



March 14, 2023

Sue Beck-Ferkiss  
City of Fort Collins  
222 Laporte Avenue  
Fort Collins, CO 80521  
[sbeckferkiss@fcgov.com](mailto:sbeckferkiss@fcgov.com)

Re: Application for Private Activity Bonds for Weatherstone Apartments

To Whom It May Concern:

Please allow this letter to serve as a request for an Assignment of Private Activity Bonds allocation up to \$10,289,735 to the Aurora Housing Authority (“Issuer”) for the Weatherstone Apartments project.

**Applicant**

Steele Properties (“Steele”), is a local affordable housing Developer with extensive experience in the acquisition and rehabilitation of affordable properties. (Please refer to the enclosed resume for Steele Properties and its management partner, Monroe Group for more information)

Deborah Quinlan  
Senior Development Manager  
6875 East Evans Avenue  
Denver, Colorado 80224  
Phone: 303-229-4592  
Email: [dquinlan@steelellc.com](mailto:dquinlan@steelellc.com)

Steele Properties owns and manages over 80 properties in 24 states including 12 communities across Colorado. Monroe Group began in 1980 with a single affordable property. Steele’s founding Principal completed the first ever tax credit development in Colorado, and formed Steele Properties many years later to continue his vision of bringing quality, affordable housing to residents across the United States. Recent Colorado projects include:

- Acquisition & rehabilitation of a 60-unit Family, Section 8 property in Trinidad utilizing PAB and 4% Low-Income Housing Tax Credits
- Acquisition & rehabilitation of a 64-unit Senior, Section 8 property in Montrose utilizing PAB and 4% Low-Income Housing Tax Credits
- Acquisition & rehabilitation of a 54-unit Senior, Section 8 property in Aurora utilizing PAB and 4% Low-Income Housing Tax Credits
- New construction of a 100-unit Family, LIHTC property in Greeley utilizing HOME, CDBG, PAB and 4% tax credits

**Project Information**

Weatherstone Apartments is an existing Family, Project-Based Section 8 community located in Aurora, Arapahoe County. Serving 204 Colorado families, the property built in 1979 is in desperate need of a substantial renovation, supportive services, and security measures to preserve the affordability of this community and safety of its residents. Please refer to the enclosed Project Summary for more information regarding the property and the development plan.

**Amount Requested**

Steele is requesting a total of \$34,000,000 in Private Activity Bond (PAB) Cap from Local Issuing Authorities including the City of Fort Collins, City of Aurora, Arapahoe County, and various other municipalities across the state, as well as from CHFA and DOLA. The project has received \$7.5million of PAB to date and is seeking an additional



\$26.5 million in 2023 in order to meet the 50% Test required to utilize 4% Low-Income Housing Tax Credits. Given the competitive nature of PAB in Colorado, we expect that the Cap will be pieced together from different sources in order to meet the need of the project.

**Alignment with City Objectives**

The City's Housing Strategic Plan states that the Vision is "Everyone has healthy, stable housing they can afford". While Weatherstone Apartments is not located within the City of Fort Collins, the property and its 204 families are worthy of this federal resource needed to bring improvements to their homes and preserve this property as affordable housing for the foreseeable future. Affordable Housing is at an all-time low across the State of Colorado. Communities are struggling to house individuals with extremely-low incomes and we cannot afford to lose the existing house stock we have in the state. We all can work together to ensure Colorado families have quality, safe and affordable housing.

**Attachments**

- Project Summary
- Resume for Steele Properties
- Resume for Monroe Group
- Preliminary Opinion from Sherman & Howard (Bond Counsel)

Sincerely,

*Deb Quinlan*

Deb Quinlan  
Senior Development Manager  
Steele Properties

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# WEATHERSTONE APARTMENTS

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## Quick Facts

**Project Name:** Weatherstone Apartments

**Project Address:** 15594 E. 12<sup>th</sup> Avenue, Aurora

**Project Type:** Family

**Occupancy:** 98% with waiting list

**Unit Mix:**

<u>One-Bedroom:</u>	18 units
<u>Two-Bedroom:</u>	168 units
<u>Three-Bedroom:</u>	18 units

**Site Information:**

<u>Year Built:</u>	1981
<u>Acreage:</u>	9.59 acres
<u>Buildings:</u>	10 residential, 1 community building

**Affordability:**

LIHTC tenants at or below 60% AMI  
Project-Based Section 8 HAP Contract. Due to the nature of the Section 8 contract, the majority of tenants are at or below 50% AMI

**Proposed Rehabilitation:**

\$55,000 per unit, equivalent to \$11,220,000 of improvements to the property.

# Executive Summary

## Introduction

Steele Properties IV LLC and its affiliates, are seeking acquisition and rehabilitation of the Weatherstone Apartments (“Weatherstone”). Applications will include bond allocations from municipalities across Colorado and Colorado Department of Local Affairs, as well as 4% Low Income Housing Tax Credits (LIHTC) to Colorado Housing Finance Authority.

The goals of the Weatherstone rehabilitation are:

- to improve the **quality of life** for current and potential residents by creating safe and comfortable homes;
- to address current **critical repair needs** and to reduce future repair needs of the building by injecting approximately \$11,200,000 into the rehabilitation;
- to focus on **Resident Services** and community connectivity through a third party Supportive Services specialist
- to **reduce crime** through a variety of safety and security upgrades
- to contribute to the availability of much needed **affordable housing opportunities** in Aurora, Colorado;

According to the National Low-Income Housing Coalition, Colorado (74%) is among the top states with the greatest percentage of extremely low income renter households with severe cost burdens<sup>1</sup>. With only 30 affordable and available Rental Homes per 100 Extremely Low Income Renter Households, this is well below the national average. This is a housing crisis, and it is clear that Aurora cannot afford to lose a significant Section 8 community such as Weatherstone Apartments.

<sup>1</sup> [https://reports.nlihc.org/sites/default/files/gap/Gap-Report\\_2021.pdf](https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2021.pdf)

# Overview

Weatherstone Apartments is a Project-Based Section 8 community located at 15594 E. 12<sup>th</sup> Avenue in Aurora, CO. The property is located near the major intersection of Colfax and Chambers with sufficient access to public transportation, major employment centers, grocery stores, restaurants, and many shopping retailers. Historically, the property's occupancy has been approximately 98%. There is a considerable wait list, showing the high demand in the market for affordable units.

## **Rehabilitation Scope**

The proposed transaction will result in approximately \$11,220,000 of physical improvements to the community. The rehabilitation will include:

- Improvements to all 204 units including upgrades to flooring, windows and bathrooms; Five percent (11 units) will be fully remodeled to comply with Accessibility standards and two percent (4 units) will be upgraded for hearing and visual disabilities.
- Provide modern enhancements to improve the building's aesthetic appeal, safety, and functionality. Expand community room space for resident activities and resident services.
- Much needed upgrades to the building systems and site work.
- Energy efficient features including LED lighting, water conserving low flow toilets and faucets, updated/ more efficient systems throughout are also part of the planned scope for the project.
- An accomplished development, design, construction and property management team all with considerable experience in Colorado and the affordable housing industry will oversee and complete the renovation.

## **Operational Scope**

Weatherstone Apartments has been under Monroe Group management, our sister management company for over 15 years. We have an advantage of knowing the residents and needs of the property before designing the renovation. We currently own and manage 11 affordable housing apartment complexes in Colorado and are in full CHFA compliance. We have consulted with a third party supportive services company to provide a Community Scan and begin to design substantial resident services. Examples of services that may be included are:

- **Youth Program** – including after school activities, tutoring, games and interactions with peers.
- **Job Skills** – Training fundamental job skills, assisting with applications, perfecting resumes and training for interviews.
- **Neighborhood Development** – “The community has not only been impacted by the pandemic, but also by several recent tragedies surrounding school shooting and teen violence. The community needs a moral boost which can come by the Weatherstone neighborhood having positive social interactions amongst residents.”
- **Building Bridges with Law Enforcement** – Continuing the relationship between the Weatherstone community and local officers will provide a sense of safety and support.

### **Security Arrangements**

In light of the recent teen violence and the proximity of the property to Hinkley High School, the community will benefit from security upgrades including:

- Major upgrades to the security cameras at the property;
- Security patrols/camera monitoring;
- Improved LED site lighting;
- Connectivity with neighboring properties and schools, as well as local law enforcement officers

### **Development and Ownership Expertise**

Steele Properties has successfully completed over \$1 billion in acquisitions, sales and development activity nationally involving over 80 properties and more than 8,500 units, including over 70 tax-credit projects. Our success has come not only from outstanding construction and security enhancements but also from an excellent management team who works daily to ensure the residents are taken care of.



## **Financing**

Weatherstone Apartments will be financed with 4% low income housing tax credits and permanent affordable bond financing. The property will also contribute Net Operating Income during the course of construction. To fill the funding gap, the developer will defer a portion of its developer fee.

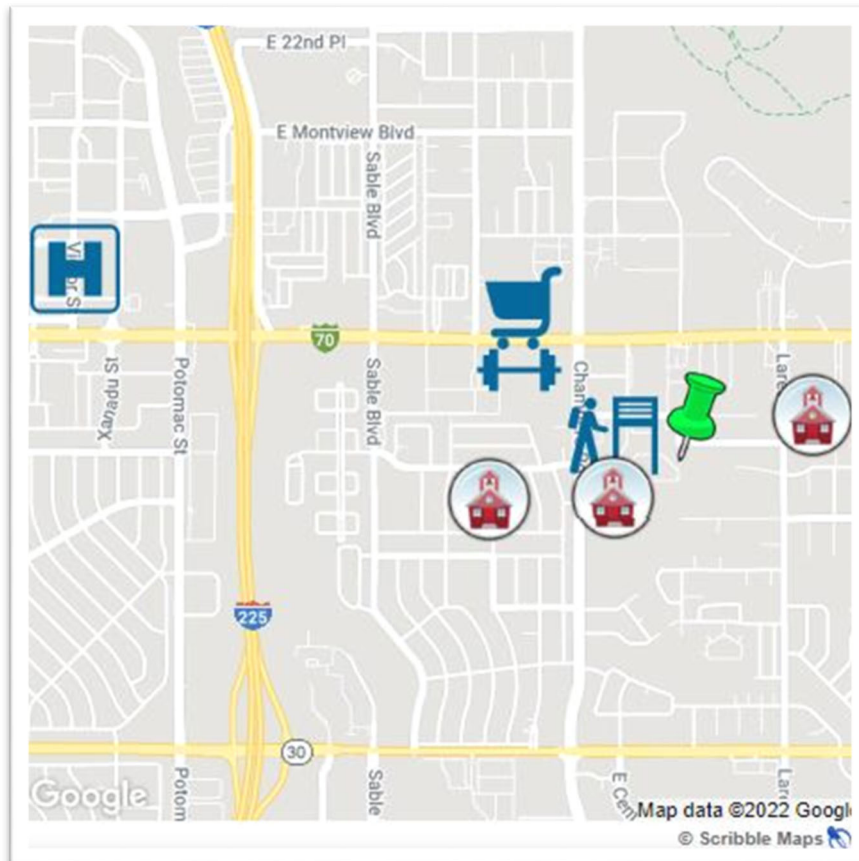
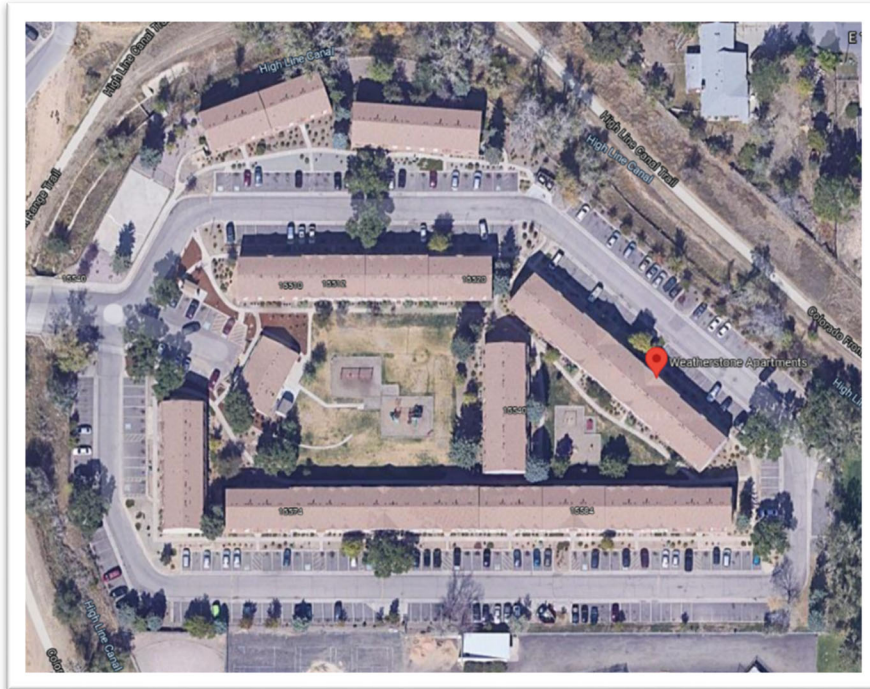
In order to meet full eligibility requirements for 4% low income housing tax credits, at least 50% of the project's aggregate basis must be financed by volume cap tax-exempt bonds (see IRC § 42(h)(4)(B).) In this case, Weatherstone's financing structure must include a minimum of \$34 million of Private Activity Bonds (PAB) to come to fruition. The Weatherstone project is important and worthy of this competitive resource to improve the lives of the residents who call this community "home".

## Timeline

The proposed timeline is subject to change:

<b>2022</b>	Develop initial construction Scope of Work, Architectural Plan Set
	Applications for allocation of Private Activity Bonds
	Total Awarded      \$7,562,934
January 2023 – September 2023	Applications for allocation of Private Activity Bonds
	Total Needed      \$26,437,066
September 2023	Application to CHFA 4% low income housing tax credits
January 2024	Approval of LIHTC application
March 2024	Transaction Closing Construction begins

## Property Photos





## Project Team

Steele Properties –Developer & General Partner

Monroe Group – Property Manager

*Resumes are attached*



## MISSION

To preserve, improve, and increase needed affordable housing opportunities in communities across the country.



## ABOUT

Steele Properties is a Denver-based national real estate investment company specializing in the acquisition, rehabilitation and new construction of affordable family and senior rental properties. *Steele Properties is currently ranked as one of the top ten companies for substantial rehabs by Affordable Housing Finance.* The company was formed in 2006 with the mission to preserve, improve and increase affordable housing opportunities for vulnerable communities across the country.

## SUCCESS

Steele has successfully completed over \$1 billion in acquisitions, sales and development activity involving over 80 properties and more than 8,000 units, including over 75 tax credit projects. Most of the properties have undergone or are undergoing complex tax credit rehabilitations resulting in significantly improving the lives of residents across the company's expanding portfolio, which includes family and senior properties in 24 states.

## HISTORY

Steele Properties was formed in 2006 as a partnership between Stuart Heller, Hud Karshmer and Chad Asarch to pursue affordable multifamily development and acquisition opportunities. With over 60 collective years of experience in affordable housing, the Principals of Steele Properties have a distinguished reputation for closing complex transactions and structuring winning solutions that meet the goals and objectives of all parties.

## LEADERSHIP

Stuart Heller, who is the founding partner, established the Monroe Group in 1982. Hud Karshmer and Chad Asarch joined Monroe as principals/partners in 2004 and 2006 respectively, and David Asarch was appointed partner in 2016. Justin Boyd was promoted to President in March 2021, and he reports to the partners. Justin leads the Executive Leadership team which also includes Andrew Higdon, Chief Accounting Officer; Michelle Austin, General Counsel; Lisa Trujillo, Vice President - Operations; and Justin Unger, Director of Acquisitions. Together, they guide the company as it expands its portfolio.

Steele Properties has successfully completed over \$1 Billion in acquisitions, sales and development involving over 80 properties in 24 states and 8,000+ units, including over 75 tax credit projects.

## PARTNERSHIPS

Steele Properties' success would not be possible without strong relationships with state, national and federal housing agencies, community leaders, local vendors, non-profit organizations, equity partners and lenders. Through its continual growth and reputable acquisition history, the company has cultivated strong partnerships resulting in a substantial development portfolio of properties.

## CONTACT

6875 East Evans Avenue  
 Denver, CO 80224  
 303.226.9120

[steellect.com](http://steellect.com)

## MISSION

We believe that everyone deserves a safe, decent and clean place to live regardless of income, age or ability. We are committed to improving the communities where we live and work by providing quality affordable housing, delivering the highest standards of property management, and supporting our residents.



## ABOUT

Monroe Group is a limited liability property management company headquartered in Denver CO. Stuart Heller founded the company over 30 years ago, with a single management contract for an 81-unit property. Today, Monroe Group has grown to become one of the country's fastest-growing affordable housing property management companies with a portfolio of over 70 multi-unit properties with more than 8,000 units in 24 states across the country serving families, seniors and persons with disabilities.

## COMMITMENT

Monroe believes in treating our residents with respect and dignity by providing them with professional and responsive management. We also believe that by supporting and strengthening the communities in which our residents live, we are also improving their quality of life. We support our residents with the resources they need to be good neighbors and engaged members of their community.

## PEOPLE

Monroe Group has over 300 employees who reside in 24 states. We believe our employees are our most valuable asset. Their success is our success. Monroe invests in their employees by providing them with competitive salaries, excellent benefits, career development and training.

## LEADERSHIP

Stuart Heller, who is the founding partner, established the Monroe Group in 1982. Hud Karshmer and Chad Asarch joined Monroe as principals/partners in 2004 and 2006 respectively, and David Asarch was appointed partner in 2016. Justin Boyd was promoted to President in March 2021, and he reports to the partners. Justin leads the Executive Leadership team which also includes Andrew Higdon, Chief Accounting Officer; Michelle Austin, General Counsel; Lisa Trujillo, Vice President – Operations; and Justin Unger, Director of Acquisitions. Together, they guide the company as it expands its portfolio.

Monroe Group manages over 80 properties with over 8,000 units in 24 states across the country making a difference every day for low income families, seniors and persons with disabilities.

## PARTNERSHIPS

Monroe Group's success would not be possible without strong relationships with state, national and federal housing agencies, community leaders, local vendors and non-profit organizations and local government agencies. These partnerships help fulfill the Monroe Group's mission and belief that all people, regardless of their income, age or abilities, deserve a safe, clean place to live.

## CONTACT

6875 East Evans Avenue  
Denver, CO 80224  
303.322.8888

[monroegroup.com](http://monroegroup.com)



March 1, 2023

Mr. Randy Bailey, Controller  
City of Fort Collins  
City Hall  
300 Laporte Ave.  
Fort Collins, Colorado 80521

Housing Authority of the City of Aurora, Colorado  
Qualified Residential Rental Project Bonds  
(Weatherstone Apartments Project)

Dear Mr. Bailey:

We are acting as special counsel to Steele Properties LLC, as the project sponsor, and will likely act as bond counsel in connection with the issuance of the above-captioned bonds (the “Bonds”) by the Housing Authority of the City of Aurora, Colorado or another “issuing authority” (the “Issuing Authority”) under the Colorado Private Activity Bond Ceiling Allocation Act.

The Bonds are to be issued in one or more series in the approximate aggregate principal amount of \$34,000,000, to be determined, of which up to \$10,289,735 of such Bonds require additional tax-exempt bond capacity. Assuming that such additional tax-exempt bond capacity is acquired, the Bonds will constitute private activity bonds as defined in Section 141 of the Internal Revenue Code of 1986, as amended (the “Code”). The Issuing Authority is authorized under the laws and constitution of the State of Colorado, including the Housing Authorities Law of the State of Colorado, being Part 2, Article 4, Title 29 of Colorado Revised Statutes, as amended, to issue the Bonds.

The Bonds are intended to finance “qualified residential rental projects” (as defined in Section 142(a)(7) of the Code), including but not limited to the acquisition, rehabilitation and equipping of Weatherstone Apartments. The Bonds will constitute “exempt facility bonds” within the meaning of section 146(f)(5)(A) of the Code.

Respectfully submitted,

SHERMAN & HOWARD L.L.C.