



June 21, 2023

Tara Vargish
Development Services Department
Town of Castle Rock
100 North Wilcox Street
Castle Rock, CO 80104

We appreciate your department's time and attention to our proposed 42-unit attainable development, *Unity on Park Street*. This project is being designed to serve persons with disabilities, particularly those with intellectual and/or developmental disabilities (I/DD). As you are aware we have recently submitted our Site Development Plan Application to the Town and are commencing the Plan Approval Process. With development costs continuing to rise coupled with a need to keep rents as low as possible, particularly for the benefit of our target disabled population, this development requires a substantial amount of resources to succeed. It will be only the third development of its kind in the State, and the first in Douglas County. This is not because need for housing for the disabled is low; quite the contrary the need is greater than ever. The reason this type of development is so rare is due to the enormous amount of barriers that this population must overcome to live independently and the costs to do so which can be extreme. This development has received substantial financial commitments from Douglas County, the State of Colorado, and both of its partner agencies: the Douglas County Housing Partnership (DCHP) and Wellspring Community. Even with these commitments, *Unity on Park Street* needs the Town's financial support to succeed. One critical opportunity to do so is through waivers of development fees. As such, *Unity on Park Street LLLP* (the Developer) would like to formally present our application for a development services fee waiver through the Town of Castle Rock's Attainable Housing Fee Reduction program (Ordinance No. 2009-02).

Unity on Park Street's Eligibility for Attainable Housing Fee Reduction

In February 2009 Castle Rock Town Council approved and adopted Ordinance No. 2009-02, which amended sections 3.16.050 and 13.12.080 of the Castle Rock Municipal Code regarding the reduction of system development and development impact fees for qualifying attainable housing to allow eligible attainable housing projects to:

"...receive up to a one hundred-percent (100%) reduction, per qualifying attainable housing unit, in the amount of the otherwise applicable development impact fees. A qualifying attainable housing project and unit shall be defined as a housing project or unit participating in an attainable or attainable housing program through the Douglas County Housing Partnership, Colorado Housing Finance Authority, or other certified local, state or federal attainable housing program".

Per the ordinance, applications for the Attainable Housing Fee must be approved by Town Council. Unity on Park Street LLLP hereby submits that Unity on Park Street meets the eligibility criteria for an attainable housing fee reduction outlined in Ordinance No. 2009-02.

Development Overview

DCHP is partnering with Wellspring Community to create this integrated housing development for persons with I/DD. This project consists of a full renovation of the old La Quinta Inn in Castle Rock. The building will be converted from a 63-unit hotel to a 42-unit apartment complex. The indoor pool will likewise be converted to a community space to host classes and events for the residents. Two members of Wellspring's staff will be present 24 hours a day to provide living assistance for the I/DD residents. This new community will be called Unity on Park Street. Similarly, DCHP has formally entered into a partnership with Wellspring Community; Unity on Park Street LLP.

DCHP is a multi-jurisdictional housing authority serving Douglas County and its local municipalities including the Town of Castle Rock. Wellspring Community is an excellent non-profit organization serving individuals with I/DD. Wellspring provides learning and job opportunities for its I/DD clients. Clients of Wellspring Community (also referred to as Stars) along with other individuals referred by other area non-profits, are eligible to live at Unity on Park Street. For those who can live independently with some support, they can participate in Wellspring's Independent Living Program and receive a variety of services. 50% of the available units at this complex will be reserved for persons with disabilities. The other 50% of the units will be offered with attainable rents. Having persons with I/DD live along side persons who are neuro-typical creates an integrated housing experience which studies have shown creates a more vibrant living situation for persons with I/DD to thrive. This will also provide a permanent housing solution for these disabled individuals, many of whom currently live with aging care givers or family.

Douglas County ensured that project would be a reality by originally purchasing the property before the owner could sell to a for-profit. Then Douglas County sold the property to Wellspring and provided a \$3 million grant from stimulus funding it received under ARPA. Additionally the County is committing \$500,000 from the property tax mil levy collected for the I/DD community; a program which was enacted more than a decade ago. The State of Colorado's Division of Housing has committed \$4 million in ARPA funds. DCHP is providing several million in small cap bonds to fund tax exempt debt which will allow the development to gain a favorable interest rate. Both DCHP and Wellspring Community will also be contributing funds to close any other financial gaps. We ask for the Town's much needed help by waiving 100% of development impact and permitting fees.

This site is particularly advantageous to this particular type of development. The site is within walking distance to community and commercial services, such as the intended service provider, Wellspring Community, headquarters. The property is located less than a mile from Auburn Ridge Senior Apartments, and transit services can be easily accessed through both the Castle Rock Senior Center and Douglas County Aging Resources to enhance the lives of the seniors and disabled residents. Wellspring Community will also have several vans on-site to provide transit for the residents. The parking meets the Town of Castle Rock parking requirements. In addition to the renovations previously mentioned the development will also include a new patio and dog park. There will also be a small gathering space with kitchen appliances that

will be utilized as a community lounge. The one-building site meets commercial ADA standards, and has three floors, with a centralized elevator. All room doors and entryways meet ADA standards; and accessibility standards will be maintained through the renovation. Four apartments will be designed to meet Type A accessibility standards and four additional apartments will be fitted accommodate hearing and vision impairments.

The rent structure for the units will be as follows:

- \$615 (Studio) for 2 units, at 30% AMI
- \$659 (1 bed) for 2 units, at 30% AMI
- \$821 (Studio) for 5 units, at 40% AMI
- \$879 (1 bed) for 5 units, at 40% AMI
- \$1,026 (Studio) for 6 units, at 50% AMI
- \$1,099 (1 bed) for 6 units, at 50% AMI
- \$1,231 (Studio) for 7 units, at 60% AMI
- \$1,319 (1 bed) for 7 units, at 60% AMI
- \$1,436 (Studio)(Staff Units) for 2 units, at 80% AMI



Town of Castle Rock Development Services Fee Reduction Request for Unity on Park Street

Unity on Park Street LLLP requests that the Town of Castle Rock vote to provide support for Castle View Apartments by way of a development impact fee reduction of 100%.

The total project costs for Unity on Park Street are anticipated to be approximately \$11.4 million. Of this total, approximately \$650,000.00 are the anticipated fees to be paid to Castle Rock Development Services. We realize the significance of this request, but we must make it in order for the project to be possible.

See the table below for details:


Unity on Park Street – Project Sources and Uses

Sources		Uses	
1st Mortgage (Tax Exempt Bonds)	\$ 2,750,000.00	Acquisition	\$ 6,400,000.00
Douglas County ARPA Funds	\$ 3,000,000.00	Construction Costs	\$ 3,247,069.00
CO Division of Housing ARPA Funds	\$ 4,000,000.00	Permit / Impact Fees	\$ 650,000.00
DC Mil Levy Funds	\$ 500,000.00	Soft Costs	\$ 274,000.00
Deferred Developer Fee	\$ 492,069.00	Developer Fee	\$ 655,000.00
Castle Rock Fee Waivers	\$ 650,000.00	Reserves	\$ 166,000.00
Total	\$ 11,392,069.00	Totals	\$ 11,392,069.00

The Development has received commitments for the construction and permanent financing from MidWestOne Bank. In order for this debt to be feasible the bank has purchased a hedge with its own funding to provide a low interest rate of 4.3%. The Development has also received commitments from Douglas County totalling \$3.5 million and from the State of Colorado of \$4 million. The contractor, Almquist Construction, is waiving approximately \$200,000 in fees. Even the title company, Canyon Title, is waiving more than \$10,000 in closing costs. We believe that this development is uniquely special which is why we have been able to secure so many funding partners. This is why it is critical that the project obtain a development fee reduction.

We thank you for your consideration of this request. We look forward to working together to deliver this unique and highly needed development to the Town of Castle Rock.

Sincerely,



Artie Lehl
Deputy Director
Douglas County Housing Partnership