

# Warren Village III

Safety, Housing, Education, & Homelessness Committee  
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Laura Allen-Hatcher, Housing Development Officer

Megan Yonke, Capital Projects Manager

Department of Housing Stability



# Warren Village III - Presentation Overview

- **Loan Agreement #23-0725:** \$3,810,000 in Homelessness Resolution Funds to support the construction of 89 affordable rental units, 79 of which will be Supportive Housing units.
- **Services Agreement #23-0720:** \$1,777,500 in Homelessness Resolution Funds for provision of Supportive Housing Services to tenants living in the 79 Supportive Housing units.
- **Voucher Agreement #23-0739:** Up to \$22,702,287 in Homelessness Resolution Funds for 20 years of Housing Assistance Payment vouchers for 29 of the 79 Supportive Housing units.

# Warren Village III Loan Agreement

- Warren Village III is a D3 mixed-use development consisting of 89 affordable rental units, 79 of which will be Supportive Housing Units.
- Located at 1390 West Alameda Ave, 1363 & 1373 West Nevada Place in the Athmar Park neighborhood, City Council District 7.
- The 89 total units consist of 8 1-bedroom, 62 2-bedroom and 19 3-bedroom units.
- Project includes two buildings. The north building is 4 stories and includes first floor offices, classrooms and other common areas with housing above.
- South building is 3 stories and will include an Early Learning Center on the first level and housing above. WVIII will be the 1<sup>st</sup> supportive housing development in Colorado to include an onsite ELC.



## Rent and Occupancy Restrictions

Unit Type	30% AMI	50% AMI	60% AMI	Total Units	% of Total
1BR	4	3		7	7.90%
2BR	27	32	4	63	70.80%
<b>3BR</b>	9	9	1	<b>19</b>	<b>21.30%</b>
Total	<b>40</b>	44	5	89	100.00%
% of Total	44.90%	49.40%	5.60%	100.00%	

## Rent Limits:

Rents may not exceed the lesser of:

- (i) Fair Market Rent (FMR) for comparable units in the area as established by HUD, under 24 C.F.R. 888.113, or
- (ii) 30% of gross household income of a family at 30%, 50%, or 60% Area Median Income (AMI), as established by HUD, adjusted by household size.

For the purpose of setting these rent limits, household size is established using an average occupancy standard of 1.5 persons per bedroom (not rounded).

***EXCEPTION:*** Allowable maximum rents under Denver's Project Based Voucher (PBV) program is the State's voucher payment standard for Denver which may exceed the non-voucher rent limits. *PBVs limit the tenant's portion of rent to 30% of the family's gross adjusted income which will fall between AMI tiers, and which may be as little as \$0.*

# Rent Limits (without vouchers)

30% AMI						<u>MAX RENT</u>
Unit Type	HH Size*	ANNUAL \$	MONTHLY \$	HUD FMR 2023	30% of INCOME	
1BR	1.5	\$27,950	\$2,329	\$1,538	\$699	\$699
2BR	3	\$33,550	\$2,796	\$1,856	\$839	\$839
3BR	4.5	\$38,750	\$3,229	\$2,449	\$969	\$969

  

50% AMI						<u>MAX RENT</u>
Unit Type	HH Size*	ANNUAL \$	MONTHLY \$	HUD FMR 2023	30% of INCOME	
1BR	1.5	\$46,550	\$3,879	\$1,538	\$1,164	\$1,164
2BR	3	\$55,850	\$4,654	\$1,856	\$1,396	\$1,396
3BR	4.5	\$64,550	\$5,379	\$2,449	\$1,614	\$1,614

  

60% AMI						<u>MAX RENT</u>
Unit Type	HH Size*	ANNUAL \$	MONTHLY \$	HUD FMR 2023	30% of INCOME	
1BR	1.5	\$55,860	\$4,655	\$1,538	\$1,397	\$1,397
2BR	3	\$67,020	\$5,585	\$1,856	\$1,676	\$1,676
3BR	4.5	\$77,460	\$6,455	\$2,449	\$1,937	\$1,937

\*Rent limit is established using a standardized average occupancy of 1.5 persons per bedroom, not rounded

## Example Rents (with vouchers)

30% AMI

Unit Type	HH Size	ANNUAL \$**	MONTHLY \$**	Voucher Pymt Standard 2023	30% of INCOME**	<u>TENANT RENT</u>	Owner Payment
1BR	2	\$0	\$0	\$1,585	\$0	\$0	\$1,585
2BR	3	\$15,000	\$1,250	\$1,925	\$375	\$375	\$1,550
3BR	5	\$30,000	\$2,500	\$2,530	\$750	\$750	\$1,780

\*\* When using PBVs, the amount a tenant pays is based upon the specific tenant's income.

Allowable maximum rents under Denver's PBV program is the State voucher payment standard for Denver and may exceed the maximum non-voucher rent limits previously presented.

# Project Details– Funding Sources

Sources	Total	%
Permanent Loan	\$10,150,000	20.0%
HOST Loan	\$3,810,000	7.5%
CDOH Loan	\$3,705,000	7.3%
LIHTC- 4%	\$22,480,186	44.3%
HTC (Fed & State)	\$4,320,000	8.5%
Deferred Developer Fee	\$2,030,596	4.0%
Economic Development Initiative	\$4,000,000	7.9%
Fundraising	\$305,000	0.6%
Developer Equity	\$100	0.0%
<b>Total</b>	<b>\$50,800,882</b>	<b>100.00%</b>

- In addition to City funds, borrower will leverage private debt, LIHTC equity, state Division of Housing funds, deferred developer fees, grant funds, and fundraising.
- Overall total development cost is \$50,800,882, or \$570,796 per unit without land cost.
- D3: Denver Housing Authority is leasing the land to the project for \$100/yr.

# Warren Village III Loan Agreement #23-0725

Contract Term	60 years from closing
Funding Source	Homeless Resolution Fund
Contract Amount	\$3,810,000

- HOST is recommending Council approval of a \$3,810,000 performance loan for gap financing development of the site

## Scope of Work

- First affordable development in Denver to increase its density through a height increase consistent with City’s new Expanding Housing Affordability policy

*Site was zoned for 3-stories. North building was increased to 4-stories to add 14 more housing units*

- Leasing of units anticipated to begin in fall of 2024
- A 60-year rental and occupancy covenant will be placed on the site

## Warren Village III Services Agreement

- Warren Village Inc. to provide supportive housing services for 79 households experiencing homelessness at Warren Village III.
- Agreement to commence on January 1, 2025, and will expire on December 31, 2040 (15 years).
- The City's maximum payment obligation shall not exceed \$1,777,500.



# Warren Village III Services Agreement

Based upon a Needs Assessment, Supportive Services are provided to help participants obtain and maintain housing, and may include:

- Moving Cost Assistance
- Case Management
- Child Care
- Education Services
- Employment Assistance/Job Training
- Housing Search/Housing Counseling
- Legal Services
- Life Skills Training
- Mental Health Services
- Outpatient Health Services
- Outreach Services
- Substance Abuse Treatment
- Transportation
- Utility Deposits

# Warren Village III Services Agreement #23-0720

## Scope of Work

Contract Term	1/1/2025-12/31/2040
Funding Source	Homeless Resolution Fund
Contract Amount	\$1,777,500

- HOST is recommending Council approval of a \$1,777,500 grant for supportive housing services
- Contractor will provide supportive services to eligible participants to assist with maintaining housing
- Contractor must have a staff-to-client ratio of no less than one staff person to every fifteen supportive housing units
- City to provide \$118,500 annually over 15 years, with some flexibility allowed
- The City is not obligated to execute an agreement or any amendments for any further services

# Warren Village III Project Based Voucher Agreement

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# Denver's Homelessness Resolution Project Based Voucher (HR-PBV) Program Origin

- In November 2020, Denver voters approved Measure 2B, thereby establishing the Homelessness Resolution Fund (HRF). The purpose of this fund is to increase access to housing with appropriate supportive services and ensure people experiencing homelessness have the resources they need to regain and retain housing.
- One of the eligible uses of the HRF was the creation of a project-based voucher source to supplement the long-term operational subsidy offered by the Denver Housing Authority (DHA) for DHA Delivers for Denver (D3) projects and the Colorado Division of Housing (CDOH) for other supportive housing projects.
- In 2021 and 2022, the City worked with the Corporation for Supportive Housing (CSH) to interview stakeholders to implement the HR-PBV program, which was officially launched in September 2022 with the conditional commitment of City-funded vouchers to the first supportive housing project, Warren Village III.

# Denver's Homelessness Resolution Project Based Voucher (HR-PBV) Program Details

- Project-based vouchers (PBVs) are connected to the units regardless of tenant for a maximum of twenty (20) years, irrespective of the tenant who occupies a unit.
- If the project is not otherwise pursuing housing development gap financing by which a 60-year covenant is required, a 60-year affordability covenant will be required by this investment.
- Projects must not have time-limited tenure for tenants and must offer leases for a minimum length of six months.
- For the foreseeable future, tenant-based rental assistance will not be offered to tenants after residing in a PBV unit after 12 months, as is the case with Federal HUD project-based vouchers or State of Colorado Housing Vouchers (SHV).
- Payments start upon receipt of certificate of occupancy (CO) and successful Housing Quality Standards inspection, as well as meeting reporting requirements of HOST.

## Denver's Homelessness Resolution Project Based Voucher (HR-PBV) Project Eligibility

- An eligible project must be a rental housing project that serves a minimum of forty (40) percent of units to persons experiencing homelessness. Rental projects with a lower proportion of units serving persons experiencing homelessness can be approved on a case-by-case basis. There will be no minimum or maximum number of units per eligible project.
- HR-PBVs may only be utilized for units that serve people experiencing or exiting homelessness. Eligible rental projects may be new construction or preservation.
- Eligible projects may include deed restricted units affordable up to 60% AMI. Tenants will only pay 30% of their income, which may be \$0.

# Denver's Homelessness Resolution Project Based Voucher (HR-PBV) Program Tenant Selection

- CHR-PBVs are intended to serve people experiencing or exiting homelessness who cannot be served by Federal HUD vouchers and State of Colorado Housing Vouchers (SHV). As such, tenants will only be subject to background checks as defined by their HOST-approved Tenant Selection Plan. Fifty (50) percent of tenant supportive housing units must be sourced from OneHome and projects must follow housing first and harm reduction principles detailed in the City's standard supportive services contracts.
- The project must justify tenant exclusions and detail them in their approved Tenant Selection Plan (TSP). The City must approve the project's TSP as a requirement of the City's Housing Assistance Payments (HAP) contract for the project. The TSP must include Housing First and Harm Reduction Principles.
- Any good neighbor agreements entered into by the project sponsor must not include any tenant selection policies.

A tenant will be disqualified if they:

- have committed demonstrated fraud of City funds;
- have a history of violent or abusive behavior toward project staff, other residents, or a voucher administrator;

or

- have a history of manufacturing methamphetamines

All projects must have an appeal process outlined in the Tenant Selection Plan. This appeal must be processed by an individual that was not a part of the initial denial process. Homeless students are eligible.

# Warren Village at Alameda LLLP

Contract Term	Notice of Acceptance + 20 years
Funding Source	Homelessness Resolution Fund (HRF)
Contract Amount Not to Exceed over 20 years	\$22,702,287

- Projected costs will be encumbered in budgeting annually with the first year projected to cost \$662,184.

## Scope of Work

- Warren Village at Alameda LLLP is the Warren Village III partnership entity, of which Warren Village Inc. is the General Partner
- Projects will be paid State of Colorado Division of Housing (CDOH) reimbursement rates, updated annually. Tenants will only pay 30% of their income toward rent (tenants may have no income). The PBV will pay the difference between tenant rent and the reimbursement rates.
- City is providing 29 HR-PBVs. DHA is providing the remaining 50 PBVs.

# Action Requested Today

## Approval of the following:

- **#23-0725 – Warren Village Inc:** New loan agreement for \$3,810,000 in Homeless Resolution funds with a 60-year term to provide funding for a new affordable housing development located at 1390 West Alameda Ave, 1363 and 1373 West Nevada Ave, (Warren Village III) in Council District 7 (HOST-202368174).
- **#23-0720 – Warren Village Inc:** New services agreement for \$1,777,500 in Homeless Resolution funds to provide funding for supportive housing services at 1390 West Alameda Ave, 1363 and 1373 West Nevada Ave, (Warren Village III) in Council District 7 (HOST-202368173).
- **#23-0739 – Warren Village at Alameda LLLP:** Voucher contract between the City and County of Denver and Warren Village at Alameda LLLP to provide housing assistance payment funding for 29 Homelessness Resolution Project Based Vouchers through Contract Control # HOST-202368453 for 20 years for an amount not to exceed \$22,702,287 to assist with the delivery of 79 supportive housing units at Warren Village III.

Questions?

## Approved Budget (for first five years):

### SERVICES BUDGET

Forecast of Expenses (Year 1 Taken from Budget)	Year 1	Year 2	Year 3	Year 4	Year 5
Annual inflation factor of __3_% applied to Years 2-5	\$ 921,112.00	\$ 948,745.36	\$ 977,207.72	\$ 1,006,523.95	\$ 1,036,719.67

### Forecast of Sources

Name of Funder	Year 1	Year 2	Year 3	Year 4	Year 5
Project Cash Flow	\$0	\$0	\$0	\$0	\$0
PSH Developer Fee Boost	\$ 259,794	\$ 429,609	\$ 250,261	\$ 248,048	\$ 268,154
Medicaid	\$ 100,000	\$ 120,000	\$ 140,000	\$ 160,000	\$ 170,000
DOH TSS Funding	\$ 148,680	\$ 148,680	\$ 148,680	\$ 148,680	\$ 148,680
WV Donor Fundraising (Start-Up & Gn'l Operating Contrib	\$ 150,000	\$ 65,000	\$ 10,000	\$ 13,729	\$ 11,031
Deferred Developer Fee	\$ 64,138	\$ 66,956	\$ 69,766	\$ 72,566	\$ 75,354
★ HOST Services Gap Funding	\$ 118,500	\$ 118,500	\$ 118,500	\$ 118,500	\$ 118,500
Coninuum of Care					
Non-deferred Developer Fee	\$ 80,000		\$ 240,000	\$ 245,000	\$ 245,000
Warren Village G'l Operating Contributed Funds					
<b>Total Annual Sources Forecast</b>	<b>\$921,112</b>	<b>\$ 948,745.15</b>	<b>\$ 977,207.15</b>	<b>\$ 1,006,523.15</b>	<b>\$ 1,036,719.15</b>
<b>Surplus/Deficit by Year</b>	<b>\$ 0.15</b>	<b>\$ (0.21)</b>	<b>\$ (0.57)</b>	<b>\$ (0.80)</b>	<b>\$ (0.52)</b>

