

Project Name: Charity's House Apartments

Project Address: 3020-3026 Welton Street, Denver, CO

Executive Summary

Community Outreach Service Center (COSC) was founded in 1988 as an Emergency Services program of Agape Christian Church and is located at 2515 California Street in Denver, CO. This Denver community, which stood at a point of destruction and devastation, has been transforming over the last 30 years, yet the needs of some residents remain the same, a safe, affordable place to live. A community-based agency, the mission of COSC is to equip neighborhood residents of Denver to achieve self-sufficiency through nurturing, training, working together with clients in their spiritual/mental/emotional well-being, and economic development. COSC provides a variety of services designed to meet the needs of residents of the Five Points and Curtis Park neighborhoods.

A specific mission of COSC is assisting offenders returning from the Colorado Department of Corrections (DOC) to our community. This effort is guided by Charity's House Ministries (CHM) which is an after-care transitional housing facility for ex-offenders. CHM was established in 1996 as a COSC stand-alone program. This community sees a significant number of men and women (especially African-American) who are coming out of jail, prison, or toxic life experiences. In the mid 1990's, members of the community, including ex-offenders, met twice weekly during lunch for six months for two purposes: (1) to discuss the needs of ex-offenders in the neighborhood and (2) to determine the therapeutic supports needed. This was the first opportunity for the ex-offenders to seek out solutions as a group for their problems. They concluded that a successful transition back into the community required necessary supports - housing and gainful employment were at the top of that list. In May of 2019, Metro Denver Homeless Initiative reported 1,796 adult households in Denver were literally homeless and at or below 30% AMI. Of the 1,796 above, 827 have some criminal justice involvement with an average inflow of 55 per month.

To address this growing need, Community Outreach Service Center, Inc. and BlueLine Development, Inc. have partnered together to propose Charity's House Apartments with permanent supportive services provided by Charity's House Ministries (CHM) and Mental Health Center of Denver (MHCD). Charity's House Apartments will be located on Welton and Downing Streets in Denver's historic Five Points Neighborhood and will include 36 one-bedroom permanent supportive apartments for people who are homeless, those at risk of homelessness, individuals with a disability and /or behavioral health condition and those who would benefit from the supportive services because of involvement in the criminal justice system. Each apartment will have an Energy Star refrigerator, oven/range, disposal, and microwave. The site, just inside the QCT, is located less than a block away from light rail and bus line, scores high in walkability, provides easy access to Denver's central business district, parks, grocery, recreation centers and other amenities.

Charity's House Apartments will be a three story, podium, wood frame building with seven tuck under parking spaces, designed with double loaded corridors to maintain building efficiency. Stairs at the south

end and an elevator at the north end will service the building. The building will have a flat roof form and the exterior will be clad in different profiles of painted fiber cement siding, stucco and brick accents. The amenity space will be constructed on the fifth floor taking advantage of views with large fiberglass windows and providing an outdoor deck for residents. All units will have high-efficiency windows, increased insulation rating and air conditioning. The entire project will self-certify to Enterprise Green Community Standards. There will be approximately 3,800 square feet of administrative offices and service space on the first floor. This space will include a leasing office, offices for supportive services partners, front desk reception, mail receiving area, and bike storage. The fifth floor will provide 1,875 square feet of community amenity space including a training room, a community kitchen and great room. Floors two, three and four will have community laundry rooms and sitting areas while floor three provides an exercise room. The outdoor community spaces will include a deck at both the north and south ends of the building.

Funding for Charity's House Apartments will be provided by CHFA in the form of 4% LIHTC equity, Colorado Division of Housing HSP grant funds, Denver's Office of Economic Development funds, Denver Housing Authority D3 funds, and permanent debt. The project will be supported by 36 Housing Choice Vouchers (HCV) from the Denver Housing Authority. Charity's House Apartments will follow all required cross-cutting federal regulations.

Charity's House Ministries, a program of COSC, will provide supportive services on site and Mental Health Center of Denver (MHCD), in partnership with CHM will be the lead clinical service provider to residents of Charity's House Apartments. These services will include, but not be limited to Independent Living Skills, Employment Services, benefits acquisition assistance, access to Mental Health Services, Substance Abuse Services, Health and Medical Services, and General Supportive Services. For more detail on intakes, assessment, defining service plans and case management please see the comprehensive service plan provided with this application.

Charity's House Apartments will be a community of hope and healing for those who have experienced homelessness in Denver who are in dire need of a stable, safe home. By combining housing and culturally competent services under one roof, these residents will find themselves engaging with service providers in a community of acceptance, hope, and opportunity. By adding the housing units proposed for Charity's House Apartments, the city of Denver will be taking a positive step towards eliminating homelessness by creating 36 new affordable units to address the housing needs of the most vulnerable in their community.

1. Describe the bond financing structure and include the following:
 - a. Total amount of bonds with a breakout of construction period bonds vs. permanent bonds.

Charity's House is requesting \$6.5 Million in total bonding capacity. This amount will be bought down to \$4,596,000 at conversion to perm.
 - b. Bond issuer (please specify whether you are seeking a CHFA bond-financed loan, a CHFA conduit bond issue only, or bonds from another municipal source).
 - i. If CHFA is the bond issuer, private activity bonds will be limited to ~52% of the aggregate basis.

Charity's House is requesting a CHFA bond issuance.
 - c. Lender and bond sale structure (public sale/ private placement, takeout, securitization, etc.).

Private placement with a Freddie TEL takeout
 - d. Portion of bonds that will be tax-exempt and taxable
100% of bonds for Charity's House will be tax-exempt.

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

Charity's House Apartments meets the following two priorities as defined in Section 2 of the QAP.

- Projects serving homeless persons as defined in Section 5.B 5

Charity's House Apartments is the result of an experienced community advocate's efforts to expand their services for homeless individuals coupled with a core team of local non-profit, and community members desire to address the growing need of affordable housing within the city of Denver. Charity's House Ministries currently provides an after-care transitional housing facility for ex-offenders. Charity's House Apartments will be an expansion of that service by offering 100% affordable units serving extremely low-income homeless individuals with a preference for those who have had criminal justice involvement. While Denver has made addressing homelessness a high priority, there is still high demand for 30% AMI units for extremely-low income households experiencing or coming out of homelessness.

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

Occupancy of Charity's House Apartments will target people with a history of homelessness and have a disabling condition, are currently homeless or would benefit from services due to involvement with the criminal justice system. The population that Charity's House Apartments is focused on are living with a disabling condition that may impact their ability to remain stable in housing; residents of this housing community will have an array of supportive services available to them on-site daily. Please see the Permanent Supportive Service Plan submitted with this application for additional information.

Market Conditions

Analysis of the primary market area indicates 55% of the overall population in the primary market area is one-person households, and 80% of the homeless population (2019 Point-in-Time counts approx. 4,000 people) in the City and County of Denver are one or two-person adult households. Current vacancy rate for similar homeless properties in the primary market area is 4%- 6%. There are no proposed LIHTC multi-family developments targeting the homeless or workforce/family housing currently approved by CHFA in the primary market area. Based on these calculations we anticipate a quick lease up and long-term stabilization for Charity's House Apartments.

Readiness-to-proceed

The proposed project's site is currently zoned C-MX-5 which allows for multi-family housing up to 5 stories. The site is currently under a purchase and sale agreement with BlueLine Development, Inc. The development team has been working with the City of Denver's Planning and Zoning Department on initial site plan approval and have been released from concept design incorporating all comments received into the current site and floor plans.

The Charity's House Apartments team has engaged Shopworks Architecture, an experienced LIHTC architect, to design the building. Additionally, we have received a third-party construction estimate from Denuve Construction Services, an experienced LIHTC contractor.

Overall financial feasibility and viability

Charity's House Apartments is financially feasible, if awarded 4% Low Income Housing Tax Credits as requested. The project is eligible to receive a 30% basis boost due to its location within a HUD designated Qualified Census Tract (QCT). This boost is necessary to ensure project viability through increased equity and a corresponding reduction in permanent debt.

Charity's House Apartments will have secondary funding sources through the Colorado Division of Housing, Homeless Solutions Programs Funds, Denver's Office of Economic Development Inclusionary Housing funds and deferred developer fee.

Experience and Track Record of the Team

Community Outreach Service Center

Community Outreach Service Center was founded in 1988 as an Emergency Services program of Agape Christian Church. The agency currently provides a wide array of services for adults including a food pantry and clothing bank, a community kitchen that feeds people experiencing homelessness, spiritual and personal counseling, employment counseling, classes in entrepreneurship, and computer instruction. COSC also serves neighborhood youth with a tutoring program for students temporarily suspended from school, youth leadership programs, and youth job readiness and job placements. Family strengthening is addressed through parenting classes. COSC also works with the Temporary Assistance to Needy Families (TANF) clients program from the Denver Department of Human Services. COSC and its programs serve people of any and all faiths and walks of life. A specific mission of COSC is assisting offenders returning from the Colorado Department of Corrections (DOC) to our community. This effort is guided by Charity's House Ministries (CHM) which is an after-care transitional housing facility for ex-offenders. CHM was established in 1996 as a COSC stand-alone program.

BlueLine Development, Inc.

BlueLine Development, Inc. is a real estate development company dedicated to creating and sustaining affordable housing. Their success comes from forming partnerships and utilizing all available funding resources. The goal of each development is to provide a comfortable, healthy home to those who need it most. BlueLine Development was founded in 2011 and has since secured funding and completed construction on 25 affordable developments throughout the West. In Colorado, they have an excellent track record of developing affordable and permanent supportive housing developments. BlueLine Development thrives on the unusual and difficult developments and finds satisfaction in assisting organizations who are helping the populations in Colorado who are most underserved and in need. Please see the BlueLine Development Resume and List of Properties submitted with this application for more information.

BlueLine Property Management Company

BlueLine Property Management (BLPMC) was started in November 2018 by the principals of BlueLine Development, Inc., an experienced affordable housing developer established in 2011. Through the stabilization and asset management phases, the need for a dedicated property management team was evident in order to achieve equity investor required occupancy levels. Understanding the Low-Income Housing Tax Credit program and the effect that property management has on the owner or partnership, BlueLine Property Management focuses on the immediate and long-term health of each property. Currently, 17 of the properties under the BlueLine Property Management team are located in Wyoming or Montana totaling 435 units of housing and 11 supportive housing properties are under management in Colorado. The Wyoming Housing Network (WHN) has entrusted BlueLine with their entire portfolio in Wyoming, which consists of 12 properties. BlueLine Development, Inc. partnered with WHN to develop several of these complexes using tax credit equity or other sources of financing and is now ensuring efficient operation to preserve the value of the WHN portfolio. Each property receives the same level of service, whether it has 4 units or 127, is affordable or market rate. Moving forward, BLPMC will be managing properties in Colorado that are affiliated with BlueLine Development, Inc.

Cost reasonableness

The costs submitted with this application reflect the current construction market in The City of Denver. These costs have been verified verbally from numerous funders and construction reviewers and in writing by a contractor who is active in the local market and is currently building several LIHTC projects in conjunction with Shopworks Architecture. The development team has looked for opportunities to streamline processes and minimize costs at every opportunity. By utilizing an architect, contractor and engineers who are familiar with the LIHTC process, the development team has been able minimize turnaround time and duplication of efforts in the design phase, which will translate to an efficient construction process.

Proximity to existing tax credit developments

James Real Estate Services identified many affordable multi-family LIHTC developments within the Primary Market Area. However, only six of these developments were considered comparable and within these six developments, 218 units were identified as being targeted to 30% AMI individuals. Further analysis of these comparables can be found in the market study submitted with this application.

Site suitability

By building in the Five Points location, Charity's House Apartments will be proximate to COSC's existing office location and will realize efficiencies in proximity to services because of this. The site is located within a block of light rail and several bus lines are within short walking distance. Also, within easy walking distance are a grocery store, library, parks, and recreation center. The Phase I ESA submitted with this application found no existing or past environmental concerns.

Justification for waivers

Charity's House is requesting a waiver of CHFA's cost basis limitations. Due to higher costs incurred for off-site staging, a zero lot line, infill site and lengthier construction schedule, costs exceed basis limitation. As a non-competitive 4% PSH project, the proforma requires additional credits to be financially feasible.

Charity's House has been underwritten to a 1.15 DCR for permanent debt.

Market Study Issues

James Real Estate Services identified the existence of several LIHTC developments in the area that target the homeless population. However, the existing supply is insufficient to meet current and anticipated future needs of the marketplace.

Environmental Issues

The Phase I ESA, completed by Kumar and Associates, Inc. revealed no Recognized Environmental Concerns, and recommended no further investigation.

Unusual Costs/Opportunities for Cost Containment

Charity's House will be built on an extremely tight site bordered by the light rail and Welton Street, thereby increasing the need for off-site staging and requiring a lengthier excavation and foundation phase due to site constraints. The development team will continue to work with the City and neighbors to coordinate on-site staging and storage space in an effort to save costs.

Additionally, the development team has looked for opportunities to streamline processes and minimize costs by utilizing an architect, contractor and engineers who are all familiar with the LIHTC process, the development team has been able minimize turnaround time and duplication of efforts in the design phase, which will translate to an efficient construction process.

Local Outreach –Community Outreach Service Center has received both council and community support for this project. The design team has met with current and former Denver City council members and received written support attached to the application. The design team has also reached out to the Curtis Park Registered Neighborhood Organization and provided the board president with project information.