainable housing is at the core of our mission.

❖ To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing:

There is great need in all sectors of affordable housing. We believe that the need for affordable rental for families is of great need in this community right now. AHA has 1,455 voucher holders and – with the very hot apartment market -- they have great difficulty in finding private landlords willing to accept the voucher. The AHA waiting list for Housing Choice Voucher tenants has been closed since 2005, and currently has hundreds on the waiting list. By providing 20 project-based units, with the addition of at least an additional 4 available at all times for HCV participants, we will be providing desirable and needed housing for families.

❖ To provide opportunities for affordable housing within one-half mile walking distance to public transportation such a bus, rail, and light rail:

This site is located in a TOD district, a ½ mile from two rail stations. One-half mile to the north is the Peoria-Smith commuter rail line, which is the transfer point between the "A" and "R" Lines. The "R" line will open in early 2017, and will run in a north-south direction along I-225. At the corner of 30th & Peoria, just outside the front entrance to Peoria Crossing, is a bus stop that serves two bus routes. The #121 is a high frequency bus which runs primarily along Peoria Street, taking riders to the Peoria or Fitzsimons stations, and south along Peoria Street. The #153 services the Peoria Station, as well as to the shopping malls at Aurora Town Center and Arapahoe Crossing.

❖ To reserve credits for as many rental housing projects as possible while considering these Guiding Principles and the Criteria for Approval

The need is great in every category of affordable housing, and picking the 'winners' and 'losers' is difficult. AHA's request is in an area with high costs (tap fees, brick requirements) that increase our construction costs.

Criteria for Approval:

Market Conditions:

The Market Study, prepared by Economic & Planning Systems (EPS), indicates a strong demand for affordable housing units in this market. The low vacancy rates and high demand for affordable housing in the market area is great. Within the market area, there is an unmet demand of 2,886 affordable units (Table 4), and Peoria Crossing's 82 units equate to a capture rate of only 2.2%. There is no in-migration needed for these units. Additionally, there is a very high demand for newly constructed affordable units, as there are a "large number of sub-standard, lower quality market rate projects" in the market area. The inclusion of 25% three-bedroom units is especially significant, as there is a dearth of units for larger households. Due to the employment growth at Fitzsimons, DIA and the region, the demand for affordable housing is only going to increase.

Readiness to Proceed:

The site was zoned as Sustainable Infill Redevelopment (SIR) in December 2015. The Site Plan will need to be re-submitted to the City of Aurora for approval in April (based upon additional units since the June 2016 LIHTC application). We have 90% Schematic Drawings, upon which the construction estimate has been based. Upon allocation, it will take an additional 3 months to complete Construction Drawings to submit to the City for review and approval. We anticipate that the approval for the CDs would occur by December 2017, at which time we will be finalizing the arrangements with our funding partners.

Overall financial feasibility and viability:

The development team of architects, engineers, and consultants has worked together since March 2015 to create a development that is both financially feasible and readily constructible. The debt and equity markets are currently quite uncertain, yet we believe that the inclusion of project-based housing vouchers gives the development greater income and rental assurances upon which investors continue to have a great deal of confidence.

Experience and track record of the development and management team:

The development team (AHA development staff, financial consultant, and owner's representative) for Peoria Crossing is well-experienced. AHA has sustained itself through varying market conditions for 38 years; AHA owns and manages nearly 700 units of affordable housing in Aurora; AHA units have a median occupancy of 98.1%. AHA has had a consistently positive track record with CHFA, lenders, equity investors, compliance, physical inspections, and City officials. Please see letter of support from Mayor Steve Hogan.

Cost Reasonableness:

Developments in Aurora continue to struggle with the stringent building requirements in the development of affordable housing; 60% of the exterior building materials must be brick with the balance of the exterior in either stucco or metal materials. The tap fees in Aurora are among of the highest in the metropolitan area. Thirty-five percent of the required parking must be in either garages or covered parking. Even with these stringent requirements, AHA is still able to develop an attractive community. AHA has been working with the architect, contractor, and consultants since March 2015 on this development, so that critical – and cost effective-- selections have been incorporated into the design and development. We have learned that value engineering is not an exercise to be undertaken after the plans have been completed; it must begin when the first concept has been developed.

Proximity to existing tax credit developments:

Although there are several other tax credit developments in the market area of 25 census tracts, there are only five affordable developments considered in potential competition by the market analysis. The developments range from were 1.5 – 4.5 miles from Peoria Crossing. Given the great need for affordable apartment homes, and Peoria Crossing's location within a TOD zone, there is ample room for additional low- and moderate-income apartment homes. The most immediate 'competition' is Edge Point 2 apartments, 1.7 miles from the site. This second phase is currently in lease-up, with occupancy commencing in June 2017. The market analysis indicates that, compared to other tax credit developments, Peoria Crossing's unit sizes are larger yet rents per square foot are lower – leading to greater affordability for the lowest income residents. Additionally, the current inventory achieves only a 10% capture rate, indicating that there is capacity for new affordable development. There is a clear and

significant unmet demand for Peoria Crossing, “and it is likely to be competitive without taking away from the success of existing and upcoming projects.” (EPS)

Site Suitability:

The site is flat, with no impediments to development. The City of Aurora is planning a series of public parks between the Sand Creek Regional Greenway (to the south) and Peoria Station, and there are currently drainage improvements being done by the City along Baranmor Parkway (to the north). The City of Aurora will be constructing a 10'-wide walk/bike path along the Peoria Street side of this site to enhance access to the Peoria Station.

Justification for Waiver of any underwriting: N/A

Address any issues raised by the market study: N/A

Address any issues raised in the environmental report:

No issues have been identified in the environmental report. There is only a recommendation that we provide a radon barrier between the ground and the slab; this was assumed and is included in the construction estimate.

Describe the outreach that you have conducted within the proposed community and demonstrate local support for the project:

The Aurora Housing Authority has met with the neighborhood and other interested parties on 6 separate occasions; in February, July, and August of 2015, March and April of 2016. For these meetings, AHA hired a Neighborhood Outreach consultant to facilitate the meetings, and we also created a website to provide an opportunity to share information (www.peoriacrossing.org). The neighborhood meetings helped us refine our development to produce a design that is supported by the neighborhood. Our original plan called for 230 units located in 3 buildings, plus 12 townhome units on the east side. The density, height, and access were unsettling to some neighbors. Hence, the current plan of 160-170 units in two buildings (phased at two different times) has been met with relief and support, and area residents and neighbors are pleased with the current design and layout.

The approval for the re-zoning to “Sustainable Infill Redevelopment” was passed unanimously by the Planning and Zoning Commission in September 2015, and subsequently approved by an 8-1 margin by the Aurora City Council in December 2015.

AHA held a public meeting on January 24, 2017 for the purpose of outlining our LIHTC application with the use of Colorado State Tax Credits. Notice of the meeting posted in the Aurora Sentinel, sent to the Aurora Planning Department, and posted on the AHA and Peoria Crossing websites. There were no residents or other interested parties who attended the meeting.

Conclusion:

The Housing Authority of the City of Aurora is proud of its accomplishments and developments, and believe that the construction of new workforce units at this location will be a tremendous benefit to the area. There is a high demand for these units, they are in an excellent location for world-class transit, a wide range of employment, and good neighborhood schools. Peoria Crossing will be the ‘roof’ for 82 households – and an estimated 250 people (most of them children), and will be the catalyst in this corridor for other new developments.

pab lihtc application narrative



Project Name: **Platte Valley Homes**

Project Address: **Repositioned Buildings (Substantial Rehabilitation):**

3058 Champa St., Denver, 80205

New Construction Building: 3401 Arapahoe St., Denver, 80205

Executive Summary:

The Platte Valley Homes preservation and new construction project is a unique opportunity for Denver Housing Authority (DHA) to reposition and enhance its last 100% public housing asset in Denver's Five Points/Curtis Park neighborhood. The Platte Valley Homes development was built in 1942. The public housing program supports qualifying residents (households whose income currently averages between 10-20% of area median income (AMI)) by providing rental subsidy that supports a maximum rent of 30% of their monthly income toward housing costs. A yearly subsidy is provided by the U.S. Department of Housing and Urban Development (HUD) under an ACC Contract with DHA that supports the difference between the rent collected and the cost of operating the public housing units at breakeven operations.

The public housing program has been in operation since the 1936; however, other programs have largely replaced this deeply affordable, subsidized housing program. Most of the new programs replacing public housing serve higher income households than those served by public housing. HUD no longer provides adequate capital funding to maintain or construct new public housing units and only offers minimal Capital Fund appropriations for selective, non-routine capital needs across DHA's entire public housing stock. Platte Valley Homes is one of DHA's oldest public housing assets and has now become one of the most costly to operate and maintain based on the age and deterioration of the underlying infrastructure.

Although developing and maintaining public housing ("PH") units provides little cash flow for the owner, it is essential to provide and preserve these centrally-located units for the lowest income households in central Denver. The city of Denver's latest housing study, "Housing Denver: a Five Year Plan" indicated that for the 27,000 households earning less than 30% AMI and in need of subsidized housing, only 11,000 units are available. Because of this unmet demand for very low income households it is critical to utilize existing funding resources that enable DHA to enhance and preserve the public housing units in the heart of this quickly gentrifying historic district in the heart of Curtis Park.

Concurrent with providing PH units for the community's lowest income households, DHA also understands that neighborhood success depends on integrating very low income persons into a well located and thriving locale. The revitalization of Platte Valley Homes will de-concentrate

poverty without decreasing the overall number of PH units in a core downtown neighborhood while opening the door for a master planned mixed income community that will thrive at the site.

The project will reposition the existing public housing assets with a combination of a substantial rehabilitation that will provide 50 new family units and 18 new senior disabled units that will seamlessly and characteristically blend in with the unique fabric of the Curtis Park Landmark District. This neighborhood has experienced rapid gentrification and displacement of low income households because of the rich amenities including access to retail, availability of multi modal transportation, jobs in the Central Business District and the Welton Corridor, and cultural venues. Most notable and recent investments in the area include improvements done by Denver Parks and Recreation at Mestizo-Curtis Park, located directly across the street from the family units. The family site is also a Transit Oriented Development (TOD) located just 1,000 feet from the 30th and Downing RTD Light Rail station and high-frequency bus corridor. The senior site is approximately a third of a mile from the 38th and Blake RTD Light Rail station.

Integration of the very low income units in this neighborhood has been identified as a key component of DHA's 2016-2018 Strategic plan and will ultimately provide additional opportunities for families to locate to this central location. Moreover, the results of master planning this site together with the community will bring additional tax base to support essential functions to both Denver Public Schools and the City service in a timeframe crucial for the ongoing changes to the local schools and exodus of families to the suburbs.

The first component of the project will reposition six of the nine buildings that currently comprise Platte Valley Homes. These six buildings will be utilized and conjoined to create three multi-family buildings. Because the buildings were built in 1942 the substantial improvements and rehabilitation of the units is almost on par with new construction development. All residents will be supported by a fully funded relocation plan, which includes the temporary relocation of residents during the rehabilitation. Ultimately, the remaining three buildings not acquired by the tax credit partnership will be demolished and replaced with single-family affordable for-sale housing, reducing the density and bringing a range of incomes to the site. The community will also benefit from the property tax revenue generated through home ownership that will provide additional tax revenue and new urban families for local schools.

The second component of the project will utilize a vacant site at 34th and Arapahoe streets. On this site, DHA will construct a new 18-unit fully accessible senior public housing building. Therefore, combining these two sites into one tax credit partnership allows DHA to respond to resident needs and increase the neighborhood's low income PH units. The redistribution of these new PH units will also de-concentrate poverty while promoting mixed income growth and safety by activating vacant parcels held by DHA and completely transforming the full City block Platte Valley Homes occupies today.

Type of Construction:

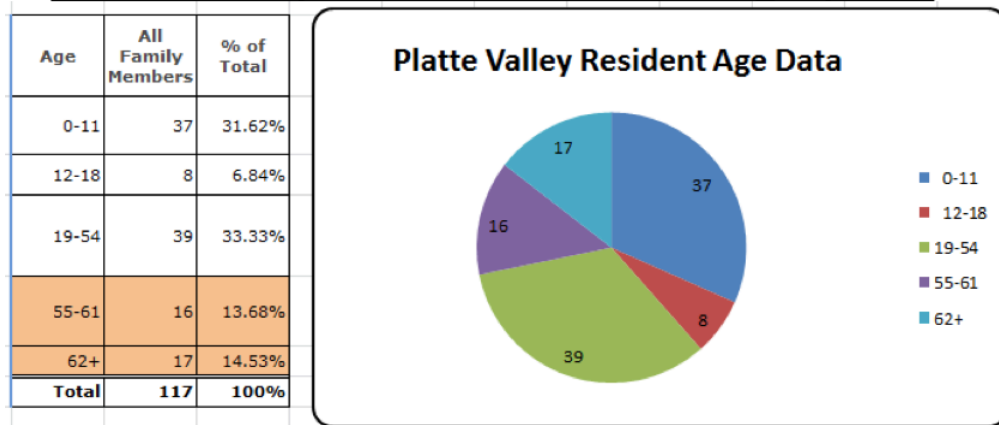
Repositioning the current buildings allows DHA to convert the old housing stock into quality,

visitable multifamily housing. The new repurposed buildings will utilize existing framework and zoning while enhancing the safety and quality of the pedestrian experience with appropriate setbacks and street fronting porches. Family units will be a mix of one, two, and three-story units that will offer options appropriate for contemporary family sizes (adding 270 to 350sf to each unit). The newly constructed senior building will be a three-story stick construction with 2% of units designated for sensory-impaired residents. The senior/disabled building will provide an elevator-accessed alternative to support the tenants while allowing them to age in place without displacement from their community.

Population Served, Bedroom Mix, Amenities, and Services:

The Platte Valley Homes project will serve both families and senior/disabled households at the lowest income levels. The repositioning of unit types to serve both families and senior/disabled persons is in response to the population currently at the property. As evident from the demographic diagram below, approximately one-third are senior or will be aging into independent senior living in the next few years. The 18-unit senior building also accounts for disabled residents who will share in the benefit from a new, fully accessible elevator building.

Platte Valley Homes 2016 Demographics



The proposed bedroom mix is as follows:

| Family Units (3 rehabilitated buildings): | | |
|--|-----------|------------------|
| Bedrooms | Units | Average Sq. Ft.* |
| 1 BR | 20 | 509 |
| 2 BR | 22 | 987 |
| 3 BR | 8 | 1,236 |
| Total | 50 | |

**Average size increase from existing to rehab family units is 25% - 39%*

| Senior Units (1 new building): | | |
|---------------------------------------|-----------|-----------------|
| Bedrooms | Units | Average Sq. Ft. |
| 1 BR | 14 | 488 |
| 2 BR | 4 | 725 |
| Total | 18 | |

While most of the residents in the public housing program income qualify at 10-20% AMI, the affordability mix allows for all AMI levels. The project will have the following affordability mix:

| AMI | Units | Percentage |
|--------------|-----------|------------|
| 30% | 31 | 45.6% |
| 40% | 5 | 7.4% |
| 50% | 27 | 39.7% |
| 60% | 5 | 7.4% |
| Total | 68 | |

Unit amenities will include in-unit domestic hot-water heater and individual, energy-efficient PTAC units for personalized comfort. Each of the family units will now include stackable washer/dryers (satisfying resident requests) and the senior building will provide a laundry room with three sets of commercial washer/dryers that will also support community resident interaction and social activities within the apartment building. Other new unit amenities include mini-blinds, self-cleaning stove/oven, disposal, coat closet/storage closet, energy star refrigerator and dishwasher. Community amenities will include large community rooms, private porches and courtyards for children to play safely. *Please see the Schematic Design Plans for details on planned unit and building amenities.*

Resident services are a significant part of DHA’s operation, specifically for its public housing portfolio. Residents with very or extremely low incomes often require more support to maintain quality of life and self-sufficiency than households with higher incomes. This is especially true of families with children and senior or disabled residents. Therefore, DHA has mobilized staff and service partnerships to provide a suite of support for Platte Valley Homes residents, including: early childhood education and programming, employment and workforce development services, homeownership and financial fitness services, services tailored for senior and disabled residents, ongoing resident participation, information and referrals for other public benefits and community services, and recreation, wellness and educational programming provided both on-site and off-site at other DHA locations. *Please see the Resident Services Attachment for more details.*

Financing:

The project is 100% subsidized under the public housing program. Because public housing units are operated at breakeven, there is no ability to carry permanent debt and no cash flow to repay deferred developer fee. The project sources are as follow:

| | | |
|----------------------------|----|----------------|
| Federal LIHTC Equity | \$ | 8,885,305 |
| State LIHTC Equity | | 2,320,500 |
| Acquisition Carryback Note | | 8,040,625 |
| DHA Funds | | 3,807,024 |
| City of Denver Funds | | 1,020,000 |
| Division of Housing Funds | | <u>680,000</u> |
| Total | \$ | 24,753,454 |

1. Describe the bond financing structure and include the following:
 - a. Total amount of bonds: \$13,659,207 construction, \$0 permanent
 - b. Bond issuer: Denver Housing Authority
 - c. Bond sale structure: Private Placement
 - d. Portion of bonds that will be tax-exempt: 100%

3. Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP): N/A

4. Identify which guiding principles in the QAP the project meets and how it meets them:
 - To support rental housing projects serving the lowest income tenants for the longest period of time
All units in the project will serve the lowest income levels and will continue to operate as public housing as it has for the last 74 years or through the max LURA restriction.
 - To support projects in a QCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A 4, Primary Selection Criteria
Both sites are located in QCTs. The rehabilitated buildings at 3058 Champa St. are located in census tract 24.03 and the new construction building at 3401 Arapahoe St. is located in census tract 16.
 - To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas
The project is located in a large urban center, 1.5 miles northeast of Downtown Denver, in the Curtis Park /Five Points neighborhood.
 - To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit
DHA is a national leader among housing authorities transforming communities throughout Denver by creating vibrant, sustainable, transit oriented and mixed income neighborhoods. DHA was established in 1938 as a quasi-municipal corporation, DHA has a portfolio of over 5,100 Public Housing, Section 8, and Workforce rental units and administers over 6,800 Housing Choice Vouchers, making it the largest housing authority in the Rocky Mountain Region.
 - To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing
The project will provide rehabilitated units for families and a new construction building for seniors and persons with qualified disabilities.
 - To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail
The project is located within a quarter mile of the 30th and Downing RTD Light Rail station and the 3401 Arapahoe is equal distant to the new 38th & Blake Light Rail station to allow walkable access to either line. Both sites are well within a quarter mile of the high-frequency local bus route on Downing.

- To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing

The project replaces the current 66-unit Platte Valley Homes with 68 new units that are more considerate of the individuals and family sizes being served by the housing stock.

- To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period

The project has limited its state tax credit ask to \$595,000 and is leveraging nearly \$3.8 million of owner equity net of developer fee for the financing (see the attached Basis Waiver Request for more explanation).

- To reserve credits for as many rental housing units as possible while considering these Guiding Principles and the Criteria for Approval.

The project preserves and increases public housing units for the lowest income households in the city while only requesting the state tax credits needed to allow other projects to share in this limited resource (see Basis Waiver Request).

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

- a. Market conditions: *Given the property is 100% Public Housing (Section 9), and given the original number of units is replaced 1 for 1 with the addition of 2 two-bedroom units, the Market Study was waived by CHFA.*

- b. Readiness-to-proceed:

DHA owns the land and buildings and has proper zoning in place. The project's concept has been approved by City Planning and Zoning Department (Wastewater, Transportation, and Fire Reviews) and has gained the support/approval from the Curtis Park Historic Design Review Committee to start the Landmark Commission's approval process (see Zoning Status attachments for more information). With an award of credits, DHA would endeavor to close by October 2017. Also see the detailed design and entitlements schedule emphasizing readiness to proceed.

- c. Overall financial feasibility and viability:

DHA has extensive experience operating and revitalizing public housing. Using acquisition LIHTCs capitalizes on the project's market value to rejuvenate and reposition the Platte Valley Homes public housing. Once developed, DHA will continue its operating track record while updating the housing and responding to the community's needs. DHA has made the financial commitment to close the funding gap allowing the financing to move forward with no permanent debt.

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

Please see the resumes and track record submitted in the development team section. As an example of DHA's ability to create vibrant public housing, DHA's Mariposa Hope VI Revitalization has replaced 274 units of outdated public housing with an 800-unit, 9-phase mixed-income, mixed-use development. In all, Mariposa has been

recognized locally and nationally as a model for mixed-income, mixed-use redevelopment developed to address the holistic health of residents, employees and visitors. Platte Valley Homes is benefited from the successful track record of DHA's public housing redevelopment.

e. Cost reasonableness:

DHA has worked closely with their residents, design/build team, community, and City CPD staff to test many redevelopment scenarios that has concluded with this final proposed program. The current project meets the resident and community demands with-in a feasible development budget and current zoning. DHA has arrangements with the City and County of Denver that allows them to waive all building permit fees and property taxes, allowing cost cutting measures unique to DHA.

f. Proximity to existing tax credit developments:

Nearby tax credit developments include:

g. Site suitability:

The Platte Valley Homes redevelopment uses innovative design to efficiently re-create 48 units into 50 updated family units that allows the highest density grandfathered in while also maximizing the new building forms under U-RH-2.5 (new family additions) and G-MU-3 (senior site) zoning.

6. 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):

The total development cost for the project (excluding acquisition basis) is \$245,777 per unit (\$258 a gross square foot). These costs are consistent with the construction market range and are well under the HUD 2017 TDC limits. The element of the project budget that requires a waiver is the acquisition basis of the existing building. As discussed above, including the acquisition in the project budget allows the project to generate \$2,474,657 in Federal LIHTC acquisition basis equity.

DHA respectfully requests that CHFA waive any cost basis restrictions on the Federal LIHTC basis calculation as a result of the acquisition value. DHA has submitted an application assuming this request is approved, which results in a stated credit request of \$595,000. This is a significant reduction from the LOI which anticipated \$775,000 in annual State LIHTC allocation. DHA has structured the financing this way to streamline the financing and allow more State LIHTC allocation to be available for other essential projects throughout the state. (Please see the full Cost Basis Waiver Request in the attachments.)

7. Address any issues raised by the market analyst in the market study:

The Market Analyst raised the following issues: N/A

8. Address any issues raised in the environmental report(s) submitted with your application, including how the issues will be mitigated, if applicable: *Both sites are free of Recognized Environmental Conditions (REC's) and ACM's/LBP's reports are included with the application.*
9. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment:
With any substantial rehab project, there are many unknowns that have been accounted for in the conservative hard cost numbers provided by DHA experienced contractor. The rehab is also unique because it requires the building to be selectively demolished on two sides to allow for required setback as well as the new additions that account for a majority of the cost (making it similar to a new construction project). The last unique drivers of cost include more expensive building façade and material details required by the Historic Landmark Design Guidelines and the complexity and manpower needed to manage two separate construction sites/buildings. The project costs include Davis Bacon wages (approx. 5% premium) and the ability to administer an extensive Section 3 hiring program that seeks to hire Section 3 Businesses (M/WBE) and low-income residents directly for construction.
10. 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):
There has been an extensive community outreach process for this project that includes multiple meetings, charrettes, and design review committee meetings with DHA residents/staff, the active Curtis Park Neighbors, and the Historic Design Review Committee. DHA staff and the design team have engaged many residents and community members over the last 5 months to bring about the cohesive vision for current project program and design. More details about this process are explained in the Design & Entitlements Process attached in the '16 Zoning' folder with letter of support found in '38 Local Support'.
11. For acquisition/rehab or rehab projects, provide a detailed narrative that describes the rehab plan and tenant relocation plan (if applicable); addresses 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, nature disaster).
Please see the detailed tenant relocation plan attached. The project is exempt from the 10-year rule as it is a "federally assisted building" as defined in Section 42. The current building interiors are representative of the period of construction. Very low floor-to-ceiling heights (less than 8 ft.), plaster wall finishes, aluminum wiring, and small compartmentalized rooms are predominant. The present interior finishes will be stripped to the structural walls and floor slabs to allow a full substantial gut-rehab to make all the family units accessible and more functional. The rehab will also allow the introduction of fresh air for both heating and cooling, new domestic water and sanitary piping, new dry utility runs, enlarging window openings, and reconfiguring units to better suit how families live today.

pab lihtc application narrative



Project Name: Redacted

Project Address: 2101 31st Street, Denver, Colorado 80216

Introduction

Redacted is the latest addition to the established TAXI community created by Zeppelin Development, which serves as the city's centerpiece of one of the most promising, emerging neighborhoods – The River North Art District (“RiNo”). TAXI is a work-live community located on the repurposed 28-acre former Yellow Cab site with more than 400,000 square feet of stabilized and successful mixed-use, office, residential and retail. RiNo is a neighborhood with a fast-growing population that currently has a lack of affordable housing options. With TAXI at full occupancy, Zeppelin Development wanted to add a socially impactful project to the community. Redacted will serve the workforce population that lives in this innovative urban area with incomes at or below 60% of AMI. The unique for-profit and nonprofit partnership between Zeppelin Development, Allison Management and Mercy Housing creates an exceptionally strong, collaborative development team with each highly qualified partner contributing individual expertise and vision to the project. The project has already received great community involvement as evidenced by the local government's willingness to provide funds to the project, the positive media attention, and the support of city officials and community groups.

Redacted features a 314-unit multifamily development of studio and two-bedroom units located blocks from I-70 and I-25, within steps of the Platte River Recreation Path and several blocks from the new train station on the A Line to the airport. The location is strategically placed with connections to downtown and surrounding areas through several public transportation options. Given the scale of the project and location within the TAXI community, Redacted will deliver more units per dollar of CHFA State Credits than an average award, thus allowing CHFA to spread out its limited resources to create the most affordable housing units possible.

Project Description

Population Served

Redacted has been developed to meet the needs of working individuals with incomes falling within the range of 40%-60% AMI. The site will serve the downtown and RiNo workforce that is located just over a mile away and includes over 24,000 persons who work in the restaurant, retail and hospitality

sectors, and have earnings that are under the 60% AMI limits. RiNo has a growing workforce and service industry. In addition, the salaries of some entry level jobs in downtown office area are below the 60% AMI limits. The office tenants currently located at TAXI range in industry focus, including advertising, web development, photography, building engineering and web-based video production, with a high percentage of entry-level employees who will qualify for housing at Redacted. The immediate lease-up of Zeppelin Development's market rate, 48-unit Freight Residences, a new model for urban family housing, has confirmed the demand from diverse demographics, beyond millennials, who want to live in urban, well-designed and high-functioning spaces, surrounded by a community of like-minded people. Redacted will add new models for urban development that build on TAXI's success and continue to address underserved areas of the market and provide workforce affordable housing. Redacted's proposed studio units will cater to single individuals who comprise 61% of the PMA's renter households. Its studio units will particularly appeal to one-person households who are seeking apartments that have rents less than the PMA's one-bedroom 60% AMI units, which are charging the maximum allowable LIHTC rents. The subject's proposed 40%, 50% and 60% AMI rents offer a very good value to potential tenants relative to existing and planned market-rate projects.

Bedroom Mix

Redacted will consist of 314 units within one building. The units will be rented at the 40%, 50% and 60% AMI levels.

| | 40% | 50% | 60% | Total |
|---------------------------|------------|------------|------------|--------------|
| Studios (406 Sq. Ft) | 9 | 59 | 226 | 294 |
| 2 Bedroom (750 Sq. Ft) | 1 | 4 | 15 | 20 |
| Total | 10 | 63 | 241 | 314 |

Project Location

RiNo is a vibrant creative neighborhood in downtown Denver that overlaps areas of Globeville, Cole, Curtis Park, Five Points and Ballpark neighborhoods. RiNo is lacking affordable housing for the growing independent workforce that has relocated during the recent housing boom. Being located in the TAXI district, Redacted provides access to jobs in the area. TAXI's seven buildings are occupied by more than 90 businesses and 48 residential units, totaling more than 450 people. RiNo is the state's largest art district, providing an arts culture that no other neighborhood in Denver provides. Being one mile from the central business district and close to bus and rail service, the location is strategically placed with connections to

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downtown and the surrounding area. The site is within walking distance to a grocery store, bus stop, childcare center, park and recreation center, and is within one mile of a convenience store, neighborhood shopping center, elementary school, middle school, light rail station and head start center. The City of Denver and the RiNo General Improvement District have collaborated and invested over \$30 million to modernize Brighton Boulevard, a main street through RiNo, bringing the city's first elevated cycle tracks, wide sidewalks and green storm water filtration.

Amenities & Services

As part of the TAXI community, Redacted tenants will enjoy the benefit of having access to all the amenities that Taxi offers.

- Pool
- Shared Conference Rooms
- Salon
- Community Garden
- Outdoor Cinema
- Café
- Fitness Center
- Coffee Shop
- Recreation Room
- Restaurants
- Dog Park
- Early Childhood Education Center

Type of Construction

The subject will be a free-standing, rental apartment complex in a four-story elevator building with a steel and masonry exterior, varied façade and flat roof, on a 3.3-acre parcel. The building will be built on spread footers and framed in wood. The stair and elevator cores will be construction of CMU block, with steel stairs and a concrete topping. The roof will be a TPO membrane and the building will be comprised of metal corrugated panels with areas of grey and silver stucco. The building common areas will include double-loaded corridors.

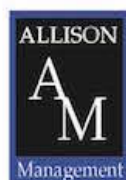
Energy Efficiencies

The building will be built to the 2015 IBC Energy Code and will include an energy efficient envelope, water conserving fixture, LED light fixtures and smart thermostats from Nest.

Type of Financing & Subsidies - Bond Structure

Redacted will utilize private placement private activity bonds issued by CHFA as a conduit issuer. Total amount of bonds is expected to be \$40,000,000 during construction that will be paid down to a permanent loan of \$24,200,000. However, we are requesting an allocation of \$44,000,000 in order to provide some cushion in the case project costs or financing terms were to move given the turbulent state of the affordable market.

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Wells Fargo will purchase the tax-exempt private placement bonds on a draw down basis during construction. The construction loan will be paid down to a tax-exempt private placement permanent loan financed by Barings. In addition, Wells Fargo Bank will be the federal tax credit investor and Sugar Creek Capital will be the state credit investor. Both of these organizations have submitted LOIs for the financing, which are included in the application. Additional local government financial support is anticipated from CFHA CGR Funds and Denver OED Funds. The developer will also defer 69% of its developer fee.

Construction Sources

| | | | | |
|---------------------------|---------------------|------------------|--------------|---------------------|
| Construction Loan | \$40,000,000 | 3.77% UW Rate | 30 Months | Wells Fargo |
| Federal Tax Credit Equity | \$3,356,303 | 93 cents | | Wells Fargo |
| State Tax Credit Equity | \$780,000 | 65 cents | | Sugar Creek Capital |
| Deferred Costs | \$6,898,957 | | | Developer Partners |
| Total | \$51,035,260 | | | |

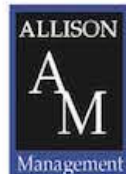
Permanent Sources

| | | | | |
|----------------------------------|---------------------|-------------------|--------------|---------------------------|
| Permanent Loan | \$24,200,000 | 4.87% 1.15 dsc | 15/40 Yr. | Barings |
| Federal Tax Credit Equity | \$16,781,516 | 93 cents | | Wells Fargo |
| State Tax Credit Equity | \$3,900,000 | 65 cents | | Sugar Creek Capital |
| CO Growth & Revitalization Funds | \$1,000,000 | | | CHFA |
| Denver Office of Economic Funds | \$2,000,000 | | | City and County of Denver |
| DDF Note | \$3,153,744 | | | Developer Partners |
| Total | \$51,035,260 | | | |

Project Strengths

Project Scale

Redacted features a unique micro unit layout which allows for more units to be offered than in a customary layout. This design has become popular in other cities, like New York, San Francisco and Los Angeles. With Denver's unprecedented growth, developers see this as an opportunity to bring this unique design feature to Denver. Turntable Studios, located next to Mile High Station, was the first micro-apartments in Denver. Given its success, other developers have similar project expected to break ground in 2017. Zeppelin



Development's own fully leased market rate properties demonstrate that tenants enjoy a more efficient use of space while realizing the benefits of lower housing costs. Bringing this design to affordable housing, the project allows CHFA to deliver more low income units while utilizing less competitive resources. In 2016, CHFA's average state credit per unit allocated was \$4,708 (\$5MM of state credits for 1,062 affordable housing rental units). Redacted requires only \$3,185 per unit of state credits, enabling CHFA to better leverage its resources.

Project Location, Design & Amenities

Redacted will greatly benefit from the integration of the project within the existing TAXI community. Redacted is intended to be an inclusive project providing access to all of the amenities that TAXI has to offer to keep the community connected. The project also benefits from an accomplished design team who has demonstrated its award-winning design in the last six projects completed for TAXI. The quality of the spaces at Redacted are intended to match that of market-rate projects.

Collaborative Partnership

Redacted is a collaborative partnership joining the non-profit and for profit development community. The team includes experienced partners bringing specialization in different areas. Zeppelin Development provides 40 years of project development and construction management experience, as well as the TAXI community vision and track record. Mercy Housing brings financial management and property management expertise for affordable housing and Allison Management contributes the low-income housing tax credit knowledge.

Community Need & Support

Redacted is located within a qualified census tract in Globeville that is currently lacking affordable housing for low income workers. According to the market study, the surveyed LIHTC units in the PMA were 0.2% vacant, and one property had a 240-applicant waitlist, illustrating pent-up demand for low-income rental housing. Redacted will provide much-needed affordable housing to the immediate area. The redevelopment area is attracting retail and office jobs, and has a shortage of income-restricted rental housing for the employees of its immediate neighborhood and downtown Denver.

Project Weaknesses

Capture Rate

The required capture rate is 60.2%, which is greater than CHFA's preferred threshold. However, according to the market analyst, the figure it is not representative of the demand for low-income housing in the PMA. There is strong demand as evidenced by a 0.2% vacancy at other LIHTC projects in the PMA with some properties showing large waitlists. The PMA has seen strong leasing (22 units per month) without



concessions. Furthermore, the RiNo neighborhood has a growing office and retail sector with new businesses creating a much larger labor force, which is a prime source of tenants for Redacted. The vast amenities and high quality construction will place Redacted at the top of the rental market.

Unit Size

Redacted is a micro housing property which has smaller units by design that more efficiently utilize the provided space. This design concept has been proven at the TAXI community in its market rate units that are all stabilized.

Qualified Allocation Plan (QAP) State Credit Priorities

Redacted fits in with CHFA's additional priorities for state credits. As a new construction project utilizing 4% credits, PAB and state credits, Redacted allows CHFA to leverage the underutilized resources it has with its LIHTC 4% federal credit and private activity bonds.

In addition, Redacted is ready to proceed, thus meeting CHFA's priority for state credits to provide the units as quickly as possible to the tenants seeking an affordable place to live. The development team has access to predevelopment funds and thus have made great strides on getting the project shovel ready. The development team has the necessary funds to pay for all soft costs needed to develop the plans, permit the construction, and work through operating agreements, in order to close the financing for the project in a timely manner. The site is currently zoned for multifamily use and has all the necessary utility access. The experienced project team is familiar with the design, permitting and buy-out process. The City has approved the Concept plan. The development team can finish design, obtain building permits and commence construction in 2017.

Qualified Allocation Plan (QAP) Guiding Principles

Redacted meets several of the guiding principles from Section 2 of the QAP.

- Redacted will serve 40%, 50% and 60% AMI tenants for 40 years.
- Redacted is in a QCT and as evidence by the support letter from Denver Office of Economic Development, the project is consistent with its jurisdictions approved Consolidated Plan and the City of Denver's goal to produce 3,000 income-restricted housing units over five years. In addition, the project site is within the boundaries for two recent Area Plans: Globeville Neighborhood Plan and 38th & Blake Station Area. These plans are included in our application.
- Redacted allows CHFA to distribute housing credits to the RiNo district, which is a larger urban area in desperate need of affordable housing.

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- Given the collaboration of the development partners, CHFA can provide opportunities to a variety of qualified sponsors, both in the for-profit and nonprofit sectors, with just one allocation to Redacted.
- Redacted serves the diverse population of low income individuals and families in the workforce, which is an underserved population.
- Redacted is a Transit Oriented Development site. RTD Bus Service serves the project with two separate lines (12 and 48). There is a bus stop within a half mile walk of the project. The light rail station at 38th & Blake is also nearby.
- Redacted is new construction of affordable rental housing projects.
- Redacted allows CHFA to leverage its scarce resources by utilizing other project sources from the local government to lower the amount needed of state credits. The project utilizes 4% tax credits and private activity bonds rather than the competitive 9% credits. Given the micro unit concept, CHFA's dollars go further in creating affordable housing units.

Qualified Allocation Plan (QAP) Approval Criteria

Redacted meets the criteria for approval in Section 2 of the QAP.

- The market conditions include strong demand as evidenced by low vacancy, no concessions and timely lease-up.
- Redacted is ready to proceed and can be under construction in 2017.
- The overall financial feasibility and viability for Redacted is strong as evidenced by the local government financial support through soft financing and the project's ability to deliver more affordable units with less state credits and utilize the underutilized private activity and 4% tax credit programs.
- The development and management team bring great strength by creating a partnership between Zeppelin Development, Allison Management and Mercy Housing. Together they have over 95 years of experience and a very successful track record of developing and managing affordable and market rate housing. In addition, they have submitted complete application packages on time and responding timely to clarification requests from CHFA.
- Redacted will provide high quality housing at a very reasonable cost. Our efficient use of credits is a project strength.
- Proximity to existing tax credit developments – In the immediate RiNo area, we are not aware of any other LIHTC properties. This is a vast growing area in need of workforce affordable housing.
- The site is suitable and very attractive given its location in the downtown urban TAXI community.



Underwriting Criteria

Redacted meets all underwriting criteria.

Market Study Issues

The market study noted the higher capture rate and smaller unit size. The success of the TAXI community addresses these issues. We have included some additional data provided by Pryor and associates in regard to 60% AMI households in the greater downtown area. The RINO neighborhood is going through an enormous job growth phase and we are seeing a large influx of workers from the greater downtown area working in the RINO neighborhood. Redacted will be the only LIHTC restricted project in RINO and will be able to take advantage of the existing growing neighborhood and the additional 2,468 income qualified households in the greater downtown area. Please see the Additional Market Data included in our application.

Environmental Issues

All environmental issues have been addressed. Please see the Environmental Narrative included in our application that clearly states the environmental findings and how they will be managed.

Project Costs

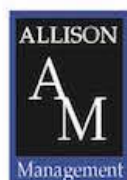
There are no unusual features that are driving up costs. The developer has realized cost containment and can provide a higher quality product given its involvement in the greater TAXI community.

Community Outreach

There has been no opposition to the project. The development team held a public hearing that was uneventful with very low attendance. There has been great support for the project from the local government officials and soft funding sources as well as positive media coverage.

Additional Information

Our application includes additional supporting documentation. As noted, we have additional market data to support the market demand (Additional Market Data – Redacted.pdf) and an environmental narrative to provide greater detail on the findings (Environmental Narrative – Redacted.pdf). We have developed a marketing piece that gives an overview of the project (Marketing Brochure – Redacted.pdf). The strong project support and interest is evidenced by our letters of support (Support Letters – Redacted.pdf) and media coverage (Denver Post Article – Redacted.pdf).



pab lihtc application narrative



Project Name: The Schoolhouse

Project Address: 300 Deule Street – Fort Morgan, Colorado

Project Summary: The Schoolhouse is the latest development initiative from Community Resources and Housing Development Corporation (CRHDC) to provide rural affordable rental housing options to the downtown of Fort Morgan by converting the now-vacant Fort Morgan Middle School into 55 new apartments connected to performing arts and community spaces to create a truly vibrant living space for future residents. This will be one of the first opportunities to use State LIHTC to make a significant impact to the housing needs of a vibrant, growing rural Colorado community. The project is made possible by a property transfer between the Morgan County School District and CRHDC with a significant in-kind donation. If the project does not receive a LIHTC award as quickly as possible, the School District will look for other ways to dispose of this property, rather than continue to hold it as a vacant asset long term, eliminating the opportunity for housing development here in the future.

Type of Construction and Energy Efficiency: All 55 units will be constructed through the reconfiguring of the school's classroom and library spaces into sunny apartments with large windows and retaining some of the built-in features, such as shelving and chalkboards, of the historical school building. In addition, a partial second and third floor, to be wood frame construction built above the woodshop spaces, will create the remaining units. On the ground floor, existing administrative offices and entryways will be refurbished to create an open and welcoming lobby space for residents. Refurbishment will include eliminating walls and opening up ceilings to add spaciousness, as well as updating office spaces to be functional for CRHDC leasing staff.

Population and Bedroom Mix: The Schoolhouse can be described as workforce family housing, offering rents that are affordable to households earning up to 30% AMI and 60% AMI. At the same time, the project's bedroom mix, amenities and downtown location will be attractive to a variety of households, from individuals and couples of all ages as well as

larger families and families with children. The project includes 23 one-bedroom units, 19 two-bedroom units, and 13 three-bedroom units.

Location and Community Amenities: The site of the project, only three blocks from downtown Fort Morgan, is ideally located for a walkable, small-town lifestyle for residents of all ages. The project has received a “very walkable” Walk Score as part of the project market study because of the site’s excellent location. Please see attached information from the Fort Morgan Chamber of Commerce about the mix of community amenities located in downtown Fort Morgan.

On-Site Amenities and Services: The site will provide ample parking and will preserve a portion of the existing school sports fields as open recreation space. On-site playgrounds and picnic areas will be provided to encourage residents to enjoy the mature trees and spacious outdoor areas surrounding the school. Residents will have access to on-site CRHDC staff. Outside of the LIHTC project financing, CRHDC will work with the Town of Fort Morgan and the Colorado Trust to rehabilitate the gymnasium and auditorium space so that they can continue to be used daily and weekly for recreation, performing arts, meetings, and other uses by the residents of Fort Morgan. Persevering and enhancing these community facilities will not only create a sense of vibrancy and ongoing activity that enhances the housing component of the building, but all residents of the Schoolhouse will have immediate access to the recreation and other activities planned in the auditorium and gymnasium spaces.

Financing: The project will be financed with a combination of construction-to-permanent tax exempt loan proceeds, construction-to-permanent loan from the CHIF program, 4% and State LIHTC equity, funding from the Colorado Division of Housing, and additional funding from a variety of sources to be funded up front by CRHDC, including deferred developer fee. Please see application worksheets for more detail.

Describe the bond financing structure and include the following:

- a. Total amount of bonds with a breakout of construction period bonds vs. permanent bonds:** Construction period: \$10,175,993; Permanent: \$1,560,000
- b. Bond issuer (please specify whether you are seeking a CHFA bond-financed loan, a CHFA conduit bond issue only, or bonds from another municipal source).**
Morgan County has agreed to be the Bond issuer.
- c. Lender and bond sale structure (public sale/ private placement, takeout, securitization, etc.):** Private placement with a takeout using LIHTC equity
- d. Portion of bonds that will be tax-exempt (i.e., will the bonds have a “taxable tail”), if applicable:** 100% tax exempt

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

- ***Projects in Counties with populations of less than 175,000:*** Morgan County has a current estimated population of about 28,000 people.

Identify which, if any, of the guiding principles in Section 2 of the QAP the project meets and how it meets them:

- ***To support rental housing projects serving the lowest income tenants for the longest period of time:*** 5% of units will be covenanted to serve households earning 30% AMI or less. All units will be permanent affordable with a long term covenant of 40 years.
- ***To support projects in a QCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A 4, Primary Selection Criteria:*** The Schoolhouse is not located in a QCT. However, the project conforms to many priorities stated by the Town of Fort Morgan's Comprehensive Plan, including affordable housing options, infill development, appropriate increase in density, and preservation of open space. The current egress across the site will maintain site connectivity to the surrounding neighborhood fabric. Please see attached Comprehensive Plan for more information on how this project meets community needs.
- ***To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas:*** The project is unique in providing some of the first new multifamily and LIHTC units in the area in recent years, supporting the economic growth and quality of life for this rural community.
- ***To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and non-profit:*** CRHDC has been a non-profit provider of affordable housing in rural and non-rural communities since 1971. Please refer to the resumes provided by CRHDC and its development team for more information about the team's significant affordable and multifamily housing experience.
- ***To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing:*** The Schoolhouse will provide a variety of housing options for seniors, individuals and couples, and families with and without children. Because this is the first major multifamily development located in downtown Fort Morgan in many years, it is anticipated that the pent-up demand for affordable housing across all population groups will attract a diverse group of residents to live at The Schoolhouse.
- ***To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail:*** The County Express demand-based transit system, run by the Northeast Colorado Association of Local Governments, operates in Fort Morgan and would be available to residents at The Schoolhouse. Please see attached information from the website.

- ***To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing:*** Because of the adaptive reuse nature of this project, unit construction is mostly comparable to a new construction project. The project creates a significant amount of new housing for a community with high demand and low housing production rates.
- ***To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period:*** The State and 4% LIHTC ask are reasonable based on the eligible costs and size of the project.
- ***To reserve credits for as many rental housing units as possible while considering these Guiding Principles and the Criteria for Approval:*** The project is requesting just over \$17,000 per unit in State LIHTC.

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

- Market conditions:** Fort Morgan is a growing rural economic center. According to market data, much of the increase is made up of smaller, younger households coming to Fort Morgan to take advantage of its strong economic sectors. About 40% of Fort Morgan households are renters, which is higher than in Morgan County overall. However, very little rental housing has been constructed since 1990, with 65% of the current rental stock constructed prior to 1980. In addition, The Schoolhouse property is one of the very few vacant and properly zoned parcels available in which to construct badly-needed rental, multifamily housing. In the project market study, The Schoolhouse commands a strong overall capture rate of 17% (2% for 30% AMI units, and 17% for 60% AMI units) and market conditions support the proposed mix of one-, two-, and three-bedroom units. The market study provides this additional anecdotal data on current market conditions: *“According to private rental unit property management companies interviewed for this market study, the rental market is tight, and nicer rentals lease quickly. Two large management companies report less than a dozen vacant single family homes and a few apartments among over 1,000 units they manage. Property management companies also noted that vacancies are lower in units with modern amenities and kitchens. Few rent restricted properties have vacant units at this time. CSI also conducted an internet survey of units for rent in Morgan County, which produced a few single family homes and two apartments in the entire county.”* Local workforce households are already contacting CRHDC with their interest in living at The Schoolhouse.
- Readiness-to-proceed:** The Schoolhouse project is ready to proceed. The site is fully rezoned to allow for multifamily development and the ownership will be transferred according to an executed MOU and Purchase Option between Morgan County School District RE-3 and CRHDC. There is lending and investment interest in the project and the public outreach process is significantly underway. An application to the Fort Morgan Housing Authority for property tax exemption is currently

- underway. Upon a LIHTC award, the complete town building permit review is expected to take 2 months. It is necessary to move forward with basic rehabilitation as soon as possible – there is some water intrusion and repairs are required to prevent the current damage from becoming more severe.
- c. **Overall financial feasibility and viability:** The project’s financial feasibility has been carefully evaluated according to reasonable but conservative underwriting standards that respond to the uncertainty of the current lending, investment, and construction markets. Please see application worksheets for more detail.
 - d. **Experience and track record of the development and management team:** CRHDC develops, manages, maintains, finances, and provides ongoing compliance for hundreds of units of affordable housing across the state, financed with LIHTC and other federal and non-federal housing programs. In addition, CRHDC provides the resources and support to all of its residents who are interested and able to be upwardly economically mobile, by providing homeownership and financial counseling, as well as no-down-payment and low interest homeownership loans. Please see CRHDC’s organizational materials attached as part of this application. In addition, CRHDC will work with a lease-up and first year consultant to assist with preliminary compliance.
 - e. **Cost reasonableness:** Alliance Construction has prepared the new construction/rehabilitation budget according to current construction pricing data in rural Colorado communities and is reasonable according to the proposed scope of work. Please see the Development Budget worksheet and cost estimate documents for more detail about construction and project costs.
 - f. **Proximity to existing tax credit developments:** Sol Naciente, CRHDC’s newly constructed USDA farmworker housing development financed with LIHTC is located approximately 1 mile from The Schoolhouse. Sol Naciente provides housing for households who meet a strict definition of “agricultural worker” and is not available to the general public outside of this definition. Therefore, Sol Naciente serves a specific population and is not in competition with The Schoolhouse for residents.
 - g. **Site suitability:** The downtown location is ideal for housing and the strong community support for the project in part comes from CRHDC’s effort to reuse the school property for affordable housing purposes. As one of Fort Morgan’s higher-density housing properties, locating this higher density within an existing, prominent community building ensures that the higher density will not disrupt the existing urban fabric – the school building has been integrated within the neighborhood since the 1920s. Located in downtown Fort Morgan, residents will be able to walk ¼ to ½ mile to all centrally-located businesses, including department stores and other retail, restaurants and bars, banks, town and county administrative and services offices, Post Offices, convenience and discount shopping, movie theater, places of worship, childcare, downtown library and museum, pharmacy, and grocery. The Fort Morgan Senior Center is located 1 mile from The Schoolhouse, the Colorado Plains Medical Center is just over a mile from the site and Morgan Community College is less than 3 miles from the site. Fort Morgan is a regional hub and offers a Walmart Supercenter less than 3 miles from the site. Fort Morgan is also home to several large employers who provide thousands or hundreds of jobs to the region, such as Cargill Industries, Leprino Foods, the local hospital system, local government,

education, major dairies and livestock centers as well as other major agricultural enterprises. As such, Fort Morgan has a growing economy and continues to attract new residents from the local area, as well as significant number of international immigrants who relocate to Fort Morgan to begin new life away from the wars and conflicts of their home nations.

Provide the following information as applicable:

h. 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): None

Address any issues raised by the market analyst in the market study:

- **Strengths:** The market study lists the following as strengths of the project: the physical location in the center, rather than in the industrial outskirts of town, that this is the first non-farmworker LIHTC housing to be constructed in Fort Morgan in 25 years, the healthy capture rate, the larger unit sizes offered by this project, the fact that this project offers some of the only three-bedroom rentals in the community, and that this will offer some of the only new rental units with modern amenities in the entire market.
- **Weaknesses:** The primary weakness of developing non-subsidized, 60% AMI LIHTC housing in this market is the similarity in rental levels between income-restricted and unrestricted, market-rate housing. However, the market study indicates that in spite of the concerns of leasing up under an income-restricted scenario and other secondary concerns, there is sufficient pent-up demand to overcome these hurdles, and the market study gives a positive recommendation to this project. LIHTC financing is one of the only financially viable options to developing multifamily housing in Fort Morgan, and CHFA support for this mission is essential to creating a positive housing impact in this community.

Address any issues raised in the environmental report(s) submitted with your application, including how the issues will be mitigated, if applicable: The attached Phase I environmental report shows there are no Recognized Environmental Conditions (RECs) associated with this site. The property has been under School District ownership for nearly 100 years. The building has been preliminarily evaluated for the presence of asbestos and the results are included as an attachment to this application. Any asbestos will be mitigated and contained as part of the rehabilitation.

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 project's conversion and reuse of the

existing school is more comparable to new construction than to rehabilitation of existing housing. The existing school is in good shape and does not require extensive historic preservation, structural, or other major repairs in order to be repurposed.

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): In 2014, the Deuel Street Committee was formed from members of the Morgan County School Board as well as other interested members of the community to plan for the future of the vacant Fort Morgan Middle School. Built in 1925 and added onto in 1951, the Middle School facility is a major town institution and community asset, especially considering the ongoing, long term community use of the gymnasium and auditorium space – some of the only large-scale gathering places in town. The Deuel Street Committee conducted a significant community outreach campaign to identify the most pressing community needs that could be fulfilled by the redevelopment of the Middle School. Commercial space, community amenities, and housing were identified as strong priorities in the survey process. The Committee then began work with the Colorado Center for Community Development (CCCD), a non-profit clinical teaching initiative of the University of Colorado – Denver College of Architecture and Planning to conduct a preliminary design concept that would embody the identified community priorities. Working with the Committee, CCCD created a mixed-used concept for the site that includes housing and a mix of community and commercial benefits for the site. The Deuel Street Committee and Morgan County School District then selected CRHDC, through a competitive process, to be the implementing developer of this vision. CRHDC has been working in the Fort Morgan community since 2013 and has a reputation of being a good developer and good steward of housing. Since its selection, CRHDC has been working hard to collaborate with the Morgan County Commissioners, Town of Fort Morgan Council, School District Board, and Town and County staff, all of whom have been highly collaborative, supportive, and helpful in assisting with the entitlement and instrumentation of this project.

A Memorandum of Understanding and Purchase Option have been signed by CRHDC and the Morgan County School District indicating that the Morgan County School District will convey the property to CRHDC at an approximate \$4,805,000 discount, or in-kind donation, to help support the successfully financing of the housing project. In addition, the Morgan County Commissioners agreed to provide the Private Activity Bond issuance, in support of the benefit that this project brings to the residents of Morgan County. CRHDC has received other indications of support for The Schoolhouse, which are included as an attachment to this application.

Local leadership, including the Morgan County School District Board, the Morgan County Commissioners, the Town of Fort Morgan Council, and the local Chamber of Commerce and Economic Development organizations all recognize the need for affordable housing and have

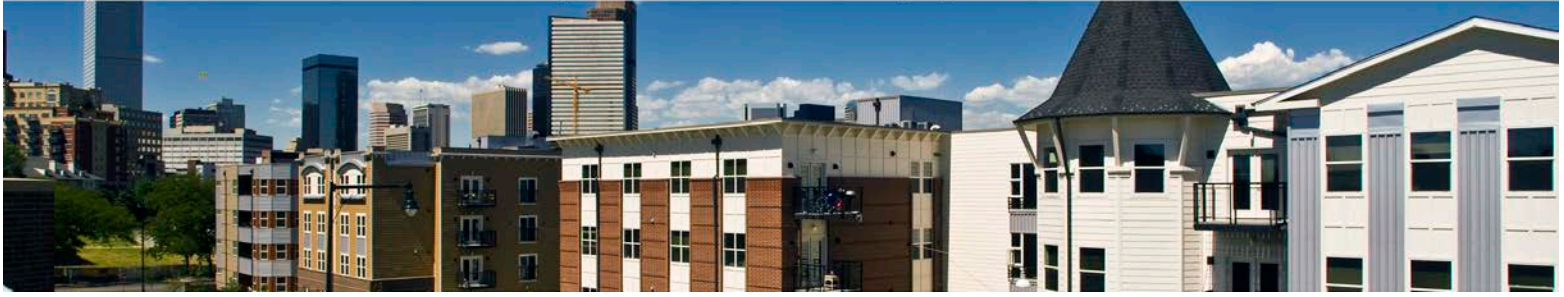
demonstrated their support by approving the rezoning process, contributing in-kind donations to the project, and providing letters and statements of support.

For acquisition/rehab or rehab projects, provide a detailed narrative that describes the rehab plan and tenant relocation plan (if applicable); addresses 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, nature disaster).

- **Rehabilitation Plan:** The first aspect of the rehab plan that will be executed is to remove the asbestos in specific locations. All asbestos has been identified and no asbestos containing material is in a friable state. After the removal of the asbestos the construction team will begin to demolish all interior walls that will not be utilized. The foundation for the addition on the back of the building will be installed and the building of that addition will begin. The project will install a new elevator that will be large enough to meet all emergency requirements such as a gurney. The apartments will have all new plumbing and electrical. Each unit will have their own heating and cooling system and each unit will be metered individually. We anticipate utilizing the existing hardwood floors in living room and bedroom locations and repairing the existing windows where possible.
- **Tenant Relocation Plan:** The structure is currently vacant
- **Ten Year Rule:** The property has been owned by the Morgan County School District since the 1800s.
- **Recent Capital Expenditures:** There have been no recent significant capital expenditures that affect the costs to construct the housing.
- **Past Federal Investment:** None.
- **Obvious Design Flaws, Obsolescence Issues, Safety Issues, and Significant Events:** The former middle school building is well-suited to be transformed into housing. The existing layout of the former classrooms, library, and woodshop rooms will be easily converted into spacious, sunny apartments with large windows. The original entrance lobby, with administrative offices, will be converted into leasing and program offices, and removing a few walls and raising the ceilings will transform the lobby into a more spacious and modern lobby space.

The building has been well-maintained by the school district and has no serious safety or obsolescence issues. The community facility spaces will be able to be easily enhanced and turned around for full use by the community without significant rehabilitation.

pab lihtc application narrative



Sheridan Station Residences W 11th Ave & Ames St, Denver CO 80204

Executive Summary

If awarded credits, Sheridan Station Residences will be the culmination of a ten year effort to bring affordable housing to the Sheridan Station Light Rail Station on RTD's W line. The approximately 1 acre site is located just steps from both the station and the regional bike trail that runs through Lakewood/Dry Gulch Park. It is bounded by 11th Street to the north, the Sheridan Station RTD parking garage to the east, the existing Jody Apartments to the west and 10th Street to the south. The Urban Land Conservancy purchased the approximately 1 acre of land in 2014, which consists of two vacant parcels bisected by Ames Street and formerly owned by RTD. The ULC acquisition is part of a creative land exchange, resulting from a prolonged 3 year planning and negotiating process with RTD. Our team's previous and current efforts with ULC to secure a LIHTC allocation and produce quality affordable housing at this site are consistent with the overall Sheridan Station Area Plan, finalized and adopted by the City and County of Denver in 2009.

The current development team of Mile High Development and Koelbel and Company (MHK) entered into an exclusive option agreement with Urban Land Conservancy in 2014. Upon execution of the option agreement MHK also purchased 100% of the previous interest of NEWSED CDC, which had been a partner of ULC for development the vacant land assemblage. As of March 2016, NEWSED CDC has no interest in the new affordable housing development being proposed under this application, either in the land or in the future development.

The current submittal calls for 133 units of workforce housing in two buildings located on the east and west sides of Ames Street. As part of our proposed project, Ames Street will be extended northward to terminate in a vehicular cul-de-sac prior to connection with 11th Street. At this cul-de-sac, the two buildings of Sheridan Station Residences will be connected via a pedestrian only plaza that will be accessible to fire and EMS vehicles only in times of emergency. The pedestrian only plaza will tie into both the existing RTD Sheridan Station light rail platform and Dry Gulch bike trail, creating a highly activated public gathering space with the ability to host various events such as farmer's markets

and community festivals. The limited access nature of Ames Street makes it feasible to build new rental housing on both sides of the street, thereby creating a unique and intimate neighborhood atmosphere between the buildings.



Parking for all future residents will be provided via resident only designated spaces in RTD's immediately adjacent and currently underutilized Sheridan Garage. The project will serve mainly 60% AMI residents (122 units) but over 8% of the units (11) will be for a residents earning 30% AMI or less. There will be 92 one-bedroom one bath units, 29 two-bedroom two bath units, and 12 three-bedroom two bath units.

Project amenities include an outdoor pedestrian oriented plaza, community room, media room, fitness center, and on-site leasing office. In-unit amenities include air conditioning, full appliance package (refrigerator, freezer, oven, cooktop range, disposal, dishwasher, and washer/dryer), and ample storage.

Each building will be 4 stories of wood-framed construction over a partial concrete podium with a combination of caissons and spread footing foundations. Exterior materials will consist of a combination of decorative and colored stucco or cementitious fiber board with a masonry base and accents. The flat roof will be made of TPO and each building will be served by dual elevators.

Additional financing sources for the project will come from the Colorado Department of Housing's CHIF program and the City of Denver's Office of Economic Development via their RALF and IHO programs.

The applicant for the project is Koelbel and Company ("Koelbel"). Mile High Development and Koelbel and Company (MHK) will act as co-developers for the project. The project will be constructed on land that is currently owned by Urban Land Conservancy ("ULC") and will be sold to the development team for the sole purpose of developing affordable housing.

Since the last 9% LIHTC submittal in 2016 for the east side of Ames Street parcel at Sheridan Station by Koebel and Company we have increased the number of units, expanded the project to include two buildings, reduced per-unit construction costs by simplifying the foundation, and provided for long term resident only restricted parking in the RTD garage.

Financing Structure

Sheridan Station Residences will require an issuance of \$22,000,000 of total bonds during construction and \$9,800,000 will convert to long term permanent bonds. We are requesting CHFA issue the bonds and have received a term sheet from Chase Bank for a private placement. None of the bonds will be taxable.

The table below outlines the expected sources and uses of funds:

| Sources | | Uses | |
|---------------------------|-------------------|----------------------------|-------------------|
| 1st Mortgage | 9,800,000 | Land & Buildings | 1,000,000 |
| CDOH-CHIF | 3,000,000 | Site Work | 1,944,676 |
| CDOH-HOME | 1,000,000 | Rehab. & New Construction | 22,189,986 |
| Denver OED | 2,000,000 | Professional Fees | 991,300 |
| Deferred Developer Fee | 1,031,421 | Construction Interim Costs | 2,322,399 |
| Federal Tax Credit Equity | 12,415,067 | Permanent Financing | 393,000 |
| State Tax Credit Equity | 3,899,999 | Soft Costs | 370,300 |
| | | Syndication Costs | 7,100 |
| | | Developer Fees | 3,440,000 |
| | | Project Reserves | 487,727 |
| Total | 33,146,488 | Total | 33,146,488 |

Guiding Principles

The project meets CHFA’s guiding principle of providing affordable workforce housing in an urban area near transit as the location of the project is less than ¼ mile to the Sheridan Station light rail stop and bus stop. The project will also set aside eleven units for households with significant and long term disabilities. These units will be subsidized with project based Section 811 Vouchers from the Colorado Division of Housing. Additionally the project is located in a Qualified Census Tract.

Market Conditions

The Market Study that is part of this application, provided by Integra Realty Resources, indicates that there is strong demand for this workforce/senior product in the Primary Market Area in all income levels. The Capture Rate of 15.6% is low which bodes well for the timely lease-up of the project. The PMA currently has a minimal amount of new affordable housing under construction with two LIHTC properties proposed in the PMA.

Per this market study, we believe that we can easily achieve our anticipated rents and lease up schedule.

Readiness to Proceed

Koelbel has executed an option agreement with ULC, thus providing the development team with full control of the land parcel.

The site is zoned C-MX-8 which allows affordable rental housing as a use by right. The proposed two buildings are each 5 stories, which will be less than the height restriction of 110 feet.

The Phase 1 Environmental assessment has been completed and there are no areas of environmental concern at the site.

Shopworks Architecture has completed schematic drawings, as indicated by the site plan, elevations and floor plans in the application. The development team has been working with Alliance Construction Solutions to price the drawings as they have been developed. Based on this input, and our recent pricing for the Garden Court Apartments and Ash Street Apartments, the development team is comfortable with the pricing as indicated in our cost projections in the application.

Financial Feasibility

Based upon the developers' recent experience on the Garden Court and Ash Street projects, several sources of potential funding for the project have been identified, and preliminary discussions have been held with potential participants, including a commercial bank and several tax credit investment firms. Based on these discussions and a detailed review of our financial projections as presented in the application, we believe the combined sources outlined in the table below are sufficient to meet the project's expected costs.

Developer Experience and Track Record

Mile High Development and Koelbel and Company will be the co-developers of the project. Koelbel and Company has been developing in the Denver metro area for over 60 years and has experience in almost every type of real estate development. Mile High Development has been developing in the Denver metro area for over 40 years, and has partnered on various developments with Koelbel and Company since 1979. To date, Koelbel and Mile High Development have been co-developers on 4 affordable housing projects in Denver, the Apartments at Yale Station, the University Station Apartments, the recently completed Garden Court Apartments, and is currently under construction on the Ash Street Apartments, with a completion date of June 2017. Additionally,

Koelbel and Company was the owner/developer on the Ledges and 29th and Lumine on 28th projects in Boulder. The project team plans to use Silva-Markham Partners to manage the lease-up phase of the project, as well as the ongoing property management duties.

The development and management team of Koelbel and Company, Mile High Development and Silva-Markham Partners each have a history of compliance with CHFA's affordable housing programs.

Cost Reasonableness

The total cost for Sheridan Station Residences is projected to be comparable to the cost of the similar sized and recently completed Garden Court at Yale Station and Ash Street Apartments. Garden Court consists of sixty-six units and was recently completed in late June 2016 while the one hundred and twelve unit Ash Street Apartments is on schedule to be completed in June 2017, thus providing the most recent and relevant construction data. Additionally, the ability to use parking in the adjacent RTD garage helps significantly in keeping costs down.

Proximity to Existing Tax Credit Projects

As indicated in the market study, there are seven existing projects in the study area. Current occupancy for affordable units is 100% at five of the comparable properties with the remaining comparables at 98.5% or higher. This high occupancy indicates a serious need for affordable housing in this market area. The addition of 133 units to this PMA will meet pent up demand and not take renters away from current stock.

Site Suitability

The Site is located on the southeast corner of Ames Street and 11th Avenue. In coordination with ULC (owner of the vacant land directly west and the land under the Jody Apartments), offsite improvements consisting of a pedestrian plaza (with fire access only) will be constructed at the corner of 11th Avenue and Ames Street. This plaza will connect the site to RTD's Parking Garage and Sheridan Station. The RTD parking garage is open to the public at no charge.

The light rail provides easy access to Downtown Denver and the Auraria campus. Light rail station stops at Knox and Federal provide access to the recreational facilities in Sanchez and Rude Parks. As the light rail station has recently opened, it is likely that future development will occur in the immediate area providing additional amenities.

Edgewater Marketplace shopping center, housing King Soopers, Target, and other retailers is located seven blocks to the north. The subject site has a direct connection to the Dry Gulch open space with Mountair Park and its new Sprout City Farm in

Lakewood only five blocks away with Cowell Elementary School seven blocks to the east. Bus service near the site is above average with nearby stops on both Sheridan Blvd and 10th Ave.

The subject property would be the first phase in the Sheridan Station TOD. There are abundant redevelopment opportunities adjacent to the site that could further increase residential density and support new retail uses.

Parking

Parking for the project will be provided for in RTD's immediately adjacent Sheridan Station Park 'n Ride. By leasing spaces in an existing parking structure Sheridan Station Residences is able to significantly reduce construction costs from previous LIHTC applications submitted at the site. The project will have the exclusive use of at least 100 parking spaces on the top deck of the garage. The parking garage was built in 2013 anticipating parking demand that never materialized as illustrated by the fact that only 20% of the available stalls are utilized on the average work day.

The current RTD parking structure is severely underutilized and will remain so for the foreseeable future. As noted, the structure is currently 20% occupied (with 165 cars in the structure according to a recent visual survey), and daily boardings at the LRT station have not increased significantly since the W Line's opening in 2013. This means that more than 600 of the structure's 800 spaces are going unused. Even if usage quadrupled (from today's 165 to 660), that would still leave 140 spaces unused.

The applicant is currently in exclusive negotiations with RTD which is part of the now formalized process that RTD uses to enter into agreements with private developers. (See attached letter from the RTD Purchasing Department, which conducts these negotiations.) The applicant successfully entered into a similar agreement with RTD at University Station Apartments, which resulted in a long term parking agreement. (The garage at University Station is much further removed from the residential building; however, there has been no issues with the projects viability as evidenced by an effective vacancy rate of less than 1% since opening in 2014.) The process with RTD for the Sheridan Station Garage parking arrangement was initiated in 2016 and will proceed until it is completed with a formal agreement between RTD and MHK in late spring/summer 2017, well before the initiation of the Site Development Plan process with the City and County of Denver.

The use of the top deck of the RTD garage will facilitate the primary aim of recent plans for the Sheridan Station area – promoting new development that will increase activity, promote walkability, provide economic development benefits (including new tax revenues and employment opportunities), and help implement a walkable TOD

community long desired by the Cities of Lakewood and Denver and the surrounding community.

Project Amenities

Unit amenities include a full kitchen with dishwasher, range, refrigerator, stovetop, oven, garbage disposal, storage closet, in-unit washers and dryers, and cable/internet wiring. Additionally, each unit will have individual heating and cooling control via an Aquatherm system.

The building will be constructed to comply with *Enterprise Green Communities* criteria. Numerous green materials and features will be incorporated in the project and the units. The location adjacent to the Sheridan Boulevard transit corridor speaks to the sustainability of the project, and will limit the resident's use of the automobile for much of their transportation needs.

In addition to the RTD rail stop and bus connections, the property sits adjacent to the Dry Gulch Bike Trail which connects with the South Platte Trail that heads into downtown. In addition, Sloan's Lake Park along with a major grocery anchored (King Soopers and Target) shopping center is located one mile to the north.

Sheridan Station Area Plan

In anticipation of RTD's new West rail line, the Denver Department of Community Planning and Development adopted the Sheridan Station Area Plan in 2009. Together with the ongoing redevelopment of West Colfax to the north, the goal of the plan was to create strong pedestrian connections while enhancing the existing neighborhoods and increasing the number of people living near the light rail station.

Improved sidewalks will tie the light rail station with Main Street development on Colfax Avenue four blocks to the north. Development of new housing along Sheridan Boulevard and Lakewood Gulch (including this proposed project) will allow more people to live near the light rail station connecting them to jobs in downtown Denver, the Denver Tech Center, and Lakewood's Belmar, Union Square and Federal Center area. The increased population base will support a variety of new neighborhood retail services near the station and on Colfax Avenue including food stores, dry cleaners, hardware stores, restaurants and child care centers.

Sheridan Station has excellent potential for future development because of the strong existing neighborhood base in the surrounding areas, the recreational and green space opportunities of Dry Gulch, beautiful views to the mountains and downtown, the desirability of parcels close to the light rail station for redevelopment, and easy access from both Sheridan Boulevard and Colfax Avenue. The City of Lakewood has also

planned and rezoned to the west of the station area and the proposed affordable housing development to allow for transit related uses and higher density with the potential to spur development around the station. This proposed affordable housing development is located at the apex of the Station Area Plan and has the ability to complement and be supported by other future redevelopment in the surrounding vicinity.

Sustainability

The building will be constructed to comply with “Green Communities” criteria. Numerous green materials and features will be incorporated in the project and the units. The location adjacent to the Sheridan Boulevard transit corridor speaks to the sustainability of the project, and will limit the resident’s use of the automobile for much of their transportation needs. Other energy efficient features will include:

- Low-E Energy star qualified windows and doors
- LED light fixtures in both the units and common areas
- High “R-Value” insulation
- Energy Star rated appliances
- All exhaust fans will be energy Star-qualified
- Low flow water fixtures
- Flat roof with white EPDM
- Smoke Free
- Native and Xeriscape landscaping

The project is also only asking for an amount of credit that is absolutely necessary to finance the project. There are a variety of other sources of funds that are being used to leverage the CHFA investment and provide units in a PMA with little to no vacancy.

Community Outreach

The development team will reach out to representatives of the surrounding neighborhood groups including Villa Park and WECAN (West Colfax Association of Neighbors), both in Denver, and Two Creeks Neighborhood Association in Lakewood to discuss the site plan, building design, and proposed occupancy. The City has provided a statement that the proposed project meets community housing needs and will be consistent with the City’s 10th and Sheridan Station Area Plan and its Consolidated Plan. In addition, the development team has strong support from the City of Denver and the City of Lakewood and has been successful in the past of receiving loans for these projects.

pab lihtc application narrative



Project Name: Tammen Hall Apartments

Project Address: 1010 E 19th Avenue, Denver, CO

Solvera Advisors, the sponsor, requests an Initial Determination of 4% Federal LIHTC and an award of State LIHTC for the redevelopment of Tammen Hall into 49 units of independent affordable senior housing complemented by an exceptional amenity package. Delivery of this project is imperative for the following reasons;

- Tammen would be the only non-Section 8 subsidized age-restricted LIHTC project in the most densely populated PMA in Colorado, filling a gap in the affordable housing continuum completely not being served.
- Tammen will provide new units in a market rate location at rents \$700 per month cheaper than the market rate rents in a PMA with no vacancy and a three year wait list.
- The location could not be more ideal for senior residents being located on the St Joseph's Hospital campus, close to all requisite services and amenities. The site is also located in a QCT and is highly consistent with the City of Denver's Consolidated Plan.
- With a creative and conservative capital structure Tammen is an efficient user of both Federal LIHTC and State credits, especially when considering the pricy urban location and its smaller size.
- Tammen takes advantage of \$4.58 million (\$93,469 per unit) of gap financing assistance from SCL Health, the property seller, and accesses \$3,484,791 (\$71,118 per unit) in historic equity making the projects per unit costs after adjusting for the above very attractive (\$225,733 per unit) resulting in a very reasonable request for Federal and State LIHTC's.
- Tammen provides senior affordable housing for an unserved population for 40 years.
- The redevelopment would repurpose a historic, vacant and boarded up building which is blight on the neighborhood and contribute to the larger \$850 MM redevelopment of the St Joseph's Hospital campus in Denver.

1. Executive Summary: Tammen Hall Apartments is a proposed gut, rehabilitation and adaptive reuse of an existing vacant and boarded up eight-story building on the St Joseph's Hospital Campus in central Denver. Built in 1930, the building has been vacant for over 10 years, is

Located in a QCT and will be financed through the i) 4% Federal and State Low Income Housing Tax Credit (LIHTC); ii) Federal and State Historic Preservation Tax Incentive (HPTI) programs; iii) the City of Denver's Revolving Housing Loan Fund; iv) a tax exempt permanent loan; v) deferred developer fee; and vi) the 4.58 Million in generous support from SCL Health, the seller of the property. Upon completion Tammen will have 43 one-bedroom dwellings and 6 two-bedroom units. All units will be LIHTC units and will be targeted to low-income senior (62+) with annual incomes below 60% AMI.

Located on a 0.59 acre site at 1010 E 19th Avenue in Denver's Five Points Neighborhood, it's proximity is ideal for senior housing being situated on the St Joseph's Medical campus and is within walking distance of all required community amenities and transportation. The building itself is a free-standing, eight-story, concrete, symmetrical "U" shaped building surrounding a central courtyard with two elevators, full basement, plaster walls and ceilings, multi-wythe brick exterior, and a flat roof.

Tammen's common amenities include; a spectacular roof top terrace on the 8th floor with unmatched panoramic views of the city, on-site management, gated entries, video surveillance, laundry facilities, tenant storage, a community room, theater, exercise room, picnic area, business center, and courtyard. Forty-nine (49) parking spaces will be provided with eight (8) surface spaces, including three (3) ADA spaces, along the site's southern boundary in a new surface lot, the remaining forty-one (41) spaces will be provided 60 feet from the building entrance in an adjacent surface parking lot across Ogden St., leased from St Joseph's Hospital. The units will have entrances off a double-loaded interior hallways, each unit will have central air conditioning, blinds, carpet, cable television hook-ups, free high speed internet, a refrigerator, stove/oven, dishwasher, microwave, disposal, linen closet and walk-in closet. The proposed renovation will remove all design flaws, obsolescence, access, and safety issues. Historic spaces will be renovated according to the National Park's guidelines. Except for the historic areas, the building will essentially be gutted and everything from drywall to MEP systems will be completely new. Being an adaptive reuse the building is inherently green and will be renovated to the 2011 Green Communities standards.

2. Description of bond and financing structure: The total amount of bonds will be \$10,600,000; \$7,600,000 will be construction period bonds and \$3,000,000 will be permanent bonds, of the \$10,600,000; \$9,000,000 will be tax exempt and \$1,600,000 will be taxable. CHFA will be conduit issuer and we will request a TBD amount of bond cap from the city of Denver be transferred to CHFA, the sale of the bonds will be a private issue through CITI Community Capital.

Tammen's proposed capital structure has been tailored to be conservative and efficient through combining as many sources of subsidy as possible in order to keep the request for State LIHTC to a minimum. A property tax exemption will be provided through participation of the Denver Housing Authority. A summary of the capital structure is provided:

| | | |
|---------------------------------------|----------------------|---|
| Senior Permanent Loan | \$ 3,000,000 | <i>35 Yr. amort/ 1.20 dscr</i> |
| City of Denver RAHLF - Sub. Debt | 735,000 | <i>Assumes \$15,000 per unit max</i> |
| Seller Subordinated Note | 580,000 | <i>Cash loan from SCL</i> |
| Seller Carryback of Building Purchase | 1,700,000 | <i>Seller is carrying building purchase</i> |
| Federal LIHTC Credits | 4,944,856 | <i>Assumes \$.95 pricing</i> |
| Federal Historic Credits | 2,868,797 | <i>Current market pricing of \$.98</i> |
| State of CO LIHTC | 1,527,541 | <i>Assumes \$.65 pricing</i> |
| State of CO Historic Credits | 616,000 | <i>Current market pricing of \$.88</i> |
| Deferred Developer Fee | 852,000 | <i>Maximum allowed to defer</i> |
| Total Sources of Funds | \$ 16,824,194 | |

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

- **To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period:** Tammen is leveraging a creative capitalization structure minimizing the need for scarce Federal and State LIHTC. Even though total unit costs might appear high, other sources are being leveraged to make the Federal 4% and State Tax credit requests very reasonable. Tammen takes advantage of \$4.58 million (\$93,469 per unit) of gap financing assistance from SCL Health, the property seller, and accesses \$3,484,791 (\$71,118 per unit) in historic equity making the projects per unit costs after adjusting for the above very attractive (\$225,733 per unit) resulting in a very reasonable request for Federal and State LIHTC's. To ensure long term viability the renovation includes replacement of all systems, so long term operating costs should be similar to those of new construction.

4. Identify which, if any, of the guiding principles in Section 2 of the QAP the project meets and how it meets them:

- **To support rental housing projects serving the lowest income tenants for the longest period of time:** Tammen targets senior residents at 60% or less AMIs. There are no other existing non-Section 8 subsidized age restricted LIHTC projects in the PMA. Tammen fills a gap for low income seniors currently not being served in the area. Tammen will serve these tenants for the longest period of time, 40 years.
- **To support projects in a QCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A 4, Primary Selection Criteria:** Tammen Hall is located in QCT #24.02 and is consistent with the City of Denver's consolidated Plan. Tammen also contributes to the larger \$850MM redevelopment of the St Joseph's Hospital Campus in Denver.
- **To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas:** This project will be the only non-Section 8 deeply-subsidized LIHTC senior affordable in the most densely populated PMA in the state, filling a gap for senior residents who are aging in the area and those who might relocate there.

- **To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit:** The sponsor, Solvera Advisors LLC, is an experienced and well respected local for-profit affordable housing developer and DHA will be a Special Limited partner in the project.
- **To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing:** Tammen will provide affordable housing for independent Senior citizens in a PMA that currently doesn't offer such housing.
- **To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail:** The Regional Transportation District (RTD) provides a variety of bus services within a half-mile walk of Tammen. The nearest bus stop, Route 12, is 275 feet from the subject, other nearby bus service includes Route 20, 0.13 miles away, Route 28, 0.30 miles away, and Route 15, 0.42 miles
- **To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing:** Even though Tammen is the adaptive reuse and rehabilitation of a historic vacant and boarded up building, it adds 49 units of new affordable housing to the PMA in a market rate quality location.
- **To reserve credits for as many rental housing units as possible while considering these Guiding Principles and the Criteria for Approval:** Tammen is only requesting the amount of LIHTC's to make the project feasible and is an efficient use of the resource, providing a needed product preserving credits for other projects and units.

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

a. Market conditions:

- There are no existing non-Section 8 subsidized age-restricted LIHTC projects in the area.
- The overall average vacancy rate in the PMA was 3.3%, an amount below the 5.0% balanced vacancy threshold, indicating a strong rental market.
- The two surveyed senior LIHTC/deeply-subsidized properties in the PMA were 100% occupied and had one- to three-year waits for available units, indicating strong pent-up demand for low-income senior rental housing in the PMA.
- The surveyed Class B family LIHTC properties were 99.7% occupied and three had waitlists, indicating pent-up demand for affordable rental units in the PMA.
- The subject and the other senior LIHTC development in the PMA would have a capture rate of 16.0%. The existing capture rate is 0.0%.
- The subject's capture rate of 16.0% is below CHFA's preferred threshold of 25.0%
- The PMA that is adding 208 senior (62+) renters annually and should gain 416 by the time the subject comes online. This, coupled with the pent-up demand indicates that the subject should have no impact on the overall senior vacancy rate.
- The property should lease approximately 25 units per month and reach stabilized occupancy of at least 95% within two months, without concessions.

b. Readiness-to-proceed: The current zoning is CMP-H which allows for senior multifamily housing. No zoning change is required, use is permitted by right. We have had our

Concept Review Meeting with the City of Denver Planning Department, the Building Department and their various sub agencies including Zoning, Fire, and Historic. Site plan approval will require a new parcel ID and revision of the existing Site Development Plan for St Joseph's Project West Campus, Area "B" which will be done administratively through a recorded redline zone lot amendment and statistical updates. Both planning and the building departments stated that the site plan and construction documents can be approved within six months.

- c. Overall financial feasibility and viability:** The project has been conservatively budgeted in terms of the capital structure as well as uses of funds to insure the feasibility and long term viability of the project. To insure development feasibility estimates were received from two independent contractors based upon schematic design, the contractor and the owner spent an extensive amount of time (18 mo.), doing due diligence on the building including competitive subcontractor investigation and pricing. We have funded over \$75,000 of 3rd party studies, engineering and other costs to ensure an accurate scope of work and accurate budget for the renovation. In addition being a historic renovation the owner is carrying a 10 % Owners hard cost contingency on top of the contractors 10% contingency. To insure both feasibility and viability all building systems are being gutted and replaced with new to remove any unknown risks and help control operating costs. The market report's stated vacancies, pent up demand and lease up projections also point to long term viability. In addition the project will receive state sales tax and property tax exemptions with DHA as a Special Limited Partner.
- d. Experience and track record of the development and management team:** The General Partner/Managing Member, Solvera, was founded to provide reliable, proven affordable housing development and financing expertise primarily to housing authorities and non-profit organizations seeking real estate development and finance assistance. Solvera, through its principles, Bob Munroe, Greg Glade, Lisa Mullins and Mike Gerber, has significant experience in the development and financing of affordable multifamily rental housing. Over the last 11 years, MGL has developed more than 2,000 multifamily units, including more than 900 affordable rental housing units. Solvera's staff also has significant experience with adaptive reuse, substantial rehabs and historic renovations including the Residences at Boulder Creek, Westminster Commons, Lowenstein Theater, Officers Row at Lowry, and the Tabor Hotel in Leadville. The balance of the team brings similar depth of senior multifamily/LIHTC experience including experience with historic renovations.
- e. Cost reasonableness:** The per unit State LIHTC request of \$391,677 is very reasonable. Historic renovation is inherently more expensive than new construction but in urban areas where land is getting scarce and more expensive, historic renovation offers a cost effective alternative. Even though overall costs for this project appear high, historic renovation projects are an effective use LIHTC tax credits because of the other sources they leverage. When the generous support of SCL Health and HPITC credit equity are factored in, the request for State LIHTC is on the low end relative to similar smaller sized projects. The HPITC program was invented just for this purpose, to compensate for the higher costs of historic renovation.

f. Proximity to existing tax credit developments: There are no other LIHTC independent senior projects in the PMA that are not deeply-subsidized and no other LIHTC senior projects in the pipeline.

g. Site suitability: The 0.59 acre site is ideally located at the corner of 19th Avenue and Ogden Street in the Five Points neighborhood, an established low- to upper-income, mixed residential and commercial community. The subject is 300 feet from the newly constructed Saint Joseph Hospital and across the street from various medical clinics. The hospital specializes in advanced heart care, cancer treatment, respiratory medicine, orthopedics, surgery, has an emergency room with 12 beds dedicated to seniors and a pharmacy. The proximity to the hospital offers a huge locational advantage that will be preferred by seniors. The site is also close to all the required neighborhood amenities; a neighborhood shopping center is located 0.3 miles to the northwest of the subject including a 40,000 sq ft Safeway (with pharmacy) which provides neighborhood shopping within walking distance, there is a 24 hr 7-Eleven convenience store and Metro Caring food bank 400 ft to the south east of the subject, on the hospital grounds there are over 3.5 acres of gardens and parks, and RTD provides a variety of frequent bus services throughout the metro area within close proximity. Tammen is located on minor streets with a low volume of passing traffic which will be attractive to seniors, but has very good visibility from nearby arterial Streets.

6. Provide the following information as applicable: Tammen is NOT requesting any waiver for any underwriting criteria, nor is it requesting a DDA Boost as it is located in a QCT.

7. Address any issues raised by the market analyst in the market study:

“The inclusion of parking across Ogden Street may not be an attractive option to seniors with automobiles. While the subject includes handicapped-accessible parking near the building, the tenants without such close access will have to cross a street to access the subject. This will cause an inconvenience for grocery shopping and performing daily tasks, and could also pose a real or perceived safety issue during non-daylight hours.”

As suggested in the market study the sponsor will install surveillance cameras and ensure there is effective lighting in the surface parking lot and at the intersection of Ogden Street and East 19th Avenue. This issue is also partially offset because the hospital campus has 24 hour security, the on-site circular driveway can be used for short-term parking and loading/unloading, the subject is located on minor streets with a low volume of passing traffic and the site has, very good local access to shopping, healthcare and services. The property manager for the project also manages two other senior properties that have off-site parking (University Station Apartments and Yale Station Apartments) and their experience has shown that the off-site parking did not have any negative effect on lease-up or ongoing occupancy.

“Demand is insufficient to absorb the 5,345 new units in the development pipeline without causing the vacancy to rise above a balanced level. However, based on senior pent-up demand,

senior renter household growth and the number of age-restricted units in the pipeline, the impact on vacancy rates at age- and income-restricted developments will be negligible.”

While the number of rental units in the pipeline outpaces forecasted renter growth, the subject is the only senior development planned in a PMA that is gaining 208 senior renters annually. More than 94% of the development pipeline is market-rate and non-age-restricted. The subject, along with the 95-unit market-rate development under construction, will provide new and high quality housing to seniors that are generally underserved by recent development patterns, but only the subject will have income restrictions.

- 8. Address any issues raised in the environmental report(s) submitted with your application, including how the issues will be mitigated, if applicable:** The Phase I did not find any REC's but suggested Asbestos, LBP and Radon study. The asbestos and LBP report identified a limited presence of both materials. As per recommendations all asbestos exceeding 1% will be abated before construction by a Colorado-licensed abatement contractor and is included in our budget in a separate line item. Asbestos containing material less than 1% is regulated by the OSHA and will be handled by the construction contractor by following the Asbestos Construction standard CFR 1926.1101(g)(1). LBP will also be handled by the construction contractor according to the regulations set forth by the EPA's Lead-Based Paint Renovation, Repair, and Painting Program. The radon report showed no radon levels exceeding the EPA's mitigation threshold so no additional actions will be performed.
- 9. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment:** Historic renovations are inherently more expensive than new construction but in developed urban areas where land is scarce and expensive historic renovations offer a viable alternative because of the other sources they bring to the capital stack. In a renovation, cost containment is all about limiting the unknowns which can be limited by thorough investigation of existing conditions. During our 18 mo. due diligence we performed a thorough investigation including getting two separate contractor estimates with subcontractor input and asbestos abatement proposals.
- 10. 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):** Solvera met with the city of Denver OED to discuss the project, see attached letter of contact offering funding of \$15,000/unit (**\$735,000**) and letter expressing the project's consistency with Denver's Consolidated Plan. As required, Solvera published notice and held the State Tax Credit Public Hearing on Jan 24th. SCL Health sent letters to the Mayor's Office, Councilman Brooks office, St Joseph Hospital Community Advisory Board, Urban United Design Forum and Uptown United announcing the project and providing a short description. Solvera Advisors and SCL health met with Councilman Brooks and held a meeting with Urban United Design Forum and Capitol Hill United Neighborhood to present and discuss the project. All meetings have garnered excellent response and support and SCL health has

generously committed over **\$4,580,000** toward the project. Upon completion, the extensive and spectacular common areas in Tammen Hall will be made available for community use.

11. For acquisition/rehab or rehab projects, provide a detailed narrative that describes the rehab plan and tenant relocation plan (if applicable); addresses 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, nature disaster): The proposed renovation will remove all design flaws, obsolescence, access, and safety issues. Historic elements of the building including the exterior, historic windows, first floor community room, theater, entry and the corridors on all floors will all be renovated according to the National Park's guidelines. On either side of the historic corridor, on the residential floors, the demising walls will be demolished to allow for an efficient and desirable apartment configuration. Units will be long and linear with many window generating terrific panoramic views and an abundance of natural light. Throughout the building all existing MEP, fire and life safety infrastructure will be demolished and replaced with entirely new systems. All finishes in the units will be new. A common laundry and storage facilities will be located in the basement which is accessible by the elevators.

The building will be built to 2011 Green Communities standards. The project being an urban adaptive reuse is inherently green. All appliances will be Energy Star, all electrical fixtures will be LED, all plumbing fixtures will be low flow and landscape will be water conserving. Low VOC construction materials will be used and required ventilation will be provided. Construction materials will be recycled, reflective roofing will be utilized, and a recycling center will be provided for the residents.

Based upon meetings with the Planning Department, site work will conform to the city of Denver's requirements, the existing cast iron sewer has been scoped and will be reused after being razor cleaned and flushed, a new water tap and gas and electric services will be brought to the building and detention is already accounted for under the hospital's overall development plan.

The property has been vacant for over 10 years and meets all 10-year rule requirements as evidenced by the 10-year opinion form our attorney. Because the building is vacant no relocations will be required. No redevelopment has been done to the building and no local, state or Federal resources been allocated to the building recently. The transaction is an arm's length transaction and there are no related parties in any capacity other than the structure seller financing.

pab lihtc application narrative



Traditions at Colorado Springs LIHTC Narrative

Executive Summary

The Traditions at Colorado Springs Senior Apartments project (“Traditions at Colorado Springs”) is proposed new construction of a 180-unit age-restricted apartment community located at the southwest corner of Tutt Boulevard and Snowy River Drive, Colorado Springs, El Paso County, Colorado. The 6.0-acre project site is undeveloped, but surrounding by existing commercial and residential development. The project site is very well located for the intended use as affordable senior apartments with a number of neighborhood amenities within easy walking distance. Such amenities include the medical services available in the medical offices directly north of the site, veterinary care directly south of the project site, numerous restaurant and service businesses within several blocks, and the King Sooper’s grocery store less than 0.5 miles to the south. Snowy River Park, a neighborhood park, is also just one block away to the northeast.

Traditions at Colorado Springs will offer a mix of 8 studio units, 90 one-bedroom units, and 82 two-bedroom units. The community will serve seniors aged 55 or older with incomes at or below 60% of the local area median income, including 18 units (10% of the total) serving senior households with incomes below 50% of area median income. Every apartment home will include a fully equipped kitchen, individual HVAC, full size washer and dryer, plush carpeting in living areas, wood-plank style vinyl in kitchen and baths, laminate countertops, and ample storage throughout.

The site accommodates 180 units within one four-story building with parking provided at surface on a first-come, first-serve basis, with reserved carport and garage parking available for an additional monthly charge. Type V wood-framed construction is planned with exterior finishes to include board and batten style siding, complemented by energy-efficient vinyl windows and a pitched roof covered with composite shingles. A prominent entry will be featured along the Tutt Boulevard frontage, offering a covered drop off porte-cochere. A drive aisle and parking will surround the building, providing easy entry and short walking distances from most parking spots to any access-controlled building entry.

Common area amenities offered within the building will include a resident lounge, Internet café, movie theater, craft room, game room and fitness center.

Energy efficiency standards will be met or exceeded, including utilization of low flow faucets, high efficiency rated insulation, intermediate roof trusses and insulation, .30 U factor windows, Energy Star appliances, and recycled content carpet and pad. The sustainable building directives of the Enterprise Green Communities will be followed as noted in detail in this Application.

Traditions at Colorado Springs will be financed with private activity bonds issued by El Paso County. The bonds will be purchased by Citi Community Capital during both the construction and permanent phase. El

Paso County has committed to funding \$1.3 million in soft debt from their Housing Trust Fund and the City of Colorado Springs is expected to make available \$500,000 of City HOME funds. Boston Capital has provided an LOI for Federal LIHTC purchase while Sugar Creek Capital has provided the same for State LIHTC purchase. Finally, the City of Colorado Springs Housing Authority has committed to a partnership for property tax exemption, further securing project feasibility.

QAP Guiding Principals Met

- Traditions at Colorado Springs site is located in a SADDA
- Traditions at Colorado Springs is located in El Paso County, an area that has received less than a proportionate share of State LIHTC allocation since inception of the program
- Traditions at Colorado Springs is located within 0.5 miles walking distance to the nearest bus stop
- Traditions at Colorado Springs is the only senior apartment community of substantial size in existence in the market area providing a significant number of units set-aside at 60% of AMI (a total of just 33 units at 60% of AMI exist today)
- Traditions at Colorado Springs is sponsored by a for-profit developer, with strong support from and a partnership with the Colorado Springs Housing Authority
- Traditions at Colorado Springs provides housing for elderly households age 55+
- Traditions at Colorado Springs is new construction
- Traditions at Colorado Springs is an efficient design utilizing the site to its maximum potential to create 180 rental housing units as efficiently as possible with LIHTC resources

Criteria for Approval Met

- Market conditions – as indicated in the provided Market Study, there are 2,349 income-qualified seniors in the primary market area, that number increasing to 3,319 when counting in-migration. This translates to an incredibly low capture rate in the primary market area of 13.9%, or when counting seniors aged 55+ (rather than the CHFA-required 62+), the capture rate drops to just 9.0%.
- Readiness to proceed – A Conditional Use Permit and Site Development Plan have been approved by the City of Colorado Springs. Full building permit submittal was made 1/24/17, and building permits will be available in mid-May. El Paso County has passed an inducement resolution for the bond issuance and the El Paso County Housing Authority has provided a written commitment for \$1.3 million in soft debt. The partnership with the Colorado Springs Housing Authority has been approved by the Board of Commissioners. The City of Colorado

Springs Community Development Dept. has been contacted and is supportive of an allocation of \$500,000 of HOME funds. Citi Community Capital has been engaged and is enthusiastic to provide construction and permanent debt for the project. Boston Capital has underwriting the Federal LIHTC purchase while Sugar Creek Capital has underwritten the State LIHTC purchase.

- Experience of Development & Management Team – As detailed in the Application, the Development Team has substantial experience in several western States with bond/4% tax credit development. Additionally, the team has substantial multifamily development experience, including several types of multifamily products constructed both for third parties and for our own account. That 30-year track record has resulted in principals with a strong reputation in the affordable housing finance industry and resulted in significant financial strength for the Developer. The development team has closed five bond/tax credit deals in Colorado, including Copper Creek and Copper Range in Colorado Springs, Copper Steppe in Douglas County, Copper Peak in Longmont and Traditions at Englewood. Finally, the development team includes local Denver area civil engineers and will include a majority of subcontractors for construction from the Denver Metropolitan Area.
- Project Costs – As a developer of several types of multifamily housing, the Developer is well-versed in developing and constructing a high-quality, durable rental housing product at an efficient cost. The specific construction type (interior corridor, wood-frame, elevator-serviced building) is a design and construction type the team has built numerous times; including many market rate senior products. The typical multifamily project for the developer ranges from 150-260 units, further creating economies of scale.
- Proximity to Existing Tax Credit Projects – The nearest two affordable housing communities to Traditions at Colorado Springs are The Winfield and Stetson Meadows, neither of which are age-restricted. Only four senior LIHTC projects exist, with the nearest 4.5 miles away and the furthest 14.5 miles away. Combined, the entirety of the affordable housing comps provide just 33 units affordable to households earning up to 60% of AMI, with an additional 190 affordable to households earning up to 50% of AMI. The market study provides a complete detail of other LIHTC properties in the primary market area, and notes that no other new construction of age-restricted LIHTC housing is planned.
- Site Suitability – As indicated herein, Traditions at Colorado Springs is very well located for the intended use as affordable senior apartments with a number of neighborhood amenities within easy walking distance. Such amenities include the medical services available in the medical offices directly north of the site, veterinary care directly south of the project site, numerous restaurant and service businesses within several blocks, and the King Sooper’s grocery store less than 0.5 miles to the south. Snowy River Park, a neighborhood park, is also just one block away to the northeast.

Justification for Waiver of Underwriting Standards

The only underwriting standard for which Traditions at Colorado Springs is seeking a waiver is the PUPA operating expense standard of \$3,900, which is allowed to be lower for age-restricted apartments. Note that the proposed PUPA is \$3,281 before replacement reserves. However, this

includes the underwritten property tax exemption available via partnership with the Colorado Springs Housing Authority, a savings of approximately \$625 per unit per year. The proposed operating expenses of \$3,281 per unit per year are \$6 above the CHFA underwriting standard of \$3,900 per unit per year factoring in this tax exemption adjustment.

Outreach to the Community

A neighborhood meeting was held as a requirement of the Conditional Use Permit process. Approximately twenty neighbors attended the meeting to learn more about Traditions at Colorado Springs. Two neighbors spoke at the meeting in opposition due to the proposed building height, although such building height is allowed for existing uses within the zoning designation. Several neighbors expressed concern over the traffic at the intersection of Tutt Boulevard and Snowy River Drive. The City of Colorado Springs understood this situation and required an escrow of \$75,000 from Traditions at Colorado Springs for the future signalization of that intersection. The Planning Commission then held a public hearing as part of the Conditional Use Permit process and no members of the public testified at that public hearing.

Two additional public hearings were held regarding Traditions at Colorado Springs. The first was for the proposed State LIHTC financing and was held at El Paso County as detailed in the Affidavits of Publication provided herein. The second was for the El Paso County Board of Commissioners inducement resolution for bond financing for the project. No members of the public participated or commented in either of these public meetings.

Finally, significant outreach to the partners in Traditions at Colorado Springs occurred, including numerous meetings and/or phone conversations with El Paso County Housing Authority, El Paso County, City of Colorado Springs Housing Authority, City of Colorado Springs Community Development, and regional lenders and investors. All entities who learned of the proposed Traditions at Colorado Springs are excited to participate with its development.

pab lihtc application narrative



Project Name: Village on Shields

Project Address: 3436 South Shields Street, Fort Collins, Colorado

1. Executive Summary

Housing Catalyst, formerly Fort Collins Housing Authority, is pleased to present this application for 4% Federal Low Income Housing Tax Credits and State of Colorado Low Income Housing Tax Credits to finance the acquisition and rehabilitation of the Village on Shields, an existing LIHTC development. The project represents a unique and important opportunity to renovate and preserve existing affordable rental housing located in west central Fort Collins, Colorado.

The Village on Shields is a 17 acre campus comprised of 285 units of existing affordable rental housing, open green space, 76 garages, a community building and swimming pool and leasing office. The residential properties were constructed from 1991-1995 utilizing 9% LIHTC equity and are in desperate need of renovation and repair to extend the useful life of this valuable community asset. Housing Catalyst intends to carry out a comprehensive rehabilitation in order to preserve these units that represent 15% of Fort Collins' LIHTC housing stock.

The two and three-story residential buildings are wood framed, slab-on grade construction with asphalt shingles on pitched roof systems, hardboard siding, with traffic circulation via interior driveways in three distinct neighborhoods. All buildings have exterior stairs to access second and third floor units.

Village on Shields will serve households from 30% AMI to 60% AMI. For LIHTC purposes, units will be set aside at 50% and 60% AMI. Additionally, 52 Rental Assistance Demonstration ("RAD") project based voucher units will be placed at the property and Housing Choice Voucher holders will also reside at the property. The majority of new households moving into the RAD units will initially have incomes at or below 30% AMI.

| Type | Unit Mix | | | | | | | |
|--------------------|------------|------------|----------|----------|-----------|------------|----------|----------|
| | Total | LIHTC | 30% | 40% | 50% | 60% | MGR | MKT |
| Studio | - | - | - | - | - | - | - | - |
| 1BR | 59 | 58 | - | - | 6 | 52 | 1 | - |
| 2BR | 210 | 209 | - | - | 16 | 193 | 1 | - |
| 3BR | 16 | 15 | - | - | 4 | 11 | 1 | - |
| 4BR | - | - | - | - | - | - | - | - |
| Total Units | 285 | 282 | - | - | 26 | 256 | 3 | - |

Renovation and improvements will include Energy Star rated appliances, furnaces, and water heaters. New exterior siding, doors and windows will increase energy efficiencies and installation of low-flow fixtures will generate significant water conservation and cost-savings.

Financing for the \$63.5 million project includes:

- Federal LIHTC Equity
- State LIHTC Equity

- Freddie Mac Tax Exempt Loan
- Seller Loan
- City & State Grant Funds
- Construction Financing backed by PAB
- Public Housing Sale Proceeds
- Deferred Developer Fee

Please refer to application for details on financing sources

2. Bond Financing Structure

- Total bond amount = \$35,000,000
- Construction period bonds = \$35,000,000.
- Permanent bonds in place for permanent mortgage = \$17,280,000.
- Housing Catalyst will issue the bonds for this project.
- Housing Catalyst will privately place the bonds.
- 100% of the bonds will be tax exempt.
- 100% of the bond cap has been secured through the City of Fort Collins, Larimer County, Weld County and Colorado State Division of Housing.

3. Priorities in Section 2 of the Qualified allocation Plan Not Applicable

4. Section 2 Guiding Principles Applicable to Village on Shields

- **To support rental housing projects serving the lowest income tenants for the longest period of time.** Village on Shields will provide rental homes to 52 current public housing households with extremely low income (generally less than 30% of the area median income). Sources of financing include CDBG, HOME, and public housing sale proceeds, requiring that the units remain affordable in perpetuity.
- **To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas.** Fort Collins is the county seat and most populous city in Larimer County and has a rental housing market lacking available and affordable units for low income households. Vacancy rates have declined sharply since 2010 and continue to remain historically low , resulting in a limited supply of affordable housing.
- **To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit.** Housing Catalyst is a qualified LIHTC developer with over 40 years of affordable housing development and asset management experience.
- **To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing.** The Village on Shields will assist a diversity of populations including families, former public housing residents, persons with disabilities, and seniors.
- **To provide opportunities for affordable housing opportunities within a half-mile walk distance of public transportation.** The location of the Village on Shields property is ideal for multi-family housing. Located within a healthy neighborhood the property is adjacent to public transportation.
- **To support acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing.**

The 285 units at the Village on Shields units are 15% of the City's existing Low Income Housing Tax Credit affordable housing stock. With the City's financial support, Housing Catalyst made the important decision in 2012 to acquire and preserve this valuable asset which was at risk of being sold to the private sector housing market. With the assistance of tax credits the development will be preserved through rehabilitation.

- **To reserve credits for as many rental housing units as possible while considering these Guiding principles and Criteria for Approval.** The 285 unit project has a complex set of financing mechanisms in place. Successfully financing the \$63,500,000 project requires the reservation of federal and state LIHTC. On a credit per unit basis, Village on Shields will be a very efficient use of credits.

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

- a. **Market conditions:** The Fort Collins rental housing market continues to lack available and affordable units for low income households. Vacancy rates declined sharply in 2010 and continue to remain historically low. Overall vacancy rates in 2016 were near 3%. The proposed rents are achievable. More analysis can be found in the attached market study completed by Rees Consulting.
- b. **Readiness-to-proceed:** The proposed acquisition and rehabilitation project meets and exceeds the readiness-to-proceed threshold with a variety of identified and sourced funding. Housing Catalyst is ready to proceed with the acquisition and rehab of the property upon award of tax credits and approval from HUD for the RAD financing. Palace Construction is committed to carrying out the construction for the project.

Housing Catalyst has met all requirements under QAP:

- Evidence of current zoning status provided
 - Phase I Environmental completed
 - HUD Environmental completed
 - Property Conditions Assessment completed
 - Construction Drawings completed
 - Cost estimate from third-party general contractor provided
- c. **Overall financial feasibility and viability:** The Village on Shields proposed rehabilitation is financially feasible utilizing 4% and State LIHTC. The estimated debt coverage ratio for the project is 1.15 in Year One and 1.20 in Year 15 of the tax credit compliance period, meeting CHFA's underwriting thresholds. The project will have the ability to pay the deferred developer fees from cash flow. The operating reserve amounts meet the CHFA minimum requirements. The project sponsor intends to capitalize a replacement reserve account.
- d. **Experience and track record of the development and management team:** The Project will be developed by the Housing Catalyst development team and managed through the Housing Catalyst Property Management Department. Housing Catalyst has over 43 years of experience building and managing affordable housing developments, including more than 600 LIHTC units. The Team has experience with development, stabilized lease-up, program compliance and management of over ten LIHTC developments throughout the state.

- e. **Cost Reasonableness:** Total development costs for the project are \$63.5 million, \$223,016 per unit. Total costs include \$29,500,000 for acquisition, averaging \$103,509 per unit. Total hard costs are \$74,454 per unit. Housing Catalyst is projecting \$66,178 per unit of federal tax credit equity and \$13,684 of state tax credit equity. The costs are reasonable for existing rental housing units in Fort Collins and meet the cost reasonableness test.
- f. **Proximity to existing tax credit developments:** The primary market area has 28 existing projects with a total of 1,869 LIHTC units. Of these, 1,490 units are located in 21 family developments. The market study provides detailed information regarding existing tax credit developments in the proximity of the Village on Shields.
- g. **Site suitability:** The property is located on the southwest side of Fort Collins with excellent access to public transportation, recreation, schools, shopping, medical services, child care, and parks. The 17 acre site consists of three existing apartment communities – Hickory Hill, Rose Tree and Willow Grove. The zoning is Medium Density Mixed Use. At 285 units, the density equates to 17units per acre. Through the LIHTC rehabilitation, the three properties will be more fully integrated into a single community through extensive improvements to the common areas.

6. Justification for underwriting waiver.

Not applicable

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

The market study indicates that rental market conditions are tight with very low vacancy rates and rising rents. The economy in Larimer County is strong with unemployment rates lower than the state average and significant job growth. The property has historically performed well and currently has high occupancy rates as do comparable LIHTC properties.

Village on Shields offers a variety of unit types. The property is attractive and will face little competition. There are very few vacant units in comparable properties and only one new LIHTC development, Village on Redwood, on the horizon in Fort Collins.

The market-rate apartment projects under construction could have an impact on overall vacancy rates in Fort Collins, but should not significantly impact LIHTC properties since the projects will target either the high end of the market or students who are by and large ineligible to rent LIHTC product.

8. Address any issues raised in the environmental report(s):

A Phase I Environmental Site Assessment was performed by Partner Engineering in December, 2016. The assessment does not identify any Recognized Environmental Conditions defined as presence of hazardous substances on a property. The following was identified during the course of the assessment:

- a. Potential exists that asbestos-containing materials are present on-site. Housing Catalyst has a ACM Operations and Maintenance Manual in place. The O & M Manual is attached to this application.
- b. Potential that lead-based paint is present onsite. Housing Catalyst has a LBP Operations and Maintenance manual in place. The Manual is attached to this application.

- c. Radon sampling indicated levels above the EPA’s action level of 4.0 pCi/L in 15 of 22 samples. Radon mitigation systems will be installed in all buildings with test results above 4.0 pCi/L.

9. Identify unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment: Cost containment and value engineering are very important elements to the success of this large renovation project.

All renovation work must and will comply with standards that provide challenges to cost containment efforts including Enterprise Green Communities required standards, HUD, ADA and governing code requirements. The scope of work was determined by the capital needs assessment, EGC criteria, Phase I environmental and City of Fort Collins requirements.

The Village on Shields portfolio was purchased “as is” in disrepair. The previous owner deferred required maintenance over a significant period of time in anticipation of selling the assets. Initial assessments of capital needs as well as a design charrette that included green building elements resulted in an original construction cost estimate of over \$34 million.

All investment, ownership, and management partners in the development are committed to providing housing that is vibrant and sustainable long-term. With those goals in mind, along with the need to carefully value engineer the project, the development team reduced the construction budget from \$34 million to \$20 million. This budget will provide appropriately renovated housing units that will serve persons with low income for at least 15 to 20 years.

Housing Catalyst is pleased to partner with Palace Construction Company on this project. Palace will secure sub-contractors through a competitive bid process, creating another opportunity for cost containment.

10. Community Outreach

During the planning process, Housing Catalyst held design charrettes to explore the renovation needs and opportunities and included participation from Colorado State University, architects, engineers, residents, and staff. Housing Catalyst development and property management staff have maintained a dialog with residents of the property with regards to the upcoming rehabilitation. Local support of the project includes over \$3,100,000 in grant funding from the City of Fort Collins for the acquisition and rehab of the property. In addition the City of Fort Collins has committed \$14,000,000 in Private Activity Bond cap to the project.

11. For acquisition/rehab or rehab projects, provide a detailed narrative that describes the rehab plan and tenant relocation plan (if applicable); addresses 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, nature disaster).

Rehab Plan

The 285 apartments, 10 garage/parking buildings, leasing office, clubhouse and swimming pool will be renovated. All immediate need items in the Capital Needs Assessment will be addressed. Specific scope of work includes addressing the following systems and components:

Exterior Work

- Replace roof shingles, gutters, and downspouts on all 34 buildings.
- Replace all siding on all 34 buildings.
- Demolish and replace all failing decks in Rose Tree Village and Hickory Hill Village.
- Full exterior paints.
- Repair masonry, metal railings, stairs as needed.
- New entry doors to units.
- New garage doors on all 76 garages.

Site

- Repair all trash enclosures.
- Site drainage modifications as needed to address flooding and icing areas.
- Add dog park, picnic areas, playground, accessible site walkways.
- Repair irrigation system and landscaping as needed.
- Full replacement of crumbling asphalt parking lots
- Add fencing in several areas.
- Repair all marquis signage and rusted mailboxes.

Interiors

- Replace all original and failing water heaters and furnaces.
- Add air conditioning to all units.
- Full appliance replacement with Energy Star rated components.
- Full replacement of kitchen and bath cabinetry and countertops.
- Full flooring replacement.
- Full replacement of all toilets, faucets, showerheads with low-flow fixtures.
- Install radon mitigation systems in 15 buildings.
- Full replacement of all windows.

Community Building

- Full building gut of interior.
- Replace all plumbing, HVAC and electrical components.
- New flooring.
- Add fitness center and community kitchen.
- Full renovation of pool.
- Add ADA accessibility to all amenities.

Leasing Office

- Roof, Siding, Paint, Parking lot, ADA modifications as needed.

Tenant Relocation Plan

The acquisition and rehab will require three types of relocation. H.C. Peck and Associates, a professional relocation consulting firm has been hired to administer relocation services.

- All residents currently living on site will either be temporarily relocated in an on-site unit during the

six weeks of renovation or will be moved directly to a renovated unit.

- Three to five households will be permanently displaced under the Uniform Relocation Act as the households have never qualified as a low income resident and have incomes above 60% AMI.
- Up to 42 public housing households will be moved from their current public housing unit to a renovated unit at the Shields property. Ten of the public housing units are currently vacant, so there are no persons to move from those units. The cost of moving public housing residents will be paid for out of public housing funds.

Ten Year Rule

See attached attorney opinions. The sale of the Village on Shields properties will not violate the 10-year rule. The apartments were constructed and placed in service under the 9% LIHTC program from 1990-1995. Housing Catalyst, LLC, acquired the properties 17 years later in 2012. The properties will be sold to the Village on Shields, LLLP and placed in service again in 2017 and 2018 for acquisition and rehab purposes.

Capital Expenditures

2015: \$236,837 was spent for roof and gutter repairs, failing water heaters and heating systems.

2016: \$38,000 has been spent on deck replacement and water heater replacement.

Previous related party relationships

Properties were developed, constructed and managed from 1990 – 2012 by RLS Management. In 2012, Housing Catalyst, LLC, purchased the apartments and leasing office. In 2016 Housing Catalyst acquired the clubhouse property from the Cunningham Corner Master Association. In 2017 Village on Shields, LLLP will acquire the properties from Housing Catalyst, LLC and the clubhouse from Housing Catalyst. The General Partner of the Village on Shields, LLLP is the Village on Shields, LLC, of which Housing Catalyst is the sole member. The Limited Partner will be RBC Capital Markets.

Past local, state, federal resources

Past Owner

| Year | Property | Amount | Source |
|------|--------------|-----------|---------------------------|
| 1990 | Willow Grove | \$207,261 | 9% LIHTC annual amount |
| 1991 | Hickory Hill | \$361,307 | 9% LIHTC annual amount |
| 1994 | Rose Tree | \$524,375 | 9% LIHTC annual amount |
| 1995 | Rose Tree | \$410,000 | City of Fort Collins CDBG |

Current Owner – These sources will be included as loans in the LIHTC partnership

| Year | Property | Amount | Source |
|------|----------------|-------------|----------------------------------|
| 2012 | All apartments | \$1,072,811 | City of F.C. CDBG & HOME |
| 2013 | All apartments | \$899,099 | City of F.C. CDBG & HOME |
| 2014 | All apartments | \$38,191 | City of F.C. CDBG |
| 2016 | All apartments | \$1,125,000 | City of F.C. CDBG |
| 2016 | All apartments | \$438,112 | Colorado Division of Housing HDG |

Obvious Design Flaws

The builder of the properties in the 1990s did not include gutter systems on all buildings. As a result, the siding and decks have rotted over time. During renovation, full gutter systems, new decks and new siding will be installed.

Other Items

No significant repairs or improvements were made by the previous owner. As a result, extensive rehabilitation and renovations are planned.

Exhibits Provided as Part of the Narrative:

- a) Construction Schedule
- b) Full Scope of Work Narrative
- c) Relocation Plan
- d) Square footage clarifications among third party reports
- e) RAD Contract Rents CHAP
- f) RAD Calculation of Rents
- g) RAD Financing Plan Guide