



May 4, 2020

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

We want to first thank you and your staff for all the help we've received bringing our development project to fruition. We appreciate your department's time and attention to our proposed 53 unit senior affordable development, Oakwood Senior II. As you are aware we have made considerable progress on the development, we have nearly completed the design process and will soon be submitting drawings for plan check and building permits. We have also completed the bidding and estimation process based on our detailed design drawings and have a clear understanding of our overall development costs. Staff has provided a detailed estimate of the impact fees the Town will charge for Oakwood Senior II (OS II). Please consider this our formal application for a development services fee reduction through the Town of Castle Rock's Attainable Housing Fee Reduction program (Ordinance No. 2009-02).

Oakwood Senior II'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 affordable 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. The Douglas County Housing Partnership (DCHP), hereby submits that OS II meets the eligibility criteria for an attainable housing fee reduction outlined in Ordinance No. 2009-02.

The partnership applied to the Colorado Housing Finance Authority (CHFA) for Low Income Housing Tax Credits (LIHTC) for OS II on June 1, 2019 and was approved on October 14, 2019. This was the partnership's second application to CHFA for LIHTC for OS II; *a fee reduction from the Town of Castle Rock is essential for making the project financially feasible.*

Development Overview

In 2006, DCHP acquired Oakwood Senior, a 64-unit senior property originally constructed in 1985 under the Rural Development (RD) Section 515 program. The then owner had prepaid the RD 515 financing and was threatening to take Oakwood Senior to market rate. With some financial assistance from Douglas County and a low cost mortgage provided by CHFA, DCHP was able to purchase Oakwood and save these affordable senior units. Now, fourteen years later, DCHP intends to develop a new 53 unit building to add to an already stellar senior property.

The new development, OS II, will be located on the south side of the current Oakwood Senior property at 559 Oakwood Drive, Castle Rock, CO. Several amenities perfect for seniors are nearby including a large shopping center, Downtown Castle Rock, and of course The Rock. Walkability for seniors is low in this area due to grade changes and distance, however, transit services are provided for our mobility impaired residents by Douglas County Aging Resources, the Castle Rock Senior Center, and a van share program with Auburn Ridge.

OS II will be built as a three story building with two elevators, designed in an “L” shape with common areas and a covered entry near the center. The construction of OS II will require demolition of one residential building (8 two-bedroom units which will be replaced one-for-one at OS II), the existing leasing office, and the community building. Per approval by the Town of Castle Rock, the residential building will not be removed until OS II is complete thereby eliminating any complicated relocation issues. Parking will be increased to accommodate the additional units

All 53 of the new units will be rent-restricted for seniors (age 55+) whose income is 60% or less of the Area Median Income (AMI) for a period of forty years. The 53 planned units have a broad income mix, restricted at 30%, 40%, 50% and 60% AMI. The initial rent structure of the new units will be:

- \$463 (1 bed) for 4 units at 30% AMI
- \$554 (2 bed) for 2 units at 30% AMI
- \$637 (1 bed) for 14 units at 40% AMI
- \$763 (2 bed) for 2 units at 40% AMI
- \$811 (1 bed) for 20 units at 50% AMI
- \$972 (2 bed) for 2 units at 50% AMI
- \$985 (1 bed) for 7 units at 60% AMI
- \$1,181 (2 bed) for 2 units at 60% AMI

Residents of OS II will have access to a variety of attractive on-site amenities, and units will be designed to the highest standard. Current residents of Oakwood Senior I will also have full access these amenities as well. The construction and landscape design will focus on creating an aesthetically pleasing property appearance, while also emphasizing energy-conserving design elements in accordance with Enterprise Green Communities criteria.

Conformance with Neighborhood Character

OS II's architectural design is compatible with the scale and style of nearby existing residential developments. The building has been designed to incorporate materials, colors and architectural elements that are typical to the surrounding area. The beautifully landscaped common areas, include gathering places, a community garden, and a dog park.



The main entrance has a large covered porte cochere to allow residents protected curbside service. The building has a beautiful stone veneer with architectural reliefs to create pleasing visual aesthetics. Juliet balconies and a large rooftop deck on the 3rd floor invite the residents to enjoy the outdoors from the safety and convenience of the new building.

Community Amenities

As mentioned the leasing office and community room will be demolished as part of the new development. Leasing offices and an even larger community space with upgraded amenities will be included on the main floor of the new building. In addition to this new building the overall project will include adding new walking paths, gathering spaces including a large area with a covered pergola, and a dog park. The property will also have enhanced security features with keyless entries. Residents will enjoy a spacious community room with, public Wi-Fi, comfortable seating, a beautiful food preparation area, and a flat screen TV. This space will allow for enhanced programming of activities and will be spacious enough to be divided for multiple events.

Apartment Amenities

Each of the individual units will have vinyl-tile floors with a hardwood look for easy care and traction, individual furnaces and air conditioners, high quality appliance including ovens, microwaves, refrigerators, dishwashers, and individual laundry units.

Handicap Accessibility

OS II will be built with the needs of disabled residents in mind. Six "Type A" fully handicap accessible dwelling units will be built per the Fair Housing Act and the International Building Code (IBC). This represents more than 11% of the total number of dwelling units in the project. All handicap elements will be installed in these units at first construction, including those for sensory impairments. The balance of the units shall be "Type B" Adaptable units per the Fair Housing Act and the IBC. All common areas of the facility will be designed to meet Americans with Disabilities Act (ADA) guidelines for public accommodations.

Services

While OS II is designed for seniors seeking to live an independent lifestyle, the community's management company, Terra Management, LLC (Terra), already provides a variety of supportive services to the current residents of Oakwood. These services will continue to be offered to the entire Oakwood community including but not limited to: an ADA accessible shuttle van (shared with Auburn Ridge), resident service coordination, coordination with an on-site visiting nurses, food bank coordination, and on-site social activities. Terra also coordinates for off-site social activities as well including trips to the Castle Rock Senior Center.

On-site staff will be equipped to provide support to our residents, some of whom may be disabled or otherwise require assistance with managing finances, health matters, etc. Terra will also make referrals to outside agencies and services that may contract separately with residents (e.g., transportation, home health, housekeeping, food delivery, rehabilitation, etc.).

Energy Efficiencies

As a LIHTC project OS II will follow the Enterprise Green Communities Criteria for sustainable development. This includes advanced features meeting the rigorous building performance standards of Energy Star such as Energy-star rated appliances and lighting, and low-water use plumbing fixtures and landscaping.

How Housing Tax Credits Work

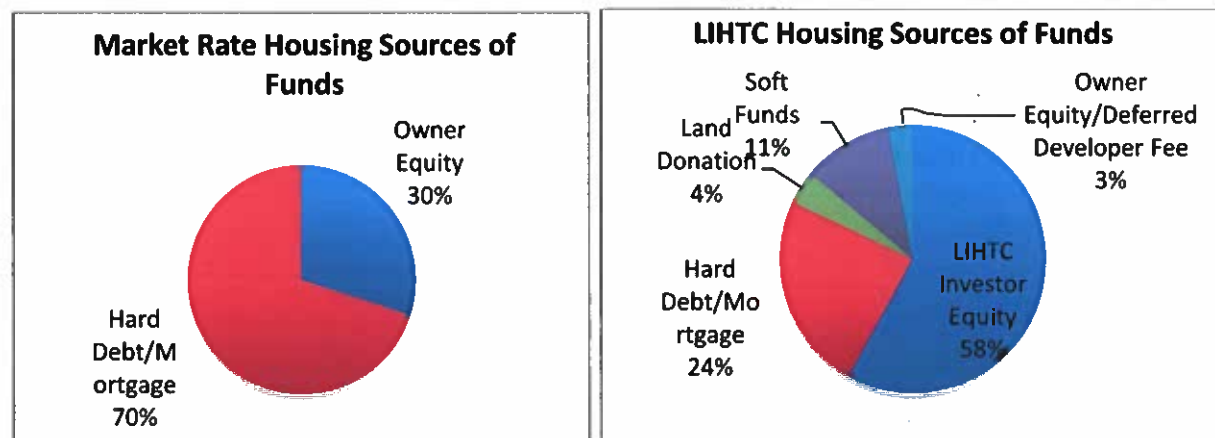
Supported on a broad bipartisan basis and signed into law by President Reagan, the Housing Credit was enacted as part of the Tax Reform Act of 1986.

Investors infuse capital into affordable projects by purchasing equity stakes tied to a portion of total project costs. The potential financial return achieved via the tax credit enables investment in projects that would not otherwise produce profitable returns (e.g., housing properties with significantly below-market rent such as OS II).

The financial structure of LIHTC developments differs dramatically from traditional market rate multifamily developments. In a traditional market rate development, the developer provides about a third of the equity and borrows the remainder from banks or other hard lenders. In LIHTC developments, the majority of equity is raised through the sale of the tax credits to the equity investor and the picture is a much more complex one.

A generic example of typical sources of funds:

Market Rate Multifamily Development vs. LIHTC Development



Of central importance is the fact that in LIHTC developments, *the permanent mortgage must remain low* and cannot be raised. This hard debt must remain small due to the fact that rents cannot be increased to offset the debt service in the future, and tax credit investors are hesitant to invest in projects that carry a heavy amount of hard debt, reducing the amount they are willing to invest in equity into the project, thus creating an even greater funding gap.

Tax credit developers must therefore be resourceful and look to a variety of funding sources to finance their developments. These sources include traditional hard lenders such as banks, state lending agencies, land donations from land trusts, fee reductions from local jurisdictions and other soft sources of funding.

Town of Castle Rock Development Services Fee Reduction Request for Oakwood Senior II

The Douglas County Housing Partnership respectfully requests that the Town of Castle Rock vote to provide support for OS II by way of a development impact fee reduction of **\$200,000**.

This request is due in part because of changes the Town voted for recently to increase some fees. The total project cost of OS II is estimated at \$15,869,022.00. This includes the most recent estimate from Town staff that Development Services fees will total \$978,099.00. This is a substantial increase from last year when we were applying for tax credits. Our estimates at that time had the fees at approximately \$669,500.

The Transportation Impact fee in particular is the largest of the fees and a bit excessive in our opinion, when considering that this is a senior housing development. The most recent estimate we received for this particular fee was \$380,610 which accounts for nearly 40% of all impact fees. We understand that all developments have an impact on roads throughout any community. We believe this fee to be too high for a senior project, however. Currently at Oakwood only about 70% of our residents own a car. Only 13 of 64 households use their vehicle on a daily basis for a part-time job. Most of our other residents venture out only once or twice each week which is significantly less than comparable family-style apartments or single family neighborhoods.

When you pair this low impact with the fact that this project requires that we replace the public walk along Oakwood drive which will likely result in the repaving of the top coat of the street or at the very least a chip and seal, the impact is further diminished. With these two things in mind we feel it appropriate to ask for a fee reduction.

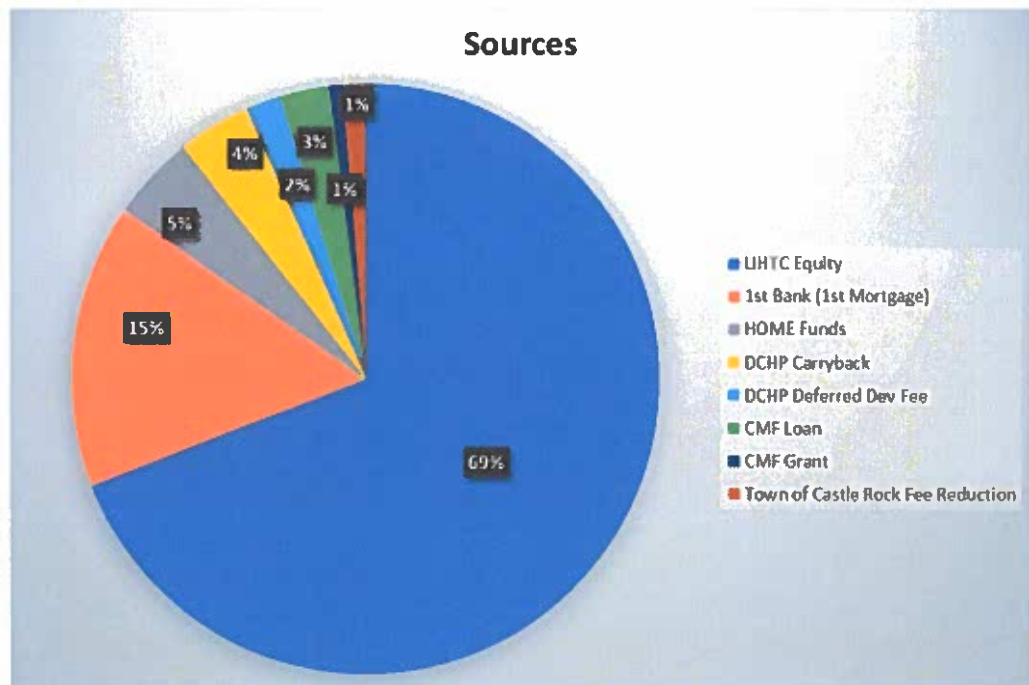
This request is financially necessary for the feasibility of the project as can be seen in the table below:

OS II- Sources and Uses

PROJECT COSTS		PROJECT FINANCING	
Land	\$1,380,000.00	Tax Credit Equity	\$10,958,022.00
Construction & Site Work	\$9,780,525.00	First Mortgage (1 st Bank)	\$2,500,000.00
Professional Fees	\$701,500.00	Second Mortgage (CHFA CMF)	\$424,000.00
Construction Soft Costs	\$716,846.00	DCHP HOME Loan	\$750,000.00
Permanent Financing	\$298,800.00	DCHP Land Carry Back	\$630,000.00
Developer Fees	\$1,500,000.00	CMF Grant	\$106,000.00
Soft Costs	\$348,552.00	Deferred Developer Fee (20.07%)	\$301,000.00
Project Reserves	\$164,700.00		
Development Service Fees	\$978,099.00	Town of Castle Rock Reduced Fees	\$200,000.00
TOTAL COSTS	\$15,869,022.00	TOTAL SOURCES	\$15,869,022.00

This project has a firm commitment for the construction and permanent financing for OS II from 1st Bank of Colorado and we are in the process of submitting an application for a Capital Magnet Funds with CHFA. DCHP will be providing a deferred carryback loan of \$630,000 as well as deferring \$301,000 in required developers fees to also offset costs. The project also has a firm commitment from our equity investor, Midwest Housing Equity Group, for \$10,958,022.00 in equity for the sale of the tax credits. The Colorado Division of Housing (CDOH) is processing our application for \$750,000 in HOME funds and will render a decision at their board meeting in June.

The fee reduction from Castle Rock is critical in order to fill our funding gap and leverage all of the other funding sources that we have aligned. The amount of financial support we are requesting from the Town represents 1.3% of the total funding for the development of the project. This relatively small amount of money, allows us to directly leverage over \$15,000,000 in funding sources for the project.



Closing

We have worked tirelessly for more than 3 years to pull together all of our resources to bring this project to fruition. I think all can agree that there is significant demand for affordable senior living in Castle Rock and this will allow 45 more households the ability to live independently. We are planning on breaking ground in the fall and hope to be ready for residents to move in the beginning of 2022.

We have had a wonderful partnership with the Town of Castle Rock since our organization was founded in 2003. Oakwood has been one of its best examples of affordable housing in the community and we need the Town's support for this project to succeed. Again, we value the time and energy that your team has devoted to the development of Oakwood Senior II already. As always it has been a pleasure working with your Department and we look forward to finishing this project in partnership with the Town of Castle Rock.

Sincerely,



Diane Leavesley, Executive Director
Douglas County Housing Partnership

If you have questions, please contact:

Artie Lehl
Programs Manager
Douglas County Housing Partnership
303-784-7857 (o)
303-847-6054 (c)
alehl@douglas.co.us



www.douglas.co.us

May 17, 2019

Tasha Weaver
Manager, Tax Credits
Colorado Housing and Finance Agency
1981 Blake Street
Denver, CO 80202

Re: Douglas County Housing Partnership Low Income Housing Tax Credits Application

Dear Ms. Weaver,

The Douglas County Housing Partnership (DCHP) is applying for 9% Low Income Housing Tax Credits for the purpose of increasing the number of units and improving accessibility at the Oakwood Senior Apartments in Castle Rock. This letter supporting DCHP's application is to affirm the need for new affordable rental units benefiting seniors in Douglas County.

Douglas County senior residents have expressed a desire for a broader range of housing choices through surveys and direct feedback. Many seniors on fixed incomes are extremely limited in their choices to live near their families and remain engaged in the community. Affordable apartments have long wait lists for all low- and moderate-income residents. Construction costs are high throughout the region and builders are selective regarding where and what they build.

Approval of the application for 9% tax credits will allow DCHP to increase the number of affordable rental units in the County. Tax credits are a critical financial tool and will play a pivotal role in DCHP's ability to construct 53 new accessible units for seniors with health challenges or disabilities at Oakwood Senior Apartments. If you require additional information, you may contact me or my staff at 303 660-7460.

Sincerely,



Terence T. Quinn, AICP, Director
Department of Community Development

May 9, 2019

Tasha Weaver
Manager, Tax Credits
CHFA
1981 Blake Street
Denver, CO 80202

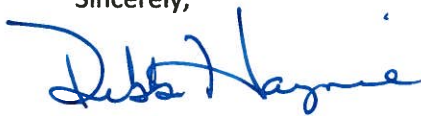
Dear Tasha,

As the Executive Director of the Castle Rock Senior Activity Center (CRSAC), I am writing you to ask for your support of Douglas County Housing Partnership (DCHP) quest for funding. I work with Douglas County "Seniors" on a daily basis, and can attest that housing and transportation continue to be the biggest needs in our community. It is so important that our aging and most vulnerable population has access to affordable housing and transportation. The Senior Center has been helping with the transportation needs for many years now, but we need CHFA's help to secure and develop more affordable housing for our "Seniors." DCHP is working on a rezoning project for Oakwood Senior Apartments for a 3-story building with elevators (53-units). As one of the transportation providers in Douglas County, we provide close to 700 rides a month to seniors. We have seen firsthand when a senior has to live with a family member vs. having the freedom and independence to live on their own. Or, when rents are raised and they no longer can live in Douglas County, and are forced to move away from the friends, the center, and support systems they had here due to high housing costs. Douglas County is one of the fastest growing senior populations in the country. We continue to see this firsthand with rising membership in the center and transportation requests from the community. We have to create more affordable housing in Douglas County to catch up with this rising growth of the "Senior" population. This is where CHFA can help right now with this DCHP project and also help be part of the future of more DCHP projects in our community.

In closing, please strongly consider helping Douglas County Housing Partnership with this project and any future ones for our "Seniors." DCHP has the vision to start making an impact on the much needed affordable senior housing situation in Douglas County. We need to help CHFA make these ideas a reality.

Please feel free to reach out should you have any question or need additional information.

Sincerely,



Debbi Haynie
Executive Director

May 13, 2019

Tasha Weaver
Manager, Tax Credits
CHFA
1981 Blake Street
Denver, CO 80202

Dear Ms. Weaver,

As the only nonprofit aging resource center in Douglas County, we strive to ensure that seniors have access to community connections, resources, and direct services that allow them to remain independent and to age in place. At the forefront of our mission is ensuring that the voice of each senior is heard and respected, and what we have heard loud and clear over the past several years is the need for additional housing.

Securing affordable housing is a critical problem many seniors face in Douglas County. With the senior population growth in Douglas county expected to hit 370% by 2040, we need to start development now. Many of our older adult residents are being forced to move out of the county due to the lack of affordable housing. The expansion of Oakwood Senior Housing would provide a much-needed option. Oakwood and the Douglas County Housing Partnership has an excellent reputation with their existing property; presently there is a waitlist for new residents desiring to move in.

As an aging professional and advocate, I strongly support the expansion of Oakwood's new units and the redesign of their current landscape to accommodate additional residents. This development is a win for the seniors, their families and the community at large.

Sincerely,



Karie A. Erickson,
Executive Director