

Valor on the Fax (aka 7900 East Colfax)



Safety, Housing, Education, & Homelessness Committee

February 24, 2021

Megan Yonke, Housing Development Officer

Department of Housing Stability



DENVER
HOUSING STABILITY

Valor on the Fax Supportive Housing Project

- DEDO issued two RFPs to identify developers for 8315 East Colfax/1500 Valentia and 7900 East Colfax.

Respondents proposed a project that was consistent with the definition of Permanent Supportive Housing (PSH). The City defined PSH as decent, safe, affordable, community-based housing that provides tenants with the rights of tenancy and links to intensive supportive services using the Housing First model.
- Mercy Housing was chosen to develop a family housing project with early childhood education for 8315 East Colfax/1500 Valentia. For 7900 East Colfax, Brothers Redevelopment Inc. and Brain Injury Alliance of Colorado were chosen as the partners to deliver supportive housing to those who formerly experienced homelessness who have suffered from a brain injury.
- Under review today are a loan agreement and supportive services contract for Valor on the Fax (aka 7900 East Colfax)

Valor on the Fax

#21-0163

Performance Loan Term (99 years)	4/1/2021 – 3/31/2120
Funding Source	HOME

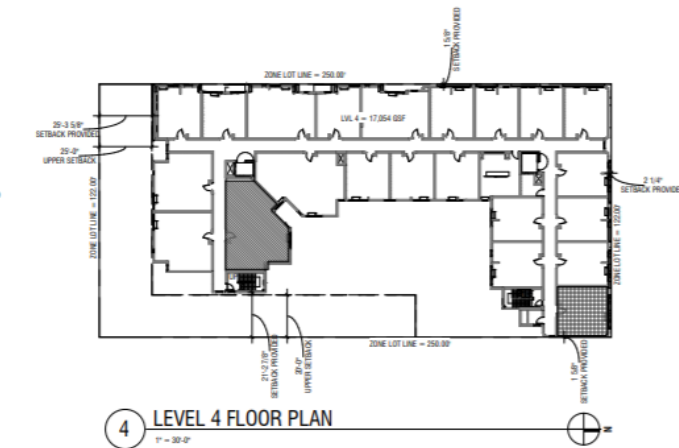
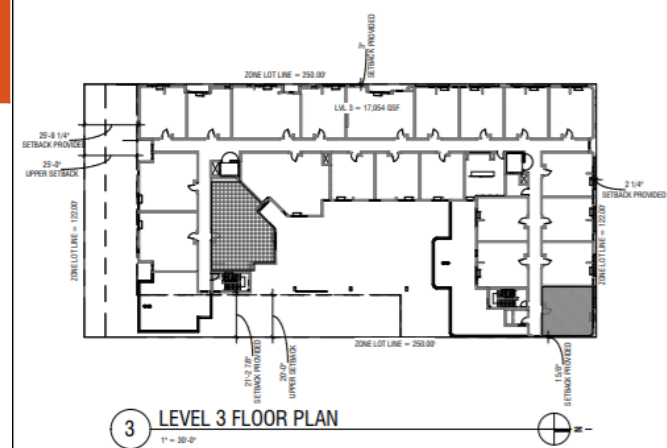
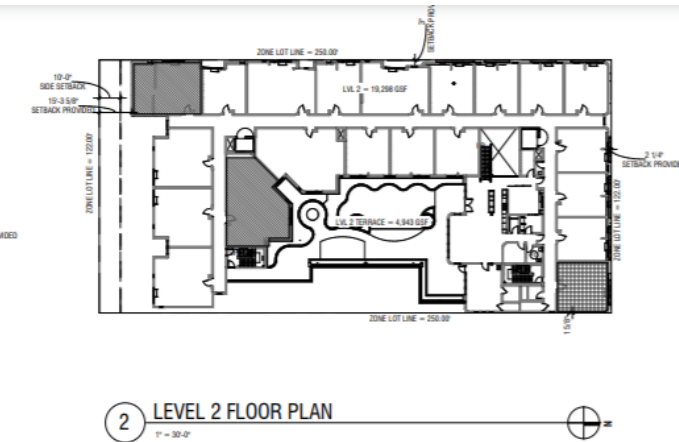
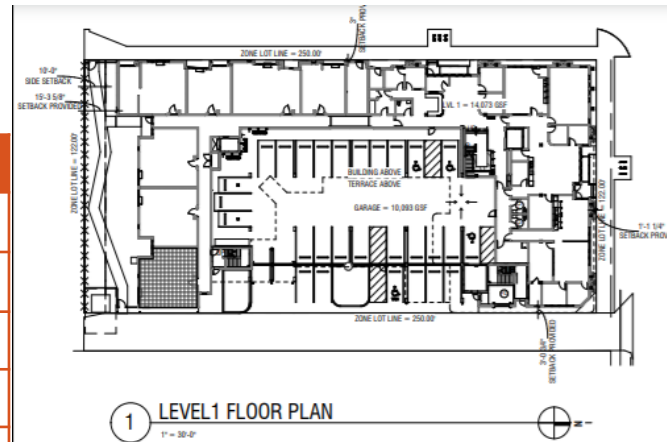
99-year Performance Loan Amount \$1,440,000

- Located at 7900 East Colfax in the East Colfax Neighborhood
- Provides one performance loan to Brothers Redevelopment Inc. to develop a total of 72 units
- Performance loan forgiven after 99 years of affordable housing performance compliance
- All units affordable 30% AMI
- Sale of City land with purchase and sale agreement (PSA) senior land use restriction agreement (LURA) for 99 years (PSA is executed but currently being amended)
- Loan agreement includes 20-year HOME covenant for HOME units

UNIT MIX FOR VALOR ON THE FAX

Unit Type	30% AMI	40% AMI	50% AMI	60% AMI
One-bedroom	47			
Two-bedroom	19			
Three-bedroom	6			
Total	72	0	0	0
% of Total	100%	0%	0%	0%

Context: 30% AMI for a single-person household is \$21,000, four-person household is \$30,000



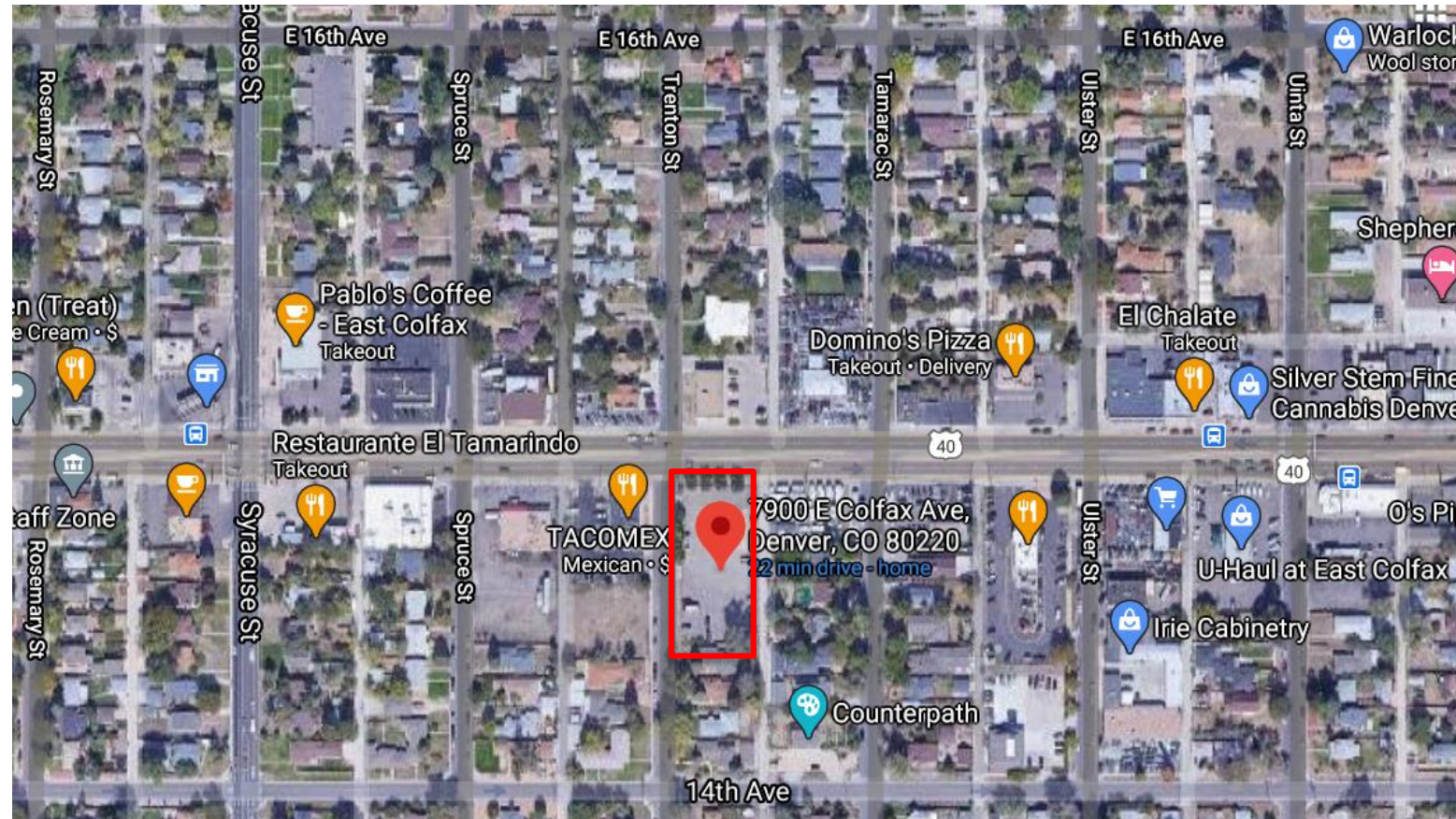
PROJECT DETAILS

Sources	Total	%
First Mortgage - CHFA	\$7,300,000	30.9%
Second Mortgage – CHFA Mag Fund	\$600,000	2.5%
9% LIHTC Equity	\$12,088,788	51.1%
CHFA Cap Mag Grant	\$120,000	0.5%
City of Denver Loan	\$1,440,000	6.1%
CDOH Loan	\$1,440,000	6.1%
Deferred Developer Fee	\$425,000	1.8%
WF Priority Comm Grant	\$200,000	0.8%
Owner Equity	\$23,118	0.1%
Total	\$23,636,906	100.0%

- Overall total development cost is \$23.6 million, or \$328,290 per unit
- In addition to City funds, borrower will leverage private debt, LIHTC equity, CHFA capital magnet funds, CDOH funds, a Wells Fargo grant, owner equity, and deferred developer fee
- 72 vouchers will be provided in partnership by the Denver Housing Authority and Colorado Division of Housing

PROJECT CONTEXT

- Trenton and East Colfax Avenue in the East Colfax neighborhood and Council District 5
- Quarter-mile from planned BRT station
- Half-mile to McNichols Park



Supportive Services

Supportive Services

#21-0162

Contract Term (15-year)	1/1/2023 – 12/31/2038
Funding Source	Affordable Housing Fund
15-year Contract Amount	\$1,000,000 (\$926 per unit/yr)

- Supportive services to residents of 72 units at Valor on the Fox for 15 years
- BRI can draw up to 1/15 of the funds each year, and undrawn funds in subsequent years.
- BRI may draw in advance of expenses, rather than on a reimbursement basis.
- Budget in year one is \$7,843 per unit and increases by 3% per year
- 1:10 staff to resident ratio
- Includes 24-hour front desk support
- Includes RTD transportation passes

Action Requested Today

Approval of the following Resolutions:

- #21-0163 – Brothers Redevelopment, Inc.
\$1,440,000 performance loan (72 units), supporting development of the 9% LIHTC project
- #21-0162 – Brothers Redevelopment, Inc.
\$1,000,000 supportive services contract, supporting services for 72 units

APPENDIX

Background: Valor on the Fax

The City purchased the Property on April 28, 2017, utilizing the City of Denver Affordable Housing Fund. The Property is currently a vacant parking lot.

The Property was re-zoned to E-MS-5 from E-MS-3. OED applied to rezone the Property to E-MS-5 in 2018, based on initial support from the neighborhood.

Five respondents submitted proposals for the RFP.

Brothers and BIAC were chosen due to the high quality of the partnership and experience of both parties to deliver a high-quality supportive housing project.

SUPPORTIVE SERVICES

PROCESS AND OUTCOME MEASURES (1) - INCOME

Income Acquisition Benchmarks:

For Current Participants.

- 80% of Current Participants must increase or maintain income (earned and unearned) and non-cash benefits. Income includes, but is not limited to, mainstream financial benefits (i.e. SSI, SSDI, TANF, AND), income from employment, and non-cash benefits such as SNAP.
- This will be measured as the percentage of households who increase or maintain total income from program entry to most recent assessment.

For Exiting Participants.

- 80% of Exiting Participants must have increased or maintained income (earned and unearned) and non-cash benefits. Income includes, but is not limited to, mainstream financial benefits (i.e. SSI, SSDI, TANF, AND), income from employment, and non-cash benefits such as SNAP.
- This will be measured as the percentage of Exiting Participants who increase total income from program entry to program exit.

SUPPORTIVE SERVICES

PROCESS AND OUTCOME MEASURES (2) – PERMANENT HOUSING

Program Retention and Housing Attainment Benchmarks:

For Current Participants.

- Average and median length of Program Enrollment Period, measured in terms of days.
- Number and percentage of Current Participants enrolled in the program for: less than 3 months, 3 to 12 months, and longer than 12 months.

For Exiting Participants.

- 70% of Exiting Participants must exit the program into a Permanent Housing outcome.
- Number and percent of Exiting Participants by Destination at Exit. Destinations at Exit are defined as: Permanent Housing, other stable housing outcomes, and outcomes to other locations (e.g., nightly shelter, street, jail, or unknown destinations).
- Length of stay for Exiting Participants

SUPPORTIVE SERVICES

PROCESS AND OUTCOME MEASURES (3) – HOUSEHOLDS SERVED

Households Served and Household Characteristics

- Number of households served each reporting period.
- Number of Exiting Participants within the reporting period.
- AMIs of each assisted household.
- Number and percent of heads of household by race, ethnicity, and income level at entry

SUPPORTIVE SERVICES REQUIREMENTS

Intensive case management services must be available to residents of Supportive Housing Units, including the following services:

1. Access to a multidisciplinary treatment team, including: Nursing care, case management, peer support, individual therapy and group therapy, and psychiatry/medication support.
2. Housing stabilization: Contractor must provide assistance in healing from trauma, addiction, mental health issues and homelessness through assessment, treatment planning, benefit acquisition, care coordination, and crisis response. These interventions will support long-term housing stability.
3. Linkage to community supports: Contractor must work to develop community supports through engagement, socialization, life skills, peer activities, and vocational programming.

SUPPORTIVE SERVICES REQUIREMENTS continued

- Providers must have a budget of at least \$7,200 per unit per year exclusive of operating expenses
- Services must provide for at least one staff person for every 15 supportive housing units. Staff must have the relevant education and experience needed to implement Supportive Services, as determined by the State of Colorado Office of Homeless Initiatives (“OHI”).
- Supportive Services must be offered on a volunteer basis to tenants of Supportive Housing Units. In addition, services are expected to be implemented in a manner reliant on current best practice models, including Housing First, Harm Reduction and Trauma-Informed Care.

TENANT REFERRALS

- 50% of referrals will originate from the OneHome Coordinated Entry System

SUPPORTIVE SERVICES SOURCES (FIRST FIVE YEARS)

SERVICES BUDGET

Forecast of Expenses	Year 1	Year 2	Year 3	Year 4	Year 5
Annual inflation factor of __3__% applied to Years 2-5	\$ 564,700	\$ 581,641	\$ 599,090	\$ 617,063	\$ 635,575

Forecast of Sources	Year 1	Year 2	Year 3	Year 4	Year 5
Name of Funder					
Project Cash Flow	\$50,000	\$50,000	\$60,000	\$60,000	\$60,000
Capitalized Service Fund (5% of Developers Fee made available through PSH boost)	\$ 20,667	\$ 27,387	\$ 24,309	\$ 31,438	\$ 38,782
DOH TSS funding	\$ 129,600	\$ 129,600	\$ 129,600	\$ 129,600	\$ 129,600
City & County of Denver	\$ 66,667	\$ 66,667	\$ 66,667	\$ 66,667	\$ 66,667
DHS Mindsource	\$ 170,000	\$ 170,000	\$ 170,000	\$ 170,000	\$ 170,000
Medicaid	\$ 52,767	\$ 62,988	\$ 73,515	\$ 84,359	\$ 95,527
Office of Behavioral Health for overnight front desk	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000

Total Annual Sources Forecast	\$564,700.67	\$581,641.67	\$599,090.67	\$617,063.67	\$635,575.67
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- Supportive services budget in year one is \$7,843 per unit and increases by 3% per year
- Services budget includes 1:10 staff to resident ratio
- Services budget includes 24-hour front desk support
- Services budget includes RTD transportation passes