

Site Plan submittal project narrative



Project Name: Stanley 98

Project Address: E. 25th Ave & Joliet St., Aurora, CO

Executive Summary: Stanley 98 will be a multi-family housing development at the intersection of Joliet Street and East 25th Avenue in Aurora Colorado. The site is 2.7 acres and will accommodate 75 units of affordable housing conforming to current zoning and enhancing the neighborhood character of Eastbridge Community in the heart of Central Park. This project will be developed and managed by the Housing Authority of the City of Aurora (AHA). AHA has a strong track record responding to affordable housing needs in the community. Building on the model developed at other AHA projects, Stanley 98 will provide housing affordable to those earning 30 to 70 percent of AMI.

SUBJECT SUMMARY									
Unit Type	30% AMI	40% AMI	50% AMI	60% AMI	70% AMI	Total	% of Total	Size	Type
1BR/1BA	4	—	5	9	9	27	36.0%	559	E/4
1BR/1BA	—	4	—	—	—	4	5.3%	668	E/4
2BR/2BA	4	—	5	9	9	27	36.0%	829	E/4
2BR/2BA	—	4	—	—	—	4	5.3%	945	E/4
3BR/2BA	1	1	—	4	4	10	13.3%	1,098	E/4
3BR/2BA	—	—	3	—	—	3	4.0%	1,189	E/4
Total	9	9	13	22	22	75	100.0%	N/A	N/A
% of Total	12.0%	12.0%	17.3%	29.3%	29.3%	100.0%	N/A	N/A	N/A

Source: Project Sponsor

This transit-oriented development is located within a half mile of a bus stop, and offers access and alternatives for residents who do not own cars. Stanley 98 will have ample resident and guest parking, conforming to City standards. However, based on data from our other properties AHA knows a significant number of tenants do not own a car.

Much of the risk associated with building at a new, untested location has been minimized given the successful construction and lease up of Liberty View and Peoria Crossing Phase II. The site has been through an Environmental Phase I evaluation and the assessment has revealed no evidence of HRECs. The site is flat and utility connections have been established.

AHA believes a successful property responds to both the physical and emotional needs of residents. As such, phase two will provide:

- A diversity of unit types [one bedroom/one bath (31), two bedroom/two bath (31), and three bedroom/two bath units (13)].
- Unit amenities including air conditioning, blinds, carpet, a ceiling fan, coat closet, refrigerator, stove/oven, dishwasher, disposal and washer/dryer in every unit.
- Common amenities including on-site management, laundry facilities, indoor bike storage, a community room, fitness center, computer room, playground, picnic area and resident garden.
- Security features including limited access entries, surveillance cameras, and third-party security patrols after hours.
- Resident supports including a site manager, maintenance technician and our ECHO team. Our ECHO resident services team provides support through the Education, Health and Wellness Coordinator, the Community Engagement Coordinator and the Opportunity and Self- Sufficiency Coordinator. These services are funded by AHA as part of our administrative overhead, they do not appear on the property operating budgets, but are a separate and valued part of our agency's strategic mission.

To ensure that our properties are connected and integrated into the community, we work with the local school district to assist in planning and staffing needs as our projects come on-line. We also provide registration materials to new residents so they may navigate the school enrollment process with greater ease.

The building will feature a spread footing foundation and wood framed structure above with CMU circulation cores for the two stairwells and the central elevator lobby with two elevators. The exterior facade will consist of fiber cement siding, stucco, brick, metal siding and vinyl windows with a TPO roof. The design team and the Housing Authority will ensure a cohesive and complimentary palette and scale to enhance the neighborhood and the residents it serves. Thoughtful design and a commitment to excellence are the underpinnings of our building strategy.

Stanley 98 will be designed for efficiency and sustainability to the National Green Building Standard. It is our intent to make design and system choices that increase energy efficiency, support water conservation and improve indoor air quality. The building will be fully electric and will have EV charging stations on site.

Stanley 98 will be financed with tax credit equity from Enterprise, construction and permanent financing from First Bank, soft funding support from the City of Aurora, and a deferred developer fee. This model represents tried and true partnerships with investors, lenders and governmental entities.

Bond Financing. AHA anticipates needing \$20.0 M in PAB for Stanley 98. The source of the PAB will come from three sources: The City of Aurora, Arapahoe County and AHA. The City of Aurora has made an initial recommendation that AHA receive \$7.0 M of their 2024 PAB, yet Council has not formally approved that recommendation. Arapahoe County has made a recommendation that AHA receive at least \$ 2.0 M of their PAB for the project. The construction loan will use this \$21.0 million in PAB for the tax-exempt portion of the loan, and the remaining \$5.5 million will become a taxable tail. This will be a private placement and First Bank, the bonds will be purchased by First Bank as part of a Private Activity Bond Single Close Construction Financing loan transaction and First Bank will also provide permanent financing for the development.

QAP Conformance:

Market Conditions. Stanley 98 is located in a rapidly growing part of Aurora with a large, unmet need for more affordable housing. Within the PMA, the affordable vacancy rate 0.3 percent and this figure will not likely change as absorption has outpaced deliveries since the start of 2020. The demand for new units is driven by the lack of existing housing inventory and by robust economic growth in central Aurora. The list of new business endeavors includes the likes of Subaru, Amazon and Shamrock Foods. This economic growth points to an even greater demand for new units, ones that are affordable to the workforce.

Site Suitability. The metropolitan area is experiencing swift and transformative changes due to private and public sector investments. These changes demand an equally robust response regarding housing opportunity. While Stanley 98 will be one of many developments needed to respond to the impacts of this growth, it is primed and ready to be built in a location that serves the needs of residents and provides expansive economic opportunity given its proximity to the DIA corridor.

Proximity to existing LIHTC Developments. In the PMA, 50 percent of all new supply in the pipeline is market-rate housing. Existing affordable properties report low vacancy rates and waitlists. Overall, the PMA has 43 LIHTC projects containing 3,802 income-restricted units. Of these, four are age-restricted projects with 428 units, three are a permanent supportive housing (PSH) project or restricted to veterans with 190 units and 36 are non-age-restricted, non-special needs developments with 3,184 units.

AHA's recent and direct experience leasing up Walden 35 in 2023 and Peoria Crossing Phase II in 2024, reinforce the demand for new affordable inventory. Access to jobs, medical services, schools, shopping, recreation and public transportation define this site. The only weakness is on paper; the capture rates for 60 percent AMI units exceed CHFA norms. While these norms do serve as wise guidance over time, our experience tracking in-migration during the lease up of Walden 35, Liberty View and Peoria Crossing Phase II demonstrate that people will relocate from far and wide to find a new affordable place to call home.

Project Readiness. The Aurora Housing Authority has been playing the long game for decades. The project is shovel ready because of years of planning and investment that led up to this application. We own the land, we have the support of the City of Aurora, we have financing

from trusted lenders, we have confidence in our team and we know that even given the uncertainty of construction pricing that our mission cannot wait for the day when everything is predictably certain. AHA is a team of problem solvers – before, during and after construction. AHA has never defaulted on a financial commitment, has never thrown in the towel when the economy faltered. We have never strayed from our mission and our dedication to increasing the supply of affordable housing in our community.

Experience and Track Record of Development & Management Team. Our team is seasoned and accomplished. Our executive Director, Craig Maraschky has led AHA for 16 years, and was most recently recognized as an outstanding legislative advocate by the National Association of Housing and Redevelopment Officials (NAHRO) in 2021. Dayna Ashley-Oehm leads a development team with seven years at the agency, Martin Petrov just completed the construction of our newest project Peoria Crossing Phase II and has been with the agency eight years, Sarah Buhr was part of the planning and construction of Walden 35 and has over 15 years of experience in affordable housing, and recently, Heidi Mitchell joined the team, adding capacity and perspective to our group. We are fortunate to have Les Arney, our CFO, on our team. Les has been with AHA 16 years and has provided financial consistency and opportunity for the agency. This team adds to its strength the financial consulting of Mark Welch and construction design and consulting from Jake Hopper.

AHA owns and manages 1,041 units of affordable housing in fifteen properties. Of these, 231 new units were brought on line in the last two years. Our property operations are lead by Torey Dixon, our Senior Director of Property Operations. Cindy Golzaes, who has been with the agency for over a decade leads property management. Cindy is supported by Meera Dane who is the manager of compliance.

Our pipeline includes 136 new units. This speaks to the leadership of the organization, its financial strength and the capacity of its staff to respond to the growing need for housing in Aurora.

Over the last four years, AHA has worked with the City to amend the zoning code/UDO to include concessions for affordable housing development, and has strengthened our partnership and educational efforts with City departments and elected officials. AHA is working closely with the City of Aurora to implement its new Housing Strategy, which specifically calls out the need for affordable homes available to service workers with close proximity to employment.

Project Costs. We are operating in a rising cost environment, and AHA has made design decisions to make this project work financially. We have also stacked our units in an efficient manner within the building, a clustered offices and common areas to improve flow and save space.

Our construction estimate came in at \$26.4 M. The cost per square foot is a little bit higher than estimates received for Peoria Crossing Phase II (just over \$300 per square foot). There is a of additional site work required by the City of Aurora that is driving the cost higher.

Financial Feasibility. AHA purchased the parcel in 2024, we have documented financial and political support from the City of Aurora, and we have successfully worked with the State of Colorado, Division of Housing for additional soft funding support. AHA is modeling this project using First Bank for construction and permanent lending; First Bank is tried and true partner for the Housing Authority. Finally, we are estimating tax credit pricing to be .89 cents for federal and .72 cents for state. These estimates are conservative and reasonable given current market conditions.

Market Analyst Issues. The estimated capture rate for the 60% AMI units exceeds CHFA's 25% ceiling. However, the market analyst has indicated that leasing up these units is achievable because:

- LIHTC properties in the PMA have consistently high occupancy rates (at or near 100 percent).
- Comparable properties surveyed with 60 percent AMI units had a very low percent vacancy and most of the projects with these units had waitlists.
- Based on the 666 LIHTC units in the pipeline, Stanley 98 should have an average monthly absorption rate of 15 units.
- Additionally, the subject's competitive unit features, project amenities and condition will compensate for its location and allow it to compete effectively for tenants.

Community Outreach. Community outreach will be done as part of site plan approval from the City to move forward, the community development department will be at pre-application meetings.