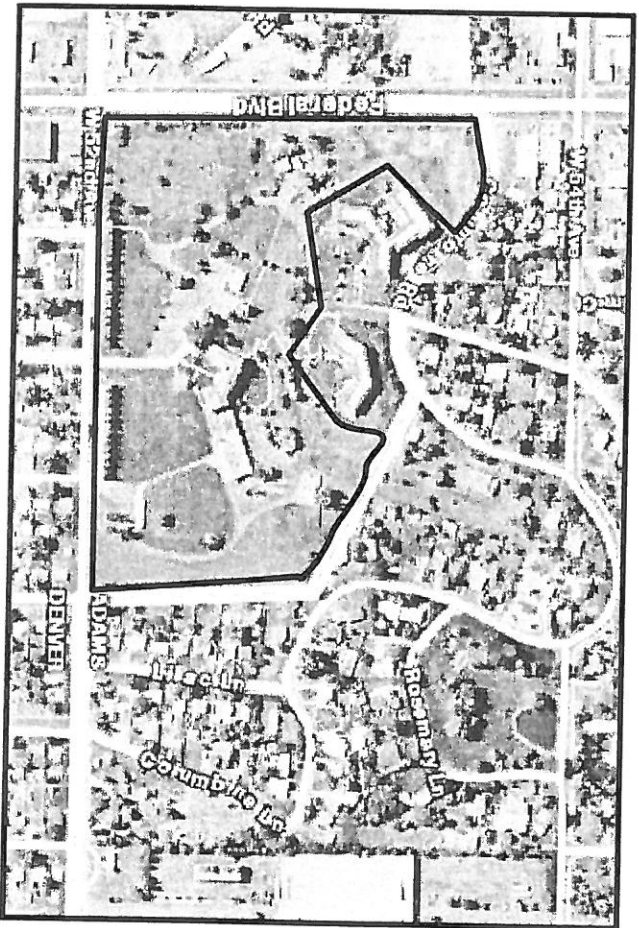


Marycrest Convent Site

Proposed Urban Redevelopment Area



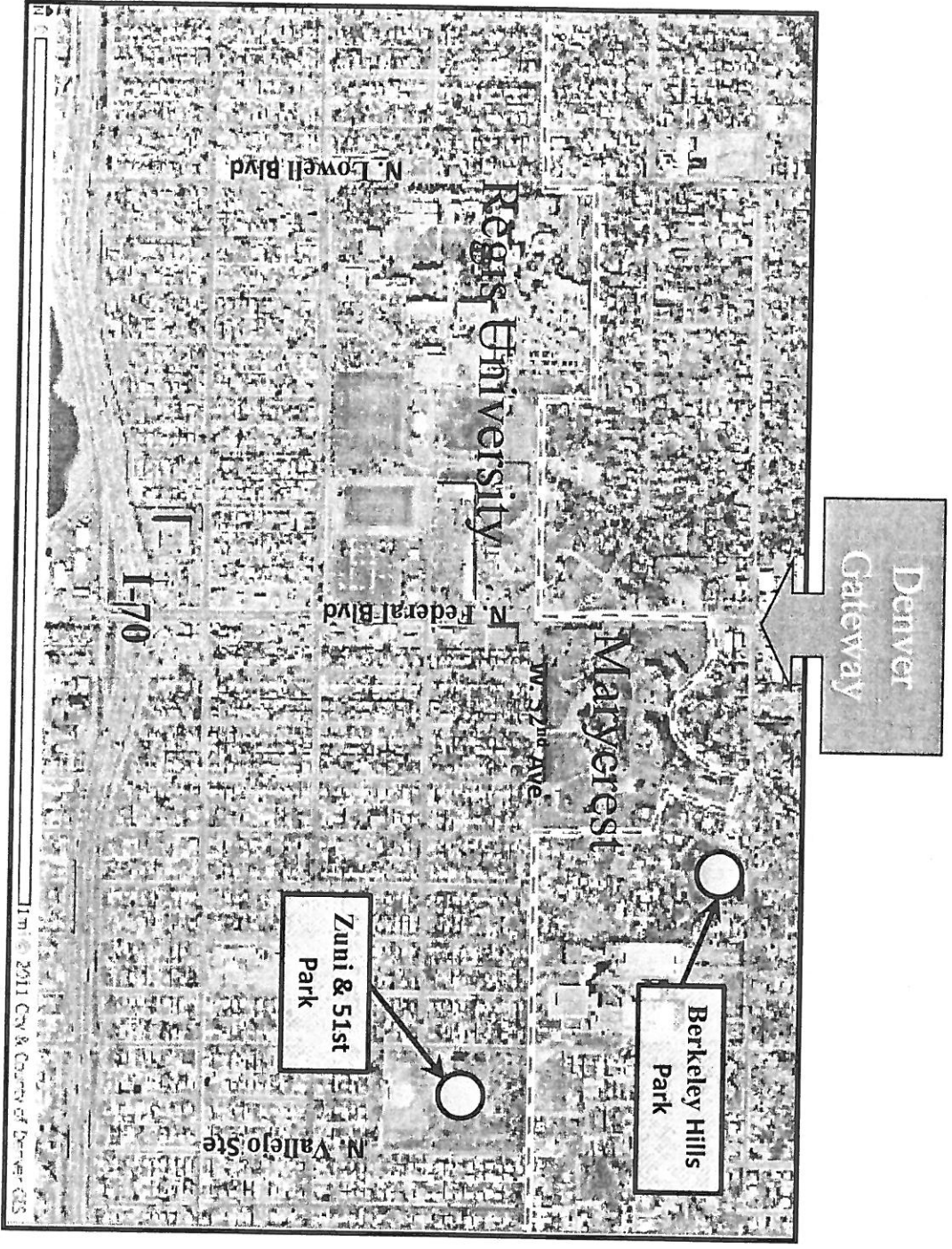
DENVER
PLANNING
ECONOMIC
DEVELOPMENT
DEPARTMENT

Land Use, Transportation and Infrastructure Council Committee
December 6, 2011

Site Location



D. S. S. S.
E. S. S. S.
F. S. S. S.
G. S. S. S.



Project Description

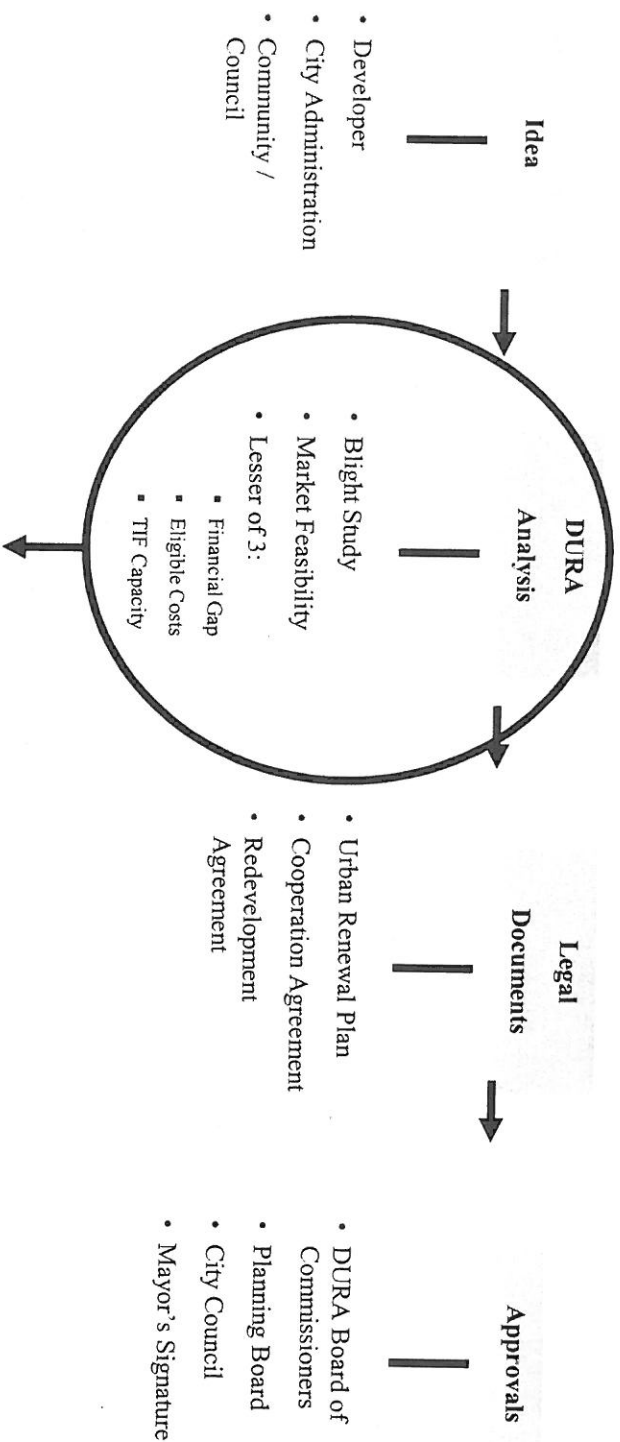


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CITY OF DENVER
1500 BROADWAY
DENVER, CO 80202

- Redevelopment of the 26-acre Marycrest Convent property located in the Chaffee Park neighborhood at 52nd Avenue and Federal Boulevard.
- Redevelopment would occur in four phases and result in 18 developed acres with approximately 360 new residential units, a 50,000 square foot parcel for commercial development, and rehabilitation of the existing 18 unit Warren Village.
- Development Plan:
 - 72 LIHTC Apartments
 - 80 Townhomes
 - 60 Co-Housing Units (30 Senior & 30 Intergenerational)
 - 82 Condominium Units
 - 66 LIHTC Senior Apartments
 - 18 Warren Village Units
 - 50,000 SF Parcel for Commercial Development (~20,000 SF Commercial)
- As proposed, development would begin in 2012 and be completed in 2017.



Approving an Urban Renewal Project



1. Is it blighted?
2. Is the proposed project inline with City plans / community vision for the area?
3. Is there a financing gap and why?
4. Can TIF close the identified gap?
5. Is it otherwise feasible / will it be successful?
6. What are the public benefits and who cares about them?

Step 1: Blight Findings



D E S I G N
P L A N N I N G
A R C H I T E C T U R E

- A formal blight study is in process and the preliminary results identified sufficient evidence of more than four blight factors.
 - Slum Deteriorating or deteriorated structures
 - Predominance of defective or inadequate street layout
 - Unsanitary or unsafe conditions
 - Deterioration of site or other improvements
 - Unusual topography or inadequate public improvements or utilities
 - The existence of health, safety, or welfare factors requiring high levels of municipal services or substantial physical underutilization or vacancy of sites, buildings, or other improvements.
- Operated as a convent for more than 60 years, redevelopment of the site will require demolition of existing buildings, construction of infrastructure, and solutions for unusual lot layout and topography.

Step 2: Conformance with City Plans / Community Vision



- The City Administration supports the project and anticipates providing a loan of approximately \$4.9 million to help finance property acquisition and installation of infrastructure.
 - Support is based on the potential catalytic impact of the project and the belief that, like other large infill projects such as Highlands' Garden Village, the project will help transform the area.
- At 26 acres, the site represents a unique opportunity for transit adjacent development seven blocks from the planned 60th and Federal Gold Line light rail station.
- As proposed by the Developer, the redevelopment would advance City and regional goals of providing both senior and affordable housing adjacent to transit and serve as an example for green development principles.
- Only Denver project awarded LIHTC by CHFA in Fall 2011



OED Proposed Funding Sources

NSP 2 Funding - \$2,815,179

- Funding Fully Committed
- Redevelopment of Blighted and Vacant Property Eligible Use
- Used for Property Acquisition

Skyline Funding - \$2,137,671

- Old Federal Urban Renewal-Related Funding Source
- Carries CDBG Regulation
- Used for Infrastructure Construction

Repayment of Loans from TIF



DEPARTMENT OF
PLANNING AND
ECONOMIC DEVELOPMENT
300 NORTH 11th
TAMPA, FL 33602

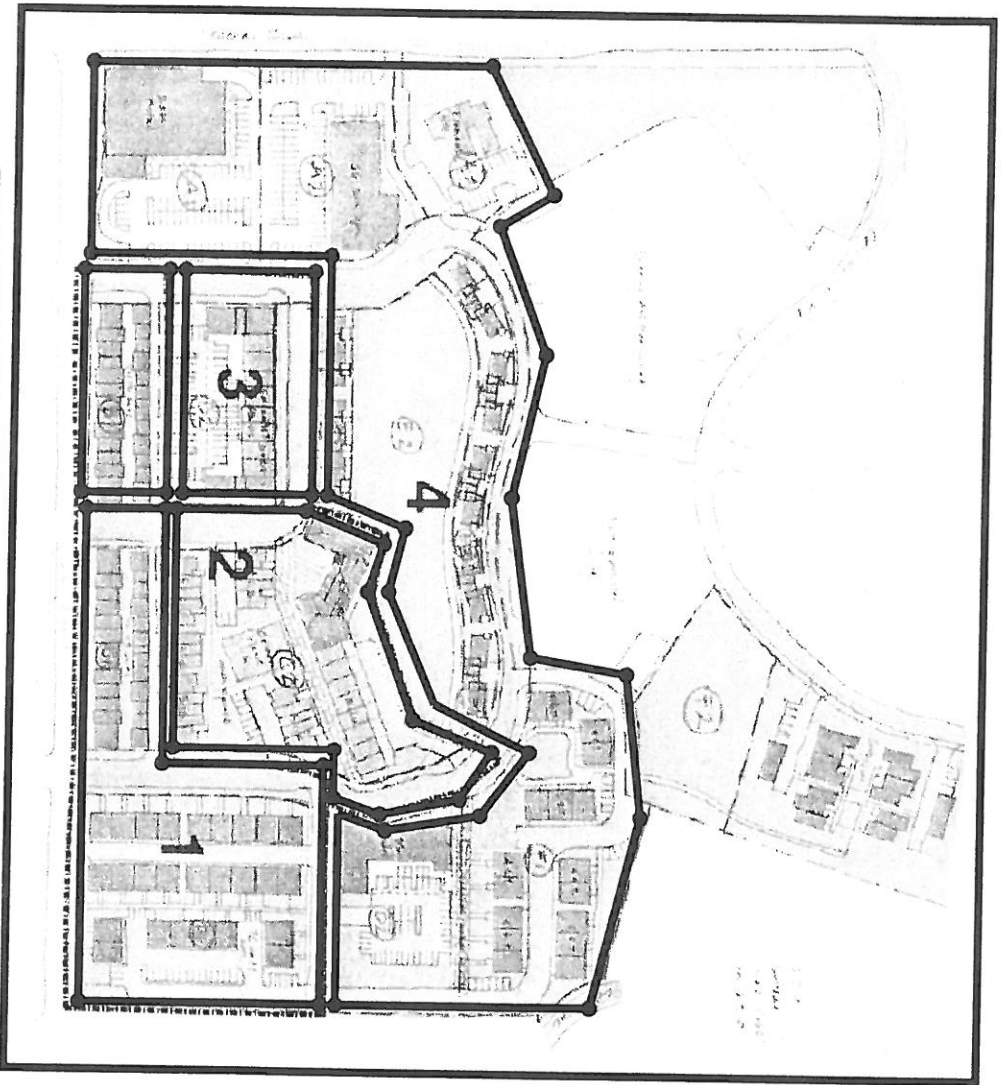
Step 3: Financial Analysis

- Horizontal Sources and Uses

<u>Horizontal Development Budget</u>	
Land Acquisition	\$ 2,586,727
Land Acquisition Fees	\$ 247,816
Professional Fees	\$ 950,207
Permits/Fees/Inspection Costs	\$ 162,317
Environmental Remediation & Demo	\$ 130,469
Infrastructure Costs	\$ 4,395,774
Operating Expenses	\$ 736,831
Fees & Contingencies	\$ 1,942,389
Finance Costs	\$ 144,492
Total Uses	\$ 11,297,022

<u>Sources</u>	
Construction Loan	\$ 4,232,298
Equity	\$ 2,111,874
NSP 2 / Skyline	\$ 4,952,850
Total Sources	\$ 11,297,022

Phased Development Plan



20,000 SF Commercial
66 LIHTC Senior Apartments
32 Condominiums
54 Townhomes
18 Warren Village Units

Phase 1	
Development Budget	\$5,197,834
Sources	\$5,197,834
NSP/Skyline Forgivable Loan Beg. Balance	\$ -
NSP/Skyline Committed	\$4,952,850
TIF Capacity --> NSP/Skyline Repaid	\$1,098,709
NSP/Skyline Forgivable Loan Balance	\$3,854,141

Phase 2	
Development Budget	\$1,735,701
Sources	\$1,735,701
NSP/Skyline Forgivable Loan Beg. Balance	\$3,854,141
NSP/Skyline Committed	\$ -
TIF Capacity --> NSP/Skyline Repaid	\$1,759,446
NSP/Skyline Forgivable Loan Balance	\$2,094,695

Phase 3	
Development Budget	\$953,892
Sources	\$953,892
NSP/Skyline Forgivable Loan Beg. Balance	\$2,094,695
NSP/Skyline Committed	\$ -
TIF Capacity --> NSP/Skyline Repaid	\$754,522
NSP/Skyline Forgivable Loan Balance	\$1,340,173

Phase 4	
Development Budget	\$3,409,595
Sources	\$3,409,595
NSP/Skyline Forgivable Loan Beg. Balance	\$1,340,173
NSP/Skyline Committed	\$ -
TIF Capacity --> NSP/Skyline Repaid	\$4,024,881
NSP/Skyline Forgivable Loan Balance	\$(2,684,708)



Step 3: Financial Analysis Cont'd

Dallas
 Finance
 Department

Horizontal Development Summary			
Construction Loan (Repaid by Land Sales)	\$ 4,232,298	37.4%	
Equity (Repaid by Land Sales)	\$ 2,111,874	18.7%	
NSP 2 (Repaid by TIF)	\$ 3,952,850	35.0%	
Skyline (Repaid by TIF)	\$ 1,000,000	8.9%	
OED TIF Backed Loan as a % of Horizontal Budget	\$ 11,297,022	100%	
	43.8%		
Vertical Development Summary			
Phase 1	\$ 17,307,608	21.4%	
Phase 2	\$ 22,296,918	27.6%	
Phase 3	\$ 8,817,000	10.9%	
Phase 4	\$ 32,395,252	40.1%	
	\$ 80,816,778	100%	
Leveraged TIF Investment	7.4%		

Step 4: TIF Capacity



- **Assumptions:**

- **Market Value**

- Affordable Units for Rent - \$150,000 - \$160,000 / Unit
- Market Units for Sale - \$187,000 - \$269,000 / Unit
- Co-Housing Units for Sale - \$245,000 - \$300,000 / Unit
- Commercial - \$155 PSF
- Market Value Appreciation – 2% Biannually
- Sales PSF - \$125 PSF w/ 1% Annual Growth

- **Capacity:**

- Preliminary analysis of the proposed vertical development plan results in approximately \$10.5 million in total TIF cash flow over 25 years. Based on a discount rate of 2%, the Net Present Value of the TIF cash flow is approximately \$7.6 million.

Step 5: Market Feasibility



DESIGN
EXPERIENCE
INNOVATION
ARCHITECTURE

- Phase 1 LIHTC market study predicts a high penetration rate.
- Projected pricing is inline with the market area, but for a different product type.
- Non traditional development, which creates uncertainty about market demand and absorption.
- Developers have a successful history of introducing unique housing products / lifestyle choices in emerging neighborhoods...attracting a new demographic of home buyer.



Step 6: Public Benefits and Support

- **Benefits of Redevelopment**
 - **Revitalizes an NSP2 designated neighborhood**
 - **Activates a large infill development site proximate to Regis University and the future Light Rail Station at 60th & Federal**
 - **Improves entry point into the City of Denver**
 - **Provides 17.5 acre new neighborhood within 8 minutes of downtown**
 - **Creates 378 units of new, mixed income housing across the continuum of housing needs**
 - **Builds environmentally responsible development - supports Greenprint Denver**
 - **Creates Jobs**
- **Supports improvement of retail along Federal Boulevard**
- **Includes strong Healthy Living components**
- **The project is ready-to-go**

Next Steps/Schedule

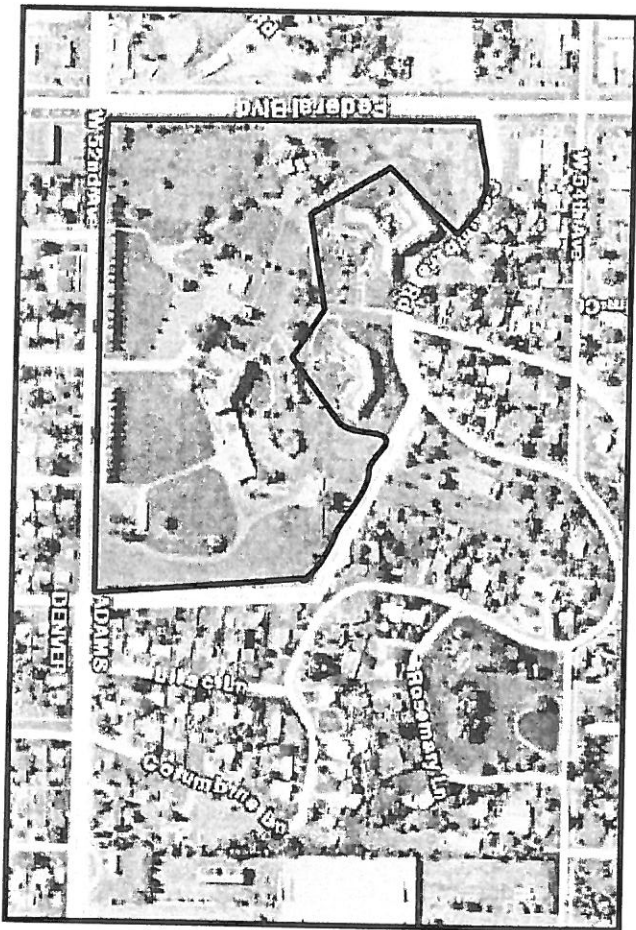
- Finalize financing structure – loans terms on City financing
- Draft necessary documents – Urban Redevelopment Plan, Cooperation Agreement, City/DURA Loan Agreement
- Set Public Hearing on Urban Redevelopment Plan
- Complete City Council approval process by early February, 2012



DEPARTMENT OF
PLANNING AND
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303.733.1000

Marycrest Convent Site

Questions?



DENVER
BOARD OF
EDUCATION
APRIL 2011

Land Use, Transportation and Infrastructure Council Committee
December 6, 2011