

The Stella



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

Presentation Overview

- **The Stella project is a new construction 132-unit affordable housing project located at 5190 N. Broadway.**
 - A request to provide a \$3,500,000 cash flow loan to Laradon NW, LLC to close the project's financing gap
 - This presentation will be followed by another from DOF relating to Private Activity Bond authorization

Background & History

The Laradon Hall Society for Exceptional Children and Adults, a nonprofit organization founded in Denver in 1948, provides services to children and adults with intellectual, developmental, and other disabilities at their campus located across Lincoln Street from this development. Residents of the 22 units of Phase 1 (The Elisabetta) that are reserved for senior and disabled households will receive services from Laradon Hall.

The developer, **Gorman & Company**, was founded in 1984 and specializes in developing and preserving affordable multifamily rental housing. In the past five years, the firm has commenced construction on \$250 million of affordable housing projects in 20 locations, totaling over 1,300 residential units. The property will be managed by Ross Management, a firm headquartered in Denver that specializes in the management of income-restricted units.

Project Context

The Stella will be the second phase of multifamily units adjacent to the Laradon Hall Society for Exceptional Children and Adults.

- **Phase 1, The Elisabetta**, is opening in December – mixing general affordable tenancy with Section 811 (disability vouchers) tenancy.
Phase 2, The Stella, will mix primarily larger family tenancy with 16 Permanent Supportive Housing (PSH) units. The Stella's 132 units will be comprised of:
 - 16 - PSH units, of which 6 1BR, 8 2BR, 2 3BR
 - 9 - 1BR units, all 60%
 - 54 - 2BR units, of which 44 @ 60%, 9 @ 80%, and 1 mgr unit
 - 47 - 3BR units, of which 40 @ 60%, 7 @ 80%
 - 6 - 4BR units, of which 4 @ 60%, 2 @ 80%
- The 16 PSH units are supported by project-based vouchers
- The project will be restricted by a 60-year city covenant



The Stella – Boosting Multi-Bedroom Stock in GES

SIZE	AMI→	30%	40%	50%	60%	80%	Mgr	Total	% TOTAL
1 bed / 1 bath		6	0	0	9	0	0	15	11.4%
2 bed / 1 bath		8	0	0	44	9	1	62	47.0%
3 bed / 2 bath		2	0	0	40	7	0	49	37.1%
4 bed / 2 bath		0	0	0	4	2	0	6	4.5%
TOTAL		16	0	0	97	18	1	132	100%
% of TOTAL		12.1%	0	0	73.5%	13.6%	.8%	100%	

Context: In 2019 HUD calculations, a 60% AMI household of two people earns no more than \$44,580

Proposed Construction

Gorman & Company will start construction on the Stella in 2020

- **Location: 5190 North Broadway**
- **Units will be very similar to Phase 1:**
 - **Units feature standard new-build residential fixtures including laminate flooring, carpet in bedrooms, larger bathrooms, PTEC air conditioners, large storage/mudrooms**
 - **Laundry and amenity areas on each floor; in-unit W/D in 3-4 BR units**
 - **Utilize Ph 1's 16,000 SF trauma-informed specialized service center**
 - **Decorative stairwells to encourage taking stairs**



Permanent Project Financing

Gorman and Company has requested a \$3,500,000 cash flow loan from the City of Denver to support the construction of the property.

- **The City's funds will contribute toward construction costs**
- **In addition to the City's investment, the project will leverage the following sources of funds:**
 - **Permanent Loan**
 - **4% Low Income Housing Tax Credit Equity**
 - **Colorado Housing Trust Fund**
 - **Deferred Developer Fee**

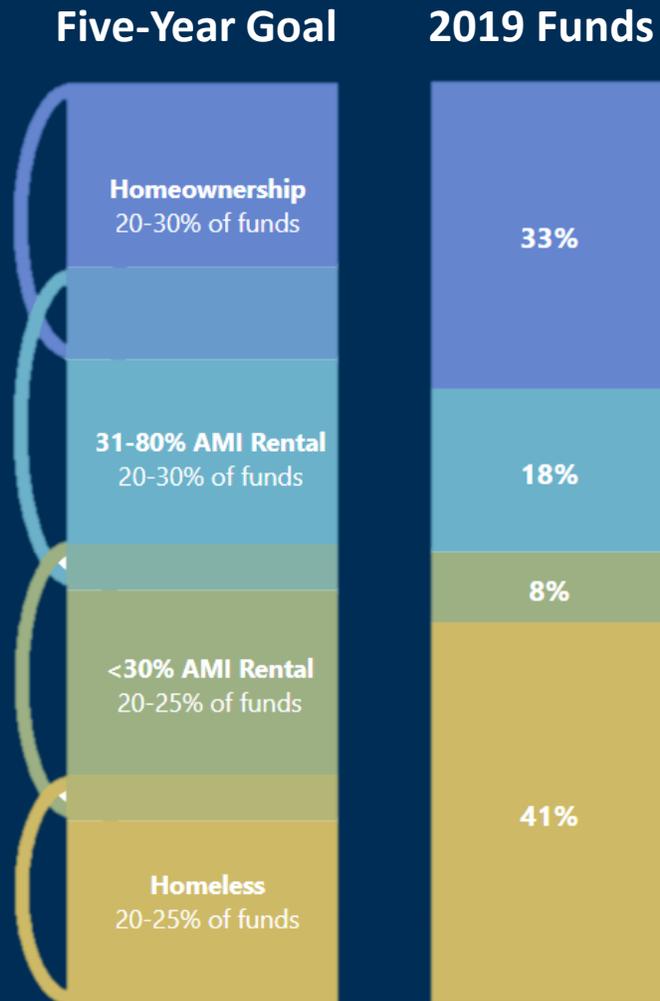
Source	Estimated Amount	%
First Mortgage	\$20,679,000	48.6%
4% LIHTC equity	\$15,399,580	36.2%
City of Denver	\$3,500,000	8.2%
State of Colorado	\$1,300,000	3.1%
Deferred Dev. Fee	\$1,634,521	3.8%
Total	\$42,516,181	100%

Financing Terms

- **Principal amount of \$3,500,000, or \$26,515 per unit**
- **Interest rate of 1%**
- **Term of 40 years from execution of Promissory Note**
- **Repaying loan subject to available cash flow**
- **Covenant period of 60 years**



Denver's Comprehensive Housing Plan



Denver's Housing an Inclusive Denver plan prioritizes the investment of 20-25% of funding per year toward homeless/PSH housing, and 20-30% of funding per year toward moderate-income rental housing

- **16 PSH units**
- **115 units for low-income families**
- **Housing stability in a vulnerable area**

Housing Fund Allocation as of 9/24/19

DISCUSSION