9% housing credit application narrative

Project Name: 3808 N. Nevada - Family Affordable Housing (Name TBD)
Project Address: 3808 N. Nevada Ave., Colorado Springs, CO 80907

Executive Summary: ComCor, Inc. (ComCor), a non-profit with extensive experience working with and designing services specifically tailored to people who are justice involved, is pursuing a 9% LIHTC allocation to finance 3808 N. Nevada*,* a new construction family community of 50 units in Colorado Springs, Colorado. The property contributes to ComCor's goal to utilize their existing properties to bridge a gap in affordable housing for people who are justice involved. Providing an affordable home can be a necessary lifestyle change to further ensure the success of ComCor's services.

Located in north Colorado Springs on Nevada Avenue, a key transportation corridor, 3808 N. Nevada will offer 50 new rental apartments in a three-story elevator-served building containing one and two-bedroom units. The proposed concept includes 39 one-bedroom and 11 two-bedroom units on a 1.08-acre parcel. The unit mix and rents are geared to provide a range of affordability, with over 60% of units at or below 50% AMI:

- 5 units (10%) earning at or below 30% AMI
- 3 units (6%) will be offered at 40% AMI
- 23 units (46%) will be available at 50% AMI
- 19 units (38%) will be available at 60% AMI, with rents set at approximately 55% AMI to further support ComCor's mission

The unit and affordability mix were directly informed by ComCor's projected tenant's needs. See the attached Wage Statement for further information on ComCor's participant data and the proposed affordability levels.

Residents will enjoy many amenities, including wall air-conditioning, high-speed internet hook-ups, storage closet, limited access entries and surveillance cameras and on-site case management. Interior community amenities will be centralized on the first floor of the building and will include a large community room with an entertainment kitchen and pantry. On site property management will be provided with maintenance supports. ComCor will be providing case management supports on site that will be available upon request to each tenant. These services will be optional but an ongoing offering to the apartment community. ComCor has extensive history, knowledge, and expertise in providing case management supports to justice involved individuals. Additional community amenity spaces will include a bike storage/fix-it room, outdoor patio/picnic area, fitness room, barber shop, laundry facility and food pantry.

3808 N. Nevada will be constructed over 13 months, using Type V-A wood frame above slab on grade with stucco and cement board siding. The roof will be pitched TPO membrane with rigid insulation and the building will contain one elevator. Windows will be argon filled vinyl and doors will provide commercial grade hardware at common areas and unit entries tied to the security system. The development will be designed and built to meet NGBS Bronze certification, including energy efficiency measures related to envelope improvements, high efficiency mechanical systems, LED light fixtures, efficient plumbing fixtures, and environmentally friendly building materials.

The project is located in the North Nevada Overlay District (NNO), which promotes reduced car reliance and access to transit options. There will be 34 parking spaces, which puts the parking ratio at .68 spaces per unit. This ratio is within range of similar projects in Colorado Springs, and suitable for the residents who would occupy this type of building. Adjustments to minimum parking requirements in the City of Colorado Springs include alternative options to adjust minimum requirements, based on location to transit, bike route or city trail. The nearest bus stop is 300 feet from the site, with routes to the downtown Colorado Springs and the University of Colorado at Colorado Springs (UCCS) campus, which both provide connections to routes traveling through the metropolitan area.

Located in a Qualified Census Tract (QCT) along North Nevada, the site contains a vacant facility owned by ComCor that will be demolished to make way for the new construction building. North Nevada Avenue is a primary north-south arterial through Colorado Springs that connects to Interstate 25 at both ends and is a gateway to the City's historic North-End, downtown Colorado Springs and UCCS. The City approved the Renew North Nevada Avenue Master Plan (MP) in March of 2017 with a goal of creating opportunity and encouraging revitalization in the North Nevada Avenue corridor. 3808 N Nevada is zoned PF/CR NNO, as a Charitable Facility use in the NNO, which indicates zone district standards that support the intent of the MP. As the Central Zone of the MP, goals include new housing that is affordable for existing low-income residents and high-density housing. Specific allowable density is not defined in this overlay zone other than as appropriate via specific market study for the project under consideration. Colorado Springs Planning advises adhering to 1 unit per 900 square feet for a 3-story building based on applicable parallels to R-5 Zoning for multi-family/high density sites that do not have a specified density in their zoning requirement. Given this guideline, the market study, the 3-story building height, and the indicated affordable housing appropriate parking levels, the suggested density max would be 50 dwelling units per acre.

Founded in 1984 and headquartered in Colorado Springs, ComCor provides an extensive range of treatment programs for their justice involved clients in a community corrections residential setting. The program enjoys a substantial rate of success with reintegrating clients into society. ComCor has been integral to the Colorado Springs community in supporting those who are justice involved over the last four decades.

Justice involved persons often face daunting challenges as they move back into the community. These challenges include finding safe and stable housing, maintaining a healthy and chemical free lifestyle while trying to make ends meet financially. Clients often have difficulty qualifying for market rate housing due to their credit histories. The project is being developed in response to the above client concerns and barriers they face in securing safe and stable housing. ComCor and its Board of Directors are committed to redeveloping their property into new, affordable multi-family apartments for their clients as well as families in the Colorado Springs community.

Providing housing for an array of income levels is an important key to the social and economic fabric of the community the development will serve. With client services at the heart of ComCor's model, they plan to provide an on-site case manager for residents. The cost of this ongoing service will be covered through a combination of a supportive services reserve, funding from annual operations and a blend of ComCor resources and other community-based grants.

ComCor will affirmatively further fair housing with his project. Fair housing standards will be protected while at the same time ComCor will consider the unique challenges that justice involved clients face when trying to find safe affordable housing. This project will be available to clients who have either misdemeanors or felonies.

Some clients will not be eligible due to the nature and severity of their offense histories and the associated legal stipulations and restrictions. See the attached Tenant Selection statement for further detail.

ComCor plans to work with Greccio Housing who will be providing ongoing property management. As a property management firm, Greccio has extensive understanding, commitment, and experience with leasing according to fair housing standards and requirements. ComCor will be offering residents case management support related to maintaining a healthy lifestyle and accessing community-based services. Greccio will manage the leasing and rent collection and overall property management. The development will offer a significant housing opportunity for households that may otherwise have difficulty finding housing that is not a transitional facility or non-professionally managed property.

The development will be financed with Federal 9% Low Income Housing Tax Credit equity along with conventional construction and permanent debt, a subordinate must-pay loan from the El Paso County Housing Authority, Division of Housing Enhanced DOH Gap soft funding, the City of Colorado Springs HOME and CDBG funds and a reduced and partially deferred developer fee. In addition, ComCor will provide a land carryback loan for a portion of the land value. Colorado Springs Housing Authority will partner with ComCor as a Special Limited Partner in the development, allowing for property tax exemption.

1. **Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP):** Not applicable

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

a. *Market conditions:* The overall capture rate for the project is 15.9%. Before adding under construction/planned units, including those at 3808 N. Nevada, the capture rate is 11% with LIHTC projects in the area at 0.3% vacancy, including many with waitlists, reflecting a strong demand for affordable housing. The capture rates for 30%, 40% and 50% units are 0.7%, 2.5% and 7.3% respectively. The 60% units are 33.2%, which is over the preferred threshold, however, the project's proposed 60% rents are below max allowable and are approximately 38% below weighted average market-rate rents. Additionally, vacancy in 60% AMI units in the PMA is 0%, along with waitlists for some projects. ComCor also plans to attract justice involved households, which could relocate from outside the PMA and are not included in the number of income-qualified renters. The project will be the first and only LIHTC development geared towards individuals and families involved with the justice system in the PMA.

b. *Proximity to existing tax credit developments:* There are eight existing family tax credit properties, totaling 1,020 units, in the PMA. Six of the eight were built between 2002 and 2021, with one renovated in 2017 and are mixed-income developments that include AMI units between 40% and 60% AMI. These six developments have 0% vacancy with three of the developments maintaining waitlists. The other two of the eight were built in 1972 and 1997 and are mixed-income developments that include AMI units between 30% and 60% AMI. Vacancy at these two was 1.2% with one maintaining a waitlist.

c. *Project readiness:* ComCor has owned the 1.08 acre site for over 30-years with a previously operating facility that still exists. The current buildings will be demoed and the new building will be constructed based on permitted use by right in the North Nevada Overlay Central zone district, promoting high density affordable housing. The development team has worked with the City and neighborhood, including two City development meetings and a community neighborhood meeting, with favorable feedback. Development Plan review with the City along with building permit review with Pikes Peak Regional are expected to be initiated June 2022 with approvals received by February 2023.

d. *Overall financial feasibility and viability:* 3808 N. Nevada has local financial support from Colorado Springs Housing Authority (in the form of a commitment to be the Special Limited Partner to provide property tax exemption) and a subordinate loan from El Paso County Housing Authority. In addition, ComCor has received commitment of soft funds from the City of Colorado Springs and Colorado Division of Housing. ComCor is budgeting less than the max developer fee allowed and will defer a portion of its developer fee.

e. *Experience and track record of the development and management team:* A non-profit located in Colorado Springs, ComCor has been serving justice involved clients, providing housing, residential chemical dependency rehabilitation, and other treatment services since 1984. They have put together a strong development team to facilitate the goal of bridging a gap in affordable housing for their justice involved clients and families in the area, through utilization of their existing properties. Mark Wester, Executive Director of ComCor, has experience in property, facility, and program development. Greccio Housing will be the property manager at 3808 N. Nevada and has a long history in Colorado Springs. Also a local nonprofit, Greccio owns or manages properties throughout the area, providing stable, safe, and supportive affordable-housing options for approximately 1,150 low-income individuals and families annually. With a strong focus on the multifamily sector, Delzell Management Group has been involved in the development of over 2,500 multifamily units and will provide development advisory services for the project.

f. *Project costs:* The total cost of the project is approximately $17.5 million and the development team believes this is in line with costs to develop this affordable apartment community in Colorado Springs. ComCor has selected a talented team of architects (Ratio), development advisor (Delzell Management Group), LIHTC consultant (SB Clark),and contractor (Bryan Construction) who all have extensive experience with multifamily and affordable housing to control project costs through best practices given the recent increase in construction costs. The project's largest cost driver is construction and Bryan Construction is a very experienced affordable LIHTC contractor. Having an extensive understanding of the Colorado Springs construction market, Bryan Construction will leverage their local relationships and competitively bid out all subcontractor scopes of work. The team will also monitor material escalation and any supply concerns throughout the design to ensure final material selections will be available when construction starts and avoid materials with rapid cost escalation.

ComCor has deferred approximately 22% of its developer fee in support of the project, including a lower than allowable developer fee of 12% of the total project costs. This is all in an effort to maximize the value for the future residents of this affordable housing community.

g. *Site suitability:* The project is located in an established neighborhood on an arterial street with a high volume of passing traffic and excellent visibility along North Nevada Avenue. Residents will benefit from a great location in proximity to many services. A convenience store is directly south of the Project and a ComCor owned site to the north that will be converted to a small gym for their clients. Located 300 feet from the project, the 9 and 19 buses provide routes to many locations, including downtown, every 30 minutes. A discount grocery outlet is 0.9 miles from the Project and a community shopping center with retail and restaurants is 1.0 miles. The elementary school is 1.1 miles from 3808 N. Nevada and the middle and high schools are 2.7 and 2.2 miles, with busing available for all three. Childcare is available 0.5 miles away, urgent care 0.8 miles and full-service hospital 1.6 miles. Less than a mile from the Property is Danville Park, offering ball fields, basketball courts, playgrounds, and open green space.

3. Provide the following information as applicable: Not applicable

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

The market analyst had no recommended changes to the Project but mentioned two weaknesses. The one-bedroom unit size is smaller than average and just below the surveyed LIHTC range, with slightly inferior unit features. The location is also considered slightly inferior in that the comparable properties have better access to shopping and services. However, the market analyst noted that the PMA's strong demand for rental housing, as well as the focus on justice involved clients, the weaknesses will not negatively affect the project.

Additionally, the revitalization in line with the MP along North Nevada Avenue will continue to increase access, shopping and services to the area.

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

No Recognized Environmental Conditions were identified in the Phase I environmental report. An Asbestos Report was completed on the site for the existing buildings that will be demolished to make way for the new construction. Asbestos abatement will be completed prior to the demolition of the existing buildings.

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

The project's largest cost driver is construction, and the current construction market is being impacted by material escalation and supply chain disruptions. The team will monitor material escalation and any supply concerns throughout the design to ensure final material selections will be available when construction starts and avoid materials with rapid cost escalation. The construction budget includes an escalation contingency to cover unavoidable escalation; however, the team will also implement a value engineering program to continue to explore additional cost savings opportunities during the design.

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

ComCor has been an integral service provider in El Paso County and Colorado Springs since 1984. ComCor serves people who are justice involved and struggling with a number life debilitating issues from across the community and state. Clients include both men and women who are attempting to put their lives back together and avoid further legal sanctions.

ComCor began networking with the City of Colorado Springs on potentially redeveloping 3808 early in 2021. This included reaching out to city leaders and other authorities to explore the potential of this type of project. As ComCor has described its intentions to redevelop this property in this manner there has been strong support from ComCor's Board of Directors, current clients, community organizations and partners.

The City of Colorado Springs held a publicly noticed neighborhood meeting on January 6, 2022 from 5:30 to 7 pm. There was no community opposition. One neighbor did have constructive feedback about the building design and layout. This feedback was gathered and will be considered as design planning moves forward.

As the planning process has unfolded, ComCor has experienced wide community support for the redevelopment of 3808 N. Nevada. At this writing, the organization is not aware of any substantive opposition. ComCor and its Board of Directors believes that this project with add a significant number of affordable housing units specifically designed to support vulnerable and underserved population.

9% housing credit application narrative

Project Name: **Bluebird Longmont**

Project Address: **2000 Sunset Way, Longmont, CO 80501**

Bluebird Longmont is a proposed Permanent Supportive Housing (PSH) project seeking to address the needs of Longmont residents experiencing homelessness. The 39,430 square foot, four-story building will include 55 one-bedroom units and associated amenities grounded in trauma-informed design (TID). On behalf of the dedicated and diverse development team, Element Properties (Element) is proud to present Bluebird Longmont (BL) as a candidate for 9% Low-Income Housing Tax Credits. BL seeks to provide the best physical living environment and supportive services for residents; this team will make that goal a reality. In the year since the previous application, Element has strengthened the team directly involved with the project, begun the site plan approval process with the City of Longmont, clarified the development budget and financing, and addressed critical barriers to the project's path to success. Some of the key reasons that BL is deserving of an award are:

- **Lowest Income Residents**: BL will immediately provide housing for 55 residents of Longmont who are experiencing homelessness – the most vulnerable in the community.
- **PSH Need in Longmont**: In 2021 alone, 997 adults sought homeless services in Boulder County; however, only two PSH projects, totaling 88 units, exist in Longmont.
- **Community Support**: The City of Longmont, Longmont Housing Authority (LHA), and Boulder County have all committed significant funding to the project, showing strong local government support. A broad coalition of organizations that work with people experiencing homeless have endorsed or committed to partner on the project, and the team has encountered widespread support.
- **Team Excellence**: Element has assembled an exceptional team to develop and operate BL. Shopworks is a nationally renowned architect known for its TID and PSH portfolio, and Element, a community-based developer, has completed more than 1,000 units of housing in Boulder County since 2011 with 40 units of PSH under development. The Boulder Shelter for the Homeless, is widely recognized as one of the state's best homeless service providers, having piloted and excelled at the Housing First model. Project partner LHA will bring its experience working with the homeless and recently housed population, and BeauxSimone will provide guidance for the project's supportive services, vouchers, and property management.
- **Funding Urgency**: In addition to the growing and urgent need for housing for the most vulnerable, this project is approaching its deadline. Element, the City of Longmont, and LHA reached an option agreement in 2019 to transfer the subject property; that option agreement expires in December 2022. The added cost of both annual construction pricing increases and CHFA applications and the imminent expiration of the option agreement make BL a necessary investment now.
- **Readiness to Proceed**: That urgency inspired the team to take important steps. Element and Shopworks submitted an initial site plan to the City of Longmont. The response to that application revealed a requirement for an emergency access easement to the property. In cooperation with the City Manager and the owner of the neighboring mall property, Element secured the required easement, resolving the only outstanding barrier to a clear site plan and building permit approval (see attached Planning Department memo). The project is now positioned to move forward as soon as it is funded.

Location & Density: In our team's experience, PSH projects located in more mixed-use locations generate less neighbor opposition. This site is located adjacent to the existing Suites Supportive Housing as well as commercial properties. The adjacency of two PSH communities will offer efficiencies in the management, leasing, and provision of services. The many commercial neighbors provide retail and employment opportunities for residents. There are no obvious impediments to the site's use for PSH and no neighborhood opposition has been identified. BL will be built to 100% of the allowable density (limited by parking) on its subdivided parcel while also remaining below DOH's maximum per project voucher award of 60. The property is not located within a QCT, DDA or SADDA.

Population Served: BL will provide 55 PSH apartment homes for adults experiencing homelessness.

AMI Targeting: Units will be restricted at 30% of the Area Median Income.

Amenities: The planned building, site, and in-unit amenities at BL are consistent with PSH and TID best practices. Building features will include on-site management, community wi-fi, limited access entries with intercoms, security cameras, indoor/outdoor community space, and on-site laundry. Full-time security/front desk personnel and flexible and responsive programs and services will be available to residents. Each residence will be fully furnished and include a full kitchen (refrigerator, electric stove/ oven, and microwave oven, an appliance package based on our TID research).

Construction Type: The building will be constructed as a Type V wood frame building on concrete spread footings and a concrete slab on grade foundation. The exterior will be a combination of flat-lock metal paneling and stucco. An elevator located near the entrance of the building and two stair cores will provide access to the upper floors. The roofing will be a flat, membrane style roof.

Access to Public Transportation and Job Centers: The property location is served by RTD's BOLT bus route, which connects Longmont to nearby Boulder with multiple stops in each city. The nearest stop along Highway 119 is 0.2 miles from the building site. The location is adjacent to the recently redeveloped Village at the Peaks, a mall that provides over 500,000 SF of commercial space and hundreds of employment opportunities needed to support the grocery, retail, restaurant, and entertainment businesses. In addition to Sam's Club, Whole Foods, and various retail options at the Village at the Peaks, King Soopers, Super Target, and Home Depot are also within walking distance of the site.

Services Provided and Budget: The Boulder Shelter will coordinate supportive services. BL seeks to provide a space for those who live independently but need significant support and those who have co-occurring traumas such as physical and mental health challenges or substance use issues. The Shelter plans to augment its services to residents through partnerships with Mental Health Partners (MHP), Meals on Wheels, Community Food Share (a local food back), Clinica Family Health, Workforce Boulder County, VIA Mobility Services, Safe Shelter St. Vrain, Boulder County AIDS Project, Dental Aid, Longmont Senior Center, and the Center for People with Disabilities. The Shelter will coordinate on-site resident services in addition to case management, transportation, and other supportive services.

The PSH budget will be $8,818/unit, exceeding the $7,200/unit requirement by the Colorado Division of Housing (CDOH). PSH services will be funded through cash flow from the project, Shelter revenue, and an additional 5% capitalization of the development fee that will create a services reserve. The Medicaid program will cover certain services provided through project partners Clinica and MHP. In addition, the sponsor team has applied for Tenancy Support Services (TSS) funding through CDOH. If awarded, TSS funds are anticipated to cover 44% of the supportive services budget.

Sustainability & Energy Efficiency: Group 14 Engineering has designed an extremely energy efficient building that meets our sustainability goals in a cost-conscious manner**.** The project will target energy performance of at least 15% better than the 2018 International Energy Conservation Code baseline and achieve National Green Building Standard Bronze certification. The current design includes several high-performance building systems including high efficiency air source heat pumps; central condensing domestic hot water plant; low flow plumbing fixtures and native landscaping; low-power density LED lighting package and Energy Star appliances; above-code windows and envelope insulation systems; and electric vehicle-ready infrastructure and Solar PV, including a 35kW roof-mounted system annually producing of 53,000 kWh per year.

Financing: BL has attracted a substantial amount of soft subsidy, both a testament to the level of local support and an effort to minimize the reliance on 9% LIHTC. The project's financing includes 9% LIHTC equity, debt, funding from CDOH, land and other in-kind contributions from the City of Longmont and LHA, Boulder County Worthy Cause funds, and a deferred developer fee.

Changes Since Previous Application: The most notable change since the previous application is the shift in staffing by Element. Catherine Bean, Scott Holton, and Chris Jacobs have all stepped in to improve the project's budgeting, readiness to proceed, and overall feasibility.

Since the previous CHFA application, the developer and architect submitted a site plan for review. This revealed the need for an easement, a major roadblock to project feasibility that was not previously identified. Element addressed this issue, meaning the project is now ready to proceed and will not fall prey to any other discretionary approvals.

The new Element team refined project financials, including the development budget, revenue, operating costs, and capital sources. Element scrupulously updated the development budget to incorporate actual costs instead of estimates. New fair market rents (which are more than 8% higher than last year) and more competitive financing options have generated $2,400,000 in additional debt proceeds. This additional debt accounts for an $52,000 increase in annual operating costs that better reflects PSH, including staff benefits that had been omitted last year. Element also bolstered the capital stack by pursuing the maximum CDOH gap funding of $4,125,000. These changes have resulted in an annual 9% LIHTC award request of only $650,824, an almost 34% decrease from last year.

Best Practices for Homeless Housing: In pursuit of a best-in-class project, the team embarked on an effort to ensure that the BL design was the beneficiary of "lessons learned" from a variety of stakeholders, providers, and residents of PSH. Details of this research are described in the attached TID report and incorporated into the project plan. The research resulted in, for example, an amenity space that meets all the program needs of staff and hopes of potential residents. We designed a desirable laundry spa on the top floor featuring exceptional views and space to gather. Residents also emphasized the importance of safety and cameras along with "24-hour staff," which will be present at the building. The units will feature full kitchens in response to residents' view that the ability to cook is a form of independence and healing. Apartments will offer full size beds in response to feedback that twin beds were too small and felt institutional. The project team has fully embraced the TID best practices and learnings from research from individuals with lived experience to ensure this housing offers healing and thriving.

1. **Priorities Section 2 of the QAP**: BL will serve homeless persons as defined in Section 5.B.5.

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

Market conditions: The demand and need for more PSH is overwhelming. The market study indicates the capture rate for BL is 14.7% and three surveyed PSH properties have extensive waitlists. This capture rate may be somewhat overstated, given that households at risk of becoming homeless were not counted during the point-in-time count, and the Shelter served more individuals than counted in the survey. In 2021, 997 adults experiencing homelessness sought services through coordinated entry in Boulder County. Of those, 413 qualified for a referral to the Shelter and a possible local housing solution. There are approximately 300 individuals in the Metro Denver Homeless Initiative OneHome system. Of these, over 225 are on the pre-match list and ready for PSH placements. Lease up is expected to take only five weeks.

Proximity to existing tax credit developments: BL will be adjacent to LHA's Suites Supportive Housing which received a LIHTC award in 2016. In addition to the economies of scale that will reduce both operating and services expenses, there will also be leasing efficiencies. The Suites currently has an extensive waitlist, and the market study did not identify a leasing risk for either property. The recently awarded 73-unit Coffman Street Apartments will include 12 units targeted to homeless households.

Project readiness: The project is shovel-ready and will proceed with full design and building permit submittal after LIHTC award. The project team has continued to meet with Planning staff to address questions, creating a clear path to site plan and building permit void of any discretionary approvals.

Overall financial feasibility and viability: BL is financially feasible pending an award of 9% LIHTC and CDOH gap funds. Because this site is not in a QCT or a DDA and because bond cap is very limited, a 4% option is infeasible or would require a substantial increase in soft funding from unidentified sources. Because this is a PSH project that requires CDOH project-based vouchers, a project of this size would risk availability of vouchers and enough CDOH gap funds in a 4% award round. In addition to LIHTC equity, Element assumes permanent loan proceeds, CDOH gap funding, Boulder County Worthy Cause funds (already awarded to the project), and deferred developer fee to complete the project's capitalization. Additional subsidy will be received through the contribution of the land and other subsidies by the City of Longmont and LHA. With the help of project-based vouchers from DOH, half of the property's cash flow (after payment of deferred developer fee) will be dedicated to fund resident services.

Experience and track record: The development team, including Element, LHA, Shopworks, BeauxSimone, and the Boulder Shelter and its sister agencies, has substantial PSH and LIHTC experience. These organizations bring extensive expertise in design, construction, capital markets, and developing and operating LIHTC-financed PSH projects. Element completed the Nest Communities project (238 units) in 2017, Spark West (45 units) in 2018, and Ciclo Apartments (38 units) in 2020; Bluebird Boulder (40 units of PSH) is currently under development. The three Element principals, Catherine Bean, Scott Holton, and Chris Jacobs, as well as the company's controller, Christy Valentine, will play important roles in the development of the project. Catherine will lead the overall project; Scott is coordinating design and approvals; and, Chris, with prior experience at a tax credit syndicator, will lead the financing. The company also hired a development associate to support their affordable housing projects. The Shelter brings their extensive experience in PSH products and has been in operation since 1987. BeauxSimone will ensure all staff and services follow PSH best practices. Shopworks is a national leader in TID and has completed the design of 17 PSH projects and at least 21 LIHTC-financed projects.

Project costs: The project costs reflect current hard cost information and have been reviewed and verified by I-Kota Construction, the project's general contractor. The total project costs are estimated to be $331,000 per unit, $224,000 of which are hard costs. Element recognizes that this is a 12.7% increase in costs from the 2021 application and does not make this request lightly. Of the $2.05M increase, $1.83M can be attributed to hard cost increases. While most of this increase is due to the rising labor and material costs that all projects are experiencing, Element determined that the previous application lacked some critical components, including funding for security systems and cameras and upfront replacement reserves. Element has also tightened the budget through appropriate due diligence, including calculating actual building permit and development fees, securing contract amounts with all design professionals, and gathering actual estimates for financing due diligence, origination, and legal. This important budgeting process should give CHFA more confidence that the project can actually be achieved for this amount.

Site suitability: The site is well suited for PSH: centrally located in Longmont, convenient to transit, adjacent to the Village at the Peaks mall, close to the existing Suites supportive housing community, and in a mixed-use setting. BL will be bordered by the rear of a Sam's Club to the west, vacant land to the north that is separated by drainage, the Suites Supportive Housing to the west, and a surplus of commercial surface parking to the south. There are no obvious impediments to the site's use for PSH and no neighborhood opposition has been identified.

3. **Justification for Waiver of Any Underwriting Criteria**: None.

4. **Market Study Issues**: None.

5. **Environmental Report Issues**:

The Phase I identified no recognized environmental conditions (RECs), controlled recognized environmental conditions (CRECs), nor historical recognized conditions (HRECs) on the property. No additional environmental investigations are recommended. Due to the local prevalence of radon, however, a passive sub-slab depressurization system with vertical stacks to vent above the roof will be installed.

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

Although these line are expensive, they are critical to the long-term success of PSH residents: 1) furnishing all units and common amenities provides stability for residents in their transition from homelessness; 2) the addition of a 5% developer fee to create a services reserve to help fund supportive services necessary to keep residents housed; 3) PSH best practices dictate smaller units, resulting in a higher cost per square foot; and 4) best practices also dictate more square footage for circulation, common areas, casework, and security to facilitate relationships that lead to resident stability.

In addition, building costs on the Front Range are extremely high. According to expert service providers and PSH managers, however, it is important to serve the population where they live or potential residents may not succeed in housing. The development team has offset these high costs by obtaining a land contribution and permit and development fee reduction from the City of Longmont and LHA, as well as gap funds from CDOH and Boulder County. We recognize that construction costs have increased 18.3% since our application last year. This increase represents the increase in labor and material costs that the entire industry has seen since last year. However, the project team has taken measures to mitigate the rising costs, including working with the neighboring property owner and the City to relocate the sewer line, saving more than $65,000.

7. **Community Outreach, Opposition, and/or Support:**

Bluebird Longmont has received resounding local support from Boulder County organizations that understand that the homelessness crisis is a housing issue. The Project team has performed significant outreach with fellow services providers and city representatives. At the beginning of the project, Shopworks, who is at the forefront of TID research nationwide, trained the Project Team and all who would encounter this project. This training included twenty-five individuals from Element, the Boulder Shelter, City of Longmont housing and planning department staff, the Civil Engineer, the landscape designer, and a current resident of the Suites, among others.

Several publicly noticed City Council meetings discussed the Project and the City's funding support. All neighbors within 300 feet of the project received mailed notice of the project. To date, no local opposition to the project has been identified.

Significant local financial assistance has already been committed. The City of Longmont and LHA are jointly providing the land for the project. The city has also provided a $250,000 loan for pre-development, a waiver for half of the building permit and development fees (more than $470,000 in savings), and a parking reduction. Boulder County awarded $500,000 of Worthy Cause Funds, and the property will receive a property tax exemption from LHA. BL has also applied for $4,125,000 in DOH gap funding and $198,000 in annual Tenant Support Services funding.

Additional Documentation: (1) Bluebird Trauma-Informed Design Report; (2) City of Longmont Planning Department Memo

9% housing credit application narrative

Project Name: **Brigit's Village**

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

Executive Summary

St. Brigits Apartments, LLLP is grateful for the opportunity to submit an application to CHFA for 9% Low Income Housing Tax Credits ("LIHTC") for Brigit's Village. The proposed development is a partnership between the landowner, St. Brigit's Episcopal Church, and Jon Peterson, an experienced tax credit attorney and owner of affordable properties. If awarded, **this will be the first LIHTC-financed housing community in Frederick**, thereby affording low-income seniors the ability to age in place and families, a large number of whom are single parent households, the opportunity to live close to jobs and schools within the risk of being priced out. The program includes twenty-two (22) one-, fifteen (15) two-, and three (3) three-bedroom apartments with eight (8) units at 30% AMI, eight (8) units at 40% AMI, seven (7) units at 50% AMI, and seventeen (17) at 60% AMI. The forty (40) total units is the appropriate density for the site given the surrounding low-density context and the Town's parking requirement, which requires construction of a large surface parking lot. The Project is located adjacent to St. Brigit's Episcopal Church and is 0.5-mile north of Frederick's downtown. There is no public transportation in Frederick, however, Weld County operates a scheduled and subsidized van service for seniors seven days a week. The site is in census tract 20.16 which is not in a 2021 QCT or DDA.

Brigit's Village will be one-building with approximately 38,626 GSF in a three-story, elevator serviced, wood framed structure. The building is cost effective to build and manage, visually appealing, and complementary to the single-family homes in the surrounding neighborhood. The foundation design is a structural slab on grade. An acoustical mat with gypcrete will minimize sound transfer between the units. The building skin will be fiber cement board and batten lap siding. All exterior walls will utilize batt insulation with a weather barrier. The roof will be of pre-manufactured wood trusses insulated with batt and topped with a white TPO membrane. The project will meet the Bronze certification under the NGBS program and include "all-electric ready" mechanical design and EV-Ready car charging for future conversion/use as needed. Unit amenities will include first floor patios, Energy Star appliances, large closets, in-unit washers and dryers, and hard surface flooring (carpet in the bedrooms). Onsite amenities include a fitness room, a community room with a teaching kitchen, bike storage, and on-site management. A large community room will be made available to the community for use free of charge. Brigit's Bounty, a local community garden nonprofit, is located adjacent to the project and will be offering their programs and community food share to residents of Brigit's Village.

Financing for the Project will include federal tax credit equity generated from the sale of 9% LIHTC, permanent financing, soft financing from Colorado Division of Housing ("CDOH"), deferred developer fee, and a significant contribution of local impact and permit fees by the Town of Frederick. An application to Weld County for CDBG funding, whereby the Town of Frederick is serving as the sponsor, is under review. The Weld County Housing Authority will be a special limited partner in the deal, providing property tax exemption and sixteen (16) Project Based Vouchers for the 30-40% AMI units. Since last year's 9% application, the following aspects of the project have changed: increased construction costs (approx. $1.1M) due to material and labor cost escalations and inflation, as well as enhanced municipal and community support in the form of a Town-sponsored application for CDBG funding and new letters of support/interest from various service providers.

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

Not applicable. The project does not provide housing for homeless persons, persons with special needs, and it is not located in a county with a population of less than 180,000.

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

Market conditions: There are no existing or proposed LIHTC developments in the PMA. The Project has an existing capture rate of 0% and a required capture rate of 11%. Occupancy rates for comparable developments outside the PMA are at or near 100%. The LIHTC projects outside the PMA are achieving rents at or near maximum allowable amounts and are in counties with higher maximums than Weld County, where Brigit's Village is located. Market rate developments within the PMA have surveyed vacancy rates of 0% while subsidized properties outside the PMA have an average surveyed vacancy rate of 1.1%. Four LIHTC and deeply subsidized properties outside the PMA have waitlists with at least 20 applicants. Given the project's proximity to Interstate 25 and Longmont, it should appeal to renters from Boulder or Adams County seeking a better rent value. These factors indicate there is pent-up demand for affordable rental housing in the PMA and that there will be more than adequate demand for Brigit's Village.

Proximity to existing tax credit developments: Brigit's Village would be the first family LIHTC development in the PMA and there are no competitive units planned, under development or in lease-up in the PMA. Most of the closest comparable LIHTC developments are within 8-12 miles of Brigit's Village. Dacono Senior Apartments, in the adjacent town of Dacono is a 20-unit senior LIHTC deal built in 1998.

Project Readiness: The project will be able to meet the carryover requirements given that the entitlement process is administrative and does not require any public hearings or discretionary reviews by the Frederick Board of Trustees. The site is zoned correctly for the use, parking requirements are met, and the administrative building permit review process will take 6-9 months. We do not anticipate hurdles securing financing and have been conservative in our underwriting process. Finally, the Phase 1 indicated no recognized environmental conditions.

Overall financial feasibility and viability: The Project is financially feasible if awarded an allocation of 9% LIHTC. In addition to the federal equity from Red Stone for this application, we are assuming construction financing from First Bank, permanent financing from Rocky Mountain CRC, soft financing from DOH and the Town ($200,000 in CDBG), and deferred developer fee. The Town of Frederick is providing $535,000 in local permit fee waivers. The Weld County Housing Authority's Board has agreed to provide sixteen PBVs to the units at 40% AMI and below and will enter into the partnership as an SLP in order to provide property tax exemption. An application to Weld County for $450,000 in CDBG funding is under review and a decision is anticipated by April 1, 2022. These funds, if awarded, would reduce the amount of deferred developer fee or permanent debt leveraged by the project, or provide additional cushion should construction costs continue to escalate prior to closing.

The equity syndicators, lenders and our financial consultant RCH Jones Consulting, have run the current project assumptions through their tax credit financial models. This extensive up-front conservative underwriting has shown that as proposed and with the current information, there are minimal risk points. Our approach to internal collaboration between design, construction and management maximizes operating efficiencies without compromising resident comfort, ongoing compliance, or building durability and maintenance.

Experience and track record of the development team: St. Brigit's Episcopal Church, initiated the project concept in 2015. The Church is selling the land to the partnership and will receive 25% of cash flow after payment of deferred developer fee. While they do not have affordable housing experience, they bring credibility on the local level to the project, are facilitating a partnership with Brigit's Bounty (a local nonprofit), as well as connections to interested, potential future residents. Blueline Property Management is an experienced manager of affordable housing in Colorado and will be the property's manager. The Project's architect and general contractor also have decades of Colorado affordable housing experience. To help facilitate, the developer has engaged two Colorado based consultants, Ryan Hibbard Jones (RCH Jones Consulting) and Shannon Cox Baker (SCB Consulting, LLC) who will provide development management and financial advisory services to the project. Ryan and Shannon have a combined 28 years of experience in the affordable housing industry having managed the development of various affordable housing communities across the US, particularly in Colorado.

Jon Peterson is a real estate investor and real estate lawyer who has owned multifamily investments since 1997. His investments include initial small investments including single family homes and duplexes rented to both low income and market rate tenants, which has grown to 156 additional units in two tax credit assisted projects as well as two strip malls and a large single tenant medical manufacturing office / warehouse. In all his investments include nine properties totaling in excess of $20M in value. Jon has also been an affordable housing and community development lawyer since 1995 and has assisted affordable housing developers in closing hundreds of affordable housing transactions involving thousands of affordable units and over a billion in financing. Jon typically assists developers in closing 15 to 20 affordable projects annually which are financed in part using low-income housing tax credits.

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

Site suitability: The property is located 0.5-mile north of downtown Frederick, which is accessible from Interstate 25 and Highway 52. It is 25 miles north of Denver, 35 miles southeast of Fort Collins, and located in the Greeley MSA which has 325,435 inhabitants. The flat, undeveloped 2.0-acre site faces a minor street with low traffic volumes. It is located in an established area and is surrounded by moderate-income single family residential development built in the 1920-80s which are in average condition and sell for $300,000-400,000. It is not located in a QCT. The site is zoned for the proposed use. St. Brigit's Episcopal Church and their community garden, which is run by the nonprofit they founded (Brigit's Bounty), border the site. The church and the garden's proximity to the proposed development will facilitate volunteer partnerships and help expand community access to and programming of the gardens.

Frederick, like most towns east of I-25, is a car-dependent community. There is no public transportation in Frederick, other than a Weld County-run scheduled van service for seniors, and the walk score is low. However, the closest convenience store is within 0.3 miles, Safeway (a national grocer chain) anchors a neighborhood shopping center (Ace Hardware, State Farm, Great Clips) within 1.0 mile, and discount stores (Family Dollar, Echs Discount Groceries) is within 1.2 miles. Walmart and other big box retailers are located in Longmont and Broomfield which are 10 miles to the west and south, respectively. The property is located within the St. Vrain School District. A preschool, K-8 school and the high school are less than 1.0-mile from the property. The Aims Community College and the University of Colorado – Boulder are 8.3 and 18.5 miles from the site, respectively. The UCHealth Longs Peak Hospital, the nearest full-service hospital, is 7.5 miles northwest of the site. Community services such as the library, post office, city hall, senior center, and local head start center are all within close proximity to the site.

3. Justification for any Underwriting:

Not applicable

4. Provide the following information as applicable:

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

Not applicable

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

While the market study notes that the unit sizes are slightly smaller than the market standard and the location is slightly inferior to five of the seven Class B and C LIHTC properties outside the PMA in Longmont and Brighton, the pent-up demand and the site's proximity to parks, schools, and a recreation center should not impact marketability.

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

The Phase 1 investigation did not reveal evidence of a Recognized Environmental Condition (REC) in related to the site. The investigation firm believes the former oil and gas tank battery remediation to the north of the site has been well documented and does not present a risk to the site. The groundwater monitoring data gathered from that effort provides additional assurance that both the abandoned and capped wells to the north and the well to the east of the site do not present significant impacts to the site.

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

Total local fees are relatively expensive which have been reduced by the Frederick Town Board of Trustees. The major cost driver is the Town's requirement that the project purchase water shares, which are currently valued at $65,000 per share. **The Town Board of Trustees, in acknowledgement of this unavoidably high cost, has voted in favor of waiving nearly 90% of fees under their jurisdiction ($535,000).** An application to Weld County for $450,000 in CDBG funding has been submitted and is under review. If awarded, the funds will further reduce the high cost of Frederick's water fees. During the entitlement review process, the development team will work with the Town's engineer to pursue a partial water share reduction through the use of non-potable water for irrigation.

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

Volunteers from the St. Brigit's Episcopal Church actively began pursuing an affordable housing development opportunity for the site in 2015. In addition to their tireless advocacy and recruitment of other service provider partnerships (I Have a Dream Foundation, United Way and the Frederick Library), they have set up a website (Brigit's Village) in order to solicit interest in the development. The Town of Frederick has also shown incredible support for the proposed development. The Board of Trustees voted 5 to 1, on two separate occasions to support the project though fee waivers. Additionally, the Town of Frederick is submitting the application for CDBG funding to Weld County on the project's behalf as a local government sponsor is required.

9% housing credit application narrative

Project Name: Brush Village II
Project Address: Northwest corner of Mill Street and Weisbart Street, Brush, Colorado

Executive Summary

Northpointe Development II Corporation is excited to present an application to CHFA for 9% Low Income Housing Tax Credits ("LIHTC") for *Brush Village II* (the "Project"). This new construction multifamily development will provide 45 apartments for households at 30%, 50% and 60% AMI. The unit mix is 29 one-bedrooms and 16 two-bedrooms. **This will be the first tax credit development in Brush in nearly 30 years.** This will also be the first development that provides affordable rentals specific to the 30% and 50% AMI demographic in Morgan County.

The project will promote economic mobility by providing affordable rents and high-quality housing in a rural area. As evidenced through the **numerous letters of support**, the areas large employers report high numbers of unfilled jobs and the need to import workers from as far away as Greeley. The lack of quality, affordable housing is an acknowledged impediment to economic vibrancy and mobility locally. Per the City Administrator, "We're in a housing crisis. To add any apartments is amazing from my end. Our working-class poor is our hardest to find housing for." A recent market rate rental project in nearby Fort Morgan leased up quickly. Rents at Brush Village II will be 45% to 71% lower.

With large unit sizes, thoughtful site amenities, and achieving NGBS Bronze standards, *Brush Village II was intentionally designed to promote the health and well-being of our future residents*. Northpointe Development and Shopwork Architecture have designed a place where residents will be proud to live, learn, and grow. The design of the building takes inspiration from the surrounding prairie and sky, and the extraordinary adjacent open space and park amenities create welcoming opportunities for gathering and community connection. Open space is organized to support residents and families closest to the building, with more active and public uses, including birdwatching, further away. Northpointe is proposing to hire an artist to create a mural on the west wall of the building, celebrating the local community and creating a visual welcome to Brush on Mill Street.

Units range from 615 SF for a one-bedroom to 916 SF for a two-bedroom. They will include 9' ceilings, in-unit washer/dryer along with wall air conditioning, blinds, luxury vinyl tile floors, high-speed internet hook-ups, a ceiling fan, coat closet, pantry, refrigerator, stove/oven, dishwasher, disposal, and microwave. Some units will have walk-in closets. The site features walking trails, an exercise loop, sports court, courtyard, playground, and community garden. Building amenities include a roof-top patio, an exercise room, café/community kitchen, community room, recreation room, and on-site management. Northpointe also intends to utilize energy modeling by Group 14 to refine utility allowances further along in the design process.

Brush Village II will be a three-story elevator building that has a brick and hardiplank siding exterior, varied elevation, third floor balcony and flat roof. The building will be approximately 47,835 GSF in a wood framed structure. The foundation design is a structural slab on grade.

The Project is in census tract 7.00 which is not in a 2021 QCT or DDA. The site is 3.93 acres and is zoned RE-2J-BR, which permits the subject's proposed use. Northpointe has worked with the City of Brush to provide improvements in lieu of land, to meet the site's open space requirement on City owned land adjacent to the site. This creative approach will benefit the residents of Brush Village II and broader community with public access to both a newly improved park and community garden.

Financing for the Project will include federal tax credit equity generated from the sale of 9% LIHTC, permanent financing from Colorado Housing and Finance Authority, soft financing from Colorado Division of Housing at $65,000 per the new EDG Guidelines for rural communities, deferred developer fee, and a significant incentive package local tap, impact, permit fees and funding by the City of Brush. BHA as a special limited partner in the deal will provide property tax exemption as well. Total local sources is expected to be over $450,000, representing approximately $10,000 per unit.

1. Qualified Allocation Plan Priorities

This project meets the QAP Priority for **non-metro counties serving populations of less than 180,000**.

2. QAP Plan Criteria for Approval

a. Market Conditions & Proximity to Existing LIHTC Developments

The Property is located in Brush, Morgan County, located at the intersection of Mill Street and Weisbart Street, adjacent to another LIHTC property, Brush Village. The adjacent Brush Village is a combination of two and three-bedroom units built in 1994. There are four other LIHTC financed properties in the market area; three of these have subsidized rents, and one is age restricted. The only property affordable rental housing built since the early '90s is Sol Naciente, which was constructed in 2016 with deep subsidies from USDA for farmworkers. The current vacancy rate for the PMA is 5.2%. The market data indicates a total capture rate of 15.6%.

CentrePointe Square is market rate rental project of similar quality that was built last year in Fort Morgan. The property leased quickly at significantly higher rents that what are proposed for Brush Village II. Brush Village 30% AMI rents are 70% lower, 50% and 60% rents are 45% lower.

b. Readiness-to-Proceed

Brush Village II is ready to proceed.

- The site is zoned for the intended use evidenced by a zoning letter included within the application. Review of the final site plan is administrative and does not require a public process. Site plan approval is expected by late 2022;
- The Phase 1 Environmental Assessment indicated that no Recognized Environmental Conditions were discovered;
- Schematic drawings have been priced by a paid third party and the proposed building is financially viable to construct based on current assumptions;
- Financing and funding commitments from the sources identified in this application would be secured by the end of 2022 and early 2023.
- A Geotech was ordered and found no major issues of concerns

c. Overall Financial Feasibility and Viability

The Project is financially feasible if awarded an allocation of 9% LIHTC with a discretionary basis boost. In addition to the federal equity from WNC, Northpointe is assuming construction financing from Legacy Bank, permanent financing from Colorado Housing and Finance Authority, soft financing from DOH at $65,000/unit through EDG, and deferred developer fee. The city will provide ARPA funds as well as local tap, impact fee, permit fee waivers, and sales and use tax exemptions. BHA will provide property tax exemption and waitlist sharing.

Northpointe Development Corporation and our financial consultant RCH Jones Consulting have run the current project assumptions through their tax credit financial models. This extensive up-front conservative underwriting has shown that as proposed, there are minimal risk points. Under current assumptions, the project maintains an estimated debt coverage ratio to 1.16 through the initial compliance period using standard escalation and vacancy assumptions.

Experience Track Record of the Development and Management Team

Northpointe Development Corporation is based in Wisconsin and specializes in multi-family housing development. Northpointe Development Corporation has recently opened a Denver office and is committed to a long-term presence in Colorado. Founded in 2011, Northpointe has received 29 LIHTC awards and developed over 1,200 LIHTC units. They currently have $230,000,000 in development. This will be their first LIHTC allocation in Colorado, where they hope to continue their legacy of problem solving and effective execution.

To help facilitate Brush Village II, Northpointe has assembled a strong team of local experts, including Shopworks Architecture, KCI Construction, and Hudson Property Management. Northpointe has also engaged Ryan Hibbard Jones (RCH Jones Consulting) and Willa Williford (Williford, LLC) to provide strategic direction and financial advisory services to the project. Ryan and Willa both have 20 years of experience in the affordable housing industry having managed the development of various affordable housing communities across the US, particularly in Colorado.

d. Cost Reasonableness

The Project costs have been reviewed and verified by a third party, KCI Construction. A number of strategic measures have been taken to contain costs and bring resources to the development.

- Northpointe Development Corporation secured the land at a discount from Northeast Housing Colorado Inc.
- Shopworks Architecture has designed a building that is highly efficient from an environmental and constructability standpoint.
- The City of Brush and Brush Housing Authority have stepped up with participation and incentives above and beyond what is typical for a small rural community.

e. Proximity to Existing Tax Credit Developments

The PMA has five existing LIHTC properties containing 138 income restricted units. Brush Village 1 was built in 1994 and is adjacent. The other properties are older and are located within one to nine miles of the subject site. **Four out of Five of these properties are facing the end of their Land Use Restriction Agreements.** There have been no LIHTC awards in the PMA in since 2014. There are **zero** non-subsidized 30% or 50% LIHTC units within the PMA. The expected absorption period of Brush Village II is six months based upon leasing eight units per month.

f. Site suitability

The site is suitable for the intended use for the following reasons:

- The site is in a developed residential area and is walkable to many Brush amenities and services. The site is already served by utilities and is zoned appropriately.

- The vacant site has no known environmental hazards or Recognized Environmental Conditions and no known wetlands or other physical attributes they may compromise or inhibit development.

- The Project is located adjacent to an existing LIHTC project, Brush Village I. Northpointe Development Corp has expressed interest in purchasing and re-capitalizing Brush Village I. With or without shared ownership, the proximity of the two properties will create the opportunity for community building and long-term operating efficiencies. Operating rural properties often becomes challenging to staff efficiently, but the ability to share maintenance and management personnel would support greater long term financial sustainability.

- The schematic design includes 77 parking spaces that the zoning requires, although a variance request is in process to reduce to the 57 spaces commensurate with similar housing in rural areas.

- The City of Brush is small and walkable. Brush Village II is within walking distance of a convenience store, park, elementary school, primary school, and senior center, and within a mile of childcare, government services, a medical clinic, hospital, library and grocery store. The city's secondary education campus, which opened in 2019 is directly across Mill Street. The only public transportation is County Express, which provides on-demand, scheduled pick-up service to destinations throughout Morgan and Phillips counties.

3. Other information as applicable

Justification for waiver of any underwriting criteria

Not applicable.

Justification of financial need for basis boost

We are requesting a small discretionary basis boost for this Project, largely due to a declining NOI, which limits our debt leverage. Further, Brush and Morgan County are not entitlement locations, so there are limited local funding sources. Finally, due to the rural location, we are assuming lower credit than metro market pricing levels. Our annual credits per unit is well within precedent levels with the discretionary boost.

4. Issues Raised by Market Analyst

No issues were raised by the market analyst.

5. Issues Raised by Environmental Report

No Recognized Environmental Conditions on site.

6. Unusual Features Driving Costs and Opportunities for Containment

The following attributes support cost containment:

- The three-story elevator served building is designed to be attractive and efficient to build. All unit types stack across three floors and the building has 85.9% floorplate efficiency, which is higher than many multifamily buildings.
- Discounted land from a mission aligned agency – Northeast Colorado Housing Inc.
- The highly energy efficient building will be cost effective to operate long term.

7. Community Outreach

Northpointe Development Corporation has worked diligently with the City and local stakeholders to create a development proposal that is responsive to local needs. This work has produced a collaborative partnership with the City of Brush and community, bringing in creative solutions and local resources. A prime example is the Improvements in Lieu of Land Dedication, which will create a greater open space amenity for Brush Village II and the community at large. Between the City and the Housing Authority, local financial support for the project is valued at about $450,000 plus additional exemptions from taxes. The Project has received letters of support from the Mayor of Brush, Brush City Administrator, Morgan County Board of County Commissioners, Brush Schools, Brush Housing Authority, and several area businesses, including Cargill and Bank of Colorado.

9% housing credit application narrative

Project Name: CCH Broomfield Senior Apartments

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

Executive Summary

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

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

CCH Broomfield Senior Apartments will provide a supportive, services- and amenity-rich environment where the community's seniors across the income spectrum can thrive. Furthermore, the complete site will be developed in partnership with Senior Consulting, LLC who will be creating a market rate enhanced active living community called The Olivia adjacent to CCH Broomfield. CCH's residents will have access to a variety of services at The Olivia that will compliment CCH's and the City of Broomfield's offerings. CCH has a proven track record in Colorado, with Hatler-May being CCH's most recent new affordable development, and CCH has collaborated closely with City and County of Broomfield staff to better understand the housing needs in this community. The proposed project directly responds to the community's need for senior housing by offering a deeply affordable unit mix, a design that promotes enjoyable and healthy living,

Unit Mix			
AMI	**1-BR**	**2-BR**	**Total**
30%	7	1	**8**
40%	7	1	**8**
50%	18	1	**19**
60%	16	2	**18**
70%	10	2	**12**
80%	5	1	**6**
Employee	-	1	**1**
Total Units	**63**	**9**	**72**

plus the partnership with Senior Consulting, LLC, the City's rich array of senior services and CCH's on-site staffing and services plan that will support residents to successfully age in place while maintaining maximum independence.

Located adjacent to The Harvest Station master planned community on Wadsworth Boulevard, *CCH Broomfield Senior Apartments* will be a three-story slab on grade wood framed building with two elevators, designed to serve seniors aged 62 and over. CCH worked to maximize the density on the site providing 72 units on 2.1 acres. The entire campus provides 232 units total over the 6.1 acres.

Unit Amenities will include: full kitchens with energy-efficient appliances, including microwaves and dishwashers; free in-unit Wi-Fi; step-in showers; Juliet balconies; vinyl plank flooring; coat closets; blinds; and 9' ceilings.

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

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

Outdoor amenities will include:

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

Services and amenities provided from adjacent enhanced living senior development will include:

- Restaurant/pub
- Lifelong learning and fitness/wellness center; wellness center staffed by a nurse
- Spa/salon

Energy Efficiency

CCH Broomfield will be an all-electric development. The project will be certified through Enterprise Green Communities with a focus on healthy living. CCH has contracted with Energetics to provide EGC Certification and integrate energy efficiency into the design from the outset. While this project is not specifically seeking an advanced certification like ZERH due to cost constraints, we are designing with sustainability in mind. CCH is working with Energetics to maximize building performance, reduce energy usage, increase indoor environmental air quality, and minimize environmental impact for the life of the property.

Market conditions

The overall capture rate for the project is 16.8%. There is strong demand for new affordable senior units in Broomfield, with the only two existing properties fully-occupied with waitlists. In total, those two properties have only 138 units. There has not been a new senior LIHTC property opened in Broomfield for 19 years, since 2003. Total age- and income-eligible households after factoring out-of-market draw is projected at 2,541 in

2022. There is an under-construction senior LIHTC property about 2.5 miles to the south of the subject in Westminster that falls within the PMA defined for the subject. We note that even with the addition of the subject and all planned/under-construction units, the overall capture rate remains low, at 16.8%.

Proximity to existing tax credit developments

There are two existing senior LIHTC properties, one under-construction and one project with 100% Section 8 rental assistance.

Broomfield Greens (2003) 50 units: The property reported full occupancy charging maximum rents with a waitlist of 74.

Town Centre Senior Apartments (2000) 88 units: The property reported full occupancy charging maximum rents with a waitlist of 25.

Heritage at Church Ranch (under construction) 205 units: The property is about 2.5 miles away in Westminster and is expected to be completed in spring 2022 so will likely be fully leased prior to CCH Broomfield starting construction.

Maryel Manor (1980s/2016 PIS) is an older, income-restricted senior apartment property. All units have Project Based Section 8.

Project readiness

CCH has an enforceable Purchase and Sale Agreement with the master developer of the site: Senior Consulting, LLC. The master developer has been in concept review for the master development since July and has almost completed that process. CCH has completed concept design work and is submitting for entitlements in February. All project approvals will be administratively handled. The formation of the Broomfield Housing Authority will also expedite the City's approval of funding and fee reductions. As detailed in the attached *Zoning Letter*, CCH's plans meet all development standards and are subject to administrative approval only. This project is a high priority for Broomfield as they recognize the critical need for affordable senior housing so we anticipate expedited processing.

Overall financial feasibility and viability

CCH Broomfield Senior Apartments has strong support from the City of Broomfield and with the formation of the Broomfield Housing Authority will be in line to receive City in lieu fee funding along with reduction in impact fees. CCH also has a very strong balance sheet recently receiving over $34 million in cash out proceeds from refinancing of existing properties to go along with its existing $16 million in reserves. The development budget for this project has been vetted by CCH's development team, the general contractor, property management, engineers, and architects to ensure a high level of efficiency with its design and costs. Furthermore, CCH is investigating the possibility of either modular or prefab construction to mitigate any anticipated construction cost increases in the current inflationary environment.

Experience and track record of the development and management team

CCH Broomfield will be developed, owned, and managed by Christian Church Homes. Christian Church Homes

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

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

Christian Church Homes' founder developed one of the first federally-subsidized senior communities in 1959 in Denver, Campbell-Stone Memorial Residence. CCH has developed a total of 26 facilities since 1964, including 21 funded by the HUD Section 202 Supportive Housing for the Elderly program. CCH is currently constructing or rehabilitating over 300 units for low-income seniors. All of CCHs housing properties serve elderly residents.

Project costs

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

- Creating a 3-story concept instead of a more common 4 story building
- Investigating potential of both modular and prefab construction for this site
- Utilizing both an architect and general contractor who are focused on maintaining budgets in order to achieve future CCH business as we expand our portfolio

Site suitability

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

A pedestrian overpass over US-36 directly to RTD's Broomfield Station begins about 21⁄2 blocks west of the site, adjacent to Harvest Station Apartments. Broomfield Station provides extensive and frequent regional (Denver area, DIA, Boulder County) and local routes in all directions.

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

An RTD bus stop is located immediately adjacent to the site, with a route accessing the core retail and services areas in Broomfield, including Broomfield Commons, RTD's Broomfield Station, and the Arista mixed-use development. That route is temporarily not in service due to COVID but is expected to be active well before the opening of the subject. The site is easily accessible via car, located near the intersection of US-36, US-287, and CO-128.

One positive location factor is the colocation of the subject with the planned The Olivia "enhanced senior living" building. As planned, The Olivia will make some of its resident services available to residents at the subject and to the general public. Many educational, health and wellness, and intergenerational programs will be available at no charge, while other services such as restaurant meals, and in-home services such as laundry, housekeeping and care services will be available on a fee basis. See the provided list of services offered at The Olivia.

Justification for waiver of any underwriting criteria or basis boost

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

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

Two potential weaknesses were noted in the Market study: Walkability and lack of balconies.
Walkability: the project will include van transportation and will coordinate with the City of Broomfield's van service. Furthermore, Additional and walkable services will be available to subject residents in the adjacent planned senior living building (The Olivia). That property will offer a range of free and fee-based services to the general public and will have a cooperative agreement with the subject.
Regarding the lack of balconies, CCH's experience is that typically balconies are underutilized and create maintenance issues. The project will include Juliette balconies and a third-floor outdoor seating area along with the rich array of first floor amenities and outdoor spaces. This will be a sociable community for seniors when the design of the CCH Broomfield Senior Apartments is combined with the market rate development and the services offered there.

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

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

The site is mostly vacant except for one single family home on the property. While there will need to be significant site work, that cost is split between CCH and the master developer, as are the land costs. This added density (232 units all together) allows for great efficiency both with costs and with the amenities provided to the residents. As noted above, CCH is investigating all building typologies to maintain costs especially since CCH is committing $1,200,000 of its own funding.

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

CCH has been working with both the City Housing Committee and Planning Department as part of the master developer concept review process. The team has also met with the City of Broomfield Senior Services department to begin the coordination of our project and service package to complement the City's robust Senior Services program. Letters of support from the City are included with the application. The complete concept review was published in the January 31st 2022 of the Broomfield Voice.

Documents Accompanying the Narrative

- The Olivia (adjacent market rate senior housing) Services
- Services Provided at the Nearby Broomfield Community Center

9% housing credit application narrative

Project Name: **Cielo Azul**
Project Address: **TBD E. North Avenue, Trinidad, Colorado 81082**

Executive Summary: Cielo Azul is a proposed 34-unit workforce housing community located in Trinidad, Colorado serving families in Trinidad and throughout Las Animas County. This new construction, multifamily development will provide six 1-bedroom, eighteen 2-bedroom, and ten 3-bedroom units. These thirty-four LIHTC units will serve families with income levels between 30% AMI to 60% AMI. The demand for an affordable housing property in this region is strong as demonstrated by the overall capture rate of 13.6% for Cielo Azul. **Moreover, Trinidad has received only one competitive 9% LIHTC award since the program began in 1986.**

Cielo Azul is well situated within Trinidad, with jobs, services, education, and healthcare within a one-mile radius. The design of Cielo Azul was completed in harmony with similarly sized developments in the Trinidad area. The buildings are two-story walkups, with a variety of materials including brick veneer and cement fiberboard finishes. The roof will be gabled with asphalt shingles, providing a residential look for the building, while also providing an opportunity for solar panels to be added in the future. Units will have an open floor plan combining the living room and full-sized kitchens. Additionally, each unit will have its own private balcony/deck. Units will feature ENERGY STAR-certified refrigerator, stove/oven, dishwasher, garbage disposal, and microwave. Cielo Azul will be certified under Enterprise Green Communities by Group 14, a third-party engineering firm, and will be designed to be electrification ready by locating the electrical panel in or adjacent to the utility closet with conduit provided for future electrical lines to the furnace and water heater. However, NWRECC will pursue an all-electric design and update the utility allowance model based upon a complete set of design documents. If the revised utility allowances are less than those from Trinidad Housing Authority, Cielo Azul will be all electric.

As a community for families, Cielo Azul will include a community lounge with a kitchenette, fitness center, activity room with a computer lab, and an onsite manager's office. The preliminary design also includes small laundry rooms on each floor within the development, ensuring all residents have easy access to this amenity. In between the two residential buildings are the outdoor amenities including a playground, picnic areas, and community garden beds. By locating the common amenities in the middle of the development, Cielo Azul encourages a sense of community among its residents and offers a focal point for formal and informal gatherings throughout the year. In addition to the physical amenities, Cielo Azul will have resident services. developed by NWRECC Stepping Stones. We believe that affordable housing is a platform for accessing opportunities, and NWRECC Stepping Stones provides additional tools for residents to improve their economic mobility and realize their full potential.

1. **QAP Section 2 Priorities:** Cielo Azul meets the QAP Priority for **non-metro counties serving populations of less than 180,000.** – According to the 2020 Census, Las Animas County had a population of 14,555.

2. **QAP Section 2 Criteria for Approval:**

   a. Market conditions: Given that there has been only one new 9% LIHTC development in Trinidad since LIHTC was initiated in 1986, there is a significant amount of demand for LIHTC housing in the Primary Market Area. Overall vacancy in the area is 1.2%. According to the Market Study conducted for Cielo Azul, there is strong demand for the units at each of the proposed income levels with a blended capture rate of 13.6%. Additionally, Cielo Azul provides units for households making 30% AMI or less, a group that is not currently served by the existing LIHTC development in Trinidad. It also provides 3-bedroom, 2-bathroom units, an option that is not available currently. A more localized measure of the demand for affordable housing can be provided from the Trinidad Housing Authority ("THA"), who has an occupancy rate of nearly 99% and a waitlist of 125 households for public housing and 39 applicants for housing choice vouchers.

   b. Proximity to existing tax credit developments: Trinidad, Colorado currently has three LIHTC projects: (1) Trinidad Apartments, a 24-unit project that received 4% tax credits in 1988, is immediately to the east of the proposed site for Cielo Azul; (2) Casa Village I, a 45-unit project that received 4% tax credits in 1987, is ½ mile to the southeast; and (3) Trinidad Artspace Lofts, a 41-unit project that received 9% tax credits in 2017, is 1.4 miles south. Based on the market study, Trinidad Artspace Lofts has one vacancy, with a vacancy rate of 1.2% in the overall market.

   c. Project Readiness: Cielo Azul is ready to proceed upon an allocation of 9% LIHTC and we can meet carryover in 2023. The zoning for the property is Medium Density Residential (MDR) which allows multifamily by right. The site is located on E. North Avenue, just west of Rosita Avenue. All major utilities are already in place and easily accessible to the site. As an affordable housing development, Cielo Azul is eligible for a 20% density bonus as well as an increase in the maximum building height allowed in the Trinidad Zoning Code. NWRECC will submit a written request for these incentives to the City of Trinidad using the affordable housing incentive application, which is reviewed and approved administratively by the City Manager. The City of Trinidad may provide fee waivers and/or fee reductions for Cielo Azul, but that process will need to be completed through City Council, which may or may not approve the requested waivers and/or reductions. For that reason, the fees calculated in the proforma are those typically assessed by the City of Trinidad. Should we receive an award, we anticipate being able to pull permits well before the anticipated construction commencement in April of 2023. Furthermore, the due diligence we currently have does not indicate any impediment to closing. We have discussed Cielo Azul with potential funding partners who are able to meet our proposed timeline should there be an award.

   d. Overall financial feasibility and viability: Cielo Azul is financially feasible if it receives an award of 9% LIHTC with a CHFA designated basis boost. In addition to the equity generated by the sale of 9% credits, Cielo Azul assumes proceeds from permanent debt as well as funding from the Colorado Division of Housing at the $65,000 for rural communities under current EDG guidelines, and a deferred developer fee in an amount that can be paid back during the initial compliance period. Despite the strong demand for this housing, there are limited local funding resources available, and the local utility allowance schedule shows a disparity in the calculated amounts compared to other locations, resulting in a lower permanent debt amount due to underwriting restrictions. Our consultant, RCH Jones has also run the financial projections through their model in several iterations and Cielo Azul will need an increase in the annual tax credit amount of $2,654, or 0.26%. We have discussed the financial structure and timelines with potential funding partners and received support for the proposed economic structure. The project's small size makes the 4% LIHTC option impractical.

e. Experience and track record of the development and management team: Northwest Real Estate Capital Corp. ("NWRECC") was founded in 1999 to own and manage a portfolio of properties to further the goal of providing affordable housing for everyone. Since then, NWRECC has become the owner and/or manager of 89 properties in eight states. NWRECC has also developed 36 properties and been a co-developer on another eight properties. In total, NWRECC has developed 1,408 units of affordable housing. Currently, NWRECC is nearing completion of The Iron Horse, a 41-unit development in Alamosa, Colorado. We anticipate delivering these units in the Spring of 2022. Additionally, NWRECC is in the pre-development stage for two additional projects that will be placed in service in 2022 and 2023. NWRECC has also hired RCH Jones Consulting and Williford LLC to assist with its application.

The development team also includes CSHQA, Inc. as the architect and CSDI Construction, Inc. as the general contractor. NWRECC has completed a total of 36 projects with these two organizations as partners, all of which have been completed on-time and on-budget. The budget for The Iron Horse increased from the initial LIHTC application submitted in 2020, due to the rapidly escalating cost increases throughout the construction industry during the COVID -19 pandemic; however, NWRECC and its partners worked through several changes to help mitigate this issue over the past 11 months. This includes not only design changes and adaptations in the materials used to complete the project, but NWRECC also secured a grant from the Colorado Health Foundation to help cover construction costs. Similar efforts to moderate the increases in the overall project budget for The Iron Horse are on-going. Both CSHQA and CSDI have performed local due diligence related to the sub-contractor and consultant markets for Cielo Azul and plan to continue this process in detail.

f. Project Costs: Because the development team has extensive experience working on previous LIHTC properties, the design and construction cost and schedule have been considered in tandem. The addition of RCH Jones Consulting has also provided added insight for the Colorado market, including discussions of costs that are more customary in Trinidad/Las Animas County as compared to other markets within NWRECC's established footprint. Project costs in rural areas can be higher due to labor shortages, material delivery costs and per diem costs for some specialty subcontractors. However, CSDI Construction has extensive experience in similarly sized projects in other rural areas throughout the Pacific Northwest and Rocky Mountain regions and has talked with several local subcontractors and consultants to obtain the best information given the knowledge on hand. With the development team's proven track record of similarly situated properties combined with the assistance from both the private and public entities in Trinidad, we expect Cielo Azul will be built on time and within budget.

g. Site suitability: The site selected for Cielo Azul is well suited for a multifamily development. The site for Cielo Azul is in the City View Heights subdivision in Trinidad. It is within two miles of Trinidad High School and Trinidad Junior High School, and Trinidad State College in within one mile. Eckhart Elementary School is located 1.7 miles from the site. Kit Carson Park and Sanders Field are within a mile of Cielo Azul's proposed location and feature playgrounds, picnic areas, soccer fields and tennis courts. Trinidad Fire Station #2 and the Las Animas County Fairgrounds are also within a mile. There are several retail options within a mile of Cielo Azul including Big R Stores, Sears Hometown, Family Dollar, Dollar Tree, AutoZone, and Trinidad Builder's Supply & Home Center. There are also several retail and restaurant options in Downtown Trinidad, which is less than 1 ½ miles from the location. Other amenities nearby are Snap Fitness (1.0 miles), Power Credit Union (1.1 miles), Carnagie Public Library (1.2 miles), Safeway (1.3 miles), Mt. San Rafael Hospital (1.3 miles), First National Bank of Trinidad (1.4 miles), Las Animas County Administration Building (1.4 miles), Trinidad Police Department (1.4 miles), and Social Security Office (1.6 miles).

The design of Cielo Azul blends well with the surrounding neighborhood, which is a mix of single-family homes and multi-family developments. Its two-story design is compatible with the other multi-family projects on North Avenue, and the density for Cielo Azul is maximized by using the 20% density bonus for affordable housing projects per Trinidad zoning regulations. This incentive increased the number of units possible from 29 to 34.

3. **Waiver Justifications:** Cielo Azul will not require a waiver for any underwriting assumptions.

4. **Market Study:** The market study did not list any issues or weaknesses for the Trinidad market.

5. **Environmental Review:** The Phase I Environmental Site Assessment revealed no Recognized Environmental Conditions for the site.

6. **Exceptional Features and Costs:**
   There are three key factors that have contributed to increased costs of Cielo Azul:
   i. **Two-story Structures:** In keeping with the typical apartment style in Trinidad, Cielo Azul will be a two-story development as opposed to a three-story development. While a two-story building is easier for material delivery, it does increase the costs for certain materials on a "per unit" basis, most notably foundations and roofing.

ii. **Project Size:** Project fixed costs have a more profound "cost" for projects with lower unit counts. For example, legal fees of $50,000 for a 50-unit project are $1,000/unit. At Cielo Azul, the per unit cost for those same legal fees are $1,470/unit. Other examples are market studies/appraisals, surveying, environmental and geotechnical studies, organizational costs, and accounting services.

iii. **Rural Location:** The remote location of Trinidad creates some cost inefficiencies in the procurement of materials and labor costs. In addition, the impacts of supply chain inefficiencies and price escalations experienced due to the COVID-19 pandemic are compounded for projects in rural locations. NWRECC and CSDI Construction have extensive experience in completing LIHTC properties in such locations and have worked to try and minimize these increases through careful scheduling and logistics. In addition, CSDI Construction worked with local subcontractors to understand the local market and added this input into the cost estimate for Cielo Azul.

There is also an exceptional element of the project that comes at no cost to the project or residents:

iv. **Resident Services**: NWRECC Stepping Stones will provide Resident Services coordination at the site. This group has developed Resident Services Plans for 28 properties that are tailored to each property's diverse resident population and their unique needs. Upon an award of LIHTC for Cielo Azul, NWRECC Stepping Stones would develop a Resident Services Plan, using one of five potential services models, partnering with community-based organizations to facilitate the services. Northwest Real Estate Capital Corp. covers the costs associated with NWRECC Stepping Stones as a corporate/non-project expense. As a result, Cielo Azul will not pay any expenses related to the development and implementation of the Resident Services Plan, nor will any resident be charged for utilizing the Resident Services Plan.

7. **Community Outreach:** NWRECC, RCH Jones Consulting, and Williford LLC have reached out to several civic and community leaders and groups in Trinidad. Thus far, all conversations with City officials have been positive. Upon approval from City Council, a Letter of Support will be provided from a City official. To date, the project's proposed design and site plan have been met with positive feedback from the City's Planning and Public Works Departments.

   The team has also had several conversations with Trinidad Housing Authority, who responded positively to the introduction of another affordable housing property in the area. A Letter of Support from the Trinidad Housing Authority is included with this application.

   We have received positive feedback from the Trinidad-Las Animas County Chamber of Commerce, which will provide support for our efforts to obtain competitive bids from local subcontractors. Corazon de Trinidad and the Southeast Colorado Council of Governments have expressed their support. And finally, Cielo Azul has also obtained a Letter of Support from Mt. San Rafael Hospital, one of the area's largest employers.

8. **Narrative for Rehabilitation Projects:** Not Applicable.

9% housing credit application narrative

Project Name: Divide Creek Place

Project Address: 54 Colorado Route 311, Silt, CO 81652

Executive Summary:

Lincoln Avenue Capital LLC (LAC) is excited to present Divide Creek Place (DCP), the first affordable low-income family apartment development to be built in Silt, CO. This application is a resubmission of the same project from last year with some tweaks that we made over the last year. The Town of Silt continues to have residents that are rent burdened due to the increasing cost of living and extremely low inventory. Additionally, development and both private and public investment have taken place on the south side of I-70 over the last year.

LAC is working with the Garfield County Housing Authority (GCHA), whose mission is to "*assist low-income families with decent, safe, and affordable housing opportunities as they strive to achieve self-sufficiency and improve the quality of their lives; to provide necessary assistance to families for the purchase or rental of appropriate housing; to facilitate development of housing that is both affordable and attainable for lower income families*". GCHA is partnering with LAC as a Special Limited Partner, enabling the project to qualify for property tax exemption which will help ensure long-term affordability of the project *(Exhibit 09 - Evidence of a Property Tax Exemption - Housing Authority Agreement)*. GCHA and LAC have an MOU for DCP to provide the project with potential eligible tenants on their waitlist *(Exhibit 10 - Supporting Documents for Scoring – Garfield County Housing Authority MOU)*. DCP is truly a public/private partnership with the goal of creating affordable housing for the residents of Silt.

The site is already zoned for multifamily, and it is located less than a mile from essential services, job opportunities, and schools, making it a great location for families. In fact, Silt largest employers (BLM Field Office, Holiday Inn, Golden Gate store and KOA) are all within walking distance of the site. DCP's schools include the elementary school, which is 1.2 miles northwest of the subject, the middle school which is 6.3 miles northeast and the high school which is 1.5 miles northeast. Silt Gourmet Grocery, with fresh produce, meats and other dry goods is located 0.8 miles northwest. Other services and their distances are as follows: Medical Facility 0.2 Miles, Post Office 0.2 Miles, Bus Stop 0.3 Miles, Convenience Store 0.7 Miles, Downtown Silt 0.8 Miles, Library 0.9 Miles, Town Hall 0.9 Miles, Police Station 0.9 Miles, Fire Department 0.9 Miles, Park 1.0 Mile, Child Care 1.5 Miles, College 5.3 Miles, ESL 5.3 Miles, Recreation Center 5.8 Miles, Walmart 6.9 Miles, Pharmacy 6.9 Miles, Hospital 7.1 Miles, Mall 14.6 Miles. The pedestrian tunnel underneath I-70 makes access to some these services even easier (see tab 10 for pictures and maps of pedestrian tunnel).

DCP is zoned for the propose 50 residential multifamily units, no buildings in or near the floodplain, and shovel ready *(17 - Zoning Verification Letter, Flood zone verification)*. It will consist of 50 units with 1, 2, and 3 bedrooms, community space, opens space for outdoor activities, and ample parking. The proposed development will consist of a 3-story building of Type VB construction utilizing prefabricated building components such as trusses, wall panels and floor systems. The building will be walk up style apartments, but those breezeways will be covered and condition to help in the winter months. DCP is proposed to be constructed as a slab-on-grade foundation. The exterior will be wood framed with a variety of exterior cladding materials articulated carefully to ensure durability and longevity to the building as well as provide a nice aesthetic for the residents and surrounding neighbors. The building will be fully sprinklered and designed for a modern residential feel. Unit mix and sizes are in the table below:

Unit Rent and Mix:				
Unit Description	Net Rents	Unit HSF	Unit Number	% of Units
1-BR @ 30%	$1,143	650	2	4%
2-BR @ 30%	$1,436	930	4	8%
3-BR @ 30%	$1,942	1100	2	4%
1-BR @ 40%	$595	650	4	8%
2-BR @ 40%	$706	930	8	16%
3-BR @ 40%	$809	1100	4	8%
1-BR @ 50%	$760	650	5	10%
2-BR @ 50%	$904	930	7	14%
3-BR @ 50%	$1,039	1100	5	10%
1-BR @ 60%	$994	650	1	2%
2-BR @60%	$1,192	930	7	14%
3-BR @ 60%	$1,377	1100	1	2%
Mgrs. Unit			0	0%
			50	**100%**

Some of the project amenities will include a community room, an on-site manager, a computer room, a fitness room, and a children's play area. Each unit will have many amenities that are not typically seen in affordable rental housing units in the market rea. These major amenities will include a patio/balcony for each unit, efficient heating and cooling systems, dishwashers, microwave ovens, refrigerators with freezers, garbage disposals, self-cleaning ovens, and in-unit washer and dryers. All appliances are Energy Star rated. DCP will also enforce an on-site no-smoking policy.

Within the building, high efficiency systems will be incorporated to promote less consumption of our natural resources and provide lower utility bills to our residents. This will include the heating and cooling systems, building insulation design, window efficiencies, Energy Star rated appliances, water conserving fixtures, and Energy Star lighting or LED fixtures. Residents will also enjoy a healthy living environment because of DCP's use of green and healthy materials whenever possible, including low or no VOC products, formaldehyde free lumber goods, and sustainably designed materials throughout the development. With the proposed prefabricated exterior shell, trusses, wall panels and floor systems, the construction waste will be significantly reduced. Overall, green building materials will be incorporated whenever possible to achieve a sustainable design and healthy environment for the residents. Please see the Energy Efficiency and Sustainability Form located in exhibit 22.

The development will be funded with 9% Federal LIHTC, Construction Debt, Permanent Debt, Deferred Developer Fee, and a DOH EDG Loan in the amount of $1,500,000. Total development cost is $17,815,359. The capital stack for DCP includes deferred developer fee, a competitive 5% interest rate on the permanent loan, and competitive tax credit equity pricing ($.87) based on the strength of the sponsorship. There is also a construction loan that will bridge the tax credit equity and permanent loan conversion through the construction period. A tax exemption is also contemplated in this transaction the partnership with the GCHA. Please see table below and Exhibits 5, 6, & 7.

Financial Sources:				
Permanet				$3,824,000
Federal Tax Credit Equity				$11,745,000
DOH Home				$1,500,000
Deferred Developer Fee				$746,359
	Total Sources:			**$17,815,359**

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

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

DCP is not serving Homeless Persons.

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

  DCP will not serve persons with special needs.

- **Projects in Counties with populations of less than 180,000**

  DCP is in Garfield County, which has a population of 60,781. Garfield County has 33.7% of the priority amount of 180, 000.

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

a. Market conditions:

Our market study by Prior and Associates surveyed the family LIHTC properties, in and outside, the PMA. 3 of the 4 LIHTC project in the PMA were 100% occupied with waiting list of over 100 applicants. The 4th project was at 91% due to mismanagement. The study also demonstrates a strong demand for this project with a capture rate of 10.9%.

With 32 renters being added to the PMA annually and no other family LIHTC units in the development pipeline to account for pent-up demand and demand from rental population growth, this project gives a much needed boost the affordable housing inventory to the Town of Silt. While the PMA does reach outside of Silt by definition, the demand in Silt is still strong. There are currently 120 households located in the Town of Silt that would qualify for this project and through outreach with the town and the Housing Authority, we feel this project will reach those residents of Silt and be extremely impactful. Additionally, the proposed mixed use, event center and commercial development on the site adjacent to the proposed project will certainly increase the number of eligible households in the Town of Silt.

b. Readiness-to-proceed:

If awarded credits, we anticipate construction on DCP to commence March 2023 which would put us well within the carryover requirements of 13 months after reservation. We feel like we could accelerate the schedule significantly but hesitate to promise to start construction in the winter in Garfield County. The site is zoned PUD- Commercial/Mixed Use which allows the project's height, density, and construction type with no changes or special approvals. A site development plan approval process is required through a Planning Commission regular meeting, but the Town of Silt has indicated it would be able to move through that process expeditiously. *(16 - Zoning Verification Letter)*. Assuming tax credits are awarded in June, we will have a review set of plans submitted to the Town of Silt September. We anticipate 60-90 days for the Town of Silt to review and approve the plans.

c. Overall financial feasibility and viability:

The project is financially feasible. LAC is requesting $1,500,000 from the Department of Housing (DOH) EDG funding. The GCHA will be a Special Limited Partner, and the tax exemption allows the project to target lower income residents while generating more permanent debt proceeds while still maintain the proper debt coverage to keep this project financially feasible for the life of the development. The DOH EDG funding and tax exemption allows us to lower the affordability for the residents of Silt. We have 82% of our units at or below 50%. DCP is financially strong and exceeds all CHFA's underwriting requirements. Please see the attached equity letters from Boston Financial *(Exhibit 6)*, and construction and permanent debt letter from Chase and Rocky Mountain CRC *(Exhibit 5)*, and the letter of support from the Department of Housing *(Exhibit 7)*.

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

Since our founding in 2016, LAC has been driven by a commitment to provide individuals and families with quality, sustainable, and affordable homes. In just four years, we have achieved significant scale. As one of the nation's fastest growing developers, investors, and operators of affordable housing, we now proudly serve more than 20,000 units within 125 properties in 16 different states.

Shelton Residential/Asset Living is the proposed property management group. Their mission is as follows:

- Superior results for our clients through lean management and fair business dealings.
- Excellent and responsive service to the residents of the communities we manage.
- A positive and encouraging working environment with opportunities for growth and personal development.
- An overall commitment to the neighborhoods in which we operate.

Shelton Residential, is led by two respected professionals with more than eighty years of experience in the real estate industry, each having held senior executive positions where they were responsible for the administration, management and leasing of real estate portfolios worth billions of dollars. In Phoenix, Arizona alone, this team has managed more than 75,000 units of multifamily assets both conventional and affordable and provided services to some of the nation's most respected real estate owners and investors. Since inception, the firm's vision and commitment to excellence has resulted in optimal performance for each managed asset.

e. Cost reasonableness:

DCP meets the cost reasonableness test. The price we paid for land was at or below market value. The project is leveraging below market land costs, tax exemption, and DOH softs funds to minimize the amount of tax credits needed to complete the project. DCP will produce over $1,800,000 in annual credits but we are only requesting $1,350,000 limiting the credits per unit. The recent construction market conditions in Colorado have been up and down over the last two years and are currently on the rise. We believe that our 3rd party estimators' budget for the proposed development in the current market are in line with our experience in the area and our cost projections for the next 12 months. DCP therefore meets all cost reasonableness tests as it relates to both construction cost and all other development costs required to complete the project.

f. Proximity to existing tax credit developments:

There are only 4 other affordable projects in the PMA and none in Silt. Those four projects total 159 income-restricted units.

g. Site suitability:

LAC chose this site for LIHTC family development because of its desirable location nearby amenities, job opportunities, outdoor activities, and the need for affordable family housing in the Silt. The density and style of development is appropriate for the location. The site will be relatively easy to build on as the property has little topographical change. The style of development, two 3-story building with 78 surface parking spots for families, is well suited for new housing. The ability to surface park and the expected ease of construction (due to minimal grading needed on the site) further enforces not only site suitability but also helps with cost reasonableness. The planned improvements are within the allowable uses, scale, and height of the existing zoning. The Town of Silt annexed this site into the Town with the specific mission of creating housing. In addition to the annexation, the Town of Silt has spent significant resources not only on the pedestrian tunnel under I-70, but also on amenities on the south side of I-70. Significant investments have gone into Silt Island Park and Silt River Preserve. The BLM field office is one of the largest in the state that utilized significant public investment also. In addition to public invest, private investment has also started to occur on the south side of I-70 in Silt. There are approximately 20 tiny homes that have built on a site adjacent to the KOA with another 40 planned. This is less than a mile from the proposed site. Heron's Nest RV Park is also being annexed into the Town of Silt with the mission to create some additional permanent housing along with the RV Park. Heron's Nest is about a mile and half from the site. Lastly, Rislende is the acreage adjacent to the proposed site. The developer is currently in the design stage for a master development that will include recreation area, events center, commercial mixed-use and single-family lots. This development combined with the proposed affordable housing would be one of the most significant investments into the Town of Silt since its inception and would create additional jobs and in turn additional need for affordable housing.

3. **Provide the following information as applicable:**
   a. *Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum):*
   DCP is not requesting any of the above waivers.
   b. *Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis:*
   DCP is not requesting the basis boost as it already receives the boost as a Non-Metro DDA.
4. **Address any issues raised by the market analyst in the market study submitted with your application:**
   The market study does not suggest any changes to the proposed project.
5. **Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:**
   There were no RECs found in the Phase I. The engineer did however recommend the following:
   - *For construction project purposes, soils should be properly characterized and managed during site development activities. Any impacted soils or subsurface improvements encountered should be properly removed and disposed in accordance with applicable regulations*. – Please note that there is no action required at this time. The comment in the report is simply a disclaimer to the GC that during construction activities some disposal facility require testing prior to accepting the soils. If impacts are identified, the soils should be properly disposed in accordance with applicable regulations (disposed at an appropriate facility). This would also apply if anything buried (former foundations, debris, etc.) is identified during the construction activities.

   - *As a best management practice, onsite building debris should be properly removed and disposed in accordance with applicable regulations*. - Like the soil discussion above, the onsite debris may need to be sampled before a disposal facility accepts them.

   - Based on the subject property location in radon Zone 1, radon mitigation should be considered during multi-family residential site development. - *Since the property is in radon Zone 1, the appropriate measures will be taken during planning/construction of the project. We are carrying cost for vapor mitigation and an active radon system in our budget*.

6. **Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment:**
   There are no unusual features in this development that should drive up cost. That said being in the Roaring Fork Valley can affect the cost of construction. We do feel this is off set by the significantly lower land pricing we negotiated in Silt as opposed to other areas in the Roaring Fork Valley. LAC's design team, the utilization of prefabricated building components and general contractor will aide in mitigating any additional cost that is unnecessary during our design process.
7. **In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):**
   Since this project is zoned and just a site plan approval process is required, we did not feel that having public meetings with the neighbors during the covid outbreak was usefully or wise. If we or the Town of Silt believes more intensive outreach is warranted, we will follow those steps needed to inform the community. All discussions with the Town of Silt have been positive and the Town supports the project.

9% housing credit application narrative

Project Name: Dorcy Community Housing

Project Address: **Red Creek Springs and Kiwiquest**

Posada Inc. is an experienced affordable housing developer that is proposing the development of Dorcy Community Housing. The agency has assembled an experienced LIHTC development team that has successfully completed LIHTC developments in the area and around the state. The proposed 76-unit development will be located on the Southwest side of Pueblo, a previously unserved area of the community. Pueblo is one of the lowest income cities in the state and is demonstrating one of the highest unemployment rates. The demand for affordable housing is significant given the critical housing shortage in the City and County. The primary driver of demand is Pueblo's current vacancy rate, which is currently 2.4 percent. Pueblo's diminished housing stock has yielded significant rent increases. Average apartment costs in Pueblo from June 2020 to December 2021 have increased 42% for efficiency apartments, 16% for one-bedroom apartments, 13% for two-bedroom apartments, and 15% for three-bedroom apartments (Colorado Division of Housing and Southern Colorado Residential Rental Association).

The project will be constructed on a site that is in close proximity to all necessary services with access to City bus lines and has required roads and utilities available to the location. The site is level with good soil conditions making it an optimum location for multi-family development. The property will be made available to persons/families with incomes at 30, 40, 50 and 60% AMI and will be comprised of one, two and three bedroom units. By increasing Pueblo's affordable housing stock, Posada seeks to reduce intergenerational poverty and increase economic mobility through the provision of quality affordable housing to a population of low income persons and families whose needs are not met by the open market. The developer has received financial support from local charities, private foundations, and local government to assist in the project's development. Project details are provided below.

- location and allowable density including if it is in a QCT/DDA/SADDA,

  The development is proposed on a 10.8 acre site (5.4 acres for this project and the remainder reserved for a second phase affordable housing development) at Spring Creek and Kiwiquest on the southwest side of Pueblo. Density requirements are being met in that the density per zoning required for the development is !000 square feet per unit plus and additional 15% of floor space for green space. That calculates to 76,000 square feet for unit construction and 15,200 square feet for green space for a total of 91,200. The 5.4 acres will have 234,224 square feet.

- population being served; bedroom mix;

  The development will serve persons/families at 30, 40, 50 and 60% AMI. There will be 36 one bedroom, 42 two-bedroom and 8 three-bedroom units. One-bedroom units will have 563 square feet, two bedrooms will have 780-1049 square feet and the three bedrooms will have from 979-1170 square feet.

- location and allowable density, AMI targeting;

  The development will be located on 10.8 acres of land in the southwest corner of Pueblo. 5.4 acres will be used for development of phase I (this application) and the balance of the land will be reserved for development of additional affordable housing in the future. The density requirement is not to be less than 1000 square feet per unit plus 15% for green space. This development proposes to have 76,000 square feet for the housing units plus another 15,200 square feet for the green space for a total of 91,200 square feet. There are no LIHTC projects in close proximity. When completed the development will serve persons/families and 30, 40, 50 and 60% AMI

- unit and project amenities;

  Units will have energy star refrigerators, energy star dishwasher, electric range and washer dryer hookups. All units will have mini-blinds. Project amenities include a clubhouse with work center, internet access, community washer/dryer, fitness center, kitchen and dining areas. Site amenities include playground, picnic/BBQ areas, athletic court and surface parking. Site will be fenced.

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

  Construction will be wood frame on slab on grade foundation. Gable roof system with asphalt shingles. Exterior side will be stone and Hardie siding. Units will be walk up with stairs. Units will have high efficiency spray foam insulation in walls and ceiling areas. Clubhouse will have power provided by solar and units will have high efficiency heating/cooling and hot water systems. There will be 18 EV charging stations provided.

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

  Public transportation is available within .03 miles of the site affording easy access to government services, shopping, employment, recreation, schools and health services.

- type of services and how they are financed, if applicable;

  NA

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

  All units and clubhouse will have spray foam insulation on wall and ceiling areas. The HVAC system will utilize a high efficiency tankless water heater for heat. The Rinnai water heater is used for both plumbing and heating. It has the ability to prioritize the current demand for domestic hot water to serve shower, dish washer, and lavatory simultaneously. When demand is met the unit will return to its function of production of hot water to heat the residence The HVAC unit is a vertical fan coil that consists of a fan, filter, controls, a heating water coil, and a refrigeration coil. The cooling is similar to a residential furnace with an outside condensing unit. According to the indoor thermostat, the unit provides the supply air to meet the temperature set point. The other important aspect of the HVAC system is outdoor air for ventilation code requirements.

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

  Primary permanent financing would be provided by investor equity from Alliant Capital $ 11,745,000, permanent loan from the Colorado Housing and Finance Authority, Smart loan of $ 4,100,000 and a HOF loan/grant of $ 750,000, $ 4,940,000 from the Colorado Division of Housing, $ 600,000 from the City of Pueblo, Posada Inc., cash flow loan of $ 881,594 and a deferred development fee of $ 550,000. The Daniels Fund, $ 71,940; and Pueblo Triple AIM Corporation, $ 23,750; provided grant funds for the development.

- what, if anything has changed since previous application (if applicable);

  NA

- if the project is for Homeless/Special Needs Housing, describe how the proposal follows best practices (trauma-informed design, funding for services, experience, etc.).

NA

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

   The development proposed is in Pueblo County which has a population of less than 180,000. This meets the priority identified in the QAP. In addition, Posada Inc., serves as the primary provider of assistance to the area homeless population which will benefit from the proposed development. The project also has a number of ADA units which will be used to house area residents with disabilities or special needs.

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

   - Market conditions

     As identified in the market study there is an extremely strong demand for affordable housing In this area. Occupancy is 99.6%. Proposed rents are a significant bargain in the market area. There are few projects in the pipeline to meet the areas pent up demand for affordable housing.

   - Proximity to existing tax credit developments

     There are no existing LIHTC developments in close proximity to the proposed development.

   - Project readiness

     Development team is in place to begin development immediately if LIHTC's were awarded. Annexation, zoning and site plan approval will be in process during LIHTC review process. Zoning and site plan approval could be secured by time full plans and specifications are estimated to be completed Full plans and specifications could be in place by September 2022, with construction loan and partnership closing in fall of 2022. This would allow for construction to be started in late 2022 or early 2023.

   - Overall financial feasibility and viability

     If approved the proposed financing meets the underwriting criteria of the proposed permanent lenders and equity investors. It would provide for the long-term maintenance and economic viability of the development.

   - Experience and track record of the development and management team

     This would be the second LIHTC development being undertaken by Posada, Inc. They have put together a team of seasoned LIHTC professionals, architects, engineers, contractors, tax attorney, CPA, lenders, equity investors and development consultants that have an established history of LIHTC development in the area and around the state. Posada Inc. has been the primary developer/manager of affordable and homeless housing in the Pueblo market area.

   - Project costs

Project costs were developed by HE Whitlock Construction and HGF Architects. Projections were developed using pricing from project currently under construction in the area, historic industry data and conversations with subcontractors and material suppliers. Total cost per unit is $ 311,346, with hard costs of $ 247,047, soft costs of $ 64,299 and land costs of $ 2,382 per unit. The developer fee would be $ 22,039 per unit but the majority of those funds are being deferred or lent back to the development.

- Site suitability

  Site is level ground with good soil conditions which allows for quality construction with a minimum special design features. All infrastructure is available at site including roads, water, sewer, electric, gas, phone and cable eliminating the need to expend roads and utilities. On the North, East and South side of the property are primarily single-family homes. There is also a church located on the East side of the property. To the West is a mobile home park. The site is well located for access to shopping, schools, public recreation areas and health services. Public transportation is available within .03 miles. Site is located in an area of Pueblo not served by other affordable housing developments.

3. Provide the following information as applicable:

   - Justification for waiver of any underwriting criteria

     We are requesting no waiver of underwriting criteria

   - Justification of the financial need for a CHFA basis boost up to 30 percent of eligible basis

     We are not requesting the 30% boost of eligible basis

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

   No issues were identified in the market study.

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

   The environmental study found no historical environmental issues and found nothing in their physical review that warranted additional environmental study.

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

   The costs for the development are within acceptable range according to CHFA underwriting. We did add energy efficiency upgrades, some solar, EV charging stations, high efficiency heating and cooling systems, spray foam insulation, that have an upward impact on costs. In addition, site infrastructure is expensive due to length of site. While all infrastructure is necessary for this portion of the development, it will reduce costs for planned future affordable housing development on adjacent site.

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

   Posada has initiated outreach efforts to engage the community in the Dorcy Community Housing development plans. The organization's philosophy is to engage early and often. By identifying local leaders to discuss plans, the agency sought input on the development. Services that will be offered on-site including after-school tutoring for resident children are a direct result of community input. With a successful LIHTC award, Posada plans to hold a series of community meetings not only to provide planning information but to establish working relationships with the neighborhood.
   The development name Dorcy Community Housing is in honor of the late Father Roger Dorcy who served as a Catholic priest in Pueblo at nearby Our Lady of the Meadows Church. Father Roger preached and lived a spirituality of hospitality. Father Roger's dream was to create a community center to serve people of all ages through the provision of care, mentoring and community. Father Roger was killed in a car accident at the age of 59 on July 23, 2005. The Roger P. Dorcy Community Project embraced Posada's plans for the creation of affordable housing to support Pueblo's low-income individuals and families and contracted the sale of the land to Posada. Purchased in 2008 for $170,000, the Project administrators have elected to sell the property at the 2008 purchase price of $170,000 to Posada. Discussions with the Diocesan Liturgical Council of the Diocese of Pueblo has yielded unwavering support for the project. The proposed Dorcy Community Housing development is situated on a parcel next to Our Lady of the Meadows church on Red Creek Springs Road. Posada's Developer has been in contact with local government, community organizations, the Housing Authority of the City of Pueblo and area residents to assist in project design and targeting.

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

You may also provide additional documentation that expands on other aspects of the project. Upload additional documentation to the applicable folder in ProCorem. Each supporting document should briefly describe what is contained in the attachment.

> **Example 1:** For Rehab developments, documentation to support the scope of work may be labeled as follows: *Scope of Work* for the documents that provide additional details of the items

included in the rehab. The Scope of Work should also be reflected in the Property Conditions Assessment (PCA), and the CSI Cost Estimate (CSI), which shall provide details of the materials/quantities/unit costs so that all supporting documentation defines the general scope of work. The development budget worksheet in the LIHTC application must match up to the CSI and PCA regarding square footage and cost.

Example 2: Additional documentation to support the Market Conditions Criteria may be labeled as follows: *Attachment Market Conditions* or *Market Conditions.pdf*, etc.

Example 3: Documentation of soft funds to support the amounts listed in the Application may be labeled as follows: *Attachment Overall Financial Feasibility and Viability* or *Overall Financial Feasibility and Viability.pdf*, etc.

Provide further detail on the following items if applicable:

- Asbestos Containing Materials management
- Lead-Based Paint management
- Radon mitigation
- Green Systems - (Solar, Geothermal, Other, etc.)

9% housing credit application narrative

Project Name: **The Fruita Mews**

Project Address: **1138 18 ½ Road (Fremont Street), Fruita, CO 81521**

Executive Summary

IndiBuild llc requests an allocation of 9% Low-Income Housing Tax Credits (LIHTC) and Enhanced Department of Housing Gap (EDG) Funding for the development and construction of a 50 unit, 100% affordable-moderate income, multi-family project named "The Fruita Mews." The Fruita Mews will be the first affordable housing project built in Fruita since 1984 and will provide much-needed affordable and workforce housing to the Western Slope of Colorado. The Fruita Mews will consist of 10 one-bedroom homes, 30 two-bedroom homes, and 10 three-bedroom homes, serving residents earning between 30% and 120% AMI. Of the 50 units, four (4), 8% of the total units, will be restricted at 30% AMI, four (4) at 40%, twelve (12) at 50%, twenty-four (24) at 60%, and six (6) at 120% AMI. The property will use LIHTC and EDG Funds with a weighted average AMI of 52.7% on its 44 tax credit units. IndiBuild will agree to extend the land use restrictive agreement (LURA) to the full 40 years.

The Fruita Mews community amenities are centered on the site's south side. They include a 1,300 square foot common house with a full kitchen, covered back porch, and BBQ area overlooking a nature play/amphitheater, play structure, and community gardens. The common house will encourage indoor/outdoor programing with service providers, and concentrated amenities will encourage resident interaction and foster a sense of community. In addition, a centrally located "Bike Barn" with secure bike storage and a bike maintenance station will be proximate to all units; and the northern portion of the site will be a bike skills/nature trail connecting to a planned future multimodal trail along the Grand Valley Canal directly to the north of the site. Lastly, the property will be wired and equipped for property-level WIFI.

The Fruita Mews design and service provider programming fit well into the local bike culture. Fruita consistently rates as a top outdoor adventure Town and an outdoor adventure town[1]. In addition to Fruita's internationally recognized mountain biking, Fruita is more popularly known for its Colorado National Monument, a 23,000-acre national park and home to vast canyons, plateaus, and massive towers of naturally sculpted monoliths.

The Fruita Mews residents will benefit from a partnership between IndiBuild and Eureka!, a nonprofit affiliated and located at the McConnell Museum in Grand Junction. Eureka! will provide onsite services at the common house mentoring students in STEAM (science, technology, engineering, art, and math). Eureka! delivers exceptional experiential, educational, and recreational programming for school-age children. Common house program space will be flexible with indoor/outdoor flow created by incorporating an oversized garage door in the great room that opens onto a back porch that further connects to the outdoor amphitheater. Their Gear Up! The Mountain Biking & Science program was created in 2021 to connect students to mountain bike and science experiences. It is anticipated that Eureka's Gear UP! coaches will assist in designing the mountain bike skills loop, where they will coach mountain bike skills clinics for children. A memorandum of understanding (MOU) Eureka! and IndiBuild is included in this application.

The Fruita Mews will consist of 10 residential buildings, each consisting of 5 single-story and two-story townhome units, with "modern farmhouse" architecture that matches the vernacular of the surrounding neighborhoods. At seven units per acre, the project density is close to the maximum density that would be acceptable and still encourage affordable housing, significantly higher than surrounding densities.

The architectural design for The Fruita Mews will be a "modern farmhouse" vernacular. Each of the buildings will front a green space or street and have a covered front porch that will provide a sense of arrival. Buildings are designed at a pedestrian scale to encourage resident/pedestrian experience along the sidewalks and green spaces. The townhome structures are two-story

[1] In 2015, 2016, 2017, and 2018, Fruita was voted by Elevation Outdoor readers as (in the top 3) Colorado's Best Outdoor Adventure Town. In 2015 & 2016, Fruita was ranked in the Matador Network's Top 20 Coolest Outdoor Towns. Fruita mountain biking is consistently ranked in the top 10 destinations in the world on multiple lists. On April 20, 2018, Sunset Magazine named Fruita one of the 10 top biking towns in the West.

in the middle and step down to one story on each end. Step downs match surrounding large agricultural homes. While all the buildings have similar floor plans, the exterior architecture will vary siding, color, fenestration patterns, and roof forms to differentiate between the buildings. The community building and amenities will complement the modern farmhouse vernacular. The building materials will consist of painted cementitious siding and trim, with varying exposures and detailing. Roofing will be composite shingles. Residential windows will be vinyl, and windows in the amenity/clubhouse building will consist of metal-clad wood.

The project will be all-electric. All-electric housing can improve indoor air quality and reduce asthma rates by eliminating gas appliances. All-electric buildings also improve future payoffs in efficiency gains, cleaner energy production, and potential future energy savings. All-electric units will help meet the firm goals set by the Colorado legislature for reducing greenhouse gas emissions. The project will also meet or exceed the Bronze National Green Building Standards, facilitating the creation of quality affordable design and ensuring long-term sustainability. Unit heating and cooling will be via split system high-efficiency heat pumps with a 3.6+ Coefficient of Performance and cold climate heat pump operation down to -22 degrees F. Based on this design, Group 14 estimates a 40% reduction in residents' cost for space heating alone compared to resistance heat. Additional resource conservation measures include an all-LED lighting package with low power density design, above code windows with tuned solar heat gain coefficient performance, enhanced wall insulation, low flow water fixture packages, and native plantings in open spaces.

The Fruita Mews units will be well-appointed, with each including the following amenities: an oversized 60 square foot front porch; washer/dryer; individual attached exterior entrance bike storage; coat closet; pantry; individually-controlled heat and air conditioning; window coverings, full kitchen with self-cleaning oven/range, dishwasher, disposal, and refrigerator. Views of the Colorado Monument and Book Cliffs are exceptional and expected at most units.

There is a shortage of developable land in Fruita, and new construction single-family homes are selling in the $500,000 - $650,000 in adjacent neighborhoods. IndiBuild secured a very desirable site in the primary market area (PMA) for The Fruita Mews adjacent to the newly constructed Monument Ridge Elementary School. "Children from low-income families are twice as likely to walk to school as children from higher-income families, and they face a greater risk of being injured or killed as pedestrians," writes Deb Hubsmith, Director of the Safe Routes to School National Partnership. As such, our location adjacent to The Monument Ridge Elementary School will provide safe access with no street crossings. Connectivity between The Fruita Mews and the school will be provided to the school by footpaths connecting to the property and sidewalks along K.4. This site is also a superior location for residents due to its proximity to the middle school and high school, a sports park, future multi-model trails, shopping, healthcare, and outdoor amenities. The property is also within 1.5 miles of a convenience store, dollar store, a community shopping center, bus stop, hospital, childcare center, medical clinic, head start, and a regional park. The project is within 1.6 miles of Fruita's grocery store and Fruita's downtown. Access to Grand Valley Transit (GVT), Mesa County's public transportation system, is available at the intersection of Pine Street and Ottley Avenue, .7 miles southwest of the property, providing destinations throughout Fruita and the Grand Valley Transit Hub in Grand Junction. Given our project and a new single-family subdivision to the southeast, GVT has indicated they are willing to consider future route changes to assist future residents with public transportation. They have provided us with a letter of support as well. Lastly, residents at the property will benefit from 6 community bikes to assist with transportation within Fruita, as most services are within 1.6 miles of the property.

Unit Mix				
Income Level	**1-BR**	**2-BR**	**3-BR**	**Total**
30%	2	2	-	**4**
40%	2	1	1	**4**
50%	2	8	2	**12**
60%	4	16	4	**24**
120%	-	3	3	**6**
Total Units	**10**	**30**	**10**	**50**
Total Bedrooms	**10**	**60**	**30**	**100**

Figure 1: Unit Mix and Income Targeting

The Fruita Mews has received a tremendous amount of support from local organizations. The Fruita Chamber of Commerce fully supports the project as businesses are having difficulty retaining employees. The City has been working with IndiBuild, offering design exceptions, and recently created a housing authority to support the project and affordable housing in general. The timeline for the housing authority was fast-tracked through City Council and was formed on January 24, 2022. Board member appointments and bylaws are expected to be adopted on March 29, 2022. Additionally, IndiBuild has entered into MOU's with the Mesa County Valley School District 51 ("D51") and Family Health West ("FHW") for "affirmative marketing" and information sessions for our property to the employees of D51 and FHW. Both institutions have provided us letters of support, which we believe is a great success for both institutions and The Fruita Mews, as D51 is the largest employer in Mesa County and FHW is the largest employer in Fruita. Lastly, and in addition to Eureka's after school/summer academic and recreational programming, the property and its residents will benefit from MOU's from Over the Edge Bike Shop (OTE) and Dana Seelye, a Master gardener. OTE will hold bike maintenance clinics, and Dana Seelye will mentor residents in planting and garden maintenance at The Fruita Mews community gardens.

Another strength of this project is the IndiBuild team's proven experience in developing LIHTC housing. In the past 25 years, members of the IndiBuild Team have developed 15 communities and 736 LIHTC units and earned an excellent reputation for design, construction, and management of Section 42 funded properties.

Assuming a tax credit award, the project will break ground in the Fall of 2022.

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

The Fruita Mews meets the following priority:

- Projects in counties with populations of less than 175,000. The Mesa County population is 155,916. Fruita's population is 15,303.

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

Market conditions

As identified in our Prior and Associates Market Study dated January 25, 2022, there is a robust market demand for this project, with a total existing capture rate of just 5.7%, well below CHFA's required 25%. Vacancies within the Grand Junction Housing Authority (GHHA) housing portfolio are currently under 2%, primarily representing the time needed for unit turnover and new resident processing time. The GJHA's current waitlist has approximately 1,045 households appropriate for the project. The unit mix at The Fruita Mews was derived by analyzing the eligible households to determine what unit types and income targeting were most needed while also considering the appeal for low- to moderate-income families desiring to live close to schools.

The Colorado State Demography Office projects population growth in the County from approximately 154,000 to 238,000 people from 2020-to 2050, representing an increase of over 50%. The number of households is expected to increase from around 61,000 to over 96,000.

According to the Prior and Associates market study dated January 25, 2022, the property's unit sizes, design, condition, and project features are generally superior to the LIHTC development in the PMA, while its condition, design, and project features are slightly superior or superior to the LIHTC properties outside the PMA, providing the subject with a competitive advantage. The market study analyst has no recommended changes to the project. The Fruita Mews is an excellent opportunity to expand housing options in an underserved area and continue to help the City of Fruita and the Grand Valley address the increasing problem of affordable housing, which many believe is the most significant issue facing Fruita today.

Proximity to existing tax credit developments

The Fruita Mews project will be the first new construction and non-subsidized LIHTC property developed in the PMA. This is the second LIHTC development in the PMA. The 23-unit Grand Mesa Apartments was built in 1984 as a United States Department of Agriculture (USDA) financed development and refinanced with LIHTC in 2007. The Grand Mesa Apartments are located 1.2 miles away. There are five other LIHTC deals developed and managed by the Grand Junction Housing Authority outside the PMA and in the Grand Junction Metropolitan Area.

Project Readiness

IndiBuild executed a purchase and sale contract on the property. The property is currently zoned PUD. A PUD amendment is required to develop the project as proposed. IndiBuild applied to the City of Fruita for a PUD amendment on October 28, 2021; City Staff and administration worked with IndiBuild to develop the site plan and support the PUD amendment. The staff has expedited development review and provided a staff recommendation at Planning Commission, held on December 14, 2021. The first City Council reading of the Mews rezone was held on December 21, 2021, and the 2nd and Final reading is on 2/1/22. As part of the PUD process, a preliminary site plan has been submitted and reviewed and will be approved with the PUD approval. Huddleston-Berry Engineering and Testing, LLC conducted a geotechnical investigation on July 22, 2021; as part of our due diligence, no significant construction issues were noted. Additionally, a traffic study was performed by APEX engineering and recommended no improvements off-site. A Phase I environmental site assessment was also conducted and "revealed no evidence of recognized environmental conditions in connection with the property."

The project still requires final site plan and subdivision approval. We expect the final site plan and subdivision approval to be reviewed and approved administratively as requested in the PUD submittal. Since the preliminary site plan submitted is expected to be approved as part of the PUD approval, any modifications to that site plan will be minimal. The final site plan and subdivision approval are expected to take four months. Once LIHTC credits are approved, IndiBuild will be in a position to begin infrastructure and vertical construction in the Fall of 2022, with completion by Spring of 2024.

Overall financial feasibility and viability

The design and costs have been reviewed and vetted to be as accurate as possible. Appropriate value engineering opportunities have been taken, such as reduced unit sizes and a reduction in the square footage of the common house. IndiBuild obtained four competitive bids from General Contractors, all with prior LIHTC experience; minimal fluctuations are expected. BlueLine Property Management will be the Property Agent for The Fruita Mews and has extensive experience managing LITHC projects. There is proven demand with nearly 1,045 appropriate households on Grand Junction Housing Authority's waitlist.

In 2020-2021, the City of Fruita adopted a new comprehensive plan that strongly supported affordable housing. The county performed a housing needs assessment outlining the dire need for affordable housing in the Grand Valley. Additionally, the City of Fruita recently engaged a housing needs assessment firm and created a Housing Authority on January 24, 2022. We anticipate that a partnership with the newly formed housing authority will save the property sales and use taxes and provide real estate tax abatement. In addition, IndiBuild is concurrently applying for $2,860,000 from the Colorado Division of Housing EDG Funds. Lastly, IndiBuild will endeavor to apply and/or have the City apply for all available Federal, State and Local grants to offset energy conservation and internet solutions utilized in our design.

Experience and track record of the development and management team

While IndiBuild llc is a new company, our team members are experienced developers of LIHTC and other affordable housing properties here in Colorado. Sam Betters, a vital member of the IndiBuild Team, has an excellent track record of completing projects on time and on budget. Additionally, Kim Pardoe, founder and Principal of IndiBuild, has over 23 years of structuring, underwriting, and investing in new construction and the acquisition and rehabilitation of LIHTC properties throughout the country. Lastly, Paul Glasgow, AICP and a Principal at IndiBuild has over 25 years of planning and entitlement experience. The key development principals have a combined 80+ years of developing, underwriting, entitling and managing tax credit financed developments.

The design firm of Shopworks Architecture and the General Contractor, Bryan Construction, both have vast experience with multi-family LIHTC projects. BlueLine Property Management will be the property management agent and have staffing in mind for the on-site management. They have another tax credit property approximately 12 miles to the east in Grand Junction.

Project Costs

Due to the intense building activity in the Western Slope and the cost of construction nationally, building costs have skyrocketed over the past several years. IndiBuild is working diligently with our general contractor and architect to identify and incorporate appropriate cost-saving measures. As reported by our partners, the primary driver in construction cost includes the labor shortage on the western slope and increased material cost.

Site suitability

The site for The Fruita Mews is ideal for a LIHTC multi-family development. The site will soon have appropriate zoning, and all major off-site improvements are complete. The site is flat and highly developable. It is surrounded by new residential development to the west and the south, with more similarly dense properties under planning review to the southeast. The site is adjacent to the new Monument Ridge Elementary School, close to numerous employment and service opportunities, easily accessible to Interstate 70. It will have adjoining access to the City of Fruita's planned recreation trail extension. The site was obtained after extensive site evaluation and selection. The property was not for sale but was pursued with the D51 school district's active participation. We believe this lengthy process has created an excellent site that fulfills Fruita's workforce housing desire and need.

On January 25, 2022, IndiBuild received DOH Board Approval to purchase the property with OTK Funds. We will apply to subdivide the property for property acquisition immediately upon receiving zoning approval on February 1, 2022. Purchase of the property is anticipated after receipt of a tax credit reservation.

3. Justification waivers of any underwriting criteria - The project is not requesting any waivers.

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

Due to the lack of precedent of 120% AMI rentals in the PMA and Grand Junction, the market analyst recommended concessions may be necessary on the 120% AMI rents during the initial lease-up period. However, due to the very low capture rates, the analyst predicts this would be a short-term need and expects achievable rents to return to the underwritten 80% AMI rent levels after initial lease-up. In addition to reducing underwritten 120% rents at the 80% rent levels (19% market advantage), IndiBuild has budgeted $20,000 in rent reserves in the development budget (which equals approx. $278 per unit per month in rental income for the first-year occupants of all 6 120% units). Additionally, the capture rates for the 120% AMI units are expected to be very low based on Prior and Associates' previous capture rates for 70-80% units calculated in their market study dated 7/29/2021. IndiBuild feels this approach adequately addresses the market analyst's concern.

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

6. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment (Refer to section 2 of the QAP for additional information):
The Fruita Mews costs are relatively high due to existing construction costs and the product and the site design. We feel the programmed site design and the Modern Farmhouse townhome building designs will help improve community acceptance of affordable housing. We are also building programming space for our service providers, community gardens, and a pedestrian and bicycle infrastructure network that will help support healthy living.

7. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):
IndiBuild held an online public outreach meeting for The Fruita Mews on July 6th at 3 PM. It held a second follow-up neighborhood meeting at 6 PM, July 26th, at the City's Civic Center. One hundred seventy-five households were invited to the meeting, including all residents in a 750-radius surrounding the site and other interested parties in the City.

The IndiBuild team also provided a zoom presentation on the LIHTC program to the City's Livability Commission on 3/5/21 and visited the community several times, scoping ideal affordable housing sites and talking with local businesses and local service providers about the need for affordable housing and potential partnership. Our team has gathered the support of-working group participants from the recent Grand Valley Housing Needs Assessment, specifically housing and service providers for low-income and at-risk people in the Grand Junction Metropolitan area.

The City of Fruita has fast-tracked project review and approval and reduced site development standards to assist with project cost control, including waiving the construction of a roadway that would have resulted in offsite costs of over $800,000.00. The city has also reduced road sections to allow for more pedestrian-friendly streets.

The City's support for affordable housing is high, as evidenced by their affordable housing priority and strategy, including the recent formation of a Fruita Housing Authority and performing their own housing needs assessment and housing strategy. Affordability and affordable housing are mentioned over 30 times in the City's recently adopted 2020 "Fruita in Motion" comprehensive plan. The plan encourages adding diversity to the City's housing stock; The Fruita Mews will be one of the first projects in 20 years to achieve. The plan also recognizes the need to increase affordable rentals.

The City has consulted with the Grand Junction Housing Authority, other CO Housing Authorities, IndiBuild, and DOH to develop its affordable housing policy. In addition to reliance on the recent Grand Valley Housing Needs Assessment completed June 22, 2021, the City recently retained EPS to do their housing needs assessment and housing strategy. They have conducted numerous council study sessions to define the operation and structure of the Fruita Housing Authority. Once the housing policy is established, we hope that the City will provide fee waivers of at least $539,400, should they be able to offset the waivers with DOLA 1271 funds in the fall. No fee waivers are in our base case due to the timing and competitiveness of these DOLA reimbursements.

Memorandums of Understanding and Letters of Support

In addition to countless supporters present at Planning Commission on 12/14/21, please also see the attached MOUs and letters of support from the following:

MOUs:

1. Eureka McConnell Science Museum
2. Mesa County Valley School District 51
3. Family Health West – Also includes a Letter of Support
4. Master Gardner Dana Seelye

Letters of Support:

1. City of Fruita – City Manager
2. Grand Junction Housing Authority
3. Mesa County Valley School District 51
4. Phil Onofrio – Former COO Mesa County School District 51
5. Homeward Bound
6. Grand Valley Catholic Outreach and Grand Valley Coalition for the Homeless
7. Mesa County Regional Transportation Planning Office
8. Fruita Chamber of Commerce
9. Hilltop Nonprofit
10. Realtor Keith Everitt
11. Over the Edge Sports
12. Root Policy
13. RBC Capital Aaron Krasnow
14. John Rodwick – Community Member
15. Milliken Endorsement of IndiBuild
16. Family Health West
17. Michelle – Fruita Resident
18. Tom and Carrie McNamara – Fruita Residents

9% housing credit application narrative

Project Name: **The Ives**
Project Address: 4470 Wadsworth Blvd, Wheat Ridge, CO 80033

Executive Summary

Jefferson County Housing Authority, d/b/a Foothills Regional Housing (FRH) is pursuing a 9% LIHTC award to develop The Ives, a 50-unit apartment community that will leverage a partnership with Jefferson Center for Mental Health (JCMH) and provide housing for 25 of JCMH's clients experiencing homelessness. The site, already owned by FRH, is located at 4470 Wadsworth Boulevard and is adjacent to a residential neighborhood park. This site is not located in a QCT or DDA. This site has excellent access to retail, job centers and RTD bus line service along the Wadsworth corridor, and within a 10-minute walk to the Wheat Ridge Clear Creek Greenbelt and Johnson Park trailhead. Yet, even greater neighborhood amenities are on the horizon. This development's timing aligns with major improvements along Wadsworth Boulevard. The project, which began construction in October 2021, known as Improve Wadsworth, is a $70 million project to improve the Wheat Ridge Wadsworth corridor. With widened sidewalks and boulevard landscaping, improved crosswalks, Improve Wadsworth will increase vehicle and pedestrian safety and improve walkability along The Ives.

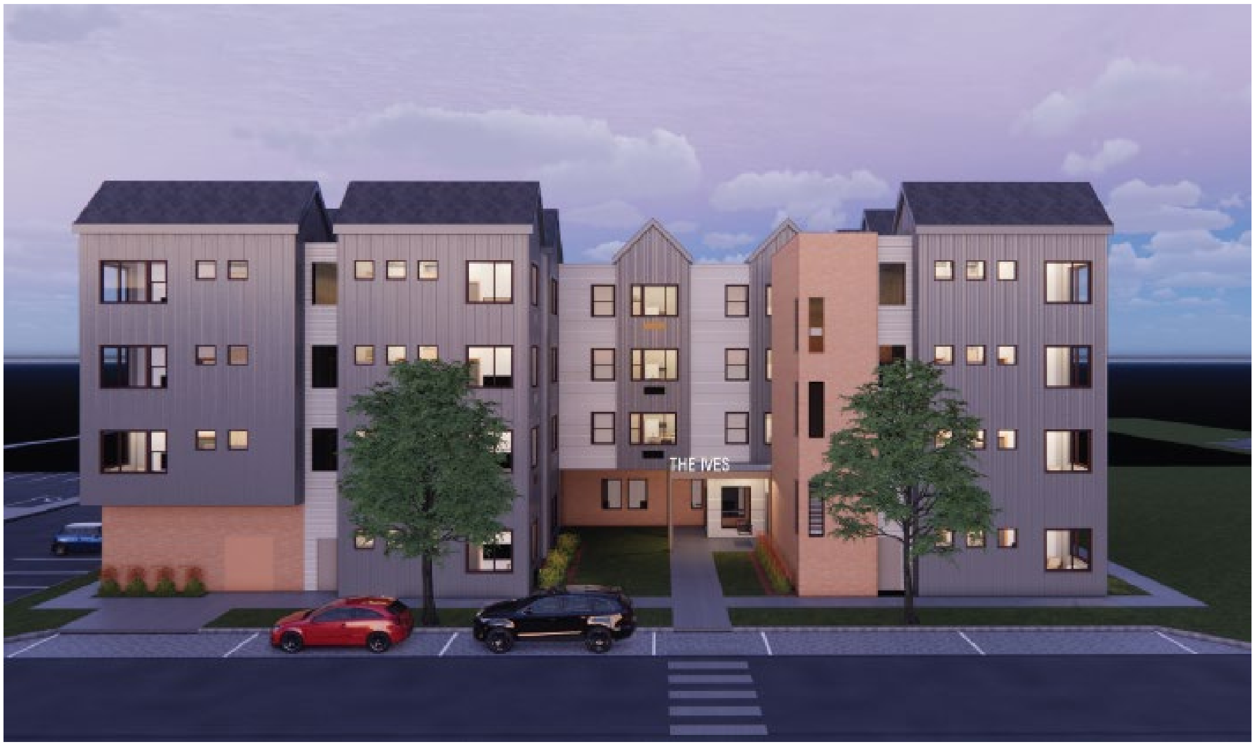
While Wheat Ridge has lower than average home prices for the Denver metro area, affordable units are nonetheless still difficult to find. As of Q3 2021, the vacancy rate for one-bedrooms in Jefferson County were 3.4%. Average rent in Wheat Ridge was $1,504 which is only affordable at an annual household income of $60,120. The Ives will provide 50 one-bedroom units of affordable housing serving 30% - 60% AMI households, with a weighted average AMI of 49%. Of those units, 25 will be prioritized for JCMH clients experiencing homelessness. The remaining units are intended for households earning up to 60% of the AMI with one unit set aside for onsite staff. FRH intends to commit 25 project-based vouchers from its own HCV allocation for these 25 units serving JCMH clients. The weighted average size of the units are 554 square feet.

Design and construction will consist of a four-story wood framed building on a concrete slab with spread footing and grade beams. Roof design will be a mix of flat and pitched designs. The exterior will consist of brick and metal paneling. Residential corridors will be double loaded and accessible via two stairwells and an elevator. Heating and A/C will be all electric using PTAC systems, while unit and common water heaters will be powered by natural gas. This building will pursue NGBS Bronze certification and will feature high efficiency design paired with electrification-ready construction. To achieve a high level of greenhouse gas and utility cost reduction, The Ives will utilize high efficiency air source heat pumps, central condensing domestic hot water plant with 94% AFUE, low flow plumbing and native landscaping, above code windows and envelope insulation systems, low power density LED light package and Energy Star appliances, and four EV charging stations. It is estimated that The Ives will yield 20% or more in energy savings over IECC 2018 baselines, and a reduced energy utility cost of $0.90/SF. This shovel-ready site is currently zoned for multifamily use and site plan and plat approval are by administrative approval only. City of Wheat Ridge density requirements do not apply to this parcel, as confirmed by City staff.

The project will have significant amenities including vinyl wood flooring throughout the units, dishwashers, microwaves, walk-in closets, breakfast bars, and will be WiFi ready. Common amenities include elevator service, community and flex space, on-site laundry, outdoor green space, BBQ pits, and owner paid utilities. Approximately 5,600 SF of leasing and amenity spaces are available for resident, partner agency, and staff use including lobby with WiFi access, mail lobby, lounge and dining booths, staff offices, reception desk, and kitchenette. This common area space will accommodate JCMH services including, but not limited to, suicide prevention programming, wellness classes on a wide range of behavioral and physical health topics, school-based counseling, life skills and parenting skills training, older adult services, trauma services, intensive outpatient (IOP) substance use group therapy, employment services, homelessness prevention, telehealth access, and veteran and military family services.

In addition to federal 9% tax credit equity, the proposed financing includes a conventional construction to perm loan, soft funding from Colorado Division of Housing EDG, JeffCo CDBG or HOME funding, a seller carry-back note from FRH, and deferred developer fee.

The Ives deserves selection for an award of 9% tax credits due to the partnership between two highly respected Jefferson County nonprofits, the site being properly zoned and shovel ready, prioritizing high quality design for residents, dedicating high-tech and high-touch behavioral health services, being the only project located in Jefferson County this round, and devotion to providing housing for a diversity of households, including 25 homeless residents.



Priorities in Section 2 of the QAP:
None

Criteria for approval in Section 2 of the QAP:
Market conditions: Market conditions are very favorable for The Ives. In addition to being the only 9% application in Jefferson County in this round, as of December 31, 2021, the average apartment vacancy rate for one-bedrooms in the Primary Market Area (PMA) was 5.6%. We have 25 project-based voucher units, and the 60% units are underwritten to a 5.0% discount to max rents. The Ives' capture rate for the 60% AMI units is 5.7% and the PMA occupancy rate is 98% and has been absorbing 209 rental units per year with no concessions, illustrating conditions of a strong rental market. There is only one other non-age-restricted LIHTC project existing in the PMA, and it is 100% occupied with a 100-applicant waitlist, offering no concessions, and has a historical occupancy rate at or near 100%.

Proximity to existing tax credit developments: Renaissance at Concord is the only existing family LIHTC project in the PMA. It was built in 1998 and is in average condition. This non-age-restricted LIHTC project is 100% occupied with a 100-applicant waitlist and historical occupancy rate at or near 100%.

Project readiness: The subject parcel is currently zoned MU-C, which allows residential multifamily development. FRH and Shopworks Architecture have completed pre-app meetings with City staff and West Metro Fire District and have a clear path to permit. No public meetings are required to achieve full entitlement for The Ives. We intend to submit site plan and plat in March 2022 and submit building plans by August 2022, assuming final approval and building permit no later than December 2022.

<u>Overall financial feasibility and viability:</u> The project financing has been structured to use 9% tax credits at an assumed annual amount of $24,200 per unit and conventional debt. Soft funding will include $55,000 per unit in Colorado Division of Housing EDG funding, $500,000 in JeffCo CDBG or HOME funding, a seller carry-back note from FRH, and deferred developer fee. Initial conversations with lenders and LIHTC investors indicate a strong market interest. Letters of intent from all funding sources are provided and demonstrate overall financial viability.

<u>Experience and track record of the development and management team:</u> FRH has been developing and managing affordable housing projects in Jefferson County since 1975. In addition, Shopworks Architecture and Calcon Construction has extensive experience in the affordable housing space. RCH Jones consulting has helped with deal structure and financial underwriting. Please see attached information from FRH and our development team members for more information on our qualifications.

<u>Project costs:</u> The project's construction and soft costs are based on schematic design drawings that have been informed by over 12 months of meetings, local data generated by the General Contractor (selected through a competitive process), and by FRH's recent development budgets. FRH has worked to keep project costs as low as possible while still intending to deliver quality spaces and keeping in mind construction material and labor shortages.

<u>Site suitability:</u> The site located at 4470 Wadsworth Boulevard is an ideal location for The Ives. The Ives is located near existing retail, including Safeway grocery store (11-minute walk) and Walgreens (4-minute walk), and social services, including Jefferson Center Walk In Crisis Center (6-minute walk) and STRIDE Community Health Center (13-minute bus ride), along the Wadsworth corridor and will contribute to the ongoing community development taking place and being encouraged by the City of Wheat Ridge. Furthermore, The Ives is located directly adjacent to existing RTD bus lines with service every 30 minutes; and will benefit from the latest Wadsworth improvements resulting in greater walkability, safety, and access to neighborhood amenities. Finally, The Ives is located directly adjacent to the Apel-Bacher neighborhood park and within a 10-minute walk to the Wheat Ridge Clear Creek Greenbelt and Johnson Park trailhead. Its also important to note the surrounding land uses of The Ives. The Ives is adjacent to Wadsworth Boulevard, which can be a busy and noisy corridor. But The Ives can overcome the downsides of this by being set back over 175 feet while still being close enough to fully benefit from being near a major commercial corridor. Further, the Ives experiences a proximity to residential SFHs to the east. Even though these are buffered by Apel-Bacher park, the design of The Ives still lends a nod to the residential character in the neighborhood.

Justification for underwriting waivers of discretionary basis boost:
Not applicable.

Issues raised by the market analyst in the market study:

- *"The subject's project amenities and unit sizes are slightly inferior to most surveyed income restricted properties."* We have targeted our design approach to address the needs of the intended residents and believe the specialized services and unique design are not considered in the market study. Also, our team believes any shortcomings are mitigated by the fact that this is the only current 9% application in Jefferson County.

- The capture rate analysis for the 25 units intended for homeless residents revealed a 32% capture rate. While this capture rate is above the 25% threshold, we believe it is attainable because surveyed PSH developments were 97% occupied, with historical occupancy rates at or near 100%, JCMH and FRH both have extensive experience serving homeless households within the PMA, creating a large existing client referral network, and FRH along with JCMH will have the ability to draw renters from outside the market study PMA. Additionally, the 25 units would not be "set aside" for only homeless adults but could also be leased to any qualified low income tenant should an applicant not meeting this "preference" be identified upon vacancy.

Issues raised in the environmental report and how these issues will be or have been mitigated.
The Phase I assessment reveals no evidence of RECs, HRECs, CRECs, BERs, or de minimis conditions. Recommendations include radon testing prior to and post construction and the construction of a sub-slab vapor mitigation system and testing for any asbestos containing materials (ACM). Knowing that the existing garage on site was built in 2011, testing for ACM will not be necessary. We intend to test for radon and provide a radon mitigation system, per the recommendations.

Unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment:
Some unusual cost conditions on this site include the distance to pull utilities and a "u" shaped building. We also have additional amenities such as enhanced security measures, high quality finishes and fixtures, and requirements by West Metro Fire to loop the water line from Wadsworth to 45th. In addition, the market volatility with materials and labor is a challenge. We have addressed these variables though over a year of owner, architect and contractor discussions along with conservative, informed pricing.

Description of outreach to the community and local opposition and/or support for the project:
We have worked closely with the City of Wheat Ridge to ensure zoning and design requirements are met. Jefferson County anticipates providing up to $500,000 of HOME or CDBG funding for The Ives. Letters of support from local governmental agencies have been included. We are not aware of any current opposition to the proposed project currently.

9% housing credit application narrative

Project Name: **The Launchpad**
Project Address: **810 N. 19th St. Colorado Springs, CO 80904**

AFFORDABILITY	MARKET STUDY	PARTNERSHIPS & SUPPORT
100% @ 30% AMI	Surveyed current LIHTC 2.7% vacancy	Colorado Springs Housing Authority
Serve Homeless Youth ages 18-24	Unit & Project features exceed mkt standard for LIHTC	Pikes Peak Community Foundation
PSH with Trauma Informed Design	40 feet to King Soopers 400 feet to Bus Stop 200 feet to Medical Clinic & Pharmacy	Peak Vista Community Health
24-hour front desk	5.2% Capture Rate	Colorado Health Foundation
		El Paso County & City of Colorado Springs

Cohen-Esrey Development Group ("CEDG") and The PLACE Colorado Springs ("The PLACE") are pleased to present The Launchpad Supportive Housing (the "Project") for 9% LIHTC funding. The Launchpad will offer 50-units of safe, quality supportive housing targeted to Transition Aged Youth ("TAY") ages 18-24 who are experiencing or at risk of experiencing homelessness. If funded, this community will be 100% supported by project-based vouchers provided by the Colorado Division of Housing ("CDOH"). CEDG will develop, own, and operate the Project and The PLACE will lead service coordination, case management & voucher administration throughout the initial compliance term. Services will be largely funded though Division of Housing ARPA, Colorado Health Foundation, Peak Vista Community Health, cash flow from operations, a services reserve, charitable fundraising, and other grants. These young people have experienced a broad spectrum of trauma, stress, anxiety, loss, abandonment, and overall insecurity in their lives. This project is meant to be more than just an apartment community. It is a secure home that is designed to help reduce, and hopefully mitigate the negative experiences these young people have had. It is a safe place where youth can grow, learn, have peace, build relationships, and heal. We have a dynamic team who are fully committed to this project The end goal of The Launchpad is to serve the youth by providing stability, safety, and training to stop the cycle of homelessness and trauma before it can become a pattern.

Located in the Old Colorado City neighborhood of western Colorado Springs, The Launchpad location is ideal for TAY and goals of supportive housing. The site is not in a 2022 QCT or DDA. In addition to providing the community services and amenities described below, the site is adjacent to a grocery store and shopping center, 400 feet from two bus stops, and within half a mile of a medical clinic and pharmacy, a public park, and the Head Start office.

The design of the building utilizes up-to-date Trauma Informed Design principals assembled by the experienced team at Shopworks Architecture. In December 2021, Shopworks Architecture and the Center for Housing and Homelessness Research at the University of Denver facilitated focus groups and one on one interviews with guests, PSH residents, and staff at The PLACE. Through these interactions, we sought to learn how youth and staff experience the various spaces within The PLACE and listened deeply to understand individual experiences and current realities with safety, comfort, and connection. In total we interviewed 18 staff and 15 youth connected to The PLACE to hear their reflections on the spaces they utilize, as well as their dreams for the future development.

Specific ways that the feedback from the focus groups above, and TID, are integrated into the design include the following:

- We created a main-floor amenity space that is open to all floors of the building to allow for easy wayfinding, as well as pointing to values of hope and aspiration in the built design. This amenity space allows for opportunities for prospect and refuge – from small reading nooks to a spacious area where groups can gather and will be a dynamic space for connection and healing.

- In our research we heard the important connection youth have to the outdoors and so the entire design mirrors the look and feel of the local mountain-range. Additionally, the amenity space was designed as an indoor/outdoor space. We hope to add a rock climbing/boulder space to the outdoors – and have ensured a basketball hoop will be placed in the parking lot as that is an important aspect of community-building at the current shelter.

- We will ensure the design elicits joy by not just including calming colors, but also vibrant and cheerful colors.

Per Prior & Associates Market Study, information from the Homeless Management Information System (HMIS) provided by the Metro Denver Homeless Initiative (MDHI), there were 2,648 “unique clients,” or individuals under the age of 25, served across all HMIS project types in 2021 in the Pikes Peak Continuum of Care (PPCoC). Of these 2,648 individuals, there were 1,273 individuals in TAY households, or in a household where the head of the household was under the age of 25.

The units will be fully furnished, include PTAC Heating/Cooling, and have Energy Star appliances. Community amenities include a basketball half-court, Zen Garden, dog play area, dog wash, indoor bike storage, a library, a community kitchen, on-site management, controlled access, security cameras, and 24-hour front desk. Another item learned from the focus groups is the importance of a separation from living and sleeping space. Because of this we eliminated studio units and moved to all 1-bedrooms with a few 2-bedrooms for some of the youth population with 2+ family members. The community will be very pet friendly since pets are family too. Given the elevator, 100% of the community will be accessible.

As the developer, sponsor, and owner, CEDG is a highly skilled national affordable housing developer with 20 LIHTC properties in 9 different states including 2 funded affordable housing projects in Colorado. CEDG brings national experience and a strong local presence to the planning and implementation of the Launchpad. Lisa Sorensen is the foundation of CEDG’s Colorado presence. Lisa is the Director of Development and will participate in all aspects of the development of The Launchpad. Across its portfolio, CEDG has a proven track record of successfully delivering high quality affordable housing and has demonstrated their commitment to serving the needs of the resident by building communities that empower people and communities to thrive. CEDG and The PLACE have entered into a Development Agreement to define each entity's role, sharing of future cash flow and developer fee along with a right of first offer for The PLACE if the owner decides to sell the property.

Priorities in Section 2 of the QAP:
Projects serving homeless persons. Currently The PLACE operates street outreach, temporary shelter, housing, education, employment & health services. The PLACE provides dispersed housing to the youth and have housed 147 youth with 80% who have exited and have moved on to another stable place. The PLACE has a proven track record of working with the PPCoC and administers funding from El Paso County along with a variety of grants and donors. The project will be an expansion of the services they are currently providing. The Supportive Services Budget is funded for the first five years and projected to be funded for the first 9 years. Upon award of tax credits, we will finalize our applications. Please see the supportive services budget and narrative in our application.

Criteria for approval in the QAP:
<u>Market conditions:</u> The Launchpad will be the first TAY project in the PMA and shows low (even overstated) capture rates. Additionally, the only existing transitional, supportive and emergency housing units in the PMA for TAY households is a 20-bed youth homeless shelter operated by The PLACE, the Project's co-sponsor. There are an estimated 954 qualified TAY households in the Pikes Peak Continuum of Care and The P's experience and presence in the PMA is a distinct strength. The locational amenities, including the transit-oriented design are ideal not only for this community, but in general.

<u>Proximity to existing tax credit developments:</u> As far as we can tell, the 2 closest existing tax credit developments are Wyndam Place (2003) and Homewood Point (2004) both about 3.5 miles to the southeast. Currently in the pipeline, The Commons, a 50-unit LIHTC/homeless project, is under construction at 3770 East Uintah Street, 5.0 miles east of the subject. However, The Launchpad is the only PSH development in the pipeline that targets transition age youth.

<u>Project readiness:</u> Assuming an award of 9% LIHTC and PBV, our team is prepared to secure the necessary investor, lender, and soft finding commitments during the preceding 12 months and meet Carryover. In December, we had a Land Development Technical Committee (LDTC) meeting with the City of Colorado Springs Planning Department to get preliminary feedback. The meeting was very positive with a lot of valuable feedback from the city. Below is an excerpt from the zoning letter:

Furthermore, the City staff is in support of this project based on preliminary site plan review, with consideration of the location and the City's intent with regard to the Colorado Springs Comprehensive Plan, known as PlanCOS. The site is located very close to a Community Center node of activity, including commercial services and employment opportunities. While the project will need to initiate the Development Plan process with the City's Planning and Development Department to ensure all applicable codes are met, staff does not anticipate significant hurdles to occur. Development Plans for a permitted use are administratively approved (no public hearing is required). Based on the City of Colorado Springs' recent experiences with similar type projects, we would expect this project would take 3-4 months for site plan approval and 90 – 120 days for the building plans review (building permit ready).

<u>Overall financial feasibility and viability:</u> As contemplated, the Project is financially feasible if awarded an allocation of 9% LIHTC and PBV from CDOH. In addition to the federal equity for this application, we are assuming a conventional construction loan, a CHFA perm loan, a County HTF loan, soft financing from CDOH the City, and deferred developer fee. We are also assuming a partnership with The Colorado Springs Housing Authority. The equity syndicators, lenders and our financial consultant, RCH Jones

consulting, have run the current project assumptions through their tax credit financial models. This extensive up-front conservative underwriting and with current information, has shown that the Proposal has minimal risk points. Furthermore, we are accounting for the volatile construction pricing by including appropriate contingencies. Our approach to internal collaboration between design, construction and management maximizes operating efficiencies without compromising resident comfort, ongoing compliance, or building durability and maintenance.

Experience and track record of the development and management team: Cohen-Esrey Real Estate Services, the parent company of CEDG, brings more than 50 years of experience in affordable and market rate multifamily housing and has owned & managed more than 68,000 units in over 550 properties. Consistent with their corporate model, CEDG will self-manage this property through Cohen-Esrey Communities LLC ("CEC") who will bring expertise in affordable housing management to The Launchpad and will complement The PLACE and the intended service provisions. Currently CEC manages five permanent supportive housing projects that consist of 150 units. Some of the services provided at these properties include case management, life skills, behavioral health programs childcare and medical services. CEC has a proven track record of partnering with service providers in this type of management environment.

CEC plans to hire local property management personnel and provide the support & resources needed to successfully lease and certify residents. All onsite property staff will complete CHFA's Colorado based income averaging training prior to marketing and pre-leasing activities. Adherence to CHFA's Unit Designations and Unit Parity will be fully defined and required in the property's operating procedures. CEDG is working with Colorado companies, including Shopworks Architects and Brinkman Construction. Both are very experienced with LIHTC development in Colorado and Shopworks is a leading design team in TID. BeauxSimone Consulting is working with the team to structure and plan services. RCH Jones Consulting, the financing consultant, is supplementing CEDG's national expertise with their in-depth knowledge of the Colorado market. Please see Development Team Resumes for more information.

Project costs: CEDG has worked hard with The PLACE and its development partners to design a high-quality project with above average in-unit and community amenities designed for TAY supportive housing, while keeping project costs low. Despite the present volatile nature of materials and labor costs, the total GC contract price are estimated to be just below $200,000 a unit. The Project's construction budget was derived from recent local data generated by Brinkman and soft costs budgets have been developed from relevant CEDG & RCH Jones experience.

Site suitability: This site specifically serves the youth. Uintah Gardens shopping center, 40 feet east of the subject, provides both access to essential goods and opportunities for tenant employment at stores including King Soopers, Arc Thrift, ACE Hardware, Subway and PetCo. Within 400 feet of subject is a Mt. Metro Transit stop. Within .75 miles recreation sites include Westside Community Center, Pikes Peak Library District Old Colorado City branch, and Springs Recovery Connections. Bike routes include on-street lanes to schools as well as paved urban trails to nearby parks and open space. The neighborhood is quite walkable while being surrounded by single-family neighborhoods. Its proximity to retail also gives it a competitive advantage (with mountain views).

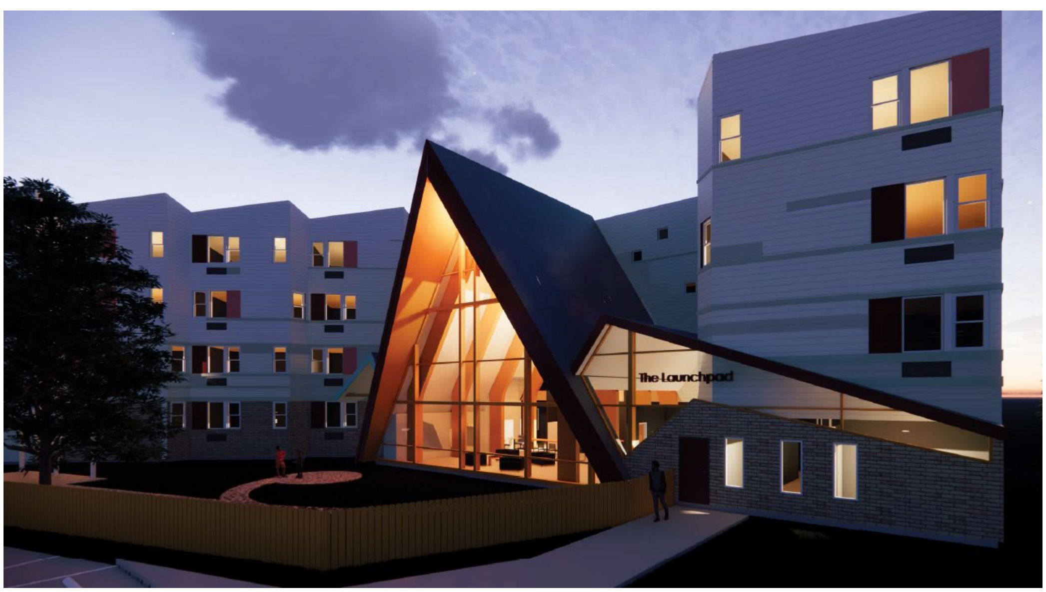
Justification for waiver of any underwriting criteria and/or CHFA Basis Boost:
We are assuming a relatively small amount in perm loan proceeds to maximize cash for services. Therefore, the DSCR is higher than the required 1.30x and we request approval.

Issues Raised in the Market Study:
The study rates the marketability at 5 out of 5 and makes no recommendations for changes. The only "weakness" relates to little precedent providing by existing rental projects to base its TAY-specific performance and success on. Despite this note in the market study, CEDG and The PLACE wholeheartedly believe that The Launchpad will prove to be successful as other TAY LIHTC developments have been in Colorado.

Issues raised in the environmental report submitted with the application:
According to the Phase I Environmental Site Assessment, there are no known or suspect Recognized Environmental Conditions, and there are no recommended additional activities for the site.

Unusual features that are driving costs upward and any opportunities to realize cost containment:
The primary cost item to consider going forward is the hillside located on the southwest corner of the site. Upon a tax credit award, we will engage a geo-technical study to learn about the soils in the hillside. We have $100,000 budgeted for retaining walls and another $250,00 reserve for sitework to address this site issue. The project has been priced assuming Davis Bacon. Given we have 47 of the same unit type, we were able to gain cost efficiencies that were used to in other areas such as stone countertops, improved cabinets, glass atrium, common areas, and furniture.

Description of outreach to the community and describe local opposition and/or support for the project:
Since the Launchpad was conceived by CEDG and The PLACE. We have letters of support from the City of Colorado Springs, El Paso County, The Colorado Health Foundation, Colorado Community Health Alliance, and various local service providers. The City has noted that this high priority project would qualify for local CDBG or HOME funds and the El Paso County Housing Authority has indicated the Project would qualify for Housing Trust Fund dollars. Finally, the Colorado Springs Housing Authority has expressed intent to partner in the ownership of the Project should there be an award of credits. To the best of our knowledge, there has been no opposition to the Project to date.



9% housing credit application narrative

Project Name: Mountain View Residences

Project Address: TBD Clark Street, Alamosa, CO

Executive Summary

The San Luis Valley Behavioral Health Group, Inc., (SLVBHG), is an experienced community health center, with over half a century of expertise in delivering care to the residents of the San Luis Valley. Originally established in Alamosa, Colorado in 1970, SLVBHG now has over 10 locations spread across the 8,000 square miles of the San Luis Valley. There are six counties in the Valley, including Conejos, Costilla, Mineral, Alamosa, Rio Grande, and Saguache. SLVBHG offers services to residents of the San Luis Valley that are tailored to each need and built on an integrated healthcare platform. As the only community mental health center in our region of the state, our focus consists of the traditionally disenfranchised members of our community. SLVBHG utilizes change to find innovative methods of meeting the needs of people including making services available to people where they live striving to eliminate barriers to service. SLVBHG is often the only source of healthcare clients ever access.

One glaring need for Alamosa and throughout the Valley is the need for affordable housing. Currently, there are only sixteen (16) tax-credit communities in the entire San Luis Valley, none of which are supportive housing.

According to the most recent Alamosa Housing Needs assessment, SLVBHG serves individuals who fit into the following categories that have been identified in the Housing Needs assessment as special populations in desperate need of housing enriched with services: seniors, veterans, homeless, and agricultural workers. Additionally, the city estimates that residents will need between 444 to 514 housing units by 2026. This equates to approximately 80 to 100 units per year, but Alamosa has only been able to add an average of 44 units annually over the past ten years.

SLVBHG provides the only Section 8 voucher supported housing in the Valley with 16 vouchers placed in two apartment communities owned by SLVBHG. In response to this need, SLVBHG is proposing Mountain View Residences, 32 apartment homes supported by project-based vouchers and supportive services in the city of Alamosa. Mountain View Residences will serve individuals and families exiting homelessness who are at or below 30% of AMI and will be a collaboration of SLVBHG acting as owner and service provider, BlueLine Development providing development consulting and supportive housing property management services and Shopworks Architecture providing trauma informed design services. If successful, Mountain View Residences will provide Alamosa and San Luis Valley its first LIHTC financed permanent supportive housing community. Services provided by SLVBHG will include, but not be limited to, voucher administration, housing counseling, case management, telehealth services, substance use counseling, mental health counseling, and access to medical and dental services.

Mountain View Residences, a three-story building will provide twenty-eight (28) one-bedroom and four (4) two-bedroom apartments on floors two and three with nearly 5,000 square feet of community space on the first floor designed with open sight lines throughout the space and out to the courtyard utilizing trauma-informed design principles allowing all who are in the space to feel safe. The first floor will contain a welcoming front desk and waiting/lounge area, leasing office, services spaces separate from the central great room, large kitchen area for community events and multi-purpose community areas to provide confidentiality for residents and staff. The first-floor community space will open on to a south facing enclosed courtyard and greenspace with a shade structure and garden area only accessible from inside the building for safety. An elevator and stairwell will serve the building from the amenity area and an additional stairwell will provide egress on the southeast side of the building. Mountain View Residences will be a slab on grade 3 story building with 53 surface parking spaces available for residents, guests and staff accessed from Clark Street. The site sits on 2.38 acres and the building will be Type V wood frame over the slab.

The building will have a flat roof form and the exterior will be clad in varying textures of siding that are painted colors inspired by the local landscape. The ground floor of the building will be primarily brick masonry with wood and glass accents near the resident amenity area and entrance. The development team was able to realize a density bonus and a parking space reduction working with the Alamosa Planning Department, who are supportive of the multi-family housing being proposed at this location.
Each apartment home will have high-efficiency windows, increased insulation rating, energy star refrigerator, oven/range, disposal, microwave and air conditioning. To maintain building efficiency, residential units are stacked off double loaded corridors on levels two and three. The entire project will certify to National Green Building Standards. Additionally, the electrical service will be increased to allow for conversion to an all-electric building when appropriate.

Funding for Mountain View Residences will be provided by CHFA in the form of 9% LIHTC equity and Colorado Division of Housing HSP grant funds and Enhanced Development Gap funds to reduce the amount of 9% LIHTC's needed to fund the capital needs of the development financing. Through the use of CHFA's discretionary boost the project will generate additional basis, which helps to maintain credit pricing in an area of somewhat low CRA demand. Additionally, Saguache County Housing Authority's Executive Director is in support of an application for Special Limited Partnership for tax exemption and bringing to the board to vote approval for the SLP at their meeting on February 22, 2022. The project will be supported by 32 Housing Choice Vouchers (HCV) from the Colorado Division of Housing. The development is also seeking Tenancy Support Service dollars from the Colorado Division of Housing to ensure the services budget is funded at the per household minimum level required by DOH at $7,200 per household per year. Mountain View Residences will follow all required cross-cutting regulations.

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

Mountain View Residences meet the following three priorities as defined in Section 2 of the QAP:

- **Projects serving homeless persons as defined in Section 5.B 5**
  Mountain View Residences is the result of a committed, experienced community health center recognizing services delivery is most effective when delivered to clients who have a place to live. San Luis Valley Behavioral Health Group with the support of their board, local non-profits, and community members plans to expand their services for homeless individuals and families with this new supportive housing and address the growing need of affordable housing within the city of Alamosa and greater San Luis Valley. The SLVBHG currently provides multiple assistance programs for families and individuals across the San Luis Valley. These services include outreach, behavioral health services and counseling, housing placement and housing choice voucher administration. Mountain View Residences will be an expansion of existing services by offering 100% affordable units serving extremely low-income homeless individuals and families in the City of Alamosa. Homeless adults and families are an extremely under-served population in the Alamosa. There are only seven (7) 30% and under AMI units for extremely low-income households in the entire San Juan Valley and they are currently under construction.

- **Projects serving persons with special needs as defined in Section 5.B 5**
  Occupancy of Mountain View Residences will target families and individuals with a history of homelessness, have a disabling condition, have multiple barriers to housing, are currently homeless or have acute special needs and are frequent users of public systems. At least half of the referrals for supportive housing units will come from the Coordinated Entry System, which prioritizes people who have histories of homelessness, are frequent utilizers of publicly funded systems (emergency rooms at hospitals, detox, prison and jail, Medicaid, etc.) and have disabling conditions. The population that SLVBHG is focused on are living with barriers that may impact their ability to remain stable in housing; residents of this housing community will have an array of supportive services available to them on-site daily. Please see the Permanent Supportive Service Plan submitted with this application and attached to this narrative for additional information.

- **Projects in non-metro counties with populations of less than 180,000**
  Alamosa is a community nestled in the San Luis Valley of CO. Alamosa County has a population of 9,641 and the Valley is home to six counties with a population of approximately 47,000 people. The valley is known for its cultural diversity with 45% of the population identifying as Hispanic and 10,000 migrant and seasonal workers,

many of whom remain permanently because of the availability of year-round agricultural work. The Valley spans across a geographic area of about 8,000 square miles in the heart of Colorado's most economically depressed communities. This geographic expanse and cultural diversity cannot be overlooked and presents community challenges that must be addressed in appropriate service provision with a focus on equity.

Market conditions- According to the analysis of the primary market area, there is a shortage of housing available to Alamosa residents earning at or below 30% AMI. The current vacancy rate is 0% with low capture rates of 1.8% as indicated by the market study's estimated 694 good candidates. Currently these candidates have zero existing units targeted to 30% AMI with 7 currently under construction and due to open later this year. These figures are further corroborated by high occupancy rates and wait lists at existing housing communities within the primary market area. Based on these calculations we anticipate a quick lease up and long-term stabilization for Mountain View Residences.

Proximity to existing tax credit developments- Analysis of the primary market area indicates a shortage of housing available to residents earning at or below 30% AMI, current vacancy rate is 0% across all affordable housing units and low capture rates of 1.8% as indicated by the market study. Currently, SLVBHG owns and manages the only housing for units targeted to 30% AMI, which is 16 apartments assisted with Project-based vouchers and wrap around supports for residents. As shown in the attached market study, a review of existing LIHTC communities confirms only sixteen (16) properties exist in the San Luis Valley, providing 402 homes to the areas estimated 6,037 renters. None of the current properties serve individuals or families exiting homelessness or provide supportive services, and only one, Iron Horse Apartments, currently under construction, has units serving residents at the 30% AMI level. When open later this year Iron Horse will have seven (7) apartments available at the 30% AMI level. All properties evaluated within the primary market area have high occupancy rates and long wait-lists. Based on these calculations we anticipate a quick lease up and long-term stabilization for Mountain View Residences.

Readiness-to-proceed-The proposed project's site is currently zoned CB which allows for residential multi-family housing under the zoning code. San Luis Behavioral Health Group currently has the site under contract and will finalize the purchase of the land on April 22, 2022. The development team worked with the City of Alamosa's Planning and Zoning Department to secure a density bonus to allow four additional apartments and utilized the shared parking method allowed by code to reduce parking from 63 spaces to 51. There are 53 shown to include to the ADA parking. The Mountain View Residences team has engaged Shopworks Architecture, an experienced LIHTC architect and leader in trauma informed design, to design the building. Additionally, we have received a third-party construction estimate from FCI Constructors, an experienced LIHTC contractor with an office in Durango who recently completed the Espero Apartments supportive housing development in Durango with BlueLine Development and Shopworks Architects.

Overall financial feasibility and viability- Mountain View Residences is financially feasible if awarded 9% Low Income Housing Tax Credits as requested. The project is requesting CHFA's discretionary 30% basis boost due to the supportive housing nature of this project. This boost is necessary to ensure project viability through what has become a proven financing structure for permanent supportive housing projects. By utilizing a small permanent loan, the project is assured of generating sufficient cash flow to cover operating expenses, with a majority of gap financing coming through soft sources. Mountain View Residences will have secondary funding sources through the Colorado Division of Housing, Homeless Solutions Programs Funds, Enhanced Development Grant funds and deferred developer fee. The participation of providing staffing and financial support for services provision is also important to note. The operating budget will provide a long-term stable source of funding to the services budget however it only covers 10% of the annual budget. It's crucial to have the support of partners as well as services funding from the Division of Housing and the Developer Fee Boost allowed by CHFA to make the services viable for initial 15-year compliance period and beyond for resident success. *Attachment of the supportive housing staffing and budget.*

Experience and track record of the development and management team

BlueLine Development, Inc.

BlueLine Development, Inc. is a real estate development company dedicated to creating and sustaining affordable housing. Our success comes from forming partnerships and utilizing all available funding resources. The goal of each development is to provide s safe, healthy home to those who need it most. BlueLine Development was founded in

2011 and has since secured funding and completed construction on 36 affordable developments throughout the West. In Colorado, we have an excellent track record of developing affordable and permanent supportive housing developments. BlueLine Development thrives on the unusual and difficult developments and finds satisfaction in assisting organizations who are helping the populations in Colorado who are most underserved and in need. Please see the BlueLine Development Resume and List of Properties submitted with this application for more information.

The San Luis Valley Behavioral Health Group
The San Luis Valley Behavioral Health Group (SLVBHG) is a 501(c)(3) non-profit organization that originated in Alamosa, CO in 1970. SLVBHG is an experienced community health center with over half a century of expertise in delivering care to the residents of the San Luis Valley. Over time SLVBHG has expanded its reach and now has ten (10) service locations throughout the Valley and includes a Mobile M.A.T. (medication assisted treatment) unit. The main office remains in Alamosa with thirty-one (31) rental apartments owned and managed by SLVBHG with sixteen (16) project-based vouchers and approximately eighty (80) tenant-based vouchers being administered annually.
Our organization strives to improve the quality of life for the residents of the San Luis Valley, primarily by working towards our mission to provide access to quality behavioral health services. For over half a century, we have demonstrated our commitment to offering a comprehensive array of valuable services for our most vulnerable populations, including addiction treatment, intervention programs, and judicial and offender services. We offer specific behavioral health services, including crisis intervention, psychiatry, mental health outpatient services, and substance abuse treatment. Additionally, we deliver support services such as housing and individual and family resources. Finally, we actively engage in recovery-oriented programs that treat the whole individual and not just a specific illness by providing vital community support.

BlueLine Property Management Company
BlueLine Property Management (BLPMC) was started in November 2018 by the principals of BlueLine Development, Inc., an experienced affordable housing developer established in 2011. Through the stabilization and asset management phases, the need for a dedicated property management team was evident in order to achieve equity investor required occupancy levels. Understanding the Low-Income Housing Tax Credit program, the program specific needs of supportive housing management, and the effect that property management has on the owner or partnership, BlueLine Property Management focuses on the immediate and long-term health of each property and the residents who call it home. The team is committed to following best practices in supportive housing and works very closely with service providers to ensure that entrance into the buildings are low-barrier and that harm reduction practices are adhered to once residents move in.

Cost reasonableness - The costs submitted with this application reflect the current construction market in the City of Alamosa and San Luis Valley, while also accounting for projected inflationary impacts. These costs have been verified verbally from numerous funders and construction reviewers and in writing by a contractor who is active in the local market. The development team has looked for opportunities to streamline processes and minimize costs at every opportunity. By utilizing an architect, contractor and engineers who are familiar with the LIHTC process, the development team has been able minimize turnaround time and duplication of efforts in the design phase, which will translate to an efficient construction process.

Site suitability- By building in Alamosa, Mountain View Residences will be proximate to SLVBHG's main office on County Road 9, just 4 miles away as well as less than 2 miles to the San Luis Valley Health Center and Alamosa County Public Health building and will realize efficiencies in proximity to services because of this. Additionally, the site is located 0.2 miles or a 4-minute walk from the Super Walmart which contains a pharmacy and within a half mile of the driver's license office, three parks, Safeway, and San Luis Valley Regional Medical Center. The site is currently level and vacant, so excavation and site work requirements are minimal. The Phase I ESA submitted with this application found no existing or past environmental concerns.

Justification for waivers –Mountain View Residences is requesting a waiver of the maximum debt coverage ratio of 1.30. By structuring the project with little traditional permanent debt, the development is ensured of continued operations and financial stability while being sensitive to the needs of CHFA and its goal of maximizing benefit across the state via scarce resources. Given the volatility of the current construction and financing market, the development team believes the project underwriting reflects a realistic approach to supportive housing operations, while not unnecessarily over subsidizing the project.

Justification of Financial Need –Mountain View Residences is requesting CHFA's discretionary boost. Without this boost Mountain View Residences would not generate sufficient Low Income Housing Tax Credits to be financially viable without raising income limits and significantly changing the proposed tenancy of the building. It should be noted that Mountain View Residences has reduced the amount of allowable LIHTC ask by $94,154 per year to ensure the availability of credits for additional affordable housing developments.

Market Study Issues -James Real Estate Services identified several strengths of Mountain View Residences. The location between a commercial area and residential neighborhoods as well as easy access to shopping/entertainment, the region's major medical facility, parks and schools is strong. The site is also located in the economic hub of the San Luis Valley region providing access to employment opportunities. As mentioned previously, there is strong demand with extremely limited competition for this housing and the unit mix matches well with the anticipated tenant profile. Lastly, the amenities of Mountain View Residences make it very attractive. There were two weaknesses noted. One, a lack of dishwashers in apartments. Through past experience the development team has found that the inclusion of dishwashers can either be a benefit or a significant maintenance problem, depending on proposed tenancy. Through careful consideration we believe the cost of ongoing maintenance for inclusion of dishwashers at this project would outweigh the potential benefit. Second, there are limited transportation options in the region. SLVBHG understands this and has provided for transportation needs in the services plan and budget to assist residents when needed.

Environmental Issues - The Phase I ESA, completed by CTL Thompson on January 13, 2022, revealed no Recognized Environmental Concerns, and recommended no further investigation.

Unusual Costs/Opportunities for Cost Containment – The participation of one of the Valley's housing authority's, Sagauche Housing Authority as a Special Limited Partner is expected to be approved by the board on February 22, 2022 and will be beneficial in reducing costs as it relates to sales tax and ongoing real estate taxes. This generally amounts to hundreds of thousands of dollars in initial costs and an annual savings of approximately $20,000 in real estate taxes. The Alamosa Housing Authority is unable to participate at this time due to staffing and is supportive of Sagauche's participation.

Local Outreach - The team has intentionally performed community and organizational outreach since early 2021. Meetings with the staff and clients of San Luis Behavioral Health Group were held to solicit feedback about what a new supportive housing community could look like. The team also had discussions with the local Continuum of Care, Alamosa Planning staff, members of the community and individual city council members. Our development team will continue to solicit feedback from current clients, neighbors, and other community members. *Attached Trauma Informed Design Report for Alamosa PSH*

9% housing credit application narrative

Project Name: The Osborn

Project Address: 515 Elm Ave, Rocky Ford, CO

1. Tri-County Housing, Inc dba Total Concept. (TC) respectfully requests a 9% annual LIHTC allocation in the amount of $930,000. to support its housing project, The Osborn, a 30-unit Permanent Supportive Housing project for households experiencing homelessness in Southeastern Colorado. The Osborn is being developed in partnership with Southeast Health Group (SHG), who is acting as the lead service provider. SHG was founded in 1957 to provide exceptional health care services to the communities of southeast Colorado. SHG is a private, nonprofit, integrated physical and behavioral health provider serving the rural and frontier counties of Baca, Bent, Crowley, Kiowa, Otero and Prowers in the extreme southeast corner of the state.

The Osborn is located at 515 Elm Ave, Rocky Ford, CO. and is situated between Swink Avenue and Elm Avenue, west of North 6th Street, in the northwestern portion of Rocky Ford. The site is in Census Tract 9681.00, which is a Qualified Census Tract. Rocky Ford is located along U.S. Highway 50, fifty miles southeast of Pueblo and ten miles from La Junta. Rocky Ford has a population of 3,811 and is in Otero County, which has a population of 18,253. The Osborn is near services, parks and just blocks from SHG's Rocky Ford services office on Main Street. The Town of Rocky Ford is a low-income, mixed residential and commercial community that was developed in the early 1900s. The Osborn is on an arterial street that provides very good visibility, and it is also along a commercial corridor that gives very good access to shopping, services, and community amenities. The site is within 0.5 miles of a supermarket, convenience store, Downtown Rocky Ford, a library, medical clinic, senior center, park, and city hall. The site's very good visibility and proximity to shopping and services are the greatest supporting factors for the subject's marketability.

TC has been working toward a supportive housing project in this area of the state since 2019 due to an increase in homelessness throughout the region and their role as a regional housing provider. Through a capacity building grant from Enterprise Community Partners, TC hired a development consultant and began assessing communities in the Eastern Plains and identifying potential sites in 2020. After numerous conversations with local service providers and feedback from CHFA staff regarding the regional market, the development team decided to redevelop an existing motel owned by TC in Rocky Ford. The site is currently zoned as a 'Special Use Permit – to demolish an existing multi-family/motel structure and replace it with a new multi-family construction.' This change in use and zoning was unanimously recommended by the Rocky Ford Planning Commission on November 8, 2021, and unanimously approved by the Rocky Ford City Council on November 9, 2021.

Studio Completiva designed the building and is using trauma-informed design principles in all aspects of the building, both interior and exterior. The building will be a three-story elevator building that has a brick and fiber cement siding exterior, varied façades, and flat roof. The property will occupy a site of approximately 0.6 acres. The subject's common amenities will include on-site management, laundry facilities, a community room and large covered patio and separate picnic areas as well as a park like setting with a dog area. Its security features will include limited access entries, surveillance cameras and gated entry. TC, in partnership with SHG, will ensure the provision of robust services and follow accepted quality standards for Permanent Supportive Housing and CDOH's requirements per their annual RFA for PSH.

The Osborn's central location in Rocky Ford, in a mixed commercial and residential neighborhood, invites residents to become an integral part of the community. In addition to community support, the building, interior, and landscape design creates a supportive and healing environment for the residents. Consideration of the following elements of trauma and healing informed design are included throughout the building and site design: safety, transparency, space to encourage peer and community support, acknowledgement of community culture, and connection to natural environment. The exterior architecture connects to the character of Rocky Ford through the façade materials and massing. The two-story masonry base references the historic masonry buildings in Rocky Ford's commercial district, stair cores clad in corrugated metal punctuating the ends of the building acknowledges the agricultural heritage of Rocky Ford, and a wraparound porch at the base of the building reinforces the residential scale for the building. The character of the lobby will be open, transparent, warm, and welcoming, encouraging social interactions between residents. A visually attractive food pantry conveniently located adjacent to the reception desk will support residents checking in in the evening, and a shared Laundry Room accessed from the lobby will be safe, comforting, and welcoming. Stairs located off the lobby access a second-floor flexible space, third floor balcony and residential units. Although an elevator serviced building, the interior stairway will be bright, colorful, and filled with natural light to encourage residents to use the stair, promoting wellness. The flexible Community Room anchors the first floor as a space that encourages peer and community support. A kitchen with residential appliances will support the myriad of activities in the room. The interior environment will be well-lit, acoustically tuned and use color to create calm soothing spaces. The Community Room opens to a covered porch, exterior patio, and natural environment, allowing programs to flow between inside and outside. The Bedroom mix will be 24 one-bedroom, one bath units, and 6 two-bedroom, one bath units. Units will have blinds, a coat closet, storage closet, refrigerator, stove/oven, dishwasher, and disposal.

The financing model assumes a combination of CDOH 'gap' financing, 9% LIHTC and a deferred developer fee. The project has requested and will receive as much financial support from the Town of Rocky Ford and Otero County as possible. Support will come primarily in the form of reduced or waived fees and expedited approval and review processes. The project will also be supported by 30 project-based vouchers and PSH services funding both of which are based on the recent RFA from CDOH. The project will not have a permanent loan due to its small unit count, rural location and focus on providing as much available cash flow to support the PSH services budget as possible. The CDOH funding from the current RFA will be based on $75,000.00 per PSH unit and supports not only the elimination of the permanent mortgage loan but also reduces the 9% LIHTC request by approximately $45,000.00 in annual LIHTC from the original CHFA Letter of Interest estimate. The deferred developer fee has been maximized to meet CDOH standards and to be repaid within 13 years. JPMorganChase will provide the construction loan. The project has received three Letters of Interest for the LIHTC Equity.

SHG will have offices on the main floor of the building for case managers and supervisors to provide services including, but not limited to, case management, resource navigation, peer monitoring, life skills classes and training amongst other program services. SHG and TC, with the assistance of the consulting team, has prepared and submitted its application to CDOH for PBV and service support funding per the 2021-2022 CDOH RFA. SHG offices will provide access to numerous services as well as provide service programming space at its office on main street in Rocky Ford.

2. TC's Rocky Ford PSH project will meet or exceed the requirements of a project serving homeless persons as defined in Section 5.B.5.

3. TC's Rocky Ford PSH project will meet the following requirements of Section 2 of the QAP:

a. Market Conditions: Per the Market Study --The subject's 30 homeless units have a required capture rate of 12.0%. which is well below the CHFA threshold of 25% and attainable because of the following factors:

- The subject's project-based rental assistance will enable tenants to contribute no more than 30% of their income for rent, providing an excellent value.
- There are no existing non-transitional, Permanent Support Housing (PSH) projects in the primary market area or greater Southeastern Plains region. There are no other homeless units in the development pipeline, illustrating a void in the special needs housing market that the subject will be filling.
- SHG states they have 700 Medicaid clients that have reported facing periods of homelessness or housing instability, which were not included in the demand analysis.
- The only existing homeless housing project in the PMA is Fort Lyon Supportive Residential Community (FLSRC). FLSRC officials reported that several residents who successfully graduated the FLSRC program desired to stay in the local region instead of returning to urban areas to avoid substance abuse and crime issues associated with cities. These graduates could be targeted by the subject, which will offer a desirable permanent housing solution.

b. Readiness to proceed: TC currently owns the property; zoning is fully in place; schematic drawings have been fully prepared, vetted and bid by the General Contractor, who will have the capacity to undertake the project; all utilities are available at the street; financing has been presented to all potential funders with very positive responses; local community partners have attended meetings and the local town council and staff has been very supportive of the project. The team has not heard any negative feedback from the community to date.

c. Overall financial feasibility and viability: The focus of the Project's financing structure is to utilize both the additional 'gap' funds available from CDOH RFA, PBV for all units, and 9% LIHTC to create a stable operating pro forma and enhanced cash available to support the PSH services budget. The deferred developer fee has been maximized to exceed the CDOH requirements but can be repaid within 13 years. Project Operating Expenses include paying all utilities for the residents and security features typically associated with PSH projects all of which supports the elimination of a permanent loan. Finally, the 9% LIHTC request has been lowered from the original estimate at the time of the Letter of Interest based on the previously described factors.

d. Development Team Experience and Track Record: All members of the Development Team have considerable experience with LIHTC development and supportive housing projects. The developer is Total Concept, a long-established housing agency in the eastern plains and the project lead is Executive Director Steven Cordova. The LIHTC development application and process is being co-facilitated by Bob Munroe with support from Jenn Lopez and her staff. Commonwealth is the contractor for the project and has considerable experience with LIHTC construction from multiple states. Studio C is the architect and Southeast Health Group is the lead service provider. This is the first LIHTC funded PSH project in the region, and for Total Concept, so they will continue to work with Bob Munroe and Jenn Lopez through lease up and stabilization to ensure the PSH model is implemented as planned.

e. Cost Reasonableness: Given today's extremely competitive construction market, the upgraded energy efficiency requirements for new construction, and the design considerations as defined in Trauma Informed Design best practices, The Osborn has been designed and costed as reasonably as possible. Sponsor has deferred approximately 20% of its developer fee in support of the project. All efforts have been made to minimize cost and/or maximize value received for dollars expended.

f. Proximity to existing tax credit developments: The PMA has three existing LIHTC projects containing 122 income-restricted units, all of which are non-age-restricted properties that have a total of 92 deeply subsidized dwellings. As a homeless PSH project, the subject will not compete directly with any of the existing LIHTC units in terms of target market.

g. Site suitability: The site is well placed in the Town of Rocky Ford with ready accessibility to the SHG services office and other amenities as outlined above.

4. Provide justification for any of the following as necessary:

a. Waiver of underwriting criteria: No waivers are requested.

b. Financial need for CHFA DDA credit up to 130 percent: Existing QCT – no special request.

5. Address any issues raised by the market analyst in the market study: No issues

6. Address any issues raised in the environmental reports and/or any mitigants to said issue: The Phase One report by All Phase Environmental Consultants, Inc. of Pueblo, CO dated October 15, 2021 cites the following REC and recommended action:

"Leaking Underground Storage Tank – Tank and Tummy Gas Station Tank is an active Gas Station located ~0.1 miles east of the Subject Property (Depicted on Figure 1 – Appendix B). Tank & Tummy had a confirmed release on 2/25/2021 according to COSITS. On September 1, 2021, Tank & Tummy was issued a Tier I closure by OPS."

"Recommended Action: The ERIS Vapor Encroachment Screen (Appendix I) indicates the Subject Property is located cross gradient from Tank & Tummy. APEC recommends a Phase II preliminary assessment be conducted on the Subject Property to determine if there is any contamination from the release at Tank & Tummy."

Subsequent Phase Two report by All Phase dated January 20, 2022 cites the following details:

"Analytical results for the soil samples and groundwater sample collected during the Limited Phase II ESA indicated that there are no Exceedances above the CDPHA limits of the Colorado Soil Evaluation Levels (CSEV) and/or the Colorado Department of Labor and Employment Division of Oil and Public Safety (CDLE-OPS) Tier 1 RBSL's (Risk Based Screening Levels) in soil and groundwater. The drilling activities indicate that the past/current uses of the Property in the areas of this assessment have not impacted the subsurface soils and/or water. Refer to Appendix 1-Figure 3 for borehole soil and groundwater locations."

7. Identify any unusual features that driving costs upward as well as any cost containment opportunities:

a. Significant competitive construction market, labor shortage/tightness, and supply chain issues have significantly increased costs of materials, and increased energy efficiency requirements have all led to a higher overall development cost than previous years. All efforts have been made with the architect and general contractor to minimize time delays, maintain a 'cost effective' attitude, and not 'over amenitize' the project without violating the principles of Trauma Informed Design and the specific needs of the target resident population.

b. Because the existing motel has ten occupied units, The Osborn and TC will use H. C. Peck & Associates to provide a Uniform Relocation Plan. The current budget is $250,000. to cover Permanent Relocation for the 10 occupants.

c. The Development Budget contains an estimate of $114, 869 to demolish the existing structure.

8. Describe outreach within the proposed community: The Development Team had their first community partner meeting in February of 2021 with several local leaders and service provider partners and received

feedback and encouragement regarding the project. The primary feedback from that meeting was that Rocky Ford would be a good community to locate the project due to political will and access to services. In July, the team had an in-person meeting in La Junta with over 15 entities including local law enforcement, food pantry, and service providers and at this meeting the team asked questions about data, outreach, and engagement of the unhoused and solicited feedback and support for the project. The development team presented to Rocky Ford Planning Commission and Town Council on Nov 8^{th} and 9^{th} respectively and received unanimous approval for the project in both public meetings. In mid-November, the team undertook a tally count with local volunteers to identify the number of unhoused sleeping outside, in abandoned buildings etc. The team is planning a meeting with the unhoused in 2022 but is waiting for the COVID variant to ease and for it to be safe to gather in person.

9% housing credit application narrative

Project Name: Puwagaan Kaan (Healing Home)

Project Address: TBD Empire Street, Cortez, CO

Executive Summary

In 2020 Colorado Health Foundation held a pilot program that provided technical assistance to selected providers who applied to develop a permanent supportive housing. Cortez was one of 6 rural communities selected out of 36 communities and organizations who applied. This community was selected because of its unique partnership with the Ute Mountain Ute Tribe, the strength of The Piñon Project's service delivery in the community and because the region is extremely underserved when it comes to supportive housing, evidenced by the fact that no supportive housing currently exists in Montezuma County.

The Piñon Project Family Resource Center is a non-profit organization that originated in 1994 as a result of a community grassroots effort under The Healthy Communities Initiative. Since 1994, The Piñon Project Family Resource Center has strengthened the community by providing a wide array of comprehensive services for children and families. The Piñon Project serves over 3,000 high-risk Colorado children and families in Montezuma County annually, many of whom are indigenous and members of the Ute Mountain Ute and Navajo tribes. Through their work, The Piñon Project has seen first-hand the need for additional housing in their community. Specific demographic data from The Piñon Project demonstrates that 24 percent of families served are homeless, living in over-crowded or inter-generational situations, displaced or facing imminent eviction and an additional 6 percent are living in substandard housing, threatened with foreclosure, or are paying more that 50 percent of their net income in rent. Further exacerbating the need, 80 percent of children and youth served qualify for free/reduced meals, 70.6 percent of individuals accessing all programs are at or below the federal poverty level, and 73 percent of families participating in Piñon Project programs are at or below the poverty level (26 percent are between 101% – 200% FPL). By providing subsidized, stable housing, families and individuals will be able to focus on health, stability and improving their economic status.

To address the housing need in Cortez and surrounding county, The Piñon Project and BlueLine Development have partnered together to create Puwagaan Kaan, a new 42-unit supportive housing community in Cortez, CO consisting of fourteen one-, two- and three-bedroom apartment homes serving individuals and families exiting homelessness who are at or below 30% of AMI. Many of the residents will be Native Americans, which reflects the culturally diverse community that is Cortez and larger Montezuma County. To ensure tribal members' needs are reflected in the services and design of the community the Treasurer of the Ute Mountain Ute Tribal Council has been a member of the development/design team from the beginning. The Ute Mountain Ute tribe has been very supportive of this development as evidenced by the Resolution of Support passed by the tribe and included in this application. The Piñon Project, AXIS Health System and the Ute Mountain Ute Tribe will ensure there are robust, culturally appropriate, supportive and clinical services available to residents both within the building and at service sites to assist individuals as they move into and live in Puwagaan Kaan. Services will include but not be limited to, access to medical and dental services, case management on site, vocational services, educational services, parenting support classes, telehealth services, substance use counseling and more. The location of this new community is within walking distance of the elementary school, two large parks, community recreation center and pool and the public library. The site is also six blocks from City Market and ten blocks from Safeway.

Architecture services for this building will be provided by Shopworks Architecture, based in Denver, CO, who specializes in trauma informed design services. The architecture and design of this building will foster culturally responsive housing and trauma-informed, resiliency-based infrastructure. The entire building and community will bridge Native and non-Native partnerships, offering physical space as well as other design elements and services that encourage healing and are relevant to the individuals and families who will live and thrive in this community. This community will be the first of its kind in Cortez and when occupied, Puwagaan Kaan will reflect the larger make-up of the diverse Cortez community.

The development team has spent the past year studying the needs of the community and in response, has designed a building with an even mix of one, two and three bedroom apartment homes to serve families and individuals, in addition to situating the building back from the road for sound and safety, including a large, covered bike storage area, and maximizing outdoor space for gatherings. The building consists of three (3) stories sitting on 3 acres with Type V wood frame construction on levels 1-3 over a slab on grade foundation. The building design contains an enclosed, safe inner courtyard with barbecue and patio seating off the amenity area, play area for children with sightlines from the indoor community space as well as from apartments around the courtyard, following trauma informed design principles. The main focal point of the courtyard is the large circular fire pit with stadium seating surrounding it to accommodate both large and small ceremonies and gatherings. The amenity and engagement space will be off the main entrance and will house over 4,500 square feet of amenity space including a leasing office, front desk reception, and engagement space for the residents. This includes a communal laundry area, meeting space, offices for supportive services partners, a flex space, large dining and lounge space for group gatherings including a community catering kitchen. There are two areas for children to play, one that allows parents to have private conversations with staff while allowing staff and parents to see the children for safety. Another kids' area is located next to the lounge with sightlines from the front desk reception and dining, kitchen and outdoor areas. An eastern wall of windows allows natural light to flow to each of the spaces while also providing entrance to the enclosed, safe courtyard for the Puwagaan Kaan community. The main entrance to the building is located at the south of the amenity area and is the main entrance to the Apartment community for both guests and residents to maintain safety. The building will have a flat roof form and the exterior will be clad in varying textures of stucco with brick accents at the resident amenity and entrance. An elevator and stair will serve the building from the amenity area and an additional stair provides egress on the east side of the building. There are eighty-four (84) surface parking spaces and one loading space planned on the site. The design team worked with the Cortez planning department and City Manager to reduce the number of spaces to the maximum amount that would be supported by the City. Each apartment home will have high-efficiency windows, increased insulation rating, energy star refrigerator, oven/range, disposal, microwave and air conditioning. In addition, three-bedroom homes will have washer/dryer machines provided to assist larger families with their laundry needs. To maintain building efficiency, residential units are stacked off double loaded corridors on levels 1-3. The entire project will certify to National Green Building Standards.

Funding for Puwagaan Kaan will be provided by CHFA in the form of 9% LIHTC equity and Colorado Division of Housing HSP grant funds and Enhanced Development Gap funds to reduce the amount of 9% LIHTC's needed to fund the capital needs of the development financing. Through the use of CHFA's discretionary boost the project will generate additional basis, which helps to maintain credit pricing in an area of somewhat low CRA demand. Additionally, Montezuma County Housing Authority is in support of an application for Special Limited Partnership for tax exemption. The project will be supported by 42 Housing Choice Vouchers (HCV) from the Colorado Division of Housing. The development is also seeking Tenancy Support Service dollars from the Colorado Division of Housing to ensure the services budget is funded at the per household minimum level required by DOH at $7,200 per household per year. Puwagaan Kaan will follow all required cross-cutting regulations.

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

Puwagaan Kaan meet the following three priorities as defined in Section 2 of the QAP:

- Projects serving homeless persons as defined in Section 5.B 5
  Puwagaan Kaan is the result of an experienced, community service provider and advocate's efforts to expand their services for homeless individuals and families coupled with the support of local non-profit, tribal and community members' desire to address the growing need of affordable housing within the city of Cortez and

greater Montezuma County. The Piñon Project currently provides multiple assistance programs for families and individuals, including the local WAGEES housing program serving individuals leaving corrections. The Piñon Project provides services within the city of Cortez and greater Montezuma and Delores counties. Puwagaan Kaan will be an expansion of those services by offering 100% affordable units serving extremely low-income homeless individuals and families in the City of Cortez. Homeless adults and families are an extremely under-served population in the City of Cortez and there are only six (6) 30% and under AMI units available for extremely low-income households experiencing over-crowding, homelessness or coming out of homelessness.

- Projects serving persons with special needs as defined in Section 5.B 5
  Occupancy of Puwagaan Kaan will target families and individuals with a history of homelessness, have a disabling condition, have multiple barriers to housing, are currently homeless or have acute special needs and are frequent users of public systems. Many of the homeless families and individuals in Montezuma County are Native American and require culturally relevant evaluation tools and service provision that provides equity. The Piñon Project will utilize Built for Zero, a Division of Housing approved Coordinated Entry system to identify eligible households with a by name coordinated entry system that ensures all members of the community are able to access housing through a common assessment tool that is culturally appropriate and provides equity. The Piñon Project has led the way in Southern Colorado with implementing Built for Zero and will have individual and family by name lists completed in 2022. The population that Piñon Apartments is focused on are living with barriers that may impact their ability to remain stable in housing; residents of this housing community will have an array of supportive services available to them on-site daily. Please see the Permanent Supportive Service Plan submitted with this application and attached to this narrative for additional information. *Attachment of the Built for Zero*

- Projects in non-metro counties with populations of less than 180,000
  Cortez is a community in the southwestern part of CO, in Montezuma County, whose population in 2020 was 25,849. Cortez itself has a population of 8,776. The unique nature of the community has roots in the physical location; bordering NM, UT, and AZ, as well as the Ute Mountain Ute and Navajo Nation tribal lands. This is significant in not only the blended community culture that has been developed over many years between tribes as well as between tribes and the larger non-tribal community, but this diversity also creates the need for service providers to work across multiple agencies and systems that may involve other states and/or governments. This geographic isolation causes realities that cannot be overlooked and presents community challenges including a below average economy, relatively high unemployment and high poverty rates that must be addressed in appropriate service provision with a focus on equity.

Market conditions- According to the analysis of the primary market area, there is a shortage of housing available to Cortez residents earning at or below 30% AMI. The current vacancy rate is 0% with low capture rates of 2.9% as indicated by the market study's estimated 298 good candidates. Currently these candidates have only six existing units targeted to 30% AMI and they are family/workforce units. These figures are further corroborated by high occupancy rates and wait lists at existing housing communities within the primary market area. The Montezuma Housing Authority also holds a waitlist of 179 including 45 identifying as homeless and Ute Mountain Ute holds a list of 207 families requiring housing. Based on these calculations we anticipate a quick lease up and long-term stabilization for Puwagaan Kaan.

Proximity to existing tax credit developments- Analysis of the primary market area indicates a shortage of housing available to residents earning at or below 30% AMI, current vacancy rate is 0% across all affordable housing units and low capture rates of 2.9% as indicated by the market study. Currently, Cortez has only six existing units targeted to 30% AMI. These figures are further corroborated by high occupancy rates at existing housing communities within the primary market area. Based on these calculations we anticipate a quick lease up and long-term stabilization for Piñon Apartments.

Readiness-to-proceed-The proposed project's site is currently zoned R2 which allows for residential multi-family housing under the zoning code. The site is currently owned by The Piñon Project, who executed the purchase of the land in October of 2020. The development team worked with the City of Cortez's Planning and Zoning Department to secure a Conditional Use Permit on January 11th when Cortez City Council voted unanimously to approve the use and allow the requested density of units at the site.

The Puwagaan Kaan team has engaged Shopworks Architecture, an experienced LIHTC architect and leader in trauma informed design, to design the building. Additionally, we have received a third-party construction estimate from FCI Constructors, an experienced LIHTC contractor with an office in Durango who recently completed the Espero Apartments supportive housing development in Durango with BlueLine Development and Shopworks Architects.

Overall financial feasibility and viability- Puwagaan Kaan is financially feasible if awarded 9% Low Income Housing Tax Credits as requested. The project is requesting CHFA's discretionary 30% basis boost due to the supportive housing nature of this project. This boost is necessary to ensure project viability through what has become a proven financing structure for permanent supportive housing projects. By utilizing a small permanent loan, the project is assured of generating sufficient cash flow to cover operating expenses, with a majority of gap financing coming through soft sources. Puwagaan Kaan will have secondary funding sources through the Colorado Division of Housing, Homeless Solutions Programs Funds, Enhanced Development Grant funds and deferred developer fee. The participation of Axis Health, Rocky Mountain Health Plans and the Ute Mountain Ute Tribe providing staffing and financial support for services provision is also important to note. The operating budget will provide a stable contribution of operating dollars to services throughout the LIHTC compliance period. However, it only covers 17% of the annual services budget. It's crucial to have the support of partners as well as services funding from the Division of Housing and the Developer Fee Boost allowed by CHFA to make the services viable for initial 15-year compliance period and beyond for resident success. *Attachment of the supportive housing staffing and budget.*

Experience and track record of the development and management team

BlueLine Development, Inc.
BlueLine Development, Inc. is a real estate development company dedicated to creating and sustaining affordable housing. Our success comes from forming partnerships and utilizing all available funding resources. The goal of each development is to provide a comfortable, healthy home to those who need it most. BlueLine Development was founded in 2011 and has since secured funding and completed construction on 36 affordable developments throughout the West. In Colorado, we have an excellent track record of developing affordable and permanent supportive housing developments. BlueLine Development thrives on the unusual and difficult developments and finds satisfaction in assisting organizations who are helping the populations in Colorado who are most underserved and in need. Please see the BlueLine Development Resume and List of Properties submitted with this application for more information.

The Piñon Project Family Resource Center
The Piñon Project Family Resource Center is a 501(c)(3) non-profit organization that originated in 1994 as a result of a community grassroots effort under The Healthy Communities Initiative. Through the Initiative, Montezuma County engaged in a process of creating a statement of vision for our community's future. The process brought together passionate community stakeholders charged with the task of identifying root issues critical to the local area and developing sustainable projects to address those issues. The original stakeholders identified the critical needs in Montezuma and Dolores Counties as: strengthening the social and economic base of families, developing local citizen leadership, and strengthening child development. Through the efforts of committed community members and The Healthy Communities Initiative, The Piñon Project evolved from that vision statement. The Piñon Project has 27 years of experience providing a wide array of comprehensive, evidence-based family, youth and early childhood programs in Montezuma County working closely with tribal and non-tribal communities alike. Many of the children and families served are high-risk and often face multiple barriers.

BlueLine Property Management Company
BlueLine Property Management (BLPMC) was started in November 2018 by the principals of BlueLine Development, Inc., an experienced affordable housing developer established in 2011. Through the stabilization and asset management phases, the need for a dedicated property management team was evident in order to achieve equity investor required occupancy levels. Understanding the Low-Income Housing Tax Credit program, the program specific needs of supportive housing management, and the effect that property management has on the owner or partnership, BlueLine Property Management focuses on the immediate and long-term health of each property and the residents who call it home. The team is committed to following best practices in supportive

housing and works very closely with service providers to ensure that entrance into the buildings are low-barrier and that harm reduction practices are adhered to once residents move in.

Cost reasonableness - The costs submitted with this application reflect the current construction market in the City of Cortez and Southern Colorado, while also accounting for projected inflationary impacts. These costs have been verified verbally from numerous funders and construction reviewers and in writing by a contractor who is active in the local market. The development team has looked for opportunities to streamline processes and minimize costs at every opportunity. By utilizing an architect, contractor and engineers who are familiar with the LIHTC process, the development team has been able minimize turnaround time and duplication of efforts in the design phase, which will translate to an efficient construction process.

Site suitability- By building in Cortez, Puwagaan Kaan will be proximate to The Piñon Project's main office on Main Street as well as adjacent to an Axis Health Clinic site and will realize efficiencies in proximity to services because of this. Additionally, the site is located within a half mile of City Market which contains a pharmacy and within a half mile of the library, middle and elementary schools and SouthWest Memorial Hospital. Residents will be within blocks of two city parks, Centennial and Parque de Vida which boast every amenity imaginable. The site is currently level and vacant, so excavation and site work requirements are minimal. The Phase I ESA submitted with this application found no existing or past environmental concerns.

Justification for waivers –Puwagaan Kaan is requesting a waiver of the maximum debt coverage ratio of 1.30. By structuring the project with little traditional permanent debt, the development is ensured of continued operations and financial stability, while being sensitive to the needs of CHFA and its goal of maximizing benefit across the state via scarce resources. Given the volatility of the current construction and financing market, the development team believes the project underwriting reflects a realistic approach to supportive housing operations, while not unnecessarily over subsidizing the project.

Justification of Financial Need –Puwagaan Kaan is requesting CHFA's discretionary boost. Without this boost Piñon Apartments would not generate sufficient Low Income Housing Tax Credits to be financially viable without raising income limits and significantly changing the proposed tenancy of the building. It should be noted that Puwagaan Kaan has reduced the amount of allowable LIHTC ask by $116,550 per year to ensure the availability of credits for additional affordable housing developments.

Market Study Issues -James Real Estate Services identified several strengths of Healing Homes. These are location to local services and employment, strong demand for the housing, large pool of potential residents shown as nearly 500 individuals/families on the Montezuma Housing Authority and Ute Mountain Ute waiting lists, unit mix aligns with local demographics and the in-unit washer/dryers planned for the three-bedroom apartments. The one weakness noted is a lack of dishwashers in apartments. Through past experience the development team has found that the inclusion of dishwashers can be either a benefit or a significant maintenance problem, depending on proposed tenancy. Through careful consideration we believe the cost of ongoing maintenance for inclusion of dishwashers at this project would outweigh the potential benefit.

Environmental Issues - The Phase I ESA, completed by Gault Group, LLC, revealed no Recognized Environmental Concerns, and recommended no further investigation.

Unusual Costs/Opportunities for Cost Containment – The participation of the local housing authority as a Special Limited Partner will be beneficial in reducing costs as it relates to sales tax. This generally amounts to hundreds of thousands of dollars in initial costs and an annual a savings of approximately $20,000.

Local Outreach - The team has intentionally performed community and neighborhood engagement since mid-2020. There have been four public meetings held, two in January of 2021 and two in January 2022. In addition to these public meetings, small, socially distanced PAC (Piñon Advisory Council) meetings at The Piñon Project engaged families from the community to solicit feedback related to housing issues. The development team has also had several video meetings with Tribal Council Directors to solicit feedback on building and services design. In all aspects of providing programs/services/supports to families, The Piñon Project honors the needs of participants by providing meals, childcare, transportation and eliminating other barriers to participation. Our development team will continue to solicit feedback from current clients, neighbors, tribal and other community members. *Attached Trauma Informed Design Report for Puwagaan Kaan PSH*

9% housing credit application narrative

Project Name: **Residence at Horizon**
Project Address: **750 Horizon Drive Grand Junction, Colorado 81506**

Overland Property Group (OPG), a highly experienced developer and owner of affordable multifamily and senior communities, is pursuing a 9% Low Income Housing Tax Credit allocation for The Residence at Horizon, to aid in satisfying the growing need for high quality, affordable senior housing along the Western Slope of Colorado. This proposed community will meet a critical housing need in Grand Junction where many seniors are aging in place in the single-family homes that dominate Grand Junction's neighborhoods, in addition to the vast aging population residing in more rural areas of the State who will need affordable housing opportunities in closer proximity to major services and amenities.

This new community will address a significant unmet need for affordable senior housing in Grand Junction and will only be the second age restricted LIHTC community in Grand Junction. Since 2010, adults 65 years and older experienced the fastest growth rate in the region, increasing nearly 17%, with adults between 75 and 84 years old projected to have the fastest growth rates over the next 5 years. Even more significantly, the 55+ age cohort is projected to grow by nearly 45% between 2019 and 2040 in Mesa County, with nearly a 70% increase projected in Garfield County. There is significant, and growing demand, for high quality and amenity rich senior housing, and the demand will only get greater over the next 20 years. There are only 136 age restricted affordable units in the primary market area, further lending to a significant and expanding gap in housing attainability. This is further evidenced by the fact that over 53% of rent households in Grand Junction are already cost burdened and over one fourth of renters (~2,800 households) are severely cost burdened.

Located in northeastern Grand Junction on Horizon Drive, a key regional transit corridor, Residence at Horizon will offer 56 new rental apartments in a three-story elevator served building, designed from the onset to serve seniors 55 and over. The proposed concept includes 30 one-bedroom units and 26 two-bedroom units. The unit mix and income targeting are designed to provide wide ranging affordability. Utilizing income averaging the community will be able to serve senior households earning 30, 40, 50, 60, 70, and 80 percent of the Area Median Income (AMI), or less. The community is geared to provide deep affordability, approximately 46% of the units at or below 50% AMI:

- 6 units (10%) for seniors earning at or below 30% AMI
- 20 units (36%) available for seniors at 40% and 50% AMI
- 15 units (27%) available for seniors at 60% AMI, and
- 15 units (27%) offered for seniors between 70% and 80% AMI

The utilization of income averaging allows the Residence at Horizon to target a wide range of household incomes, while maintaining a financially feasible community with an average income midpoint of 55% AMI which is well within the accepted underwriting standards for the investor community.

Residence at Horizon has been efficiently designed to eliminate wasted space and to incorporate seamlessly into the larger redevelopment proposed for the immediate area. Construction will be wood framed on a post-tensioned foundation system. Exterior materials will include hardboard siding and stone veneer, including landscaping that utilizes native species and will be designed to invite residents to enjoy the outdoor common areas. All units will feature spacious living areas with countless in-unit amenities such as energy star appliances (refrigerator, dishwasher, microwave, ice maker, oven/stove, and washer/dryer in each unit), vinyl plank flooring, step in showers, linen closets, and more. Additionally, the community will be served by community Wi-Fi ensuring that all residents have equal access to high-speed internet, provided at no cost to the resident. The communities centrally located common areas have been efficiently designed based upon proven concepts for senior affordable housing to emphasize a high quality of life and active community-based lifestyle. Each of the community's three floors will included purposeful common areas designed for programmed activities and to support community sponsored and independent use. The first floor will feature a comfortable sitting area to promote community engagement and interaction as well as a separate lounge area with a tv / entertainment area. A leasing center and management office space will be incorporated within the first-floor common area to have a constant staff presence and encourage interaction between the community staff and residents. The second floor will feature a spacious and fully equipped fitness area with both equipment and space for stretching programs and guided classes. Local partners will be invited to work and design a programmatic series of classes and physical therapy sessions to promote and encourage an active lifestyle amongst community members. The third floor includes a bright, spacious, and welcoming library room for residents to either sit quietly and read while enjoying the views or spend their evenings discussing their favorite books. The outdoor community spaces will feature a community garden, relaxed sitting area, and picnic area to enjoy the outdoors. Additionally, this community will feature direct and connected access to the future Government Highline Canal Trail as it meanders adjacent to the community.

As previously mentioned, with its location on Horizon Drive, the Residence at Horizon is extremely well positioned to offer future residents' easy access to a wide range of important community amenities for shopping, services, healthcare, and parks and recreation. With a bus stop located directly outside of the community, residents will have direct access to Route #1 of the Grand Valley Transit system which offers frequent bus service from the doorstep of the community to downtown Grand Junction and to the adjacent communities of Fruita, Orchard Mesa, and Palisade. Additionally, the location is ideally located for transportation options to all points in the regional area. With easy access to I-70, future residents will have direct access to all areas in Grand Junction and around to the east and west. On Horizon Drive, residents will have easy access to the north and south from the regional airport to downtown Grand Junction.

This proposed community is conveniently located approximately one-half mile from a full-service Safeway Grocery store and pharmacy, one mile from the newly repurposed 13-acre Horizon Park featuring numerous walking paths, trail connections, and open space with native landscaping. The community is less than two miles from the full service, regional hospital at St Mary's Medical Center which is the largest hospital between Denver and Salt Lake City.

Even more significant, Residence at Horizon is part of a larger redevelopment for the corner of I-70 and Horizon Drive. OPG is working collaboratively with the key stakeholders to ensure that the redevelopment of the surrounding area is done with purpose and opportunities to support the future residents of the community, providing even more amenities in the immediate vicinity to prospective residents.

Residence at Horizon will feature an **all-electric design** paired with an **advanced energy standard**. Specifically, the project will achieve Zero Energy Ready Homes (ZERH), Enterprise Green Community 2020, and WELL Building certification. To achieve ZERH energy performance, current design approach includes several high-performance building systems:

- High Efficiency Air Source Heat Pumps
- Low power density LED lighting package and Energy Start appliances
- Above code windows and envelope insulation systems
- Low flow plumbing fixtures and native landscaping
- Electric vehicle ready infrastructure

Working closely with our sustainability consultant, architect, and general contractor, we have outlined a plan that includes extra attention to indoor air quality. We expect to be able to achieve this via extensive architectural detailing, design-optimizing energy analysis, trade training, sample unit mockups, and additional site inspections to meet the HERS Score and EPA Indoor Air Plus requirements. The building roof slopes are very conducive to future photovoltaic systems and will be designed solar-ready to fulfill the PV-Ready requirement. This will result in a tremendously energy efficient, comfortable, healthy, and resilient all-electric building, aiding in the State of Colorado's goals to reduce greenhouse gas emissions.

The proposed Residence at Horizon project will meet several of CHFA's Guiding Principles identified in Section 2.A of the QAP, specifically:

- *Preference to rental housing serving the lowest-income tenants for the longest period* – Residence at Horizon will offer a wide range of targeted units at 30-80% area median income brackets (average income of 55%), many of which are hard to come across in Grand Junction. In addition, it will serve these populations for the longest time by committing to a 25-year extended use period.

- *Distribution of Housing Credits across the State* – Grand Junction has historically been underserved and has only received 4 allocations of tax credits over the last 10 years providing only approximately 400 units of affordable housing

- *Distribution of Housing Credits to assist a diversity of populations* – Residence at Horizon will only be the second, age-restricted affordable housing community in Grand Junction

- *Provide opportunities for affordable housing within half-mile walk distance of public transportation* – The proposed community is located less than 500 feet from a regional bus station

- *Contribute to Colorado's goals to reduce greenhouse gas emissions* – This proposed community is committed to being an all-electric community while conforming to ZERH

CHFA Priorities - *Projects in non-metro counties with populations of less than 180,000*
Mesa County, with a population of 155,703 (as of 2020) meets this priority and the Residence at Horizon would provide for an allocation of tax credits to a relatively underserved portion of the State. Despite its size, Grand Junction has a significant lack of senior-specific affordable housing, which leaves the local community and surrounding areas drastically underserved.

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

- **Market conditions** - There is incredible demand for age restricted affordable housing in the primary market area, as evidenced by the projects capture rates ranging from 2.7% to 14.8% with an overall capture rate of 10%. The market study indicated a strongly underserved, low-income senior base, with many senior renters in the PMA likely rent overburdened and, in many cases, living in older, lower quality rental units. The Grand Junction Housing Authority currently holds a waitlist of nearly 3,000 households, of which they estimate over one-third is comprised of seniors. This, coupled with the fact that all comparable properties have nearly 0% vacancy across only 136 senior units, the significant demand for this community is proven.

- **Proximity to existing tax credit developments** – There are a total of nine tax credit communities comprised of 691 units located in the primary market area. Of those, only one community, The Highlands, is a senior tax credit development with 136 comparable units. All the tax credit communities in the primary market area display significantly high occupancy with nearly all stating that they are currently holding extensive waitlists. The most recent tax credit development (Laurel House) which was placed in service in 2020, specifically targets the homeless population. Only five of the nine tax credit communities in the PMA were developed since 2010.

- **Project readiness -** Residence at Horizon is well positioned to move quickly from concept to construction. Our development team provides a readiness to proceed that exceeds the standard due to our years of experience, collaboration, and attention to detail long before construction begins. OPG's team has completed multiple similarly designed senior communities across the country and schematic design is already underway for Residence at Horizon. The project site is zoned C-1 and multifamily is an allowable use by right. As part of the larger development of the area, this site will need to undergo a subdivision plat process but given the conformance of the multifamily use with the underlying zoning, this process is administrative. The subdivision process is currently underway after a predevelopment meeting held with the City of Grand Junction in January. Upon receipt of an allocation of tax credits, the project will proceed rapidly through the normal reviews and debt and equity closing with construction beginning in late 2022 or early 2023.

- **Overall financial feasibility and viability** - The development team has worked extensively with its financing partners to ensure the most efficient use of all available sources of funds. The combination of support from DOH funds, federal tax credits, CHFA Simple first mortgage and deferred development fee presents a project that exhibits strong financial viability. Additionally, we have engaged with proven investor and lender partners to ensure the most efficient pricing and terms as to avoid any unknowns, specifically as it relates to the utilization of income averaging. Taken together, the financing structure for this development will bring together a variety of financing sources to support the development of a high-quality affordable housing community which will directly address the housing needs of the Grand Junction community.

- **Experience and track record of the development and management team -** Since 2002, the developer has successfully developed, built, owned, and operated over 55 properties across the Midwest, Texas, and Colorado totaling more than 2,500 units and $500 million in development costs. OPG currently has three operating properties in Colorado; Tabor Grand Apartments in Leadville, and The Reserves at Steamboat Springs and Alpenglow Village, both located in Steamboat Springs. In addition to these stabilized communities, OPG is currently over 60% complete on construction on the Reserves at Green Valley Ranch in Denver and has just closed on Anglers 400 in Steamboat Springs, with the anticipated groundbreaking quickly approaching. In all, OPG has been directly responsible for the creation or rehabilitation of over 350 affordable units in the State of Colorado all of which have exceeded all expectations in terms of equity pricing, quality, construction cost, construction schedule, lease-up, management, and financial performance. Our development team also consists of Ross-Envolve Management who will be the property manager for the community. Ross currently manages over 3,000 units of affordable housing across the State of Colorado. Additionally, team members include Jones Gillam Renz Architects and MCP Contractors who have designed and constructed more than 75 Section 42 projects. Our dynamic and experienced team is built for the challenges of building and developing quality affordable housing that maintains its integrity for decades.

- **Project costs –** Residence at Horizon is a very high-quality development for the Grand Junction Community and will provide a reasonable and efficient cost per unit for the City and region. This community will build off lessons learned from other similar projects and OPG will efficiently use the credits we receive to serve the senior community in Grand Junction. With a total development cost of approximately $326,000 per unit the community is in line with other recent affordable communities while maintaining enough contingency to deal with continued cost escalation and supply chain challenges. The proven design concept and our relationship with our design and construction professionals will aid in the ability to maintain a financial feasible financing structure.

- **Site suitability -** Located in northeastern Grand Junction on Horizon Drive this site is extremely suitable for the proposed community. The site provides easy access to transit near the community and access to a wide range of important community amenities for shopping, services, healthcare, and parks and recreation. Additionally, as part of the larger redevelopment effort, Residence at Horizon is a unique opportunity to work together with the surrounding community to ensure compatible uses are developed to create a holistic community.

Justification of Waivers: Residence at Horizon is seeking no exceptions or waivers to CHFA's underwriting criteria, nor is the project requesting the discretionary basis boost.

Market Study: There were no substantive issues noted by the market analyst and the project meets CHFA's capture rate requirements. In fact, the market study illustrated that there is a strong underserved demand for the low-income seniors in the primary market area.

Environmental Report: The Phase 1 Environmental Site Assessment concluded there are no Recognized Environmental Conditions for the site.

Unusual Site Conditions / Construction Cost Containment: OPG has brought together a team of design and construction professionals that have extensive experience working together in collaboration to provide the most cost-effective design, minimizing significant cost impacts. OPG, our general contractor (MCP), and project architects (Jones Gillam Renz) have collaborated on numerous senior and multifamily communities across the Midwest and have refined a senior design concept that lays the groundwork for a project that achieves an efficient, cost-effective community with a specific focus on design, performance, and long-term operations. Our extensive experience working with these qualified and experience professionals will ensure continual collaboration on the best construction methods to balance the goals of livability with building and site efficiency. Additionally, as part of the larger redevelopment of the area, a clean and graded site will be delivered to the partnership creating a shovel-ready pad site from which to develop.

Community Outreach: Community outreach for Residence at Horizon is just beginning and will continue throughout the planning process and community development. Thus far, all the feedback has been supportive, and it is evident that the City of Grand Junction recognizes the need for high quality affordable housing. The development team has held an initial meeting with the City of Grand Junction regarding the development of the area, with the goal of continued conversation throughout the development process. Planned community outreach will include exploring opportunities to partner with the Grand Junction Housing Authority and other local housing and service-oriented groups to provide services more broadly and efficiently throughout Grand Junction and to the future residents of this proposed community. Additionally, our development team intends to work closely with the Grand Junction City Council as they adopt more supportive programs for affordable housing.

9% housing credit application narrative

Development Name: Residences at Dry Cedar Creek
Project Address: 65919 Ogden Road, Montrose, CO

Executive Summary

RealAmerica Development is pleased to submit this 9% LIHTC application for Residences at Dry Cedar Creek, a 60-unit, mixed-income development located at 65919 Ogden Road in Montrose, Colorado. As stated in the Support Letter from Montrose Economic Development Corporation, workforce housing is one of the City's greatest needs. The unemployment rate in Montrose is one of the lowest in the State (4.3%), but due to the lack of available housing several large employers, including the hospital and school district, can't fill open positions. **All comparable rental properties in the Primary Market Area (PMA) are 100% occupied and all tax credit properties have extensive waitlists.** Residences at Dry Cedar Creek will address this critical affordable housing need head on by meeting CHFA's Guiding Principles. Residences at Dry Cedar Creek will be a true mixed-income community and has received significant financial support from the City of Montrose. Additionally, the Montrose Economic Development Corporation, several service providers, and many large employers support our development – see Tab 10 for support letters. Since our Concept Meeting with CHFA on January 6, 2022, we revised the unit mix, adding seven additional affordable apartments (four at 50% AMI and three at 60% AMI). The development's 54 affordable and 6 market-rate apartments will include:

6 – 30% AMI Units	21 – 50% AMI Units	27 – 60% AMI Units	6 – Market-Rate
1 – 1 bed / 1 bath 4 – 2 bed / 1 bath 1 – 3 bed / 2 bath	4 – 1 bed / 1 bath 12 – 2 bed / 1 bath 5 – 3 bed / 2 bath	6 – 1 bed / 1 bath 16 – 2 bed / 1 bath 5 – 3 bed / 2 bath	1 – 1 bed / 1 bath 4 – 2 bed / 1 bath 1 – 3 bed / 2 bath

Location: The development site is in a perfect infill location for housing as it is within a **very short walking distance to three bus stops (all less than ½ mile away)** connecting residents to many job centers, supportive services, schools, recreational spaces, grocery stores and shopping. The property sits directly east of the Montrose Recreation Center – a beautiful 80,000 square foot, $29 million facility that opened in 2017 (we held a neighborhood open house in their meeting room). Three grocery stores are within ½ mile, including Walmart Supercenter (1,000 ft.), City Market (1,475 ft.), and Natural Grocers (0.4 miles). Other nearby retailers and employers in the immediate area include Target, Home Depot, Petco, Ross Dress for Less, Starbucks, Land Title and many medical providers. Additionally, Cottonwood Elementary School is 0.28 miles south of the development site.

Construction Type: Residences at Dry Cedar Creek will consist of two, three-story, wood frame, walk-up buildings and a stand-alone community building. Apartments will be accessed via five sets of stairs. The building's foundation will be a slab on grade with beam footings around the perimeter with internal bearing walls supported by thickened slab. Exterior building materials will be a combination of stone veneer, lap siding and board-batten panels, vinyl windows and architectural (dimensional) shingles for the roof.

Energy Efficiency: The buildings will earn a silver rating in the National Green Building Standard and include Energy Star rated windows, ceiling fans, lighting, refrigerators, dishwashers, and low-flow water fixtures. It will be a transit-oriented development, and we are providing more than the required bicycle parking that will include both an interior bike storage room as well as a covered bike pavilion to ensure our resident's bikes are always protected from the elements. We will have parking spaces prepped for car chargers and the building will be ready to add solar panels.

Financing: We are seeking a 9% credit request of $1,350,000 and the following financing sources will be used:

1st Mortgage (CHFA) - $4,500,000	*CDOH Financing - $1,890,000*	*Deferred Developer Fee - $547,862*
2nd Mortgage (CHFA) - $215,000	*Tax Credit Equity - $12,418,858*	*City Financial Assistance - $235,645*

** As noted in the City of Montrose's Letter of Support (see tab 10), upon CHFA's approval of LIHTC for the development the City Manager anticipates that City Council would support waiving some or all of the following fees - Water Tap ($27,974), Water Unit Charge ($50,924), Sewer Tap ($72,830), and Sewer Unit Charge ($160,080) – totaling $311,808. Furthermore, the City has stated they have additional soft funding sources to assist us beyond waiving permit and tap fees – which can potentially reduce the amount of our CHFA and CDOH loans.

Unit and Project Amenities: The development site is unique in that there is a dry creek running horizontally through it, allowing an opportunity to create an abundance of outdoor, open space for our residents. We've laid out the site so that all development will be accommodated north of Dry Cedar Creek, leaving over four acres of open space for our residents to enjoy. The southern part of the property will be accessed by the existing trail on the site's eastern boundary, along the Loutsenhizer Canal. Our neighbor, the **Montrose Recreation Center, is very supportive of our development and offered to partner in the creation of trails and outdoor amenities on the southern portion of the property - allowing even easier access to the Rec Center.** Additionally, they would like to provide affordable membership options to our residents in the way of discounted fees or a community membership package. See Tab 10 for their letter of support. Community amenities will include an onsite fitness center, pet washing station, business/meeting room, a patio with grills and seating, bicycle parking, dog park, and playground. Each apartment will feature an in-unit washer and dryer, central air conditioning, exterior storage, patio/balcony, luxury vinyl plank flooring, and walk-in closets.

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

   Projects in non-metro counties with a population of 180,000 or fewer (must meet requirements of Section 5.B.3.b.). Residences at Dry Cedar Creek will be located in Montrose County which had a 2020 estimated population of 42,679.

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

   Market Conditions:

   Looking at the Market Study it's obvious how much demand there is for affordable housing and rental housing of all types considering there are **ZERO vacant units in the PMA**. All 554 low-income rental units in the primary market area are occupied. It is noted on pages A-5, A-6, and A-10 of the Market Study that each of the four existing LIHTC properties in the PMA have extensive waiting lists – over 100 households at Woodgate Trails, 20+ at Pavilion Gardens, and a 4-36 month wait at Sunshine Peak Apartments I and II – indicating a great amount of pent up demand. Considering these datapoints, Residences at Dry Cedar Creek is expected to reach 95% occupancy within just 3 months of opening. Furthermore, of the 9 market-rate properties surveyed in the Market Study, there are no vacant apartments out of 231 total units. None of the market-rate or affordable properties have needed to offer concessions to get apartments leased and it appears they won't need to for the foreseeable future.

Montrose has experienced a wealth of population and economic growth over the past two decades. More recently, many small and larger businesses have planted a flag in the City. An article from the Montrose Daily Press, dated January 1, 2022, and titled "Local entrepreneurs eye Montrose for business opportunities," outlines many of these recent investments. Businesses that either relocated or expanded in Montrose that are mentioned in the article include; Colorado Yurt Company (64 employees), Chow Down Pet Supplies, Shelter Distilling, Adrenaline Vans, Montrose Anglers, Mayfly Outdoors, Western Slope Food and Innovation Center, San Juans Brews, Reign A Beauty Collective, The Flower Shoppe, and Bluecorn Beeswax *("To see our product line grow and develop and become a much stronger national, and even international brand, is very much a goal, and I can't think of a better place than Montrose to base that out of," said Jon Kornbluh, owner of Bluecorn Beeswax*). However, lack of available housing has created a speed bump to much of the potential growth. As stated in the support letter from Montrose Economic Development Corporation (See Tab 10), the *"hospital has over 100 unfilled positions and our School District is unable to secure the required number of teachers, due to lack of available housing."*

Proximity to existing tax credit developments:
The Market Study identified four existing tax credit developments with 162 units within the PMA. One property is for seniors, Woodgate Trails, and the remaining three are for families. Each property is 100% occupied with a lengthy waitlist.

Project readiness:
The site is in an ideal location for a multifamily community. The Plan Commission and the City's Comprehensive Plan have goals to 1) promote higher density infill development of underutilized sites and support development in areas that can be easily accessed by foot, bike, and/or public transit, 2) increase access to affordable housing with a mix of price ranges and work with housing agencies, organizations, private developers and businesses to increase the amount of workforce housing, and 3) encourage a variety of housing densities throughout the community. Residences at Dry Cedar Creek meets each of these goals and, additionally, the City's support letter (see Tab 10) mentions the *"project location is well suited to provide a high standard of living for future residents… is located near the Connect Trail, a pedestrian path which bridges the south end of town to the north end… (and) is also conveniently situated next to the Recreation Center alongside grocery stores, retail stores and restaurants."*

The site is currently zoned R-2 and needs to be rezoned to R-3A to allow our desired density. On January 13, we held a neighborhood meeting open to the public. We shared information on our plans, answered questions, and asked for any feedback. On January 26, the Plan Commission unanimously voted 7-0 in favor of our rezone request and there were more public comments in favor of the development than opposed to it. We have two city council meetings in February and early March to wrap up the zoning. We were told City Council rarely goes against the Plan Commission and staff recommendation.

The vacant site has access to all utilities and there are no known environmental hazards or Recognized Environmental Conditions. Preliminary conversations have been had with potential equity investors and construction and permanent lenders. Olivia Cook from the Colorado Division of Housing has provided a letter and will be able to provide loans and grants up to $1,890,000. Additionally, the Montrose County Housing Authority will provide six (6) project-based vouchers and has committed to property and sales tax exemptions for as long as the apartments are kept affordable. See Tabs 7 and 10 for the CDOH and Housing Authority letters.

Overall financial feasibility and viability:

Tax credits are critical to making Residences at Dry Cedar Creek financially feasible as affordable housing. Beyond equity from the sale of tax credits, the Colorado Division Housing has written a letter of interest to provide $1,890,000 in soft funding, we are assuming permanent financing from CHFA, and deferring a portion of the developer fee. The City of Montrose is very supportive and will waive building permit fees, City Construction Use Tax, and Plan Check Fee for a total of $235,644.70 in waived fees. As mentioned previously, the City of Montrose stated in their Support Letter that the development may be eligible for an additional $311,808 in waived tap and impact fees. Outside of their letter of support, the City verbally stated they have other sources of funding to assist should we receive tax credits and move forward. Residences at Dry Cedar Creek has been well accepted by the Montrose community and has received letters of support from the Montrose Economic Development Corporation, Montrose Recreation District, Alpine Lumber Company, Region 10 LEAP, and Community Options Inc. We have the site under contract with a closing scheduled on or before October 31, 2022.

RealAmerica Companies, along with its lender, investors, and consultants, has taken a conservative approach to the financial feasibility of the project and are confident in the financial assumptions.

Experience and track record of the development and management team:

Development Experience: RealAmerica Development is a WBE-certified developer with over 27 years of experience in developing, designing, and building affordable and market-rate properties. Our passion is affordable housing and we have developed or rehabilitated 35 communities totaling 2,401 affordable apartment homes. RealAmerica's owner, Ronda Shrewsbury, is hands on in every aspect of every development we take on and takes great pride in the company's work. Our skilled and knowledgeable staff is among the best in the industry and provide expertise in all areas. RealAmerica's team handles every aspect of design, construction, and management to finish developments on time, with exceptional standards of quality, and within budget. We build with the understanding we will own and operate them for the long-term and will provide our residents a great place to live for decades.

Property Management Experience: RealAmerica Management was created shortly after we began developing affordable housing to oversee the day-to-day operations, compliance, and maintenance to ensure that our properties are managed to RealAmerica's high standards that our residents love, desire, and deserve. Our management portfolio of 2,259 units enjoys a 98% occupancy rate, has an excellent compliance record with the Indiana Housing and Community Development Authority and Colorado Housing and Finance Authority, and RealAmerica Management is committed to operating our properties at outstanding fair housing standards while providing superior levels of resident-focused services. We are proud to say that despite COVID-19, our occupancy and collection rates remain in the high 90% range, due to our staff's hard work at connecting residents with state and community rental assistance option.

Project Costs:

RealAmerica Construction has been involved in every aspect of the design and pre-development process for Residences at Dry Cedar Creek. RealAmerica Construction has already held conversations with subcontractors in the Montrose and Grand Junction area and has received real time pricing estimates. Additionally, our construction team is actively bidding jobs and materials for its current projects in Glenwood Springs and Snowmass Village. The project costs for Residences at Dry Cedar Creek are reasonable and consistent with what we have experienced. For this project, we benefit from having affordable land acquisition costs as well as the City's support in waiving building permit and impact fees. These factors keep our project costs manageable and realistic for today's market. Our design and construction team's experience give us confidence to deliver this development on time and within budget and all projected costs have been verified by our third-party cost estimate, HD Construction Aspen.

Site Suitability:

This site is in a residential area of Montrose, surrounded by single family homes and the beautiful Montrose Recreation Center, is in close proximity to several bus stops, an abundance of retail and local amenities – most of which are walkable from the property. The property is served by utilities, and has no environmental issues, and the development portion of the site is flat. The property's in-fill location, vicinity to a wealth of job centers, medical providers, amenities, and community services, make it ideal for a housing community.

3. **Provide the following information as applicable:**
   - *Justification for waiver of any underwriting criteria:* No waiver requested.
   - *Justification of the financial need for a CHFA basis boost up to 30 percent of eligible basis:*

   We are not requesting a basis boost. The development qualifies for $1,500,000 in credits without a boost, therefore we are capped at $1,350,000 in credits.

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

   Montrose County's unemployment rate is higher as of November 2021 than the pre-pandemic rate of 2.6% in December 2019. This is likely the case for most counties in Colorado and the rest of the country. Montrose County's unemployment rate is lower than most counties in Colorado and lower than the State's overall unemployment rate. The analyst notes that despite the higher current unemployment rate in Montrose, the PMA's rental housing stock is fully occupied, and they expect significant ongoing demand for affordable rental housing for the foreseeable future.

   The market analyst stated that the development has "somewhat small unit sizes and the two-bedroom units include just one bath." They also mention that despite the smaller square footage and one bath in the two-bedroom units, "it does not significantly limit the units' overall marketability."

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

6. **Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment (refer to Section 2 of the QAP for additional information):**
   The pandemic has created many challenges for construction in the way of supply issues, lack of labor, increased cost of materials, and delays in permitting and entitlement. Our construction team has been able to mitigate these issues on three recent multifamily projects during the pandemic and has delivered them on time and on budget. In general, development in the Western Slope faces constraints in material costs and labor compared to other parts of the state. Our third-party cost estimator, David Dorr with HD Construction in Aspen, provided estimated construction costs in line with our team's numbers. Additionally, RealAmerica Construction has experience with costs in this area of Colorado and is actively working with subs and vendors for two current projects in Glenwood Springs and Snowmass Village. RealAmerica Construction will implement value engineering, factory-built components, and cost containment measures through existing relationships with subcontractors that we have worked with in the past and are currently working with. We have done our due diligence and had a third party review our methods and costs, and we have full and accurate understanding of how much this development will cost in the end.

7. **In your own words describe the outreach to the community that you have done and describe local opposition and/or support for the project (including financial support).**
   We have worked closely with the City of Montrose and the Montrose Housing Authority since the Fall of 2021. City Staff is very interested in promoting the development of more affordable housing in Montrose and they've been incredibly supportive and helpful throughout every step of the rezone, permit/fee estimating, and public input processes. We held a public open house on January 13 to allow an opportunity for neighbors to learn about our plans and provide input – everyone agreed that more housing is greatly needed. The planning staff recommended rezoning approval and the Plan Commission voted 7-0 in our favor. In our communications with local businesses, service providers, the Montrose Recreation District, Montrose County Housing Authority and a recent Plan Commission meeting, the feedback is consistent that they would love housing built at this site. The demand for rental housing of all types is apparent after speaking with

anyone around the community. Businesses have moved into Montrose, more businesses are trying to, people want to live there, and the housing shortage is a huge issue. As we have noted, the City is assisting us by waiving building permit and construction fees in an effort to keep development costs lower and they have expressed interest in financially helping beyond that. Montrose County Housing Authority is providing six project-based vouchers and has committed to property and sales tax exemptions. The Montrose Recreation District wrote a letter of support and would love to partner with us in creating outdoor amenities and trails on the southern part of the site as well as provide discounted membership packages to our residents. Our development has gained support from Alpine Lumber Company who employs over 70 people in the Montrose area, the Montrose Economic Development Corporation, and Region 10 – a non-profit organization providing services to the Montrose community, and Community Options Inc. See Tab 10 for Support Letters from these organizations.

9% housing credit application narrative

Project Name: **Residences at Fruita**
Project Address: **614 Raptor Rd. Fruita, CO 81521**

TWG Development ("TWG"), in conjunction with Housing Resources of Western Colorado, is excited for this opportunity to present an application to CHFA for 9% Low Income Housing Tax Credits ("LIHTC") for The Residences at Fruita (the "Project"). This new construction multifamily development will provide 29 two-bedroom apartments and 21 three-bedroom apartments for households earning 60% of the AMI and below with five (5) units at 30% AMI, four (4) units at 40% AMI, 15 units at 50% AMI, and the rest at 60% AMI. Unit amenities will include central A/C and heating, Energy Star Appliances, and in unit washer/dryers. Onsite amenities include clubhouse, business center, exercise facility, playground, garden beds, and on-site management. Residences at Fruita will provide much needed affordable rental housing opportunities for individuals and families in Fruita and the broader Mesa County region. The development team's vision is to provide an array of robust onsite services to fully stabilize families still recovering from the economic impacts of the pandemic. Specifically, TWG is working with Housing Resources of Western Colorado (Housing Resources), a community-based housing organization on the Western Slope, to deliver financial literacy, homebuyer education and renter education classes onsite. Housing Resources has decades of experience working on the western slope and given their extensive programming, understands the unique needs of this community. Furthermore, Housing Resources will facilitate additional services including childcare, youth programming and food security services to the property through their existing partnerships with El Centro, the Eureka Science Museum, and the Kids Aid Backpack Program. These services will be critical for families working to stabilize and thrive as we continue recovering from the pandemic. Services will be provided through agreements with these providers and will be funded outside of the project through existing grants and services contracts with these agencies. Residences at Fruita will support equity and economic stability through a safe, affordable community with service options at the ready. Mesa county is a small rural county with a population under 165,000. Employment in the area generally consists of educational services, healthcare, and public administration. Overall, the local economy appears to have been less severely impacted by the COVID-19 pandemic relative to the nation, a trend likely due to the strong presence of healthcare, education, and public administration employers in the market. Locational amenities within 0.5 miles include a bus stop 0.2 miles from the site, state parks, bank, post office, a city market and proximate access to major thoroughfares and highways. Schools are located within one mile of the site including Shelledy Elementary School, Fruita Middle School and Fruita High School. Adjacent to the site is an exciting local initiative to redevelop and improve a lagoon that would include maintain bodies of water for recreation and activities. Important to note about this region is that there is a significant Hispanic population, nearly 15% and more than one-third of this population speaks Spanish. In partnership with Housing Resources, we will be able to provide Spanish speaking services and ensure that this population has access to units and feels welcome at this community.

The Residences at Fruita will be two-buildings at three-stories each with a community center. Gross building sf is approximately 59,5335. The building will meet the team's goals of cost-effective to build and manage, visually appealing, and compatible with the surrounding neighborhood. The foundation design is a structural slab on grade with on-site surface parking. An acoustical mat with gypcrete will minimize sound transfer between the units. The building skin will be masonry brick combined with fiber cement lap siding. All exterior walls will utilize batt insulation with a weather barrier. The roof will have sloped asphalt shingles. The project will meet the at least the Bronze certification under the NGBS program which will include EV-ready spaces for future use as needed.

The Project is in census tract 15.01 which is not in a 2022 QCT or DDA. Financing for the Project will include federal tax credit equity generated from the sale of 9% LIHTC, permanent financing from Colorado Housing and Finance Authority, soft financing from Colorado Division of Housing ("CDOH"), and deferred developer fee. Once formed, the Fruita Housing Authority can pair as a special limited partner in the deal will provide property tax exemption as well. Total soft financing is expected to be over $3,250,000, representing approximately $65,000 per unit.

1. Priorities in Section 2 of the Qualified Allocation Plan (QAP):
Projects in non-metro counties with populations of less than 180,000. Mesa County has a population of less than 165,000

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

a. *Market conditions:*
The Property is situated in Fruita, Mesa County. Current vacancy rate in the submarket is at 1.4 percent. Managers at two of the six LIHTC properties reported being fully occupied. The average vacancy rate reported by the affordable comparables was 2.9 percent, above the 0.6 percent average reported by the market rate properties, but management at the LITHC comparables reported vacancies to be a function of typical turnover rather than a lack of demand as all but one of the LIHTC comparables maintain waiting lists, some of which are extensive, and the vacancies are being filled from persons on said waiting lists. Relative to the market rate comparables, the Subject's two and three-bedroom rents offer a rent advantage ranging from 24.0 to 66.2 percent with a weighted average discount to market of about 28%. According to the market analyst, about 52% of the renting households in the PMA are housing burdened. Existing capture rates are 0.0% and required capture rates are 9.2%.

b. *Proximity to existing tax credit developments:*
The closest tax credit development is 12.0 miles away in Grand Junction.

c. *Project readiness:*
The site is zoned for the intended use evidenced by a zoning letter included within the application. Review of the final building plan review is administrative and does not require a public process. The building plan approval would be about 2-3 months after submission. submitted our Major Site Design Plan for review with the City on January 28, 2022. This is a 45 – 55-day administrative approval process. The building permit application can be done concurrently and expected to be issued within three months of the tax credit application.

The Phase 1 Environmental Assessment indicated that no Recognized Environmental Conditions were discovered.

The Project is supported by the City Manager, Planning Department, service providers, neighbors, and many local businesses. Their enthusiasm for the project is evident by the support letters provided within the application.

Schematic drawings have been priced by a paid third party and the proposed building is financially viable to construct based on current assumptions; and

Financing and funding commitments from the sources identified in this application would be secured by the end of 2022 and early 2023.

d. *Overall financial feasibility and viability:*
The Project is financially feasible if awarded an allocation of 9% LIHTC along with the DOH enhanced gap funding. In addition to the federal equity from City Real Estate Advisors (CREA), TWG is assuming construction financing from Horizon Bank, permanent financing from Colorado Housing and Finance Authority, soft financing from DOH, and deferred developer fee. TWG, equity syndicators, lenders, and our financial consultant RCH Jones consulting, have run the current project assumptions through their tax credit financial models. This extensive up-front conservative underwriting has shown that as proposed, there are minimal risk points. Under current assumptions, the project maintains an estimated debt coverage ratio between 1.20 and 1.27 through the initial compliance period using standard escalation and vacancy assumptions. Currently, deferred developer fee is expected to be paid in full by the end of year 12. TWG will provide the guarantees. TWG's approach to internal collaboration between design, construction and management maximizes operating efficiencies without compromising resident comfort, ongoing compliance, or building durability and maintenance. This approach has been proved by two recent tax credit development completions and lease-up with another underway.

e. *Experience and track record of the development and management team:*
The Partnership between TWG Housing Resources will tie into the strengths and experience of both organizations. Housing Resources was formed in 1977 with a mission to make the community on the western slope a better place by providing housing services to those in need. They accomplish their mission through our core values of altruism, integrity, quality, trust, and fiscal responsibility with the mission to build and maintain affordable and safe living facilities for qualified residents with an emphasis on respect, dignity, and cooperation. ***TWG's partnership is meant to help forward Housing Resources mission and expand their experience in the tax credit development world.***

TWG specializes in multi-family housing development, construction, and management. Currently, TWG has developed over 10,000 units across multiple cities and states ranging from affordable developments to market rate sites. To date, TWG has developed over 100 developments with over $1.2 billion in total development costs. TWG has active developments in Indiana, Colorado, Pennsylvania, Michigan, Illinois, Missouri, Ohio, Georgia, Washington, Iowa, Utah, Oklahoma, Alabama, Arizona, and Wisconsin. TWG Construction has served as the general contractor for the majority their projects, and TWG Management has a proven maintenance and compliance track record. TWG's first Colorado LIHTC property is leased up and their second LIHTC property is leased up with their third under construction.

To help facilitate this Project, the team has engaged three Colorado based consultants. Ryan Hibbard Jones (RCH Jones Consulting), Jenn Lopez (Project Moxie), and Willa Williford (Williford, LLC) who will provide strategic direction and financial advisory services to the project. Ryan, Jenn, and Willa combined have 50 years of experience in the affordable housing industry having managed the development of various affordable housing communities across the US, particularly in Colorado.

f. *Project costs:*
The Project costs have been reviewed and verified by a third party. TWG's in house design process is rigorous and collaborative with local input. The goal from the outset is to design and build a project that is high quality and cost effective and one that fits in with the surrounding community. Construction costs in Colorado continue a significant upward trajectory, largely due to the constrained labor and commodities markets and exacerbated by COVID and recent natural disasters across the nation. This upward pressure is especially significant on the western slope. TWG will also use their proven processes to effectively select sub-contractors and fully vet details during the bidding process. Our pre-construction team is deeply involved from the beginning of a project to ensure projects are completed on time and on budget. We are also able to leverage national purchasing contracts for materials which in turn creates a more cost-effective project.

g. *Site suitability:*
The site is suitable for the intended use for the following reasons:

The site is located in a developed residential area and is close to downtown Fruita. The site is already served by utilities and is zoned for our proposed use and building design.

The vacant site has no known environmental hazards or Recognized Environmental Conditions and no known wetlands or other physical attributes they may compromise or inhibit development.

The service provider partners have all expressed that the location next to trails and open space will be ideal for robust youth programming for this new affordable community.

3. ***Justification for Waiver of any Unwriting Criteria:***
Justification for waiver of any underwriting criteria
Not applicable

Justification of financial need for basis boost
Not applicable

4. ***Issues Raised by the Market Analyst in the Market Study***:
- *The Subject's proposed unit sizes are within the surveyed range, but smaller than the surveyed averages. While smaller than average unit sizes are a weakness, given the below market rents, high occupancy rates, and lack of LIHTC units in the market, we do not anticipate that the Subject's relatively small unit sizes will hinder its performance or marketability.*
- *While the Subject will be the first unsubsidized LIHTC property in the market, information provided by property managers and local officials as well as the demand analysis however suggests that the product is in demand and will be well received in the market.*

5. ***Issues Raised in the Environmental Report:***
There are no REC's reported on site.

6. ***Unusual Features Driving Costs and Opportunities for Containment:***
   Since we have all 2- & 3- bedrooms, the cost per unit is more. It is also a rural area, which tends to be more expensive for commodities and finding labor. TWG has also proven to keep costs relatively low in their existing Colorado projects mostly through their national relationships, vertical integration, and communication with local subs and trades.

7. ***Community Outreach***
   Due to COVID constraints, we have not hosted a community meeting, but we have had plenty of virtual meetings to aid in community awareness and participation in the development process with the City of Fruita in order to get site readiness as far along as possible. We have listened to the communities needs for affordable housing and done outreach in the community. The project has been well received and we have much support from a variety of local service providers and community leaders.

8. ***Supplemental Information:***
   The team believes this project is unique in its commitment to work with a variety of local service providers, through Housing Resources, to provide robust childcare, youth programming and food security services. The project will also outreach to the Latino community in the region and will work with Spanish speaking service providers in marketing units during lease up as well as in providing Spanish speaking services onsite.

9% housing credit application narrative

Project Name: **Rifle Apartments**
Project Address: **139 Railroad Avenue, Rifle, Colorado**

Evergreen Real Estate Group (Evergreen), an experienced LIHTC developer, owner, and manager of affordable housing, presents its request for 9% LIHTC to support the **new construction of a 50-unit project** in Downtown Rifle, Colorado, **a non-metro community in the Western Slope.** This project is located on a **well-situated and prominent vacant lot** that is **a focus area of the City of Rifle for downtown redevelopment**. The project site is an **amenity-rich** location in the City of Rifle for affordable housing, and just a short walk to a **major regional bus route**, shopping, dining, Rifle City Hall and City Library, and grocery. The site sits in a **Difficult to Develop** area, and it also sits within the City of Rifle's Central Business District, Second Street Mixed-Use (CBD-MU) zoning, which presents the **unique opportunity for relatively high-density housing** in the **Central Business District of Rifle.**

Evergreen has **worked closely** with the **Garfield County Housing Authority** (GCHA) to ensure **deep targeting of units that will meet the need of the community**. GCHA has preliminarily committed **eight (8)** units as **Project-Based Voucher units serving individuals and families at or below 30% AMI.** This building will offer **50 new rental apartments** in a **4-story, elevator-serviced building,** designed to **serve individuals and families**. The proposed concept includes **38 one-bedroom units, 8 two-bedroom units, and 4 three-bedroom units. Thirty-two (32) units** will serve individuals or families at or below **60% AMI**, **8 units** will be **Project-Based Vouchers** units serving individuals or families at or below **30% AMI**, the remaining **10 units** will be **market-rate – promoting a mixed-income resident population.** There will be roughly 1,500 square feet of commercial space to **invigorate and activate Second Street** in Downtown Rifle – **a goal of the Comprehensive Plan of the City of Rifle**.

This proposed elevator building is **a 4-story structure** with a level of underground parking set aside for the building's residents to compliment the additional ground-level surface parking. Exterior cladding is a mix of metal, brick, stone, wood, and fiber cement - inspired by the materials and tones of the surrounding environment. The **near-net-zero, all-electric** building is designed with **rooftop solar** to **offset a large portion of the building's energy consumption**, particularly for residents**.** The **solar infrastructure** will **significantly reduce the operational costs** of the building, supporting the vertical terminal heat pumps, unit cooking and electric, and vehicle charging stations. In the above-average sized units, residents will enjoy open floor plans with market-comparable amenities, including full kitchens with **Energy Star appliances and LED lighting**, step-in showers, low flow plumbing fixtures, vinyl plank flooring throughout the units, **free on-site underground and surface parking** options, access to a resident community room, and **on-site property management and building maintenance personnel**.

This project is located directly on the **Roaring Fork Transportation Authority** (RFTA) **Hogback bus route** which travels from Glenwood Springs to and from New Castle, Silt, and Rifle. This route also **connects with other routes** that travel to and from **Aspen and surrounding areas**, providing **consistent and stable transportation for workers to employment centers** throughout the **Roaring Fork Valley**.

Evergreen has brought together a range of federal, state and local sources of financing for this project that includes **local funds from the City of Rifle**, State of Colorado **HB 1271 funds, Division of Housing Enhanced Gap Funds**, **9% LIHTC, Federal Solar Tax Credits,** significant **Deferred Developer Fee, CHFA Housing Opportunity Funds** and **CHFA permanent debt.**

1. Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP):
This project addresses a priority of CHFA to serve **non-metro counties** with populations of **less than 180,000 people**. **Garfield County** is a **non-metro county** with a **population of 61,685** (Census.gov).

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

a. <u>Market conditions</u>

The market analysis provided by concluded that the proposed project **will be the first LIHTC family property developed in Rifle in nearly 20 years** and will be the only **LIHTC family property** with any vacancy upon construction completion and opening in the Primary Market Area (PMA). The market analysis specifically mentions the need for **60% AMI units** in the PMA, as there is unmet need in the range of **245 income-qualifying families** – **the most of any income range in the 30% AMI – 60% AMI range.** The **Garfield County Housing Authority keeps a waitlist** that currently has **over 500 different individuals and families** looking for affordable housing options. The capture rate for the 60% AMI units is 13.1% , only meeting a fraction of the actual need for individuals and families in that income band.

The conclusion in the market study clearly identifies the many strengths the development team believes this project offers to the City of Rifle and Garfield County:

- *Future residents will have **excellent access to downtown** shops and restaurants, neighborhood schools, the local library branch, the **regional medical center**, and **regional bus service.***

- *Units will mainly rent in the 60% AMI band. All of the PMA's existing LIHTC units are targeted at the 40% and 50% AMI levels, and **the 60% AMI level has been underserved.** While the remaining demand for units at 40% and 50% is still very strong, based on the preliminary findings of this market study the property has shifted some of their 50% AMI units to the 60% band where there is greater residual demand. **In fact, the overall residual demand for 60% AMI units remains higher than the total demand in any of the other AMI bands even after the new units are built.***

- *Market data supports strong demand across all unit types, as evidenced by both **low vacancies and extensive waiting lists** at every peer group property.*

b. <u>Proximity to existing tax credit developments</u>

There are **only two other affordable, "family/workforce" tax-credit complexes in Rifle**. There has not been a family property LIHTC project built in Rifle since 2002. **The Eagles Nest Apartments** is a tax-credit property, **built in 2000**, is 2.0 miles from the proposed project site of Rifle Apartments. This property serves families who meet 40%-50% AMI income requirements and **currently has no vacancy, and a waitlist of 23 families on a non-unit-size-specific waitlist. The White River Village** is a tax-credit property, **built in 2005,** is 0.9 mile from the Rifle Apartments project site. This building serves families who meet 40%-50% AMI income requirements. This property has **29 units and currently no vacancy.**

c. <u>Project readiness</u>

This project will be ready **to proceed into full design development immediately** upon allocation of the LIHTC. The site is correctly zoned, and the building has been designed to be fully compliant with all requirements of the Second Street Mixed-Used zoning district, including ample parking, which was coordinated with the City of Rifle. The only remaining public process events are a meeting to discuss final design comments with the Downtown Development Authority and the City of Rifle Site Plan process. The Site Plan process requires a publicly noticed hearing with the City of Rifle Planning Commission. After this hearing, Evergreen can apply for a Building Permit. The Building Permit review process takes roughly 3-weeks. Evergreen expect the process to obtain a building permit to be roughly 90-120 days.

d. Overall financial feasibility and viability

The project has been designed to **maximize non-LIHTC** resources to support efforts by CHFA to efficiently disburse LIHTC. Rifle Apartments has preliminary commitments from **Garfield County Housing Authority**, in the form of a commitment to act as a **Special Limited Partner** to take advantage of House Bill 16-1006, which provides a **property tax exemption**, and in the form of **eight (8) Project-Based Vouchers for families who are at or below 30% AMI. Of the $23,410,776 total development cost, roughly 50% of the projected funding is not derived from LIHTC equity.** Evergreen has requested $1,350,000 in LIHTC, in response to rapidly rising construction costs. Evergreen will also be **leveraging the use of Federal solar Tax Credit,** a source that is **not common in LIHTC** and one that will significantly benefit the project and its residents and **cover roughly 50% of the construction costs related to the solar panel installation.**

The first mortgage is in line with our **letter of intent from CHFA for permanent debt** with a 4.35% rate, which will be locked in at closing on a 40-year term and amortization schedule. Using standard 2/3 trending, the project begins **1.15 debt coverage in Year 1**, and trending toward 1.35 in Year 15. CHFA has also committed to support this project with **Housing Opportunity Funds**, in the amount of **$500,000** with a 3.00% rate with a 30-year term and amortization. The minimum combined DSCR is 1.09 for these two loans.

Evergreen took particular care to **validate its construction pricing** in the Western Slope market, given **strong inflationary pressures** in the current construction market. Evergreen worked with **Taylor Kohrs Construction** and **EJ Architecture** to develop pricing for the application, but also **consulted at a detailed level with Group 14 Engineering** on an energy efficiency model to support the use of **solar panels to support this all-electric building**.

The **City of Rifle has committed to explore local funding sources** to support Rifle Apartments in the amount of **$600,000** and will also be applying to the Department of Local Affairs for **HB 1271 Funds in the amount of $1,000,000**. If awarded, this project qualifies for the **Division of Housing Enhanced Grant Funds** in the amount of **$2,600,000,** based on the **rural location.**

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

Evergreen Real Estate Group (EREG) principals bring nearly 100 years of combined experience in the affordable housing industry in various roles as owner, lawyer, consultant, property manager, educator, architect and urban planner. Principals David Block, Jeffrey Rappin and Stephen Rappin have **developed nearly 2,500 units of low- and mixed-income housing** in Illinois, Indiana, Wisconsin and other states, using the full range of affordable housing financing programs, from 4% and 9% LIHTC, to HOME and CDBG funds, to Section 8 and RAD resources. Jeff Rappin has been involved as an attorney and/or principal in over a billion dollars of real estate transactions. Director of Development David Block has developed more than $500 million in complex, mixed-use and mixed-income projects in Illinois, Wisconsin, Connecticut, Kentucky, Rhode Island, and Massachusetts, both in his former role as a development director for a national non-profit developer (overseeing portions of three HOPE VI projects), and now in his role leading Evergreen's development staff. The EREG team currently has **2 LIHTC projects under construction**, **3 projects scheduled to close and start construction by the end of 2022, another 5 projects actively under development** (a mix of 9% and 4% projects), and several projects in the application phase.

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

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

Taylor Kohrs is a full-service general contractor that prides itself in the diversity of its projects and the flexibility of its teams. Their teams work hard to deliver a successful project experience through a personalized, collaborative, and honest approach. Throughout its 35-year history, Taylor Kohrs has built projects ranging from new construction, remodels, adaptive re-use and tenant build outs to design-build and site development. Taylor Kohrs also has **extensive experience with multifamily and LIHTC projects**, and is familiar with all regulatory requirements such as Davis-Bacon wage rates. **Recent CHFA-funded experience includes Canterbury Apartments, Lincoln Terrace, Avondale Apartments, Yale Station Work Force Housing, Ash Street Apartments and Willow Street Apartments.**

f. Project Costs

Taylor Kohrs Construction has extensive experience with both LIHTC and market-rate multifamily development, and their preliminary cost estimate draws on their historic corporate cost database, along with current pricing guidance from subcontractors to validate the proposed project's costs. **Taylor Kohrs, EJ Architecture, and Evergreen have been working in a collaborative and iterative fashion** to design a building consistent with the budget included in this application. The construction costs included in this budget are $324,329 per unit, **fully consistent with recent, escalated construction pricing.**

All other soft costs, including financing costs, are based on direct review of professional service fees in the market, or on conversations with lenders and investors about rates and terms relating to debt and equity placement. Because of the strong cashflow, Evergreen is **deferring nearly 30% of its allowable developer fee** to keep overall project costs down. We believe that the total development cost of just under $430,704 per unit (excluding commercial) is **reasonable and appropriate given current economic conditions for development.**

g. Site Suitability

The **Downtown location** of Rifle Apartments provides excellent visibility and **great access to shopping, grocery options, dining, banking, healthcare, education, parks, library, Rifle City Hall, employment, and public transportation.** The marketability of an affordable development at this site in the Central Business District in Rifle, should be strong based its location and strong housing demand in the Rifle area. Furthermore, **the views of the nearby Colorado River and the surrounding mountains** will be excellent from the residential floors of the proposed building.

Conveniently located alongside the project site, the **Roaring Fork Transportation Authority (RFTA)** operates **the Hogback bus route** stop that travels from Glenwood Springs to and from New Castle, Silt, and Rifle. Riders can meet with **connecting buses** in Glenwood Springs to further **travel up valley to and from Aspen and intermediate destinations**, including numerous ski resort areas. The **Hogback route travels past the project site on both Railroad and West Avenues**, with two bus stops within a half block of the subject property on 1st Street.

The Development and Design team has worked to maximize the density, building footprint, building height, and parking on the project site. **The City of Rifle has worked closely with our team to shape the plan.**

3. Provide the following information as applicable:

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

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

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

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

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

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

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

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

Evergreen has been in contact with the Garfield County Housing Authority (GCHA), who has strong support for this project and will be supporting this project in several ways. We designed our unit mix in concert with GCHA as we learned of the needs of the residents of Garfield County and those who GCHA serves. Over several months, we met with the City Planner, Public Works officials, and the Chair of the Downtown Development Authority, where we presented our project and took comments from the City officials on different design, site plan, and landscaping changes they felt were important for the success of the project. We took that information and revised our design accordingly, before presenting to the Mayor and the City Council in January of 2022. The Mayor and City Council were quite receptive to the project and excited for the possibility of this project coming to fruition in the City of Rifle. We explained the need for financial participation from the City of Rifle in the amount of $600,000 and there was preliminary support that if awarded 9% LIHTC credits, the City of Rifle will work with Evergreen and use local funds to support this project. The City Planner, Mayor, and City Council are also in support of the City of Rifle applying for $1,000,000 of HB1271 funds with the State of Colorado Department of Local Affairs, to support this project.

8. For acquisition/rehab or rehab projects, provide a detailed narrative…

Not applicable. This is a new construction project.

9% housing credit application narrative

Project Name: Silver Key Apartments at South Murray
Project Address: 1575 S. Murray, Colorado Springs 80916

Executive Summary: Silver Key Senior Services, Inc. (Silver Key) is pleased to present this application to CHFA for 9% competitive Federal low income housing tax credits for the construction of Silver Key Apartments at South Murray, a 50-unit senior apartment community located in Southeast Colorado Springs, Colorado (the "Project").

Listed below are the key reasons why the Project deserves a 2022 award of 9% Federal tax credits:

- **Located Adjacent to Silver Key Headquarters:** The site is located immediately adjacent to Silver Key's headquarters where they provide extensive services including meal and transportation options for seniors and Veterans. All services will be available to future residents at little or no cost.
- **Excellent Location in Colorado Springs:** The location is within walking distance (0.1 miles) to a neighborhood shopping center, the Sand Creek multi-modal path, and public transit via the Mountain Metro Transit bus stop located 245 feet from the site.
- **Serving Unmet Affordable Housing Needs in the Primary Market Area (PMA):** Currently there are only 340 dedicated affordable units for seniors in the PMA and 1,342 qualifying households. The Project will add 37 units of deeply affordable housing in a range between 40%-60% to seniors 62+. Colorado Springs has the second highest percentage of Veterans per capita in the country and currently has 251 Veterans Assistance Supportive Housing (VASH) vouchers approved to meet the need but only 165 assigned to projects. To respond to the demand, the Project will provide 13 units for the VASH voucher program.
- **High Level of Local Support and Investment:** The City of Colorado Springs anticipates providing the Project with $500,000 in HOME funding as well as fee waivers through their new affordable housing fee waiver pilot program. The City also provided the Project with a Rapid Response Certification, expediting the entitlement process. The Project has received over 19 letters of support from local non-profits and businesses as well as funding from the Colorado Springs Health Foundation. Silver Key has raised $100,000 in funds for the Project from individuals and local organizations.
- **Serving the Wide Spectrum of Need in the PMA**: The Project will offer a balance of AMI levels: 13 units serving tenants at 30% AMI, 10 at 40% AMI, 13 at 50% AMI and 14 at 60% AMI. The average AMI served is 45.6%.
- **Maximized Sources of Funds to Deliver a Full Spectrum of Affordability:** The Project is maximizing available sources of funds available for the Project including Enhanced Gap Funding (EDG) from the Colorado Division of Housing (CDOH), City of Colorado Springs HOME funding, a grant from the Colorado Springs Health Foundation, Silver Key fundraised funds and Deferred Developer Fee.
- **Premier Sponsor:** Silver Key is the premier senior service provider in Colorado Springs and El Paso County. They recently celebrated their 50-year anniversary serving the community's senior and veteran population. Silver Key employs 80+ staff and is supported by more than 400+ volunteers. They serve over 9,000 Veterans and senior adults annually with a robust array of services. They have extensive experience in administering federal, state and local funds for a wide variety of services, including housing.
- **Highly Qualified Turnkey Developer:** MGL is a trusted, experienced LIHTC developer in Colorado. MGL has developed 13 LIHTC projects as the General Partner and more than 14 projects as a development consultant. MGL has successfully developed or renovated both market rate and affordable housing senior housing over past five years. They've completed eight recent senior projects for a total of 873 units making them highly qualified to lead Silver Key's affordable senior housing development efforts.
- **Seller Carryback:** Silver Key purchased the Project land in 2017 and owns it free and clear. They anticipate selling the land into the future tax credit partnership for its appraised value and providing seller carryback financing on the sale.
- **Significant Changes Since Previous LIHTC Application:** Silver Key has hired an experienced LIHTC Turnkey Developer, MGL Partners, to oversee the entire development process, reduced the Project size from 70 to 50 units, redesigned the site plan to have a secondary egress through Silver Key's main campus, received a Conditional Use Approval for a multifamily use on the site, redesigned the building to better suit the senior and homeless veteran population

proposed, and introduced 13 VASH vouchers to the population served.

- **Experienced Property Management Firm:** Silver Key has hired the highly qualified firm Silva-Markham Partners (SMP) to manage the senior and VASH resident populations. SMP has a proven history of effectively managing formerly homeless individuals and Veterans to keep them housed and stable.

For the past 51 years, Silver Key's mission has been to support a healthy quality of life for seniors, allowing them to age safely with dignity and independence. Silver Key believes providing quality affordable senior housing is an important component to delivering their mission and has incorporated housing as a service pillar to focus on expanding community housing resources and options. Silver Key Apartments at South Murray, the Project, will be Silver Key's first LIHTC development. Silver Key has gained significant housing experience providing the governance and staff leadership for Silver Key Apartments at North Hancock (formerly known as: Senior Heritage Plaza Apartments) since its founding in the 1980's. Additionally, Silver Key provides housing support services to senior clients through Housing Navigators, utilities and rent assistance, a home modification partnership, and transportation and meals throughout the region. Silver Key has hired MGL Partners as a Turnkey Developer to lead them through the development and tax credit application process but will retain full ownership of the general partnership.

Silver Key serves over 9,000 adults annually through their programming and of those 1,441 are Veterans (16%). As the largest provider of senior services in El Paso County and one of the largest providers of senior services for Veterans for over 50 years, Silver Key is acutely aware of the lack of affordable, independent living options for these populations in Colorado Springs and greater El Paso County. The problem has become more acute in the past 10 years as the Colorado Springs MSA has been seeing unprecedented growth which has resulted in a decreased supply of naturally occurring affordable housing and rent increases across the County. Yet, average wages in El Paso County are 14% lower than the Colorado average. Seniors are hit hardest when it comes to rising rents, as they are on fixed incomes. As of June 2021, the average monthly rent for an apartment in Colorado Springs is $1,333, according to data collected by Silver Key, which is approximately 86% AMI in El Paso County. To address these issues, the City of Colorado Springs' Mayor has spearheaded HomeCOS, an affordable and attainable housing plan for Colorado Springs. This development is in direct alignment with Objective 2: Increase the supply of affordable rentals, and Objective 4: Housing for the aging and disabled population of the housing plan.

Silver Key proposes to build a 50-unit multifamily building on land they own immediately adjacent to their headquarters in southeast Colorado Springs. The site is located at the intersection of South Murray Blvd and Fountain Blvd, with 300 feet of frontage along Fountain Blvd, an arterial, providing good site visibility for way finding, leasing and marketability. The site is surrounded by Silver Key's headquarters to the south, the Sand Creek to the east, Fountain Blvd to the north and a gun and sports shop to the west. Within walking distance of the site (0.1 miles) there is a Safeway grocery store and pharmacy, Subway, Conoco convenience store, Supercuts, nail salon and laundromat providing seniors with reasonably priced options for groceries, medications and other necessities. The Sand Creek Multimodal path will provide residents excellent access to safe biking and walking opportunities.

The 3.23-acre site is located in a Qualified Census Tract (QCT) and is zoned Planned Business Center with Airport and Streamside Buffer Overlays (PBC AP SS) which allows for multifamily development as a Conditional Use. The City Planning Commission unanimously approved this multifamily affordable Project as a Conditional Use on January 20, 2022. The project will offer 48 1-bedroom and two 2-bedroom units to reflect the highest demand for senior renter households but offer options if a future resident needs to accommodate medical equipment or a live-in aid. 75% of the senior (62+) renter households in the PMA have one person and 16% have two.

The building will serve seniors 62 and older who income-qualify between 30% and 60% AMI, averaging 45.60% AMI. Of the 50 units, 13 will be restricted at 30% AMI, ten at 40% AMI, 13 at 50% AMI and 14 at 60% AMI. The units restricted at 30% AMI will have VASH vouchers and will be restricted to age qualifying homeless senior Veterans. Silver Key will accomplish this by including the age restriction preference in the tenant selection plan and the VA has ensured Silver Key they will only refer Veterans who meet the age restriction of 62 and older.

SUBJECT SUMMARY

Unit Type	*30% AMI*	*40% AMI*	*50% AMI*	*60% AMI*	*Total Units*	*% of Total*	*Size (Avg.)*	*Type*
1BR	13	10	12	13	48	96.0%	580	E/3
2BR/1BA	---	---	1	1	2	4.0%	830	E/3
Total	13	10	13	14	50	100.0%	N/A	N/A
% of Total	26.0%	20.0%	26.0%	28.0%	100.0%	N/A	N/A	N/A

Source: Project Sponsor

The building will consist of three stories, internal double-loaded corridors, and two elevators. Building security will consist of controlled access entry with an intercom system to each unit, security cameras at building entries, nightly security patrol and weekend security while property management staff is not present. All units will feature central AC, walk-in closets, window coverings/blinds, wood cabinets, cable TV and high-speed internet hookups, low VOC carpet in the bedrooms, vinyl flooring throughout, laminate countertops, low flow plumbing fixtures and appliances including a refrigerator, electric range with self-cleaning oven, dishwasher, disposal, microwave and in-unit, side-by-side washers and dryers. The building will offer five (10%) fully ADA accessible units, one 2-bedroom and four 1-bedrooms. To keep residents independent as long as possible, the balance of the Project units will be considered Type B, or convertible units, to address accessibility issues in the future. All community spaces will be fully accessible and offer free Wi-Fi. All utilities will be paid for by the owner with the exception of high-speed internet and cable in units.

The building's interior amenities include an on-site leasing and property management office, offices for outside service providers to visit, a rooftop deck and adjacent indoor lounge, a small library, a resident hair salon and a small game room. There will also be a large, flexible community space that will be used for recreation and group exercise and will include a warming kitchen for resident gatherings, folding tables and chairs, and group exercise equipment. Silver Key anticipates providing meals through the Connections Café directly to the residents in the community room. The exterior amenities include raised community gardens, a walking trail, a gazebo, a small children's play area for guests, multiple areas for tables, chairs and benches and quality exterior lighting to ease wayfinding. The Project will offer 59 surface parking spaces, 12 of which are accessible spaces, at no cost to residents. Six parking spaces (10%) will be pre-wired for electric vehicles. The City code requires 0.6 spaces per senior unit, however, due to the vehicle dependent nature of Colorado Springs, Silver Key would like to provide 0.8 spaces per unit, provide 9 spaces for guests, property management, case management and service providers, and replace the 10 spaces they lose on their site with the addition of the drive aisle through Silver Key's property.

Construction will be wood frame over a post tension slab on grade with an attractive skin comprised of a combination of stone, stucco and fiber-cement siding. The roof will be pitched with dimensional asphalt shingles. The buildings will be designed to be highly energy efficient complying with the 2020 National Green Building Standard (NGBS) program at a minimum Bronze level but implementing best practices from Enterprise Green Communities and Zero Energy Ready Homes such as; protection of aquatic ecosystems, site proximity to services, efficient irrigation, efficient plumbing layouts, universal design elements, resident welcome manuals, no smoking policy, and recycling on site and during construction, to name a few. The buildings will be physically situated and architecturally detailed to take advantage of passive heating and cooling opportunities. The building envelope will be energy efficient with Energy Star windows and doors, R-49 insulation in the attic, R-21 insulation in the exterior walls, and R-10 insulation at the foundation perimeter. Refrigerators, dishwashers, and clothes washers and dryers will be Energy Star. The unit HVAC system will be individual VTAC heating and cooling units. Units will have individual gas water heaters. There will be an opportunity in the future to replace the gas water heaters with electric water heaters making the building 'all-electric ready'. To create a safe, calming environment specifically for the future VASH residents, Way Architecture and the selected interior designer will incorporate best practices of trauma informed design throughout the building. For a list of specific design features that will be incorporated in the Project, please reference the supplemental material provided. The building will be designed to be "solar-ready"; structurally engineered to support roof mounted solar panels in the future.

All residents will be able to take advantage of the extensive array of senior services that Silver Key offers at little or no cost to the residents and within easy walking distance of the site. Services include: transportation, food pantry, Connections Café offering reduced price meals for seniors, home meal delivery services, behavioral health and case management, resource navigation, a thrift store selling durable medical equipment at affordable prices, and companionship (including Veteran support) services. Silver Key anticipates providing meals through the Connections Café directly to the residents in the Project's Community Room. A detailed description of services is provided as a supplemental material to this application.

The total estimated project cost is $17,673,061. It will be financed using a combination of $11,419,141 of 9% Federal tax credit equity, $1,900,000 of permanent debt, $500,000 of City of Colorado Springs affordable housing funds, $100,000 Colorado Springs Health Foundation funds, $3,010,000 of CDOH Enhanced Gap Funds (EDG), $100,000 of Silver Key fundraised funds, and $285,086 of Deferred Developer Fee. The building will serve seniors and Silver Key is a non-profit making the Project eligible for property tax exemption through the Colorado Revised Statues. Silver Key owns the deed to the land and will sell the land into the Project for the appraised value and providing a seller carryback note estimated at $358,780. Silver Key made a conscious decision not to seek the Developer Fee Boost the Project was eligible for; the boost increases Silver Key's tax credit ask and was not viewed as the most efficient way for Silver Key to fund services.

1. **Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP)**: The Project will serve 13 homeless Veterans with VASH vouchers.

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

Market conditions There is a very strong demand for affordable senior housing in the PMA. There are only four existing tax credit properties serving seniors in the PMA, totaling only 340 units. The market study states that the Project will only compete with three of the projects totaling 240 units. Compared to the existing 240 units, Silver Key Apartments will offer a superior location, comparable unit sizes and superior amenities. The overall surveyed LIHTC vacancy rate in the PMA was 0.7% illustrating pent-up demand for senior and family LIHTC units. The PMA is gaining 203 senior (62+) renter households per year and should gain 406 by the time the subject comes online. The proposed Project rents provide a significant discount to market (Class B) between 35%-56% offering a very good value to prospective tenants. The Project will have owner paid utilities, effectively understating the rent advantage compared to the market rate rents.

The Project would have to capture a total of 26.2% of the income- and size-qualified senior (62+) renter households in the PMA to attain full occupancy, an increase from the existing rate of 17.9%. Capture rates at each AMI band are as followings: 15.1% at 40% AMI, 32% at 50% AMI and 21.7% at 60% AMI. The overall capture rate and the 50% AMI capture rate both slightly exceed CHFA's guidelines, however, the Project will not have any issues leasing up or achieving maximum rents due to the following factors: very strong demand for the existing tax credit properties in the PMA; extremely low supply of affordable units to satisfy the demand for lower-income seniors; and superior location for seniors in a walkable area with excellent access to amenities, recreation and services. Additionally, seniors typically travel from outside the PMA to find housing. The supplemental information showing the variety of zip codes from around the City, County, State and out of State for the waitlist at Silver Key Apartments at North Hancock illustrates this point.

Proximity to existing tax credit developments There are only four existing tax credit properties, totaling 340 units, in the PMA that are income-restricted/tax credit senior apartment properties. The market study notes that the Project will only compete with 240 non-subsidized senior units; Wyndham Place I & II, Tamarac Senior Apartments and Village at Homewood Point. The surveyed Class B senior LIHTC development in the PMA was 1.7% vacant, while the senior LIHTC properties outside the PMA were 0.0%.

Project readiness: The site is zoned PBC AP SS which allows for multifamily development as a Conditional Use. The City Planning Commission unanimously approved this multifamily affordable Project as a Conditional Use on January 20, 2022. Silver Key purchased the property in 2017 and owns it free and clear. Silver Key will sell the land into the Project and provide a corresponding Seller Carryback note for the cost of the land to the Project. If awarded tax credits, the Project will be prepared to commence construction by second quarter 2023.

Overall financial feasibility and viability: Silver Key is in good standing with the IRS as a 501(c)3 and is financially stable. By proposing a small building and leveraging a significant amount of soft funding sources, Silver Key attempted to reduce their request for tax credit equity as much as possible while still reaching the very low income and homeless Veteran population Silver Key currently serves at its organization. The project averages 45.6% AMI with 23 units below 50% AMI. The Project has a starting Debt Coverage Ratio of 1.36 and maintains a 1.10 over the 15 years. The Project is deferring the maximum amount of developer fee that can be paid back within 15 years. To accommodate the 25% homeless Veteran units, the Project has increased the annual replacement reserves to $300, increased the operating budget to reflect higher turnover, increased cleaning and staff time. To account for imminent inflation, Silver Key underwrote the Permanent Loan at 20 Basis Points over the listed interest rate on Vectra Bank's Letter of Intent.

To pay for the case management, afterhours and weekend security and the robust wraparound services required by the 25% homeless Veteran population the building will serve, Silver Key will use a combination of Medicaid funds, Older American Act funds, Silver Key Emergency Assistance funds and the case management services included with the voucher from the VA. Additionally, Silver Key has applied to CDOH for tenancy support services funding to pay for a dedicated case manager position. To supplement this funding, Silver Key is pledging 50% of their cash flow (deferred developer fee) for the first five years of operations. After year five, Silver Key pledges to replace the cash flow with local fundraising. Silver Key is extremely adept at engaging the community for financial support including local, state and national grants, individual donor development and corporate sponsorship. For a complete breakdown of the service budget associated with the VASH vouchers, please see the supplemental application materials attached to this application.

Experience and track record of the development and management team: Silver Key hired MGL Partners as their Turnkey Developer to complete the Tax Credit application process and, if funded, ultimately develop the Project. MGL is a seasoned and trusted affordable, workforce and market rate rental housing developer in the state of Colorado. MGL has entitled, developed and acquired over $1 billion (cost basis) of multifamily rental buildings throughout Colorado and other select markets. Over the past five years, MGL successfully developed and renovated senior housing, both market rate and affordable. They've completed eight recent senior projects for a total of 873 units. MGL is providing its expertise and support to Silver Key as they embark on their first new construction LIHTC building.

In addition to MGL, the development team consists of Way Architecture, a local Colorado Springs design firm with significant LIHTC experience, Palace Construction, a leading LIHTC general contractor in the Colorado market, and WestWorks Engineering, a Colorado Springs based Civil Engineering company with significant multifamily experience in the region. Silver Key has chosen SMP to manage the Project. SMP manages all of MGL's LIHTC projects and has a proven track record of marketing and leasing affordable housing units on a timely basis as well as managing challenging populations such as formerly homeless individuals with a history of mental illness, HIV, PTSD, and traumatic brain injuries. Their ultimate goal is to work closely with case managers and ownership to keep residents housed and stable.

Project costs The Project is considered a small project at 50 units which allows tax credits to be distributed to more communities and prevents the concentration of affordable units in a few large projects. The Project leverages the tax credits further by taking advantage of CDOH's EDG funding, City of Colorado Springs HOME funds, Silver Key fundraised funds, VASH vouchers, and Colorado Springs Health Foundation funds. Additionally, Silver Key is requesting a significantly lower ($33,671) Developer Fee than the allowed amount to further reduce Silver Key's request for valuable tax credit equity. Colorado Springs has initiated a program to reduce City fees for affordable housing projects, but it is not yet complete. The Project will likely be able to take advantage of the program in 2023 but is still underwriting full City fees to be conservative. To serve the 25% homeless Veteran population, the Project is reflecting higher than typical senior operational cost. Overall, the proposed unit development costs are significantly below the CHFA maximum basis limits.

Site Suitability The site is located in a superior area of Colorado Springs with a Walkscore of 51 which is 31% higher than the Colorado Springs average. The site offers easy access to amenities, recreation and services within walking distance of the site. The site has a Transit Score of 28 allowing easy access to the public bus system. Silver Key's headquarters is located less than 0.1 miles from the Project's main entrance, providing extremely easy access to their wide range of services, dining and transportation options for all residents. The site is vacant, flat and without any floodplain or wetland issues. The site is located less than two miles from Colorado Springs Municipal Airport and lies within an Airport Overlay Zone. Future tenants may experience some slight noise associated with the airport; however, sound-reducing exterior wall assemblies and window specifications will minimize sound disruption for residents.

3. Justification for waiver of any underwriting criteria: The Project meets all underwriting criteria.

4. Market Study Issues: The market study did not recommend any changes for the Project, however, the overall capture rate and the 50% AMI capture rate both slightly exceed CHFA's guidelines. Despite this, the market study concluded the Project will have no issues leasing up and maintaining a 97% occupancy. The existing 50% AMI capture rate is already above the 25% threshold yet 50% AMI units in the PMA were 2.4% vacant and the 50% AMI senior LIHTC units outside the PMA were 0.0% vacant, illustrating pent-up demand. Overall senior LIHTC properties in the PMA have historical occupancy rates at or near 99% with long waitlists.

5. Environmental Issues: The Phase I Environmental Review did not indicate any environmental concerns.

6. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment: The Project is experiencing several headwinds with respect to costs; low equity pricing, rising interest rates, low El Paso county rents, Davis Bacon wages and high construction costs. The Project anticipates low equity pricing due to low Community Reinvestment Act (CRA) need in the Colorado Springs community, high competition for the CRA dollars, inflation reducing investor yields, and an overall high supply of LIHTC communities for investors to invest in nationally. Inflation is also pushing interest rates for construction and permanent financing increasing construction period interest and reducing the Project's borrowing capacity. El Paso County rents are significantly lower than the other large Metropolitan Statistical Areas along the front range in Colorado (approximately $200 lower across unit sizes/AMI levels). The large amount of Federal funds the Project anticipates being awarded will trigger Federal regulations including Davis Bacon wages and Section 3 that will have a significant effect on labor pricing and availability for the Project. Construction costs have stayed consistently high since the beginning of the pandemic in March 2020 due to disruption in the supply chain and labor shortages. Many construction materials are also used in the residential market and overall demand is exceeding supply across all markets. Recent natural disasters, such as the Superior fire in December 2021, will continue to exacerbate this issue by increasing demand for construction materials and labor. Specific pricing increases since March 2020 include: 70% increase in lumber, 30% in foundation related costs, 40% in rebar, between 12-27% for flooring, 100% in PVC, CPVC and Pex, and 20% in steel.

To offset these higher costs, MGL has taken every measure to control design costs while still providing an efficient, high-quality development. The site is vacant without any environmental issues. The building is designed to be efficient with stacked unit types and average unit sizes for the population served. The parking will be surface parking and the location, immediately next to Silver Key's headquarters, will ensure an efficient operation with eyes on the property to address all maintenance issues quickly.

7. Community Outreach: Silver Key has done extensive community outreach to garner support for their proposed affordable, senior community. On September 28, 2021, they hosted a community meeting at their headquarters attended by over 75 community members. They held a breakout session and received detailed and constructive feedback from the participants. In addition to their initial community meeting, they engaged numerous governmental agencies and non-profits for support and guidance throughout this process, including: the City of Colorado Springs, El Paso County, the Colorado Springs Health Foundation, Pikes Peak Real Estate Foundation, the local Veterans Administration office, and the Independence Center. To date they have received an overwhelming amount of support for expanding their mission and proposing this Project. If awarded, they will maintain constant communication with the local community through community meetings, newsletters and site tours.

8. For acquisition/rehab or rehab projects: Not applicable

9% housing credit application narrative

Project Name: SP Crossing Apartments

Project Address: 7190 Colorado Boulevard, Commerce City, CO 80022

Nesbitt Development, LLC presents a Transit Oriented Development, S*P Crossing Apartments*, 60 units of permanently affordable rental housing for families located in Commerce City near the intersection of Colorado Boulevard and 72nd Avenue (the "Project"). In addition to its proximity to the Commerce City/72nd Ave Commuter Rail Station, the Project will be built to encourage indoor/outdoor resident interaction while maintaining safety and security in a growing neighborhood. The Project, a four-story, elevator-serviced building, will include two studios, 29 one-bedroom units, 26 two-bedroom units, and 3 three-bedroom units and serve families earning up to 30% - 80% AMI.

The Project is located in a predominantly Latino neighborhood in southern Commerce City directly across from the Commerce City/72nd Ave Commuter Rail Station for the N Line. The Station is less than 0.2 miles away from the Project. The site was purchased by the Urban Land Conservancy ("ULC") specifically to be developed as affordable housing. Located in a Qualified Census Tract (QCT), the site is 0.81 acres and is currently an unused parking lot. Allowable density for the site is 60 units, based on the Planned Unit Development (PUD). SP Crossing Apartments will have eight units (13%) for residents at or below 30% AMI, 12 units (20%) at 40% AMI, 22 units (36.7%) at 50% AMI, six units (10%) at 70% AMI, and 12 units (20%) at 80% AMI.

Unit amenities include central air conditioning, carpet and vinyl tile flooring, an in-unit washer and dryer, blinds, a refrigerator, stove/oven, garbage disposal, dishwasher and microwave. 24 units will also have Juliet balconies. Project amenities focus on creating community and pleasant outdoor space for residents and include a community room with a kitchen, conference room, fitness room, an interior courtyard with a children's play structure, and a terrace on the second floor that overlooks the courtyard. Safety and security features of the Project include an intercom and buzzer, limited access entries, and security cameras. SP Crossing Apartments will have on-site management.

SP Crossing Apartments will be a new four-story elevator building with stucco, modular brick and hardiplank siding exterior with cementitious siding accents. The foundation of the building will be a combination of cast-in-place spread footings and drilled piers. The framing will consist of three levels of engineered wood frame over a concrete podium that covers the garage. The building's flat roof will have white TPO over cover board that covers rigid insulation and oriented strand board (OSB) sheathing. Forty parking spaces will be built under the podium structure of the building, along with a shared parking agreement providing an additional 35 parking spaces for a total of 75 spaces available to residents or 1.25 spaces per unit to meet the PUD requirements (see **Attachment 1** for the shared parking agreement). Energy efficiency for the building will meet the 2015 IECC standards using Group 14 Engineering's prescriptive method with National Green Building Standard (NGBS) Bronze Certification requirements. Energy efficient features include energy star appliances, a white TPO roof and Low-E clear glazing on windows, among others. Rigid insulation will also be used beneath the roof to minimize thermal bridging.

Adjacency to a commuter rail station will improve economic mobility by allowing residents to easily access jobs and cultural resources in downtown Denver and the northern metro area. The Commerce City rail station is the second stop from Union Station on the N Line. The N Line runs from Union Station in downtown Denver to the Eastlake Thornton neighborhood in the north, passing through the retail-heavy districts of Northglenn and Thornton. Residents will be provided with free NECO passes so that they can utilize public transit whenever needed at no cost.

Economic mobility will also be increased by services provided at the Commerce City Community Campus ("C4"). The C4 is located in the building owned by ULC next to the Project and provides multiple wellness services including children's medical and behavioral health and dental services; the Front Range Clinic offering addiction treatment services; the Women, Infants, & Children (WIC) program; the Early Childhood Partnership of Adams County (ECPAC), a system of early childhood education, health, mental health and family support; the Tri County Health Department; and multiple community organizing and justice groups. See **Attachment 2** for more information about the C4. In response to feedback from CHFA, Nesbitt Development and ULC have entered into a Memorandum of Understanding to formalize the connection between the C4 and the LIHTC project and outline the process for outreach to SP Crossing residents (**Attachment 3**). In addition, ECPAC will offer resource navigation and parent classes to SP Crossing families at no cost and will outreach to residents through meet and greets and play groups held at the Project (**Attachment 4**).

The Project promotes equity by increasing the diversity of the pool of affordable housing developers in Colorado. Nesbitt Development is an African American owned business headed by Eric Nesbitt, a local real estate attorney and commercial realtor. Nesbitt Development and Brinshore Development will serve as co-developers for the Project to leverage the extensive LIHTC experience of Brinshore and to provide a mentoring opportunity to Nesbitt Development through working closely on the Project with Brinshore and ULC. Nesbitt Development is a natural outgrowth of Eric Nesbitt's work over several decades building a successful commercial real estate brokerage firm and a real estate law practice, including representing clients on complex real estate development matters. After 30 years of practicing real estate law, and more than 15 years brokering and managing complex real estate transactions, Eric Nesbitt culminates his career by forming Nesbitt Development to blend his vast real estate experience with his passion for affordable housing. With a breadth of real estate knowledge, Nesbitt Development also brings a fresh perspective and a commitment to the expansion of affordable housing and optimal urban land use to Colorado's affordable housing development industry.

The proposed Project financing will consist of 9% Federal LIHTC equity, a first mortgage, CHFA Housing Opportunity Funds, soft funds from the Colorado Division of Housing (CDOH) and Adams County, fee waivers and partial city sales and use tax reimbursement from Commerce City, and deferred developer fee. The Project will partner with the Commerce City Housing Authority as a Special Limited Partner for exemption from state sales/use taxes and property taxes.

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

- **Projects serving homeless persons as defined in Section 5.B 5**
- **Projects serving persons with special needs as defined in Section 5.B 5**
- **Projects in non-metro counties with populations of less than 180,000**

The Project does not directly respond to these priorities.

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

- **Market conditions:**

SP Crossing has been designed with lower (30, 40, 50%) and higher (70, 80%) AMI levels to benefit segments of the population that have been underserved by the LIHTC program in general and in the Project's Primary

Market Area (PMA) in particular. The overall capture rate for the Project is 15.2%, well below the 25% threshold. The 50% AMI units have a slightly higher capture rate at 32%, but the Market Analyst notes that capture rate is overstated as it does not consider demand from renter growth. The Project's 50% AMI units only increase the PMA's 50% AMI capture rate from 30.8% to 32%. The Market Analyst believes the 50% AMI units will lease up easily. There is great demand in Commerce City for affordable housing and much of the stock recently built and being currently built is market rate. In December 2021, the overall surveyed vacancy rate in the PMA was 1%. Existing LIHTC developments have long waitlists and high and stable historical occupancy. Proximity to the Rail Station also increases the visibility of the Project and will attract households from outside of the PMA.

- **Proximity to existing tax credit developments:**

There are twelve family LIHTC projects in the PMA with non-subsidized units. Eight of these tax credit developments were included in the Market Analyst's rental comparable survey. The nearest, newest existing tax credit developments are 3.6 miles away from the site - The Stella, built in 2021, The Elisabetta, built in 2020 and Northfield Apartments, built in 2016. The Stella has a total of 132 units including 16 Permanent Supportive Housing units. The Elisabetta has 91 units and serves families with 22 units set aside for persons with disabilities. Northfield Apartments has 84 units and serves families with six units set aside to serve families without homes. Park Hill Station (built in 2011) is 3.7 miles to the south of SP Crossing and has 156 units and serves families. Three of these newer LIHTC properties maintain occupancy rates near 100%; The Stella is still in lease-up. Bluff Lake Apartments, built in 2012, has 92 units and is 5.9 miles to the southeast of the Project. Half of the units at this development are set aside for tenants in the Denver Road Home Initiative Program. The development has one vacant unit. There are three older LIHTC properties located within six miles of the Project and all three have 100% occupancy. Village Crest (1.7 miles SE, built in 2000) has 120 family units. Parkside Apartments (5.7 miles SE, built in 2005) has 68 units, 40 of which receive project-based rental assistance. Pinecrest at Commerce City (2.4 miles SE, built in 1986, rehabbed in 2006) has 112 units.

- **Project readiness**:

The Project demonstrates strong readiness to proceed with significant milestones already achieved. The site is owned by ULC, and ULC will lease the site to Nesbitt Development pursuant to a long term ground lease. The development team received unanimous approval from the City Council for the zoning on January 4, 2021, and the appeal period for the rezoning ended on January 15, 2021 with no appeals filed. All utilities are available to the site, and the remaining steps to building permits are administrative.

- **Overall financial feasibility and viability:**

The Project's financial feasibility is supported by reasonable underwriting assumptions and the partnerships cultivated by the developers. The Commerce City Housing Authority has approved a special limited partnership for state use tax and property tax exemption, and the City has indicated its financial support in the form of city use tax and fee waivers and Adams County HOME funding. In addition, Brinshore has strong relationships with several lenders and LIHTC investors which will help the Project secure favorable terms for debt and equity investment. The LIHTC investor has confirmed the use of an Average Income election for the Project. While the maximum annual credit amount is needed for the Project to be financially feasible, the Project's per unit credit amount is approximately 20% below the median per unit credit request, and the units will be permanently affordable due to the ground lease from ULC.

In January 2022, ULC submitted an application for a Colorado Community Revitalization Program grant (CCRG) for the South Platte Crossing community hub. If CCRG funding is awarded, SP Crossing Apartments will offer three units with a preference for income-qualifying artists. See **Attachment 5** for more information.

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

The development team consists of Nesbitt Development, Brinshore Development, ULC, Christopher Carvell Architecture and S.B. Clark Companies. Nesbitt and Brinshore are partnering on this Project to leverage the experience of Brinshore Development and for Brinshore to mentor Nesbitt Development in affordable housing development. Nesbitt Development is headed by Eric Nesbitt, Esq., who has worked nearly 30 years in real estate law, including experience with multifamily development entitlements, zoning issues, and loan documents. He has also assisted in site selection and development projects in his capacity as a commercial real estate broker, and he has owned multifamily apartment buildings in Chicago and Aurora through which he has experience with housing choice voucher tenants. Mr. Nesbitt served three years as a Commissioner of the Denver Housing Authority having been appointed by Mayor Hancock.

Founded in 1995, Brinshore Development, LLC is a private firm specializing in the development of mixed-income housing. Brinshore is one of the Midwest's largest and most successful housing development firms in the affordable housing market. To date, Brinshore has completed more than seventy-five total developments, comprised of over 6,500 apartments and homes valued at more than $1.5 billion, including two Colorado projects. Sheridan Station is 100% complete and fully occupied and Capitol Square is 69% complete.

ULC is a nonprofit organization that acquires, develops, preserves and manages real estate in metro-Denver for community benefit. In its 18 years of existence, ULC has created affordable workspace for 60 nonprofit organizations and 1,300 units of affordable housing. Property management will be provided by ComCap Management, an experienced and well-known local firm in both the LIHTC development and property management space.

- **Project costs**:

The Project's construction costs have been developed using current, local data generated by Brinkmann Constructors, an experienced LIHTC contractor, and confirmed by DAE Group, an experienced LIHTC cost estimator. The Project's soft costs have been informed by Brinshore's recent development budgets and the operating budget has been informed by Brinshore and ComCap's comparable properties.

- **Site suitability:**

The Project site was acquired by ULC specifically to create an affordable housing community adjacent to the new Commuter Rail Station. SP Crossing Apartments is a direct outgrowth of the priorities stated in the Commerce City Station Area Master Plan which identifies the Project site as a high priority for infill housing. The station area plan recommends concentrating density in the areas nearest the station and proposes a range of price points in housing, including affordable housing as a high priority.

The City recently completed improvements to Colorado Boulevard between East 70th Avenue and East 72nd Avenue in support of the Rail Station. The improvements included upgraded storm sewer, new sidewalks on both sides of Colorado Boulevard, new street lighting and roadway capacity improvements. These improvements have provided improved pedestrian access/safety to the rail station. Pedestrians can access the Rail Station from both 70th Avenue and 72nd Avenue by either a concrete or asphalt path. The City recently received a Safer Main Street Grant that will be used to improve Colorado Boulevard between East 70th Avenue and East 68th Avenue. This will be a continuation of drainage, pedestrian, and roadway improvements that will tie into improvements from the previous project. Construction of these improvements is expected to begin in the summer of 2022.

In November 2021, the development team made a request to the City for approval of a crosswalk at the intersection of 72nd Avenue & Colorado Boulevard to improve pedestrian accessibility from the Project to the station. This request was accompanied by a crosswalk study commissioned by the developer and completed by a traffic engineer that recommended a crosswalk at the intersection (**Attachment 6**). The development team, traffic engineer consultant and Public Works engineers met in December and the City recommended that the developer provide projected pedestrian volumes. The development team will continue to pursue the crosswalk with the City.

3. **Provide the following information as applicable:**
   - **Justification for waiver of any underwriting criteria -** None Requested
   - **Justification of the financial need for a CHFA basis boost up to 30 percent of eligible basis -** None Requested

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

The Market Analyst recommended no changes to the Project. The Market Analyst noted that the 50% AMI capture rate is slightly above the CHFA's preferred threshold of 25%, but still attainable because it does not consider projected renter household growth and ability to target voucher holders, both of which allow the Project to target a broader range of qualified renters than the capture rate suggests.

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

A Phase I Environmental Site Assessment (ESA) was conducted in December 2021. The Phase I ESA identified one Recognized Environmental Condition (REC), a potential historic landfill on the site. The development team will follow the recommendation of the Phase I for additional soil sampling and will implement controls during construction as warranted by the results of the soil sampling. Construction of the Project will also include an engineered vapor barrier.

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

SP Crossing has two features that result in higher development costs, but are essential to creating a sense of community in this burgeoning neighborhood: the second floor terrace that overlooks the interior courtyard and a grand staircase. Both of these features provide space for indoor/outdoor community interaction for residents, something that will be important in a neighborhood that is beginning to fill in. Other features that have contributed to higher development costs include the need for podium parking in order to build 60 units on the site, the required PUD process, and specific building materials dictated by the city.

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

ULC has been working with the development team to lead community outreach for SP Crossing so that the best project for the community is built. The development team presented to two community groups in December 2020, each with over 20 attendees: The Community Resource Network (CRN) and Commerce City Alignment Group (CCAG). A neighborhood meeting about the Project was held in February 2021 that included simultaneous Spanish interpretation. The development team presented at a meeting of the C4 organizations in November 2021 where LIHTC project updates and C4 organization updates were discussed. Attendees from all community meetings were supportive of the Project. See attached for support letters from the community for SP Crossing's tax credit application.

Local support for the Project is also evidenced by the partnership with the Commerce City Housing Authority as a Special Limited Partner as well as contributions of approximately $350,000 in city sales and use tax reimbursement and fee waivers from the City of Commerce City, which was approved by the City Council on November 22, 2021. The Project now includes HOME funding from Adams County which is made possible by the addition of Commerce City to the Adams County HOME Consortium starting this year.

9% housing credit application narrative

Project Name: Springdale Apartments

Project Address: Sterling, CO - See Attached Aerial

Executive Summary

In partnership with Centennial Mental Health Center (CMHC), Anawim proposes the first 100% Permanent Supportive Housing project in Northeast Colorado. Overall interest in commercial and multifamily investment has been increasing across the country and in 2020 this interest reached Sterling. Two hotels that had been utilized to house people experiencing homelessness were purchased by investors and are expected to be turned into apartments at market rent. This left an estimated 150 inhabitants without a roof over their head. In addition, the Covid-19 pandemic has exacerbated the homeless numbers in Northeast Colorado with job loss. Springdale Apartments will help alleviate this influx of homeless individuals and give them a place to springboard into a better life with guidance and support services offered by CMHC.

Springdale Apartments will be a thirty-eight-unit apartment building serving individuals and families who are experiencing homelessness. Design will be heavily influenced with trauma-informed design elements including clear sight lines through corridors, twenty-four-hour controlled access with continual front desk staff, glass dominated partition walls in common use area such as the community laundry area, a fenced in dog park, an outdoor smoking area, and covered bike storage area. Units will be fully furnished with refrigerators, stoves, microwaves, ceiling fans, furniture, heating, cooling, and internet access. Access to grocery, pharmacy, and medical services will be located within 200 yards of the front door. The building entrance, smoking area, and dog area will all be located on the East side of the building and the building will be oriented with these elements to the Northeast to protect them from the sweltering summer sun, but also offer wind protection from the winter gusts with hardscaped walls. Tenant referrals and selection will be coordinated by Centennial Mental Health Center through the regional coordinated entry system.

The building will be three-stories with a centralized entry corridor that branches off into double loaded wing corridors. Poured in place footings designed to uphold the structure with the guidance of a geotechnical study and structural engineer will serve as the base for a slab on grade with wood framing and a rubber membrane flat roof. Two elevators will provide vertical assistance to residents on the second and third floor stemming from the center of the building. Two stair wells will be located at each end of the corridors allowing free flowing circulation from the inside out with a central gathering space on the main floor. The building envelope will feature a mixture of cementitious plank siding, wood veneer, metal panes and architectural grade CMU. These warm toned durable products will provide long lasting protecting with a welcoming and comforting appeal. Energy goals will be met in conjunction with the Enterprise Green Community requirements as well as all electric elements and a PV ready building.

Project financing will be applied for through the Colorado 9% tax credit, the Colorado Department of Local Affairs Division of Housing, and deferred developer Fee. Although the development budget is supported with a robust credit level, a basis boost is being requested to help fund a shortfall in capital. Permanent Supportive Housing projects have historically required greater design scope to provide the appropriate trauma informed design elements. In addition, continually rising cost of construction materials and shortage of labor require more funding than ever to offset the historically high development costs, especially in rural communities. Thirty-eight project-based vouchers have been requested from the Division of Housing to provide revenue to the families and individuals who are experiencing homelessness.

Centennial Mental Health Center has been providing comprehensive services for over 40 years, including permanent supportive housing they currently run through the DOH tenant-based voucher program for justice-involved individuals. At Springdale Apartments, CMHC will provide services including mental health and substance use disorder services, along with general support services such independent living skills, employment/job training, connections to medical and legal assistance, assistance with benefits acquisition and overall case management. Services will be offered consistently and through creative means for the residents to engage in when they are ready. Guiding principles under a Housing First Model, such as motivational interviewing and harm reduction techniques will be employed, all through the lens of trauma-informed care. The team has put together a robust services plan and budget which exceeds the Division of Housing's expectations of $7,200 per unit per year. CMHC will meet the 15:1 client to case manager staffing ratio, and will bring in peer specialists along with front desk staff to ensure a presence in the building 24-7. Services will be funded through Medicaid reimbursement, DOH TSS, 50% of cashflow from building operations, funding from the Office of Behavioral Health and drawdown of a services reserve funded with a special developer fee boost.

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**
    - Springdale Apartments will be a 100% permanent supportive housing project serving individuals and families experiencing homelessness and who would qualify as extremely low income at 30% of area median income.
- **Projects serving persons with special needs as defined in Section 5.B 5** – Not Applicable
- **Projects in non-metro counties with populations of less than 180,000** – Sterling is located in Logan County which according to the 2020 Census has a population of 21,528 of which 13,375 live in Sterling.

2. **Describe how the project meets the criteria for approval in Section 2 of the QAP:**
    - **Market conditions** – Sterling is being impacted by the nationwide housing crisis, and it has been worsened through the pandemic. The lack of available affordable housing and no existing permanent supportive housing, there is virtually no vacancy and rental rates are increasing at both the rent restricted and affordable levels. With constructions costs so high, the ability to build new product for the market is effectively impossible except for the very top income earners. With very little new product being brought to the market, rents continue to escalate and leaving many without the ability to afford their rent.
    - **Proximity to existing tax credit developments -** The Springdale Apartments would be the 1st permanent supportive housing project in Sterling, Logan County, Northeast corner of Colorado, the 5th Low Income Housing Tax Credit project. Of the existing 212 units, 48 units at Overland Trails will be located directly adjacent to the site with 90 units at Whitcomb Apartments approximately 1.8 miles to the Northeast and 27 units at Sand Lily Assisted Care 1.17 miles to the South. Deer Run Apartments was awarded in 2021 and will add an additional 50 units 1.6 miles away in the downtown area. With a total of 262 existing and proposed units only 4 units at Deer Run will be available to those earning incomes of 30% of AMI or lower, and only available to a senior population of 55 and older. Springdale would serve a unique population not in competition with these units as all units will serve those at 30% or lower. The nearest Permanent Supportive Housing project is ninety miles away in Greeley.
    - **Project readiness -** The project zoning is in place although with a conditional use permit required for approval. Due to the timing when Anawim was approached about the project and coordination with the landowner to secure the purchase agreement, the soonest available planning and zoning meeting will be February 3rd with City Council approval coming March 8th. City staff and local officials have provided positive feedback and assurances that the project is important to them, and approval of the special use permit could be counted on. The proposed 38 units are allowable per code and city staff have assured permits could be issued within 30 to 45 days after plan submittal. Site and schematic plans will be compliant with the most recent International Building Code iteration, meet all required municipal standards, and National Green Building Standards. Upon award, closing of a partnership agreement, sale of tax credits, and issuance of construction loan funds, construction would be able to start in the Spring of 2023 with Carryover requirements being met by early Summer 2023. Overall construction should take no longer than fourteen months with lease up starting shortly after the first of the year 2024 and the building placed in service by spring 2024.
    - **Overall financial feasibility and viability -** To serve this population of extreme need, 38 vouchers from the Colorado Division of Housing will be required and have been requested. In addition, a $2.85 million dollar grant has been requested from the DOH to enhance the tax credit equity, and Anawim is deferring $359,000 of its developer fee, as well as setting aside $606,000 for a supportive services reserve. A basis boost is being requested, and without it a $531,000 gap will need to be filled by alternative sources. With the need to support services operations, the project will not have sufficient cash flow to support any impactful amount of debt and would only add unnecessary risk to a project that needs security to provide a safe environment for a fragile population.
    - **Experience and track record of the development and management team -** Anawim has been providing housing to those experiencing homelessness and those experiencing poverty

for over three decades. While its experience has been limited to Iowa, over the last five-years Anawim has been able to produce and preserve 479 units of affordable housing with a combined total development cost of $87.6 million. We currently have two additional 2021 LIHTC projects in the pipeline, including a 36 unit building with dedication to supportive housing. A third project is anticipated to start construction in Summer of 2022 for the renovation of a former hotel into 100% permanent supportive housing for individuals experiencing homelessness. Anawim also has administered over $2.5 million in tenant based rental assistance for individuals and families transitioning out of homelessness.

- **Project costs** – Project cost are anticipated to be in alignment with past projects with current inflation considered. Unfortunately, recent inflation has significantly increased the cost of materials, and labor is extremely tight especially in rural areas. While special attention is being paid to lowering costs and creating efficiencies where possible, the market continues to lack stability and future costs will be difficult to hedge.
- **Site suitability -** The site is relatively flat with good drainage and close access to utilities. No areas of concern were identified in the Phase 1 Environmental Study, and a geotechnical report is scheduled in early spring to provide further guidance of foundation and footing requirements. It will improve a site that has sat undeveloped for several decades yet provide enough privacy to the residents being tucked behind several other developed sites.

3. **Provide the following information as applicable:**
   - **Justification for waiver of any underwriting criteria**
     The maximum allowable rent must be exceeded to match the voucher payment standards for the area. This allows enough revenue to operate the normal building functions as well as contribute 50% of the cashflow to services operation.
   - **Justification of the financial need for a CHFA basis boost up to 30 percent of eligible basis**
     In order to sufficiently serve the targeted population, service space and amenities that would typically not be present in a standard 9% LIHTC project are required. Through the implementation of trauma informed design we need to include space for people to feel safe and secure in their environment as well as have the presence and availability of services staff. These investments are necessary to implement but increase the overall cost of the project. A 30% basis boost will allow for additional community and service space.

4. **Address any issues raised by the market analyst in the market study.** The market study provided positive reassurance of our understanding of the market. It did not identify any apparent weaknesses and actually assumed a shorter lease up period than we initially modeled. It also confirms the lack of available permanent supportive housing units in Northwest Colorado.

5. **Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated.** The Phase I environmental study assessment did not identify any recognized environmental conditions

6. **Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment (refer to Section 2 of the QAP for additional information).** The primary issue driving cost is the current state high materials costs due to shipping bottlenecks and Canadian trade tariffs, coupled with tight labor markets that haven’t recovered

since the beginning of the Great Recession. The current construction budget reflects pricing reflective of the uncertainty of the market. Through out the development process we will study areas to expose opportunities for savings, but current opportunities are targeted at reducing parking. As previously mentioned, the timing of entitlement has not been advantageous to working on such elements, but the City of Sterling recently granted reduced parking requirements for a 2020 LIHTC award and have indicated favorable terms for Springdale Apartments.

7. **In your own words describe the outreach to the community that you have done and describe local opposition and/or support for the project (including financial support).** Anawim has engaged with the Logan County Economic Development Corporation to understand the local housing needs and was able to review the Housing Needs Assessment that was conducted in 2020. In addition we've met with local officials to describe our project and listen to feedback on the needs of the community. CMHC has been working on outreach and engagement for several years through their participation in the Pathways Home Toolkit. Throughout the Toolkit process CMHC has been able reach out to multiple levels of local government through which they have educated officials and community stake holders on the value permanent supportive housing brings to the community. They have also sent mailers to residents and business owners provide them with information about the project and the merits of permanent supportive housing. While any affordable housing project is likely to have its NIMBY detractors, there have been leaders who have shown support. Logan County Commissioner Joe McBride was quoted as saying "There have been communities that have incorporated Permanent Supportive Housing with great success and since we are in such a housing crunch, I think this program in general would help alleviate the lower end of available housing options while helping individuals and families."

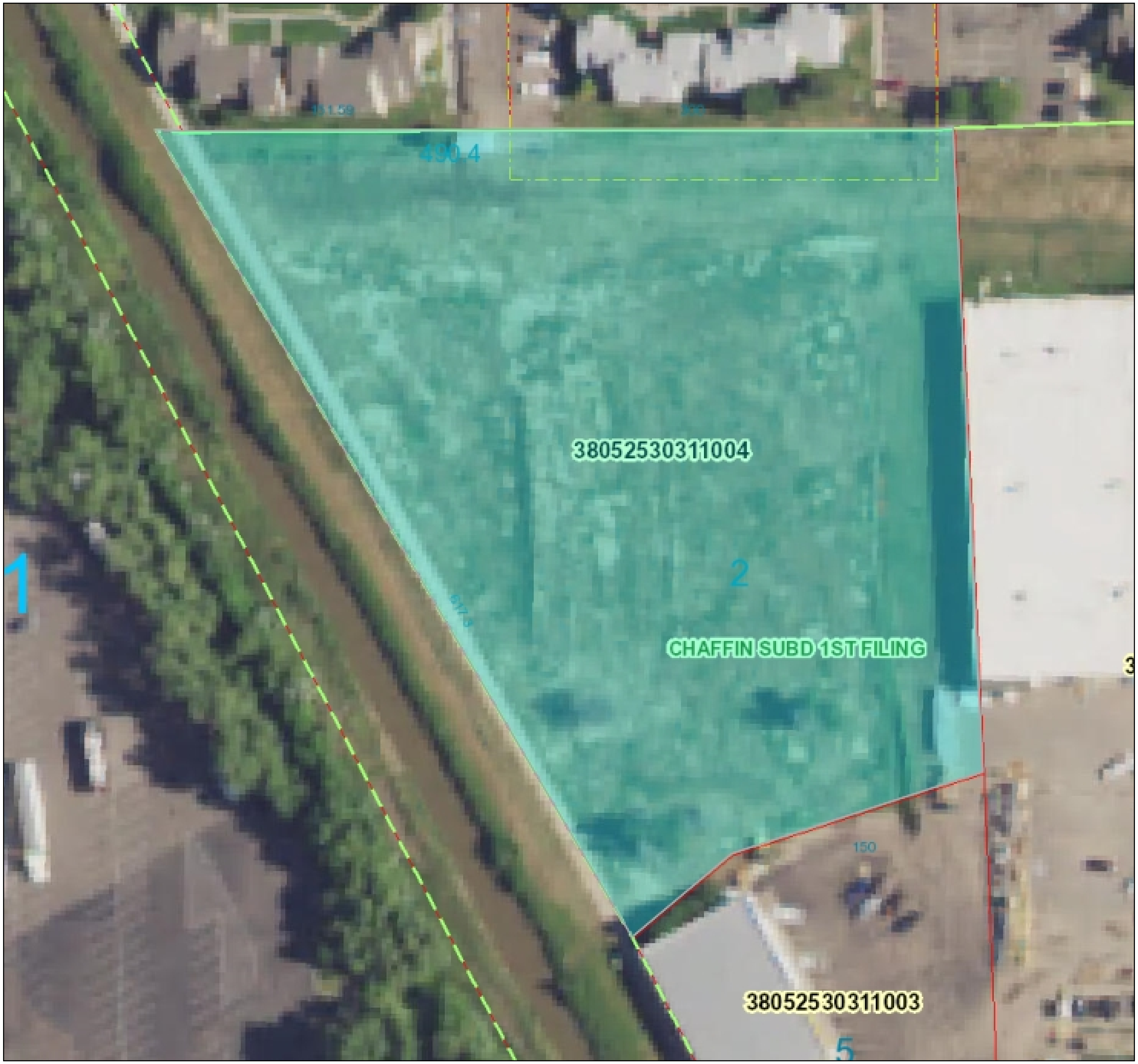
8. **For acquisition/rehab or rehab projects, provide a detailed narrative that describes the proposed rehab plans/scope of work, and relocation plan (if applicable); address the 10-year rule; capital expenditures over the past two years; previous related party relationships; past local, state, or federal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

Enter Map Title...

Web Print: 12/14/2021

0 376 752 Feet

This map is a user generated static output from an Internet mapping site and is for reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable.



Legal Description: LOTS 1-3 BLK 1 CHAFFIN RESUB OF LOT 2 BLK 1 CHAFFIN 1ST FILING & LOT 4 REPLAT OF LOTS 4 & 5 CHAFFIN RESUB OF LOT 2 BLK 1 CHAFFINS SUBD 1ST FILING STERLING
Owner1 Address: 37999 C R 16 HOLYOKE CO 80734
Parcel Number: 38052530311004
Acreage: 3.495
Alternate Parcel Number: 38052530311004
Owner1: SCHELLING DOUGLAS
Tax Year: 2021
Tax District: 117
School District: RE-1
NBHD: 00300000
Class: R
LUC: 0010
Calc Acres: 3.9343

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9% housing credit application narrative

Project Name: St. Stephen Senior Apartments
Project Address: 2050 Uinta Street, Denver, Colorado 80238

Executive Summary: MGL Partners (MGL) is pleased to present this application to CHFA for 9% competitive Federal Low Income Housing Tax Credits (LIHTC) for the construction of St. Stephen Senior Apartments, a 50-unit senior apartment community located in the walkable Central Park Neighborhood of Denver, Colorado (the "Project").

Listed below are the key reasons why the Project deserves a 2022 award of 9% Federal tax credits:

- **The Project has an Ideal Infill Location:** The site is situated in a high cost and high barrier to entry market in one of Denver's most desirable neighborhoods. The site provides excellent access to multiple pocket parks, open space, trails and a large off-leash dog park. The site is surrounded by a single-family home neighborhood, several schools, and low traffic volume streets making it an ideal environment for seniors. The site is within walking distance (0.1 miles) to a RTD bus stop, within a half-mile of a medical clinic, convenience store, and within a mile of a grocery store, neighborhood shopping center and pharmacy, all easy reachable by bus.
- **Serving Unmet Affordable Housing Needs in Denver:** <u>The Project is the only proposed 9% community in the 2022 tax credit round in Denver with no other age-restricted units in the development pipeline</u>. The Primary Market Area (PMA) is projected to add 158 senior (62+) renter households over the next five years, or 41% of overall renter growth. The gap between market rate housing is astounding, with 60% AMI rents 33% to 35% below the surveyed Class B market-rate averages and all other rents offering a discount to market of 41% to 65% less.
- **Maximized Sources of Funds to Deliver a Full Spectrum of Affordability:** To provide an average AMI of 48.6% to meet the wide spectrum of need in the PMA, the Project is maximizing available sources of funds using Enhanced Gap Funding (EDG) from the Colorado Division of Housing, Denver Office of Housing Stability (HOST) funds and Deferred Developer Fee.
- **Premier Sponsor:** MGL is a trusted, experienced LIHTC developer in Colorado. MGL has developed 13 LIHTC projects as the General Partner and more than 14 projects as a development consultant. MGL has focused their time over past five years on developing and renovating senior housing, both market rate and affordable housing. They've completed eight recent senior projects for a total of 873 units.
- **Leverages Partnership with the Church to Benefit Residents:** In addition to providing a low-cost land lease to the Project, the Church will allow future residents to access their community services, food bank and van transit to local amenities.
- **Low Cost Land Lease:** The low cost land lease allows for efficient Project capitalization.
- **Multigenerational Campus:** Residents will be able to interact with families with children attending The Acacia Learning Center which is located in the Church, as well as the families in the surrounding single family home neighborhood, and the teenagers attending the charter school next to the site. The multigenerational campus will not only stimulate the seniors but provides eyes on the street for the community.
- **Underserved PMA:** The PMA only currently provides 800 age restricted LIHTC units.

St. Stephen Missionary Baptist Church and MGL have discussed the possibility of subdividing a portion of their land to develop affordable housing for seniors for a number of years. In 2021 and early 2022 respectively the Church and MGL codified their relationship with an MOU and executed a land lease for the land that will be transferred to a future LIHTC partnership. The land lease provides an annuity to a historically African American church to stabilize their funding stream and allow them to continue their mission over the next 50 years. The Church, which has been serving the Denver Community since 1900, moved to its current location in 2015 and has a parishioner base from all across Denver.

The Project will meet two of Denver's Housing Goals identified in the Housing an Inclusive Denver Housing Plan; *Create affordable housing in vulnerable areas and in areas of opportunity* and *promote equitable and accessible housing*. By building on an infill site in a desirable single-family home neighborhood in central Denver with easy access to recreation, shopping and other amenities by walking or bus, the Project is creating new housing units in an area of opportunity for seniors at income levels ranging from low income to deeply low income. Creating housing specifically for seniors in an established neighborhood will also reach the goal of *embracing diversity throughout neighborhoods* and *support housing as a continuum* by serving a range of income levels.

The Project's 0.6 acre site is located in a Difficult to Develop Area (DDA) just north of the intersection of Montview and Uinta Street in east, central Denver. The site is surrounded by a single-family home neighborhood with homes ranging from $460,000 to $1,700,000 and low traffic volume streets making it a quiet yet stimulating environment for seniors. The site's central Denver location and its proximity (0.1 miles) to a RTD bus stop provides easy access to several amenities by bus. Residents can reach a 7-11 within 0.3 miles, a King Soopers grocery store, Walgreens pharmacy, nail salon, florist, bicycle store and restaurants within 0.7 miles, a Starbucks and dental offices within 0.8 miles, and the RTD Light Rail within 1.3 miles. Residents will also be able to reach the Zions Senior Center by bus located 2.2 miles on away on bus active RTD bus routes. The Center provides education, health screenings, social service programs, meals, food pantry and clothing for local senior citizens. Each resident will receive a NECO pass for RTD transportation.

The land is zoned R-MU-20-Residential Mixed-Use District which allows for the development of multifamily housing up to 55 feet. The proposed 50-unit multifamily building is an allowable use and density according to the Denver zoning code. The building is also designed to comply with the Stapleton Design Guidelines which do not add unwarranted delivery costs. The Project main entrance will be accessible via the parking lot of the adjacent Church, to the east and south of the site. The Church will provide all necessary vehicular access easements for the site as agreed upon in the executed Land Lease.

The Project will serve seniors, 62 and older, who make between 30% and 60% of the Area Median Income. The building will offer 45 1-bedroom apartments and five 2-bedroom apartments ranging from (638 SF) to (821 SF). The AMI mix will include 5 units at 30% AMI, 12 units at 40% AMI, 18 units at 50% AMI and 15 units at 60% AMI. Please see the following AMI Chart:

SUBJECT SUMMARY

Unit Type	*30% AMI*	*40% AMI*	*50% AMI*	*60% AMI*	*Total*	*% of Total*	*Size (Avg.)*	*Type*
1BR	5	11	16	13	45	90.0%	638	E/4
2BR/1BA	—	1	2	2	5	10.0%	950	E/4
Total	5	12	18	15	50	100.0%	N/A	N/A
% of Total	10.0%	24.0%	36.0%	30.0%	100.0%	N/A	N/A	N/A

Source: Project Sponsor

St. Stephen Senior Apartments will consist of a single four-story structure serviced by two elevators. The units will have entrances off double-loaded interior hallways. The common areas will primarily be on the first floor of the building, while there will be common area spaces on each floor and a rooftop deck on the top floor. Three of the units (6%) will be fully ADA accessible and an additional unit (2%) will be accessible for persons with hearing or visual disabilities. The balance of the Project units will be considered Type B, or convertible units, to address accessibility issues in the future. All community spaces will be fully accessible. Building security will consist of controlled access entry with an intercom system to each unit and security cameras at building entries.

Unit Amenities include central AC, patios for all ground floor units, ample closet space, spacious bathrooms with showers, low flow plumbing fixtures, cable TV hookups, free Wi-Fi throughout the building, window coverings/blinds, laminate plank flooring in the living areas and bathrooms, and carpet in bedrooms. All unit kitchens will feature wood cabinets, laminate countertops, stove and oven, microwave, garbage disposal and Energy-Star rated appliances including refrigerator, dishwasher and in-unit stacked washer and dryer. Project Amenities include a large, flexible community space that will be used for recreation and group exercise and will include a warming kitchen for resident gatherings, folding tables and chairs and group exercise equipment, a roof deck with views of the front range, meeting rooms for service provides and community gardens. The property will be served by an on-site manager and maintenance staff.

Construction will be wood frame over a post tension slab on grade with an attractive skin comprised of a combination of brick, stucco and siding. The roof will be flat with a 60mm, fully adhered, single ply, cool roof membrane. Heating will be provided by Hydronic Fan Coils in each unit served from central water heaters that double as a domestic hot water source. This centralized hot water system will be configured so that in the future the heaters can easily be replaced by water source heat pump style electric water heaters, thus making the building 'all-electric ready'. Cooling is provided by roof mounted electric condensers. The Project will offer 19 surface parking spaces at no cost to residents. Two parking spaces (10%) will be pre-wired for electric vehicles. The building will be designed to be "solar-ready"; structurally engineered to support roof mounted solar panels in the future.

The buildings will be designed to be highly energy efficient complying with the 2020 National Green Building Standard (NGBS) program at a Bronze level evaluating Silver potential but implementing best practices from Enterprise Green Communities and Zero Energy Ready Homes such as efficient irrigation, efficient plumbing layouts, universal design elements, no smoking policy, and recycling on site and during construction, to name a few. The buildings will be physically situated and architecturally detailed to take advantage of passive heating and cooling opportunities. The building's enclosures will be energy efficient with Energy Star windows and doors, R-49 insulation in the attic, R-20 insulation in the walls, and R-10 insulation at the foundation. Energy Star appliances will include in-unit washers and dryers, dishwashers, refrigerators, and bath fans. All lighting and light fixtures will be Energy Star.

The total estimated project cost is $17,555,622. It will be financed using a combination of $11,298,504 of 9% Federal tax credit equity, $2,735,000 of permanent debt, $500,000 of City of Denver HOST affordable housing funds, $2,750,000 of Colorado Division of Housing Enhanced Gap Funds (EDG), and $272,118 of Deferred Developer Fee. MGL has entered into an agreement with St. Stephen Missionary Baptist Church to provide the Project property tax exemption. MGL and St. Stephen Church have also entered into a $40,000 annual land lease agreement.

1. **Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP):** The Project will not meet any of the priorities in Section 2 of the QAP.

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

Market conditions: There is a strong demand for affordable senior housing in Denver. There is historical 100% occupancy in all age restricted LIHTC properties in the PMA and all properties have large waitlists. There are no senior LIHTC units planned or under construction in the PMA other than this Project. The site is highly marketable to seniors; it's centrally located in Denver in an established, single family home neighborhood immediately surrounded by a church, with a bustling day care, a charter school, single family homes and low traffic volume streets making it a quiet yet stimulating environment for seniors. Compared to the other Class B senior LIHTC projects in the PMA, St. Stephen has a more desirable location, superior in-unit features, slightly superior project amenities and comparable to slightly larger unit sizes.

Almost all surveyed senior LIHTC projects in the PMA were achieving max 2021 rents with exception of Kappa Tower II who had some units at 1-5% below market likely as an initial move-in incentive. St. Stephen's proposed 30%, 40% and 50% AMI rents are set at the maximum allowable amounts but the 60% AMI rents are 5% below the maximums to provide even greater affordability for renters. The Project rents provide a discount to Class B market rate apartments from between 33%-65% offering a very good value to prospective tenants. The Project will have all owner-paid utilities, which underestimates the rent differential between the subject and the surveyed market-rate rents.

The Project would have to capture a total of 63.4% of the income- and size-qualified senior (62+) renter households in the PMA to attain full occupancy, a marginal increase from the existing rate of 57.5%. Capture rates at each AMI band are as followings: 25.5% at 30% AMI, 24.7% at 40% AMI, 76.1% at 50% AMI and 74% at 60% AMI. The overall capture rate and the 30%, 50% and 60% AMI capture rates exceed CHFA's guidelines, however, the Project will not have any issues leasing up due to the following factors: very strong demand for the existing tax credit properties in the PMA; extremely low supply of affordable units to satisfy the demand for lower-income seniors; and superior location for seniors in a walkable area with excellent access to amenities, recreation and services. Additionally, seniors typically travel from outside the PMA to find housing. The supplemental information showing the variety of zip codes from around the City, County, State and out of State for the waitlist at Kappa Tower II reflect this.

Proximity to Existing Tax Credit Developments: The PMA has 31 LIHTC projects containing 2,518 income-restricted units. However, only ten of the projects are age restricted; those ten projects total only 800 units. The following senior tax credit units were surveyed and used as comparables in the market study: Kappa Tower II, Sable Ridge Apartments, Sable Ridge Residences, Dahlia Square Senior, Clyburn at Central Park, Moline at Central Park, Peoria Crossing I, Northfield Apartments, Bluff Lake Apartments and Phoenix on the Fax. The closest comparable project is 0.7 miles away. Compared to the surveyed senior LIHTC projects built from 2003 to 2021 the Project has similar, slightly superior or superior location, slightly superior or superior in-unit features, slightly superior project amenities and superior or comparable unit sizes. All surveyed senior LIHTC properties were 98% occupied, most had historical occupancy rate at or near 100% and all had a waitlist or interest list.

The most recent age restricted LIHTC project completed in the PMA is Kappa Tower II, delivering 70 senior LIHTC units in May 2021. All units were leased by the end of July 2021, for an average absorption rate of 31 units per month. The projected attracted tenants from northeastern Denver, Aurora, eastern Denver, other regions of the MSA and out of state.

Project readiness: The site is zoned R-MU-20-Residential Mixed-Use District which allows for the development of multifamily housing and is a use by right zone site. MGL and the Church (as owners of the property) submitted a ZLAM (Zone Land Amendment) to the City of Denver in January 2022 to create a new zone lot for the Project. The process is administrative and will be complete by March 2022. The Church will maintain ownership of the new zone lot and will lease it into the tax credit partnership. MGL and the Church have executed a land lease agreement for the new zone lot. If awarded tax credits, the Project will be prepared to commence construction by second quarter 2023.

Overall financial feasibility and viability: The Project is considered a small project at 50 units which allows tax credits to be distributed to more communities and prevents the concentration of affordable units in a few large projects. The Project takes advantage of CDOH's EDG funding opportunity as well as the City of Denver's HOST funding to reduce our tax credit equity request. Additionally, in recognition of scarce sources of funds, MGL does not want to take advantage of increased construction costs and is therefore requesting a significantly lower Developer Fee (12%) than the allowed (15%) to further reduce our request for valuable tax credit equity. The project averages 48.6% AMI with 35 units at or below 50% AMI. To address imminent inflation, the Project is using a permanent loan interest rate 25 basis points higher than indicated on received LOIs from lenders. The Project has a 1.20 Debt Coverage Ratio and is deferring the maximum amount of Developer Fee that can be paid within 15 years. As a benefit to residents, the Development Budget includes RTD NECO passes for residents for one year after which the Program will determine the rate for the neighborhood.

Experience and track record of the development and management team: MGL is in overall excellent financial standing and has stabilized all LIHTC projects it has been awarded. In the past 17 years, MGL has developed 13 LIHTC projects with MGL as the General Partner and more than 14 projects as a Development Consultant. MGL also provides reliable, proven affordable housing development and financing expertise primarily to PHAs and non-profit organizations seeking real estate development and finance assistance. MGL Partners' co-founding partners, Greg Glade, Lisa Mullins and Mike Gerber, have extensive experience in the development and financing of affordable multifamily rental housing.

The development team consisting of Santulan Architecture (formerly Parikh Stevens), BC Builders and MGL has designed, financed, constructed over 11 LIHTC and workforce housing projects together. All the projects have been completed on time and on budget. MGL's property management firm, Silva-Markham Partners (SMP), manages all of MGL's LIHTC projects. SMP has a proven track record of marketing and leasing affordable housing units on a timely basis. MGL has a sterling compliance history that will be upheld on all future LIHTC projects.

Project Costs: The Project represents an opportunity to provide affordable homes to seniors in economically booming Denver but is able to take advantage of Denver's low tap fees, very low parking requirement and affordable housing fund. Unfortunately, the Project is too small to be able to realize Xcel Energy's rebate program. To reduce design costs and offset high construction costs, the building will feature efficient unit types and stacked floor plans. The land is flat, vacant and currently without any environmental issues. The Church will be providing the Project a low-cost land lease allowing the Project to absorb the cost of the land overtime and become an Administrative General Partner in the future tax credit partnership allowing their property tax exemption to flow through to the Project. The proposed unit development costs are significantly below the CHFA maximum basis limits.

Site Suitability: This site is the best possible site for a senior project; it's centrally located in Denver in an established, single family home neighborhood immediately surrounded by a church, with a bustling day care, a charter school, single family homes and low traffic volume streets making it a quiet yet stimulating environment for seniors. The site has a Walkscore of 62 allowing independent, mobile seniors an array of amenities to access on foot. The site is within walking distance to multiple pocket parks, open space, trails and a large off-leash dog park. The site has a transit score of 50 making it a "good transit" location and provides access to a RTD bus stop (0.1 miles from the building), within a half-mile of a medical clinic, convenience store, and within a mile of a grocery store, neighborhood shopping center and pharmacy, all easily reachable by bus. The site is located a 0.6 miles from Colfax Blvd and 0.4 miles from Stanley Market Place which both offer a plethora of restaurants and other amenities for seniors.

The site is generally flat with no floodplain or wetland issues. The site is zoned for multifamily and has all necessary infrastructure readily accessible for construction. The Church will provide all necessary access easements to provide vehicular access to the Project's new zone lot through their property. Residents will be able to access the site via Uinta St. or Valentia St. The surrounding neighborhood allows for street parking providing the Project easy overflow parking.

3. Justification for waiver of any underwriting criteria: The Project meets all underwriting criteria.

4. Market Study Issues: The market study recommended no changes to the project, however, it reports capture rates at 30%, 50%, 60% and the overall capture rate that exceed CHFA's guidelines. Despite this, the market study concluded the Project is justified due to its outstanding location and sufficient demand in the market. The project is expected to lease up in less than two months based upon the following factors:

- Very strong demand for the existing tax credit properties in the PMA reflected by historical occupancy rates at or near 100% with long waitlists
- An extremely low supply of affordable units to satisfy the demand for lower-income seniors and <u>no senior LIHTC units planned or under construction in the PMA other than this Project</u>
- Superior location for seniors in a walkable area with excellent access to access to parks, open space and trails, medical services, a bus route, Zion's Senior Center, a Library, restaurants and shopping
- Proven history of in-migration into this growing, highly desirable community in the PMA
- Senior renter growth is expected to add 158 senior households over the next five years, accounting for 41% of the overall renter growth estimated for the PMA
- Rents providing a discount to market (Class B) from between 34%-65% offering a very good value to prospective tenants.

Central Park is consistently rated as one of the best neighborhoods to live in in Denver, which will serve to draw residents regionally. Historical information and statistics back up that on average, throughout Denver, senior properties draw in excess of 40% of their residents from out of market areas. Kappa Tower II, a 70-unit senior LIHTC project, opened in 2021 and completed lease-up in just over two months, illustrating of strong demand for affordable senior rental housing. The projected attracted tenants from northeastern Denver, Aurora, eastern Denver, other regions of the MSA and out of state. Please see the supplemental map showing the location of all perspective tenants on the current waitlist.

The Project should not be penalized for a being in a PMA that currently has a very low inventory and is expensive to build in. As previously noted, although it's one of the most densely populated PMAs in Denver, there are only 800 age restricted LIHTC units serving the entire PMA.

5. Environmental Issues: The Phase I Environmental Review did not indicate any environmental concerns.

6. Higher Development Costs: The Project is in a Difficult to Develop Area (DDA) and is experiencing several headwinds with respect to costs; lower equity pricing that all projects are facing, inflation, Davis Bacon wages and high construction costs. The Project anticipates lower equity pricing due to inflation which is lowering investor yields and pushing down pricing and an overall high supply of LIHTC communities for investors to invest in nationally. Inflation is also pushing interest rates up on construction and permanent financing for the Project increasing construction period interest and reducing the Project's borrowing capacity. The large amount of Federal funds the Project anticipates being awarded will trigger Federal regulations including Davis Bacon wages and Section 3 that will have a significant effect on labor pricing and availability for the Project. Construction costs have stayed consistently high since the beginning of the pandemic in March 2020 due to disruption in the supply chain and labor shortages. Many of construction materials are also used in the residential market and overall demand is exceeding supply across all markets. Recent natural disasters, such as the Superior fire in December 2021, will continue to exacerbate this issue by increasing demand for construction materials and labor. Specific pricing increases since March 2020 include: 70% increase in lumber, 30% in foundation related costs, 40% in rebar, between 12-27% for flooring, 100% in PVC, CPVC and Pex, and 20% in steel.

To offset these higher costs, MGL has taken every measure to control design costs while still providing an efficient, high-quality development. The site is flat, vacant without any environmental issues. The building is designed to be efficient with stacked unit types and average unit sizes for the population served. The parking will be surface parking. The site is located in Denver which offers low tap fees and low parking requirements for affordable housing. On the margin, the location in the Denver MSA, the high local demand, and MGL's strength as a Sponsor will result in overall higher equity pricing relative to other 9% projects across the State. The Church will also provide a land lease to offset the cost of the land and will become an Administrative General Partner in the future tax credit partnership allowing their property tax exemption to flow through to the Project.

7. Community Outreach: Providing affordable homes for seniors on their excess land has been a goal of St. Stephen Missionary Baptist Church since they moved to the neighborhood in 2015. The entire congregation supports the Project and has voted to lease their land to the future tax credit partnership for the next 50 years. The Pastor's and the congregations' support is best illustrated by their letter provided in the application's supplemental materials. MGL provides monthly updates to the Pastor to share with the congregation to inform them of where we are at in the development process. MGL has not yet reached out to the greater neighborhood, however, if the Project receives an award of tax credits, MGL will host a kick-off community meeting at the Church inviting the surrounding neighborhood and the congregation to attend and will continue to meet with them throughout the construction process.

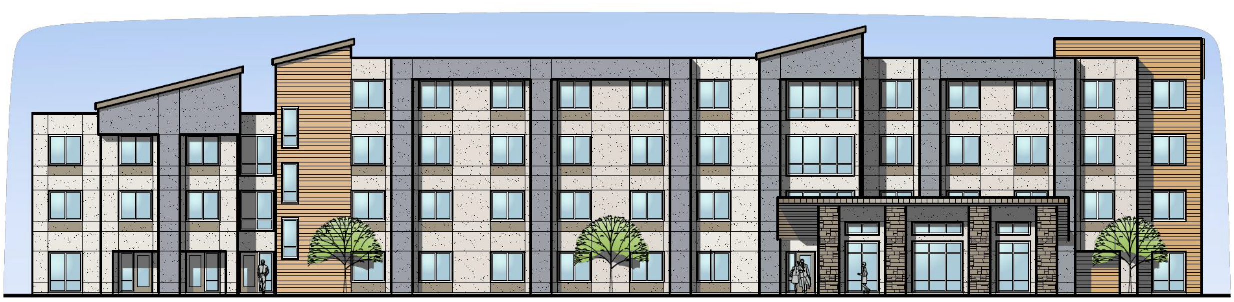
8. For acquisition/rehab or rehab projects: Not applicable

9% housing credit application narrative

Project Name: **Sunrise at Shiloh Mesa**
Project Address: 8292 E. Woodmen Valley Road Colorado Springs CO

Executive Summary

For over 30 years, Greccio Housing has been the largest not-for-profit provider of affordable rental housing in the Pikes Peak region. Greccio's long track record of leadership and efficiency in affordable housing is recognized throughout the community and across the state. In 2019 the City of Colorado Springs donated land to Greccio for the development of the Atrium at Austin Bluffs apartments, which opened in late 2021. Building on that success, Greccio partnered with Woodmen Valley Chapel and its Center for Strategic Ministry (WVC/CSM) in order to house vulnerable and low-income seniors. Long-term relationships, alignment of missions, and complementary talents and assets were the foundation for ***Sunrise at Shiloh Mesa***. The land owned by WVC/CSM was set from its larger 112-acre development around the church, and is home to a congregation deeply committed to service. In combination with Greccio's expertise in affordable housing development, property management, and community partnerships, an agreement for the donation of land, cooperative and wrap-around support for residents, and long-term benefit to the community was executed. The result is ***Sunrise at Shiloh Mesa***, 50-unit senior housing project, nestled between the Woodmen Heights church campus to the east, single-family homes to the north, townhomes to the west, and a retail/office zone to the south. The new development is in the highly desirable northeast portion of the city, between Colorado Springs and Falcon, CO, and on the high-volume east/west corridor of Woodmen Road.



The proposed project will involve the new construction of 50 units of housing in a 3- and 4-story story building. ***Sunrise at Shiloh Mesa*** will be affordable to persons earning from 30% to 50% of AMI, with 12 units (24% of the total) at or below 30% of AMI, 18 units (36%) at or below 40% of AMI, and 20 units (40%) at 50% AMI. Units will be a mix of one (90%) and two (10%) bedrooms.

This $15.4MM project will be financed through federal tax credits (77%), a loan (3%), a City HOME grant (4%), a State EDG grant (14%) and deferred development fee (2%). Unusual to this capital stack is the large amount of funding proposed from the Colorado Division of Housing's new EDG program, which has been designed to encourage projects to target greater numbers of units at the lowest AMI levels possible. Not included in these sources is the value of the land donation; land cost savings are an allow the project to offer greater affordability.

Development and support for affordable housing has accelerated in Colorado Springs since 2016, matching dynamic and rapid growth and meeting needs for affordable units. Greccio has been active in this development during that time, with projects in far south Colorado Springs (The Ridge - Broadmoor Bluffs), northeast/central (Atrium at Austin Bluffs), southeast (Bentley Commons Apts expansion), east/central (Rocky Mountain Apts – adaptive reuse), and now, in northeast Colorado Springs. With hundreds of units under construction or planned in the southeast, it is imperative to continue the geographic diversity of housing options. ***Sunrise at Shiloh Mesa*** represents not only this expanded geographic expansion in a rapidly-growing area, but is offered as a unique development from the collaboration of a premier affordable housing provider and one of the largest churches in the City, with combined resources, and on congregational land.

The apartment community will have an interior hallway serviced by two elevators. Apartments will include in-unit laundries, storage, and durable but attractive finishes. The wood framed building will have a stepped flat roof, post-tensioned slab foundation, water-wise landscaping appropriate to the climate, air conditioning and energy efficient furnaces. The exterior of the building has been designed to complement the existing established neighborhood aesthetic, with angled roof elements. Exterior materials will include a mixture of brick, stucco, and lap siding. The design and location of the building on the site respect and preserve site lines and sunlight to the single-family homes to the north, including a stepped-roof for reduced visual impact when looking to the south.

The main entry to the building opens into the central common area. Here, residents will have access to the site manager, a large multi-purpose community room, mail and package room, fitness center, and elevator lobby. Two multi-purpose recreation and meeting rooms rooms are located down the hall from the common areas and provide space for a variety of uses by residents, church volunteers, or community service partners. Three elevator lobby sunrooms are located on the upper floors and provide light and openness for residents to engage with the western facing views, front range, and the beautiful sunsets visible from every floor.

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

Section 2 Qualified Action Plan Criteria for Approval

- <u>Market conditions:</u> Our market study recommended no changes to the planned project and indicated that the project should lease up in 2 months due to the high demand for this product in the market. Surveyed LIHTC properties in and adjacent to the PMA had no vacancies, and maintained waiting lists. The overall average vacancy rate in the PMA for affordable properties is 0.6%, which indicates pent-up demand for affordable rental units. In addition to existing demand, the population of income-qualified seniors in the PMA is growing by 256 households per year. The need for quality rental housing for seniors in this area is severe. The project's 50% AMI units offer rent savings of 42% over class B market rate alternatives. Those savings only increase at the lower AMI levels, offering our tenants a significant value proposition.

- Readiness-to-proceed: The site is zoned to allow for the size of project contemplated in this application. All required approvals are administrative. The development team held a pre-application meeting with city planning; staff indicated that the project was an appropriate use for this site. Site development plan approval can be easily obtained within the timeframe needed to reach carryover.
- Overall financial feasibility and viability: Greccio Housing is an experienced provider of affordable rental housing in this market area. The proposed operating budget is based on good comparable costs in its portfolio, and the corresponding debt load appropriate for the projected NOI. The City of Colorado Springs is very supportive of the project. The State Division of Housing has created a new EDG program for the current 9% round, which targets projects with deep AMI skewing. WVC/CSM is donating land to Greccio for the development of this project.
- Experience and track record of the development and management team: Greccio Housing has served the Colorado Springs community since 1990. In that time, it has developed or acquired and manages over 600 units of affordable housing throughout the Colorado Springs area. Greccio also provides property management services to all of its properties, using a centrally-located team-based maintenance approach to increase efficiency and responsiveness for its scattered-site properties. Greccio has a knowledgeable compliance team experienced with every major affordable housing program. This will be the third tax credit project for Greccio, and second as primary developer. To assist in the development of the project, Greccio hired Medici Consulting Group to act as a fee developer. Medici has a strong track record of successfully developing affordable housing in Colorado through the LIHTC program.
- Cost reasonableness: The proposed project will be located on a flat site with immediate access to public roads and utilities. No major site work expenses are associated with this project. The site itself is free and will be donated to Greccio by the WVC/CSM pursuant to the terms of the attached donation agreement. Tap fees in Colorado Springs are some of the lowest in the State and will save the project significantly. A regional stormwater system can be used, saving the need to provide for on-site detention.
- Proximity to existing tax credit developments: Our PMA contains 15 LIHTC properties containing 1,529 income-restricted units. Of these, 5 are senior properties with 427 units. A 140-unit LIHTC project, Alpine Vista, isn't include among those 5 existing projects, as it is in lease up. All 140 units are set aside at 60% AMI in that project, however. This is illustrative of the larger trend in the PMA towards 60% AMI skewing: of the 1,529 total LIHTC units available, 68% are set aside at 60% AMI. By contrast, only 14% of those units are set aside at

40% AMI and below. No units at ***Sunrise at Shiloh Mesa*** are above 50% of AMI, and 30 (60%) of the 50 units are at 30% and 40% of AMI

- Site suitability: This is an infill location in a developing and established neighborhood. The site sits in a small neighborhood bordered by nicer single-family homes, the church, and open/undeveloped land. The site is undeveloped, flat, and adjacent to existing roadways. Utilities are adjacent to the site. A regional storm-water collection system will connect to the site, saving the expense of developing an on-site water quality and detention facility.

Underwriting Waivers

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

Market Study Overview

Our market study indicates a severe need for affordable senior housing in the area, which is consistent with the City's identification of this as a significant community concern. There are almost no vacancies within LIHTC properties in the PMA or adjacent areas. Within the LIHTC sector, surveyed comparable LIHTC properties all maintain waiting lists. In addition to existing demand, the population of income qualified seniors in the PMA is growing by 256 households per year.

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

Recent experience leasing the Atrium at Austin Bluffs indicated that the demand for units at 30% - 50% AMI is strong, and residents apply from across the City. The majority of Atrium's units were pre-leased prior to completion and completed lease-up of the under-50% AMI units in one month.

Environmental Report Overview

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

Cost Containment

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

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

Neighborhood Outreach

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

In addition to the collaboration between Greccio and WVC/CSM, efforts to reach out to the local neighborhood organizations have begun. While broader public meetings are specifically called for as part of the Development Plan Review Process, Greccio presented the initial project intent, design, and support for residents to residents and nearby Homeowners Associations. Even the location of the building on the lot, stepped 3rd/4th stories, and sloped roof on the north end are in consideration of the single-family home-owners to the north of the lot. While questions were raised, the stereotypical resistance to most affordable housing developments was almost non-existent. The site is zoned appropriately for the proposed use and will not require City Council review or approval. Nonetheless, we are sensitive to the surrounding homeowners and are committed to compatibility with the aesthetics of the neighborhood.

Greccio has cultivated long-term relationships with the City's major senior service providers to better understand the needs of low- and moderate-income seniors, and has a seat on both the Board of Innovations in Aging Collaborative, and is a founding member of the Affordable Housing Collaborative. Broad support for Greccio and this project is represented in letters of support, included in this application. They include service partners (Care and Share of Southern Colorado, Envida, Center for Strategic Ministry), governmental and non-governmental entities (City of Colorado Springs, Colorado Springs Housing Authority), industry advocates (Apartment Association of Southern Colorado, Innovations in Aging Collaborative, Affordable Housing Collaborative), and Mayor John Suthers. Service agencies listed here, and others currently partnering for support of residents at Atrium at Austin Bluffs, are prepared to partner with Greccio to provide the services needed to help residents live independently. To facilitate this partnership, plans for the project include office and activity space to use in the delivery of services on site, in the adjacent church's building and with its volunteers, and across the City.

Finally, Greccio has built a network of transportation options for its residents. Residents will have access to various 'door-to-door' transportation, including Rocky Mountain Health Care, Envida, Silver Key, Mountain Metro Mobility, Woodmen Valley Chapel volunteers, and Greccio's Resident Resource team. Additionally, the annual Senior Information and Assistance Directory, published by the Pikes Peak Area Council of Governments, includes no less than 14 resources for seniors in the geographic area for transportation needs. The larger Shiloh Mesa development planned for a bus stop on the busy and growing east-west corridor of Woodmen Road, midway between Colorado Springs and Falcon, Colorado. While the eastern-most bus stop is currently at the intersection of Woodmen and Powers, growth of the Banning Lewis Ranch Development and the intersection of Woodmen and Marksheffel is predicted to be one of the busiest in the region in the coming years, compelling a next logical extension to the Mountain Metro public transportation system.

Greccio's recognized experience and expertise in bringing projects to fruition, collaboration with local partners for housing and life stability, and the unique coordination with Woodmen Valley Chapel and Center for Strategic Ministry on donated congregational land make ***Sunrise at Shiloh Mesa*** a creative, cost-efficient, and responsive model by which to meet the critical needs for senior affordable housing.

9% housing credit application narrative

Project Name: The Trails at Pagosa Springs

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

<u>Executive Summary</u>

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

Unit Mix				
AMI	**1-BR**	**2-BR**	**3-BR**	**Total**
30%	3	2	2	**7**
40%	3	2	2	**7**
50%	4	2	3	**9**
60%	5	2	4	**11**
70%	5	2	3	**10**
80%	2	2	2	**6**
Total	**22**	**12**	**16**	**50**

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

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

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

Financing for the project will consist of 9% housing tax credits, which will provide approximately $12,015,000 equity for the development. Also included in the capital stack are a CDOH EDG Loan of $2,2210,000 and deferred developer fee. The Town of Pagosa Springs, as well as Pagosa Area Water and Sanitation District, have provided conditional waiver letters for permit, tap, and impact fees. The estimated benefit of these waivers is anticipated to be approximately $700,000. During the construction period, Chase Bank will provide a construction loan in the amount of approximately $13,000,000, with an interest rate of 3.95%. The Trails also anticipates a permanent loan in the amount of $2,900,000, with an interest rate of 4.25%, and a term of 16 years, amortized over 35 years.

The need for affordable housing in this area has grown extensively due to an influx of permanent residents, skyrocketing home prices, escalating construction costs, and the nature of the available jobs in the area. There have been a number of articles published recently outlining the reaching impact that the lack of affordable housing has had on this area. Wolf Creek, one of the regions most popular ski resorts, can’t hire enough seasonal workers due to the lack of affordable housing. Retailers and restaurants are also struggling to fill vacant positions. The Trails at Pagosa Springs provides a unique opportunity to provide desperately needed affordable housing in an area that would typically be restricted to high-cost, market-rate developments.

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

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

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

The current demand for affordable housing in the market is extremely strong. In fact, the market study shows that there is currently 0% vacancy. Additionally, the most recent income-restricted development to be built, Rose Mountain Townhomes, has a waitlist of over 130 applicants. The Trails at Pagosa Springs has included multiple income bands in order to meet housing needs not currently being met. Currently, none of the existing income-restricted developments in Pagosa Springs have units targeted at 70%AMI or 80%AMI. The Trails includes 16 units for 70%AMI and 80%AMI residents. The remaining units are 30%AMI, 40%AMI, 50%AMI, and 60%AMI. With the given distribution, The Trails is anticipated to be fully leased in only 2.5 months.

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

The development is zoned Mixed-Use Corridor (MU-C) and multifamily development is allowed by right. No variances to the zoning are needed to develop the project. In order to move forward, a sketch plat and building plans will need to be submitted to the city. The permitting process is administrative in nature and no public meetings will be required for the remaining approvals.

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

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

Generation Housing Partners (GHP) is a Minority Business Enterprise (MBE), developer, owner, and asset manager of class A multi-family assets located throughout the southwest. The company was founded upon building relationships with communities, investors, partners, and the residents they serve. The principals of GHP have a track record of success with a wealth of industry experience. Generation

Housing Partners reputation of creating high-quality, well-planned multi-family properties proceeds itself. With over 30 years of combined experience, the principals of GHP have developed, constructed, and managed over 7,000 units throughout the southwest. Their experience includes acquisitions, financial analysis, due diligence & entitlements, 4% tax exempt mortgage revenue bonds, 9% housing tax credit equity, asset management and construction management.

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

The development site is unique to this area of the city. All utilities are readily available to the tract and the topography is relatively flat. There are no recognized environmental conditions or soil related issues. Access to the site, including both ingress and egress, is readily available.

3. Provide the following information as applicable:

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

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

No issues or concerns were raised in the market study.

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

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

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

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

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

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

Additional Documents Provided:

1. Letter of Support from James Dickoff, Planning Department Director for the Town of Pagosa Springs outlining the urgent need for added affordable housing

2. 2021 Regional Housing Needs Assessment by Root Policy Research – this study examined the housing needs for counties in southwest Colorado.

9% housing credit application narrative

Project Name: Village at Homewood Point II, Building A

Project Address: 903 E. Colorado Ave. Colorado Springs, 80903

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 address its weaknesses.

This document should be no more than five pages.

The narrative should address the following in a one-page Executive Summary addressing CHFA's Guiding Principles and how the project will promote equity and economic mobility for residents and their communities. See Section 2 of the QAP for more details:

- location and allowable density including if it is in a QCT/DDA/SADDA,
- population being served; bedroom mix;
- location and allowable density, AMI targeting;
- unit and project amenities;
- detail type of construction (including foundation type, framing, roofing, building skin, circulation, stairs, elevator(s), etc.);
- access to public transportation within one-half mile of site and job centers (if applicable) and how it promotes opportunities for economic mobility;
- type of services and how they are financed, if applicable;
- description of energy efficiencies (if applicable, include advanced energy performance standards and certification tier);
- type of financing; local, state, and federal subsidies; etc.
- what, if anything has changed since previous application (if applicable);
- if the project is for Homeless/Special Needs Housing, describe how the proposal follows best practices (trauma-informed design, funding for services, experience, etc.).

<u>Executive Summary:</u>

The total proposed project is for the construction of the second phase of the Village at Homewood Point Apartments, adding 74 new, affordable apartments for independent seniors, located adjacent to the existing first phase. The project will be built in two stages, Building A and Building B. Building A is the focus of this tax credit application and will consist of 35 new apartments, all project amenities, common areas and site work.

Village at Homewood Point II is located in a QCT, directly west of the existing first phase, Village at Homewood Point, at the corner of East Pikes Peak Ave. and South Institute St. The site is one of the few remaining development sites near Downtown, providing residents many opportunities for employment, services and entertainment. According to a KRDO news story, in 2021, 25% of the apartments approved for construction in The Pikes Peak Region were for projects being built downtown. A Pikes Peak Building official was quoted as saying "Builders are hearing that is where (downtown) people want to live, so that's why construction companies are building downtown." Memorial Park is less than a half-mile walk from the apartments and includes amenities such as tennis courts, bike and walking paths, Prospect Lake, picnic areas and others. There is a bus stop on the corner of Pikes Peak Avenue and Institute Street, a short walk from the site. The site is 2.2 miles away from a Park 'N Ride facility that provides transportation throughout Colorado Springs. The project is also located within a Mountain Metro Mobility zone, so that public transportation will be available at the front door of the property. The Access-a-Ride program, which provides door-to-door transportation for people with disabilities, is also available.

The site is currently zoned Office Complex/Commercial Regional District (OC/CR) and is subject to R-5 zoning standards as it would be built for residential use in an OC zoning designation. The allowable density is 54 units per acre. The current zoning designation allows for development of multifamily apartments.

Village at Homewood Point II will be a community for independent seniors. The bedroom mix of Building A will be 19 one-bedroom, one-bathroom apartments and 16 two-bedroom, one-bathroom apartments. The proposed AMI mix would have 4 apartments at 30%, 14 apartments at 40%, 14 apartments at 50% and 3 apartments at 60%.

Building A will be a four-story, elevator-served structure, with interior corridors, restricted entry, large lobby and lounge area, community kitchen, manager's office, mail kiosk, and public restrooms. Also provided are a common laundry area for oversized items, computer room with provided computers and printer, a library, media room, craft/game room, exercise room with provided equipment, and a private dining room that can be reserved free of charge, by individual residents. Free wi-fi connections will also be provided. Exterior amenities include seating areas, benches and walking paths.

Individual unit amenities will include vestibule entries, nine-foot-high ceilings, provided washers and dryers in each residence, walk-in closets in the 2-bedroom apartments, cable television hookups and a private balcony or patio. Apartments will also include a full appliance package, including a self-cleaning oven, dishwasher, frost-free refrigerator and garbage disposal.

Project construction will be wood-frame on a post-tension foundation system. Exterior materials will include hardboard siding and brick veneer. The roofing material will be asphalt and solar shingles. The design of the proposed project will match the existing Phase I building, so that when completed, the project will have the appearance of a single development, rather than a project that was developed in separate phases. Landscaping will be extensive in accordance with City of Colorado Springs specifications. The project will be designed to meet all required local, state and federal guidelines for accessibility. The proposed project will be designed and constructed in conformance with EGC 2020 standards and will be constructed to be "electric ready." A solar PV system will be integrated into the roof with solar shingles. This will reduce the overall utility costs of the completed property. EV ready parking spaces will also be included.

The project will be 100% owned and co-developed by the Colorado Springs Housing Authority, with the co-developer, MJT Properties, Inc., who will provide all guarantees. The project will be financed through several different sources including the sale of Low-Income Housing Tax Credit proceeds, DOH EDG funds, City of Colorado Springs HOME funds, a permanent loan from CHFA, and a deferred developer fee note.

1. Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP):
   - Projects serving homeless persons as defined in Section 5.B 5
   - Projects serving persons with special needs as defined in Section 5.B 5
   - Projects in non-metro counties with populations of less than 180,000

The proposed project may not meet a strict interpretation of these principles; however, the project will serve low-income, independent seniors who have extremely limited housing options and face growing demand for the few housing options available, due to a rapidly aging U.S. population.

The project will target low to mid AMI levels and will have services and amenities designed for senior populations. We do this by creating amenities that benefit different aspects of a senior's health such as fitness center, games and craft rooms, places for enjoyable social connection, library and outdoor walking paths. Additionally, we hire quality staff that are knowledgeable about community resources and provide daily social activities for all to enjoy.

2. Describe how the project meets the criteria for approval in Section 2 of the QAP:
    - Market conditions
    - Proximity to existing tax credit developments
    - Project readiness
    - Overall financial feasibility and viability
    - Experience and track record of the development and management team
    - Project costs
    - Site suitability

The market conditions are excellent for the proposed project. There is high market demand, especially for a location near downtown. A recent market study rated the overall marketability for this project as "excellent." The project would be the only senior LIHTC development proposed for the subject area and there is only one other LIHTC property that is currently under construction.

There are two senior LIHTC properties near the east side of downtown and both were 100% leased with large waiting lists, at the time the market study was completed.

The project is ready to move forward if awarded tax credits in 2022. The site is owned by the Colorado Springs Housing Authority and properly zoned for multifamily housing. There has already been a general contractor selected, Shaw Builders, LLC, and they have provided construction pricing for the project. Despite the large increase in material and construction costs, with approved financing, the project remains viable. The third submittal of the Development Plan was submitted to the City Planning Department on January 27, 2022, and we are confident, based on previous feedback and discussions with the City, that it will be approved during the spring of 2022. The preliminary drainage report is being approved along with the Development Plan.

Several syndicators have submitted letters of interest to be the tax credit investor for the project, if an award is received, from which the final investor will be selected. We submitted our letter of intent to CDOH to access the maximum amount of EDG funds per unit on December 23, 2021, to reduce the amount of requested tax credits. We have received a letter of support from the City, and they are expecting our application for the use of HOME funds on this project. We have received several letters of interest for the construction or construction and permanent loan lenders, from which the lender will be selected, upon an award of tax credits. CHFA has also provided an LOI to be the permanent lender.

The project will be co-developed by the Colorado Springs Housing Authority, who will retain 100% ownership of the property throughout the development process. The other co-developer is MJT Properties, Inc. who has been developing affordable housing across the front range for the last 30 years. The property manager will be the Colorado Springs Housing Authority who currently manages several properties in Colorado Springs. MJT Properties, Inc. will be contracted to provide all compliance related needs of the project ensuring that all compliance review, approval and reporting requirements are met.

3. Provide the following information as applicable:
    - Justification for waiver of any underwriting criteria
    - Justification of the financial need for a CHFA basis boost up to 30 percent of eligible basis

No waivers or basis boost are being requested for this project.

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

There were no issues or weaknesses raised in the market study analysis.

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

A Phase I Environmental Site Assessment (ESA) was completed in February 2021 by Landmark Environmental, Inc. (Landmark). It was updated in November 2021. The ESA in November confirmed that there is no evidence of recognized environmental conditions (RECs). There was one historical REC (HREC) on the property, however there is evidence that proper remediation work occurred at the northwest corner of the property in response to a jet fuel spill. The release incident occurred during the removal of an approximately 5,200-gallon aboveground storage tank (AST) for jet fuel located on the northwest side of the subject property. The ESA reports, "The contaminated soil area was remediated with approximately one foot of material excavated around the concrete pad where this fuel AST had been situated. The Colorado Department of Labor and Employment (CDLE) Division of Oil and Gas (OPS) issued a closure for this historical spill event and the associated remediation efforts on November 12, 2008. The issuance of a No Further Action (NFA) closure letter by OPS indicates that the petroleum hydrocarbons contamination was removed to the satisfaction of the state regulatory authority."

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

There are no unusual features of the site or the development plan that are increasing costs. The project will be built "electric-ready," so any future costs to retrofit will be minimal. The project will be certified as an Enterprise Green Community building and will have solar shingles to reduce electricity costs in the common areas and staff office. The general contractor, Shaw Builders, LLC, has been constructing properties for MJT Properties, Inc. for over 15 years, so there is an understanding and methodology to ensure that efficiencies are maximized in design, development and construction practices.

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

The project is being co-developed by the Colorado Springs Housing Authority (CSHA), who will be the 100% interest owner. CSHA has extensive knowledge of the housing needs in Colorado Springs. They believe this project will be well received by the community and fills an important housing need. The project has received letters of support from the City's Community Development Division, El Paso County Housing Authority, the Downtown Partnership, and the Mayor.

Members of the development team also have had pre-application meetings with the City of Colorado Springs, to ensure that all code requirements are followed during development. There has been no opposition to the project, and it was viewed as very positive for the neighborhood and the City. Steve Posey of the Community Development Division stated, "The Community Development Division fully supports this project. Opportunities to develop affordable, senior housing on a site near downtown with convenient access to nearby medical facilities, recreational opportunities and shopping for basic needs don't come along often."

A notice of development for the project was posted at the site in May 2021 and received minimal comment. Two neighbors had questions about the impact of the project. One neighbor reported being concerned about trash trucks and heavy machinery coming down the alley, her view to the north being blocked, lighting in the alley, and increased crime. Upon review, the alley will not be used for trash pickup and will not have access to the property. There will be a 6' privacy fence installed, as per Colorado Springs code. Lighting will be added to the *project site, but per city code will not impact adjacent properties. The property will be managed by an experienced property management company and will be constructed with restricted-access entries. Because of the senior-only occupancy at the property, there will not be an increase in crime in the area.*

Another neighbor reported concerns about the population increase and lack of retail and services. As you can see from the market study, there are grocery stores and retail within an accessible radius to the site. For the last 18 years the property has been designated to be used for multifamily development. In fact, the site was previously approved by the City Planning Department. The developer's current process with the City is simply to update the previous Development Plans. No change of use is being proposed. We also believe giving low-income seniors access to housing so close to downtown bus lines and the nearby services will have a positive impact on the community. City Staff is supportive of the proposed project.

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

   This question is not applicable to the Village at Homewood Point II, Building A project.

Provide further detail on the following items if applicable:

- Asbestos Containing Materials management
- Lead-Based Paint management
- Radon mitigation
- Green Systems - (Solar, Geothermal, Other, etc.)

The proposed project will seek full certification of the Enterprise Green Communities 2020 standards. It is designed to have high efficiency domestic water heaters and HVAC systems. As we have done with many of our projects, we will use solar shingles on the roof to offset utility costs for the common areas and staff office.

The project will have a passive radon mitigation installed prior to the post-tension foundation being poured, with the ability to convert to an active system. We will work with A.G. Wassenaar, a Colorado based environmental engineering firm, to oversee the radon mitigation system and provide radon testing once construction is complete. If the passive radon testing denotes levels higher than EPA standards, then-active portion of the mitigation system will be activated to ensure the project has radon levels below the EPA standards.

9% housing credit application narrative

Project Name: Willoughby Corner Phase 1A Senior Apartments

Project Address: N. 120th Street and E. Emma Street, Lafayette, CO

Executive Summary: Willoughby Corner is a proposed new community in East Lafayette, less than one mile from the historic downtown, approximately 10 miles east of Boulder and 25 miles north of Downtown Denver, with views west to the Flatirons and direct connections to regional trail networks and Open Space. Boulder County Housing Authority ("BCHA"), in concert with an intergovernmental agreement ("IGA" – *see Attachment 1: IGA*) with the City of Lafayette, will develop the 24-acre site into a community of 400 permanently affordable homes constructed in multiple phases (*see Attachment 2: Phasing Plan*). Willoughby Corner Phase 1A Senior Apartments ("Willoughby Senior Apartments" or the "Project") is a new construction 63-unit apartment building, age-restricted for residents 55 and over, with income at or below 60% AMI. This building is the first of the master-planned community and will be the cornerstone of the neighborhood. The entire Phase 1, which includes the Project, will deliver 156 multi-family homes, one community building with resident amenities and services, and significant site improvements. Phases 2 and 3 of the master-plan will be 100% affordable and include additional apartments, one community building, and townhomes and duplexes, 80 of which will be affordable for-sale.

The state of Boulder County – resiliency: There is a critical need for affordable options in Boulder County as evidenced by the overwhelming response BCHA recently received for housing applications. In December 2021, BCHA began accepting applications for pre-leasing at The Spoke on Coffman in Longmont (a new BCHA property, scheduled to open at the end of March 2022). In a matter of just eight hours, BCHA received nearly 5,000 applications for housing, including over 1,900 specifically for the 73 apartments at The Spoke.

It is with urgency that BCHA submits this application for Willoughby Senior Apartments for 2022 9% LIHTC allocation. On December 30, 2021, the Marshall Fires devastated the Town of Superior, the City of Louisville and parts of unincorporated Boulder County. Over 30,000 residents were evacuated, more than 1,000 homes and businesses were destroyed, and hundreds more suffered property damaged. The region was declared a Disaster Area by President Biden on December 31, 2021, and is now eligible for Federal Emergency Management Agency (FEMA) aid and other resources. The Primary Market Area identified in the 2022 Willoughby Corner Market Study includes census tracts that suffered the most tragic losses. While frustrating that the community cannot rebuild instantly, BCHA's 400-home planned neighborhood is already advanced to a high level of development – the current strategy would position BCHA to open the first doors to new homes as soon as the beginning of 2024. The tenant selection plan for Willoughby Senior Apartments, and other phases of the neighborhood, will preference income-qualified residents who were displaced by the Marshall Fires. Consistent with recovery priorities identified by local, state, and federal agencies, this project addresses the need to promptly build and provide the deepest level of affordability within the community, which is especially important to a region that has increasingly suffered from rising housing costs.

Growing senior population: The Front Range has experienced consistent growth over the last decade. This area is particularly attractive for its access to wilderness, natural beauty, recreation; its proximity to the culture and employment opportunities in Denver; and the strong sense of community. The population of Lafayette is expected to age in coming years - growth in the population of residents aged 65 or older will account for over a third of the total projected population growth in Boulder County between 2015 and 2040 and Lafayette's population of people over 55 is expected to increase by almost 50,000 by 2040 (see Scoring section for more details). The City of Lafayette recognizes this growth, understands many citizens desire to remain in the community through old age, and requires in the IGA with BCHA that at least 10% of the affordable development on the Willoughby Corner serve residents aged 55 years or older (page 19 highlighted in *Attachment 1: IGA*). There is further evidence for the large number of seniors looking for affordable units in Boulder County in the waitlists at BCHA's Josephine Commons and Kestrel senior properties, each with very low or no vacancy: there are 641 people over the age of 55 on the Kestrel waiting list and 55 people over the age of 55 on the Josephine Commons waitlist.

The development team has prioritized the quality of life for future residents including performing a Trauma-Informed Design Process (*see Attachment 3: Trauma-Informed Design Report*) and holding interviews with current senior BCHA property residents and BCHA property management staff (*see Attachment 4: Unit Amenities and Site Recommendations*). BCHA has used the information from these interviews, and lessons learned from operating over 175 units of Senior housing, to create Willoughby Senior Apartments.

The project site is currently in a QCT (608.00). The City's new Comprehensive Plan (see Scoring section for more details), adopted at the end of 2021, designates the Willoughby Corner site as a Housing Area. The current zoning is light industrial and there is an active pending rezoning of the property to R-4, medium density residential, with a Planned Unit Development overlay. With this zoning, a density of up to 18 dwelling units per acre is allowed across the entire 24-acre site (up to 432 total dwelling units). The anticipated timeframe for zoning approval is by the end of March 2022.

Willoughby Corner Senior Apartments will provide 50 one-bedroom and 13 two-bedroom apartments for senior residents. Seven units will be restricted to residents at 30% AMI and below, seven units will be restricted at 40% AMI and below, 24 units will be restricted at 50% AMI and below, and the remaining 25 units will be restricted at 60% AMI and below.

Willoughby Corner will offer amenities geared towards enjoyable, independent, active living, including the following:

Unit Amenities (Willoughby Senior Apts)	All-electric, high-efficiency appliances including washer, dryer, oven/stove/vent, refrigerator, dishwasher and disposal; abundant natural light; patios with street access at ground floor units; Juliet balconies at 2nd and 3rd floor units
Building & Site Amenities (Willoughby Senior Apts)	Raised garden beds (the number one request at BCHA's current senior properties); third floor outdoor patio with views of the Flatiron Mountains; community rooms on each floor for crafts and fitness programming; a Great Room; resident parking with EV-charging stations; photovoltaics, geothermal heating/cooling and other sustainable technologies; on-site manager to aid residents with transportation and other needs
Neighborhood Amenities (Future Phases)	Community gardens and orchards; a dog park; RTD bus service; recreation and multi-use trails; covered and secured bike/trike/trolley storage; a playground; Community Buildings with fitness room, kitchen, and outdoor patio.
Programming (Future Phases)	Agricultural programming; public art walks; future connection to Coal Creek Flagg Drive Trailhead

Construction for the project will include:

- Shallow concrete foundation system on over-excavated and compacted soils, based on geotechnical report recommendations; slab-on-grade ground floor on over-excavated and compacted soils

- Wood stud wall framing with high acoustic separation between units and to corridor; wood i-joists or wood trusses at floor and roof framing; upper-level floors will have gypcrete topping slab for fire resistance and acoustic separation
- The contractor will investigate prefabricated and panelized wood framing during the bidding process, which may include off-site construction of components where it makes sense economically and for the construction schedule. Gabled roof elements around the perimeter consisting of composite shingle roofing with metal roof accents; white TPO or EPDM membrane flat roof system in the middle of the building for mounting PV and mechanical equipment
- Durable exterior cladding materials to provide fire resistance
- High-efficiency fiberglass windows in residential units, with aluminum storefront windows in public areas
- Juliet balconies in each 2nd & 3rd floor unit; patios at ground floor units
- Three separate stairwells for egress, the center stair is wider and more open with natural light through expansive windows to encourage residents to use the stairs. Stairs will be wood framed with durable materials (rubber treads, LVT, etc.) covering wear surfaces
- Two machine-room-less traction elevators in the center of the building

Service for two Regional Transportation District (RTD) bus routes (the DASH and the 225D) will be extended to Willoughby Corner. RTD personnel will have access to the Community Building for restroom facilities. The design team is working with RTD to understand bus stop, layover and terminal requirements to provide the best service to residents. With the additional ridership created by the Willoughby Corner development, this project will enable RTD to fulfill transit goals and provide direct benefit to our residents and neighbors. BCHA will provide residents at Willoughby Corner with a free Neighborhood Eco-Pass. BCHA also intends to incorporate a car share program, bike sharing program, e-bike charging locations, and resident bike storage to promote multimodal solutions. Alternative modes of transportation will allow residents to reduce their dependence on automobile ownership, improving economic mobility and well-being over time.

Willoughby Senior Apartments will be managed with 1 – 1.5 FTE on-site staff, financed through the project's operating budget. As a benefit of living in a BCHA property, residents will have access to wraparound services aimed at seniors that are provided by Boulder County Housing and Human Services, coordinated and funded with County resources. Available services include health and wellness resources, financial planning resources, food security services, transit scheduling services, and other services aimed at helping seniors thrive.

A primary goal of this project is to achieve net-zero energy efficiency through an insulated building envelope, high-efficiency MEP systems, and onsite PV electric generation that produces enough clean energy as is consumed on an annual basis to offset all utility expenses. At the time of this application, the preconstruction team is studying best practices, peer case studies, and cost implications of constructing a net zero building. If the project can support additional administrative and upfront capital costs, we will pursue certification with Passive House Institute or Zero Energy Ready Homes. At a minimum, this building will exceed Enterprise Green Communities requirements, is all-electric, provides EV car chargers on-site, utilizes a geothermal heating system, and is powered by a 71,000kW photovoltaic array.

Proposed Project financing will consist of 9% Federal LIHTC equity, a first mortgage, soft funds from the Colorado Division of Housing (CDOH), Boulder County Worthy Cause Funds, gap funding from BCHA, and deferred developer fee.

1. Project does not address any in Section 2 of the QAP.

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

Market conditions: Market data for the PMA supports strong demand for senior units, also evidenced by the City of Lafayette's desire to achieve 10% senior units per the IGA for the Willoughby Corner site. Current capture rates for the 30%, 40% and 50% AMI units are 10.6%, 13.6%, and 23.7% showing a very high demand at those levels. Current capture rates for the 60% AMI units are at 102.2%. However, these numbers don't account for the in-migration that can be expected at this Project. The market analyst notes that the Boulder

County area “would experience significant in-migration” were more units available. While specific in-migration data was not available for the area, the market analyst notes reliably high absorption of units in Boulder County paired with the demand for housing as evidenced by vast amounts of applications BCHA has received for recent projects act as a proxy for data in support of in-migration (see page 75 of the market study). The market analyst also emphasizes the Marshall Fire as an indicator that there may be more need than the capture rate data shows. Senior properties in the PMA all have current and historically very low vacancy rates and carry significant waiting lists. Both the City of Lafayette and BCHA believe there will be no problem filling units at 60% AMI due to local demand and experience with the local senior population.

Proximity to existing tax credit developments: Josephine Commons is located .9 miles to the northwest of the Project in Lafayette and has 74 affordable senior units with 0% vacancy and 55 people on their waiting list. Traditions at Lafayette is located 3 miles to the southwest of the Project and has 133 affordable senior units. Since its recent completion in August 2021, the property has seen consistent lease-up of 20 units/month. Kestrel Apartments is located 3.7 miles to the west of the Project in Louisville and has 71 affordable senior units and has vacancy under 2% for the entire facility (senior and workforce units) and a waitlist of 641 people aged 55 and older. Lydia Morgan is located 4.2 miles to the west of the Project in Louisville and has 30 affordable senior units with 6% vacancy.

Project readiness: BCHA has actively pursued development of the site for three years and is targeting a November 2022 financial closing. BCHA has had control of the 24-acre site since 2017, and the project is well into the City of Lafayette’s planning approvals process. The project was first presented to the Planning Commission in September 2019 and received a unanimous (6-0) vote of approval (*see Attachment 5: Sketch Plan Approval*). The team continued with a Preliminary Site Plan submission in March 2020, but both the City and BCHA had to shift focus to emergency housing relief in response to Covid-19. Since regaining momentum on the project in 2021, the City has worked to refine the entitlements process to allow for the Planned Unit Development (PUD) and rezoning application to precede the Site Plan applications. We anticipate Planning Commission and City Council approval for the PUD and re-zoning of the entire Willoughby site, including Phase 1a Senior Apartments, by April 2022, and site plan and building permit approvals for Phase 1 by November 2022.

Overall financial feasibility and viability: This project will benefit from economies of scale. Although this application contemplates only the first building, BCHA is planning wholistically for funding and design of the entire neighborhood. With a coordinated approach to neighborhood development BCHA aims to reduce administrative costs and efforts, and to leverage investor opportunity across the entire development. BCHA will create synergies and financial advantages by pursuing a 9% competitive round for this first 63-unit senior building and then applying for the second part of Phase 1 (93 family affordable units) in the 4% and CHFA PAB pool. Financial support from Lafayette (land purchase and assignment to BCHA) has made the Project financially viable.

Experience and track record of the development and management team: BCHA has provided affordable housing in Boulder County since 1975. BCHA’s mission is to foster the availability of quality, affordable housing and related services for County residents. BCHA is directly involved with the development, construction, preservation and financing of a portfolio containing 837 homes (in 58 properties within 7 cities/towns) that are owned, managed and maintained by BCHA. BCHA has assembled a team that includes experience in all facets of planning, financing, constructing, managing, and maintaining affordable housing. Collectively, the team has more than 80 years of experience in housing.

Project costs: BCHA is committed to financing and implementing the infrastructure for the entire Willoughby Corner site so that each phase has the access and infrastructure required. BCHA will then be repaid by each phase on a per unit ratio as arranged through a cost-sharing agreement. Costs for Willoughby Senior Apartments include the per unit pro rata costs (63 units out of 400 total units, or 15.75%) for the total site infrastructure to allow BCHA to provide necessary infrastructure for the site (see Cost Estimate section for more details). Included in the per unit infrastructure cost are gardens, recreation areas, parks, orchards, and plazas, as well as pedestrian-centric roads and planned public transportation options. For comparison, the

$22k per unit cost is less than one parking stall in a structured garage ($23-25k) and will provide significant amenities to residents at Willoughby Corner. Costs specific to the Project benefit from BCHA's coordinated approach to the entire development.

Site suitability: There is a scarcity of available land to develop in Lafayette due to Open Space boundaries and growth limits from the City. This site is ideal for residents because of its proximity to Open Space and existing neighborhoods. Less than one mile from Willoughby Corner is the historic downtown of Lafayette with restaurants, boutiques, services, museums, and public art. Within a one-mile radius are three schools, the Coal Creek Flagg Park Trailhead, the Great Bark Dog Park, and Josephine Roche Open Space. Within a two-mile radius are grocery stores, the Bob L. Berger Recreation Center, and Waneka Lake Park. The project team is collaborating with the Boulder County Regional Trails Manager and the Lafayette Open Space Superintendent to ensure direct connection to the greater network of recreation paths throughout the region (*see Attachment 6: Regional Trail Connections & Open Space*). Additionally, the project will benefit from the City's efforts to create continuous connection to the converted BNSF rail line and the Flagg Park Coal Creek multi-use trails.

3. **No waiver on underwriting criteria nor CHFA basis boost requested.**
4. **Address any issues raised by the market analyst in the market study.**

The market study raises the issue of poor transit options in Lafayette. The project team is working directly with RTD to extend bus service directly to the site, providing our residents and surrounding neighbors with direct access to the regional public transportation system. The market analyst also recommended Income Averaging, which was contemplated at length by the development team but is not currently financially feasible due to the IRS guidance around Income Averaging. BCHA believes the high capture rate for the 60% AMI units does not reflect the actual need in this PMA after adjusting for very large waiting lists on Boulder County senior properties, in-migration and displacement of residents due to the Marshall Fires.

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

The potential for herbicides and pesticides has been noted as a potential site condition, due to historic use as agricultural land. However, it is not a recognized environmental condition for the project. The overall site grading will require clean fill to be brought onsite as topsoil, thereby mitigating any soil issues and soils would be tested prior to any food cultivation activities on the site.

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

Escalation due to supply chain issues, transportation and material cost increases are driving construction budgets upwards across the nation. BCHA currently has a project that has been under construction since September 2019 and the development team is familiar with managing construction costs in highly turbulent market conditions. BCHA is creating a culture of design-build among design and construction consultants, so the response will be unified and nimble if cost increases occur.

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

This project is the result of a partnership between Boulder County, BCHA and the City of Lafayette. The City showed their commitment with a significant financial contribution - $3.5M purchase of the land and waived fees – and formalized their faith in BCHA's ability to deliver with an IGA. The Pachner Company ("TPC") has worked with BCHA to create a community outreach plan and BCHA remains committed to being sensitive to a range of audiences and communication preferences (*see Attachment 7: Public Engagement Plan*). While the pandemic has caused some challenges, BCHA has prioritized sharing current information via the website – www.willoughbycorner.org. Mailings, email newsletters, informal coffee meetings, phone calls, and Instagram stories are other real-time methods for spreading the word about public hearings and project updates. The East Lafayette Advisory Committee (ELAC) was created to provide a forum for neighbors to voice concerns, advocate for their needs, and ensure Willoughby Corner is developed in the best interest of current and future

Lafayette residents (*see Attachment 8: ELAC*). Letters of support show the wide reach and strong level of support by local and regional organizations, jurisdictions, and members of the public (*see Attachment 9: Local Letters of Support*).