

# Villas at Gage Pointe Acquisition

Safety, Housing, Education,  
& Homelessness Committee

July 26, 2023

Jennifer Siegel, Lead Housing Preservation Officer  
Department of Housing Stability



# ACTION REQUESTED TODAY

## #23-0975–Twenty-Two Denver 8805, LLC:

Approve a loan agreement between the City and County of Denver and Twenty-Two Denver 8805, LLC in the amount of \$2,050,000 to support the acquisition of 82 income-restricted housing units to be rented at prices affordable to qualifying households.



# PROJECT SUMMARY

- Villas at Gage Pointe, located at 8805 E 12<sup>th</sup> Ave, is an 82-unit property in the East Colfax neighborhood (Council District 8).
- This was a ‘Naturally Occurring Affordable Housing’ (“NOAH”), a property with no formal income restrictions but affordable rents.
- Unit mix include studios and 1 bedroom.



- **Twenty-Two Denver 8805, LLC**, a partnership between Ms. Margarita Hart and the Colorado Housing Accelerator Initiative (“CHAI”), acquired the property in June 2023.
- Twenty-Two Denver 8805, LLC is seeking \$2,050,000 in City funding to support the acquisition and to ensure the property remains affordable.

# BORROWER BACKGROUND

**Twenty-Two Denver 8805, LLC**, is an innovative partnership between Ms. Margarita Salcedo Hart and the Colorado Housing Accelerator Initiative (“CHAI”).

- Affordable housing is deeply personal to Ms. Hart. She and her young family immigrated to the US from the Philippines in 1971 and initially lived with relatives.
- She borrowed funds to purchase a small, affordable home that provided her family with stability and allowed her to restart her auditing career.
- While continuing to work full time, Ms. Hart grew a residential investment portfolio, which she personally managed during lunch breaks, nights and weekends.
- She frequently walked her properties, and many residents became extended family, sharing their celebrations while supporting each other in times of need.
- Many residents have lived with her properties for decades, drawn in by low rents and staying due to her proven ability to deliver safe, welcoming and affordable communities.
- Her portfolio has grown to 87 single family homes and 7 buildings with 285 apartment units throughout the Denver Metro area.
- Ms. Hart’s legacy is to create a perpetual company focused on preserving and expanding affordable housing communities that live long beyond her, to help pay forward the opportunity and generosity that helped establish her in this country.

# CHAI AND THE TENANT EQUITY VEHICLE

- CHAI is the housing investment practice of Weave Social Finance. As an impact-first social enterprise, CHAI pools mission-driven capital and deploys it as both debt and equity funding to housing projects throughout Colorado.
- CHAI is offering an innovative Tenant Equity Vehicle (“TEV”) Program to the residents of Villas at Gage Point, which allows the CHAI Debt & Equity fund to share profits from their property portfolio with residents.
- TEV will provide:
  - ✓ Initial cash benefit of 2% of each tenant’s monthly rent.
  - ✓ A discretionary profit share annual disbursement based on the performance of the Fund's portfolio.
  - ✓ Based on the current median rent of \$1,042, each tenant will accrue \$250 annually (\$20/month).
  - ✓ CHAI anticipates the first profit share disbursement to be at least \$250 minimum, bringing benefits for the first year to \$500 per household.

# FINANCING

- Twenty-Two Denver 8805, LLC is seeking a \$2,050,000 repayable loan. This is 15% of the total development cost and \$25,000 per City-restricted unit.
- Loan will have a 1% interest rate for a 30-year term.
- All 82 units will be income restricted for 60 years: 41 units at 60% AMI and 41 units at 80% AMI.\*



Unit Type	% AMI	# of Units
Studio	60%	4
Studio	80%	3
1 BR	60%	37
1BR	80%	<u>38</u>
	<b>Total</b>	<b>82</b>

Source	Amount	% of Total
Impact Development Fund	\$7,300,000	52%
CHAI Debt Fund	\$1,500,000	11%
<b>HOST</b>	<b>\$2,050,000</b>	<b>15%</b>
Owner Equity	<u>\$3,169,940</u>	23%
Total Project Cost	\$14,019,940	100%

\*AMI = HUD Area Median Income

# 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

# HOST STRATEGIC PLAN AND 2023 ACTION PLAN

Preservation of affordable housing is a core component of Housing an Inclusive Denver and the 2023 Action Plan.

- Villas at Gage Park preserves 82 units of naturally occurring affordable housing.

Equity is a core value for the City & County of Denver and HOST's Strategic Plan.

- CHAI's Tenant Equity Vehicle (TEV) advances equity by allowing renters to build wealth through their rent payments while stabilizing their community.





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Questions?