

SUN VALLEY GATEWAY: North & South Phases



Safety, Housing, Education & Homelessness Committee
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DENVER
ECONOMIC DEVELOPMENT
& OPPORTUNITY

Project Context

This is the first phase of DHA's Sun Valley redevelopment, which won a \$30 million Choice Neighborhood Implementation grant, HUD's flagship renewal program



Sun Valley Gateway – Funding Overview

Denver is investing \$2,375,000 into Gateway North and \$580,000 into Gateway South

North: 4% LIHTC award from CHFA will net \$16,352,880 in equity, which enables the leveraging of \$12,750,000 in private debt

The private debt will be augmented by \$20,235,978 in a Private Activity Bond Volume Cap

DHA is lending \$2,287,369 of their developer fee back into the project

The remaining gap will be filled by \$950,000 from Colorado Division of Housing, \$1,875,000 from DHA's program funds, an FHLB Affordable Housing Program grant of \$1,600,000, and the city's \$2,375,000

Sun Valley Gateway – Funding Overview

Denver is investing \$2,375,000 into Gateway North and \$580,000 into Gateway South

South: 4% LIHTC award from CHFA will net \$13,701,130 in equity, which enables the leveraging of \$6,380,000 in private debt

Denver Housing Authority is lending \$749,188 of their developer fee back into the project

The remaining funding gap will be filled through \$580,000 from the CO Division of Housing, \$7,100,000 from DHA's program funds, \$750,000 in CDBG, and the City's \$580,000

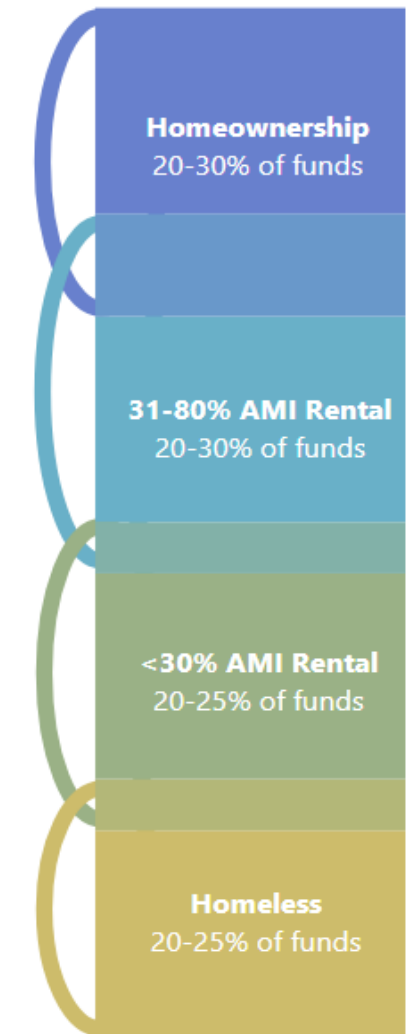
About Affordability

2019 AREA MEDIAN INCOME LIMITS — DENVER

AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30%	\$19,500	\$22,300	\$25,100	\$27,850	\$30,170	\$34,590
40%	\$26,000	\$29,720	\$33,440	\$37,120	\$40,120	\$43,080
50%	\$32,500	\$37,150	\$41,800	\$46,400	\$50,150	\$53,850
60%	\$39,000	\$44,580	\$50,160	\$55,680	\$60,180	\$64,620
65%	\$42,250	\$48,295	\$54,340	\$60,320	\$65,195	\$70,005
70%	\$45,500	\$52,010	\$58,520	\$64,960	\$70,210	\$75,390
80%	\$52,000	\$59,400	\$66,850	\$74,250	\$80,200	\$86,150
90%	\$58,500	\$66,870	\$75,240	\$83,520	\$90,270	\$96,930
95%	\$61,750	\$70,585	\$79,420	\$88,160	\$95,285	\$102,315
100%	\$65,000	\$74,300	\$83,600	\$92,800	\$100,300	\$107,700
110%	\$71,500	\$81,730	\$91,960	\$102,080	\$110,330	\$118,470
115%	\$74,750	\$85,445	\$96,140	\$106,720	\$115,345	\$123,855
120%	\$78,000	\$89,160	\$100,320	\$111,360	\$120,360	\$129,240

Area Median Income, commonly referred to as "AMI," is a federal calculation based on census data for each demographic area; the annual calculations above are not set by the City & County of Denver but are set federally. Regarding affordable housing, a household paying more than 30% of its gross monthly income for housing is generally considered to be cost-burdened. For example, a one-person household earning 70% AMI is considered cost-burdened if monthly housing costs are higher than \$1,260.

5-Year Allocation Goals



Affordability Overview – Gateway North

Unit Type	% AMI	# of Units	SF	Rent/Unit/Mo
1 Bed 1 Bath Subsidized	30%	2	694	\$ 1,100
2 Bed 1 Bath Subsidized	30%	10	888	\$ 1,360
3 Bed 2 Bath Subsidized	30%	3	1,515	\$ 1,900
4 Bed 2 Bath Subsidized	30%	3	1,646	\$ 2,215
5 Bed 3 Bath Subsidized	30%	1	1,873	\$ 2,550
1 Bed 1 Bath Subsidized	40%	1	694	\$ 1,100
2 Bed 1 Bath Subsidized	40%	6	888	\$ 1,360
3 Bed 2 Bath Subsidized	40%	3	1,515	\$ 1,900
4 Bed 2 Bath Subsidized	40%	3	1,646	\$ 2,215
1 Bed 1 Bath Subsidized	50%	1	694	\$ 1,100
2 Bed 1 Bath Subsidized	50%	2	888	\$ 1,360
3 Bed 2 Bath Subsidized	50%	1	1,515	\$ 1,900
4 Bed 2 Bath Subsidized	50%	1	1,646	\$ 2,215
5 Bed 3 Bath Subsidized	50%	1	1,873	\$ 2,550
1 Bed 1 Bath Subsidized	60%	1	694	\$ 1,100
2 Bed 1 Bath Subsidized	60%	2	888	\$ 1,360
3 Bed 2 Bath Subsidized	60%	1	1,515	\$ 1,900
5 Bed 3 Bath Subsidized	60%	1	1,873	\$ 2,550
1 Bed 1 Bath	60%	23	694	\$ 1,012
2 Bed 1 Bath	60%	16	888	\$ 1,215
3 Bed 2 Bath	60%	13	1,515	\$ 1,402
Total		95		

Affordability Overview - Gateway South

Unit Type	% AMI	# of Units	SF	Rent/Unit/Mo
1 Bed 1 Bath Subsidized	30%	3	717	\$ 450
2 Bed 1 Bath Subsidized	30%	9	903	\$ 450
1 Bed 1 Bath Subsidized	40%	2	717	\$ 450
2 Bed 1 Bath Subsidized	40%	7	903	\$ 450
1 Bed 1 Bath	40%	2	717	\$ 675
2 Bed 1 Bath	40%	1	903	\$ 810
1 Bed 1 Bath Subsidized	50%	1	717	\$ 450
2 Bed 1 Bath Subsidized	50%	2	903	\$ 450
1 Bed 1 Bath	50%	10	717	\$ 843
2 Bed 1 Bath	50%	6	903	\$ 1,012
1 Bed 1 Bath Subsidized	60%	1	717	\$ 450
2 Bed 1 Bath Subsidized	60%	2	903	\$ 450
1 Bed 1 Bath	60%	8	717	\$ 1,012
2 Bed 1 Bath	60%	4	903	\$ 1,215
1 Bed 1 Bath	Market	20	717	\$ 1,206
2 Bed 1 Bath	Market	14	903	\$ 1,414
Total		92		

Financing Terms - North

The City's funding will be structured as a performance loan and will contribute toward hard costs associated with the development.

- Principal amount of \$2,375,000, or \$25,000 per unit
- Interest rate of 0%
- Term of 60 years from execution of the Promissory Note
- Performance loan, with debt forgiven following compliance for the term period
- City covenant of 60 years, or through 2079
- 19 units restricted at 30% of AMI, 12 units at 40% of AMI, 6 units at 50% of AMI, and 57 units restricted at 60% of AMI
- However, the 43 project-based vouchers ensure that the property will be affordable to very low-income residents
- A total of 62 units will either be covered by vouchers or set-aside for 30% AMI residents

Financing Terms - South

The City's funding will be structured as a performance loan and will contribute toward hard costs associated with the development.

- Principal amount of \$580,000, or \$6,304 per unit
- Interest rate of 0%
- Term of 60 years from execution of the Promissory Note
- Performance loan, with debt forgiven following compliance for the affordability period
- City covenant of 60 years, or through 2079
- 12 units at 30% of AMI, 12 units at 40% of AMI, 19 units at 50% of AMI, 15 units at 60% of AMI, and 34 market-rate units to cross-subsidize the property
- However, the 27 ACC units are evenly layered across all AMI levels
- When the ACC units are combined with the other 30% and 40% units, a total of 30 units will be affordable to households making less than 40% of the AMI



DISCUSSION