

Boulevard One

Safety, Housing, Education
and Homelessness Committee
February 14, 2018

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Office of Economic Development



RESOLUTION SUMMARY

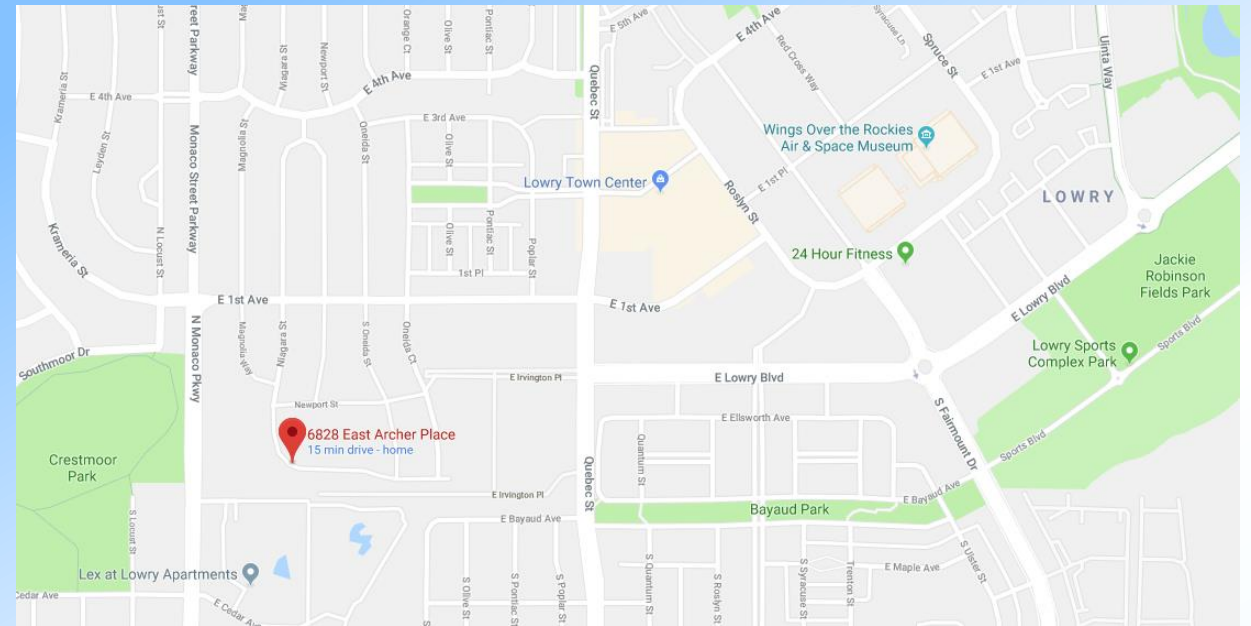
- ✓ This request is to provide a \$560,000 performance loan to Colorado Community Land Trust (CCLT) to support the construction of 14 affordable two- and three-bedroom townhomes.
- ✓ All homes will be sold to low-income homebuyers via the community land trust model. The land will be held in trust in perpetuity by CCLT and the improvements will be sold to the homeowner. The resale value of each home will be limited in order to preserve long-term affordability.
- ✓ In addition to City funds, the borrower will leverage private debt, funding from the Colorado Division of Housing, funding from the Lowry Redevelopment Authority, and proceeds from the sales of the homes.
- ✓ The units will be secured by a 99-year deed of trust on the land, which will continue to be held in trust by CCLT.

PROJECT CONTEXT

The townhomes will be located 6828-6880 E Archer Place in the Lowry neighborhood. The parcel is located in Council District 5.

As part of its development agreement with the City of Denver, the Lowry Redevelopment Authority is obligated to build 200 affordable for-sale homes in the neighborhood. The 14 townhomes discussed today will complete that obligation.

The townhomes will be developed one block from bus routes along Monaco Parkway, Alameda Avenue, and Quebec Street. Many amenities have been constructed nearby at Lowry and Stapleton, including a grocery store ¼ of a mile from the site.



PROJECT DETAILS

The project will provide 14 affordable for-sale townhomes. The unit mix will consist of six two-bedroom townhomes and eight three-bedroom townhomes.

Each unit will feature an attached one-car garage and a surface parking spot. The two-bedroom townhomes will be approximately 1,025 SF, and the three-bedroom townhomes will be approximately 1,348 SF.

The land underlying each townhome will be held in perpetuity by CCLT. At the sale of each townhome, CCLT will enter into a 99-year land lease with the homebuyer. The land lease will set forth a maximum increase in the value of the home at resale, in order to preserve long-term affordability.



Unit Mix		
Bedrooms	Unit Count	Sales Price
2-Bedroom	6	\$147,000
3-Bedroom	8	\$167,000

FINANCING

Colorado Community Land Trust has requested a \$560,000 performance loan from the City, which will total 16% of the project’s cost and \$40,000 in investment per restricted unit.

This investment falls within the boundaries of the City’s term sheets meets city policy goals of supporting the development of housing that is affordable for homeowners in perpetuity.

Source	Cost	%
Construction Loan	\$1,900,481	54%
CDOH Grant	\$280,000	8%
City Performance Loan	\$560,000	16%
Lowry Redevelopment Authority Grant	\$420,000	12%
Sales Proceeds	\$359,519	10%
Total Project Cost	\$3,520,000	100%

Financing Terms

- Interest rate of 0%
- 99-year loan term
- Loan to be forgiven after 99 years, assuming affordability restrictions remain in place
- City deed of trust in place for 99 years, to complement land lease length

FIVE-YEAR HOUSING PLAN & 2018 ACTION PLAN

Denver’s five-year housing plan articulates that a goal that 20-30% of funding each year be allocated toward the creation of affordable homeownership opportunities for Denver residents. The 14 townhomes developed by CCLT through this project will help to achieve that goal by creating homes that are affordable to low-income Denver residents in the long-term.

-  HOMELESS — 2018 ALLOCATION GOAL 20-25%
-  < 30% AMI — 2018 ALLOCATION GOAL 20-25%
-  31-80% AMI — 2018 ALLOCATION GOAL 20-30%
-  HOMEOWNERSHIP — 2018 ALLOCATION GOAL 20-30%



DISCUSSION
