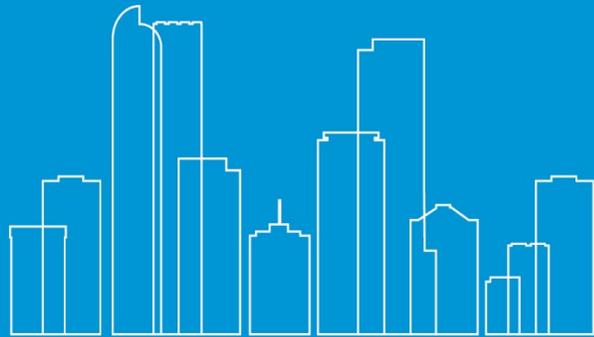


Structuring public-private partnerships to advance affordable housing

Estructuración de colaboraciones entre entidades públicas y privadas para avanzar el sector de viviendas asequibles



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Structuring public-private partnerships to advance affordable housing

Estructuración de colaboraciones entre entidades públicas y privadas para avanzar el sector de viviendas asequibles

- Moderator: Jennie Rodgers, Vice President and Denver Market Leader, Enterprise Community Partners
- Confirmed speakers:
 - Mark Brown, LIVE Denver Coordinator, Denver Housing Authority
 - Renee Martinez Stone, Director, West Denver Renaissance Collaborative
 - Scott Horton, Wells Fargo, Senior Vice President, Relationship Manager



Lower Income Voucher Equity (L.I.V.E.) Program

Denver Economic Development and Opportunity, Housing Authority of the City
and County of Denver, and Apartment Association of Metro Denver



OVERVIEW

Assessment: High inventory of rental units for higher income families and low inventory of rental units for middle and lower-income families/individuals, significant need for stable housing at these incomes

Goals: Create immediately affordable housing options, provide mixed-income housing options, bring affordability to higher opportunity areas, stabilize housing costs during program period and provide coaching for long-term financial success

Program: A pilot program to increase housing affordability by connecting Denver's middle to lower income households to existing rental units **at reasonable market rates**, in partnership with foundations, employers, City of Denver, Denver Housing Authority (DHA), Local Initiatives Support Corporation (LISC), Downtown Denver Partnership (DDP), Apartment Association of Metro Denver (AAMD), and property owners/managers

Outcomes:

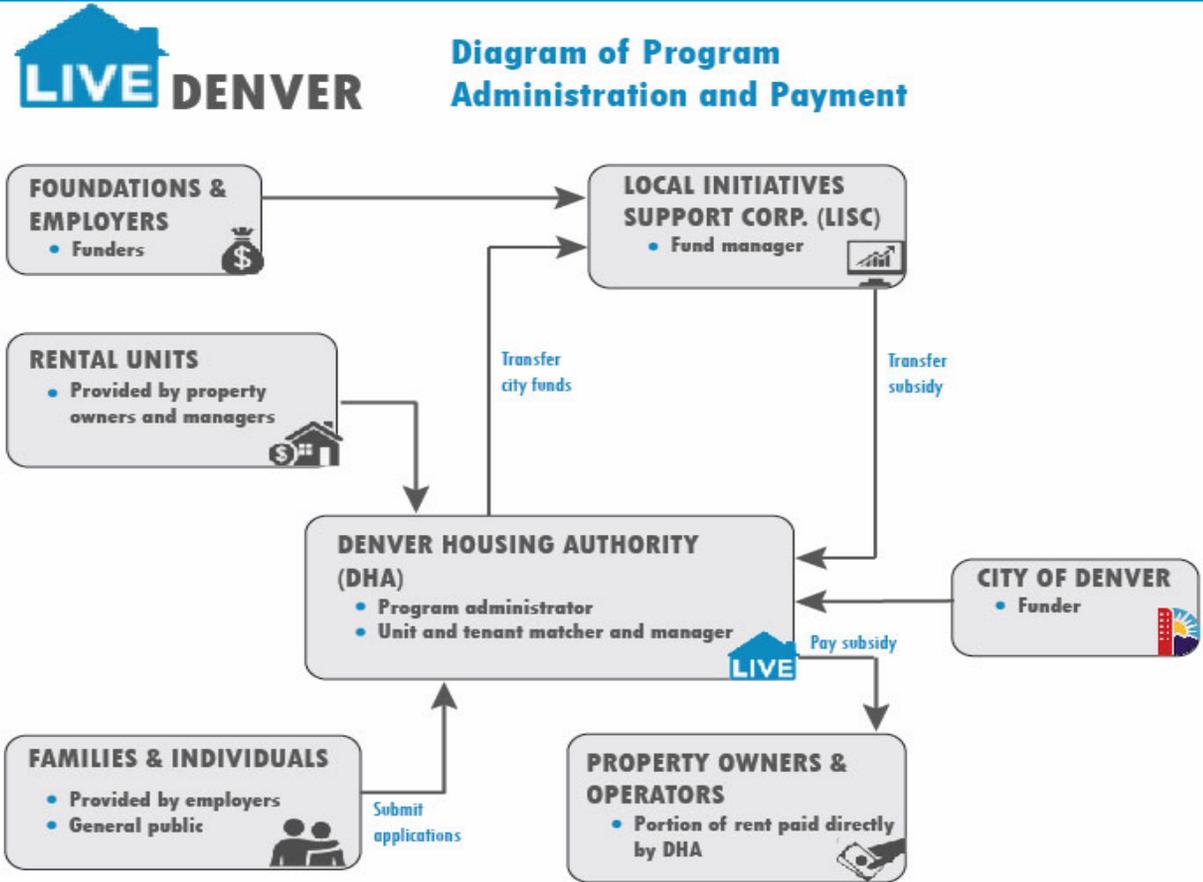
1. Build an exchange among employers, foundations, and property owners
2. Approximately 125 Families/Individuals housed in pilot phase
3. Successfully transition participants into stable housing after program period

FRAMEWORK

Identified in *Housing an Inclusive Denver* and 2018 Annual Action plan as priority

Participants will:

- Receive assistance to stabilize housing costs for a two-year period
- Be selected from a combination of employer referrals and the public
- Be supported through financial coaching and set short-term and long-term goals
- Receive an “equity savings” at the end of the program



FUNDING

CITY

- \$1M from Affordable Housing Fund, for subsidy payments
- \$180K from Office of HOPE funds for program administration

FOUNDATIONS

- Initial foundation funding will be used for subsidy payments, with a portion for future program administration
- Anticipated partners:
 - Gary Community Investments
 - Colorado Health Foundation

EMPLOYERS

- Using the program to meet the housing needs of their employees
- Can be used as an employee recruitment or retention tool
- Employer funds will be matched with city funds
- St. Joseph Hospital:
(proposed) \$1 : .95
- Subsequent employers:
\$1 : .75

ADMINISTRATION

DENVER HOUSING AUTHORITY

- Program Administrator
- Connect people to units
- Negotiate the LIVE Denver Reasonable Market Rent
- Process payments to property owners (replicating the Housing Choice Voucher Program)

LOCAL INITIATIVES SUPPORT CORPORATION

- Fund Manager
- Receive funds from DHA (City resources would go through DHA to LISC), foundations, employers
- Distribute funds to DHA for payment to property owners
- Provide financial modeling/projections

ADVISORY BOARD

- Help inform program implementation, outreach, and evaluation
- Members: City, DHA, LISC, DDP, AAMD, representatives for employers and participating tenants
- DDP provides employer outreach
- AAMD provides property owner outreach

TENANT PARTICIPANTS

QUALIFICATIONS

- Household Income between 40% and 80% AMI
 - Individual: \$25,200 - \$50,400
 - Household (4): \$35,960 - \$71,920
- Working full-time (at least 36 hrs/wk)
- Current Denver Resident (verified by DHA)
- General public list generated through email interest list and other outreach efforts
 - DHA selects participants through lottery process
 - Equitable distribution of AMI of selected participants
- Target employer industries: health care, service sectors, teachers, others as part of implementation of program

OBLIGATIONS

- Pay 35% of gross household income toward rent
- Complete Financial Coaching
 - Long-term goals
 - Goals for end of two-year program period
- Participate in program assessments (at end of year 1 and upon program exit at end of year 2)

INITIAL UNITS – RFQ and QUALIFICATIONS

SUBMITTED PROPERTIES

- Many rehabbed older buildings (15+ years)
- Some new construction
- Covered 22 ZIP codes in nearly all Council districts
- Approximately 40 properties submitted, representing almost 450 units

UNIT SIZE DIVERSITY

- Studios
- 1 Bedroom units
- 2 Bedroom units
- 3 bedroom units
- 4 bedroom units

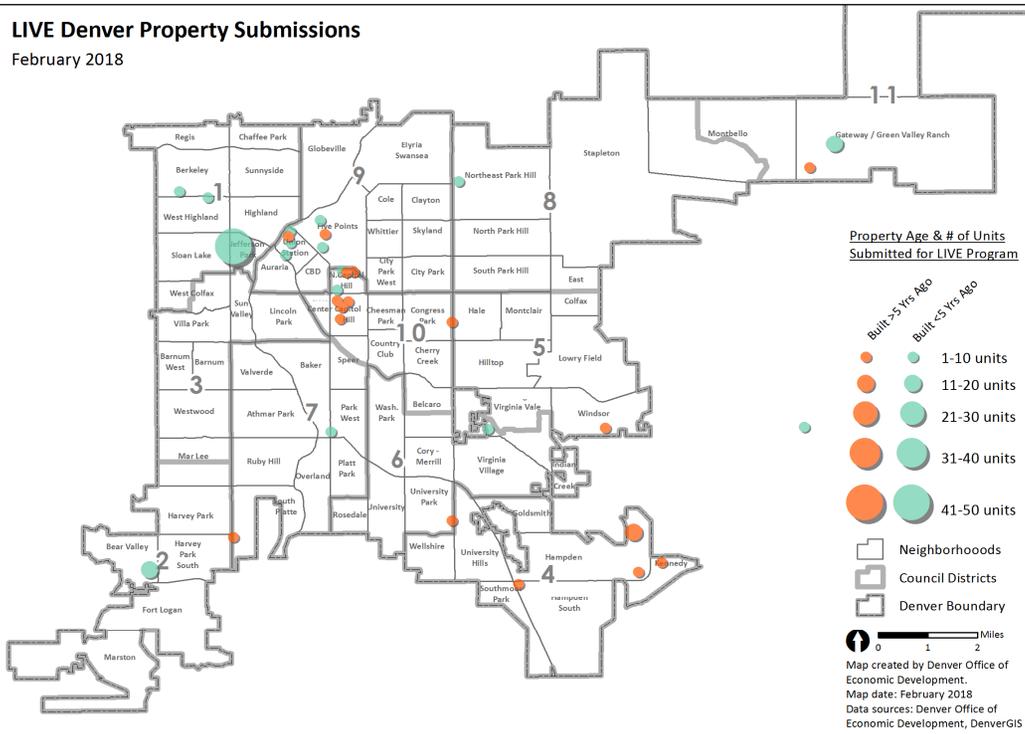
UNIT QUALIFICATIONS

- Must follow all Fair Housing rules, local building and zoning laws, and be of high quality
- Within City and County of Denver
- LIVE units cannot have existing subsidized rents or rent restrictions
- An initial walkthrough ensures quality and safety, with complaint-based inspections during two-year program period

INITIAL RESPONSES - RFQ

LIVE Denver Property Submissions

February 2018



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“Reasonable Market Rent” (RMR)

DHA calculates RMR for units submitted:

- Property owner provides Response Rental Rate as the best price for unit for two-year period (offered rent, concessions, etc.)
- DHA generates average of three comparable units within ½ mile
- Property manager is offered the lesser of the two rates, or the RMR



QUESTIONS / DISCUSSION

THANK YOU!



INNOVATE! Structuring public-private partnerships to advance affordable housing | 19 April 2019

WDRC

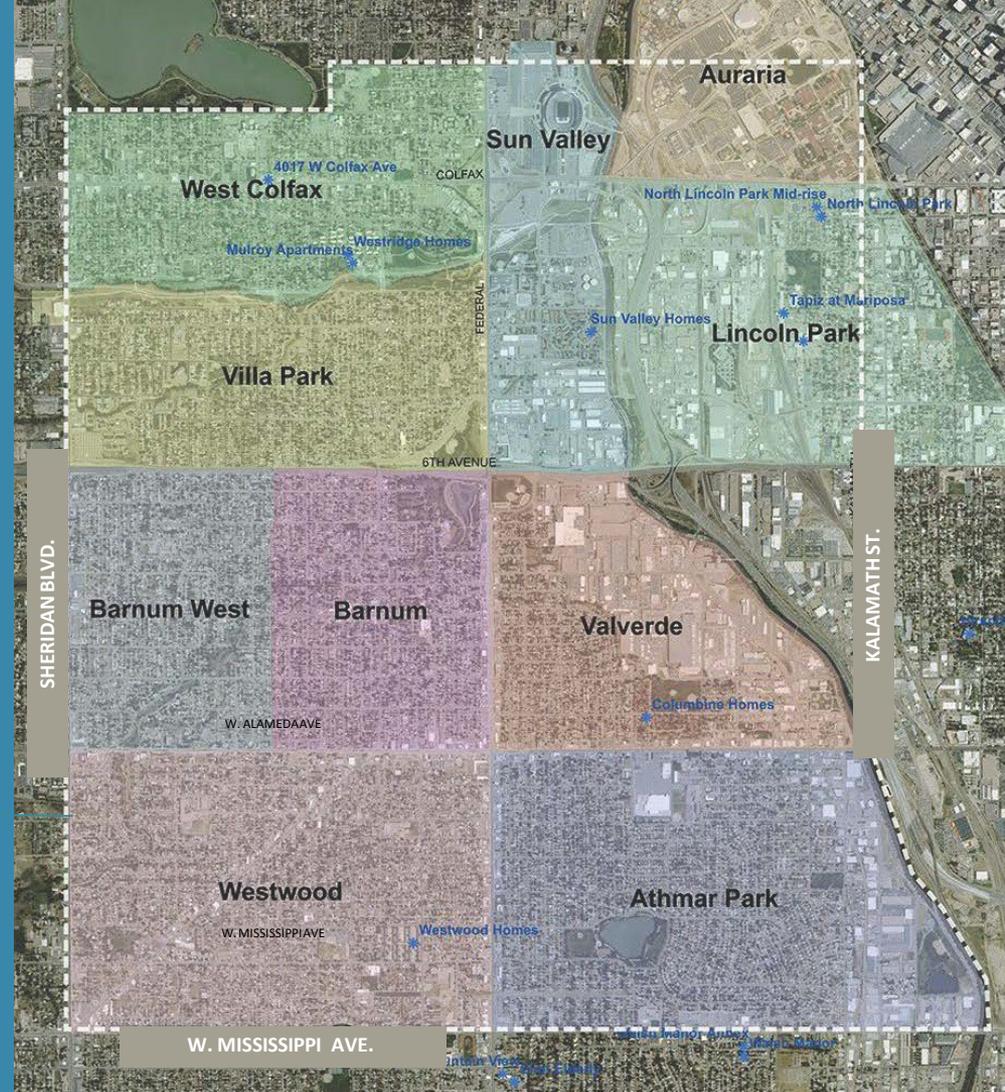
West Denver Renaissance Collaborative

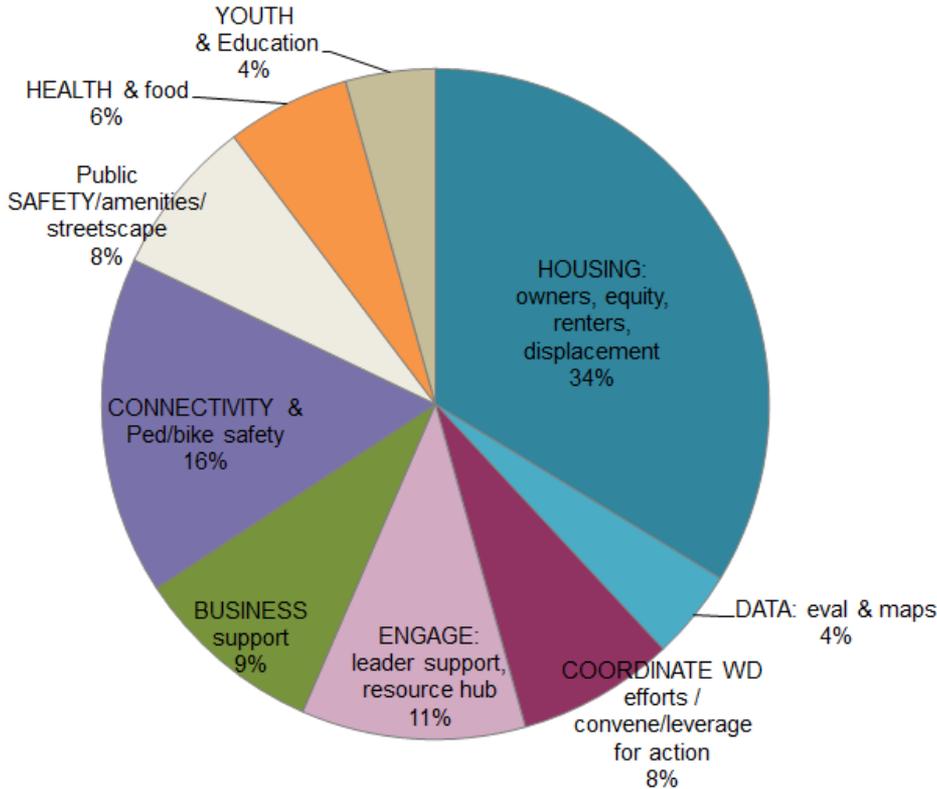
Mission

The mission of the West Denver Renaissance Collaborative (WDRC) is to facilitate the revitalization of West Denver in an equitable fashion improving the livelihood of existing residents' and working to preserve and amplify the rich multicultural character.

Who we serve

- 9 neighborhoods
- 6400 acres
- 65,000 residents
- 25,000 households
- 3 Council districts





Community Priorities

2016 / 2017 - 87 sessions to id top priorities
 2018 / 2019 - working groups, west Denver
 Community Leadership Committee
 (WDCLC), and continued input on priorities

**Community leaders | Residents | Youth
 Service providers | Elected Officials |
 Business Owners**

WD Housing Strategy

1 Connect all residents to existing housing services



2 ADU WDSF+ ADU Pilot Program



What is an ADU?

- Common name Mother-In-Law unit, Granny Flat, Casita, Backyard Cottage, or Carriage House
- A second, usually smaller, house on a homeowner's residential lot
- An ADU is short for Accessory Dwelling Unit
- ADU can be attached (in the primary housing structure) or detached (a separate unit in the back 1/3 of the lot or yard)



WDSF+ ADU Pilot Program

SUMMARY

Total ADUs: 220

Duration: pilot program Y1-Y2, 5 years

Locations: 9 west Denver Neighborhoods

Average Cost Per Unit: \$130K

Average Time to Build: 15-18 weeks

SERVICES

Development, Design, Financing referral, and Construction:

- Site development & permitting
- Architecture services/Prototype Masters
- Custom housing counseling services
- ADU construction
- Affordable ADU loan from City
- Referral to aligned lenders
- Property management training

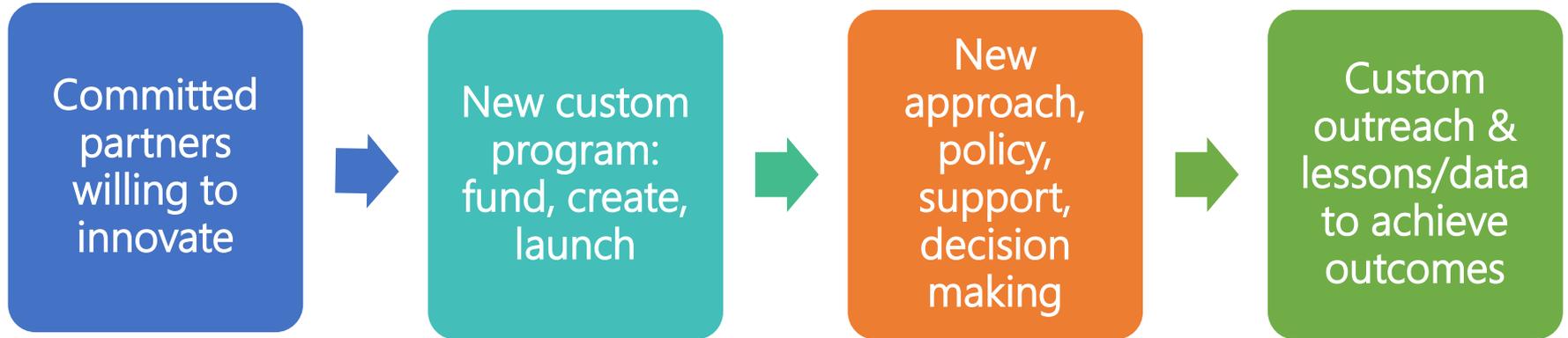
WDSF+ ADU PILOT PROGRAM

Goals

1. Stabilize Homeowners to minimize involuntary displacement
2. Provide wealth building opportunity
3. Create new long term affordable units
4. Promote equitable access to ADU zoning & development

We can make ADU development accessible for moderate and low-income households...the opportunity to show how ADUs can be affordable and accessible

WDSF+ ADU PILOT PROGRAM



WDSF+ ADU PILOT PROGRAM

Partners

- DHA
- Habitat for Humanity Metro Denver
- MHC & SPARCC – Innovation
- Fannie Mae – Innovation Challenge
- Geometry in Construction
- Denver Economic Development & Opportunity
- Denver Planning & Community Dev.



Housing & Change in WD

The WDRC neighborhoods are losing affordability at a faster rate than the City of Denver.

Property taxes across West Denver have nearly doubled since 2011.

All WD nine neighborhoods are experiencing change in housing and in households.



	West Denver	Denver
Homeowners earning <80% AMI, 2017	58%	30%
Renters earning <80%, 2017	78%	59%
Median household income , 2015	\$27,700	\$53,600
Residents w/o Bachelor's degree, 2015	88%	55%
Home value change 2015-2017	52%	38%
Sales price increase 2012-2016	88%	43%
% Latino Residents	69%	31%

2009-2012 the Latino population in WD declined by 5,100 residents, White non-Hispanics increased by 1,300

Only 35% owners and 14% of renters in WD can afford the current median priced home for resale in west Denver.

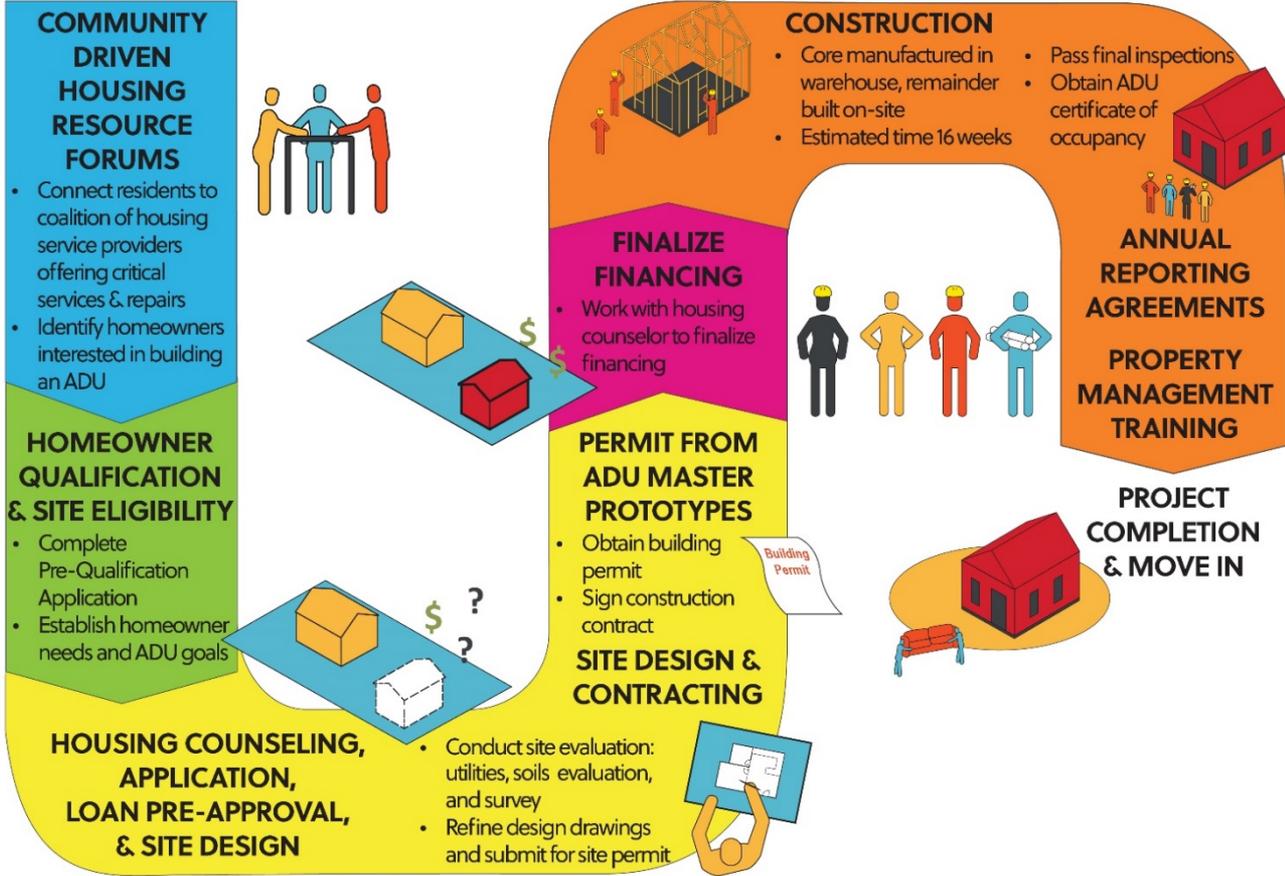
WDSF+ ADU PILOT PROGRAM

Services

- Site development & permitting
- Architecture: 7 ADU models
- Custom housing counseling services
- ADU construction
- Development team partner
- Referral to aligned lenders
- Property management training



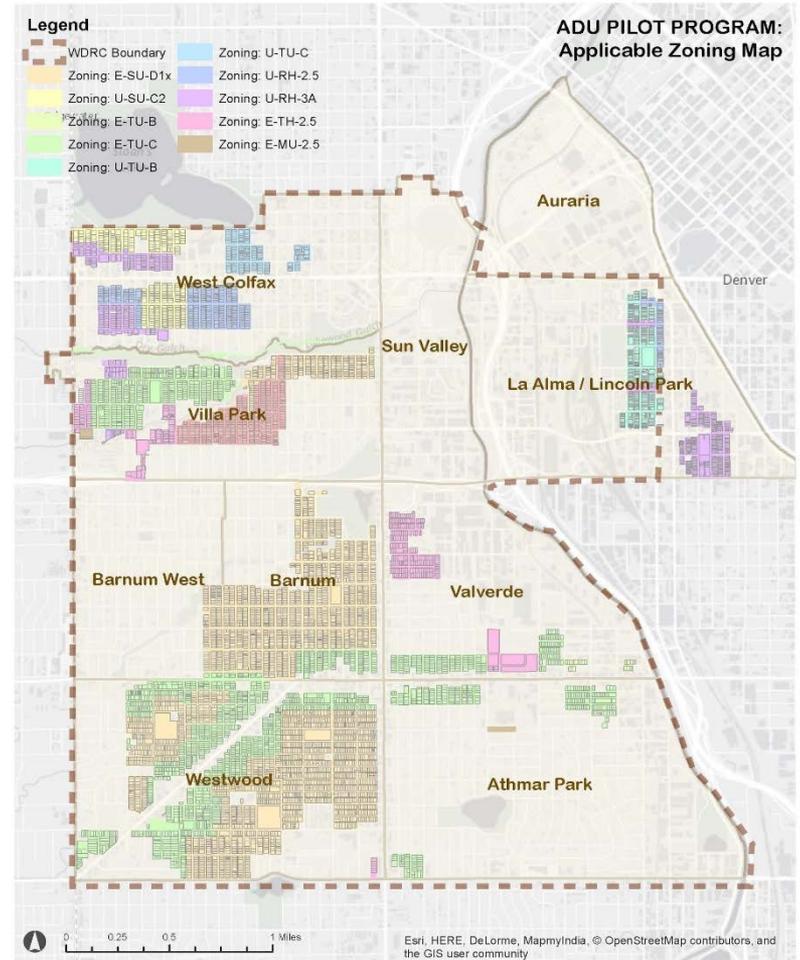
<http://www.mywdrc.org/wdsf.html>



WDSF+ ADU PILOT PROGRAM

Who Qualifies?

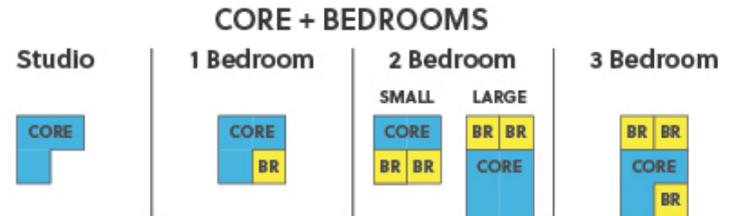
- Owner occupied property in a WDRC neighborhood for 5 years
- **Zoned** for an ADU or tandem house
- Gross household income less than or equal to **120% Denver 2018 AMI**
- Rear third of lot clear and free of any other structures
- Must qualify for ADU financing



WDSF+ ADU PILOT PROGRAM

Custom designed ADU models

- Cost effective: design, siting, delivery, construction
- 7 ADU models : studio (2 layouts), 1 bedroom, 2 bedroom (large & small), ADU above a garage, 3 bedroom
- Designed with input from AIA housing subcommittee and area ADU Builders











WDSF+ ADU PILOT PROGRAM

Interventions

- WDSF+ cost savings approx. \$50,000 - \$125,000*
- Home equity is the down payment
- All contractors included / Aligned lenders
- Homeowner work with a housing counselor through ADU development
- Potential development fee reduction/waiver, \$6,000 - \$12,000
- Potential tap fee reduction per Denver Water
- Potential Affordable ADU loan \$5,000 - 25,000*

*directly linked to the terms of the program

WDSF+ ADU PILOT PROGRAM

Terms & Compliance – 25 years

- Development Cost savings \$50,000 - \$150,000 is held in a note and forgiven in Y6-Y25; only due upon breach of terms or sale of the property

- ADU affordable loan due upon property sale (owner protections apply), \$10,000 - \$25,000
- Either the Owner or the secondary Tenant must earn less than 80% Denver AMI
- If the ADU or primary house is rented, **the monthly rent must be <80% Denver AMI maximum rent** (regardless of household income)
- NO short-term rental of the ADU / must be residential use

- Annual reporting for affordability & occupancy terms and for proof of insurance – Noncompliance triggers debt of cost savings

Analysis & Outcomes

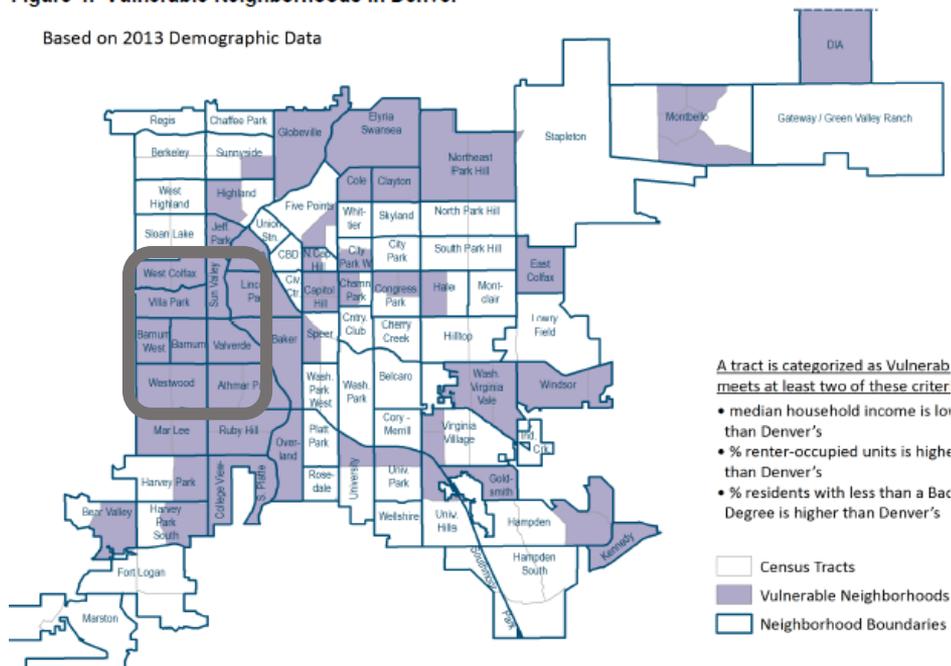
Neighborhood	Displacement Typology
Lincoln Park	Undergoing
Villa Park	Undergoing
West Colfax	Undergoing
Sun Valley	At Risk
Athmar Park	At Risk
West Barnum	At Risk
Barnum	Not Losing, Early
Valverde	Not Losing, Early
Westwood	Not Losing, Early

West Denver Displacement Index Typologies

Source: CSI

Figure 4. Vulnerable Neighborhoods in Denver

Based on 2013 Demographic Data



Custom Outreach



104



661



162



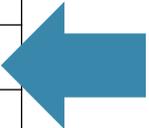
21



48

All points of contact: 996

Serious Inquiries into ADU PP	
Moving Forward	5
Lead	19
Pre-Qual App Submitted - Limitation	3
Lead - Limitation?	4
Interested but Do Not Contact	2
Do Not Qualify	27
Not Interested after Terms	0
Total	60



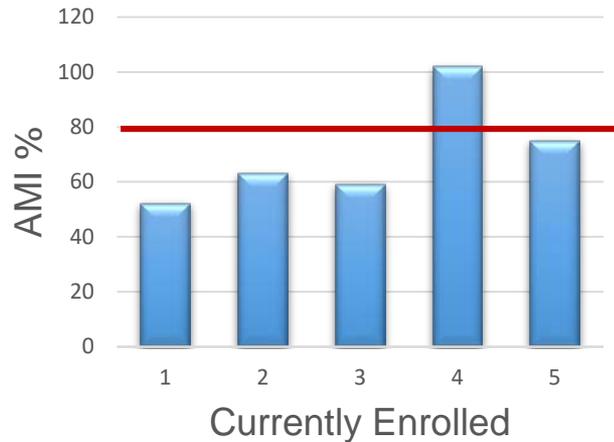
Early Response

Neighborhoods:

Westwood: 3

Villa Park: 2

2018 Denver AMI %



Early Response

Reason	Number	% of Interested Homeowners
Zoning Does Not Allow	11	37%
Primary house in the rear of the lot	4	13%
Household Income > 120% AMI	4	13%
Rear 1/3 of Lot Not Clear	2	7%
Permitting concerns regarding existing structures	1	3%
Not in WDRC Neighborhood	5	17%
Zoning Does Not Allow and Primary house is in the rear portion of the lot	1	3%
Zoning Does Not Allow and Lot size < min. lot size required for ADU.	1	3%
Only Recently Purchased Home	1	3%
TOTAL =	30	



1 IN 6
People have cited the opportunity to provide affordable rental as their #1 reason to want to participate

WDSF+ ADU PILOT PROGRAM

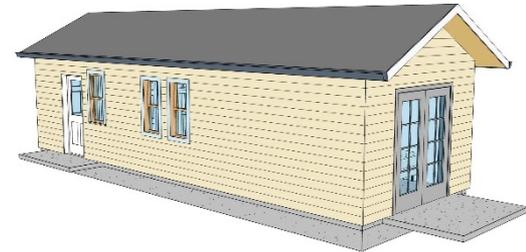
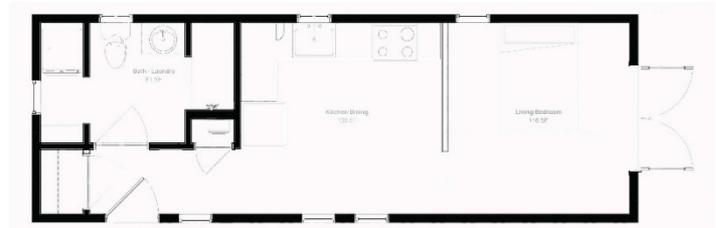
Next steps and Needs....

- Starting construction this summer!
- Design & permitting an additional unit
- Will the permitting process be faster with the ADU Master Prototypes?
- Will public improvement requirements add significant cost during review?
- Large scale rezonings

WDSF+ INITIATIVE

WEST DENVER SINGLE FAMILY PLUS INITIATIVE
ACCESSORY DWELLING UNIT (ADU) PILOT PROGRAM

ADU MODEL: LINEAR STUDIO



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ADU DEVELOPMENT...generally

NEEDS & Minimize involuntary displacement

- Work to achieve equitable access to ADU zoning & development
- Resident education / Technical assistance
- Financial support for existing housing service providers & connectors
- Large scale rezonings
- Demand and partners to scale WDSF+ ADU Pilot Program to other neighborhoods in Denver!



Thank you!

WDRC Director: Renee Martinez-Stone

More information: www.mywdrc.org  **WDRC**
WEST DENVER RENAISSANCE COLLABORATIVE

Email: mywdrc@gmail.com

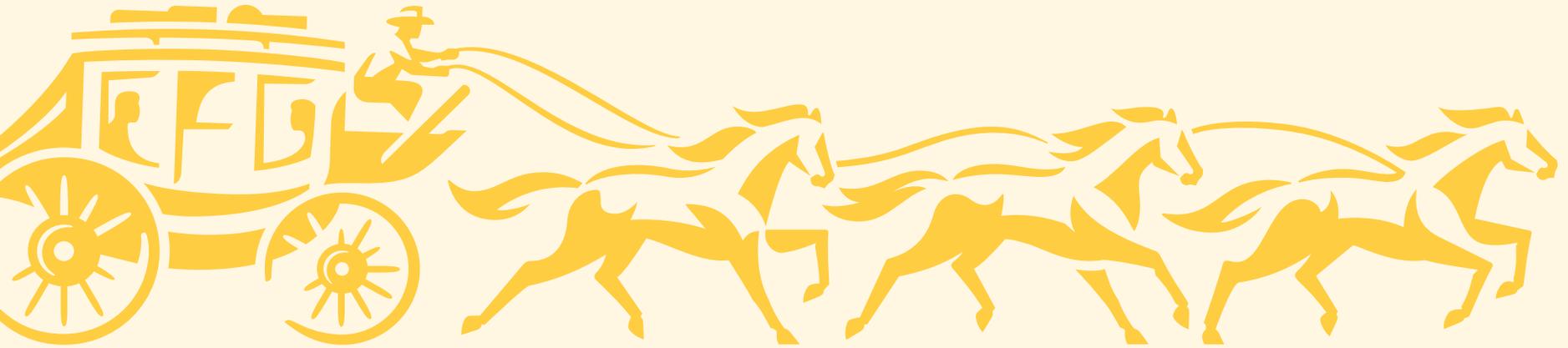
Contact Renee: Rmarti@denverhousing.org

Contact WDRC Planner Christina Contreras: Ccontr@denverhousing.org

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WELLS
FARGO



Public and Private Involvement in LIHTC / Affordable Financing

April 19, 2019

Wells Fargo–Community Lending and Investment Group “CLI”

Historical Context

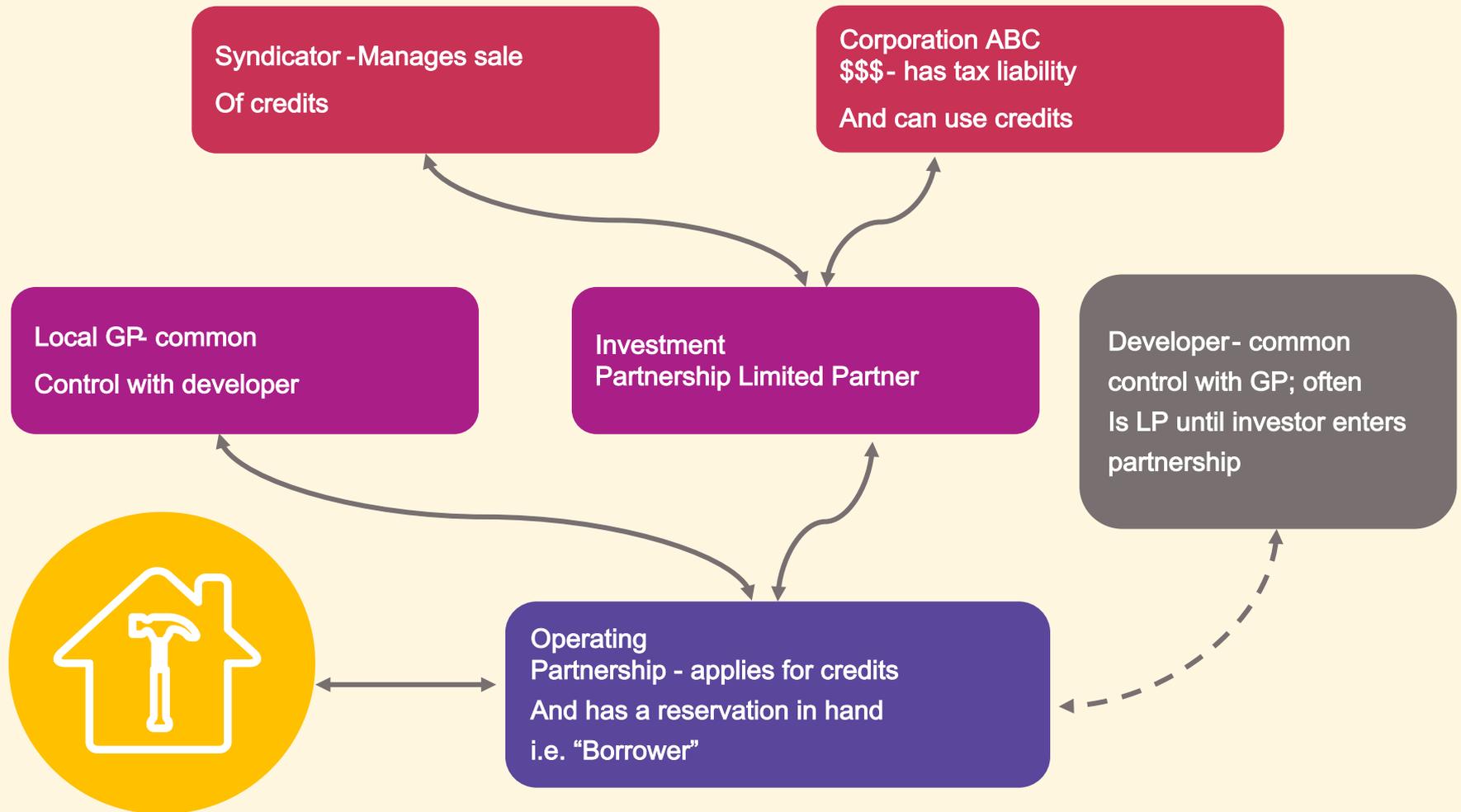
- “Olden” days of affordable housing-
 - Direct subsidies to households to lessen the burden of housing costs (public housing or Section 8)
 - Government grants/loans to developers to pay for costs of developing affordable housing (HOME, CDBG)
 - All the burden was on public financing / sources to provide capital for creation and preservation of affordable housing
 - Backlash against “welfare state”, government subsidies and HUD
-
- Reaganomics—focus on the power of markets and a preference for the private sector
 - “Let’s create a major affordable housing production program and house it at the IRS, not the Department of HOUSING and Urban Development!”
 - This allows Public AND Private partnerships to thrive – win / win for both sectors.

Basic LIHTC Concept

- Instead of directly subsidizing housing production or rents, LIHTC “subsidizes” by foregoing the collection of taxes in exchange for the development and operation of affordable housing rental projects
- I.E.– “Investors” get tax write -offs (dollar for dollar) for every dollar they invest in a LIHTC project.
- Commercial Banks make profit on their loans and get CRA credit
- Developers get fees and cash flow from owning/managing the property
- Communities get much needed affordable housing



Investment Structure Examples



Commercial Bank / Private Financing involvement

- Commercial Banks are the largest investor (“buyer”) of LIHTC’s
- Commercial Banks also provide construction loans or “bridge” loans and Permanent loans to fund capital needs for LIHTC projects
- Wells Fargo has ranked in the top 2 in LIHTC investments (equity) each of the last 3 years.
- Wells Fargo also provides Bridge and permanent financing and has ranked in the top 3 each of the last 3 years in this category.



Public Financing involvement

- Generally these sources are Grants or “soft” loans to either the Sponsor (i.e. Developer) or directly to the partnership
- Typically these sources fill gaps ranging from as little as \$50,000 to \$10MM+
- Without these sources, developments likely wouldn’t get done
- In exchange, the property must commit to remain affordable for xx number of years (varies depending on the source/subsidy)
- The combination of these Public and Private sources provide the necessary capital to build affordable housing so that we go.....



From This



To This



Examples of Successful Public / Private Partnerships!!

Gateway South

- 92 units in Sun Valley Neighborhood (58 affordable units and 34 market rate units)
- \$2.7MM from a Choice Neighborhood Initiative Grant from HUD and \$1.7MM in Capital Grant Funds
- \$7.3MM additional funds from a combination of DHA, CDBG, CDOH and OED (City, State, Developer and County funds)
- \$13.7MM equity investment and \$16.4MM construction bridge loan from Wells Fargo



Gateway North

- 95 units in Sun Valley Neighborhood (all affordable units)
- \$2.5MM from a Choice Neighborhood Initiative Grant from HUD
- \$6.8MM from a combination of DHA, CDBG, CDOH and OED (City, State, Developer and County funds)
- \$13.7MM equity investment and \$16.4MM construction bridge loan from Wells Fargo



Walnut St Lofts

- 66 units in RINO Neighborhood (all affordable units)
- \$1.35MM from The City of Denver Office of Economic Development (OED)
- \$1.6MM from a combination of ULC, CDOH and CHFA (Urban Land Conservancy and Colorado Housing and Finance Authority)
- \$13.7MM equity investment and \$16.4MM construction bridge loan from Wells Fargo and \$3.6MM perm loan from CHFA



Falcon Ridge, Estes Park, CO

Total Costs: \$14.5MM

CDBG-DR investment: \$1,800,000

Other sources included:

Conventional bank loan - WF

LIHTC Proceeds - WF

Fee Waiver from Estes Park



Park Hill Station

- 156 Units (all affordable) Completed 2016
- WF Equity and WF Bridge loan ; HUD 221 d4 Construction to Perm financing
- \$2.75MM from combination of CDOH and OED
- Total project costs \$33MM

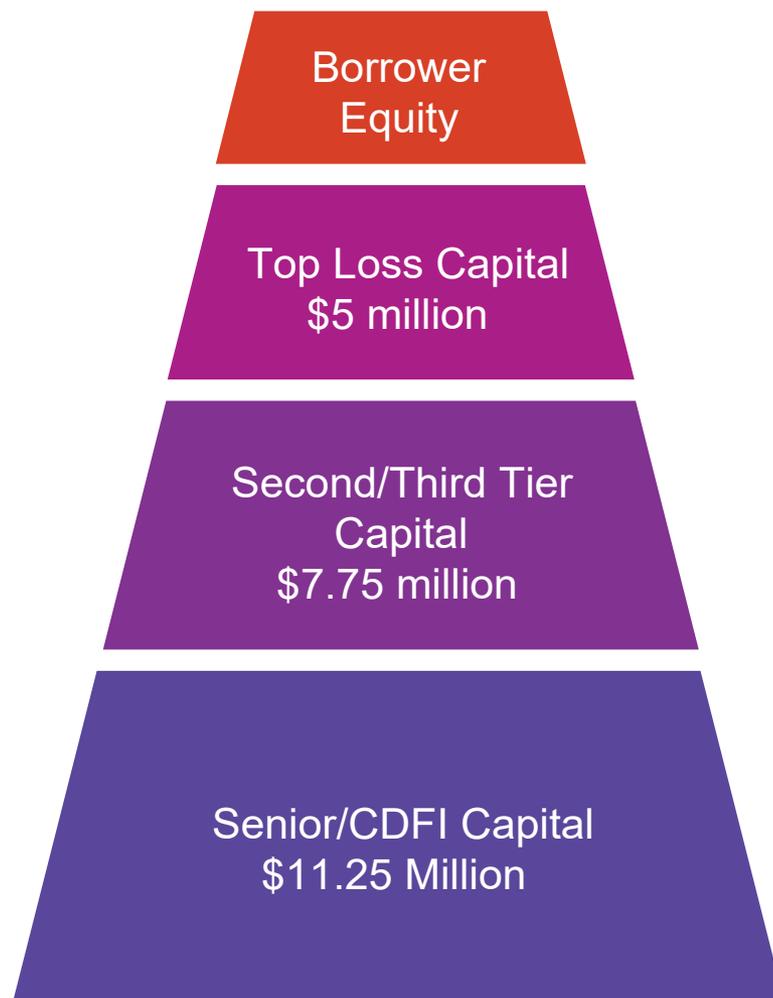


Other Examples....

Denver Regional TOD Fund

TOD Slides – Source – Enterprise Community Loan Fund

- \$24MM Fund
- ECLF is Administrative Agent and investor
- Acquisition financing for land or operating properties within ½ mile of light rail station or ¼ mile of high frequency bus corridor
- 90% LTV
- 3.7%-4.10% interest rate
- Limited recourse
- 16 loans closed totaling \$32.8MM that will result in the development of 1,300 affordable units



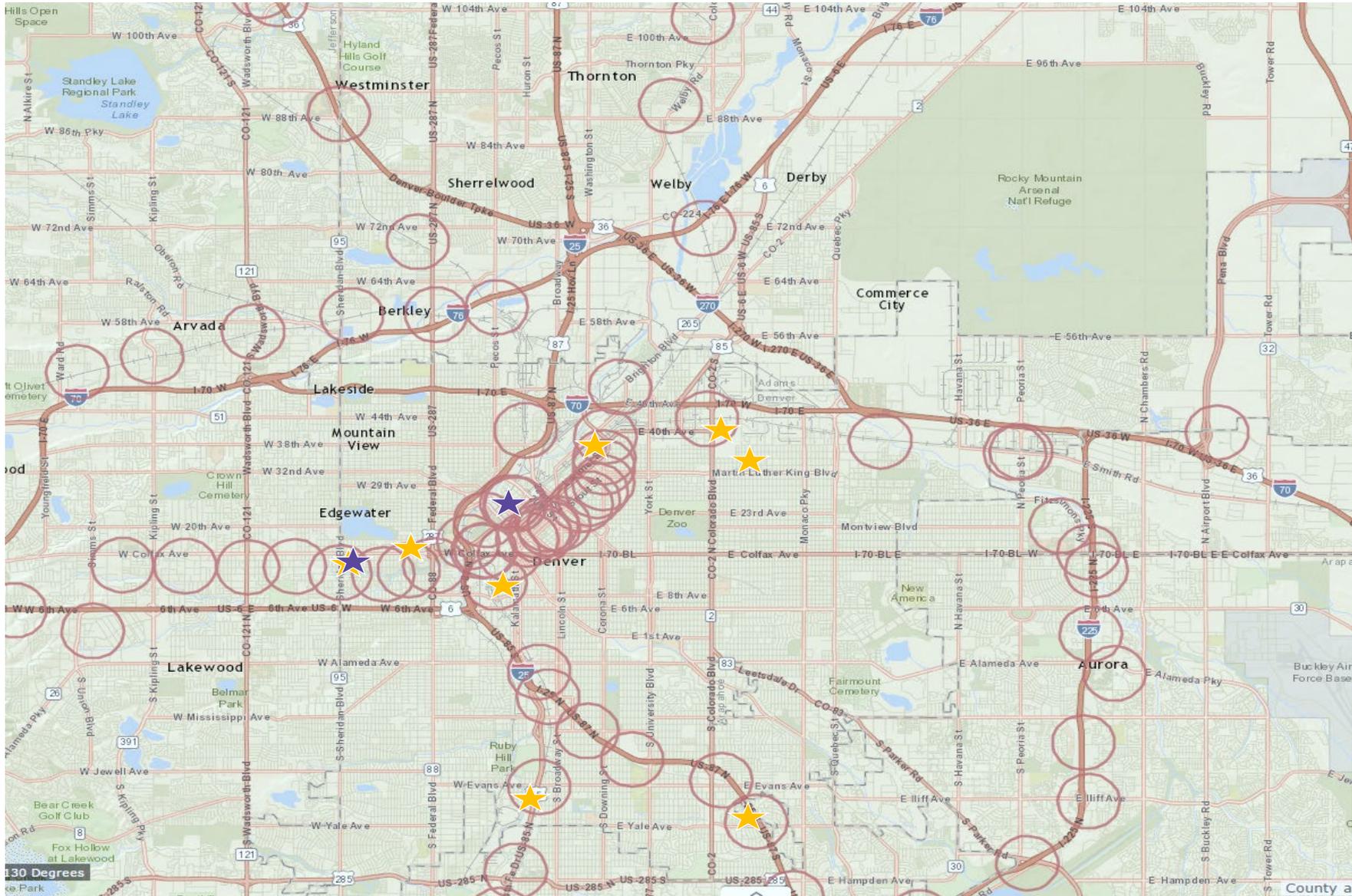
TOD Fund Snapshot

Cumulative Loans	16
Cumulative Dollars Lent	\$32,880,000
Loans Outstanding	4 Denver: 4 Regional: 0
Loans Retired	12 Denver: 10 Regional: 2
Balance Outstanding	\$12,837,855
Balance Available	\$11,162,145
Units Created/Preserved (est.)	1,354
Delinquent Loan Amount	\$0
Vacant-Land Exposure	\$5,060,000
Vacant as % of Outstanding	39%



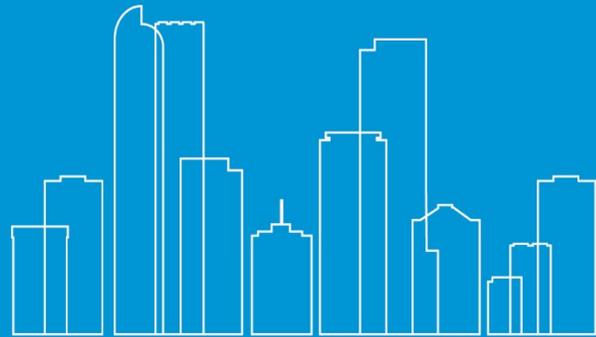
TOD Funded Projects





Q&A

Thank you!
¡Gracias!



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