

Northfield Flats RR22-1560



Safety, Housing, Education, & Homelessness Committee

November 30, 2022

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Department of Housing Stability



DENVER
HOUSING STABILITY

Northfield Flats

- Mile High Development, in partnership with Brinshore Development, will provide 129 units of housing for households earning between 30% to 80% AMI.
- Located at 4545 Xenia Street in the Central Park neighborhood
- Five-story building will include:
 - 129 units including 42 1BR, 83 2BR, and 4 3BR units
 - 30% of the units affordable at or below 30% of AMI
 - 50% of the units affordable at or below 60% of AMI



Northfield Flats

Covenant Term	60 years from closing
Funding Source	Affordable Housing Fund: Property Tax
Contract Amount	\$4,515,000

Scope of Work

- The project received a 4% LIHTC allocation in 2022
- HOST is recommending a \$4,515,000 loan for gap financing development of the site.
- A 60-year covenant will be placed on the site
- Estimated 18-month construction period, units should begin leasing in Summer of 2024

Project Details– 4% LIHTC

Sources	Total	%
Permanent Mortgage	\$14,500,000	35.8%
Federal LIHTC Equity (4%)	\$17,258,285	42.6%
HOST Loan	\$4,515,000	11.2%
DOH Loan	\$3,100,000	7.7%
Deferred Developer Fee	\$1,105,711	2.7%
Total	\$40,478,996	100.0%

- In addition to City funds, borrower will leverage private debt, LIHTC equity, state Division of Housing funds, and deferred developer fee
- Overall total development cost is \$40.479M, or \$300,349 per unit without land cost
- City intends to use a portion of its Private Activity Bond capacity for the project. This item is on the Consent Agenda of the Finance and Governance Committee on 11/29/2022.

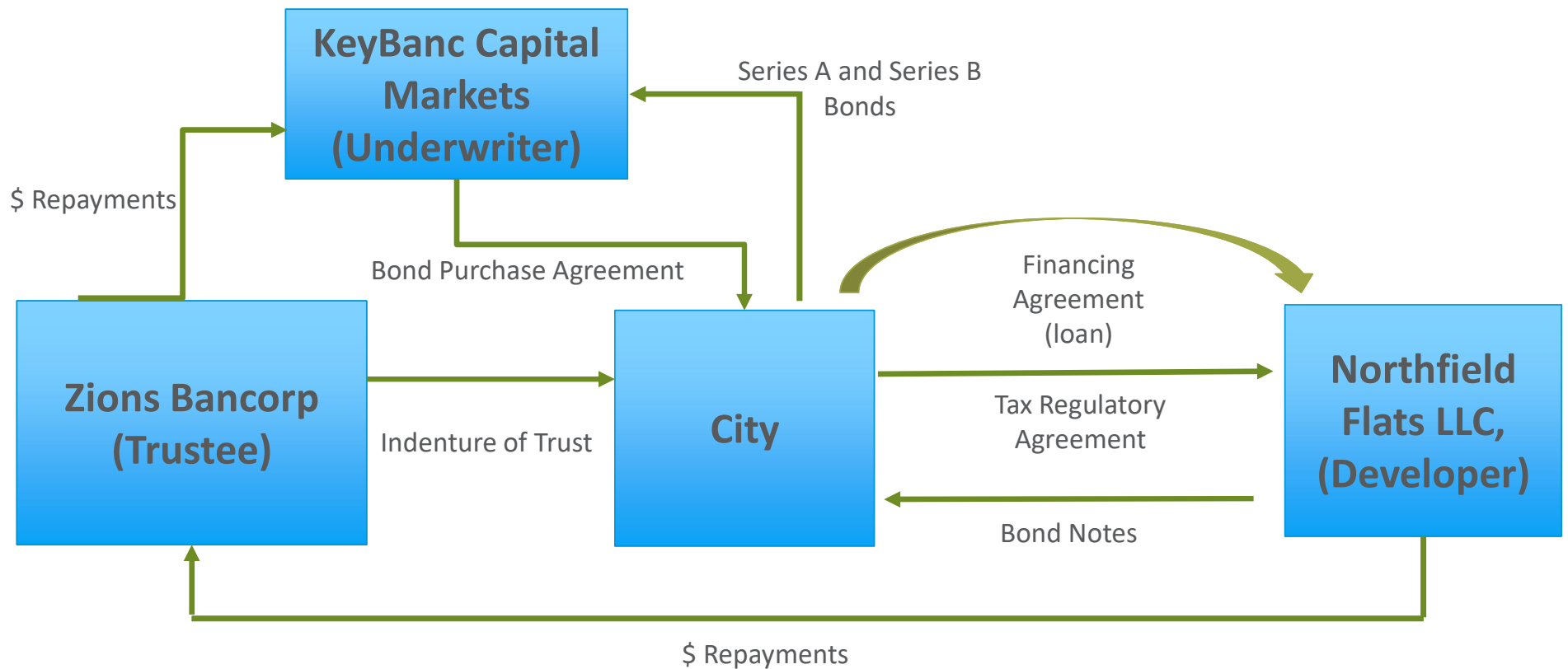
PAB Financing

City intends to use a portion of its PAB capacity for the project

- **PAB is a tax-exempt borrowing tool for a privately-owned project which meets a qualified public purpose – in this case long-term affordable rental housing.**
 - Interest paid on the PABs is exempt from federal taxation, thus lowering the interest rate and costs for the project.
 - If a multi-family project is awarded 4% Low Income Housing Tax Credits (LIHTCs), the IRS requires at least 50% of the project costs to be financed with PABs.
 - The amount of PABs that can be issued in a state is limited under federal law based on the state's population; the issuer must therefor allocate a portion of the limited PAB capacity to the financing.
- **The City will issue up to \$19,541,667 of the City and County of Denver, Colorado Multifamily Tax-Exempt Mortgage-Backed Bonds (Northfield Flats Project) Bonds in two series of Bonds.**
- **The Bonds are a special limited obligation of the City payable solely from the revenues and other funds pledged from the Northfield Flats project. The Bonds are not a debt or multiple fiscal-year obligation of the City. The City is not financially liable to the bond purchaser.**

PAB Financing

Northfield Flats and its affiliates will use up to \$19,541,667 of PAB capacity from the City and County of Denver to support the construction financing for the project.



RR22-1560 Summary

- Provides a \$4,515,000 loan to Northfield Flats LLC
- Cash Flow loan, 18-year term
- All units affordable at or below 30% to 80% AMI
- City covenant recorded on the property for 60 years



Action Requested Today

Approval of RR22-1560: loan agreement with Northfield Flats, LLC for \$4,515,000 and 18 years to provide funding for a new affordable housing development, located at 4545 Xenia Street in Council District 8 (HOST-202264595).

Any Questions?

Thank You!

