

Development Overview

Safety, Housing, Education, & Homelessness Committee

May 8, 2024

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Department of Housing Stability

Briefing Agenda

1. Brief overview of the Low-Income Tax Credit programs and how these projects feed HOST's rental development pipeline
2. Summary of development and preservation projects approved by City Council since January 1
3. Questions

Low Income Housing Tax Credit Overview

The 1986 Tax Reform Act created the Low-Income Housing Tax Credit (LIHTC) program, under Section 42 of the Code, to assist the development of low-income rental housing by providing qualified Owners with income Tax Credits to reduce their federal tax obligations. Similarly, HB 14-1017 created the Colorado Low Income Housing Tax Credit program which provides qualified Owners with income Tax Credits to reduce their State tax income obligations.

The Colorado Housing and Finance Agency (CHFA) is the allocating agency for the Federal and State Housing Tax Credit programs in Colorado and are required to adopt a Qualified Allocation Plan (QAP) to govern the selection criteria and preferences for allocating Federal Credits. CHFA's QAP is currently updated every two years and is made available for review by interested parties before approval by the Governor and final publication.

Low Income Housing Tax Credit Overview

From 2021-2023, approximately 1000 units of affordable housing in Denver were awarded Low Income Housing Tax Credits (LIHTC) from the CHFA each year on average. Projects are awarded Tax Credits by CHFA in one of three ways:

- 9% Tax Credits
 - Annual competitive round, application due February 1
 - Estimated \$15M available in 2024, capped at \$1,450,000/project or applicant
- 4% Tax Credits paired with State Tax Credits
 - Annual competitive round, application due August 1
 - Estimated \$10M available in 2024, capped at \$1,100,000/project or applicant
- Non-competitive 4% Tax Credits
 - Rolling application (excluding February and December)

HOST-Funded Affordable Housing Development January 2024 - April 2024

9 New Projects Approved by City Council

~ 660 units

Rental and For Sale, New Construction and Preservation

Council Districts: 3, 5, 7, 8, 9

The Irving at Mile High Vista – Development Project

- Located at **3270 W Colfax Ave** in the West Colfax Neighborhood, District 3
- 7-Stories, **102 units**
- Sponsored & Developed by **Urban Land Conservancy / Dwelling Development (consultant)**
- Awarded a **\$4,080,000** cash-flow dependent loan
- 1% interest / 40-year term / Source: **Linkage Fees / Construction costs**
- **99-year Covenant** restricts use to serve tenants at or below 80% of Area Median Income

The Irving at Mile High Vista

Significant Design Elements

- Universal Design, Visitable, Accessible-Ready
- NGSB Gold, All-Electric
 - Roof-top Solar array
 - Central air-source Heat pump hot water
 - Individual PTAC/Heat Pumps
 - Diesel generator back-up

Unit Mix

Unit Type	20% AMI	30% AMI	50% AMI	60% AMI	80% AMI	Total Units
Studio	1	1	1	1	2	6
1BR	2	15	23	13	25	78
2BR	1	3	3	2	3	12
3BR	1	1	2	1	1	6
Total	5	20	29	17	31	102
% of Total	4.9%	19.6%	28.4%	16.7%	30.4%	100.0%

Verbena St – Development Project / Conversion

- Located at **1551-1553 Verbena St** in the East Colfax Neighborhood, District 8
- Existing 9-unit rental property will be converted to **10-15 homeownership units**
- Sponsored & Developed by **Elevation Community Land Trust**
- Awarded a **\$1,600,000** grant
- Source: **ARPA 2 - Housing Justice Pipeline Support / Acquisition costs**
- **99-year Covenant** restricts initial use to serve rental tenants at or below 80% of AMI
- **99-year ECLT Land Lease** will restrict new homeownership units at or below 80% AMI

Verbena St – Development Project / Conversion

Current Unit Mix

<u>Unit Type</u>	<u>80%</u>	<u>% of Total</u>
1BR	5	55.6%
2BR	4	44.4%
Total	9	100.0%

More Units & Bedrooms to Come

- Existing tenants may stay in place
- Any new tenants 80% AMI or less
- ECLT will relocate existing tenants
 - Purchase @ Verbena
 - Purchase other ECLT in East Colfax
 - Equivalent rental
- 36 Months to commence HOST-approved redevelopment plan
- **10-15, 2 & 3-Bd townhomes**
- No additional funding from HOST

Residences on Acoma – Development Project & Supportive Services

- Located at **1501 S Acoma St** in the Overland Neighborhood, District 7
- 4-Stories, **128 units** including **60 Permanent Supportive Housing** units
- Sponsored & Developed by **Second Chance Center, Inc.** (BlueLine Development, consultant)
- **\$5,350,000** Performance loan (gap financing) / Source: **2B HR & Linkage Fees**
- **\$1,350,000** Supportive Services grant / Source: **2B HR**
- **99-year Covenant** restricts use to affordable rental:
 - 68 units at or below 60% of Area Median Income
 - 60 units at or below 30% of Area Median Income

Residences on Acoma – Development Project & Supportive Services

Significant Design Elements

- Electrification-Ready
- NGBS Bronze Level
- 48 underground parking spaces
- 3 EV charging stations
- Offices for on-site:
 - Leasing
 - Service Providers (WellPower & SCC)
- Outdoor community spaces
 - BBQ & Garden

Unit Mix

Unit Type	30% AMI	60% AMI	Total Units	% of Total
1BR	57	64	121	94.5%
2BR	3	4	7	5.5%
Total	60	68	128	100.0%
% of Total	46.9%	53.1%	100.0%	

WellPower 10th & Sheridan– Development Project

- Located at **5097 W 10th Ave** in the Villa Park Neighborhood, District 3
- 3-Stories, **60** one-bedroom **PSH** units
- Sponsored & Developed by **Mental Health Center of Denver (dba WellPower)** / S.B.Clark consultant
- Awarded a **\$3,100,000** Performance loan / Source: **Linkage Fees**
- Project did not require City support for services budget
- **60-year Covenant** restricts use to rental at or below 30% of Area Median Income

WellPower 10th & Sheridan – Development Project

Significant Design Elements

- Enterprise Green Communities
- Cool Roof
- PV and Electrification-Ready
- Housing First framework
- Trauma-informed Design
- 24-hour access to Residential Counselors
- On-Site Peer Support

Unit Mix

Unit Type	30% AMI	Total Units	% of Total
1BR	60	60	100.0%

Trenton St – Development Project / Conversion

- Located at **1520 Trenton St** in the East Colfax Neighborhood, District 8
- Existing 2-story, **13-unit** rental property will be converted to **homeownership condos**
- Sponsored & Developed by **Elevation Community Land Trust**
- Awarded a **\$975,000** grant
- Source: **ARPA 2 - Housing Justice Pipeline Support / Acquisition costs**
- **99-year Covenant** restricts initial use to serve rental tenants at or below 80% of AMI
- **99-year ECLT Land Lease** will restrict new homeownership units at or below 80% AMI

Trenton St – Development Project / Conversion

Unit Mix

<u>Unit Type</u>	<u>80%</u>	<u>% of Total</u>
1BR	9	69.2%
2BR	4	30.8%
Total	13	100.0%

Key Project Points

- ECLT will relocate existing tenants
 - Purchase @ Trenton
 - Purchase other ECLT in East Colfax
 - Equivalent rental
- Upgrade units to include in-unit laundry, new appliances, mini-split HVAC
- 24 Months to complete and sell
- No additional funding from HOST

Columbine Towers – Acquisition/Rehab Project

- Located at **1750 S Federal Blvd** in the Ruby Hill neighborhood, District 7
- 14 Stories, **170 units**
- Sponsored & Developed by **Ulysses Development Group**
- Awarded a **\$10,000,000** loan; \$3.75M Performance Loan, \$6.25M Cash Flow Loan
- 1% interest / 30/60-year terms / Acquisition costs
- **60-year Covenant** restricts use to serve tenants 30-80% of Area Median Income

Columbine Towers – Preservation Project



Unit Type	30% AMI	50% AMI	80% AMI	Total Units
Total	43	106	21	170
% of Total	25.3%	62.4%	12.4%	100.0%

Augustana Townhomes – Development Project

- Partnership between Habitat for Humanity of Metro Denver and the Augustana Lutheran Church who is leasing out their land at no cost for the project.
- Located on E Dakota Ave just to the southeast of the JCC and Augustana Church.
- Habitat will build 8 affordable townhome units.
- Awarded a **\$900,000** performance loan of HOME funds for hard and soft construction costs to be forgiven after sale of units to income qualified homebuyers.
- **99-year Covenant and city rider to land lease agreements** restrict new homeownership units at or below 80% of AMI and resale of units to 100% of AMI.

Augustana Townhomes – Development Project



Renewal Village 2.0 – Rehab Project

- CCD loaned Colorado Coalition for the Homeless funds to purchase the Clarion Hotel in June, 2023.
- Renamed Renewal Village, the project is contracted to provide 108 affordable rental units and 107 non-congregate shelter (NCS) rooms.
- HOST supports CCH's intention to eventually convert the entire property into permanent supportive housing rental units.
- This grant provides \$3,214,131 in ARPA funds for CCH to rehabilitate the 107 NCS units to be physically ready to convert into rental units through installing kitchenettes.
- CCH estimates the project opening in late summer or early fall.

Capitol City – Preservation Project

- Located at **4501 W Kentucky Ave** in the Westwood neighborhood, District 3
- 78 Mobile Home Spaces; 60 MH Spaces included in HOST Covenant
- Sponsored by Sharing Connexion, Inc.
- Awarded a **\$2,600,000** Performance Loan
 - \$2,500,000 from Dept of Housing Stability
 - \$100,000 from Community Planning and Developments' Investment Impact Special Revenue Fund
- Acquisition, Pre-Development, and Capacity Building costs
- **60-year Covenant** restricts use to serve tenants under 80% of Area Median Income

Questions?

Appendix

Complex Capital Stack

Sources	Total	%
Permanent Mortgage	\$11,670,000	23.7%
CHFA Second Mortgage	\$800,000	1.6%
Federal LIHTC Equity (4%)	\$20,013,566	40.6%
State LIHTC Equity	\$3,465,556	7%
HOST Loan	\$3,300,000	6.7%
DOH Loan	\$3,300,000	6.7%
Deferred Developer Fee	\$759,232	1.5%
Energy Credit Equity	\$106,592	0.2%
CMF Grant	\$150,000	0.3%
Seller Carryback	\$700,000	1.4%
OEDIT ARPA Grant	\$5,000,000	10.1%
Total	\$49,265,046	100.0%

On average, HOST typically provides roughly 13% of the total capital stack. However, this percentage does vary among the variety of project types. Homeownership and preservation projects, where tax credit equity is not achievable in most cases, are seeing HOST funding on the higher end, roughly 15-20% of the capital stack, whereas tax credit rental projects have been in the 6-11% range

HOST INCOME LIMITS AND MAXIMUM RENTS

2023 HOME INCOME LIMITS

(Effective: June 15, 2023)

Area Median Income	HOUSEHOLD SIZE						HUD Income Designation
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	
120%	\$104,244	\$119,136	\$134,028	\$148,920	\$160,834	\$172,747	
115%	\$99,901	\$114,172	\$128,444	\$142,715	\$154,132	\$165,549	
100%	\$86,870	\$99,280	\$111,690	\$124,100	\$134,028	\$143,956	
95%	\$85,527	\$94,316	\$106,106	\$117,895	\$127,327	\$136,758	
90%	\$78,183	\$89,352	\$100,521	\$111,690	\$120,625	\$129,560	
80%	\$66,300	\$75,750	\$85,200	\$94,650	\$102,250	\$109,800	Low Income
70%	\$60,830	\$69,510	\$78,190	\$86,870	\$93,870	\$100,800	
65%	\$56,466	\$64,532	\$72,599	\$80,665	\$87,118	\$93,571	
60%	\$52,140	\$59,580	\$67,020	\$74,460	\$80,460	\$86,400	
50%	\$43,450	\$49,650	\$55,850	\$62,050	\$67,050	\$72,000	Very Low
30%	\$26,100	\$29,800	\$33,550	\$37,250	\$40,250	\$43,250	Extremely Low

2023 HOME RENT LIMITS

(Effective: June 15, 2023)

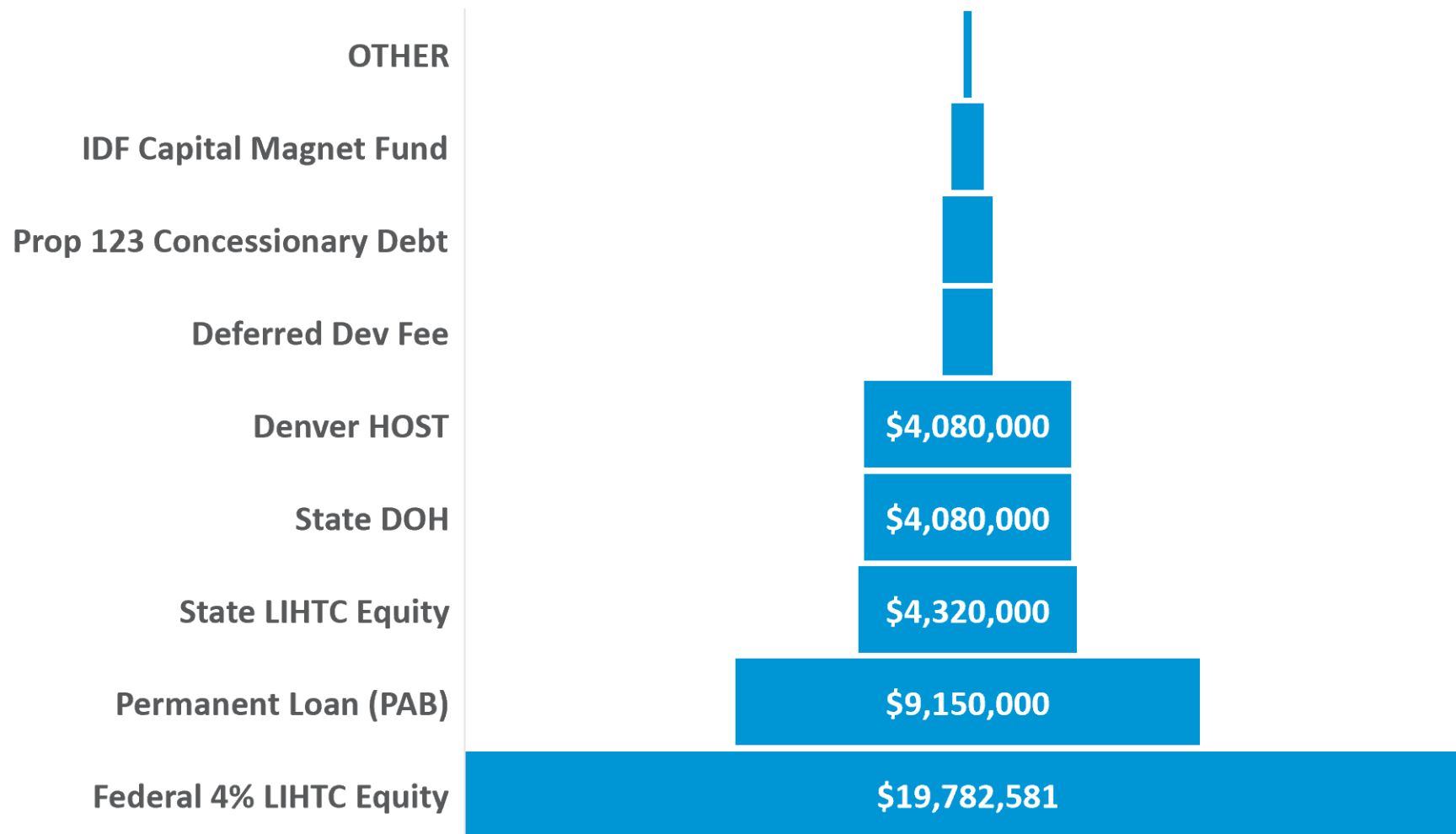
Area Median Income	UNIT TYPE				
	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
100%	\$2,171	\$2,326	\$2,792	\$3,226	\$3,598
95%	\$2,138	\$2,248	\$2,652	\$3,065	\$3,418
80%	\$1,657	\$1,775	\$2,130	\$2,461	\$2,745
70%	\$1,520	\$1,629	\$1,954	\$2,259	\$2,520
65%	\$1,393	\$1,493	\$1,793	\$2,064	\$2,283
60%	\$1,303	\$1,396	\$1,675	\$1,936	\$2,160
50%	\$1,086	\$1,163	\$1,396	\$1,613	\$1,800
30%	\$651	\$698	\$837	\$968	\$1,080

Current HOST Initial Sale Limit

Maximum Initial Sales Price for Income-restricted For Sale Homes

Maximum AMI for the Unit	Bedroom Count	Maximum Initial Sale Price
80% of AMI	Studio	\$198,450
	1-bedroom	\$234,950
	2-bedroom	\$271,450
	3-bedroom	\$307,900
	4-bedroom	\$337,250
75% of AMI	Studio	\$178,750
	1-bedroom	\$212,450
	2-bedroom	\$246,100
	3-bedroom	\$279,800
	4-bedroom	\$306,850
70% of AMI	Studio	\$159,050
	1-bedroom	\$189,950
	2-bedroom	\$220,800
	3-bedroom	\$251,700
	4-bedroom	\$276,500

The Irving at Mile High Vista – Capital Stack



Residences on Acoma – Capital Stack

