

APPLICATIONS REVIEWED IN MARCH

**Colorado Department of Local Affairs, Division of Housing
Pro/Con for 11-031 - Denver Co.- Northeast Denver Housing Center-
Denver Educational Senior Citizens, Inc. (DESCI)**



Application Number: 11-031

Application Name: Denver Co.- Northeast Denver Housing Center- Denver Educational Senior Citizens, Inc. (DESCI)

Address: 1735 Gaylord St., Denver, CO 80206

Contact Name: Mr. Ken Hoagland

Phone: 303-808-8771

Contact's Title: President, Community Capital Corp.

Email: ken@commcapcorp.net



Project Address: 1901 E. 13th Ave, Denver, CO 80206

Project Description: Northeast Denver Housing Center, Inc (NDHC) is awarded a CHDO predevelopment loan for \$25,000. As the project sponsor, NDHC will act as the fiscal agent to pass through CHDO predevelopment loan funds to Denver Education Senior Citizens, Inc (DESCI), a nonprofit housing corporation that owns and manages a 93-unit senior property in Denver. DESCI will use the CHDO predevelopment loan funds to conduct a market analysis, perform an architectural and engineering assessment and hire a consultant to design a strategy for financing the rehabilitation of the 52 year-old building.

The funds will be loaned from DOH to NDHC at 0% interest. If DESCI's analysis indicates that the rehabilitation is deemed feasible, CHDO predevelopment loan funds will be repaid from a forthcoming HOME contract for rental rehabilitation submitted by DESCI in accord with 24 CFR 92.208.

**Colorado Department of Local Affairs, Division of Housing
 Pro/Con for 11-031 - Denver Co.- Northeast Denver Housing Center-
 Denver Educational Senior Citizens, Inc. (DESCI)**



<u>Program Budget</u>					
<u>Project Activities</u>	<u>Total Project Cost</u>	<u>State Funds Requested</u>	<u>Other Funds</u>	<u>Source</u>	<u>Status</u>
Appraisal Update	\$1,000		\$1,000	DESCI	Committed
Capital Needs Assessment	\$4,650		\$4,650	IFMA- in kind	Committed
Consultant- 2010	\$15,000		\$15,000	DESCI	Committed
Market Analysis	\$13,000	\$6,000	\$7,000	Mile High Community Loan Fund (MHCLF)	Pending
	\$4,350		\$4,350	DESCI	
Architect & Engineering	\$12,000	\$12,000	\$0		Pending
Consultant- 2011	\$29,000	\$7,000	\$22,000	MHCLF	Pending
<u>Totals</u>	<u>\$79,000</u>	<u>\$25,000</u>	<u>\$54,000</u>		

Colorado Department of Local Affairs, Division of Housing
Pro/Con for 11-031 - Denver Co.- Northeast Denver Housing Center-
Denver Educational Senior Citizens, Inc. (DESCI)



Pro/Con Narrative

Management Capacity:

Pro:

1. Northeast Denver Housing Center, Inc (NDHC) is a high performing CHDO and has experience as a sponsor and developer for affordable housing projects.
2. DESCI is hiring an experienced affordable housing consultant to analyze the results of the appraisal, market study, architect/ engineering study and capital needs assessment.

Con:

As a future applicant, DESCI does not have previous experience with HOME funds.

Public/Private Commitment:

Pro:

1. Anticipated sources of funding for the full rehabilitation project include the City of Denver, Private Activity Bonds and 4% tax credits.
2. DESCI has committed \$4,650 of in-kind contributions and \$16,000 of equity toward predevelopment expenses.
3. There is currently no hard debt on the property; DESCI may have the capacity to take on debt service, per the recommendations of the consultant.

Con:

None.

Market Demand:

Pro:

1. Property is currently 98% occupied and has a wait list of over 200 persons.
2. Property is centrally located near transit, services and retail.

Con:

Property is considering revising unit mix based on recommendations from market study. Loss of some affordable units may occur between now and when application for rehabilitation is received.

Explain Variances from Ranges:

- * As the grantee, NDHC is acting as the fiscal agent to pass through CHDO predevelopment loan funds.
- * The City of Denver does not provide CHDO predevelopment loans, so there is not a match from the local entitlement.

**Colorado Department of Local Affairs, Division of Housing
Pro/Con for 11-031 - Denver Co.- Northeast Denver Housing Center-
Denver Educational Senior Citizens, Inc. (DESCI)**



Other Projects Funded in Denver County Since 04-05-2010

<u>Project#</u>	<u>Project Name</u>	<u>Contract Amount</u>
11-019	Denver City and County - Renaissance Housing Development Corporation - CHDO Operating	\$50,000
10-035	Denver Co. - Rocky Mountain HDC, Inc. - Program Admin/Ops.	\$35,000
11-016	Denver Co. Newsed CDC, Inc. - Newsed CHDO Operating	\$23,000
10-040	Denver Co.- Del Norte Neighborhood Development Corp.-Veterans Apt.-Rental Acq. New Construction Pre-Dev.	\$450,000
10-076	Denver Co.-Mercy Housing Mountain Plains-Bluff Lake Apartment Homes-New Construction	\$166,995
10-076	Denver Co.-Mercy Housing Mountain Plains-Bluff Lake Apartment Homes-New Construction	\$712,005
10-060	Denver Co.-Newsed CDC, Inc.-Newsed CHDO Operating	\$23,000
10-058	Denver Co.-Northeast Denver Housing Center, Inc.-CHDO Operating	\$11,900
11-001	Denver Co.-Renaissance Housing Development Corp.-West End Flats-Rental/Acq/New Construction	\$1,000,000
10-049	Denver Co.-Yale Station LLC-Rental New Construction	\$200,000
11-009	Denver County-Northeast Denver Housing Center- CHDO	\$24,123
11-032	Metro Denver - Colorado Coalition for the Homeless - TANF Amendment	\$169,720
Total Award for County:		\$2,865,743

Other Projects Funded for Northeast Denver Housing Center, Inc. Since 04-05-2010

<u>Project#</u>	<u>Project Name</u>	<u>Contract Amount</u>
10-058	Denver Co.-Northeast Denver Housing Center, Inc.-CHDO Operating	\$11,900
11-009	Denver County-Northeast Denver Housing Center- CHDO	\$24,123
Total Award for Grantee:		\$36,023

Denver County AMI: \$75,900

Staff Recommendation:

Full funding of \$25,000 to match project equity contribution:

- * NDHC has strong track record of performance and compliance.
- * CHDO's are allowed to sponsor projects that are within their mission and service area, resulting in increased capacity to develop additional affordable units.

SHB Recommendation:

Date of SHB Meeting: 03/08/11

Gregory	Full Funding	Rosser	Full Funding
Coil	Full Funding	Weitkunat	Full Funding
Hatcher	Full Funding	Zucker	Full Funding
Lucero	Absent		

SHB Conditions:

**Colorado Department of Local Affairs, Division of Housing
Pro/Con for 11-038 - Boulder County-Longmont Housing
Development Corporation-The Hearthstone at Hover Crossing**



Application Number: 11-038

Application Name: Boulder County-Longmont Housing Development Corporation-The Hearthstone at Hover Crossing

Address: 1228 Main Street, Longmont, CO 80501

Contact Name: Ms. Mary Anderies

Phone: 303-433-4401

Contact's Title: Housing Consultant

Email: Mary@AnderiesConsulting.com



THE HEARTHSTONE AT HOVER CROSSING
A SENIOR RENTAL HOUSING DEVELOPMENT
1765 COOK COURT, LONGMONT, CO 80501

Project Address: 1765 Cook Court, Longmont, CO 80501

Project Description: The Longmont Housing Development Corporation (LHDC) has received a grant of \$400,000 in HOME CHDO set-aside funds to assist in the new construction of fifty (50) units of affordable, senior rental housing in Longmont with the following unit mix: forty-nine (49) one-bedroom units for households at or below 50% AMI and one (1) unrestricted two-bedroom unit for a resident manager. This project will utilize HUD 202 project funding (rental housing for very low-income seniors) and will include rental assistance for 49 units, thus allowing residents to pay no more than 30% of their adjusted gross income for rent.

**Colorado Department of Local Affairs, Division of Housing
Pro/Con for 11-038 - Boulder County-Longmont Housing
Development Corporation-The Hearthstone at Hover Crossing**



<u>Affordability</u>			
<u>Type of Units</u>	<u>Number of Bedrooms</u>	<u># of Units</u>	<u>Income of Beneficiaries</u>
HOME	1 Bedrooms	3	<= 50% AMI (\$44,800)
		<u>Total HOME Units:</u>	<u>3</u>
OTHER AFFORDABLE	1 Bedrooms	46	<= 50% AMI (\$44,800)
		<u>Total OTHER AFFORDABLE Units:</u>	<u>46</u>
UNRESTRICTED	2 Bedrooms	1	<= 120% AMI (\$107,520)
		<u>Total UNRESTRICTED Units:</u>	<u>1</u>
		<u>Total Units:</u>	<u>50</u>

<u>Program Budget</u>					
<u>Project Activities</u>	<u>Total Project Cost</u>	<u>State Funds Requested</u>	<u>Other Funds</u>	<u>Source</u>	<u>Status</u>
Acquisition Costs	\$240,000		\$240,000	City of Longmont	Committed
	\$161,440		\$161,440	HUD	Committed
Construction Costs	\$6,010,060		\$6,010,060	HUD	Committed
	\$90,000		\$90,000	FHLB	Pending
	\$15,000		\$15,000	Platte River Power Authority	Pending
	\$240,000	\$240,000	\$0	DOH	Pending
Design Fees	\$395,000		\$395,000	HUD Planning Grant	Pending
	\$96,100		\$96,100	HUD	Committed
Interim Costs	\$157,442		\$157,442	HUD	Committed
Permanent Financing Fees	\$41,000		\$41,000	HUD	Committed
Project Management	\$120,000		\$120,000	LHDC	Committed
	\$5,000		\$5,000	HUD	Committed
Developer's Fee	\$160,000	\$160,000	\$0	DOH	Pending
	\$160,000		\$160,000	FHLB	Pending
	\$27,604		\$27,604	HUD	Committed
Building Permit & Tap Fees	\$250,000		\$250,000	City of Longmont	Committed
	\$304,055		\$304,055	HUD	Committed
<u>Totals</u>	<u>\$8,472,701</u>	<u>\$400,000</u>	<u>\$8,072,701</u>		

**Colorado Department of Local Affairs, Division of Housing
 Pro/Con for 11-038 - Boulder County-Longmont Housing
 Development Corporation-The Hearthstone at Hover Crossing**



Project Assessment For Rental New Construction			
Criteria	Project Data		DOH Range
Building Cost			
Cost/Unit/Square Feet	\$169,454 /Unit	\$195 /SF	\$135 - \$205
Hard Cost/Unit/Square Feet	\$138,182 /Unit	\$159 /SF	\$105 - \$160
Soft Cost/Unit/Square Feet	\$23,459 /Unit	\$27 /SF	\$24 - \$40
Land Cost/Unit	\$7,813 /Unit		\$10,000 - \$18,000
Hard/Soft Cost?	85 % Hard	15 % Soft	
Cost Effectiveness Rating			
DOH Subsidy/Unit	\$8,000		\$2,000 - \$10,000
Annual Cost/Person	\$2,769	Score: 3 40 Years	1 - 10
Externality Rating	8	Score: 8	1 - 10
Rent Savings Rating	57	Score: 10	1 - 10
Financial Leveraging Rating	10	Score: 10	1 - 10
Composite Score		31	1 - 40
Operating Cost			
PUPA	\$4,558		\$3,700 - \$4,700
Annual Replacement Reserve			\$300 (\$250 for seniors)
Debt Coverage Ratio			1.10 - 1.20
Capitalized Operating Reserve	months		4 months debt & operating costs
Financial Commitments			
Terms of Primary Financing	40 yrs	%	
P.V. Tax Credits			0.75 - 0.85
Other Criteria			
Fully Accessible Units	3	6 %	5% of units encouraged
Visitable Units	50	100 %	All units encouraged
Energy Star Units	50	100 %	Units have minimum 80 HERS rating or equivalent
Water Efficient Landscape	Y		Denver Water Board recommendation
30% AMI Units	0	0 %	5% of units encouraged
DOH Requirements			
Consolidated Plan Priority	Special Needs		
CDOH Funding Eligibility	HOME		HOME, CDBG, HDG

**Colorado Department of Local Affairs, Division of Housing
Pro/Con for 11-038 - Boulder County-Longmont Housing
Development Corporation-The Hearthstone at Hover Crossing**



Pro/Con Narrative

Management Capacity:

Pro:

1. The Longmont Housing Development Corporation (LHDC) is a subsidiary of the Longmont Housing Authority (LHA). Together they own 192 units of affordable rental housing. Their properties include The Lodge at Hover Crossing, another HUD 202 funded senior rental housing development located on an adjoining parcel of land. All of their units are managed by Hudson Real Estate Company, an experienced affordable housing management company.
2. LHDC's Executive Director, Michael Reis, has 20 years experience in affordable housing development, and their on-staff construction manager has over 30 years experience in construction.
3. LHDC has contracted with Mary Anderies, Housing Consultant, to assist them with the HUD 202 funding for this project. Mary has over 30 years experience working with the elderly and disabled and extensive experience with HUD on 202 and 811 projects.

Con: None.

Public/Private Commitment:

Pro:

1. The City of Longmont has an inclusionary zoning ordinance for 10% of all new residential development to be affordable to households earning less than 80% AMI. In lieu of developing the affordable units, the developer of Hover Crossing, P.U.D. where this project is located, agreed to sell a parcel of land totalling 3.82 acres to LHDC at the discounted price of \$760,000 for the development of 100 units of affordable rental housing. Parcel A was developed in 2009 as The Lodge at Hover Crossing (50 units). Parcel B (1.96 acres) will be developed as The Hearthstone at Hover Crossing.
2. The City of Longmont provided LHDC with a loan from the Affordable Housing Fund to purchase the land in May 2005. The City has agreed to convert the loan of \$240,000 (the portion of the loan allocated to this project) to a patient second mortgage payable at the end of 40 years. The City has also agreed to waive approximately \$250,000 in permit and tap fees for this project.
3. LHDC was awarded a total of \$6,802,700 in HUD 202 Capital Advance funds in July 2010. They have also applied for a HUD pre-development planning grant of \$395,000 and expect to receive notice of that award very soon.

Con: None.

Market Demand:

Pro:

1. The market demand for affordable senior rental housing is increasing annually. The rent for a one-bedroom apartment in Longmont averages \$776/month. Studies show most low income seniors are paying more than 30 - 50% of their incomes for housing costs. In 2010 the average income of the 49 residents at The Lodge at Hover Crossing was \$12,500 and the average rent paid by the tenant was \$305/month. The HUD-funded PRAC (Project Rental Assistance Contract) makes up the difference in monthly rent payments.
2. The Lodge at Hover Crossing was completed in July 2009 and was fully leased within 30 days. The vacancy rate for that property in 2010 was 0.5%. It has a current waiting list of 160 people. Additionally, 92% of the residents have incomes below 30% AMI.

Con: None.

Explain Variances from Ranges:

1. The amount of Replacement Reserve contribution is calculated by HUD formula and is \$612/unit/year.
2. The Operating Reserve is calculated by HUD formula and is capitalized at \$10,000.

**Colorado Department of Local Affairs, Division of Housing
 Pro/Con for 11-038 - Boulder County-Longmont Housing
 Development Corporation-The Hearthstone at Hover Crossing**



Other Projects Funded in Boulder County Since 04-05-2010

<u>Project#</u>	<u>Project Name</u>	<u>Contract Amount</u>
11-005	Boulder County, Four Mile Fire	\$141,639
11-010	Boulder County- Longmont Housing Development Corporation- CHDO operating	\$55,000
Total Award for County:		\$196,639

Other Projects Funded for Longmont Housing Development Corporation Since 04-05-2010

<u>Project#</u>	<u>Project Name</u>	<u>Contract Amount</u>
Total Award for Grantee:		

Boulder County AMI: \$89,600

Staff Recommendation:

Full Funding

SHB Recommendation:

Date of SHB Meeting: 03/08/11

Gregory	Full Funding	Rosser	Full Funding
Coil	Full Funding	Weitkunat	Full Funding
Hatcher	Full Funding	Zucker	Full Funding
Lucero	Absent		

SHB Conditions:

Colorado Department of Local Affairs, Division of Housing
Pro/Con for 11-039 - Boulder County-Longmont Housing Authority-
The Suites



Application Number: 11-039

Application Name: Boulder County-Longmont Housing Authority-The Suites

Address: 1228 Main Street, Longmont, CO 80501

Contact Name: Ms. Sarah Batt

Phone: 303-726-8199

Contact's Title: Consultant

Email: sarah@dwellingdev.com



Project Address: 2000 Sunset Way, Longmont, CO 80501

Project Description: The Longmont Housing Authority (LHA) will receive a grant of \$800,000 to pay off a bridge loan for acquisition of "The Suites," an extended-stay hotel next to the Twin Peaks Mall in Longmont. The property comes fully furnished, and the site is within a half mile of a future light rail stop on the Diagonal Highway. It will have 72 permanent supportive housing units operating on the Housing First model, with Section 8 Project Based Rental Assistance from LHA. There will be 59 one bedroom apartments and 13 two bedrooms. LHA will oversee property management and coordinate with service providers. LHA hopes to master lease between one-third and one-half of the units directly to service agencies, and intends to make supportive services available to all residents. Rehab work will include: replacing and adding insulation to the roof, replacing the boilers and the air conditioning chillers, repairing furnaces and exterior concrete. The property also includes enough land to construct a second building of similar size – eventually.

Colorado Department of Local Affairs, Division of Housing
Pro/Con for 11-039 - Boulder County-Longmont Housing Authority-
The Suites



<u>Affordability</u>			
<u>Type of Units</u>	<u>Number of Bedrooms</u>	<u># of Units</u>	<u>Income of Beneficiaries</u>
HOME	1 Bedrooms	6	<= 30% AMI (\$26,900)
		1	<= 50% AMI (\$44,800)
	2 Bedrooms	2	<= 30% AMI (\$26,900)
	Total HOME Units:		9
OTHER AFFORDABLE	1 Bedrooms	48	<= 50% AMI (\$44,800)
		3	<= 60% AMI (\$53,760)
	2 Bedrooms	10	<= 50% AMI (\$44,800)
		1	<= 60% AMI (\$53,760)
Total OTHER AFFORDABLE Units:		62	
UNRESTRICTED	1 Bedrooms	1	<= 120% AMI (\$107,520)
	Total UNRESTRICTED Units:	1	
Total Units:		72	

<u>Program Budget</u>					
<u>Project Activities</u>	<u>Total Project Cost</u>	<u>State Funds Requested</u>	<u>Other Funds</u>	<u>Source</u>	<u>Status</u>
Bridge Loan for Acquisition	\$1,175,000	\$875,000	\$300,000	City of Longmont	Committed
	\$475,000		\$475,000	City of Longmont	Pending
	\$4,300,000		\$4,300,000	First Bank	Pending
Appraisal, Survey, Phase I	\$13,000		\$13,000	First Bank	Pending
Rehabilitation	\$343,600		\$343,600	First Bank	Pending
Contingency	\$59,500		\$59,500	First Bank	Pending
Title & Recording	\$15,000		\$15,000	First Bank	Pending
Loan Fees & Expenses	\$28,900		\$28,900	First Bank	Pending
	\$47,250		\$47,250	Longmont Housing Authority	Committed
Attorney Fees	\$25,000		\$25,000	Longmont Housing Authority	Committed
Developer Fee	\$0		\$0	Longmont Housing Authority	Committed
Operating & Debt Service Reserve	\$195,523		\$195,523	Longmont Housing Authority	Committed
First Year Insurance	\$18,000		\$18,000	Longmont Housing Authority	Committed
	\$0		\$0		
Consultants	\$35,000		\$35,000	Longmont Housing Authority	Committed
Totals	\$6,730,773	\$875,000	\$5,855,773		

Colorado Department of Local Affairs, Division of Housing
Pro/Con for 11-039 - Boulder County-Longmont Housing Authority-
The Suites



Project Assessment For Rental Acquisition with Rehab			
Criteria	Project Data		DOH Range
Building Cost			
Cost/Unit/Square Feet	\$93,483 /Unit	\$93 /SF	\$100 - \$140
Hard Cost/Unit/Square Feet	\$82,099 /Unit	\$81 /SF	\$90 - \$120
Soft Cost/Unit/Square Feet	\$5,384 /Unit	\$5 /SF	\$10 - \$20
Hard/Soft Cost?	94 % Hard	6 % Soft	
Cost Effectiveness Rating			
DOH Subsidy/Unit	\$12,153		\$2,000 - \$10,000
Annual Cost/Person	\$1,756	Score: 5 30 Years	1 - 10
Externality Rating	8	Score: 8	1 - 10
Rent Savings Rating	-5	Score: 0	1 - 10
Financial Leveraging Rating	7	Score: 7	1 - 10
Composite Score		20	1 - 40
Operating Cost			
PUPA	\$4,696		\$3,700 - \$4,700
Annual Replacement Reserve			\$300
Debt Coverage Ratio	1.20		1.10 - 1.20
Capitalized Operating Reserve		months	4 months debt & operating costs
Financial Commitments			
Terms of Primary Financing	30 yrs	4.85 %	
P.V. Tax Credits			0.75 - 0.85
Other Criteria			
Fully Accessible Units	2	3 %	5% of units encouraged
Visitable Units	72	100 %	All units encouraged
Energy Star Units	0	0 %	Units have minimum 80 HERS rating or equivalent
Water Efficient Landscape	Y		Denver Water Board recommendation
30% AMI Units	11	15 %	5% of units encouraged
DOH Requirements			
Consolidated Plan Priority	Special Needs		
CDOH Funding Eligibility	HOME		HOME, CDBG, HDG

Colorado Department of Local Affairs, Division of Housing
Pro/Con for 11-039 - Boulder County-Longmont Housing Authority-
The Suites



Pro/Con Narrative

Management Capacity:

Pro:

1. The Longmont Housing Authority (LHA) and its subsidiary the Longmont Housing Development Corp (LHDC) own 192 units of affordable rental housing, and have 28 new units nearing completion at Aspen Meadows. Their properties include Briarwood, a former motel that LHA converted into its main office plus 10 studio apartments that are master leased to supportive service providers. This project will build on their success at Briarwood. All of their units are managed by Hudson Properties, an experienced affordable housing management company.
2. LHA's Executive Director has 20 years experience in affordable housing development, and their on-staff construction manager has over 30 years experience in construction and is well-versed in Davis Bacon. Their Family Services Coordinator has 10 years experience in housing and human services in the Longmont community.
3. LHA has contracted with Sarah Batt, an experienced affordable housing consultant, for project management and financial packaging.
4. LHA has also contracted with the Colorado Coalition for the Homeless for advice on owning and operating supportive housing in the Housing First model.
5. LHA manages over 500 Section 8 Vouchers, and has project-based 12 of them at their new Aspen Meadows development.

Con: None.

Public/Private Commitment:

Pro:

1. The City of Longmont has committed \$300,000 from their Affordable Housing Fund, and is considering a request for another \$300,000 grant plus a \$300,000 interim loan. LHA plans to apply to the FHLB in their next funding round (in 2012) to pay off that loan.
2. LHA/LHDC has committed \$322,823 of their own equity and will not charge the project any developer's fee.
3. LHA plans to apply to the Governor's Energy Office's next funding round (in 2012) for additional energy efficiency rehabilitation.
4. The Longmont community has a strong network of supportive service providers that meet monthly as the Longmont Housing Opportunities Team, with over 50 members. Their 10-Year Plan to End Homelessness was adopted in 2009, followed by Boulder County's 10-Year Plan in 2010.

Con: None.

Market Demand:

Pro:

1. LHA intends to project-base Section 8 vouchers for up to 71 units (all but the manager's unit). In March 2010, LHA opened their Section 8 waitlist and had 884 applicants enter their lottery. They selected and processed 200 for their waitlist, which should account for their next 2 years of turnover.
2. Up to half of the units will be master-leased to local supportive service providers, who will sub-lease units to their clients and who will hopefully bring their own sources of rental assistance, reducing the need for LHA vouchers. LHA will help coordinate services for any other tenants who need such support.
3. The building will not be limited to housing only people who need supportive services.

Con: None.

**Colorado Department of Local Affairs, Division of Housing
Pro/Con for 11-039 - Boulder County-Longmont Housing Authority-
The Suites**



Pro/Con Narrative

Explain Variances from Ranges:

- Total, Hard and Soft costs are below the range because this project does not need extensive rehab and because it is using a very simple financing structure. Plus, LHA is not charging a developer's fee.
- The DOH Subsidy/Unit is above the range because the project is for permanent supportive housing units operating on the Housing First model, with many at 30% AMI (8 units, 11% of the total).
- The Rent Savings Rating is negative because the proforma rents are based on 95% of the FMR, instead of being calculated for the target AMIs. They are affordable at 50-52% of AMI.

To fill in some blanks on the Assessment Chart:

- The Annual Replacement Reserve is \$300 per unit
- The Capitalized Operating Reserve is \$195,523, or 4 months of operating expenses & debt service
- The Terms of Primary Financing is 4.85% interest for 30 years, and there are no tax credits.

<u>Other Projects Funded in Boulder County Since 04-05-2010</u>		<u>Contract Amount</u>
<u>Project#</u>	<u>Project Name</u>	
11-005	Boulder County, Four Mile Fire	\$141,639
11-010	Boulder County- Longmont Housing Development Corporation- CHDO operating	\$55,000
Total Award for County:		\$196,639

<u>Other Projects Funded for Longmont Housing Authority Since 04-05-2010</u>		<u>Contract Amount</u>
<u>Project#</u>	<u>Project Name</u>	
Total Award for Grantee:		

Boulder County AMI: \$89,600

Staff Recommendation:

Full Funding, conditioned on HUD approval of LHA's Project Based Assistance.

- Permanent, supportive housing
- Strong local financial commitment, especially from LHA

SHB Recommendation:

Date of SHB Meeting: 03/08/11

Gregory	Full Funding	Rosser	Full Funding
Coil	Full Funding	Weitkunat	Full Funding
Hatcher	Full Funding	Zucker	Full Funding
Lucero	Absent		

SHB Conditions:

Their recommendation is conditioned on receiving approval from HUD allowing the Longmont Housing Authority to Project-Base Vouchers at this project.

APPLICATIONS TO BE REVIEWED IN APRIL

**Colorado Department of Local Affairs, Division of Housing
Pro/Con for 11-011 - San Miguel County- Town of Mountain Village
Housing Authority - Village Court Apartments**



Application Number: 11-011

Application Name: San Miguel County- Town of Mountain Village Housing Authority - Village Court Apartments
Address: 415 Mountain Village Blvd., Mountain Village, CO 81435
Contact Name: Mr. Greg Sparks **Phone:** 970-369-6404
Contact's Title: Town Manager **Email:** gsparks@mtnvillage.org



Project Address: 415 Mountain Village Blvd., Mountain Village, CO 81435

Project Description: The Town of Mountain Village is requesting a grant of \$1,320,000 to rehabilitate 88 affordable rental units that have been damaged by moisture, mold, and dry rot. In 2009, the Town discovered water damage and mold during the course of scheduled replacement of windows in the 222-unit Village Court Apartments. The project had been constructed in phases between 1991 and 2006 using bond financing, and was owned and operated by the Town of Mountain Village Housing Authority which had recently refinanced the project.

A needs assessment was completed along with environmental testing, and estimates for mitigation and repairs were made. The Town used \$1,300,000 in Housing Authority reserves to begin repairs in 2009 and 2010 to address the first 134 units. The remaining 88 units are estimated to cost \$1,700,000. The Town will use \$500,000 from general funds to complete the renovation.

Renovation includes window replacement, replacement of insulation, sheathing, siding, windows, and roof covering. Structural components are being addressed as needed, ventilation fans are being added to bathrooms, crawl spaces, and attic spaces. Drainage improvements are being made to prevent future damage, including the addition of snow fencing. Mold remediation includes replacement of contaminated surfaces, and replacement of exterior and interior finishes where disturbed.

**Colorado Department of Local Affairs, Division of Housing
 Pro/Con for 11-011 - San Miguel County- Town of Mountain Village
 Housing Authority - Village Court Apartments**



<u>Affordability</u>			
<u>Type of Units</u>	<u>Number of Bedrooms</u>	<u># of Units</u>	<u>Income of Beneficiaries</u>
CDBG	1 Bedrooms	40	<= 50% AMI (\$38,400)
	2 Bedrooms	48	<= 60% AMI (\$46,080)
	Total CDBG Units:	88	
	Total Units:	88	

<u>Program Budget</u>					
<u>Project Activities</u>	<u>Total Project Cost</u>	<u>State Funds Requested</u>	<u>Other Funds</u>	<u>Source</u>	<u>Status</u>
Rehabilitation of Existing Structures	\$1,820,000	\$1,320,000	\$500,000	Mountain Village	Committed
Totals	\$1,820,000	\$1,320,000	\$500,000		

**Colorado Department of Local Affairs, Division of Housing
Pro/Con for 11-011 - San Miguel County- Town of Mountain Village
Housing Authority - Village Court Apartments**



Project Assessment For Rental Acquisition with Rehab			
Criteria	Project Data		DOH Range
Building Cost			
Cost/Unit/Square Feet	\$20,682 /Unit	\$38 /SF	\$100 - \$140
Hard Cost/Unit/Square Feet	\$20,682 /Unit	/SF	\$90 - \$120
Soft Cost/Unit/Square Feet	\$0 /Unit	/SF	\$10 - \$20
Hard/Soft Cost?	100 % Hard	0 % Soft	
Cost Effectiveness Rating			
DOH Subsidy/Unit	\$15,000		\$2,000 - \$10,000
Annual Cost/Person	\$297	Score: 10 30 Years	1 - 10
Externality Rating	9	Score: 9	1 - 10
Rent Savings Rating		Score:	1 - 10
Financial Leveraging Rating		Score:	1 - 10
Composite Score		19	1 - 40
Operating Cost			
PUPA	\$6,294		\$3,700 - \$4,700
Annual Replacement Reserve	\$0		\$300
Debt Coverage Ratio	1.03		1.10 - 1.20
Capitalized Operating Reserve	0 months		4 months debt & operating costs
Financial Commitments			
Terms of Primary Financing	30 yrs	1.70 %	
P.V. Tax Credits			0.75 - 0.85
Other Criteria			
Fully Accessible Units	32	36 %	5% of units encouraged
Visitable Units	32	36 %	All units encouraged
Energy Star Units	88	100 %	Units have minimum 80 HERS rating or equivalent
Water Efficient Landscape	Y		Denver Water Board recommendation
30% AMI Units	0	0 %	5% of units encouraged
DOH Requirements			
Consolidated Plan Priority	High		
CDOH Funding Eligibility	CDBG		HOME, CDBG, HDG

**Colorado Department of Local Affairs, Division of Housing
 Pro/Con for 11-011 - San Miguel County- Town of Mountain Village
 Housing Authority - Village Court Apartments**



Pro/Con Narrative

Management Capacity:

PRO: The Town of Mountain Village owns and operates several affordable housing properties including the 222 units in Village Court Apartments built between 1991 and 2006. They also participate in the San Miguel County Regional Housing Authority which provides education, advocacy, and development of affordable housing. Mt. Village has the capacity to complete the rehabilitation of the damaged units.

CON: Staff turnover has left some gaps in the record-keeping and reporting functions regarding tenant documentation, qualification of tenants, and quarterly reporting. DOH recommends that a Mt. Village staffer be trained in management and record keeping for low income housing projects, and proposes to add this as a requirement to the Project Performance Plan.

Public/Private Commitment:

PRO: The Town of Mountain Village is providing \$500,000 for the remaining rehabilitation of units. This follows \$1,300,000 spent in 2009 for the first phase of rehabilitation. Any shortfalls will be funded from the Mtn. Village general fund. Once repairs are complete reserve accounts will be built back up. The property was appraised at \$8,892,324 as of May 2010 indicating a cost to cure deficiencies of \$1,342,324.

CON: Village Court Apartments were refinanced in recent years with an interest rate that is currently 1.7% through 8/31/2015 when it will adjust, no additional funds can be generated by borrowing. Current debt service ration is low - 1.03:1

Market Demand:

PRO: Vacancy in the Town of Mountain Village is currently estimated at 3.6 percent. This includes a 30 unit apartment project that is currently uninhabitable due to mold and moisture problems similar to those of the subject property. Home ownership opportunities are extremely limited due to high land costs, and competition for materials and labor from the wealthy second-home market. Approximately 500 low/moderate income residents live in the subject complex.

CON: None.

Explain Variances from Ranges:

Construction costs are high due to remote location and high cost of materials and labor. Costs reflect the need to build and maintain for extreme weather conditions. Current operating expense levels reflect increased spending of repair and maintenance budgets as part of the renovation and mitigation process. Reserve accounts have been expended. Repair and maintenance costs are expected to return to more normal levels once renovation is completed, as evidenced by units completed to date. The Town will begin replacing reserve accounts as expenses decrease and cash flows improve.

<u>Other Projects Funded in San Miguel County Since 04-05-2010</u>		
<u>Project#</u>	<u>Project Name</u>	<u>Contract Amount</u>
		Total Award for County:

<u>Other Projects Funded for Town of Mountain Village Housing Authority Since 04-05-2010</u>		
<u>Project#</u>	<u>Project Name</u>	<u>Contract Amount</u>
		Total Award for Grantee:

Colorado Department of Local Affairs, Division of Housing
Pro/Con for 11-011 - San Miguel County- Town of Mountain Village
Housing Authority - Village Court Apartments



San Miguel County AMI: \$76,800

Staff Recommendation:

Partial funding of \$880,000, or \$10,000 per unit.

SHB Recommendation:

Date of SHB Meeting: 04/12/11

Gregory		Rosser	
Coil		Weitkunat	
Hatcher		Zucker	
Lucero			

SHB Conditions:

Colorado Department of Local Affairs, Division of Housing
Pro/Con for 11-041 - Fremont County - Fremont County - North Park
II Redo



Application Number: 11-041

Application Name: Fremont County - Fremont County - North Park II Redo

Address: 615 MACON AVENUE, CANON CITY, CO 81212

Contact Name: Mr. William Simpson

Phone: 303-887-0986

Contact's Title: Member, Managing General Partner

Email: wsimpson53@msn.com



Project Address: 1401 Washington Street, Canon City, CO 81212

Project Description: Fremont County requests a grant of \$480,000 to purchase factory-built homes for a rental housing development just north of Canon City. North Park was originally built as a tax-credit rental project in 3 phases, using mobile homes. After the tax credits expired on Phase I, the owner refinanced it with fresh tax credits and replaced all of the mobile homes with factory-built homes on permanent foundations. Phase II's tax credits recently expired, and fresh tax credits are ready to be applied to replacing those 25 units. Phase III's original tax credit financing has not expired, but its 8 mobile homes also need to be replaced, and so they are included in this request – but they are not part of the new tax credit or first mortgage loan financing. Those 8 units will be funded by owner's equity and this grant request. All together, this project would replace 33 units with new single-family rental homes in a mix of 2, 3 & 4 bedrooms; affordable at 30%, 40%, 50% & 60% AMI.

Fremont County would loan the DOH funds to the project's owner/developer/general partner, Sleeping Indian LLC. The loan would be secured by the property, in second position, at 1% interest for 30 years. Fremont County will assign the loan to the Upper Arkansas Area Development Corporation (UAADC) so that it would receive loan payments and, as program income, would reinvest them in future eligible affordable housing projects.

**Colorado Department of Local Affairs, Division of Housing
Pro/Con for 11-041 - Fremont County - Fremont County - North Park
II Redo**



<u>Affordability</u>			
<u>Type of Units</u>	<u>Number of Bedrooms</u>	<u># of Units</u>	<u>Income of Beneficiaries</u>
CDBG	2 Bedrooms	1	<= 30% AMI (\$16,900)
	3 Bedrooms	2	<= 40% AMI (\$22,560)
	<u>Total CDBG Units:</u>	<u>3</u>	
OTHER AFFORDABLE	2 Bedrooms	1	<= 30% AMI (\$16,900)
		2	<= 40% AMI (\$22,560)
	3 Bedrooms	2	<= 60% AMI (\$33,840)
		1	<= 40% AMI (\$22,560)
	4 Bedrooms	8	<= 50% AMI (\$28,200)
		9	<= 60% AMI (\$33,840)
		3	<= 40% AMI (\$22,560)
		4	<= 60% AMI (\$33,840)
<u>Total OTHER AFFORDABLE Units:</u>	<u>30</u>		
<u>Total Units:</u>	<u>33</u>		

<u>Program Budget</u>					
<u>Project Activities</u>	<u>Total Project Cost</u>	<u>State Funds Requested</u>	<u>Other Funds</u>	<u>Source</u>	<u>Status</u>
Acquisition	\$620,400		\$620,400	Owner Equity (Land)	Committed
Appraisal, Market Study, Phase I	\$16,500		\$16,500	Owner Equity (Dev Fee)	Committed
Architect & Engineering	\$366,069		\$366,069	Owner Equity (Dev Fee)	Committed
	\$47,790		\$47,790	First Mortgage	Pending
Building Permit Fees	\$16,250		\$16,250	First Mortgage	Pending
On Site Infrastructure	\$77,400		\$77,400	First Mortgage	Pending
Purchase of Factory-Built Homes	\$938,560	\$480,000	\$458,560	First Mortgage	Pending
	\$3,377,540		\$3,377,540	LIHTC Equity	Committed
Landscaping	\$72,600		\$72,600	LIHTC Equity	Committed
Contingency	\$376,235		\$376,235	LIHTC Equity	Committed
Construction Loan Costs	\$158,750		\$158,750	LIHTC Equity	Committed
Permanent Loan Costs	\$114,875		\$114,875	LIHTC Equity	Committed
Developer Fee	\$480,000		\$480,000	LIHTC Equity	Committed
	\$110,000		\$110,000	Deferred Developer Fee	Committed
Operating & Debt Service Reserve	\$50,000		\$50,000	Deferred Developer Fee	Committed
<u>Totals</u>	<u>\$6,822,969</u>	<u>\$480,000</u>	<u>\$6,342,969</u>		

Colorado Department of Local Affairs, Division of Housing
Pro/Con for 11-041 - Fremont County - Fremont County - North Park
II Redo



Project Assessment For Rental New Construction			
Criteria	Project Data		DOH Range
Building Cost			
Cost/Unit/Square Feet	\$206,757 /Unit	\$173 /SF	\$135 - \$205
Hard Cost/Unit/Square Feet	\$147,230 /Unit	\$123 /SF	\$105 - \$160
Soft Cost/Unit/Square Feet	\$40,727 /Unit	\$34 /SF	\$24 - \$40
Land Cost/Unit	\$18,800 /Unit		\$10,000 - \$18,000
Hard/Soft Cost?	78 % Hard	22 % Soft	
Cost Effectiveness Rating			
DOH Subsidy/Unit	\$14,545		\$2,000 - \$10,000
Annual Cost/Person	\$1,508	Score: 7 30 Years	1 - 10
Externality Rating	6	Score: 6	1 - 10
Rent Savings Rating	1	Score: 0	1 - 10
Financial Leveraging Rating	10	Score: 10	1 - 10
Composite Score		23	1 - 40
Operating Cost			
PUPA	\$4,200		\$3,700 - \$4,700
Annual Replacement Reserve	\$300		\$300 (\$250 for seniors)
Debt Coverage Ratio	1.30		1.10 - 1.20
Capitalized Operating Reserve	2.9 months		4 months debt & operating costs
Financial Commitments			
Terms of Primary Financing	30 yrs	7.00 %	
P.V. Tax Credits	0.73		0.75 - 0.85
Other Criteria			
Fully Accessible Units	2	6 %	5% of units encouraged
Visitable Units	2	6 %	All units encouraged
Energy Star Units	33	100 %	Units have minimum 80 HERS rating or equivalent
Water Efficient Landscape	Y		Denver Water Board recommendation
30% AMI Units	6	18 %	5% of units encouraged
DOH Requirements			
Consolidated Plan Priority	High		
CDOH Funding Eligibility	HOME & CDBG		HOME, CDBG, HDG

Colorado Department of Local Affairs, Division of Housing
Pro/Con for 11-041 - Fremont County - Fremont County - North Park
II Redo



Pro/Con Narrative

Management Capacity:

Pro:

1. Sleeping Indian LLC has acted as general partner, developer, general contractor and property manager for 10 other small rural tax credit projects in Canon City, Pueblo West, Poncha Springs, Lamar and Silver Cliff. It is managed by Bill Simpson, who also has many years of experience as a development consultant, formerly with the National Development Council.

2. UAADC is a CHDO and part of the Upper Arkansas Area Council of Governments (UAACOG), which has run a Mutual Self-Help housing program since 1999, a Single Family Owner-Occupied Rehab program since 1987, and a regional Section 8 program since 1984. UAACOG also provides homebuyer counseling.

Con: None.

Public/Private Commitment:

Pro:

1. Fremont County is sponsoring this application, and wrote letters of support for the project. The public water provider has upgraded the water system serving this site at a cost of \$15,000 (not a part of the project budget).

2. This project has an allocation of 9% tax credits from CHFA for 25 of the 33 units (the rest are not eligible for new tax credits until 2018). The source of the first mortgage is not finalized yet.

3. Sleeping Indian LLC's budget includes a developer's fee of \$590,000 from the 25 new tax credit units, and it will defer \$160,000 to make that project work. It will re-invest \$382,569 to help fund the other 8 units, so it will net only \$47,431. They will also sell the old mobile homes through a dealer, but estimate the net proceeds at only about \$73,000.

4. The value of the developer's equity in the land is about \$620,400.

Con: None of the local governments in this area have funding available to contribute to this project.

Market Demand:

Pro:

1. The market study was done in June 2010, and it supports the project. At that time, it found that the overall project was 98% occupied. The new units will be of much better quality and have a better bedroom distribution (the existing units are all 3 bedrooms).

2. Current vacancies are high (7 of the 33 units), in preparation for replacing units. None of the existing tenants will be displaced – they will be moved to new units as they are completed.

Con: None.

Explain Variances from Ranges:

- Land cost/unit – This is slightly higher than the range, but is supported by an appraisal on the 25-unit tax credit project.

- DOH subsidy/unit – This is high, but the project includes a high percentage of 30% AMI units. Also, there are no local funding resources and these funds will be re-used for new affordable housing projects as the loan is paid off to UAADC.

- Debt Coverage Ratio – This is high due to the equity investor's underwriting requirements, and because the first mortgage loan amount is based on only the 25-unit tax credit project. The loan size is limited by the value of the 25 units and by their net operating income.

- Capitalized Operating Reserve – This was also set by the equity investor, based on only 25 units.

- P.V. of Tax Credits – This is the best price available for a small, rural project, and is documented by the partnership agreement.

**Colorado Department of Local Affairs, Division of Housing
Pro/Con for 11-041 - Fremont County - Fremont County - North Park
II Redo**



<u>Other Projects Funded in Fremont County Since 04-05-2010</u>		<u>Contract Amount</u>
<u>Project#</u>	<u>Project Name</u>	
10-073	Fremont Co.-Upper Arkansas Area Council of Governments-Single Family Owner Occupied Housing Rehab Program	\$148,750
Total Award for County:		\$148,750

<u>Other Projects Funded for Fremont County Since 04-05-2010</u>		<u>Contract Amount</u>
<u>Project#</u>	<u>Project Name</u>	
S8V-005	Fremont County Section 8 Rental Assistance	\$189,880
Total Award for Grantee:		\$189,880

Fremont County AMI: \$56,400

Staff Recommendation:
 Full Funding
 • Preservation of affordable units.
 • High percentage of 30% AMI units.

<u>SHB Recommendation:</u>	<u>Date of SHB Meeting:</u>
Gregory	Rosser
Coil	Weitkunat
Hatcher	Zucker
Lucero	

SHB Conditions: