

BRIEFING Q&A: Northeast Denver Housing Center, Inc. – Central Park III Apartments

What is this project? Central Park III Apartments, a 127-unit affording housing development, is located at the northwest corner of Central Park Blvd. and E. 35th Ave. in the Central Park neighborhood in a transit-oriented development site just one block from the Central Park light rail station, new Sprouts grocery, employment centers, commercial services, and retail, highly rated schools, and healthy living amenities. Central Park III Apartments will provide a variety of apartments suitable for households of varying sizes including family and single households. Of the 127 units, 11 will be restricted at 30% AMI, 18 at 40% AMI, 82 at 50% AMI and 16 at 60% AMI. The project has a range of unit sizes, comprised of 12 studios, 33 one-bedrooms, 76 two-bedrooms, and 6 three-bedrooms. As with all of NDHC LIHTC developments in Central Park, NDHC will provide an on-site case manager, in collaboration with service providers, to implement healthy living and wellness programs such as self-development education, educational youth programs, after-school tutoring, nutrition classes, healthy cooking, gardening classes, access to food banks, job training, resume development, mental health services and financial literacy classes. The loan review committee conditionally approved a \$1,985,000 cash-flow loan for this development, which has a total development cost of roughly \$27,000,000.



What is notable and/or unique about this project? Central Park III' location in close proximity to the Central Park light rail station provides low to moderate income residents with great access to public transit. As with all of NDHC LIHTC developments in Central Park, NDHC will provide an on-site case manager, in collaboration with service providers, to implement healthy living and wellness programs such as self-development education, educational youth programs, after-school tutoring, nutrition classes, healthy cooking, gardening classes, access to food banks, job training, resume

development, mental health services and financial literacy classes. Additionally, NDHC anticipates receiving 11 Section 811 vouchers for the 30% AMI units which provide supportive housing to people with disabilities.

How will the city's funds be used?

The city's investment will support the soft and hard costs associated with the construction. The construction of the Central Park III Apartments is anticipated to be completed in February 2023.

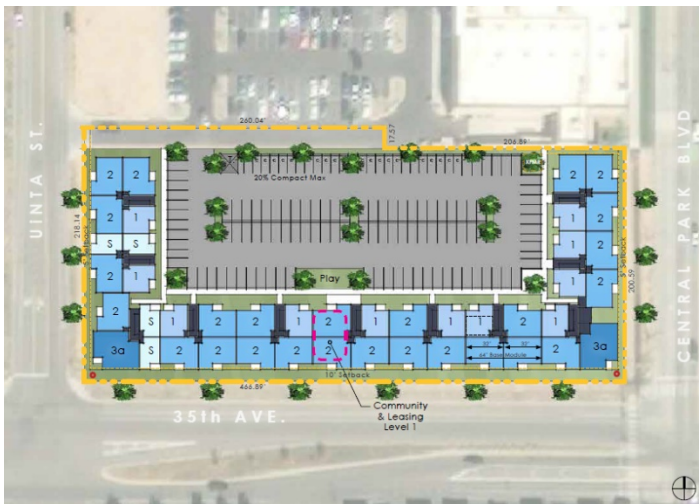
How is the city's investment structured?

Estimated Project amount: \$27,241,257

The terms of the city's proposed investment are detailed as follows:

- Principal amount of \$1,985,000
- Interest rate of 0%
- Repaying Loan from project cash flow
- Term of 18.5 years from the execution of the Promissory Note

What challenges or barriers has the project faced/does it currently face? While the pandemic has brought several challenges to the development and construction industries, by working with the same design development team that has successfully completed three other projects together in Central Park and being the only non-profit that has a studio that specializes in architecture, urban planning, and construction management, Central Park II and Central Park III Apartments have been able to establish a solid synergy as a direct result of this cohesive team and developing both Central Park II and Central Park III Apartments simultaneously. This design development team, made up of the architect, contractor, lender, and tax credit equity investor, has allowed these projects to move at a quicker pace, going from tax credit reservation to construction start in only 7 to 8 months. Facing challenges relating to construction materials, financing, and review times, this team has had to adapt in order for these projects to come to fruition. The shortages of construction materials have caused lengthening lead times and delays in nearly all sectors of the industry. This has led to the development team providing, in some cases, early notices to proceed so that the contractors can procure materials and lock in costs without affecting their schedule or budget. This subsequent rise in material prices, has resulted in the developer refining their scope of work to accommodate the stricter budgets. The developer has achieved this by working collaboratively with the general contractor and architect from the initial design to completion, keeping costs down without sacrificing quality. They have also alleviated challenges in completing the permitting on schedule by consistently working directly with the City of Denver, Community Planning and Development, the Deputy Planning Director, the Development Projects Manager, and the Senior Development Project Administrator, to receive permit review comments on time, ensuring that the projects will close as scheduled. This was extremely important given that they needed to lock in interest rates, which are expected to rise in the new year, for the projects to be feasible. Their negotiations of lower interest rates, higher tax credit equity pricing, and the increase in rent prices from 2020 to 2021, helped the team to offset the higher construction costs caused by the pandemic.



How will the city’s proposed investment contribute toward the goals established by HOST’s Five-Year Strategic Plan? HOST’s five-year strategic plan calls for the creation or preservation of 7,000 ownership and rental homes and a reduction in housing cost-burden among low- and moderate-income households to 51%. Central Park III Apartments will increase the supply of affordable homeownership units by 127 units, all of which will be affordable to households earning at, or below, 60% of the area median income. With twelve studio units, thirty-three one-bed one-bath units, seventy-six two-bed one-bath units, and six three-bed two-bath units, Central Park III Apartments will provide affordable housing to a diverse mix of households. In addition, 88% percent of the units will

serve households making 50% or less of Denver’s area median income and 11 Section 811 Vouchers will provide supportive housing to people with disabilities earning less that 30% AMI. Finally, the City Covenant will secure the affordability of these units for at least 60 years, providing long-term affordability for this development.

For more information or to schedule a 1:1 briefing from HOST on this project:

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