mihtc application narrative

Project Name: Elmwood North

Project Address: 8000 N. Pecos Street, Denver, CO 80221 (Unincorporated Adams County)

Location

Elmwood North is a 70-unit townhome community located just eight miles northwest of Downtown Denver in unincorporated Adams County. The site is centrally located, with convenient access to I-25, I-76, and Hwy 36, offering excellent connectivity to key employment centers throughout the region. The site is located just 15 minutes north of Downtown Denver, 15 minutes southeast of Broomfield, and 20 minutes southeast of Boulder, all containing regional employment hubs.

Population being served & bedroom mix

Every detail of the 3-story townhomes has been thoughtfully designed with families in mind, including larger, multi-generational households. Each unit features 4 bedrooms and 2.5 bathrooms to maximize density and the number of residents who can be housed. Assuming full capacity (2 people/bedroom), Elmwood North could house up to 576 people.

AMI targeting

Elmwood North has rental rates set at 80% and 90% of AMI. This pricing ensures that rent remains below market levels. The townhome design offers flexibility, allowing the 4th bedroom to be converted into a study, reducing rent while maintaining AMI compliance. This adaptability ensures the units can best meet the evolving needs of the community.

Unit Mix and Rents							
Type	**Unit SF**	**# of Units**	**Price per SF**	**AMI**	**Actual Rent**	**Annual Revenue**	**Total SF**
4-Bedroom ADA UNIT	1,467	3	$ 2.22	80%	$ 3,252	$ 117,072	4,401
4-Bedroom ADA UNIT	1,467	2	$ 2.49	90%	$ 3,658	$ 87,792	2,934
4-Bedroom Above ADA	2,467	2	$ 1.32	80%	$ 3,252	$ 78,048	4,934
4-Bedroom Above ADA	2,467	3	$ 1.48	90%	$ 3,658	$ 131,688	7,401
4-Bedroom	1,501	30	$ 2.17	80%	$ 3,252	$ 1,170,720	45,030
4-Bedroom	1,501	30	$ 2.44	90%	$ 3,658	$ 1,316,880	45,030
Total Units	**1,568**	**70**	**$ 2.20**	**85%**	**$ 3,455**	**$ 2,902,200**	**109,730**

Project amenities

The family-oriented community will have a centrally located playground adjacent to outdoor seating and picnic tables. To the east, Elmwood North shares a border with Sherrelwood Park, which underwent significant upgrades in 2024, including a new playground, picnic area, and landscaping. Delwest contributed $100,000 to these park improvements. A short walk through the park leads to Sherrelwood Elementary School, providing a safe and enjoyable walking path for children residing at Elmwood North. The unit layout provides an ideal setting for home-based childcare providers to operate under a 6+2 home-based childcare license. The proximity to Sherrelwood Park and Sherrelwood Elementary School presents an exciting opportunity for a symbiotic relationship between the development, the school, and the park, creating a thriving, interconnected community. Elmwood North will offer families a comprehensive support system. Parents and caregivers will have the peace of mind that their children are in a safe, enriching environment while they are at work.

Construction and Unit Description

The townhomes will be built using post-tension slab foundations, wood framing, durable building skin materials, pitched roofs, and interior unit stair access for most units. The 5 units located above ADA units will have an exterior stair to reach the front door on the 2nd level. The townhomes will have Luxury Vinyl Plank flooring in the main areas, carpet in bedrooms, tile in bathrooms, granite countertops in the kitchen and bath, shaker style cabinets, and 6 panel doors. Units will have a front porch, washer and dryer, ceiling fans and walk-in closets in the Main Bedroom, Energy Star appliances and window coverings. Overall, quality is above average. Delwest is exploring offsite construction methods to improve quality and reduce costs.

Access to public transportation

Delwest recognizes that public transportation and economic stability are critically connected. The ability for a family to own only one car or no cars results in significant household savings. RTD's Route 19 bus has a stop on Pecos Street directly adjacent to Elmwood North. Route 19 travels north to Thornton and south to the Denver Civic Center, connecting with light rail lines at Pecos Station and Union Station, thus amplifying access to employment centers and decreasing the necessity of costly vehicle ownership. The route travels down17th St in one direction and 15th St when looping back, ensuring most of Downtown Denver is within a very short walk of a bus stop, thereby reducing door-to-door commute times. Delwest will provide 1 Neighborhood EcoPass per unit for 7 years.

Advanced Energy Efficiency and Sustainability Commitment

Delwest has engaged Energetics, an energy and sustainability consulting firm, to advise Delwest on sustainable design solutions for Elmwood North. The residential buildings will be designed to exceed the 2021 IECC. To accomplish this, the team will include high-efficiency split systems with condensing furnaces for space heating and high-efficiency gas water heaters for domestic water heating. The building will be pre-wired for future electrification of space and water heating per the Colorado Model Electric Ready Code. Delwest's design team is committed to implementing water-wise best practices throughout the development inside and out. The project will pursue Energy Star Multi-Family and Zero Energy Ready Homes certifications. Energy Star is a pre-requisite for ZERH. As such, Elmwood North will be certified in both programs. The potential tax credits are $1,000 per townhome unit (ZERH). Delwest is experienced with energy efficiency incentive programs including federal and state energy efficient tax credits. The project will seek all available funding and rebate avenues to ensure energy efficiency, cost reduction for residents, and minimal emissions through electrification and renewable energy sources. In particular, Delwest will pursue the 45L Energy Efficiency Tax Credit as it has before at the Mile High Greyhound Park development in Commerce City.

Utility Cost Reporting – All Delwest buildings are LEED certified, although at different levels. As part of compliance with this system, Delwest has engaged Energetics to upload and report utility costs for all properties. Delwest will extend the Energetics contract to include Elmwood North's required reporting to the Energy Star Portfolio Manager system.

Project Marketability

The project addresses a clear and pressing need for high-quality, middle-income housing in Adams County, Colorado, particularly for families earning between 80% to 90% of AMI. After developing homes in NW Denver, Delwest learned there is significant demand for family housing in the area with multiple bedrooms. The ability to accommodate large families within these 4-bedroom homes, including intergenerational families, enhances its marketability by meeting underserved demand. The short and safe walk to a fun new public playground and an elementary school makes this location highly marketable for families with young children. The location adjacent to a bus route that connects to 4 light rail lines and loops all the way through Downtown Denver ensures strong appeal to working caregivers who benefit from convenient, low-cost transportation.

Marketing, website promotion, and an interest list will start one year before project opening. Delwest Management will start pre-qualifying potential tenants and signing leases 120 days before opening. Delwest will locate a temporary leasing trailer at the property for early marketing and leasing Once CO is received, the leasing activities will be relocated to a model unit. After lease-up, leasing and management activities will be relocated to a small leasing office along the east border of the property as shown on the uploaded site plan.

Distribution of Applications

This development expands access to affordable housing in Adams County, an area experiencing significant demand for high-quality, affordable rental options. Maiker Housing Partners is promoting affordable development in this part of Adams County by working with Delwest to provide property tax abatement for units priced at or below the 80% AMI level. Maiker Housing Partners also plans to include Elmwood North in their voucher referral program.

Project Readiness

Delwest is currently advancing design, permitting, and financing applications to deliver new middle-income units as soon as possible. The financing process has started with Wells Fargo and is expected to close Q1 2026. Land development will start immediately after financial closing and vertical will begin in June 2026, with the first units anticipated to be completed by December 2026. The site is currently undergoing a plat amendment with Adams County. The County Board of Commissioners approval requires two public meetings prior to approval of the plat amendment. Most of this project will be approved administratively. As such, only the PUD amendment for the additional density will be part of a public process. The proposed use is currently approved. The only element under review in the PUD Amendment is the unit density, and therefore we expect this project to be approved by the Board of County Commissioners. The project review process is currently in the third round without material revisions or concerns. We expect approval in late July or August 2025. The building permit review is expected to begin in early Summer 2025, with an anticipated permit issuance in Fall of 2025. The building permit review is an administrative review and approval.

Elmwood North is located within a transportation corridor and meets the requirements and intent of the Colorado Statute HB 24-1007 and HB 24-1304 which are being enacted to remove density limitations and create more affordable housing. The adjacent bus stop qualifies this site for the density and parking requirements allowed under HB 24-1007 and HB 24-1304. The site and Route 19 are located within a bus corridor shown on the DOLA Minimum Parking Requirements Map, so there is no minimum parking requirement allowed for a multi-family development on this site. HB 24-1007 allows greater density and lower parking requirements than shown on the proposed PUD amendment.

Site and Location Suitability

The Elmwood North site is well-suited for middle-income housing development due to its proximity to services and amenities that support family stability and upward mobility. The development is adjacent to Sherrelwood Park, providing residents with immediate access to green space and a safe, walkable path to Sherrelwood Elementary School—an ideal feature for families with young children. Located directly on RTD Bus Route 19, Elmwood North offers convenient public transit options to key employment, education, and cultural hubs throughout the Denver Metro area. The site is also within a short bus ride to the CSLA Boys & Girls Club (1.25 miles), enhancing access to after-school programs and youth services. Additional nearby amenities include Water World (1 mile), ABC Daycare (1.2 miles), Mary's Lil Lambs childcare center (1 mile), HCA HealthONE Mountain Ridge medical facilities, and the King Soopers Shopping Center just (.5 mile). Together, these features make Elmwood North an ideal location for middle-income families seeking affordable, high-quality housing in a connected, resource-rich community.

Development and Management Team Experience

Delwest brings a proven track record of successfully developing and managing high-quality residential communities, demonstrating both the capacity and financial stability necessary to construct and operate Elmwood North. Delwest has delivered a diverse portfolio of housing, including single-family homes, paired homes, townhomes, and multifamily developments. The firm's founder, Joe DelZotto, draws from decades of real estate experience and has held leadership roles within key housing organizations, including Housing Colorado and the CHFA Tax Credit Advisory Group. Delwest's in-house property management division, Delwest Management, has extensive experience in operating units efficiently and in compliance with state and federal affordable housing requirements. The team maintains strong relationships with funding partners and regulatory agencies, and has a solid track record of performance under CHFA-administered programs. Please see the attached Resumes for additional information about Delwest and project consultants.

Length of Affordability Commitment

Delwest is committed to extending the affordability covenant period from the required 30 years to 40 years. This extension will ensure long-term affordability for the residents and Metro Denver community.

Market Conditions

The Market Study for Elmwood North evaluates the project's feasibility by examining local housing demand, supply, and demographic trends. Key Findings are:

- Strong Demand for Family-Oriented Housing: The study identifies a significant shortage of affordable, family-sized rental units in the area. Elmwood North's offering of 4-bedroom townhomes directly addresses this gap, appealing to larger households seeking affordably priced, quality housing options.
- Favorable Demographics: The PMA tenant profile indicates a substantial proportion existing and anticipated middle-income families with children, aligning with the project's target market. The proximity to schools, parks, and childcare facilities enhances the site's appeal to this demographic.

- Limited Competitive Supply: The analysis reveals a scarcity of comparable 4-bedroom rental units in the vicinity, stating there is "virtually no competition for the subject's four-bedroom floorplans in the Primary Market Area." This supports the project's potential for high occupancy rates and stable rental income.
- Accessible Location: Elmwood North benefits from its location near RTD's Route 19. This accessibility facilitates commuting and access to employment centers, further increasing the site's attractiveness to potential residents.

Overall, the market study concludes that Elmwood North is well-positioned to meet an unmet housing need in the community. The combination of unit design, location, and favorable market conditions supports the project's financial feasibility and long-term viability.

Market study concerns

The Market Study concluded Elmwood North will satisfy unmet housing demand in Adams County. One potential concern is the exclusive offering of 4-bedroom units, which may limit the pool of potential renters based on household size and AMI price point driven by bedroom count. The townhome design offers flexibility, allowing the 4th bedroom to be converted into a study, which would result in lower rent levels while maintaining the same AMI. This adaptability ensures the units can best meet the evolving needs of families in the community.

Project Costs

Construction costs have two reliable sources. First, the product is a close copy of The Vista townhomes in Delwest's Greyhound Park development in Commerce City. The Vista is breaking ground in Q2 of 2025. As such, project costs are very recent. Second, construction expert Cory Palmeiro of Palmeiro Group LLC provided another data point for vertical hard costs to confirm the cost estimate. These two sources help mitigate construction cost risk at this phase of development.

Sources & Uses

Sources	Total	% of Total
HUD 221(d)(4) Loan	26,224,500	76%
Developer Land Equity	2,200,000	6.4%
Bridge-to-MIHTC & 45L Tax Credit Equity	5,236,258	15.3%
Delwest Deferred Developer Fee	621,884	2%
Total Sources	**34,282,642**	**100%**

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Uses	Total	Per Unit
Land Purchase	2,200,000	31,429
Pre-Development Costs	896,875	12,813
Land Development Costs	1,253,255	17,904
Vertical Construction Costs	21,163,325	302,333
Indirect Costs	241,300	3,447
Marketing Costs	152,473	2,178
Davis Bacon Cost Increase	634,900	9,070
Working Capital/Lease Up Reserve	1,078,113	15,402
Operating & Deficit Reserve.	833,012	11,900
Developer Fee	1,973,838	28,198
Financing Costs	1,576,089	22,516
Construction Interest	2,279,462	32,564
Total Uses	**34,282,641**	**489,752**

Financing structure description

Senior Construction-to-Perm Loan ($26.2 million) – Delwest has received interest from Wells Fargo for a HUD 221(d)(4) with an interest-only period for 24 months that converts to a 40-year perm loan. Wells Fargo conducted initial underwriting and provided the attached Letter of Interest. While the MIHTC program asks for a 1.15 DSCR, a key benefit of this HUD loan is its relatively low DSCR of 1.11, enabling the loan amount to be as high as 75% LTC. Delwest's proposed use of this loan program will allow Delwest to take advantage of the HUD loan's low coverage ratio, thus preventing the need to find a subordinate loan or equity investor, which significantly reduces financing fees and developer time investment.

Delwest Private Equity ($2.82 million) – Delwest will first contribute the land at its value of $2.2 million. Additionally, Delwest will defer its developer fee of $621k. This relatively low Sponsor cash investment is made possible by the Senior Construction Loan's low DSCR.

MIHTC Tax Credit ($4.9 million) – Delwest is requesting $1.65 million annual MIHTC Tax Credit Equity to close the remaining gap. This equates to $70,704 per unit or $17,675 per bedroom. Delwest has received a Letter of Interest from Sugar Creek Capital to purchase the tax credits at $0.60. While this pricing is relative low, Sugar Creek believes they can ultimately offer higher pricing at closing. The Letter contemplates the following terms:

MIHTC Tax Credit Equity	
Annual Credit	1,650,000
Credit Pricing	0.60
Years	5
Annual Allocation	989,852
MIHTC Equity	4,949,258

Disbursement Schedule:		
Closing	30%	1/31/2026
Construction End	40%	9/30/2027
Stabilization	28%	10/31/2027
Allocation Certificate	2%	4/30/2028

45L Energy Efficiency Tax Credit – Delwest will apply for tax credits under the 45L Energy Efficiency tax credit, anticipated at 5,000 ZERH credit/unit. The total is estimated to be $350,000 with pricing set at 0.82, resulting in 287,000 proceeds.

Bridge Loan – Tax Credit Equity is paid to the Sponsor in phases to mitigate risk. The $350,000 45L tax credit equity is received at a later date in the project. As such, a Bridge Loan is required until all Tax Credit proceeds are received. The schedule has been conceptually agreed to by Sugar Creek. Disbursements proceeds will repay the Bridge Loan.

<u>Project costs and opportunities for cost savings</u>

Offsite Construction - Delwest is exploring the option of constructing building components offsite and is working with construction expert Cory Palmeiro of Palmeiro Group LLC to make recommendations regarding prefabrication strategies. Cory has identified four possible options for offsite construction including concrete reinforcement, panelized wood framing, drywall corners and electrical prep. Please see the accompanying letter from Cory Palmeiro in the application materials.

<u>Overall Financial Feasibility and Viability</u>

Elmwood North shows strong financial feasibility and long-term viability through solid project supply and demand fundamentals and a well-structured and diversified financing strategy. The market study concluded households in the Denver metro area are larger than average and there is a dearth of affordably priced family housing in the region. Those supply and demand factors combined with the centrally located, family-friendly site suggest the units will lease well. The capital stack includes a senior HUD 221(d)(4) construction-to-permanent loan, supported by a low debt service coverage ratio (DSCR) of 1.11, which maximizes loan proceeds and reduces the need for subordinate debt and costly equity investors. Delwest will contribute significant private equity, including a $2.2 million land contribution and a deferred Developer Fee. Elmwood North will utilize $4.95 in Middle Income Housing Tax Credits (MIHTC), with Sugar Creek Capital providing a Letter of Interest to purchase the credits at a very conservative pricing estimate of $0.60. Additionally, Elmwood North qualifies for $350,000 of 45L Energy Efficiency Tax Credit Equity. A bridge loan will be used to advance tax credit equity disbursements during the construction and stabilization phases.

<u>Community outreach</u>

Delwest has been an active developer in Adams County for many years. It has strong relationships with County staff and the Maiker Housing Partners housing authority. Both entities have written Letters of Support for this project. Maiker Housing Partners is participating in the project as a Special Limited Partner to provide a tax abatement on units priced at or below 80% AMI.

Delwest developed the parcel directly to the south called Elmwood Estates. Comprised of 41 single-family, for-sale homes, Elmwood Estates offers a higher price point and thus contributes to the economic diversity of Delwest's broader Elmwood development. The 41 homes were constructed in 2019, just before the pandemic paused development plans for the second phase at Elmwood, resulting in long gap between phases. The Elmwood Estates HOA documents allow for multifamily development on the Elmwood North property. No adverse feedback has been given by the community and none is expected.

<u>Middle-income housing needs and economic mobility</u>

Delwest recognizes that economic mobility, location, transportation and affordability are critically connected. Elmwood North is centrally situated in the Denver Metro area and offers exceptional connectivity to major employment hubs via I-25, I-76, and Highway 36. The site is served by RTD's Route 19, providing direct access to most of Downtown Denver, light rail, and prominent educational and cultural institutions. The access to excellent public transportation offers residents the choice of eliminating or limiting costly vehicle ownership. The site's central location and access to transportation also allows residents to quickly and efficiently access job centers, thereby eliminating a barrier to employment.

mihtc application narrative

Project Name: Geode Flats Apartments

Project Address: 614 Raptor Rd. Fruita, CO 81521

TWG Development ("TWG"), in conjunction with Fruita Housing Authority, is excited for this opportunity to present an application to CHFA for Middle Income Housing Tax Credits ("MIHTC") for Geode Flats (the "Project"). This new construction multifamily development will provide the following mix and a new Childcare Center. *The new Childcare Center is a separate in an adjacent building and is being funded separately.*

Summary Unit Mix					
AMI	0BR	1BR	2BR	3BR	Totals
80%	-	54	106	20	180
% of Mix	0%	30%	59%	11%	100%

Executive Summary:

Unit amenities include central A/C and heating, Energy Star Appliances, and in-unit washers and dryers. Onsite amenities include a community room with library, picnic area, playground, and on-site management. In addition, TWG has entered into an MOU with Wildflower Montessori Public Schools of Colorado (WMPSC) to negotiate establishing a high-quality early childhood education (ECE) school on the property. The facility will likely end up supporting a variety of children at two separate age bands, from pre-K and kindergarten to early elementary. WMPSC will provide valuable feedback during design development to cater the space to their organization's standards. This aspect of the deal is not included at this time in the apartment project financing, but rather, TWG has designed the building on the site and will endeavor with its partners to build this in conjunction with the rest of the project under a separate financing and ownership plan. The Wildflower Montessori School needs to be open by fall 2026 to meet their mandate in the county. Therefore, TWG is committing to their timeframe even if the housing is still under construction.

Locational amenities within 0.5 miles include a bus stop that is a 4-minute walk from the project, state parks, a dog park, bank, post office, a city market, and easy access to major thoroughfares and highways. Schools that are currently 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 will maintain bodies of water for recreation and activities. Important to note about this region is a significant Hispanic population, nearly 15% and more than one-third of this population speaks Spanish. Geode Flats is the perfect location for a growing community that includes a childcare center. The location not too far from the highway makes the childcare center 1) affordable to site and build, 2) very accessible for households dropping off children before heading to work or accessing other amenities along the highway, and 3) is only a 2 minute drive to the supermarket. Also, the location is not overly busy, so residents leaving will not be hindered by traffic and people dropping off their children can get in and out quickly—and if they need breakfast there is an Einstein Bros Bagels. The childcare center operator is excited to be located next to the dinosaur museum, James M Robb State Park, the dog park, and amazing natural views."

Geode Flats will include four buildings with two at three-stories and two at four-stories with a leasing center/community room, playground, surface detention pond and a separate building for an early childcare center. Gross residential building square footage is approximately 196,014. The buildings will meet the team's goals of being cost-effective to build and manage, visually appealing, and compatible with the surrounding neighborhood. The foundation design is 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 brick masonry combined with fiber cement lap siding. All exterior walls will utilize batt insulation with a weather barrier. The roofs of each building will be flat TPO. The project will utilize prefabricated panels as part of its construction strategy to improve efficiency, reduce on-site labor demands, and help maintain a streamlined project schedule. The project will meet or exceed the bronze certification under the NGBS program which will include EV spaces. See *Advanced Energy Efficiency and Sustainability Commitment* further down in the narrative for more specifics on the EV parking.

Geode Flats is in census tract 15.04, which is not in a 2025 QCT or DDA. Financing for the Project will include state tax credit equity generated from the sale of MIHTC credits, federal solar and 45L tax credit equity, a conventional permanent loan, TWG equity, City fee waivers, and deferred developer fee.

MIHTC Priorities and Criteria

- *Project Marketability:* The Project costs have been reviewed and verified by a third party. TWG's in-house design review process with Studio is rigorous and collaborative informed 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. The site is located in a mixed-use, developed neighborhood near a variety of locational amenities, and the majority of surrounding improvements are in average to good condition. The site has good proximity to area employment centers including those offered in Grand Junction, the county seat, which is located approximately 15 miles from the Subject along a major interstate. The site has good proximity to services such as retail, outdoor recreational areas, and large employment centers.
- *Distribution of Applications:* According to the MIHTC LOI list, there are two other project applications on the I-70 corridor located in Silverthorn and Idaho Springs. There are no other MIHTC applications in our PMA.
- *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. The building permit application can be done concurrently and is 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. Schematic drawings have been priced by a third-party GC 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 with award of the MIHTC from CHFA.
- *Site and Location 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.
    - City members and local groups have all expressed that the location next to trails and open space

will be ideal for robust individuals and families for this new affordable community.

    - The future ECE is a very high priority with Fruita leaders and will be strongly welcomed into the community. The current zoning ordinance (PUD) required either on-site childcare built on site, or the developer to provide the City with $100K paid at building permit issuance for an off-site childcare location, which clearly outlines the level of necessity Fruita currently has for more childcare facilities.

- *Development and Management Team Experience:* The Partnership between TWG and Fruita Housing Authority will tie into the strengths of both organizations. Fruita Housing Authority was formed in 2023 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 assist Fruita Housing Authority's 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 11,000 units across multiple cities and states ranging from affordable developments to market rate sites. To date, TWG has developed over 120 properties with over $2.5 billion in total development costs. TWG has active developments in Indiana, Colorado, Pennsylvania, Michigan, Illinois, Missouri, Ohio, Georgia, Washington, Iowa, Utah, Oklahoma, Alabama, Arizona, Tennessee, Louisiana, South Carolina, North Carolina, Kansas, and Wisconsin. TWG Construction has served as the general contractor for the majority of TWG's projects. All of TWG's completed LIHTC projects in Colorado are fully converted, with two additional properties currently under construction and closing respectively. The GC will also use their proven processes to effectively select sub-contractors and fully vet details during the bidding process. Our internal 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 in cooperation with our GC for materials which in turn creates a more cost-effective project.

  To help facilitate this Project, the team has engaged RCH Jones Consulting & KDM Consultants, Colorado based consultants, who will provide strategic direction and financial advisory services to the project. RCH and KDM have over 40 combined years of experience in the affordable housing industry having managed the development of various affordable housing communities across the US, particularly in Colorado.

- *Length of Affordability Commitment: TWG* commits to a 40-year affordability period for Geode Flats.

- *Advanced Energy Efficiency and Sustainability Commitment:* Geode Flats will certify under the National Green Building Standard Bronze (NGBS Bronze) level at a minimum. This will include all-electric building systems: high efficiency, split system air source heat pumps, roof top solar PV system (estimated at 68.8 kW size), low power LED lighting package and ENERGY STAR appliances, and EV parking stalls to meet 2023 NEC code (5% EVSE, 15% EV Ready, 10% EV Capable, and 30% EV Capable Light). The project will also incorporate whole building energy modeling to optimize the efficiency of the building envelope, above-code window and wall assemblies, low flow plumbing fixtures, and water-wise landscaping.

- *Market Conditions:* As of May 2025, there are currently 3,530 existing multifamily rental units within the defined Grand Junction market, which consists of Mesa County. The majority of the comparables reported vacancy rates of 5.4% and below. The current overall vacancy rate in Grand Junction market is at 9.5%, above the historical average of 6.4%. The 9.5% rate is simply due to construction completions. The rate is expected to decrease significantly over the next year as units in the PMA pipeline are absorbed and then increase slightly through 2029 as additional units are delivered, but then decrease to stabilize at just above five percent in 2028 and 2029.

- *Project Costs:* The Project costs have been reviewed and verified by a third-party GC. TWG's in-house design process is rigorous and collaborative and informed by 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. In partnership with the GC, TWG will also use their proven processes to effectively select sub-contractors and fully vet details during the bidding process. Our internal pre-construction team is deeply involved from the beginning of a project to ensure projects are completed on time and on budget. In order to assist the GC, we are also able to leverage national purchasing contracts for materials which in turn creates a more cost-effective project.

- *Overall Financial Feasibility and Viability:* The Project is financially feasible if awarded an allocation of MIHTC. In addition to the MIHTC equity and Federal solar and 45L equity from Monarch, TWG is assuming construction to permanent financing from Merchants Capital, TWG Equity and deferred developer fee. TWG, equity syndicators, lenders, and our financial consultants have run the current project assumptions through their financial models. This extensive up-front conservative underwriting has shown in the past that as proposed using the known information, there are minimal risk points. Under current assumptions, the project maintains an estimated debt coverage ratio between 1.15 and 1.44 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 7. TWG will provide guarantees. TWG's approach to collaboration between design, construction, and management with their trusted partners maximizes operating efficiencies without compromising resident comfort, ongoing compliance, or building durability and maintenance. This approach has been proven by two recent tax credit development completions and lease-up with another underway within the last two years.

Issues Raised by the Market Analyst in the Market Study:
Weaknesses noted in the Market Study that should be addressed are the following: smaller than average unit sizes, lack of a second bathroom in the two-bedroom units and lower parking ratio relative to comparables. While smaller than average unit sizes are a weakness, given the below market rents, high occupancy rates, and lack of 80% units in the market, the market analyst does not anticipate that Geode Flat's relatively small unit sizes will hinder its performance or marketability. The one-bedrooms are only 22 SF smaller than average, the two-bedrooms are only 87 SF smaller than average, and the three-bedrooms are only 77 SF smaller than average. Overall, we do not feel the parking ratio will hinder performance as rents are 10% below market rate.

Financing Structure:

- *Debt structure for all construction and permanent loans:* We are assuming the TWG equity will be funded at close and will use a typical MIHTC equity pay-in. As a result, our construction loan is sized appropriately. And we are assuming a single close construction to perm taxable/conventional facility.

- *Equity structure and other sources as applicable:* We are currently assuming TWG equity will be funded at closing with preferred payments after deferred developer fee. In addition, the Monarch MIHTC equity will be subject to a typical MIHTC equity pay-in schedule. Our other sources at this time include fee waivers from Fruita and the tax credit equity.

- *Explanation for the MIHTC amount requested*: We are qualified for the maximum amount of MIHTC at $1,650,000. This amount is needed for financial feasibility at this time.

Unusual Features Driving Costs and Opportunities for Containment:
The remote location of Fruita has previously been seen as a challenge for sourcing materials; but with multiple experienced local GC connections, TWG plans to leverage and utilize local materials and labor to not only support the regional economy but also mitigate transportation costs and reduce the project's carbon footprint. There are also some relatively minor off-street improvements that will be mitigated though city process. TWG has also proven to keep costs relatively low in their existing Colorado projects mostly through their strategic partnerships, national relationships, and communication with local subs and trades.

Issues Raised in the Environmental Report
According to the environmental report for the site, there are no REC's indicated, and no additional investigation is warranted.

Community Outreach

During the Planned Unit Development (PUD) process there were many opportunities 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 community's 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.

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

There has been a significant impact to the Hispanic population in the area over the last three years and for low- and mid-income families and individuals in Fruita being priced out of the apartment and home ownership markets. By partnering with Wildflower Montessori Public Schools of Colorado, the project will promote equity and economic mobility by first ensuring residents have safe, secure, reliable housing, and access to child education that bridges academic outcomes and social emotional development. City of Fruita has seen an increasing need for units below market-rate and is desperate to increase early childcare center spaces.

GEODE FLATS

MIHTC APPLICATION

mihtc application narrative

Project Name: Park Place

Project Address: 1275 Decatur Street, Denver, Colorado

Evergreen Real Estate Group (Evergreen), an experienced developer, owner, and manager of affordable housing, has a simple, achievable plan to build an 80-unit, middle-income housing development in the Sun Valley neighborhood of Denver, adjacent to a plethora of public amenities. The Park Place Apartments project transforms an obsolete and aging commercial building into a vibrant middle-income housing development in one of the most amenity-rich and rapidly transitioning areas of Denver. This project will address the critical need for 80% AMI to 120% AMI units for individuals and families in an area with strong proximity to Downtown Denver jobs, regional transit connections, schools, and recreational amenities. With a focus on larger households, 75% of the units (60 units) at Park Place Apartments will be 3-bedroom units, and 25% of the units (20 units) will be 4-bedroom units—helping to fill a well-documented gap in the city's housing inventory for families.

The proposed Park Place Apartments development is conveniently located adjacent to an RTD bus stop served by Routes 15L and 16 and is just 0.1 miles from the Decatur-Federal rail station on the W-Line, providing residents with unmatched access to employment centers throughout the City and County of Denver, Lakewood, Golden, and Aurora. The site is directly connected to a network of parks and trails, including Rude Rec Center, Rude Park, the Lakewood Gulch Trail, and is a short distance from Paco Sánchez Park—offering abundant opportunities for outdoor recreation, community programming, and wellness. Nearby amenities include the Decatur Fresh Market, Denver Health's Westside Family Health Center, and multiple early childhood and K–12 educational institutions. The site also offers direct vehicular access to I-25, connecting residents to the broader metro area. The property is currently zoned for multifamily residential, allowing for an efficient path to development and a rare opportunity to deliver high-density, family-oriented middle-income housing in the urban core. With public infrastructure, transit, and neighborhood-serving assets already in place, Park Place Apartments is uniquely positioned to deliver lasting impact for families that are too often left out of Denver's high-cost housing market.

The project's market study confirms strong demand for the proposed unit mix at Park Place Apartments, which consists entirely of three- and four-bedroom units serving households earning between 80% and 120% AMI. With over 1,950 income-qualified households in the Primary Market Area and a total capture rate of just 5.3%, the project is well-positioned for lease-up without impacting existing supply. Only 0.5% of the metro Denver apartment inventory consists of four-bedroom units, and there is virtually no middle-income competition offering similar family-focused housing in the Primary Market Area. Park Place fills this critical gap with high-quality, spacious housing that is both appropriately priced and located in a high-opportunity, transit-connected, and amenity-rich neighborhood.

Designed by Lorcan O'Herlihy Architects, the building employs a clean, sophisticated design that emphasizes simplicity and functionality. It blends clean, simple lines with subtle detailing that adds texture and depth to the façade. Recessed areas, a varied window pattern, and a stepped building form help break up the massing, provide visual interest, and reduce the perceived scale, allowing the structure to sit comfortably within the neighborhood context. A transparent corner element and large windows along the street frontage create a welcoming presence and reinforce the building's connection to the surrounding community.

The all-electric construction of the project will support high-efficiency HVAC units, and units will have electric hot water heaters, electric unit cooking, and EV-ready charging stations will be on-site. This project will pursue National Green Building Standard Silver certification. Residents will enjoy market-comparable amenities, including full kitchens with Energy Star appliances and LED lighting, in-unit washer and dryer, low flow plumbing fixtures, free on-site parking, access to a resident community room, fitness center, co-working space, secure bike storage, pet wash, and on-site property management and building maintenance personnel.

The Park Place Apartments project has very straight-forward capital stack of sources of financing for this project that includes State tax credits, investor equity, deferred developer fee, and permanent debt. This financing approach provides a very clear path to closing.

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

Project Marketability

Park Place Apartments is highly marketable due to its exclusive focus on three- and four-bedroom units serving families at 80% to 120% AMI—an income band and unit type that is significantly underserved in the Denver market. The JRES market study confirms strong residual demand for these larger units, with low vacancy rates at comparable properties and virtually no new supply of large-format housing targeting middle-income families. Notably, the study highlights that three-bedroom and four-bedroom units were the only unit types in the Denver metro area to experience rent growth over the past year, driven by their scarcity and sustained demand, even as smaller unit types face increased competition from ongoing new construction. This trend underscores the relative strength of the large-unit segment and positions Park Place to outperform in both lease-up and long-term stability.

The project is designed with family-friendly amenities—including a fitness center, co-working lounge, community room, secure bike storage, a large landscaped courtyard, and EV-ready tuck-under parking—which enhance day-to-day livability and market appeal. Its location in a rapidly improving, transit-connected neighborhood provides residents with easy access to parks, schools, health services, and major employment centers. The site's proximity to both light rail and multiple bus lines supports commuting and access across the metro area, including to Golden, Lakewood, downtown Denver, and Aurora. The project's high-design architecture, combined with a thoughtful unit layout and durable, modern finishes, will further attract families seeking quality housing options in a well-connected and amenity-rich setting. With virtually no comparable projects in the pipeline, Park Place is uniquely positioned to capture unmet demand and establish a strong presence in the middle-income rental market.

Distribution of Applications

Park Place Apartments advances the geographic and programmatic distribution goals of the MIHTC program by delivering one of the first middle-income family housing developments in an urban core location. Located in the rapidly redeveloping Sun Valley neighborhood of Denver, the project provides a unit type—larger family-sized three- and four-bedroom apartments—that is underrepresented at the 80%–120% AMI levels. Park Place fills a critical gap for middle-income families yearning to live in an urban environment.

Project Readiness

Park Place Apartments demonstrates a strong level of project readiness and is well-positioned to move quickly following MIHTC award. The development team has secured full site control through an executed Purchase and Sale Agreement (PSA) with the Property Owner. The site is fully zoned for the proposed multifamily residential use and requires no rezoning or variances. A Phase I Environmental Site Assessment has been conducted, with no Recognized Environmental Conditions (RECs) found. The NEPA Environmental Review, Part 58 checklist has been completed with no significant issues identified. Preliminary pricing has been validated through a detailed general contractor-led estimating process. The team would immediately advance into design development and prepare to submit a formal Site Development Plan (SDP) in Q4 2025. A professional permit expediter is part of the project team, and the development will take full advantage of the City and County of Denver's new Permitting Office to pursue a construction permit within 180 days of submittal of the project's SDP application. With no soft funds as additional financing hurdles, Park Place Apartments is positioned to close quickly.

Site and Location Suitability

The site at 1275 Decatur Street is uniquely positioned to support the goals of the Park Place Apartments development, offering a rare combination of central location, multimodal connectivity, recreational access, and existing infrastructure—all within one of Denver's most rapidly evolving neighborhoods. Situated in the heart of the Sun Valley neighborhood, the site occupies a prominent location at the intersection of longstanding community investment and emerging redevelopment efforts. The property sits just 0.1 mile from the Decatur-Federal RTD light rail station, providing residents with direct access to the W-Line and key regional destinations. The adjacent RTD bus stop serves high-frequency routes including the 15L and 16, which connect to the Auraria campus, downtown Denver, and the Anschutz Medical Campus. This level of access places the site squarely within Governor Polis' and CHFA's broader vision for equitable, transit-oriented development.

The site is also embedded within a network of public amenities that enrich daily life for residents. Directly adjacent to Rude Park and the Rude Recreation Center, future tenants will have access to a gym, indoor pool, playgrounds, and youth programming within steps of their front door. The site connects to the Lakewood Gulch Trail, a major pedestrian and bike corridor linking to Paco-Sanchez Park and the South Platte River Trail. Vehicular access is equally convenient, with quick connections to Federal Boulevard and Colfax Avenue, and a short drive to downtown Denver. As a previously developed site with multifamily zoning already in place, 1275 Decatur offers an efficient and cost-effective path to construction, free of entitlement barriers. Its flat topography and utility access make it one of the most development-ready parcels in central Denver for a family-oriented, middle-income housing community.

Development and Management Team Experience

Evergreen Real Estate Group principals bring nearly 100 years of combined experience in the affordable housing industry in various roles as owner, lawyer, consultant, property manager, educator, architect and urban planner. Evergreen Principals have developed thousands of units of low- and mixed-income housing in Colorado, 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. The EREG team currently has 3 LIHTC projects under construction, two projects scheduled to close and start construction by the end of 2025, another 5 projects actively under development (a mix of 9% and 4% projects). Evergreen's Denver office is led by Vice President of Development, Javonni Butler, who has 14 years of experience in real estate and will be overseeing this project in Denver, with the aid of Chelsey Hume, AIA, Development Project Manager, in Evergreen's Denver office.

Evergreen Real Estate Services, LLC (ERES), Evergreen's property management company, manages more than 15,000 units of housing in nine states, with a mix of affordable, senior, market rate, and special needs properties, many covered by HUD operating subsidy contracts. ERES has a property management staff of more than 350 people, including accounting, compliance, human resources, and other corporate staff as well as site.

<u>Length of Affordability Commitment</u>

Park Place Apartments will maintain a full 20-year affordability period, consistent with the requirements of the Middle-Income Housing Tax Credit (MIHTC) program. This duration was intentionally selected to strike a thoughtful balance between long-term affordability and financial feasibility. A 20-year commitment ensures that the development will provide stable, income-restricted housing for middle-income families throughout at least one full market cycle, offering predictability for residents and aligning with CHFA's long-term housing goals.

While shorter affordability periods—such as 15 years—may not offer sufficient protection against displacement in rapidly changing urban neighborhoods, much longer restrictions (25, 30, or 40 years) can impact project feasibility, limit investor interest, or restrict refinancing options unless paired with significant public subsidy. By contrast, the 20-year affordability term allows the project to remain financially viable while still delivering deep and sustained impact for a workforce population that is routinely underserved by both traditional affordable housing and market-rate product. Evergreen Real Estate Group is committed to the long-term success of the property and may explore additional preservation strategies as the affordability period matures, but the 20-year term offers the right mix of stability, flexibility, and alignment with CHFA's programmatic intent.

<u>Advanced Energy Efficiency and Sustainability Commitment</u>

Park Place Apartments will deliver a high-performance, all-electric building that exceeds CHFA's energy efficiency standards and aligns with Denver's climate goals. The project will pursue NGBS Silver certification, a cost-effective standard that supports the building's energy code compliance and long-term sustainability. All systems will be fully electric, with cold-climate air-source heat pumps for heating and cooling, and individual high-efficiency heat pump water heaters. The envelope will feature optimized insulation, high-performance windows, and AeroBarrier sealing for airtightness. Naturally ventilated corridors and a tuck-under garage reduce mechanical loads, while Energy Star appliances, LED lighting, and low-flow fixtures support efficient operation. EV-ready infrastructure will serve 10% of parking spaces, meeting city code and supporting future electrification. Early collaboration with design and engineering partners has allowed the project to incorporate advanced sustainability strategies without compromising affordability. Park Place will provide durable, energy-efficient homes that promote long-term cost stability and healthy living for middle-income families.

<u>Market Conditions</u>

The Denver metro housing market—particularly in the rapidly transitioning Sun Valley neighborhood—is experiencing a critical mismatch between the supply of available housing and the needs of middle-income families. Park Place Apartments directly responds to this market failure by delivering a rare, high-quality offering: 80 spacious, three- and four-bedroom units targeted exclusively to households earning between 80% and 120% of AMI. These families are routinely overlooked in both affordable and market-rate development pipelines. Most new construction in Denver is focused on smaller units—studios and one-bedrooms—targeting young professionals or maximizing density, while working families are left with few, if any, viable housing options.

This project is necessary to fill a well-documented void in the market for large, middle-income family rental housing. According to the independent market study prepared by JRES, only 0.5% of the entire metro Denver apartment inventory consists of four-bedroom units. In the Primary Market Area (PMA), only five of 22 market-rate properties even offer three-bedroom units, and four of those have six or fewer in total. Meanwhile, 27% of households in the PMA have three or more people, underscoring the sheer disconnect between supply and need. Notably, the market study confirms virtually no large-unit competition at middle-income rents anywhere in the PMA, with just three mixed-rent projects currently under construction offering a limited number of larger floorplans—none of which meet the income range or scale proposed at Park Place.

While overall multifamily vacancy has risen slightly in the broader Denver market, the JRES study notes that large units continue to outperform: units larger than three bedrooms were the only category to see rent growth in 2024, with a 1.3% increase compared to year-over-year rent declines in every other unit size. This signals strong, durable demand in this segment. The study's calculated capture rate for Park Place Apartments is only 5.3%, meaning the project would absorb just a fraction of the already-identified qualifying demand. With 1,850 income-qualified households remaining even after this project and others currently planned, the market will continue to face a severe shortage even *after* Park Place is built.

Moreover, the demand for these units is not speculative—it is deeply evidenced. Nearby large units at comparable properties, such as Greenhaus and Vesty Park, maintain long waitlists and near-zero vacancy. Greenhaus, located directly across the street, has 72 families on its waitlist for three-, four-, and five-bedroom units, despite being a brand-new development. Even older, less desirable properties with three-bedroom units—such as Orchard Glen and Vesty Park—are operating near full occupancy. The market study confirms that Park Place Apartments will lease up rapidly and maintain strong long-term demand.

Finally, no comparable project is in the pipeline. Of the nearly 30,000 units under construction in metro Denver, virtually none are designed for middle-income families with three or more members. Park Place is not just aligned with market demand—it is correcting a systemic absence of product. This is not simply another housing development. It is a precisely tailored, urgently needed solution that will provide lasting stability for Denver's working families and serve as a model for what equitable, family-oriented housing should look like in growing urban markets.

Project Costs

The Shaw Construction team has extensive experience with both LIHTC and market-rate multifamily development, specifically in Denver, and their detailed schematic design level cost estimate with trusted subcontractors and their historic cost database to validate the proposed project's costs. The construction, design, and development team have been working together in a collaborative and iterative fashion to design a building consistent with the budget included in this application. The residential construction costs included in this budget are $330,747 per unit, fully consistent with recent 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. Evergreen is deferring approximately 30% of its allowable developer fee to keep overall project costs down. The total development cost of just under $499,123 per unit is reasonable and appropriate given current economic conditions for a development of this size and scope.

Overall Financial Feasibility and Viability

The Park Place Apartments development is both financially feasible and efficiently structured, supported by a clean, straightforward capital stack. The project does not rely on soft funds, avoiding the delays and uncertainty associated with competitive or discretionary public financing sources. Construction and permanent debt are conservatively sized, with both currently in discussion with experienced lending partners. A committed private equity investor and a mission-aligned tax credit investor have been secured.

Importantly, the proposed rents for Park Place Apartments are well below both market-rate comparables and CHFA's maximum allowable rent levels. This pricing strategy not only enhances lease-up certainty and long-term affordability, but also reinforces the project's alignment with the MIHTC program's intent: delivering high-quality, middle-income housing in a rapidly appreciating, transit-connected neighborhood.

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

The market analyst did not identify any issues or concerns that would affect the viability or lease-up of Park Place Apartments. The study strongly supports the project's unit mix, AMI targeting, and pricing strategy, noting that the development fills a significant gap in the market for larger, family-sized rental units serving households earning between 80% and 120% of AMI. The analyst confirmed that the proposed capture rate of 5.3% reinforces that the project is highly marketable based on its location, design, and rent levels. The analyst also highlighted the project's strong access to transit, amenities, and community resources as key advantages.

Describe the financing structure

The Park Place Apartments project utilizes a clean, efficient, and replicable capital stack that supports long-term affordability without the need for soft funds or layered public subsidies. The financing includes permanent and construction debt, private equity, and proceeds from the Middle-Income Housing Tax Credit (MIHTC). A deferred developer fee rounds out the capital stack.

Debt Structure

The project's debt financing is anchored by a HUD 221(d)(4) loan, originated by KeyBank, which will serve as both the construction and permanent loan. This structure offers long-term, fixed-rate financing and simplifies the capital stack by minimizing refinancing risk. To support construction activities, a tranche of supplemental construction-only debt will be provided by KeyBank, allowing for additional flexibility and timely funding during the construction period. Have a single construction and perm lender will expedite underwriting and provide for a clean

Upon stabilization, the permanent capital stack will include the HUD 221(d)(4) loan in the senior position, with CHFA's Middle Income Access Program (MIAP) funds structured as subordinate debt. The debt service coverage ratio (DSCR) is fixed to meet a minimum of 1.10 throughout the loan term and trends to 1.36 at Year 15.

Equity Structure

Equity financing includes:

- Colorado State Tax Credit Equity from Clocktower Tax Credits, LLC based on an annual MIHTC allocation of $1,650,000. The Tax Credit Investor receives only the MIHTC benefit—with no cash flow, no depreciation, no interest deductions, and no share of sale proceeds.

- Private Equity Investment from Weave Social Finance, LLC a fund focused on advancing inclusive, mixed-income housing in high-opportunity areas. Weave will have a portion of cash flow, depreciation, interest deductions, and sale proceeds.

Explanation of MIHTC Amount Requested
The project is requesting $1,650,000 in annual Middle Income Housing Tax Credits (MIHTCs), which are essential to bridging the gap between high construction costs and rents that are affordable to households earning between 80% and 120% of AMI. The requested allocation enables the delivery of 80 large, family-focused units—exclusively three- and four-bedroom apartments—in a high-opportunity, transit-connected area, without relying on traditional soft funds or additional public subsidy. The MIHTC equity is critical to maintaining financial feasibility while supporting Colorado's broader housing and climate policy goals, including promoting income diversity, expanding access to public transportation, and reducing cost burdens for working families.

Park Place Apartments exemplifies how the MIHTC program can be used to create a *clean and straightforward capital stack*, one that is financeable, scalable, and free of layered subsidies that can delay closing and complicate execution. The project will be capitalized with MIHTC equity, mission-aligned private equity from Weave Finance, and permanent debt—creating a replicable structure that can be used in other high-cost markets across the state. The MIHTC allocation is the catalytic piece that enables the development of a deeply needed, middle-income family housing community in the heart of Denver, with long-term affordability and no reliance on public grants or gap financing.

Description of project costs and any unique cost drivers and/or opportunity for cost savings through innovative building methods.
The total development cost for Park Place Apartments is modestly elevated due to the project's exclusive focus on larger three-bedroom and four-bedroom units, which result in higher square footage and corresponding construction costs. Additional cost drivers include the all-electric mechanical systems, heat pump water heaters, and NGBS Silver certification standards, all of which support long-term energy efficiency. The project also incorporates EV-ready parking infrastructure and advanced air sealing techniques to meet Denver's energy code requirements. A significant cost savings is achieved through the design-forward use of open-air corridors, which eliminate the need for conditioned common hallways while creating an airy, light-filled atmosphere that enhances natural ventilation and brings daylight deeper into the residential units—benefiting both livability and long-term operational costs. The garage is also naturally ventilated, further reducing HVAC demands. The project utilizes cost-efficient stucco as the primary exterior building material, applied in a unique and artful way to elevate the building's architectural identity while maintaining budget discipline. Additional savings are realized through simplified building massing, repeatable unit layouts.

Address any issues raised in the environmental report(s) and describe how these issues will be or have been mitigated.
There were no recognized environmental conditions found in the Phase I environmental report.

Describe the outreach to the community that you have done and describe local opposition and/or support for the project, including financial support.
While early public outreach for the project has been limited, this was a deliberate decision made in close coordination with the Lions Club, who preferred that the project not be made public until a purchase and sale agreement was fully executed. During this time, the development team focused on refining the design, securing initial financing commitments, and preparing a thoughtful proposal that would reflect community values and needs.

Now that key milestones have been reached, including site control, we are actively initiating conversations with local community groups and the City Council office to introduce the project, gather feedback, and ensure that the final development aligns with neighborhood priorities. We look forward to engaging more deeply with local stakeholders in the coming months and working collaboratively to deliver high-quality housing and community-serving uses that respond to the area's needs.

Describe how the proposed development contributes to meeting the middle-income housing needs and will promote equity as well as economic mobility for residents.
Park Place Apartments directly addresses the pressing need for middle-income family housing in Denver by delivering 80 units reserved for households earning between 80% and 120% AMI, a population that is currently underserved by both affordable and market-rate housing. By focusing exclusively on three- and four-bedroom units, the development offers rare housing opportunities for larger households who are often priced out of the urban core. The project promotes equity by placing working families in a high-opportunity, transit-rich neighborhood, with walkable access to jobs, education, healthcare, parks, and recreation. With direct access to the Decatur-Federal light rail station and multiple RTD bus lines, residents benefit from reliable, affordable transportation reaching as far west as Golden and as far east as Aurora—connecting them to regional employment centers, educational institutions, and healthcare facilities. This level of transit access makes Park Place an ideal location for working people who rely on public transportation to maintain economic stability. On-site amenities such as co-working space, fitness facilities, and a community room support resident wellness, productivity, and social connection. The all-electric design and high-performance building systems lower long-term utility costs, supporting housing stability and household savings. Through intentional unit design, location, and amenity offerings, Park Place Apartments creates a stable platform for families to thrive economically and socially.

mihtc application narrative

Project Name: Salida Space to Create

Project Address: Northwest Corner of 1st Street and D Street, Salida, CO

Executive Summary:

The Space To Create Salida project is an ambitious new construction mixed-use affordable housing development in the vibrant community of Salida, Colorado. The project is designed to address the critical need for affordable housing in the immediate Salida community and greater Chaffee County while fostering community engagement and sustainable development.

The two-story garden style building will have a 1600sf community space on the ground floor, on-site management office, elevator, controlled building access with interior hallways to the units. Units along D St. will have individual entries. Surface parking will be available on a one-to-one ratio to the units, including ADA stalls and EV charging stations. The project comprises of 19 residential one and two-bedroom rental units serving families at 80% and 120% AMI. Each unit will feature a refrigerator, dishwasher, microwave, electric range, pantry, central air conditioning, vinyl plank flooring, exterior storage closet, window blinds and washer/dryer.

All required parking will be provided on-site, interior to the site and accessed by the alleyway. Parking will be provided at no cost to residents, with one stall provided per residential unit. No additional parking is required for the community space and is not included in the project scope.

All units will be visitable, one unit will be ADA compliant for mobility and another for sensory disability.

The project will be slab on grade, with a combination of wood framing and steel structure. Interior and exterior finishes will be cost-effective and durable materials, including cement board, brick, wood, and metal panels.

The Project will be all-electric for residential, common, and community space utility service. Enterprise Green Communities Certification will be met, including Energy Star appliances and Water Wise design.

The site is in the core of downtown Salida and presents a prime opportunity for infill development and access to essential services, shopping, entertainment, transit, greenspace, and community activities.

A balanced development budget has been prepared using sources such as: Philanthropy, GP capital contributions, deferred developer fee, City of Salida contributions, Community Revitalization Tax Credit, DOLA DOH funds, and a mortgage through CHFA.

Through careful planning, collaboration, and a commitment to community engagement, Space to Create Salida aspires to set a benchmark for affordable housing developments that prioritize both the immediate and long-term needs of Salida and the surrounding community.

Site History and Community Support

A dilapidated apartment building and a single-family home previously occupied the site until condemned and acquired by the City of Salida through eminent domain proceedings. The site, now owned by the City, is required to be developed as affordable housing. The City has since demolished the prior structures and cleared the site in anticipation of this proposed affordable housing project. The City of Salida has contributed the Project site at no cost under an Option to Ground Lease which contemplates a long-term ground lease which will meet CHFA and federal tax requirements.

Artspace and its local team of architects and planner, along with the City itself as a project partner, engaged in extensive community outreach and master planning throughout 2023, which culminated in an overall plan to prioritize the creation of housing and community gathering space options with a focus on affordable rental workforce housing opportunities.

The exterior designs have been informed by local community input through charrettes, public comment sessions, and multiple presentations to the City Council. Though the project will create a significant new structure on what has long been a vacant lot, the size, scale, and public presentation of the building has been intentionally designed to reflect the character of the surrounding historic as well as the lower-density single family and municipal buildings to the north and west. The Project received unanimous approval from the City Council to advance the concept and project plans presented in this application. No project opposition has been encountered by the development team throughout the engagement, design, and approval process.

MIHTC Priorities

Through Artspace's various studies as well as the market analysists' independent study, it has become vividly apparent that housing in the rural resort community of Salida, CO needs to be prioritized. With an influx of affluent population, the housing prices are soaring. Demand for housing is high in general and affordable housing in particular is even more in demand. Units that serve the middle-income families who cannot afford the market rates is specifically what this project is supposed to address. The market study predicts lease-up of 3 months for the 19 units and Artspace is confident in that estimation.

The project will be a rural development. The units are expected to house workforce individuals and families who exceed LIHTC affordability limits, but who are still facing significant housing cost burdens. The availability of both restricted and market rate housing is extremely limited in Salida and the surrounding region, which significantly drives costs upward and limits the ability of households to find housing, either to remain in Salida or to relocate there for work or family reasons.

The project is ready to proceed with design development as the next step after funding approvals. A streamlined administrative approval process for permit and site plan approval is currently underway. All funding sources have been identified and are either approved, pending approval or pending submission. Community space will be used by residential tenants or the community. It will not be income generating and therefore, it's occupancy will not hinder project advancement. No commercial space planned. A Phase I ESA has confirmed no presence of site contamination and the prior dilapidated building has been demolished. The vacant land is ready for construction start.

As an infill development right in downtown Salida, the project location is suitable for middle income family housing. The location is walkable (less than a mile) to employment opportunities, shopping, restaurants, public transportation, parks/playgrounds, medical services and other downtown amenities.

Artspace Projects, Inc. has successfully developed more than 50 projects throughout the United States, including three completed projects in Loveland, Trinidad, and Ridgway, CO, with one more underway in Colorado Springs. Through more than 30 years of this work, we have completed 100% of projects which received a tax credit allocation and maintain ongoing operational oversight and management of all required compliance and certifications. We acknowledge that a key component of that success lies in close engagement and ongoing communication with our funding partners, especially CHFA in our continued work in Colorado.

Asset living is a national property management firm serving more than 500 clients nationwide with a portfolio of more than 8,000 affordable units under management.

The applicant entity, Artspace Salida LLC, is a single member limited liability company. The single member is Artspace Projects, Inc., which is also acting as the Developer and Sponsor of this application. Artspace Projects, Inc. commits to at least 30 years of affordability starting with the first taxable year of the credit period.

Cost and Financing

Artspace acknowledges that the per-unit figure is greater than most projects across the State of Colorado, but it is consistent with others in the immediate region. This is further supported by the US Census designation of the project site as in a Difficult Development Area, where project costs are typically financially difficult (if not infeasible) without additional support. The CHFA per-unit Cost Basis Calculation of Annual Credits does not adequately address this cost reality in Salida, limiting credits to $486,778 annually. As such, the included application presents a funding gap which is solved if the $1,650,000 per-project annual credit is used, which the project basis supports. Artspace respectfully requests that the Cost Basis Calculation be waived and the Gap Calculation be used to ensure this Project’s viability.

That said, Artspace has sought to be as cost-effective as possible with all units and common spaces, while still delivering quality, dignified, and sustainable affordable housing. The project design and specifications are in line with prior completed projects in Colorado and represent simple, though attractive, and marketable unit layouts and finishes that also meet CHFA and local minimum requirements. The local costs for labor and materials, along with somewhat limited accessibility in the valley contribute most significantly to the construction costs. The general contractor for the project, MW Golden, is well-established and has completed numerous similar projects in the region, including CHFA-financed multifamily, and the costs they have provided are in line with those prior builds.

Artspace has engaged with funders and lenders to identify sources for the entirety of the budgeted project costs, including MIHTC equity, permanent debt, state and local sources, philanthropic support (in the form of a Sponsor Loan), and deferred developer fee:

OEDIT has created a new program through CCI for Community Revitalization Tax Credit (CRTC) equity. An application for this program has been submitted awaiting the results.

City of Salida has committed $500,000 in grants to the Project as well as a DOLA-IHOI fund for an additional $500,000.

Artspace has been in communication with DOLA and plans to apply for $850,000 DOH grants in August 2025. We attempted to apply for this source in the prior rounds, submitted an LOI and made progress on a Neighborly application. As a result, DOLA and the local administrators are very familiar with the project. However, by statute, they are unable to process the application without allocation of the MIHTC and the CRTC funds. As soon as these funds are committed, the application process for DOLA, DOH will be streamlined.

Artspace has received a Capital Magnet Fund award a portion of which is committed here at $500,000.

We also plan to apply for a permanent first mortgage through CHFA in the upcoming months.

Construction debt of $7.6M will be provided by Bridgewater Bank.

A table of sources and status is below:

Sources	Amount	Status
CHFA - First Mortgage	$3,500,000	Pending
DOLA - DOH	$850,000	Application due 8/15/2025
DOLA - IHOI	$500,000	Committed
Salida City Resources	$500,000	Committed
OEDIT - CRTC	$2,699,730	Application Submitted Expected Award in June 2025
CHFA - MIHTC	$4,950,000	
Sponsor Loan	$670,000	Committed
Capital Magnet Fund	$500,000	Committed
Deferred Developer Fee	$300,414	Committed
TOTAL	**$14,470,144**	

The successful realization of the Salida City Center affordable housing development will contribute significantly to addressing the shortage of affordable housing in Salida, fostering a sense of community, and promoting sustainable living practices. By providing accessible and inclusive housing options, this project aims to enhance the overall quality of life for residents while positively impacting the local economy and environment.

mihtc application narrative

Project Name: St. Louis Landing Building C

Project Address: 123 Edna Tucker Way Fraser, CO 80442

Executive Summary: The Town of Fraser is combating a dearth of long-term rental options for its community and workforce and it is intent on rapidly solving this challenge. According to its 2022 Housing Needs Assessment, long-term rentals are the least available, making up only 39% of rental housing stock compared to the 61% of short-term vacation rentals in the Fraser River Valley.

In the attached support letter (Attachment A), Town Mayor Brian Cerkvenik states, “Being a resort community, housing prices are driven up by second homeowners, investors, and short-term rentals, making housing unaffordable for many of our local workers. Our local businesses struggle to attract and retain employees due to the high cost of living and lack of housing options. A recent survey of area employers cited the lack of affordable housing as the number one barrier to hiring and retaining employees. In some cases, businesses have lost employees or been unable to fil vacancies due to the unavailability of suitable housing.”

In response to the above described need, the Town acquired the St. Louis Landing site in 2022 (with an Operation Turnkey Grant from the Colorado Division of Housing (DOH) and Town cash). This site, located on the north side of Fraser at the intersection of U.S. Hwy 40 and Grand County Road 8, was acquired to develop affordable and workforce housing for existing and new Town residents. The Town selected Mountain Affordable Housing Development (MAHD) and its development team through an RFQ process in late 2022 and immediately set to work.

In mid-2023 the Town approved a collaboratively developed master plan—including four well-attended public open houses and a MAHD-run resident input survey. In late July 2024, the Town approved the Final Plat and Major Site Plan for the first phase of St. Louis Landing and limited infrastructure work started in October 2024. Building permits for the vertical work will be available July 2025. The first phase includes three buildings: Building C, Building D, and Building E and initial utility and road infrastructure including a bridge over St. Louis Creek. A financing diagram and high-level source and use for the three buildings is depicted in Attachment B.

To close the remaining gap for the residential components of the first phase of St. Louis Landing, the development is pursuing MIHTC finance. Given the range of AMIs intended across the first phase and an early childhood education center planned for Building E, the MIHTC application is focused specifically on Building C. Building C is a 70-unit building serving families between 80% and 120% AMI with 27-studio, 35-1BR, and 8-2BR units with an average income of 94.3%.

Building C is well located with a grocery store only 0.5 miles away and immediate access to public transit.

The Lift Winter Park is a free transit service year-round to and from Winter Park Resort, Downtown Winter Park, Fraser and Granby. The Lift will stop 100 feet from Building C for both the Black and Teal lines. The Black line loops through the Town every 30 minutes, while the Teal line heads north to Granby seven times a day. The Fraser Park/Winter Park Train Station is 0.2 miles to the southwest of the project and connects residents via Amtrak trains east to Denver or west to Granby, Glenwood Springs and beyond.

The 2022 Housing Needs Assessment Update for the Fraser River Valley, including that portion of Grand County from Winter Park north to Granby, was delivered in August 2022. This report identified that COVID work-from-home, the East Troublesome fire, and the surge in homes being short-term rented for visitors have driven vacancies for long-term rental housing to less than 1% and <u>was most acute in the Town of Fraser</u>. Rents in Fraser increased from 2018 to 2022 by 122%.

The project will consist of a single four-story building with elevator and interior stair and hallways. The total building will be approximately 46,000 sq. ft. Each unit will have a small patio or deck. The proposed building superstructure will be wood framed construction on concrete foundation walls with spread footings. The main level floor will be slab on grade. The upper floors will be fire and sound rated floor systems with prefabricated TJI structure. The exterior of the building will have non-combustible exterior siding including horizontal, vertical and shingle-patterned pre-finished cement board. Three-four foot metal wainscotting is wrapped around the base of the building. The main building roof system will be a prefabricated gable truss system with smaller gables provided over the exterior decks. All roofs will have asphalt shingles. The deck structure will have heavy timber vertical structure with drip-through non-combustible decking and metal railings.

The building is organized with units flanking both sides of a central corridor with a fire rated egress stair tower at each end of the corridor. Each unit will have air conditioning and its own storage closet that is accessible from the corridor. The elevator is located in the center of the building and accesses all floors. There will be a common laundry room and lobby on the main level for resident use.

1. Describe how the project meets the MIHTC priorities and criteria for approval in Section 2 of the MIHTC Allocation Plan:

   a. <u>Project Marketability</u>

      The vacancy rate within the PMA for St. Louis Landing is, at most, 2%, although in many comparable properties there is zero vacancy. One surveyed project had a 20-applicant waitlist and another received 15 telephone calls within an hour of posting an available unit. Only one of the properties surveyed by the market analyst had a rent concession. Of urgent focus and optimal marketability a soon-to-be developed hospital located approximately a mile up the road, where employees will benefit from housing available in Building C.

   b. <u>Distribution of Applications</u>

      A MIHTC award in Fraser responds to a direct community need, delivering units to a waiting workforce.

   c. <u>Project Readiness</u>

      After the Town of Fraser was awarded its Operation Turnkey Grant in 2022 and selected, by RFQ, the MAHD team, the final master plan was agreed upon in 2023. The Final Plat and Major Site Plan was approved in July 2024. The Development Agreement with the Town was executed in January 2025. Infrastructure work started October 2024 and vertical permits will be delivered not later than August 2025. Fraser Housing Authority, who will own Building C, is ready to issue the necessary tax exempt bonds. Upon an award of MIHTC, the Authority will issue bonds and construction will start immediately. The MIHTC equity is planned to fund at stabilization with transfer of the state certificate and will be bridged by the bonds. The MIHTC due diligence process and transfer purchase agreement will close after the bond issuance. Please see a timeline included as Attachment C.

d. Site and Location Suitability

Centrally located with access to free transit, walkable to key services, and close to employment centers, the St. Louis Landing site is ideally situated to support workforce residents. The Town identified this site for affordable and workforce housing and committed to the vision with the initial affordability covenant recorded with the Operation Turn Key grant. The Town reiterated its commitment to the site suitability through its RFQ process, its approval of the master plan and Final Plat and Major Site Plan for Phase I, and its active participation in sourcing infrastructure grants for the site horizontal development elements including construction of Edna Tucker Way roadway running north-south between County Road 8 through the development site to Park Avenue. The entire site is being planned and engineered with environmental sensitivity including set asides for open space, wetlands and the roadway bridge across St. Louis Creek. The site is adjacent to town services (mail, grocery, dining and entertainment) and is a direct extension of the downtown Fraser community adding residential units to a growing and redeveloping downtown scene.

e. Development and Management Team Experience

MAHD is an organization made up of two experienced real estate development and financing partners: Windham Project Services Ltd. and Calested Partners LLC. MAHD has recently developed, constructed and sold 20 for sale affordable homes known as the Hideaway Junction II project in partnership with the Town of Winter Park. Windham is a specialized development management and advisory services company operating in Grand County, across Colorado and more broadly servicing clients in the US and western Canada. Windham's recent relevant experience includes Winter Park Resort Employee Housing, and Lakota Park Subdivision 84-unit for-sale duplex units also in Winter Park. Partnering with Windham is Calested Partners LLC who has previously owned a portfolio of 700 residential for-lease affordable homes in Ireland, renewable energy projects in Texas, the eastern US and Chile, and energy reliability projects in disadvantaged communities in Mexico.

f. Length of Affordability Commitment

Fraser Housing Authority and the Town of Fraser are the owners of the project and will ensure ongoing affordability. The Town commits to a minimum of 40 years of affordability.

g. Advanced Energy Efficiency and Sustainability Commitment

The project will be all electric and constructed in compliance with NGBS Bronze standards. The project has priced and gone through initial design for ~150kW of roof-mounted solar and may proceed with this improvement as the capital budget allows.

h. Market Conditions

In July 2024, the overall surveyed vacancy rate for projects in the PMA was 2.7% and two surveyed LIHTC and market-rate properties had waitlists with 25 to 35 applicants. While the penetration rate is above the preferred threshold, renter household growth and household formation in general have likely been constrained by the lack of available rental inventory. The subject is one of four affordable rental projects in the pipeline. Regardless, the subject should operate at a stabilized physical occupancy rate of 97%.

i. Project Costs

The St. Louis Landing Building C project construction cost estimate has been prepared by Big Valley Construction. Big Valley has considerable Fraser experience. In 2024, Big Valley was acquired by the ownership of JHL who brings considerable affordable and multifamily construction expertise and a wider reach to source competitive trades pricing.

j. Overall Financial Feasibility and Viability

The financial feasibility and viability of both the overall St. Louis Landing project and, specifically, the first phase including Building C, has come to fruition during the three years since the Town purchased the property. The Town has successfully assembled $12.3 million in grant funding from Division of Housing and the Department of Local Affairs and the Fraser River Valley Housing Partners. It has pursued Prop 123 equity funding and the final gap to achieve the Town's desired affordability levels is in sight with the MIHTC proceeds. Building C's financial feasibility is assured as all funding sources are identified and in-hand pending award of MIHTC.

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

   In response to the market study, 120% AMI units were reduced to below max MIHTC rents. The market study recommends continuing to evaluate the 120% AMI two-bedroom rents. Construction drawings and approvals are at a place where increasing the unit sizes would be difficult. The developer believes that there has been ample lease up time built into the construction interest reserve and the units will be absorbed.

3. Describe the financing structure and include the following:

   Building C will be owned by Fraser Housing Authority with a development agreement with MAHD as a turnkey developer. The debt financing includes tax exempt revenue bonds and CHFA Middle Income Access Program (MIAP) subordinate finance. Bond interest is offset by reinvestment proceeds. Further supporting the operating costs of the project (including bond financing) is a 15-year annual commitment of $250,000 in revenue from the Fraser River Housing Partnership. In addition to the bonds, Building C's capital stack includes a portion of the campus' More Housing Now grant, a portion of the Town's committed equity contribution, Prop 123 proceeds, and is supported by the Town's purchase of the land. A portion of cash flow during lease up and up until stabilization will be used as a capital source to pay bond interest.

   The MIHTC will be structured as a transferable certificate; the proceeds will fund at stabilization with transfer of the certificate. An ownership and MIHTC structure diagram is included as Attachment D. In the event the MIHTC can't be structured as a transferable credit, an alternative structure is described in Attachment E.

   Please see the attached request for underwriting waiver as Attachment F.

4. Description of project costs and any unique cost drivers and/or opportunity for cost savings through innovative building methods.

   Developing in Grand County, and specifically in Fraser, requires higher-than-average construction costs than Colorado's urban corridor directly tied to the transportation costs of labor and materials. The St. Louis Landing site, identified by the Town as its preferred site for this affordable housing development, was an undeveloped site with a Protected Natural Area (PNA). The costs of installation of the entire suite of utilities for this and future phases of development creates extra burden on the development (however now mostly funded through grants).

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

   Per the Phase I there are no Recognized Environmental Conditions.

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

   There was substantial community outreach and follow-up meetings during the master planning process for the St. Louis Landing site after the Town's receipt in 2022 of the DOH Operation Turnkey Grant for acquisition and the RFQ process that selected MAHD as the Town's development partner. MAHD, along with the Town, conducted four community open house sessions which presented options and suggestions for site and building layouts, amenities and overall design of the community. Throughout this community outreach process the site layout, ingress and egress, environmental and flood control sensitivities, as well as proposed buildings and amenities were discussed and changes made for appropriate concerns.

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

   The Housing Needs Assessment Update delivered in August 2022 for the Fraser River Valley key findings were:

   - There is a lack of housing for local workers. Many developments are in the pipeline, but most are priced for out-of-area buyers and second homeowners.
   - Market rate rentals and for-sale housing is too expensive for local workers.
   - There is a shortage of long-term rentals for locals; short-term rentals for visitors have increased.
   - The cost to construct a home is higher than it has ever been.

   The proposed St. Louis Landing project will contribute to Fraser:

   - More permanent residents,
   - Increased local expenditures,
   - Reduced vehicle miles, and
   - Parking savings.

   The units proposed by Building C will help secure housing for essential employees which will lead to stronger and more responsive emergency and other health services and will improve customer service and add to a more vibrant community. It will also allow would-be community members who currently can only afford to live in the county during seasonal employment periods, to become fully matriculated members of the community and contribute to the deeper fabric of this mountain community.