

Proposed Project in Welton Corridor Urban Redevelopment Area

Redevelopment of the Property Located at 2300 Welton St.



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Health, Safety, Education and Services Council Committee - June 3, 2014



- **Issuance of Private Activity Bond (PAB) – BR14-0474 – Action Requested**
 - Approve sale of \$23M Multifamily Housing Revenue Bonds
- **OED Loan Amendment - BR14-0475 – Action Requested**
 - Approve modifications to loan structure and repayment schedule
- **Urban Renewal Plan Amendment - BR14-0471 – Informational Only**
 - Approve property tax increment area
 - Approve 2300 Welton as a Project
- **Cooperation Agreement – BR14-0470 – Informational Only**
- **Resolution Setting Public Hearing - RR14-0469 – Action Requested**



Site Location

Proposed project bounded by Welton Street, Glenarm Place, Park Avenue and 24th Street





Project Description

- **223 unit affordable rental project (two separate buildings)**
 - **11 units at 30% AMI, 212 units at 60% AMI**
- **Larger building will span the entire block facing Welton between Park & 24th**
- **Smaller building situated on the corner of Glenarm Place and Park Avenue.**
- **Total square footage: 268,442.**

Unit Mix	Building A	Building B	Total
Studios	22	0	22
1 Bedroom	93	16	109
2 Bedroom	76	12	88
3 Bedroom	4	0	4
Total Units	195	28	223
Parking Stalls	207	0	207

Financial Analysis



Site Acquisition / Land	4,200,000
Sitework / Infrastructure	2,293,003
Hard costs	27,444,807
Soft Costs	9,087,223
Total Development Budget	43,025,033
HUD 221(d)(4) loan @ 4.40%	20,493,053
Tax Credit Investor Equity (@\$1.00)	15,551,324
Deferred Developer fee	2,319,077
State of Colorado – Dept. of Housing Loan	1,100,000
City and County of Denver – OED Loan	1,100,000
Pre-Stabilization Cash Flow	942,579
Additional HUD Loan from TIF	769,000
Equity	750,000
Total Sources	43,025,033



City Financial Support- Private Activity Bonds

- **City of Denver will utilize Private Activity Bond Volume Cap Allocation**
 - Amount not to exceed \$23,000,000 of its Multifamily Housing Revenue Bonds
- **No cost to the City to receive or carry forward any award of PAB Cap**
- **2011, 2012 and 2013 the City applied for and received additional PAB Cap from the unused Statewide balance.**

Available PAB CAP						
<u>Year</u>	<u>PAB CAP</u>	<u>Uses</u>	<u>Project</u>	<u>Remaining</u>	<u>Carried Forward</u>	<u>Expiration</u>
2014	\$ 31,730,950			\$ 31,730,950	Allocation for 2014	12/31/2017
2013	\$ 80,000,000			\$ 80,000,000	Additional Allocation	12/31/2016
2013	\$ 29,493,558			\$ 29,493,558	Allocation for 2013	12/31/2016
2012	\$ 50,000,000	\$ (19,614,125)	2300 Welton	\$ 30,385,875	Multifamily (8328)	12/31/2015
2012	\$ 28,771,795	\$ (5,000,000)	MCC Program	\$ 23,771,795	\$5M Single & Multifamily (8328)	12/31/2015
2011	\$ 16,000,000	\$ (16,000,000)	Park Hill Village	\$ -	Multifamily (8328)	12/31/2014
2011	\$ 28,385,875	\$ (28,385,875)	\$3.3M - 2300 Welton/MCC Program	\$ -	\$25M Single & Multifamily (8328)	12/31/2014
TOTAL	\$ 264,382,178	\$ (69,000,000)		\$ 195,382,178		
			<u>Induced Projects</u>	<u>Unassigned</u>		
				\$ -		
			Total Induced	\$ -		
			Total Remaining after Unassigned	\$ 195,382,178		



City Financial Support- OED Loan Amendment

The Office of Economic Development has an existing loan with Glenarm Residences (now 2300 Welton) in the amount \$920,000. OED will modify the existing loan structure to allow the project to move forward with full repayment.

- **Amount: Principal of \$920,000 plus accrued interest**
- **Interest Rate: 3% through full repayment of the loan.**
- **Payments: Upon full execution of the amendment, principal and interest shall be payable based on 90% of the 50% of “Surplus Cash Flow” as defined by the standard HUD Subordination Agreement**
- **Principal balance and accrued interest structured as a cash flow loan as required under the HUD priority debt. Excess cash flow will be structurally split as follows:**
 - 50%- Deferred Developer Fee
 - 45%- Repayment of OED Loan
 - 5%- Repayment of State of Colorado Loan

Welton Street Challenge



The Rossonian Development Group, LLC
 Award: \$175,000.00
 Investment: \$34,191,526.00
 Residential Units/Retail 69/55,300 sqft
 Estimated Completion December 2016



nuROOT, SID, LLC (Mixed Use)
 Award: \$75,000.00
 Investment: \$212,770
 Office/Retail 4710/ 2310 Sqft
 Estimated Completion July 2015



Palisade Partners, LLC (Mixed Use)
 Award: \$100,000.00
 Investment: \$20,402,471
 Residential Units/Retail 96/3000 Sqft
 Estimated Completion January 2016



Cousins Properties (Empire Bagels), LLC (Mixed Use)
 Award: \$75,000.00
 Investment: \$781,933.00
 Residential Units/Retail 4/2400 Sqft
 Estimated Completion September 2014



St. Bernard Properties
 Award: \$75,000.00
 Investment: \$991,500.00
 Residential Units/Retail 4/1500 Sqft
 Estimated Completion June 2015

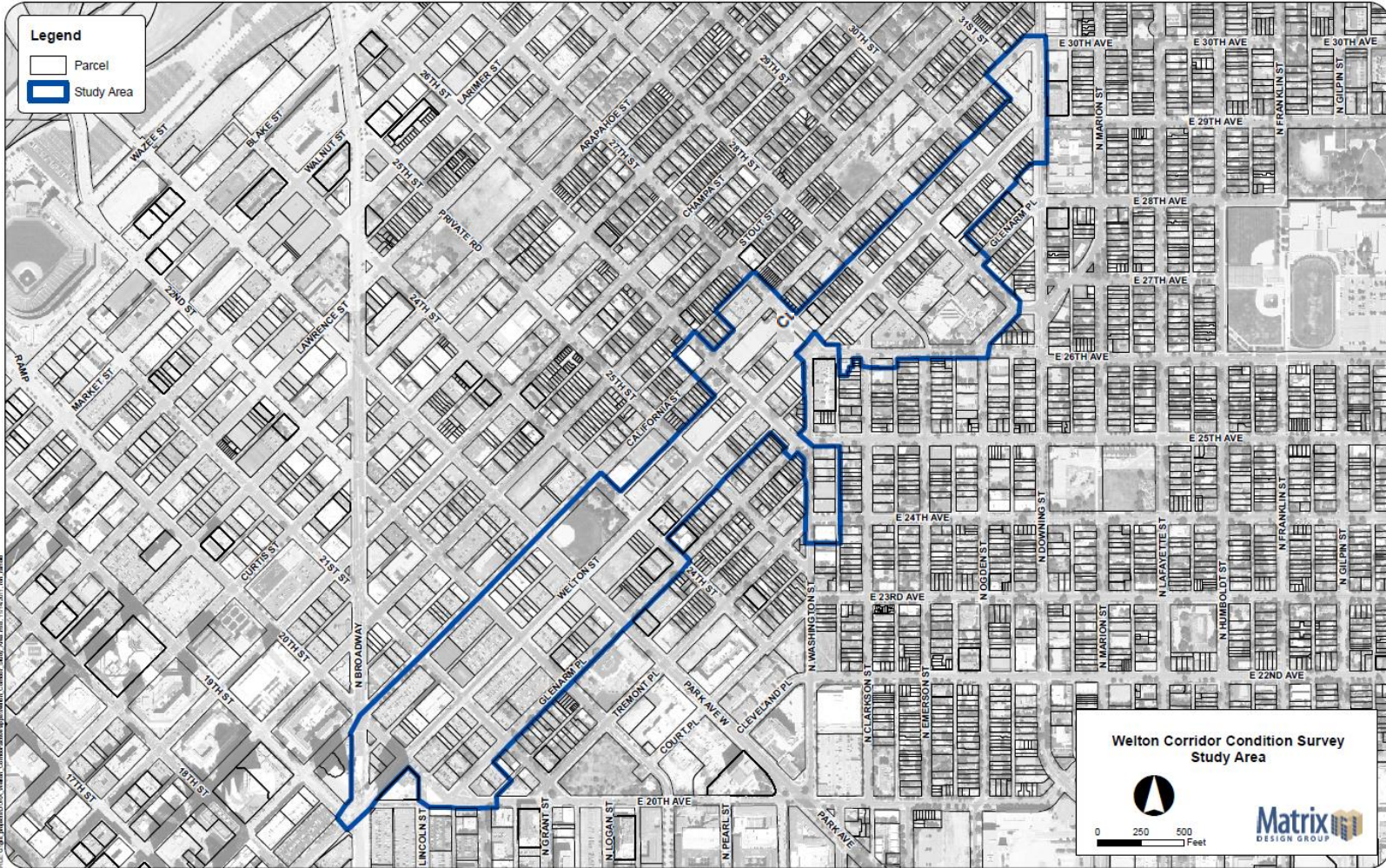


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Welton Corridor Urban Redevelopment Area



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Project Site Location





The 2300 Welton Street Redevelopment is Consistent with the Following Objectives Outlined in the Denver Comprehensive Plan 2000:

- **The project is located in an Area of Change as identified by Blueprint Denver.**
- **Conserve land by promoting infill development at sites where service and infrastructure are already in place (Environmental Sustainability Strategy 2-F).**
- **Encourage development of housing that meets the increasingly diverse needs of Denver's present and future residents (Land Use Strategy 1-H).**
- **Continue to support mixed-income housing development that includes affordable rental, especially in Downtown and along transit lines (Housing Strategy 3-B).**
- **Encourage public-private partnerships to facilitate development and redevelopment projects that advance the City's goals and objectives. When appropriate, take advantage of the Denver Urban Renewal Authority's powers and experience (Economic Activity Strategy 4-C).**



DURA: Conformance with City Plans

The project will further the recommendations identified in the Northeast Downtown Neighborhood Plan by:

- **Providing high intensity development near downtown, transit stations, and along key streets, including 21st street and Welton Street (A-1).**
- **Promoting economic and housing diversity (C-2).**
- **Promoting housing density, including structured parking (C-3).**



- **Objectives:** ...reduce or eliminate blighted conditions and to stimulate the continued growth and development of the Urban Redevelopment Area and its surroundings. The Project will promote the following Plan objectives:
 - Assist the City in cultivating a mosaic of urban districts
 - Encourage residential development and redevelopment that is socially and economically inclusive
 - To promote a mix of dense housing options
 - More effectively use underdeveloped land within the Urban Redevelopment Area
 - Encourage high and moderate density development where appropriate, including structured parking
 - Encourage land use patterns where pedestrians are safe and welcome
 - Encourage participation of existing property owners within and adjacent to the Area in the redevelopment of their property

Financial Analysis



Site Acquisition / Land	4,200,000
Sitework / Infrastructure	2,293,003
Hard costs	27,444,807
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TIF Capacity

- Property is currently owned by the Redeveloper who is paying approximately \$69,000 in property taxes (base)
- Upon completion expected to generate approximately \$70,000 per year in net property tax increment
- Property tax increment used to reimburse redeveloper for eligible expenses of \$769,000 over 25 years



Benefits of Redevelopment

- **Eliminates blighted conditions within urban redevelopment area.**
- **Provides for affordable apartment units near Downtown and along a transit corridor**
- **Promotes investment in a targeted neighborhood near Downtown that has seen limited new construction activity to this scale**
- **Project will include additional affordability requirement of 5 years, following expiration of CHFA affordability term, for the 30% AMI units**



- **Urban Renewal Plan Amendment - BR14-0471 – Informational Only**
 - Approve property tax increment area
 - Approve 2300 Welton as a Project
- **Cooperation Agreement – BR14-0470 – Informational Only**
 - **Land Use Matters:** Cooperate with DURA / Project
 - **Special Program Requirements:** Project Art, SBE, First Source, Enhanced Training
 - **Project:** Redevelopment of the property located at 2300 Welton Street into 223 new construction affordable apartment units
 - **Property Tax Increment Finance:** Mechanics (base, increment defined, etc)
 - **Term of TIF:** Authorizes Property TIF for 25 years or repayment of Obligation related to project, whichever is earlier



Proposed Approval Process

- Community Outreach - complete by June 30, 2014
- Health, Safety, Education, & Services Council Committee
 - Informational / set public hearing June 3, 2014
 - Action June 24, 2014
- Planning Board
 - Informational June 4, 2014
 - Action June 18, 2014
- DURA Board – June 19, 2014
- First Reading – July 14, 2014
- Public Hearing & Second Reading – July 28, 2014
- Construction expected to begin Fall 2014



Questions?

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