

BRIEFING Q & A: South Sloan's Lake

What is this project? South Sloan's Lake is a master-planned in-fill development in the West Colfax neighborhood, on the southwest corner of West 17th Avenue and Perry Street. It consists of seven city blocks with a mix of residential,



retail, entertainment, and office uses. When the plan was submitted to OED, the residential portion of the project was anticipated to include approximately 1,000 units, of which an estimated 280 would be for-sale, triggering the affordability requirements under the previous Inclusionary Housing Ordinance (IHO).

History: This redevelopment is on the former St. Anthony's Hospital site just south of Denver's Sloan Lake Park in west Denver. St. Anthony's Hospital was originally constructed in 1892 by the Poor Sisters of St. Francis. At the time the location was considered remote and at the extreme west

end of town. The hospital underwent regular additions and renovations and by the mid-1990's was over 1 million square feet; however, advances in medical technology made the hospital obsolete in many ways and by the early 2000's St. Anthony's was looking to relocate. In 2013, the hospital campus was sold to Enviro-Finance Group to be demolished and redeveloped while St. Anthony's relocated to Lakewood.

When the wrecking balls stopped swinging, three structures were left standing to preserve some of the historical architecture and functionality of the site. The 900-space parking structure remained and will provide parking to several uses onsite. In addition, the small chapel on the west side of the project was spared to act as a visual terminus adjacent to a park on the west end of 16th Street. Finally, the six-story Kuhlman Building was preserved with the expectation that it would be adaptively reused.

Inclusionary Housing Ordinance (IHO)

The IHO requires that 10% of the for-sale units be provided to low- to moderate-income households earning 80-95% of area median income, which would total 28 units for South Sloan's Lake. However, the IHO also allows on-site and/or off-site alternative satisfaction through a partner developer. This project was initiated prior to 2017; therefore, the IHO applies.

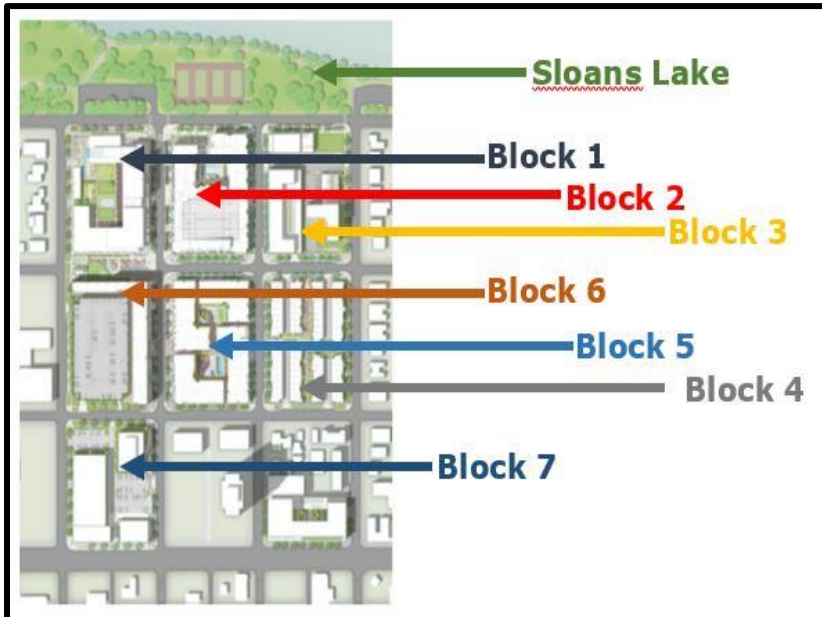
Options for an Alternative Satisfaction Plan

Under the IHO, the alternative on-site satisfaction allows for fewer affordable units but in exchange must provide one of the following:

- Units offered at a lower AMI;
- More net bedrooms;
- Units provided to Special Needs Populations;
- Longer period of affordability; or
- The same number or more rental units.

The alternative off-site satisfaction allows the affordable units to be provided at a different location than the original development but in exchange must include at least one of the following:

- Increased number of units;
- More total bedrooms;
- Increased affordability;
- Increased opportunity for family oriented development; or
- More units offered as rental units.



Vertical For-Sale Development Planned for South Sloan’s Lake

The first for-sale development that triggered the affordability requirement is Block 1.

Block 1 Market Developer:
NAVA Lakehouse, Limited Partnership
Total Units:
224 For-Sale homes

The second for-sale development that triggered the affordability requirement is Block 4.

Block 4 Market Developer:
Prospect
Total Units:
64 For-Sale homes

Approved Alternative Satisfaction Plan

An on-site alternative satisfaction plan was executed with the horizontal developer, EFG – South Sloan’s Lake I, LLC, to provide 1) at least 30 rental units on Block 3 that would be affordable to households earning up to 65% AMI and 2) either four 3-bedroom for-sale units or six 2-bedroom for-sale units (a total of 12 bedrooms). This alternative satisfaction plan, which provides units in excess of the requirements under the ordinance and deeper affordability levels, was approved by OED in June, 2015. The alternative satisfaction plan covers all seven blocks in the South Sloan’s Lake development.

Recent Negotiations and Updates to Alternative Satisfaction Plan

OED has negotiated an amendment to the executed alternative satisfaction plan related to the provision, described above, of either four or six affordable homeownership units. This amendment provides off-site alternative satisfaction by providing four 4-bedroom affordable units, yielding larger family units than originally planned, for a total of 16 bedrooms instead of 12 bedrooms. An alternative satisfaction plan requires the market for-sale developer to pay the equivalent of a cash in-lieu payment (i.e. Escrow Contribution) for use by the partner developer in order to build the affordable units not provided on-site. The formal adoption of this negotiated amendment is pending the closing of the sale of Block 1 from EFG to NAVA, planned for March. Meanwhile, the partner developer, Habitat for Humanity, has begun planning for the off-site development, which includes nine total units of affordable housing. These plans are currently under review in the Department of Community Planning and Development.

| | |
|-----------------------------|--|
| Partner Developer: | Habitat for Humanity of Metro Denver |
| Off-Site Location: | 2165 Galapago Street, in the Overland neighborhood |
| Affordable Units Provided: | Four 4-bedroom units (Habitat’s plans for this site include a total of 9 affordable units) |
| NAVA’s Escrow Contribution: | \$906,568 |
| OED Contribution: | Performance loan of \$6,500 per affordable unit built according to the AHP; Total loan of \$26,000 for 4 units |

Timeline: Habitat’s construction of the affordable for-sale units is expected to begin by October 2017

The executed alternative satisfaction plan requires at least 30 rental units, offered to households earning up to 65% of AMI, to be constructed on Block 3. To facilitate the development of the rental units on Block 3, the developer has been awarded 4% Low Income Housing Tax Credits from the Colorado Housing Finance Authority. The tax credit proposal envisions 49 affordable rental units, offered to households earning up to 60% AMI, which would result in a greater number of affordable units and deeper affordability than required by the executed Affordable Housing Plan. There will also be 27 market-rate townhomes developed onsite.

Partner Developer: Koelbel and Company and Trailbreak Partners
 Location: 4001 W. 16th Avenue
 Affordable Units Provided: 49 Rental units
 OED Contribution: Performance loan of \$6,500 per affordable unit;
 Total loan of \$318,500 if 49 affordable units are provided
 Timeline: Koelbel and Company was awarded non-competitive 4% LIHTCs in 2016, with construction expected to begin in fall 2017

Summary of South Sloan’s Lake Affordable Housing Plan and Recent Updates

| | |
|---|--|
| IHO Requirement | 280 for-sale units x 10% affordability = 28 affordable units |
| Executed Alternative Satisfaction AHP | At least 30 affordable rental units at 65% AMI AND Four 3 bedroom units or Six 2 bedroom for-sale units (12 bedrooms) |
| Current Negotiated Alternative Satisfaction AHP | 49 affordable rental units at 60% AMI AND Four 4 bedroom for-sale units (16 bedrooms) |

Additional Affordable Housing in Proximity to the South Sloan’s Lake Development

Separate from this alternative satisfaction plan, affordable units are being provided on Block 9 by the Denver Housing Authority. The project on this site, Vida at St. Anthony’s, will be a senior affordable housing and mixed-use development that provides on-site primary and urgent care through Centura Health.

Developer: Denver Housing Authority
 Location: 4017 W. Colfax Avenue
 Total Units: 175 Rental units
 OED Contribution: *Under negotiation*

The Denver Housing Authority was awarded 9% Low Income Housing Tax Credits for Vida at St. Anthony’s in 2016, with construction expected to begin by June of 2017.

For more information or to schedule a 1:1 briefing on this project:

Andrea Morgan, andrea.morgan@denvergov.org, 720-913-1663
 Susan Liehe, susan.liehe@denvergov.org, 720-913-1689