

9% housing credit application narrative



Project Name: Willoughby Corner Phase 1A Senior Apartments

Project Address: N. 120th Street and E. Emma Street, Lafayette, CO

Executive Summary: Willoughby Corner is a proposed new community in East Lafayette, less than one mile from the historic downtown, approximately 10 miles east of Boulder and 25 miles north of Downtown Denver, with views west to the Flatirons and direct connections to regional trail networks and Open Space. Boulder County Housing Authority (“BCHA”), in concert with an intergovernmental agreement (“IGA” – *see Attachment 1: IGA*) with the City of Lafayette, will develop the 24-acre site into a community of 400 permanently affordable homes constructed in multiple phases (*see Attachment 2: Phasing Plan*). Willoughby Corner Phase 1A Senior Apartments (“Willoughby Senior Apartments” or the “Project”) is a new construction 63-unit apartment building, age-restricted for residents 55 and over, with income at or below 60% AMI. This building is the first of the master-planned community and will be the cornerstone of the neighborhood. The entire Phase 1, which includes the Project, will deliver 156 multi-family homes, one community building with resident amenities and services, and significant site improvements. Phases 2 and 3 of the master-plan will be 100% affordable and include additional apartments, one community building, and townhomes and duplexes, 80 of which will be affordable for-sale.

The state of Boulder County – resiliency: There is a critical need for affordable options in Boulder County as evidenced by the overwhelming response BCHA recently received for housing applications. In December 2021, BCHA began accepting applications for pre-leasing at The Spoke on Coffman in Longmont (a new BCHA property, scheduled to open at the end of March 2022). In a matter of just eight hours, BCHA received nearly 5,000 applications for housing, including over 1,900 specifically for the 73 apartments at The Spoke.

It is with urgency that BCHA submits this application for Willoughby Senior Apartments for 2022 9% LIHTC allocation. On December 30, 2021, the Marshall Fires devastated the Town of Superior, the City of Louisville and parts of unincorporated Boulder County. Over 30,000 residents were evacuated, more than 1,000 homes and businesses were destroyed, and hundreds more suffered property damaged. The region was declared a Disaster Area by President Biden on December 31, 2021, and is now eligible for Federal Emergency Management Agency (FEMA) aid and other resources. The Primary Market Area identified in the 2022 Willoughby Corner Market Study includes census tracts that suffered the most tragic losses. While frustrating that the community cannot rebuild instantly, BCHA’s 400-home planned neighborhood is already advanced to a high level of development – the current strategy would position BCHA to open the first doors to new homes as soon as the beginning of 2024. The tenant selection plan for Willoughby Senior Apartments, and other phases of the neighborhood, will preference income-qualified residents who were displaced by the Marshall Fires. Consistent with recovery priorities identified by local, state, and federal agencies, this project addresses the need to promptly build and provide the deepest level of affordability within the community, which is especially important to a region that has increasingly suffered from rising housing costs.

Growing senior population: The Front Range has experienced consistent growth over the last decade. This area is particularly attractive for its access to wilderness, natural beauty, recreation; its proximity to the culture and employment opportunities in Denver; and the strong sense of community. The population of

Lafayette is expected to age in coming years - growth in the population of residents aged 65 or older will account for over a third of the total projected population growth in Boulder County between 2015 and 2040 and Lafayette’s population of people over 55 is expected to increase by almost 50,000 by 2040 (see Scoring section for more details). The City of Lafayette recognizes this growth, understands many citizens desire to remain in the community through old age, and requires in the IGA with BCHA that at least 10% of the affordable development on the Willoughby Corner serve residents aged 55 years or older (page 19 highlighted in *Attachment 1: IGA*). There is further evidence for the large number of seniors looking for affordable units in Boulder County in the waitlists at BCHA’s Josephine Commons and Kestrel senior properties, each with very low or no vacancy: there are 641 people over the age of 55 on the Kestrel waiting list and 55 people over the age of 55 on the Josephine Commons waitlist.

The development team has prioritized the quality of life for future residents including performing a Trauma-Informed Design Process (see *Attachment 3: Trauma-Informed Design Report*) and holding interviews with current senior BCHA property residents and BCHA property management staff (see *Attachment 4: Unit Amenities and Site Recommendations*). BCHA has used the information from these interviews, and lessons learned from operating over 175 units of Senior housing, to create Willoughby Senior Apartments.

The project site is currently in a QCT (608.00). The City’s new Comprehensive Plan (see Scoring section for more details), adopted at the end of 2021, designates the Willoughby Corner site as a Housing Area. The current zoning is light industrial and there is an active pending rezoning of the property to R-4, medium density residential, with a Planned Unit Development overlay. With this zoning, a density of up to 18 dwelling units per acre is allowed across the entire 24-acre site (up to 432 total dwelling units). The anticipated timeframe for zoning approval is by the end of March 2022.

Willoughby Corner Senior Apartments will provide 50 one-bedroom and 13 two-bedroom apartments for senior residents. Seven units will be restricted to residents at 30% AMI and below, seven units will be restricted at 40% AMI and below, 24 units will be restricted at 50% AMI and below, and the remaining 25 units will be restricted at 60% AMI and below.

Willoughby Corner will offer amenities geared towards enjoyable, independent, active living, including the following:

Unit Amenities (Willoughby Senior Apts)	All-electric, high-efficiency appliances including washer, dryer, oven/stove/vent, refrigerator, dishwasher and disposal; abundant natural light; patios with street access at ground floor units; Juliet balconies at 2 nd and 3 rd floor units
Building & Site Amenities (Willoughby Senior Apts)	Raised garden beds (the number one request at BCHA’s current senior properties); third floor outdoor patio with views of the Flatiron Mountains; community rooms on each floor for crafts and fitness programming; a Great Room; resident parking with EV-charging stations; photovoltaics, geothermal heating/cooling and other sustainable technologies; on-site manager to aid residents with transportation and other needs
Neighborhood Amenities (Future Phases)	Community gardens and orchards; a dog park; RTD bus service; recreation and multi-use trails; covered and secured bike/trike/trolley storage; a playground; Community Buildings with fitness room, kitchen, and outdoor patio.
Programming (Future Phases)	Agricultural programming; public art walks; future connection to Coal Creek Flagg Drive Trailhead

Construction for the project will include:

- Shallow concrete foundation system on over-excavated and compacted soils, based on geotechnical report recommendations; slab-on-grade ground floor on over-excavated and compacted soils
- Wood stud wall framing with high acoustic separation between units and to corridor; wood i-joists or wood trusses at floor and roof framing; upper-level floors will have gypcrete topping slab for fire resistance and acoustic separation

- The contractor will investigate prefabricated and panelized wood framing during the bidding process, which may include off-site construction of components where it makes sense economically and for the construction schedule. Gabled roof elements around the perimeter consisting of composite shingle roofing with metal roof accents; white TPO or EPDM membrane flat roof system in the middle of the building for mounting PV and mechanical equipment
- Durable exterior cladding materials to provide fire resistance
- High-efficiency fiberglass windows in residential units, with aluminum storefront windows in public areas
- Juliet balconies in each 2nd & 3rd floor unit; patios at ground floor units
- Three separate stairwells for egress, the center stair is wider and more open with natural light through expansive windows to encourage residents to use the stairs. Stairs will be wood framed with durable materials (rubber treads, LVT, etc.) covering wear surfaces
- Two machine-room-less traction elevators in the center of the building

Service for two Regional Transportation District (RTD) bus routes (the DASH and the 225D) will be extended to Willoughby Corner. RTD personnel will have access to the Community Building for restroom facilities. The design team is working with RTD to understand bus stop, layover and terminal requirements to provide the best service to residents. With the additional ridership created by the Willoughby Corner development, this project will enable RTD to fulfill transit goals and provide direct benefit to our residents and neighbors. BCHA will provide residents at Willoughby Corner with a free Neighborhood Eco-Pass. BCHA also intends to incorporate a car share program, bike sharing program, e-bike charging locations, and resident bike storage to promote multimodal solutions. Alternative modes of transportation will allow residents to reduce their dependence on automobile ownership, improving economic mobility and well-being over time.

Willoughby Senior Apartments will be managed with 1 – 1.5 FTE on-site staff, financed through the project's operating budget. As a benefit of living in a BCHA property, residents will have access to wraparound services aimed at seniors that are provided by Boulder County Housing and Human Services, coordinated and funded with County resources. Available services include health and wellness resources, financial planning resources, food security services, transit scheduling services, and other services aimed at helping seniors thrive.

A primary goal of this project is to achieve net-zero energy efficiency through an insulated building envelope, high-efficiency MEP systems, and onsite PV electric generation that produces enough clean energy as is consumed on an annual basis to offset all utility expenses. At the time of this application, the preconstruction team is studying best practices, peer case studies, and cost implications of constructing a net zero building. If the project can support additional administrative and upfront capital costs, we will pursue certification with Passive House Institute or Zero Energy Ready Homes. At a minimum, this building will exceed Enterprise Green Communities requirements, is all-electric, provides EV car chargers on-site, utilizes a geothermal heating system, and is powered by a 71,000kW photovoltaic array.

Proposed Project financing will consist of 9% Federal LIHTC equity, a first mortgage, soft funds from the Colorado Division of Housing (CDOH), Boulder County Worthy Cause Funds, gap funding from BCHA, and deferred developer fee.

1. Project does not address any in Section 2 of the QAP.

2. Describe how the project meets the criteria for approval in Section 2 of the QAP:

Market conditions: Market data for the PMA supports strong demand for senior units, also evidenced by the City of Lafayette's desire to achieve 10% senior units per the IGA for the Willoughby Corner site. Current capture rates for the 30%, 40% and 50% AMI units are 10.6%, 13.6%, and 23.7% showing a very high demand at those levels. Current capture rates for the 60% AMI units are at 102.2%. However, these numbers don't account for the in-migration that can be expected at this Project. The market analyst notes that the Boulder County area "would experience significant in-migration" were more units available. While specific in-migration data was not available for the area, the market analyst notes reliably high absorption of units in Boulder County paired with the demand for housing as evidenced by vast amounts of applications BCHA has received

for recent projects act as a proxy for data in support of in-migration (see page 75 of the market study). The market analyst also emphasizes the Marshall Fire as an indicator that there may be more need than the capture rate data shows. Senior properties in the PMA all have current and historically very low vacancy rates and carry significant waiting lists. Both the City of Lafayette and BCHA believe there will be no problem filling units at 60% AMI due to local demand and experience with the local senior population.

Proximity to existing tax credit developments: Josephine Commons is located .9 miles to the northwest of the Project in Lafayette and has 74 affordable senior units with 0% vacancy and 55 people on their waiting list. Traditions at Lafayette is located 3 miles to the southwest of the Project and has 133 affordable senior units. Since its recent completion in August 2021, the property has seen consistent lease-up of 20 units/month. Kestrel Apartments is located 3.7 miles to the west of the Project in Louisville and has 71 affordable senior units and has vacancy under 2% for the entire facility (senior and workforce units) and a waitlist of 641 people aged 55 and older. Lydia Morgan is located 4.2 miles to the west of the Project in Louisville and has 30 affordable senior units with 6% vacancy.

Project readiness: BCHA has actively pursued development of the site for three years and is targeting a November 2022 financial closing. BCHA has had control of the 24-acre site since 2017, and the project is well into the City of Lafayette's planning approvals process. The project was first presented to the Planning Commission in September 2019 and received a unanimous (6-0) vote of approval (*see Attachment 5: Sketch Plan Approval*). The team continued with a Preliminary Site Plan submission in March 2020, but both the City and BCHA had to shift focus to emergency housing relief in response to Covid-19. Since regaining momentum on the project in 2021, the City has worked to refine the entitlements process to allow for the Planned Unit Development (PUD) and rezoning application to precede the Site Plan applications. We anticipate Planning Commission and City Council approval for the PUD and re-zoning of the entire Willoughby site, including Phase 1a Senior Apartments, by April 2022, and site plan and building permit approvals for Phase 1 by November 2022.

Overall financial feasibility and viability: This project will benefit from economies of scale. Although this application contemplates only the first building, BCHA is planning holistically for funding and design of the entire neighborhood. With a coordinated approach to neighborhood development BCHA aims to reduce administrative costs and efforts, and to leverage investor opportunity across the entire development. BCHA will create synergies and financial advantages by pursuing a 9% competitive round for this first 63-unit senior building and then applying for the second part of Phase 1 (93 family affordable units) in the 4% and CHFA PAB pool. Financial support from Lafayette (land purchase and assignment to BCHA) has made the Project financially viable.

Experience and track record of the development and management team: BCHA has provided affordable housing in Boulder County since 1975. BCHA's mission is to foster the availability of quality, affordable housing and related services for County residents. BCHA is directly involved with the development, construction, preservation and financing of a portfolio containing 837 homes (in 58 properties within 7 cities/towns) that are owned, managed and maintained by BCHA. BCHA has assembled a team that includes experience in all facets of planning, financing, constructing, managing, and maintaining affordable housing. Collectively, the team has more than 80 years of experience in housing.

Project costs: BCHA is committed to financing and implementing the infrastructure for the entire Willoughby Corner site so that each phase has the access and infrastructure required. BCHA will then be repaid by each phase on a per unit ratio as arranged through a cost-sharing agreement. Costs for Willoughby Senior Apartments include the per unit pro rata costs (63 units out of 400 total units, or 15.75%) for the total site infrastructure to allow BCHA to provide necessary infrastructure for the site (see Cost Estimate section for more details). Included in the per unit infrastructure cost are gardens, recreation areas, parks, orchards, and plazas, as well as pedestrian-centric roads and planned public transportation options. For comparison, the \$22k per unit cost is less than one parking stall in a structured garage (\$23-25k) and will provide significant amenities to residents at Willoughby Corner. Costs specific to the Project benefit from BCHA's coordinated approach to the entire development.

Site suitability: There is a scarcity of available land to develop in Lafayette due to Open Space boundaries and growth limits from the City. This site is ideal for residents because of its proximity to Open Space and existing neighborhoods. Less than one mile from Willoughby Corner is the historic downtown of Lafayette with restaurants, boutiques, services, museums, and public art. Within a one-mile radius are three schools, the Coal Creek Flagg Park Trailhead, the Great Bark Dog Park, and Josephine Roche Open Space. Within a two-mile radius are grocery stores, the Bob L. Berger Recreation Center, and Waneka Lake Park. The project team is collaborating with the Boulder County Regional Trails Manager and the Lafayette Open Space Superintendent to ensure direct connection to the greater network of recreation paths throughout the region (*see Attachment 6: Regional Trail Connections & Open Space*). Additionally, the project will benefit from the City's efforts to create continuous connection to the converted BNSF rail line and the Flagg Park Coal Creek multi-use trails.

3. No waiver on underwriting criteria nor CHFA basis boost requested.

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

The market study raises the issue of poor transit options in Lafayette. The project team is working directly with RTD to extend bus service directly to the site, providing our residents and surrounding neighbors with direct access to the regional public transportation system. The market analyst also recommended Income Averaging, which was contemplated at length by the development team but is not currently financially feasible due to the IRS guidance around Income Averaging. BCHA believes the high capture rate for the 60% AMI units does not reflect the actual need in this PMA after adjusting for very large waiting lists on Boulder County senior properties, in-migration and displacement of residents due to the Marshall Fires.

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

The potential for herbicides and pesticides has been noted as a potential site condition, due to historic use as agricultural land. However, it is not a recognized environmental condition for the project. The overall site grading will require clean fill to be brought onsite as topsoil, thereby mitigating any soil issues and soils would be tested prior to any food cultivation activities on the site.

6. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment (refer to Section 2 of the QAP).

Escalation due to supply chain issues, transportation and material cost increases are driving construction budgets upwards across the nation. BCHA currently has a project that has been under construction since September 2019 and the development team is familiar with managing construction costs in highly turbulent market conditions. BCHA is creating a culture of design-build among design and construction consultants, so the response will be unified and nimble if cost increases occur.

7. In your own words describe the outreach to the community that you have done and describe local opposition and/or support for the project (including financial support).

This project is the result of a partnership between Boulder County, BCHA and the City of Lafayette. The City showed their commitment with a significant financial contribution - \$3.5M purchase of the land and waived fees – and formalized their faith in BCHA's ability to deliver with an IGA. The Pachner Company ("TPC") has worked with BCHA to create a community outreach plan and BCHA remains committed to being sensitive to a range of audiences and communication preferences (*see Attachment 7: Public Engagement Plan*). While the pandemic has caused some challenges, BCHA has prioritized sharing current information via the website – www.willoughbycorner.org. Mailings, email newsletters, informal coffee meetings, phone calls, and Instagram stories are other real-time methods for spreading the word about public hearings and project updates. The East Lafayette Advisory Committee (ELAC) was created to provide a forum for neighbors to voice concerns, advocate for their needs, and ensure Willoughby Corner is developed in the best interest of current and future Lafayette residents (*see Attachment 8: ELAC*). Letters of support show the wide reach and strong level of support by local and regional organizations, jurisdictions, and members of the public (*see Attachment 9: Local Letters of Support*).