



2018/2019 OED Housing Investment Term Sheets

As of August 10, 2018

The proposed term sheets are designed to provide transparent and predictable investment guidelines for the Office of Economic Development's (OED) borrowers. Term sheets are intended to streamline decision-making and create more efficient processes for contract development and execution. Loan requests outside of the adopted term sheets will be considered on an exception basis, but would require approval from OED's Loan Review Committee. Term sheets will be used to guide investment decisions for OED's local and federal funds and OED will determine whether local funds, federal funds or some combination thereof are appropriate given the proposed development and population served. OED will continue to evaluate all proposed investment opportunities based on overarching housing priorities. OED's project specific priorities include mixed-income development, deeply affordable units for households earning below 30% of the Area Median Income, and affordable housing for special populations. OED's location specific priorities include housing in proximity to transit, in neighborhoods vulnerable to gentrification and in areas with "access to opportunity" factors such as high quality education, good paying jobs and other amenities.

Purpose	4% LIHTC + State Credits		9% LIHTC		4% LIHTC		For Sale Development	Land Acquisition	Property Acquisition/Rehabilitation		Non-LIHTC	RAHLF**	
	Incentivize more units below 30% AMI		Incentivize more units below 30% AMI		Enhance feasibility of 4% LIHTC projects and incentivize more units below 30% AMI		Construction of for-sale units below 80% AMI	Acquisition of land for development of affordable housing	Acquisition and preservation of existing affordable housing (income restricted or naturally occurring)		Support income restricted units in alignment with housing plan goals within mixed income developments, not supported by LIHTC	Enhance feasibility of 4% LIHTC projects and stimulate more 60% AMI and 80% AMI units within market rate developments	
	Very Low Income (VLI)	not VLI	Very Low Income (VLI)	not VLI	Very Low Income (VLI)	not VLI			Very Low Income (VLI)	not VLI			
	>30% of units at 30% AMI		>40% of units at 30% AMI		>25% of units at 30% AMI				>25% of units at 30% AMI	all other projects			
OR		OR		OR		OR		OR					
Providing PSH units*		Providing PSH units*		Providing PSH units*		Providing PSH units*		Providing PSH units*					
Loan Type	Performance loan	Balloon or Deferred Amo	Performance loan	Balloon or Deferred Amo	Performance loan	Balloon or Deferred Amo	Performance loan	Balloon payment loan	Performance loan	Balloon or Deferred Amo	Repaying loan	Repaying loan	
Possible Funding Sources	Federal, Local		Federal, Local		Federal, Local		Federal, Local	Federal, Local	Federal, Local		Federal, Local	RAHLF	
Maximum Loan*	\$3,750,000	\$2,225,000	\$3,000,000	\$1,500,000	\$5,250,000	\$3,750,000	\$3,000,000	\$2,500,000	\$3,750,000	\$1,875,000	\$1,500,000	\$1,000,000	
Maximum Loan per Unit*	\$25,000/unit	\$15,000/unit	\$20,000/unit	\$10,000/unit	\$35,000/unit	\$25,000/unit	\$35,000/unit	\$25,000/planned unit	\$50,000/unit	\$25,000/unit	\$25,000/unit	\$20,000/unit	
* Loans above these amounts may be considered on an exception basis, but would require approval by the OED Loan Committee													
Minimum Affordability **	30 years		30 years		30 years		20 years	30 years once constructed	30 years		30 years	20 years	
Maximum Loan Term **	Covenant term	40 Years	Covenant term	40 Years	Covenant term	40 Years	5 years	5 years	Covenant term	40 Years	40 years	40 years	
Loan Amortization	NA		NA		NA		NA	Interest Only	NA		Up to 40 years	Up to 40 years	
** Affordability term must match or exceed loan term													
Interest Rate	NA		1%		NA		1%	NA	1%	NA		1%	
Repayment	Required at loss of affordability		3 year payment holiday, option for amortizing (covenant term) or balloon payment		Required at loss of affordability		3 year payment holiday, option for amortizing (covenant term) or balloon payment		Required at loss of affordability		Required if units are not completed and sold to income-qualified buyers within 5 years		
Repayment Source	NA		Cash flow, refinance, or sale		NA		Cash flow, refinance, or sale		NA		Sale of land or refinance, subordinate position behind Regional TOD or other lenders		
Prepayment	NA or No penalty		NA or No penalty		NA or No penalty		NA		No penalty		No penalty		
Recourse	Non-recourse		Non-recourse		Non-recourse		Non-recourse		Non-recourse		Non-recourse		
Reserves	As required by priority lender		As required by priority lender		As required by priority lender		As required by priority lender		As required by priority lender		As required by priority lender		
DSC (combined)	NA		105%		NA		105%		NA		105%		
Loan Call	At refinance or sale		At refinance or sale		At refinance or sale		NA		Due upon sale or development of the property		At refinance or sale		
Special Rules							Additional \$5k/unit per 5 years of additional covenant length up to total of \$40k		At least 51% of the units developed on the property must be affordable to households < 80% AMI		Investment will take into account number of build alternative units required to offset the housing linkage fee. Build alternative units will not be subsidized.		
									Affordability restriction running with land, if developer cannot put financing together for development, city will take ownership				
												Subject to analysis of location priority and developability	

Footnotes: * Permanent Supportive Housing (PSH) is defined as housing that is decent, safe, affordable, community-based housing that provides tenants with the rights of tenancy and links to intensive supportive services using the Housing First model. ** OED and the Colorado Housing and Finance Authority (CHFA) are analyzing the RAHLF funds for repurpose to align with the goals of *Housing an Inclusive Denver*.

1. Multiple funding products may be used on the same project in some cases. City funding may be utilized to refinance another city funding product when appropriate. 2. Neighborhood and other priorities will be communicated via additional documents alongside the term sheets on at least an annual basis. 3. These term sheets are effective through the end of 2019, subject to revision by OED.