

CASTLE VIEW OWNER LLC

c/o Otten Johnson
950 17th Street Suite 1600, Denver, CO 80202

November 22, 2022

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

Dear Ms. Vargish,

We appreciate your department's time and attention to our proposed 200 unit senior attainable development, The Meadowmark (the "Development"). As you are aware, on June 17th, 2022 we submitted our Attainable Housing Fee Reduction Application to the Town, requesting a waiver of impact and permit fees totaling \$400,000. Since submitting the initial application, the costs of construction have continued to increase, and interest rates have risen even further, to a level not seen since 2008. Due to these increases, the barrier to developing this attainable housing community is higher than ever before and requires successful partnerships to form creative solutions to overcome these challenges and cost burdens. As such, Castle View Owner LLC, in partnership with Douglas County Housing Partnership, would like to formally present our revised application for a development services fee reduction through the Town of Castle Rock's Attainable Housing Fee Reduction program (Ordinance No. 2009-02).

Castle View'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. Castle View Owner LLC hereby submits that The Meadowmark meets the eligibility criteria for an attainable housing fee reduction outlined in Ordinance No. 2009-02.

Castle View Owner LLC received approval from Douglas County Housing Partnership (DCHP) for the issuance of tax-exempt bonds and for DCHP to participate as a Special Limited Partner in The Meadowmark on March 24th. Additionally, since submitting our initial application, the project received an award of, non-

competitive Low Income Housing Tax Credits (LIHTC) from Colorado Housing Finance Authority (CHFA) in August, and a commitment of \$5,000,000 in funding from the Colorado Division of Housing (CDOH) in October.

Development Overview

The Meadowmark will be located on Filing 19, Lot 2 North Subdivision of the Meadows Master Development, and is currently zoned to allow for senior housing by right. The site is conveniently located nearby both shopping areas at the Outlets as well as health and entertainment at and nearby the Castle Rock Adventist Health Campus.

The Meadowmark will be developed as a four story building with three elevators, designed in a “3” shape with common area amenities and a covered entry along the center of the building. The Applicant is working closely with the seller, Castle Rock Development Company (CRDC), who will coordinate all off-site road and utility improvements for the project. All 200 units will be rent-restricted for seniors (age 55+) whose income is 70% or less of the Area Median Income (AMI) for a period of thirty years. Of the 200 units, 10 units are anticipated to be set aside to those whose income is 30% or less of the AMI, 167 units will be set at 60% AMI, and the remaining 23 will be at 70% AMI. The rent structure for the units will be as follows:

- \$610 (1 bed) for 6 units, at 30% AMI
- \$725 (2 bed) for 4 units, at 30% AMI
- \$1,270 (1 bed) for 112 units, at 60% AMI
- \$1,516 (2 bed) for 55 units, at 60% AMI
- \$1,490 (1 bed) for 12 units, at 70% AMI
- \$1,780 (2 bed) for 11 units, at 70% AMI

The Meadowmark will be developed with high-quality materials and will be designed and constructed thoughtfully to promote an active and healthy lifestyle for low-income seniors. The building exterior will be warm and welcoming, and be designed to thoughtfully integrate with the Meadows Community. The landscaping will be robust and professionally maintained, using native vegetation that will enhance the connectivity both within the site and the broader community.

Conformance with Neighborhood Character

The Development’s architectural design will be harmonious with the design style of nearby residential and commercial developments within the Meadows community. The building has been designed to blend in with the neighboring community, incorporating colors, materials, and other design characteristics of the larger community.



The main entrance will have a large covered porte cochere to promote utilization of transportation services and provide residents a location to wait for transportation. The building will integrate a mix of stone and fiber cement materials with thoughtful massing that blends in with its natural surroundings. Parking will surround the site, offering both a setback off the road and easy access to units across the site.

Community Amenities

Walking in through the main entrance, residents will be greeted with a welcoming visual of the leasing office and community spaces. The community amenities available to residents will include an open layout clubroom with community kitchen and television, a craft & game room for residents to gather for social events, a fitness center with high quality equipment, and a beautiful outdoor gathering spaces that will provide a grilling station, community garden, and space for activities. These amenity spaces will create a natural feel of community, offering residents opportunities to interact with their neighbors and host social events.

Apartment Amenities

The apartment units will be designed with high-quality materials, no different than a high-end luxury apartment. The units will include luxury vinyl plank flooring, washers and dryers, air conditioning, high quality appliances, and open layouts.

Handicap Accessibility

The Meadowmark will ensure all residents have equal opportunity. 10 units will be developed as “Type A” fully handicap accessible units and additional 4 units will be developed to cater to those hearing and/or visually impaired. Additionally, all common area facilities and amenities will be designed to meet Americans with Disabilities Act (ADA) requirements for accessibility.

Services

The Meadowmark will be designed for seniors seeking to continue to live an independent lifestyle. Services are anticipated to include (i) a shuttle service for residents to utilize and (ii) hosting community events such as potlucks, game nights, and classes, and other enriching activities.

Energy Efficiencies

The Development will be designed with energy efficiency in mind and will meet requirements for National Green Building Standards (NGBS). This will include energy efficient appliances and lighting, low-flow water fixtures, and landscaping that uses minimal water.

Town of Castle Rock Development Services Fee Reduction Request for The Meadowmark

Castle View Owner LLC requests that the Town of Castle Rock vote to provide support for The Meadowmark by way of a development impact fee reduction of \$500,000, equal to 11.96% of the total fees paid to the Town. This represents an increase of \$100,00 or 2% since the initial application.

Since submitting the initial Application, the Development’s anticipated construction costs have increased by approximately \$500,000, and interest rates have risen by almost 1%, which has resulted in a loss of \$3 million in proceeds that would be available to finance the project.

The total project costs for The Meadowmark are anticipated to be approximately \$58.5 million. Of this total, approximately \$4,181,000 is anticipated to be paid to the Town as part of the Building Permit issuance. With interest rates rising rapidly and construction costs continuing to increase, the barrier to develop attainable housing is significant. This request will alleviate the burden for the development of attainable housing and ensure the financial viability of the project.

The Transportation Impact Fee is the largest of these fees, equating to \$1,596,600 (\$7,983 per unit) or 39% of all anticipated impact and permit fees. Given that the Development will be catered to Senior 55+ and older, we believe this fee is outsized relative to traffic generated from the residents who will be living at the community, in particular given the anticipated shuttle services that development will provide. Based on internal studies of comparable senior properties, we anticipate there will be less than one car per residential unit and that many of these residents will use their car seldomly. As discussed, we are currently exploring providing shuttle transportation for residents to use for weekly trips and errands, which will significantly limit the impact on the roads throughout the community.

This request is financially necessary for the feasibility of the project as can be seen in the table below:

The Meadowmark – Project Costs and Sources

PROJECT SOURCES		PROJECT COSTS	
Tax Credit Equity	\$ 5,565,000	Land	\$ 3,595,000
Construction First Mortgage	33,970,000	Construction	43,600,000
Construction Second Mortgage	13,910,000	Water/Impact/Permit Fees	4,180,000
Division of Housing Loan	5,000,000	Professional Services	2,335,000
		Construction Financing Costs	3,900,000
		Permanent Financing Costs	275,000
		Project Reserves	250,000
		Developer Fee	310,000
Town Fee Waiver	(500,000)	Town Fee Waiver	500,000
TOTAL COSTS	\$ 58,445,000	TOTAL SOURCES	\$ 58,445,000

The Development has received commitments for the construction and permanent financing from private banks who have obligations to invest in attainable housing. Additionally, the Development has received a commitment from an equity investor who will purchase the generated tax credits in exchange for equity to be deployed into the Development. The Development has also received an initial funding award of \$5 million from the Colorado Division of Housing (CDOH) and anticipates applying for additional funding to make the project financially viable. CDOH's mission is to increase Colorado's inventory of attainable housing, by which one approach is investing state and federal funding into attainable housing developments. In order to be eligible for the additional funding from CDOH, they require that the local municipality for a prospective project offer some form of contribution whether by offering funding or waivers of development fees. By approving this development fee reduction request of \$500,000, or 12% of the total fees paid, this will demonstrate the necessary level of local contribution required for CDOH to deploy the additional

funding. Without the development fee reduction, this project is unable to move forward with applying to CDOH and unable to receive the necessary funding to make this a financially viable attainable housing project.

We thank you for your consideration of this request. The attainable housing crisis we are seeing in the state of Colorado is at unforeseen levels and requires strong partnerships from stakeholders at the private, local, and state level to work together to solve this. We look forward to working together to deliver two hundred units of high quality senior attainable housing to the Town of Castle Rock.

Sincerely,

A handwritten signature in black ink, appearing to be 'CL' followed by a horizontal line.

Connor Larr
Castle View Owner LLC
