



# Sleeping Ute Apartments

516 S. MADISON ST, CORTEZ, CO | 60 UNITS | 100% HAP



EXECUTIVE SUMMARY

# THE OFFERING

## Property & Location Characteristics

ADDRESS	516 S. Madison St
CITY, STATE	Cortez, CO
YEAR BUILT / RENOV.	1980 / 2005
NUMBER OF UNITS	60 units
AVERAGE UNIT SIZE	863 SF
NET RENTABLE SF	51,770 SF
BUILDINGS	9 buildings
ACRES	9.58 acres
CURRENT DENSITY (UNITS/ACRE)	6.26 units/acre
QUALIFIED CENSUS TRACT (QCT)	Yes
QUALIFIED OPPORTUNITY ZONE	No

## Affordable Summary

TYPE	100% HAP/LIHTC
HAP CONTRACT RENEWAL TYPE	Option 3 Renewal
HAP CONTRACT EXPIRATION	March 1, 2024
HUD USE AGREEMENT EXPIRATION	March 1, 2054
LIHTC RENT & INCOME RESTRICTIONS	100% at 50% AMI
LIHTC PLACED-IN-SERVICE	2006
END OF YEAR 15	December 31, 2020
END OF EXTENDED USE PERIOD	December 31, 2035





## Offering Procedures

### TOUR SCHEDULE

Please contact Doug Childers (doug.childers@am.jll.com) or Michael Fox (michael.fox@am.jll.com) to schedule a tour. Under no circumstances are Investors allowed to visit the Property without approval from JLL. Failure to adhere to this request will be taken into consideration by the Seller when offers are selected.

### OFFER DATE

To Be Announced

### BEST & FINAL

Upon review of the initial offers submitted, if appropriate, a select group of Investors will be notified of their participation within the Best and Final Round.

### TERMS AND CONDITIONS

The Property is offered on an “as is” basis, subject to the existing rent, income, and occupancy restrictions required by the existing HUD Regulatory Agreement(s) and LIHTC LURA.

### APPROVALS

Approval from Colorado Housing and Finance Authority (CHFA) will be required of a prospective Purchaser. HUD approval of the assignment and assumption of the HAP contract will also be required.

### SELECTION AND CRITERIA

The prospective Investor will be selected by the Owner, in its sole and absolute discretion, on the basis of a complement of factors, including, but not limited to, purchase price; the Investor’s financial strength/balance sheet capacity; level of discretion to invest funds; ability to close in a timely fashion; experience in closing similar transactions; reputation within the industry and the extent to which due diligence is completed.



# Sleeping Ute Apartments



HAP Contract Provides  
Stable Cash Flow



Affordable Housing  
Preservation  
Opportunity



Favorable Capital  
Markets Environment



Near Regional Economic  
Anchors

# PROPERTY OVERVIEW

Units	Unit Description	SF	Current Contract Rent	Current FMR	140% of Median Gross Rent (HUD)	JLL Proforma Contract Rents (July '21 - Feb '22)	JLL Proforma Contract Rents (Mar '22 - June '22)	JLL Proforma Annual Rent
35	2 Bedroom, HAP	770	\$743	\$787	\$1,077	\$755	\$767	\$321,296
20	3 Bedroom, HAP	940	\$894	\$1,039	\$1,077	\$908	\$923	\$220,911
5	4 Bedroom, HAP	1,204	\$1,010	\$1,311	\$1,077	\$1,026	\$1,043	\$62,394
<b>60</b>		<b>863</b>	<b>\$816</b>	<b>\$915</b>	<b>\$1,077</b>	<b>\$829</b>	<b>\$842</b>	<b>\$604,601</b>

**COMMUNITY**

- On-Site Laundry
- Playground
- On-Site Leasing Office

**INTERIORS**

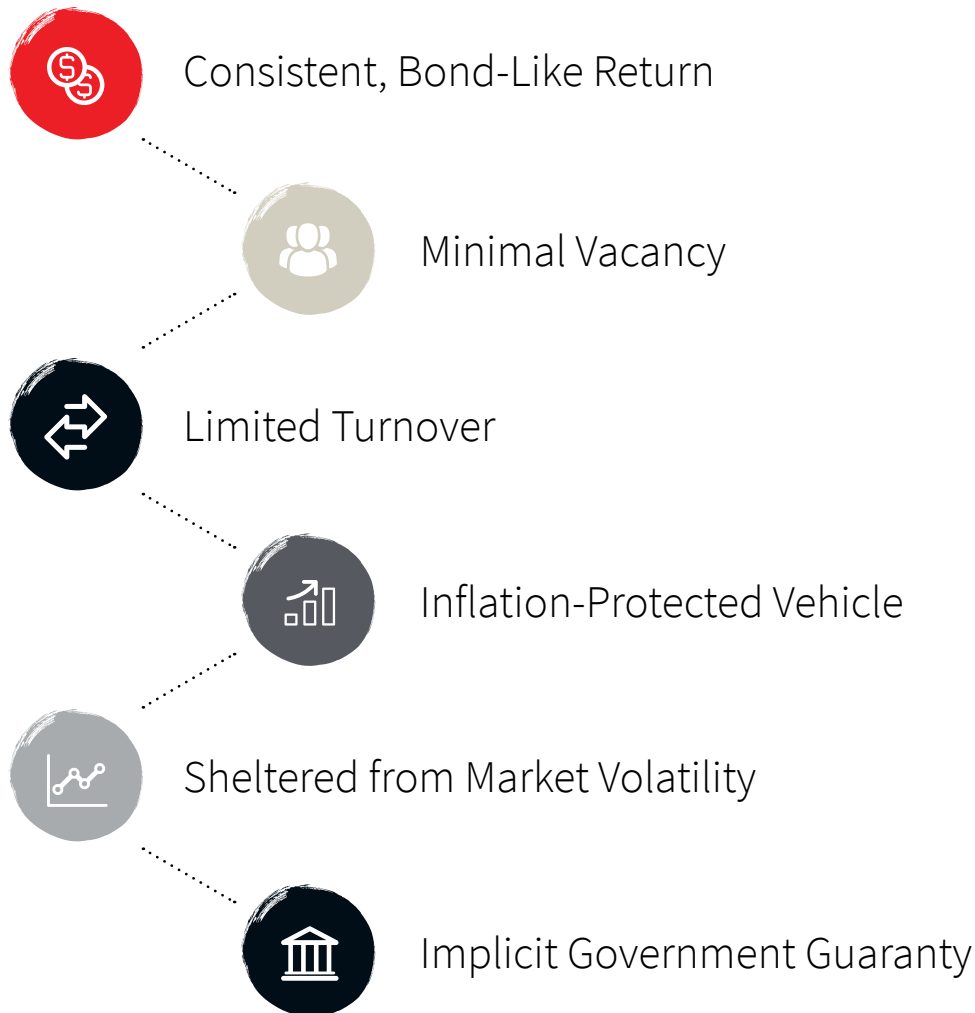
- Fully-Equipped Kitchens Include:
  - Electric range
  - Refrigerator
  - Dishwasher\*

\*3 and 4 bedroom units only



# HAP CONTRACT PROVIDES **STABLE CASH FLOW**

Sleeping Ute Apartments benefits from a project-based Section 8 (HAP) contract that generates bond-like returns and ensures full economic occupancy and limited turnover. The Property is an ideal investment opportunity for an affordable housing owner looking to deploy capital into an inflation-protected vehicle that is sheltered from typical market volatility.








## **Option 3 HAP Contracts Guarantee Annual Contract Rent Increases Regardless of Market Performance**

Sleeping Ute Apartments benefits from an Option 3 Renewal contract, which guarantees annual contract rent increases by OCAF, even if market rents in the immediate submarket do not increase. The annual OCAF factor in Colorado has averaged 2.1 in the last five years.



# PRESERVATION OPPORTUNITY

## *Benefits to LIHTC Preservation*

-  Potential to utilize Colorado state LIHTCs in addition to Federal LIHTCs
-  Increased LIHTC pricing due to existing HAP contract, CRA demand, and new 4% credit floor
-  LIHTC equity to off-set acquisition and renovation cost
-  The existing soft notes from MTM restructuring can be assumed and included in the eligible basis
-  Eligible for the 130% basis boost due to location in a Qualified Census Tract (QCT)

## FAVORABLE CAPITAL MARKETS ENVIRONMENT

Affordable borrowers are benefiting from unprecedented capital market conditions wherein investors enjoy attractive pricing breaks and incentives, especially from Freddie Mac and Fannie Mae. The JLL Affordable Housing debt team has provided initial guidance from the Agencies summarized below. Please reach out to C.W. Early for additional guidance.

# LOCATED NEAR **REGIONAL ECONOMIC ANCHORS**

Montezuma's largest city and county seat, Cortez, accounts for roughly one-third of the county's population and has attracted several institutional investors. Situated less than 40 miles from Utah, Arizona, and New Mexico, the city of Cortez is the closest city to a number of destinations and tourist attractions including Mesa Verde National Park and the Four Corners Monument.



**SOUTHWEST COLORADO RESEARCH CENTER  
OF COLORADO STATE UNIVERSITY**  
21 minutes from Sleeping Ute



**SOUTHWEST MEMORIAL HOSPITAL**  
6 minutes from Sleeping Ute



**OSPREY COMPANY HEADQUARTERS**  
5 minutes from Sleeping Ute



Southwest Colorado  
Research Center

Manauh  
Grade School



**Southwest Memorial Hospital**

• 385 employees

**Osprey Company Headquarters**

**Cortez Recreational Center**

**SAFEWAY**

**Walmart**

160

**Sleeping Ute Apartments**

S. Madison St

E 75th St

Mesa Verde National Park

15 min.

**UTE MOUNTAIN**  
CASINO • HOTEL • RESORT  
TOWAOC, COLORADO

15 min.



## Contact information

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*\*\*The outbreak of the COVID-19 virus (novel coronavirus) since the end of January 2020 has resulted in market uncertainty and volatility. While the economic impact of a contagion disease generally arises from the uncertainty and loss of consumer confidence, its impact on real estate values is unknown at this stage. Given the prevailing domestic and global uncertainty arising from the Coronavirus, we recommend that the intended recipients of this information regularly seek our guidance.*