DHA Delivers for Denver (D3)

program history

outcomes

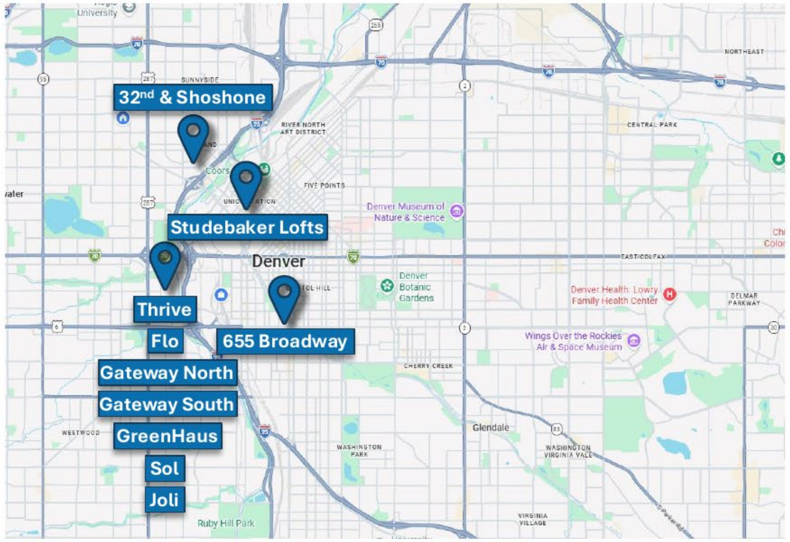
market context

IGA amendments

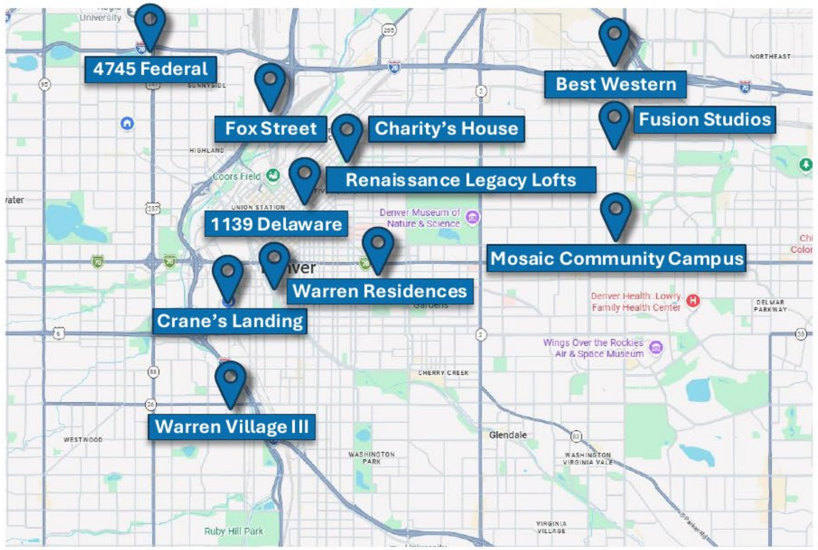
future iterations

One pilot program. Two delivery engines.

DHA Delivers for Denver accelerated housing production in two complementary ways: DHA-led redevelopment and a citywide PSH pipeline delivered through partners.



D3 Direct locations



D3 PSH acquisition locations

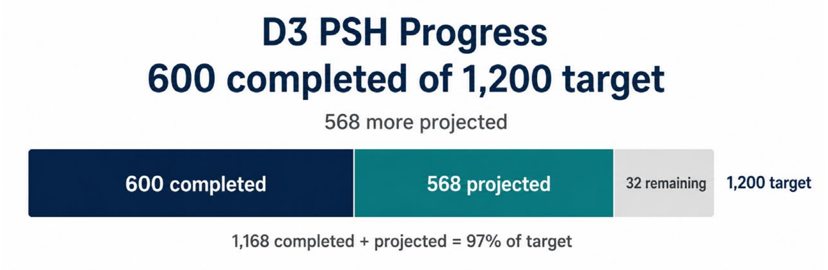
Together, these two tracks show why D3 matters: it accelerated both neighborhood redevelopment and citywide supportive housing delivery.

History of DHA Delivers for Denver Program Implementation

The agreement began as a faster implementation tool for Denver's housing plan and evolved through real market conditions.

Original IGA premise

Affordable housing need was immediate; DHA could rapidly produce affordable housing; future property tax allocations could repay debt used for D3 program purposes.



- **2016** — City creates Affordable Housing Fund
- **2018** — Housing Plan adopted; City/DHA IGA executed
- **2019** — DHA issues taxable IGA revenue bonds
- **2020-23** — 11 PSH land banking acquisitions
- **2019-2025** — Construction/Rehab of:

  10 DHA Direct developments

  6 PSH developments
- **2026-2031** — Construction/Rehab of 3 PSH developments
- **2031-2035** — ?
- **2038** — Full Revenue Bond Repayment

10 DHA Direct Developments *Completed (2021-2025)*

Sun Valley Redevelopment

Gateway South


Gateway North


GreenHaus


Thrive


Joli


Sol


Flo

Scattered Sites

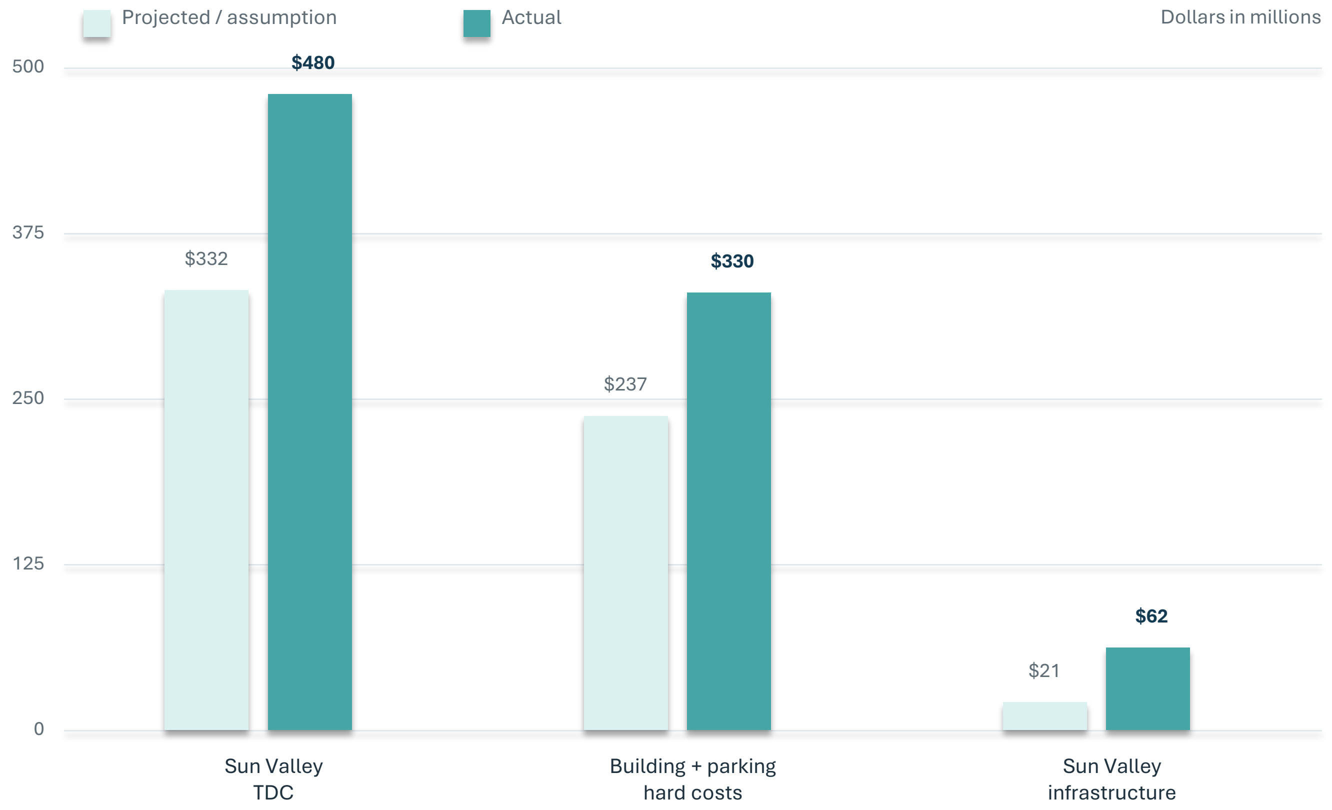

Studebaker Lofts


655 Broadway


Shoshone

Market conditions changed dramatically after the IGA was signed

The pilot's assumptions were set pre-COVID; delivery occurred in a materially different cost and rate environment.



Costs moved faster than the model

Actual Sun Valley TDC and hard-cost assumptions exceeded original projections by $148M and $93M respectively.

Borrowing capacity tightened

Higher rates, insurance, labor, and operating expenses reduced project-level capacity.

Subsidy markets became more competitive

PAB capacity, LIHTC timing, and voucher availability shaped delivery pace.

Implication for amendments: future targets need defined refresh points tied to construction costs, rates, operating expenses, PAB capacity, and subsidy/voucher availability.

Why D3 Direct Delivered 1,161 of 1,300 Units

The gap is explained by COVID-era cost escalation, higher financing/operating costs, and depleted public finance capacity — not by lack of execution.

Original / amended target

1,300

D3 Direct units

Target assumed pre-COVID cost, rate, operating-expense, and subsidy conditions.

MARKET CONDITIONS CHANGED

+$126M Sun Valley building TDC increase

+$93M hard-cost increase over assumptions

+$41M Sun Valley infrastructure gap

higher interest rates

operating costs ↑

PAB capacity ↓

LIHTC timing / competition

Result: more D3 resources were needed to finish Sun Valley commitments, leaving no remaining D3 Direct funding to deliver Westridge within the original framework.

Delivered by DHA

1,161

total units produced

959 deed-restricted ≤80% AMI

202 other completed units

139 remaining to target

89% complete

Westridge remains delayed without additional funding / bond cap.

Bottom line: D3 Direct absorbed a market shock to complete the Sun Valley pipeline; the remaining gap is a funding-capacity issue for Westridge, not a delivery-capacity issue.

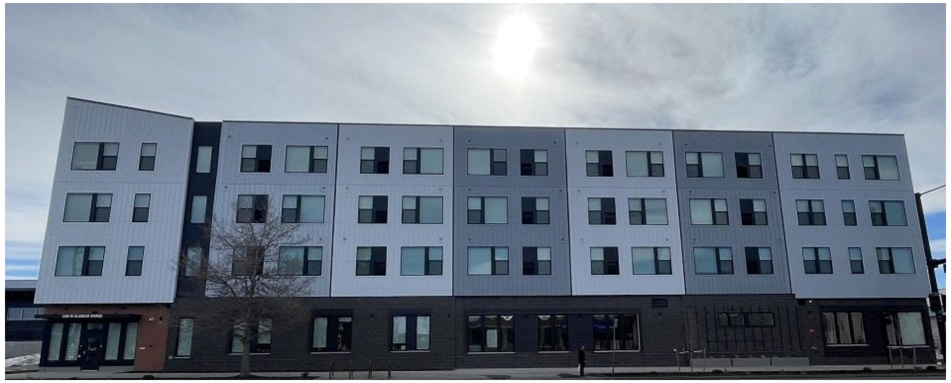
6 PSH Partner Developments *Completed (2020-2023)*

Fusion Studios – Colorado Coalition for the Homeless – Opened 2020 (D8)

Warren Residences – St. Francis Center – Opened 2021 (D10)

Renaissance Legacy Lofts – Colorado Coalition for the Homeless – Opened 2022 (D9)

Charity's House – BlueLine Development– Opened 2023 (D9)



Warren Village at Alameda – Urban Ventures – Opened 2023 (D7)

4 PSH Partner Developments *In Progress (2020-2029)**

Crane's Landing – Mercy Housing – Opening Late 2026 (D3)

1139 Delaware – Sherman Associates – Est. Completion 2028 (D10)

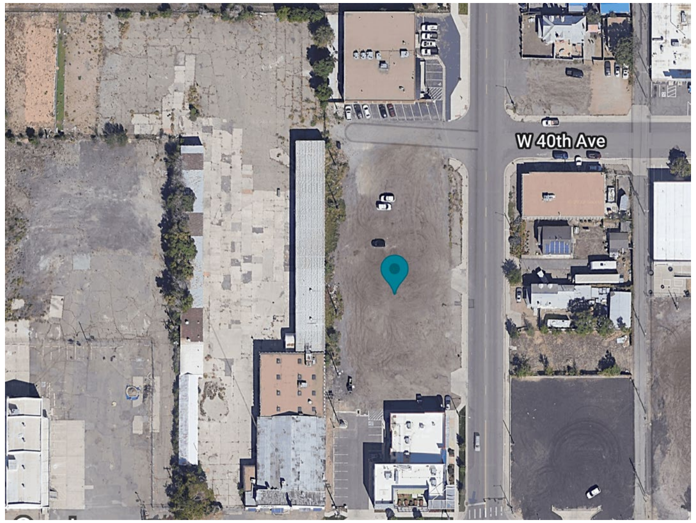
Commons at Mosaic – Archway Communities – Est. Completion 2028 (D8)

4745 Federal – Colorado Coalition for the Homeless – Est. Completion 2029 (D1)

* Property acquisition year through end of construction/renovation (Including land banking period, development partner selection, LIHTC application and award, financial closing, and construction)

2 PSH Partner Developments *Yet To Come (Timing TBD)*

4595 Quebec – Former Best Western (D8)



3965 Fox – Vacant Land (D9)

PBV Access Is the Final Delivery Bottleneck

D3 PSH has secured the sites and advanced the pipeline — but the last projects depend on voucher availability.

Pipeline already built

9 of 11 sites have partners or are moving

Final 2 sites remain voucher-dependent

PBV ACCESS

Primary roadblock

Without operating subsidy, the final PSH projects cannot support the depth of affordability and services required.

Final two PSH projects

4595 Quebec / Best Western
194 projected units

3965 Fox Street
101 projected units

MIN. 118 PBVs
estimated voucher need

Key message: D3 secured the sites; project-based voucher access now determines whether the final PSH

Key D3 IGA Amendment Types

- Unit Targets
- Affordability Levels
- Delivery Deadlines
- Restrictive Covenants
- Council District Distribution
- Refining Definitions/Clarifying Assumptions

D3 PROGRAM RESULTS

	IGA Goals	Program Outcomes	If Goal Not Met, Why?
PSH	◎ To buy properties in at least **6 City Council Districts** by **December 31, 2024**	✓ DHA purchased 11 properties totaling 17.98ac in Districts 1, 3, 7, 8, 9, & 10 between 2020-23	
	• On which to create **1,200 PSH Units**	❑ Projected Total: **1,168 Units** ✓ 873 Completed, Under Construction, or in active Predevelopment on 9 sites ❑ 295 more projected on 2 sites	*DHA is on track to meet the goal, or fall short by 32 units (depending on Fox and Quebec unit yields), of 100% income-restricted units, with 50% being limited to 0%-30% AMI and having access to wrap-around services. Final two properties heavily dependent on voucher availability to meet PSH targets.*
	◎ By selecting Development Partners by **12/31/2026 (per Modification No. 3)**	❑ 9 of 11 Selected	*1 leased to City until 2025 (BW)* *1 delayed RFQ to await $ support (Fox)*
	◎ And completing construction by **12/31/2031 (per Modification No. 3)**	❑ 9 of 11 will be completed	*Because more time will be needed to connect Development Partners for Best Western and Fox sites, additional time <u>may</u> be needed to complete renovations and construction as well.*
	◎ With **50%** of all units limited to **0%-30% AMI**	✓ Current: **66%** limited to 0%-30% AMI	
	◎ And **40%** of each site limited **to 0%-30% AMI** via **permanent restrictive covenant**	✓ Units restricted and covenants recorded on all completed developments	
Direct	◎ To create at least **1,300 units** limited to **80% AMI** ◎ Min. 940 in Sun Valley ◎ Min. 164 in Westridge ◎ Min. 53 at Shoshone ◎ Min. 143 Scattered Sites (Studebaker Lofts & 655 Broadway) ◎ By **12/31/2026 (per Modification No. 3)**	❑ **1,161 total units** Sun Valley: ✓ Sun Valley: 763 80% AMI or below Restricted Units Completed ❑ Sun Valley 202 80% AMI or below Unrestricted Units ✓ Shoshone: 53 Completed ✓ Scattered Sites: 143 Completed ❑ Westridge: 0 Completed (133 units projected in 2029-30)	*Development of Westridge has been delayed due to DHA's Sun Valley commitments and City's lack of available bond cap.* *COVID and Post-COVID market and supply chain impacts increased Sun Valley completion costs and timing.* *HUD CNI grant expressly required mix of restricted and unrestricted units.*

Key D3 Direct Amendment Requests

	Original/Modified Requirement	Amendment Request	Rationale
Unit Count	1,300 units per Modification #2	**Decrease to actual completed units of 959 (discounting 202 unrestricted units in Sun Valley)**	*A financial analysis from S.B. Clark to explain and support the success of delivering 959 income-restricted units from 2021-2025 in light of the Covid-pandemic, construction cost increases, inflation, and volatile interest rates, is provided as a supplement to these slides. DHA delivered the units despite a $126 million increase in total development costs covered by DHA's credit enhancement and leveraged funds, which represents overperforming the market.*
Developments	Complete 164 units in Westridge redevelopment by December 31, 2026	Delete	*Because of the $126M increase in total development costs for the seven Sun Valley buildings over original IGA projections, along with depleted Private Activity Bond capacity by the City, more resources were needed to complete Sun Valley. Accordingly, all D3 Direct funds have now been exhausted and Westridge cannot be completed as part of the D3 program without additional funding.*
	388 units affordable to 0%-30% AMI 388 units affordable to 30%-60% AMI 518 units affordable to 60%-80% AMI	323 units affordable to 0%-30% AMI 498 units affordable to 30%-60% AMI 138 units affordable to 60%-80% AMI	*The same financial considerations that require an update to the total unit count necessitate a corresponding revision to affordability levels.*

Key D3 PSH Amendment Requests

	Original Requirement	Amendment Request	Rationale
Unit Count	1,200 units, of which 50% are restricted to Very Low-Income households in perpetuity.	Reduce to 1,100 total units. Maintain Very Low-Income PSH requirement at 600, rather than 50%.	*Based on current projections, DHA is on track to deliver 1,168 total units if 194 units at 4595 Quebec and 101 units at Federal are achieved. However, recent operational experience with 4595 Quebec as a shelter, combined with a deeper understanding of how such facilities function, indicates that planning for 194 permanent supportive housing (PSH) units in a single location is not optimal for resident success. Therefore, reducing the total unit count now better reflects our learned experience and aligns with the shared goal of successfully closing out the current D3 pipeline.*
Delivery Deadline	Deadline to attach Development Partners: December 31, 2026 (per Modification No. 3) Deadline to Deliver Units: December 31, 2029	Deadline to attach Development Partners December 31, 2028, for the following properties only: 1. 3965 Fox Street 2. 4595 Quebec Street Deadline to Deliver Units on these properties: December 31, 2038	*Fox Site: In 2023, HOST staff recommended that DHA delay issuing RFPs for remaining PSH sites pending increases in staff capacity and voucher and PAB availability.* *Quebec Site: Currently leased to City for transitional housing/shelter until 5/31/28.*
Restrictive Covenants	Restrictive covenant to apply to no less than 40% Very Low-Income units per project and 50% Very Low-Income overall	Remove ambiguous/contradictory language within IGA. See Unit Count comment above.	*Completed D3 PSH deals have recorded covenants restricting 40% of total to 0-30% AMI only, consistent with Sec. the 3rd bullet point on page A-4 of the IGA. A City-specific perpetual deed restriction on the balance of the income-restricted units up to 80% AMI, which are otherwise restricted via CHFA LURA and other means, is economically infeasible and would impair refinancing of existing deals and new financing of remaining deals.*
Council District Max. Funds	No more than 15% of acquisition funds to be used in any one City Council District – with the exclusion of City Council District 3 which will be limited to no more than 5%	Waive 15% fund maximum per district and 5% for District 3	*Land costs in Denver have exceeded the projections set forth in the IGA, resulting in necessary funding distribution overages in order to secure properties and deliver units.*

DHA Delivers for Denver demonstrates what the City and DHA can do *TOGETHER*

A future iteration should preserve the core model:

Use public revenue to accelerate delivery.

Leverage DHA’s real estate and financing capacity.

Control land before opportunities disappear.

Pair capital with vouchers, services, and partners.

Adapt targets to shifting market realities.

Thank you

APPENDIX

What We Have Accomplished So Far

Achievements between 2019 and 2026 show D3 moved from setup to visible production.

1,559 completed / near-term D3 units	**959** completed D3 Direct units	**600** completed / under-construction PSH units	**11** PSH properties acquired	**1,168** total projected PSH units

D3 Direct

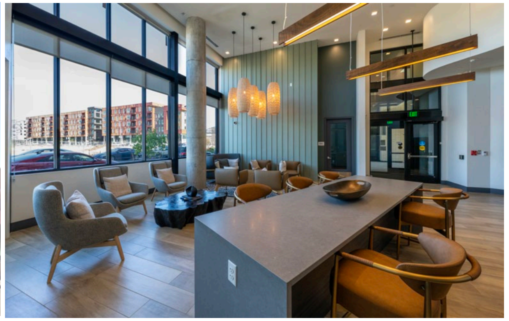
10 projects completed before 12/31/2025: seven in Sun Valley, Shoshone, and two scattered-site substitutions (655 Broadway and Studebaker Lofts).

D3 PSH

11 properties acquired across Council Districts 1, 3, 7, 8, 9, and 10; five projects completed/occupied, one under construction, and additional projects moving through tax credits and partner attachment.







D3 Direct: Units Produced by Development

DHA-led pipeline investments delivered new and preserved affordable homes across Sun Valley, Shoshone, Studebaker, and 655 Broadway.

$67.2M	$549M	1,161	959	323
D3 Investment	Total Development Cost	Total units produced	≤80% AMI units produced	≤30% AMI units produced

Development Partner	Development / Project	Total Units Produced	≤80% AMI Units Produced	≤30% AMI Units Produced
DHA	32nd & Shoshone	53	53	11
DHA	655 Broadway	110	110	42
DHA	Studebaker Lofts	33	33	0
DHA	Sun Valley – Thrive	135	105	37
DHA	Sun Valley – Flo	212	212	83
DHA	Sun Valley – Gateway North	95	95	19
DHA	Sun Valley – Gateway South	92	58	12
DHA	Sun Valley – GreenHaus	129	79	37
DHA	Sun Valley – Joli	133	82	36
DHA	Sun Valley – Sol	169	132	46
TOTAL		**1,161**	**959**	**323**

Source: D3 Program Q1 2026 Status Report, Program Dashboard – D3 Direct, May 15, 2026. Figures reflect Actual # of IRUs for ≤80% AMI units.

D3 PSH: Units Produced & Projected by Development Partners

D3 PSH expanded the permanent supportive housing pipeline through nonprofit and mission-aligned development partners citywide.

$65.5M	11	600	600	395
D3 Investment	Acquisitions/ Land Banking Opportunities	Total units produced	≤80% AMI units produced	≤30% AMI units produced

Development Partner	Development / Project	City Council District	Total Units Projected	Total/≤80% AMI Units Produced	≤30% AMI Units Produced
Sherman Associates	1101, 1123 & 1139 Delaware	10 (Hinds)	80	0	0
Archway Communities	Mosaic Community Campus	8 (Lewis)	58	0	0
TBD	Best Western / 4595 Quebec	8 (Lewis)	194	0	0
TBD	Fox Street / 3965 Fox	9 (Watson)	101	0	0
Colorado Coalition for the Homeless	4745 Federal	1 (Sandoval)	135	0	0
Mercy Housing	Crane's Landing / 901 Navajo	3 (Torres)	N/A	190	94
Colorado Coalition for the Homeless	Fusion Studios	8 (Lewis)	N/A	139	139
St. Francis Center	Warren Residences	10 (Hinds)	N/A	48	48
Colorado Coalition for the Homeless	Renaissance Legacy Lofts	9 (Watson)	N/A	98	38
BlueLine Development	Charity's House	9 (Watson)	N/A	36	36
Urban Ventures	Warren Village III	7 (Alvidrez)	N/A	89	40
TOTAL			**568**	**600**	**395**

Source: D3 Program Q1 2026 Status Report, Program Dashboard – D3 PSH, May 15, 2026. Produced units include CO/Occupied and Under Construction units shown as Total Developed Units.

Sun Valley Uses Comparison

Actual Sun Valley amounts compared with outcomes using IGA assumptions

Line Item	Actual Sun Valley Amount	Actual per Unit	IGA Assumption Amount	IGA per Unit	Difference	% Change
Land*	11,320,155	11,755	11,320,155	11,755	-	0.00%
Hard Costs	330,420,460	343,116	237,286,049	246,403	93,134,411	39.25%
Owner Contingency	16,948,429	17,600	11,864,302	12,320	5,084,127	42.85%
Soft Costs	59,488,152	61,774	35,592,907	36,960	23,895,245	67.13%
Developer Fee	31,714,172	32,933	28,474,326	29,568	3,239,846	11.38%
Reserves	8,603,459	8,934	7,894,552	8,198	708,907	8.98%
Total Uses	**458,494,827**	**476,111**	**332,432,291**	**345,205**	**126,062,535**	**37.92%**

Key Takeaway: Total uses were $126.1 (+37.9%) higher, led by hard costs ($93.1M) and soft costs (+$23.9M)

Construction Costs				
Project	Closing	Actual Building and Parking Construction Cost	IGA Construction Cost Assumption	Difference
Gateway North	February 2019	29,184,713	24,689,520	4,495,193
Gateway South	March 2019	23,582,474	19,744,380	3,838,094
GreenHaus	December 2020	40,589,038	36,316,800	4,272,238
Thrive	February 2021	41,781,937	37,333,760	4,448,177
Joli	November 2022	57,374,826	32,762,211	24,612,615
Sol	March 2023	65,253,457	49,201,060	16,052,397
Flo	July 2023	72,654,015	37,238,318	35,415,697
Total		330,420,460	237,286,049	93,134,411

D3 Bond Revenue Investments in Land for PSH Deals

Land Acquisition + Holding Costs

Development Partner	Development / Project	Total Units Projected	Total/≤80% AMI Units Produced	≤30% AMI Units Produced	Total D3 Site Investment	D3 Site Investment per Unit	City Council District	% D3 Site Investment per Council District
Colorado Coalition for the Homeless	4745 Federal	135	0	0	$12.6M	$93,000	1 (Sandoval)	19%
Mercy Housing	Crane's Landing/ 901 Navajo	N/A	190	94	$3.3M	$17,700	3 (Torres)	5%
Sherman Associates	1101, 1123 & 1139 Delaware	80	0	0	$6.0M	$75,000	10 (Hinds)	11%
St. Francis Center	Warren Residences	N/A	48	48	$1.3M	$28,000	10 (Hinds)	
Urban Ventures	Warren Village III	N/A	89	40	$4.6M	$52,000	7 (Alvidrez)	7%
Archway Communities	Mosaic Community Campus	58	0	0	$10.4M	$180,000 *(land + buildings)*	8 (Lewis)	41%
Colorado Coalition for the Homeless	Fusion Studios	N/A	139	139	$5.0M	$36,000	8 (Lewis)	
TBD	Best Western / 4595 Quebec	194	0	0	$11.1M	$57,000	8 (Lewis)	
Colorado Coalition for the Homeless	Renaissance Legacy Lofts	N/A	98	38	$5.1M	$52,000	9 (Watson)	17%
BlueLine Development	Charity's House	N/A	36	36	$1.0M	$28,000	9 (Watson)	
TBD	Fox Street / 3965 Fox	101	0	0	$5.0M	$50,000	9 (Watson)	
TOTAL		**568**	**600**	**395**	**$65.3M**	**$56,000 (avg)**		**100%**