



# Novogradac Journal of Tax Credits

News, Analysis and Commentary On Affordable Housing, Community Development and Renewable Energy Tax Credits

September 2014 • Volume V • Issue IX

Published by Novogradac & Company LLP

## LIHTCs Finance Permanent Supportive Housing in Colorado

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**W**hen leaders at the Fort Collins Housing Authority (FCHA) first decided in 2011 to build a new supportive housing development for the homeless, they took a different approach from the single-room occupancy (SRO) property they had previously operated in downtown Fort Collins, Colo. Their new strategy led them to begin developing the \$11.6 million, 60-unit Redtail Ponds Permanent Supportive Housing property in southern Fort Collins, away from the downtown district where homelessness is heavily concentrated.

“We found that when we had, in the past, operated an SRO program downtown, right next to the park and shelter where a lot of the homeless congregate, it was hard for residents to separate themselves from the folks still living on the street,” said Kristin Fritz, FCHA senior project manager. “It was hard for them to make that break for a positive change and not get sucked back into potentially bad habits.”

Fritz said she had to make the case to skeptics that it won’t be necessary to build Redtail Ponds downtown because all services will be provided on-site. When it opens in February 2015, Redtail Ponds will offer case management, counseling and lifestyle coaching services from FCHA, Touchstone Health Partners, the U.S. Department of Veterans Affairs (VA) and the University of Colorado Health. Security and staff will be on-site 24 hours a day, seven days a week.

Built as a step toward ending homeless in Fort Collins, Redtail Ponds will offer 60 one- and two-bedroom apartments to low-income households, homeless individuals with disabilities and homeless veterans. Each unit will have a full kitchen, bathroom, air conditioning unit and appliances. Shared amenities include laundry rooms on each floor, two community rooms, a fitness room, a library, a computer room, secured bicycle storage, a courtyard, a walking path and a garden. A commercial kitchen is planned so a local nonprofit can help develop a culinary job training program on-site.

### Overcoming NIMBYism

As is the case with many permanent supportive housing proposals, Redtail Ponds was met with some initial opposition. “One of the things that’s difficult about serving this population is that you get a lot of fear and neighborhood opposition,” said Fritz. To address these concerns, Fritz said FCHA hosted several outreach meetings, facilitated small group discussions and distributed “myth-busting” literature highlighting examples of successful permanent housing.

Another step FCHA took to gain neighborhood support was working with partner agencies and local shelters to develop a resident screening process that would help identify those who are most likely to succeed in supportive housing and become self-sufficient. Applicants must demonstrate a desire to live at the property, show willingness to participate in on-site services and have a track record of cooperating with local service providers.

continued on page 2

continued from page 1

Fritz said community members who had remaining reservations about the development were invited to work with FCHA in developing “Redtail Ponds Good Neighbor Statement of Operations,” a document outlining how Redtail Ponds will be operated in a way that is fully responsive and accountable to the neighboring community. Fritz said that creating this neighborhood cooperation turned some of the development’s initial opponents into some of its strongest supporters.

**Financing**

The main funding source for constructing Redtail Ponds was an annual reservation of nearly \$845,000 in 9 percent federal low-income housing tax credits (LIHTCs) from the Colorado Housing and Finance Authority (CHFA). Tasha Weaver, CHFA’s tax credit allocation manager, said that one of CHFA’s priorities in 2013 was to fund housing for the homeless, which helped Redtail Ponds become one of 13 out of 58 applicants to be awarded a 9 percent LIHTC reservation last year.

“Throughout our allocation process we stay focused on finding ways that we can use our resources to serve populations that are the most difficult to serve and in most need of affordable housing,” said Weaver. “It’s exciting we can play a role in supporting this type of project.”

U.S. Bank provided an \$8.9 million construction bridge loan, which will be paid down in part by the \$8

million in LIHTC equity that U.S. Bancorp Community Development Corporation (USBCDC) contributed to the project, said Lynn Craghead, senior vice president at USBCDC.

CHFA also provided a \$2.3 million mortgage. “Any time you have a population that is formerly homeless, we prefer to see no hard debt at all,” said Craghead. “In this project, there’s hard debt but it was provided by CHFA, which we look at as a friendly lender.” She said the LIHTCs and the soft loans allowed the permanent debt piece to be much smaller than it otherwise would have been.

Other funding sources included \$800,000 in HOME funds from the Colorado Division of Housing (DOH) and about \$586,000 in HOME funds and \$455,000 in Community Development Block Grant (CDBG) funding from the city of Fort Collins. FCHA contributed \$360,000 in deferred developer fees. Redtail Ponds also has 15 HUD-Veterans Affairs Supportive Housing (HUD-VASH) vouchers and 25 project-based vouchers.

Fritz said the supportive services component of Redtail Ponds was made possible by an annual grant of nearly \$260,000 from HUD’s Continuum of Care program. “We got the CDBG award first, so we knew it would help build the building, but we still needed to figure out how to sustain operations and services,” said Fritz. “We found it impossible to provide services needed without some type

continued on page 3

Rendering: Courtesy of Azur Ground

**Redtail Ponds Supportive Housing will cater to low-income households, homeless individuals with disabilities and homeless veterans in Fort Collins, Colo.**





Photo: Courtesy of Studio Completiva

The 60-unit Redtail Ponds Supportive Housing development in Fort Collins, Colo. is scheduled to open in February 2015.

continued from page 2

of sustainable resource...The HUD grant made us feel that we could move forward.”

Partners expect Redtail Ponds will be an important source of affordable housing in Fort Collins and a model

for future supportive housing developments in other communities. Fritz said, “At the end of the day, we’re moving people off the streets and into housing—and in many cases, saving people’s lives.” ❖

#### REDTAIL PONDS PERMANENT SUPPORTIVE HOUSING FINANCING

- \$8.9 million construction bridge loan from U.S. Bank
- \$8 million in low-income housing tax credit (LIHTC) equity from U.S. Bancorp Community Development Corporation (USBDCDC)
- \$2.3 million mortgage from the Colorado Housing and Finance Authority (CHFA)
- \$845,000 in annual 9 percent LIHTCs awarded by CHFA
- \$800,000 in HOME funds from the Colorado Division of Housing (DOH)
- \$586,000 in HOME funds from the city of Fort Collins
- \$455,000 in Community Development Block Grant (CDBG) funding from the city of Fort Collins
- \$360,000 in deferred developer fees
- \$260,000 in annual funds to be renewed every three years from the U.S. Department of Housing and Urban Development (HUD) Continuum of Care program

This article first appeared in the September 2014 issue of the Novogradac Journal of Tax Credits.

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continued on page 4

continued from page 3

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ISSN 2152-646X