



# AFFORDABLE HOUSING OVERVIEW

REDI 2024

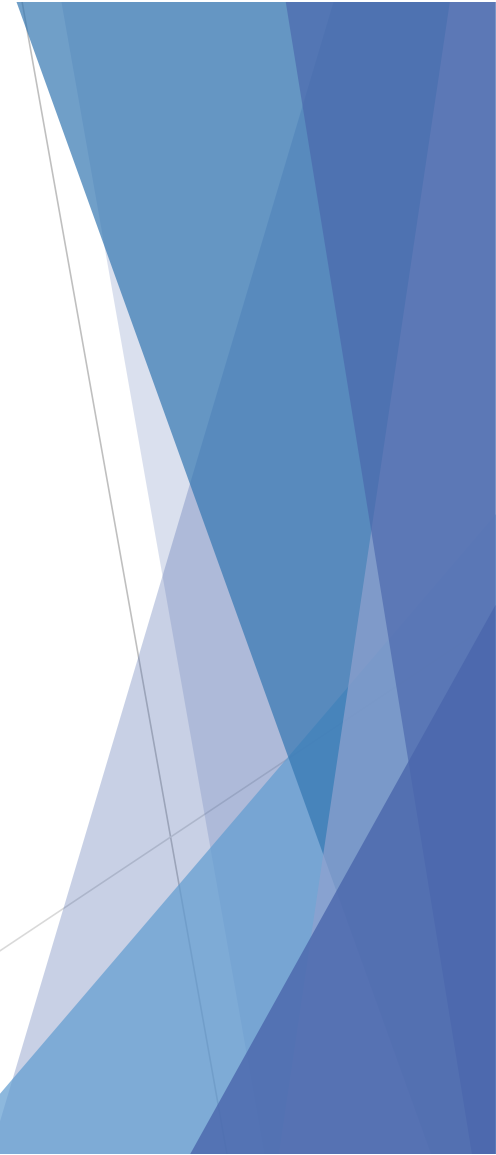
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# THE NEED

The need for affordable rental housing is significant. In Colorado, a household must earn \$26.56 per hour to afford the median rent of \$1,381 per month. Nearly 356,500 Colorado renter households (48.5 percent) spend more than 30 percent of their income on housing.

*\*Data source: American Community Survey 2013-2017 5-Year Data*





# FUNDING SOURCES

Is it a neatly stacked wedding cake or carefully balanced Jenga Tower?

## 9% LOW INCOME HOUSING TAX CREDITS

- ▶ Very competitive
- ▶ Apply through CHFA
- ▶ Next round: LOI 12/2/2024; application due 2/2/2025
- ▶ Second round: LOI 12/1/2025; applications due 2/2/2026
- ▶ Qualified Census Tract/ Difficult to Develop Area boost may apply
- ▶ Cap has been raised to \$1,600,000 x 10 years per project
- ▶ Sweet spot- about 40-60 units- more if additional subsidies
- ▶ Income target- 30-60% AMI; 20- 80% AMI with income averaging
- ▶ Investors fund about 70-75% of costs

# 4% LOW INCOME HOUSING TAX CREDITS

- ▶ Non-competitive but becoming Private Activity Bonds becoming competitive
- ▶ Apply through CHFA
- ▶ Must pair with Tax Exempt Private Activity Bonds - CHFA or local allocation-limited resource
- ▶ Qualified Census Tract/ Difficult to Develop Area boost may apply
- ▶ No cap
- ▶ Credit multiplier now fixed at 4%
- ▶ Sweet spot- about 100- 200++ units
- ▶ Income target- 30-60% AMI; 20-80% AMI with income averaging
- ▶ Investors fund about 40-45% of costs

# STATE HOUSING TAX CREDITS

- ▶ Competitive
- ▶ Apply through CHFA
- ▶ Next round: LOI due 6/2/2025; application due 8/1/2025
- ▶ Second Round: LOI due 6/1/2026; application due 8/3/2026
- ▶ Must pair with 4% or 9% LIHTC above
- ▶ Qualified Census Tract boost may apply
- ▶ Not to exceed \$700,000 per project (4%), \$650,000 (9%) x 6 years
- ▶ Income target- 30-60% AMI; 20- 80% AMI with income averaging
- ▶ Investors fund about 15-20% of costs

# OTHER FUNDING

## SOLAR TAX CREDITS

### DEPARTMENT OF LOCAL AFFAIRS/ DIVISION OF HOUSING

- ▶ HOME, CDBG, National Housing Trust Fund, Colorado Housing Investment Fund (CHIF)
- ▶ Supportive Housing funds for services
- ▶ Project Based Vouchers- primarily for target populations
- ▶ Monthly applications accepted
- ▶ Wants to see local match
- ▶ Grant maximum typically \$40k per unit

### CITY &/OR COUNTY

- ▶ HOME & CDBG
- ▶ Local funding

### FEDERAL HOME LOAN BANK

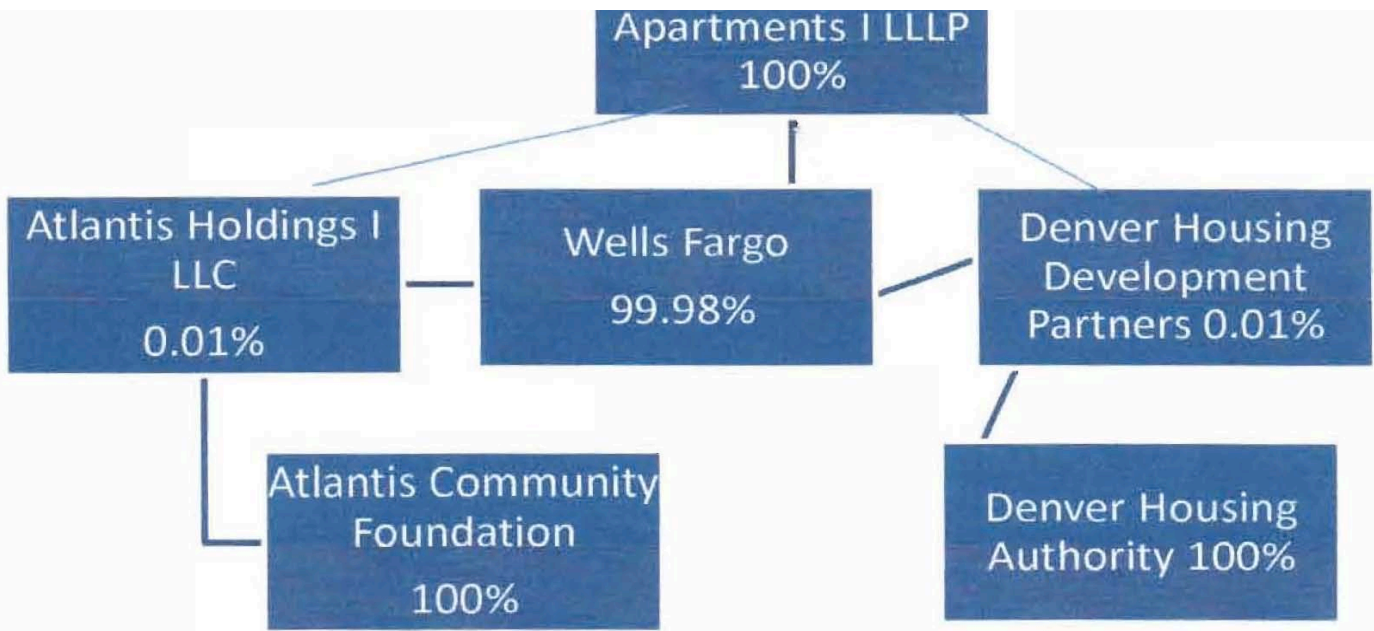
- ▶ Very competitive- previous minimum scores were about 70 points
- ▶ Project maximum- \$1,500,000
- ▶ Per unit maximum- \$75k
- ▶ 2024 applications due 8/16/2024 with notice by end of year

## AND A FEW MORE...

- ▶ COLORADO HEALTH FOUNDATION
- ▶ LAND DONATION
- ▶ DEFERRED DEVELOPER FEE
- ▶ HISTORIC TAX CREDITS
- ▶ SPECIAL IMPROVEMENT DISTRICT
- ▶ URBAN RENEWAL DISTRICT
- ▶ ELEVATION LAND TRUST







## SIMPLIFIED PARTNERSHIP STRUCTURE

# LIHTC BASIS CALCULATION

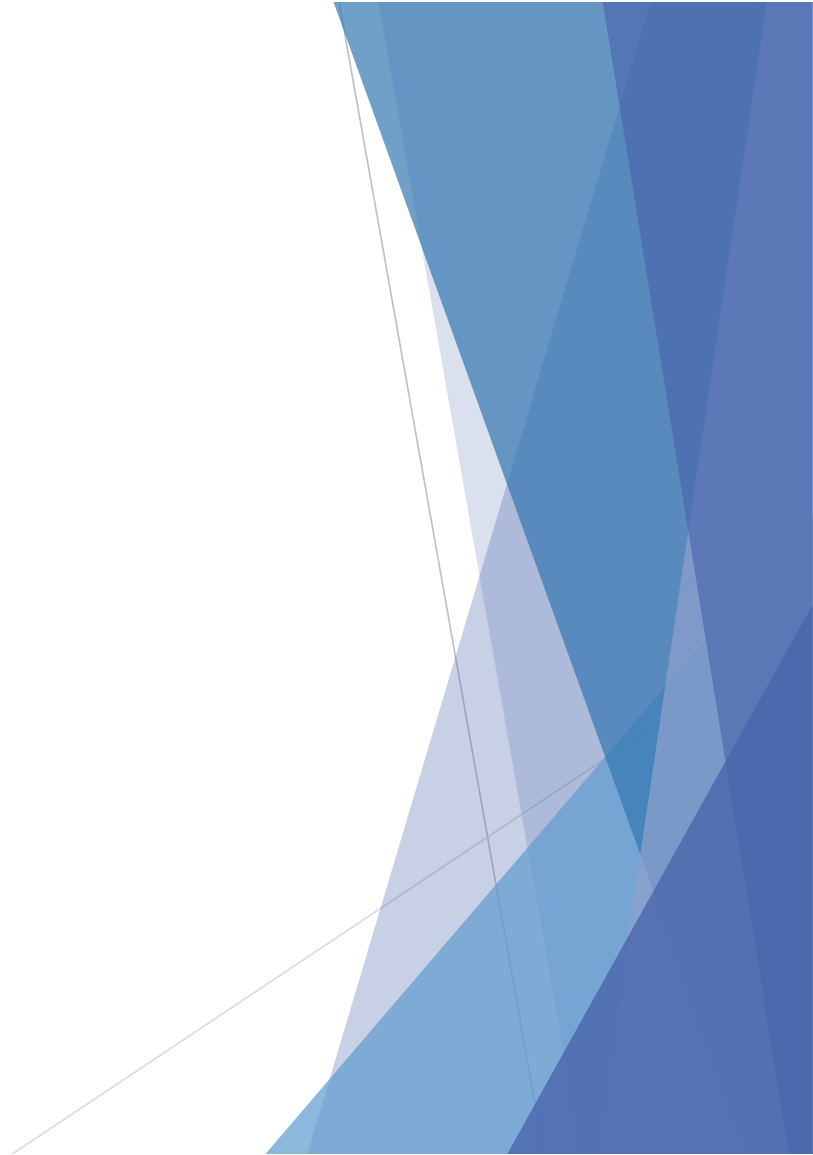
## INCLUDE

Construction Costs
Permits and Fees
Construction financing expenses
Property Taxes & Insurance
Architectural & Engineering
Performance Bond
Furnishings
Environmental Assessment
Developer Fee
Contingency (if spent)
Development Consulting

## EXCLUDE

Permanent Financing
Reserves
Marketing
Tax Credit Application Fee
Syndication Costs (legal, audit, consultant, etc.)
Acquisition
Off-site improvements
-costs for nonresidential
-costs for market-rate residential
Organizational expense
Any expense paid for with "bad" money

<b>ESTIMATED LIHTC</b>	<b>9% CREDIT</b>	
Eligible costs	10,000,000	
Percent of Units Afford.	100%	
TOTAL BASIS	10,000,000	
Qualified Census Tract	0.3	*
Credit Multiplier (.xxx)	0.0900	
ESTIMATED CREDIT	1,170,000	**
Price Per \$	0.950	
Subtotal	1,111,500	
x 10 years	x 10 years	
<b>EQUITY GENERATED</b>	<b>11,115,000</b>	
* <u>QUALIFIED CENSUS TRACT:</u> <a href="https://www.huduser.gov/portal/sadda/sadda_qct.html">https://www.huduser.gov/portal/sadda/sadda_qct.html</a>		
** Not to exceed \$1,600,000 per project		



<b>ESTIMATED LIHTC</b>	<b>4% CREDIT</b>
Eligible costs	10,000,000
Percent of Units Afford.	100%
TOTAL BASIS	10,000,000
<b>Qualified Census Tract</b>	<b>0.3</b>
Credit Multiplier (.xxx)	.04
ESTIMATED CREDIT	520,000
Price Per \$	<b>0.950</b>
Subtotal	494,000
x 10 years	x 10 years
<b>EQUITY GENERATED</b>	<b>4,940,000</b>



ESTIMATED LIHTC	STATE CREDIT	
Eligible costs	10,000,000	
Percent of Units Afford.	100%	
TOTAL BASIS	10,000,000	
Qualified Census Tract	0.3	
Credit Multiplier (.xxx)	0.0290	
ESTIMATED CREDIT	377,000	
Price Per \$	0.670	
Subtotal	252,590	
x 6 years	1,515,540	
<b>EQUITY GENERATED</b>	<b>2,525,900</b>	*
* Not to Exceed \$700,000 (4%), \$650,000 (650,000) per project		



# FUNDING SPEEDBUMPS

- ▶ Federal funds & vouchers over 8 or 12 units trigger
  - ▶ Relocation
  - ▶ Davis Bacon Wage Rates
  - ▶ Building over 4 stories or commercial triggers Davis Bacon Building Rates
  - ▶ Section 3 Hiring
  - ▶ Bidding
- ▶ How to pay for commercial?
- ▶ Condominium issues
- ▶ Accessibility requirements
- ▶ Income & regulatory requirements

# HELPFUL WEBSITES

- ▶ [www.CHFainfo.com](http://www.CHFainfo.com)
- ▶ [www.HUD.gov](http://www.HUD.gov)
- ▶ [www.colorado.gov/dola/division-housing](http://www.colorado.gov/dola/division-housing)
- ▶ [www.fhlbtopeka.com](http://www.fhlbtopeka.com)
- ▶ [www.novoco.com](http://www.novoco.com)

# Key Differences- Market vs Affordable

- ▶ Often higher finishes & amenities
- ▶ Rents set by market (but Denver has Affordable Housing requirements)
- ▶ Longer rent-up time
- ▶ Developer often sells after construction vs Year 15 restructure
- ▶ Lower loan to value; loan often recourse
- ▶ ROI vs. Developer Fee calculation
- ▶ Property taxes triggered
- ▶ Less access to grants & soft funds
- ▶ If no Federal funds- no Davis Bacon, Section 3, Relocation, Etc.



# DEEPER DIVE RESOURCES

- Colorado Housing and Finance Authority: <https://developers-guide.chfainfo.com/>
  - ▶
- Housing Professionals Institute (HPI): <https://www.chfainfo.com/rental-housing/housing-professionals-institute-1>
  - ▶
- Urban Land Institute: Real Estate Diversity Institute program (REDI), classes & on-line modules: <https://learning.uli.org/collections/housing-and-residential-development>
  - ▶
- Novogradac: <https://training.novoco.com/>
  - ▶
- Rodger Hara: Development classes with the world's most unique class fee-a bottle of Irish or Scotch whiskey/whisky : [rodger.hara@comcast.net](mailto:rodger.hara@comcast.net)
  - ▶
- Colorado Division of Housing: <https://doh.colorado.gov/>
  - ▶
- MSU Denver's Affordable Housing Institute. Directed by Andy Proctor: <https://www.msudenver.edu/innovative-lifelong-learning/professional-development/housing-funding/>
  - ▶
- Housing Colorado Charrettes: <https://www.housingcolorado.org/page/charrettes>
  - ▶

# Affordable Housing Charrette, 2024

**Grand Junction Housing Authority  
City of Grand Junction**



# Participants

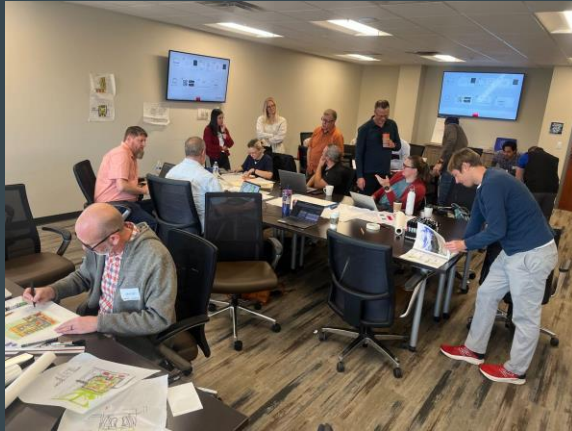
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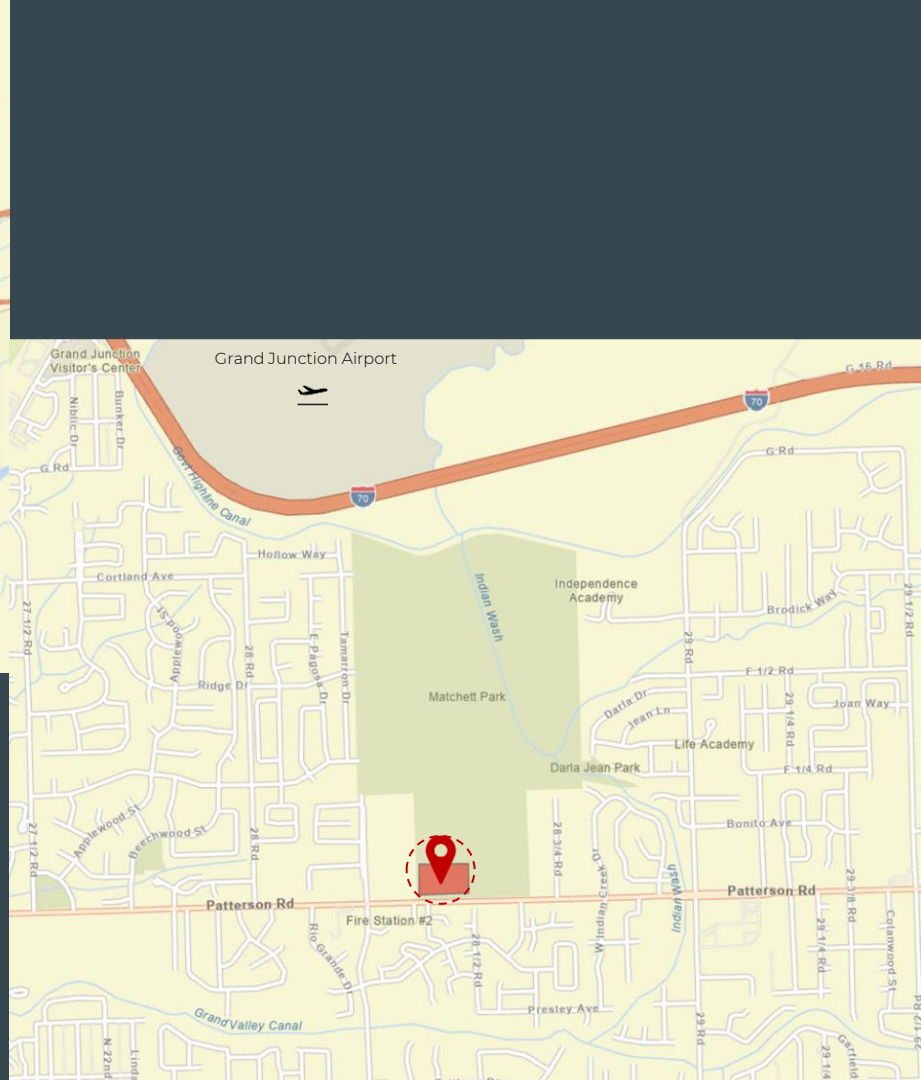
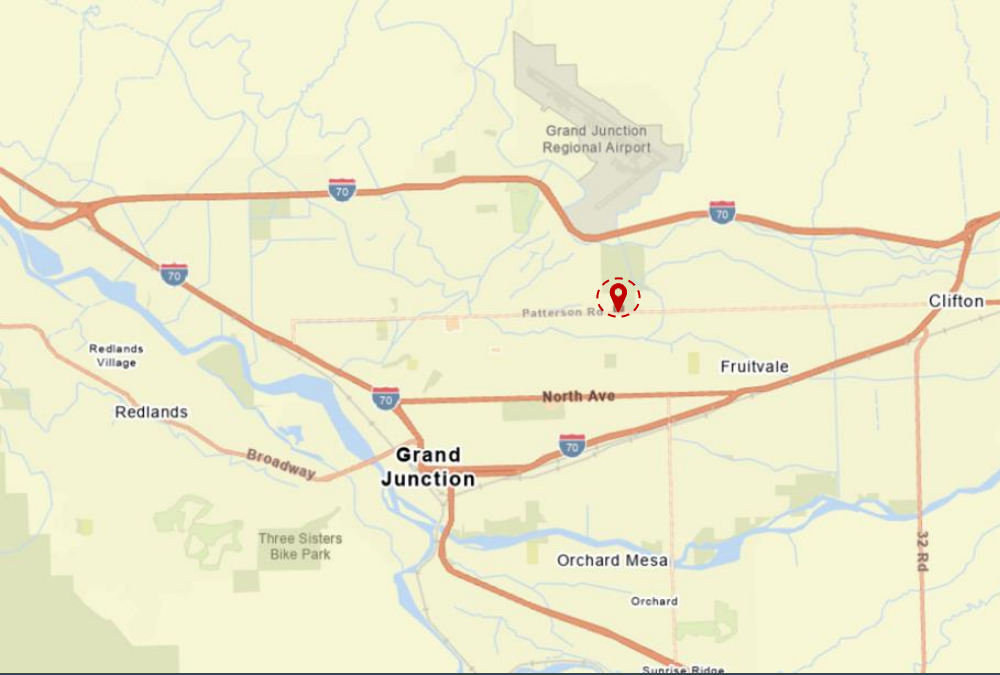


GRAND  
JUNCTION  
HOUSING  
AUTHORITY



# What is a Charrette?





# Matchett Park

5 ac site  
Where do you  
start?



## Project Goals



### Community

- Connecting generations through design
- Take advantage of rec center proximity



### Housing

- Building **80-120 units on 5 ac** for variety of people
- 100% Rentals



### Accessibility

- Keeping units open and versatile, to be welcoming to anyone
- Serve **multiple populations** including IDD



### Strategies

- Consulting with maintenance teams to determine plans for project longevity
- **Relating contextually and visually to neighboring community center**
- **Multiple buildings** to create a village atmosphere
- Creating one “hub” building with office and meeting rooms



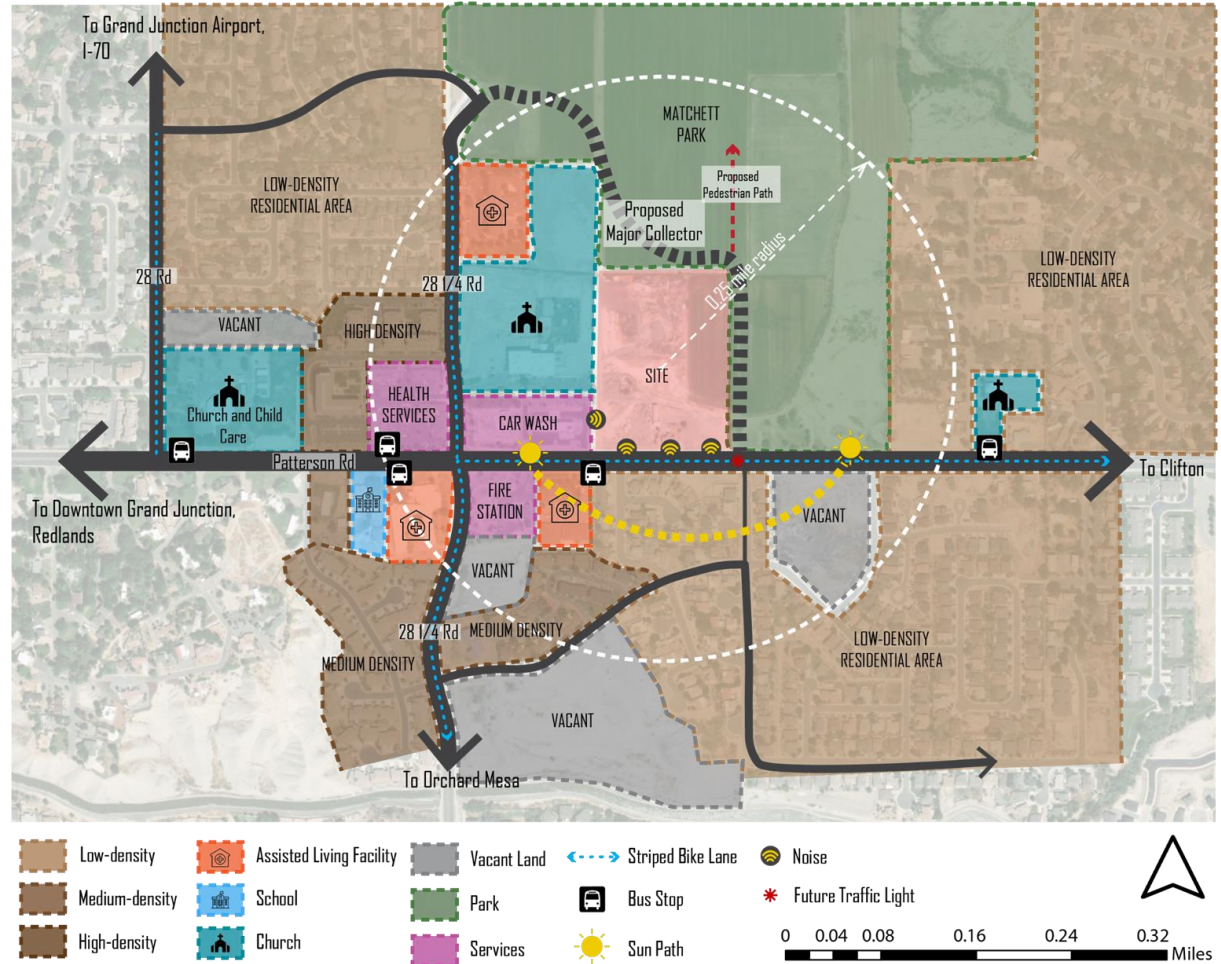
### Sustainability

- Utilizing prefab construction when possible
- Focusing on covered or shaded outdoor space for residents, specifically shared spaces

# Site Analysis

## Existing Conditions

- Health services: primary care, orthodontist, pharmacy, family practice physician and pediatrician services, and a wellness center.
- Bus line is 2(West Facility)
- School: Red Canyon Academy (Region 8 Head Start Location)
- Churches: Faith Heights Church, Grace Point Church, Grand Junction Nazarene Church and Heavens Little Steps Child Care
- The closest grocery store is Safeway, located about a 30-minute walk or a 3-minute drive from the site.
- **Noise and busy street to south**





# GJ Needs Assessment



**Average Household Size:** 2.77



**Median Household Income:** \$62,993

*Source: 2020 Census*

- A significant **demand for 1- and 2-bedroom units.**
- A significant need for affordable housing in the **lower AMI ranges.**
  - **A gap of 2168 units** exists for households earning less than \$25,000.
- Over  $\frac{1}{2}$  of **all renters are cost burdened** and  $\frac{1}{4}$  are **severely cost burdened.**

# GJHA Wait List



55% for 1 bedroom units



28% for 2 bedroom units



14% for 3 bedroom units

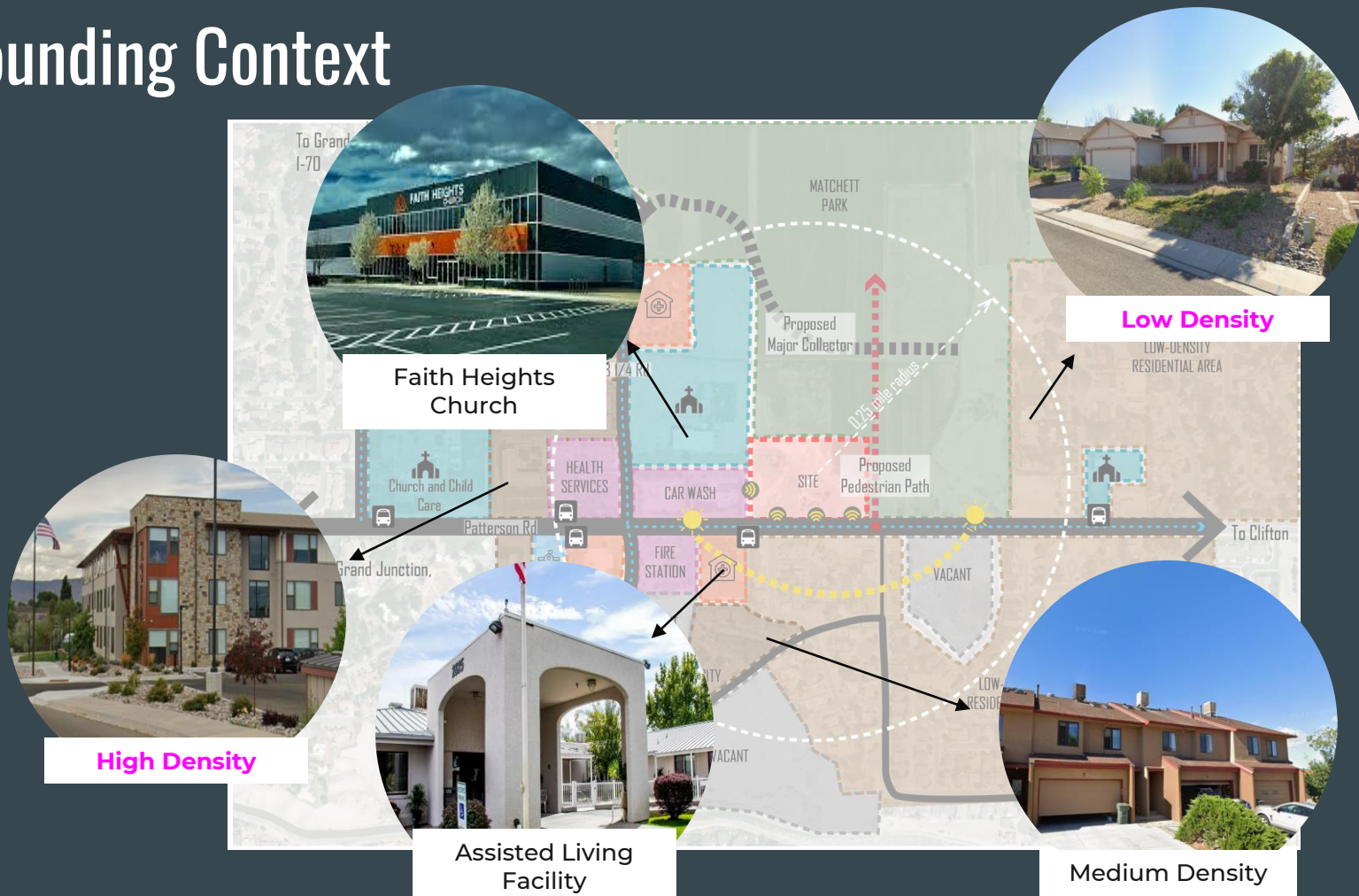
30% AMI or below - 1500 households

30-40% AMI - 333 households

40-50% AMI - 187 households

50-60% AMI - 80 households

# Surrounding Context



# The Site



Looking northeast  
from the site



Car Wash  
Looking northwest from  
Patterson Rd



Site- Existing Buildings

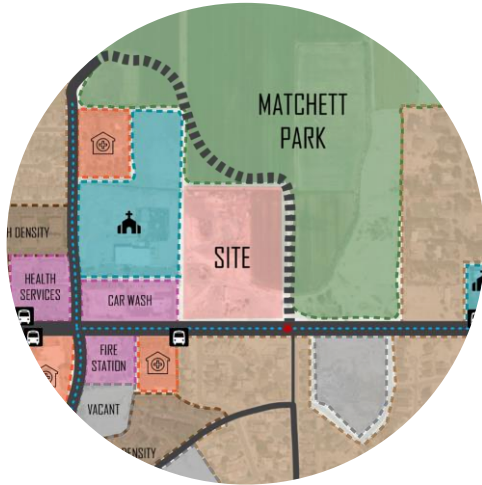


Looking northeast from  
Patterson Rd

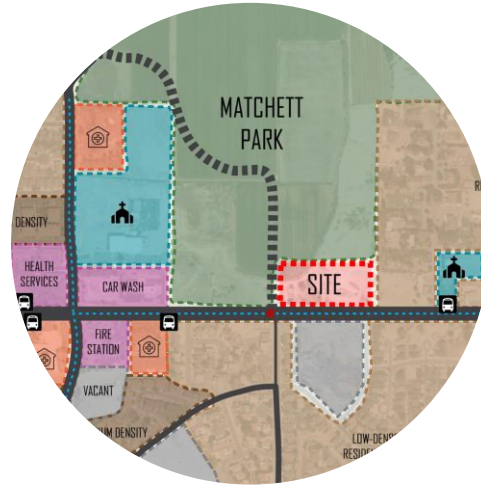


Patterson Rd  
Looking south from the site

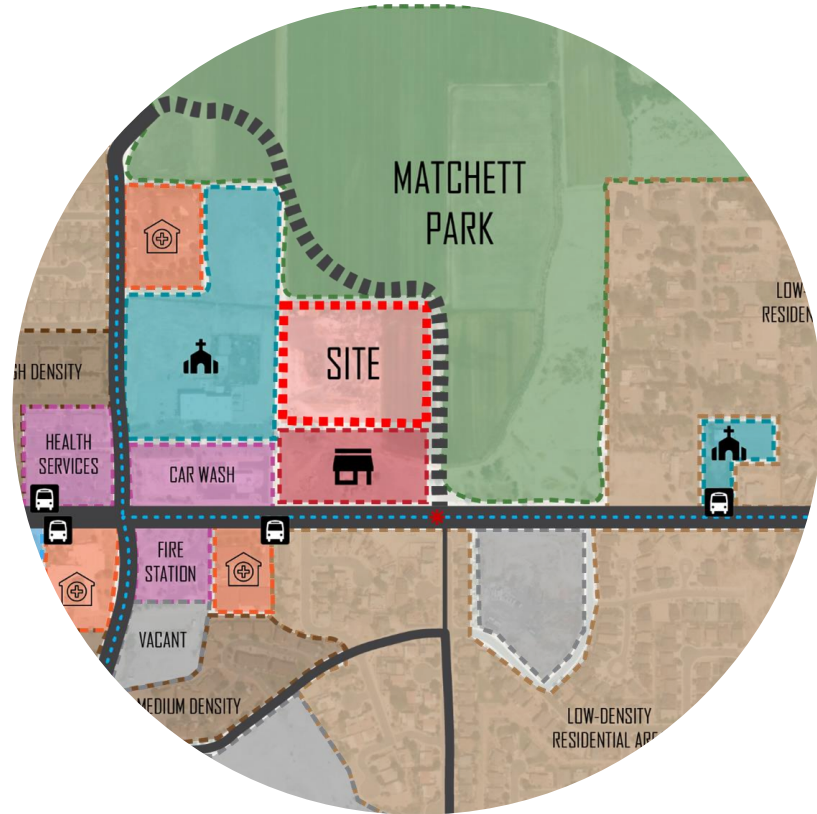
# The Site Boundary



12-acre area,  
undefined site  
boundary



Smaller area on the  
east side of the  
proposed road



5-acre area on the west side of  
the proposed road, with a  
commercial area to the south.

# Zone District and Intention

## P-2 Zoning - Civic and Institutional Campus

- Multi family allowed by-right
- Height limit - 50ft

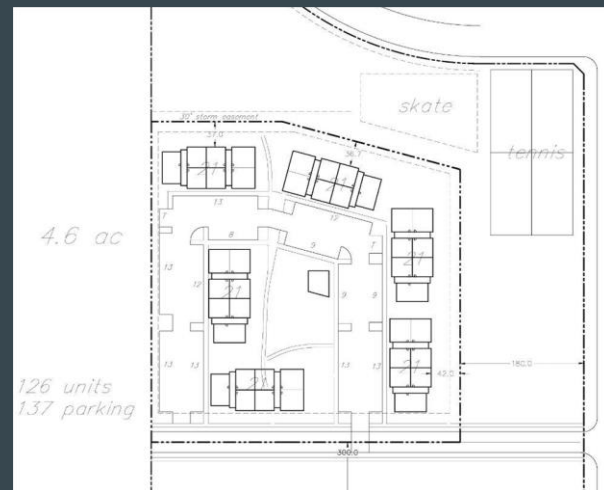
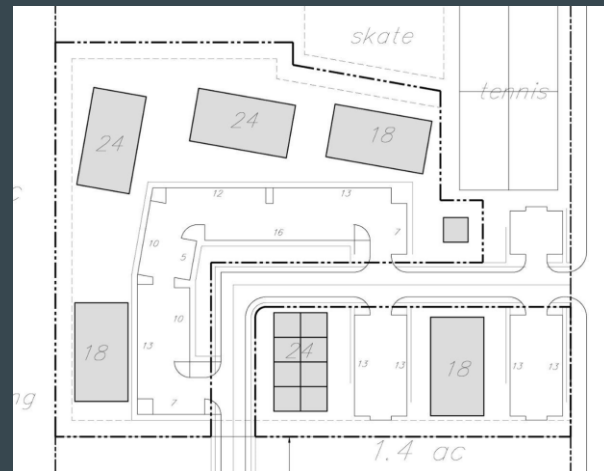
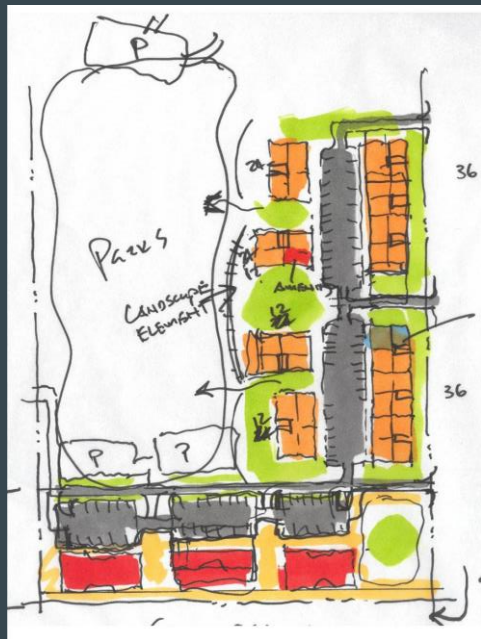
## Density

- Minimum 8 du/acre. No maximum

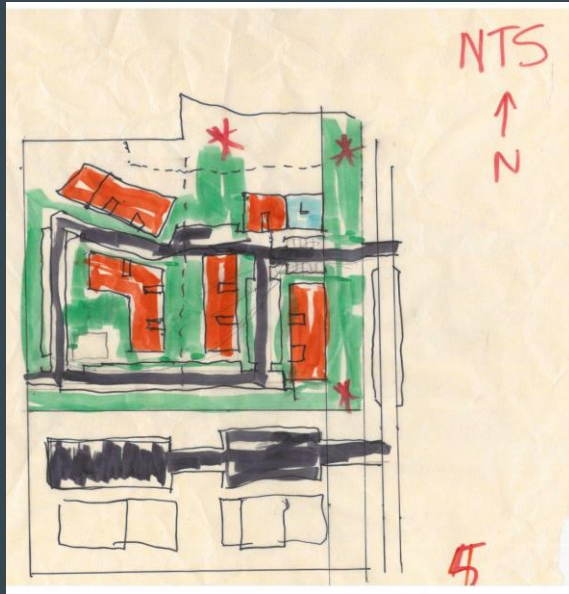




# Schematic Sketches - Option 1

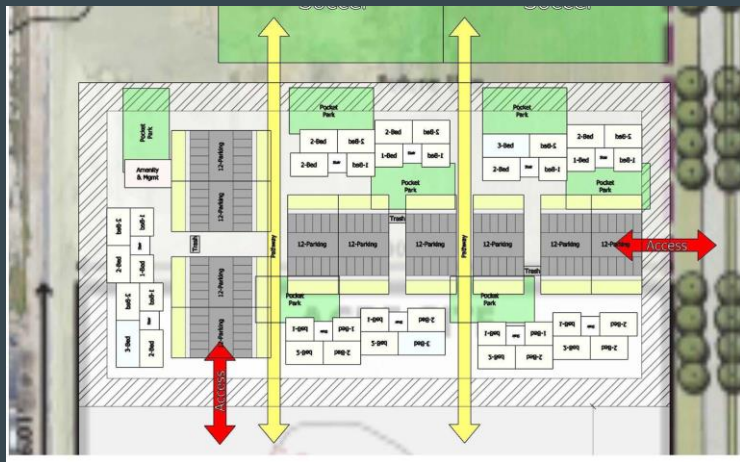
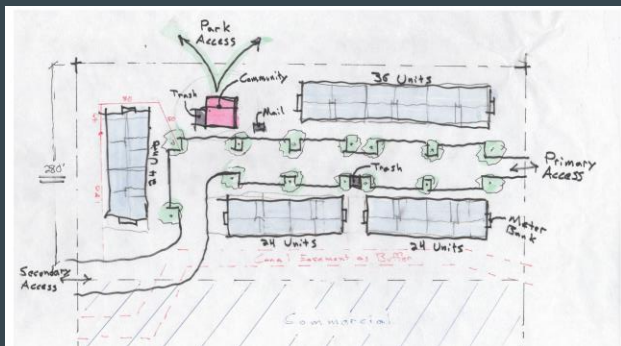


# Schematic Sketches - Option 2





# Schematic Sketches - Option 3



# Final Site Plan

5 Acres

120 Units:

21 at 30% AMI

16 at 40% AMI

17 at 50% AMI

66 at 60% AMI

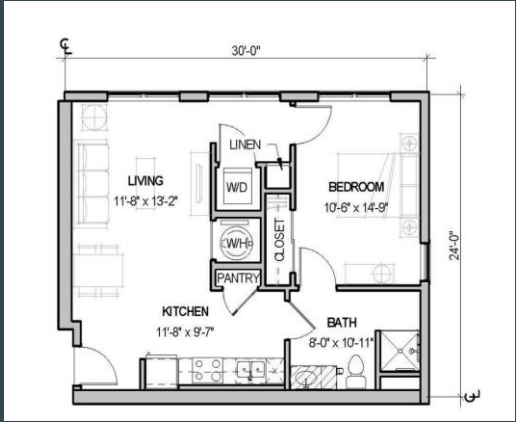
120 Parking Spaces



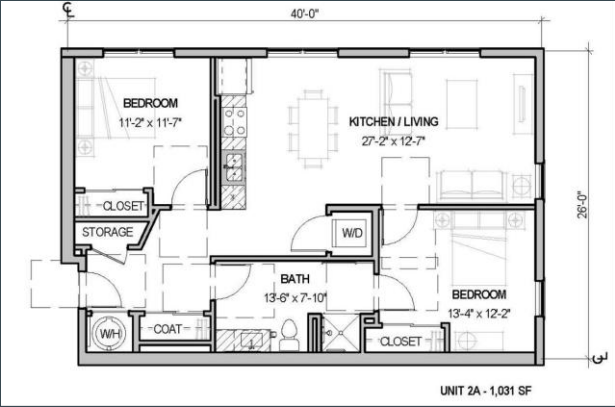
1" = 50' - 0"

# Unit Mix and Plans

**45 One Bedrooms**  
**775 Sq Ft**



**66 Two Bedrooms**  
**1,031 Sq Ft**



**9 Three Bedrooms**  
**1,283 Sq Ft**



# 9% LIHTC + Phased Construction

## Costs

Land Lease	\$1,000,000
Housing Hard Costs	\$15,949,141
FF&E	\$59,917
Professional Fees	\$781,911
Capitalized Interest	\$1,146,804
Financing Costs	\$541,020
Soft Costs	\$264,035
Developer Fee	\$2,249,139
Reserves	\$314,840

**\$22,306,806**  
**(\$371,780 Per Unit)**

## Funding Sources

Permanent 1st Mortgage	\$3,226,717
9% LIHTC Equity	\$14,400,000
State Tax Credit	\$2,730,000
Deferred Developer Fee	\$1,183,909
Other Sources	\$766,180

**\$22,306,806**

# 4% LIHTC + Unphased Construction

## Costs

Land Lease	\$1,000,000
Housing Hard Costs	\$30,039,074
FF&E	\$121,436
Professional Fees	\$1,584,738
Capitalized Interest	\$2,324,282
Financing Costs	\$1,096,511
Soft Costs	\$500,223
Developer Fee	\$4,279,952
Reserves	\$638,102
<b>Total</b>	<b>\$41,584,317 (\$346,536 Per Unit)</b>

## Funding Sources

Permanent 1st Mortgage	\$11,133,017
4% LIHTC Equity	\$14,268,722
State Tax Credit	\$2,940,000
Deferred Developer Fee	\$2,142,577
Other Sources	\$11,100,000
<b>Total</b>	<b>\$41,584,317</b>

# Exterior Design Inspiration

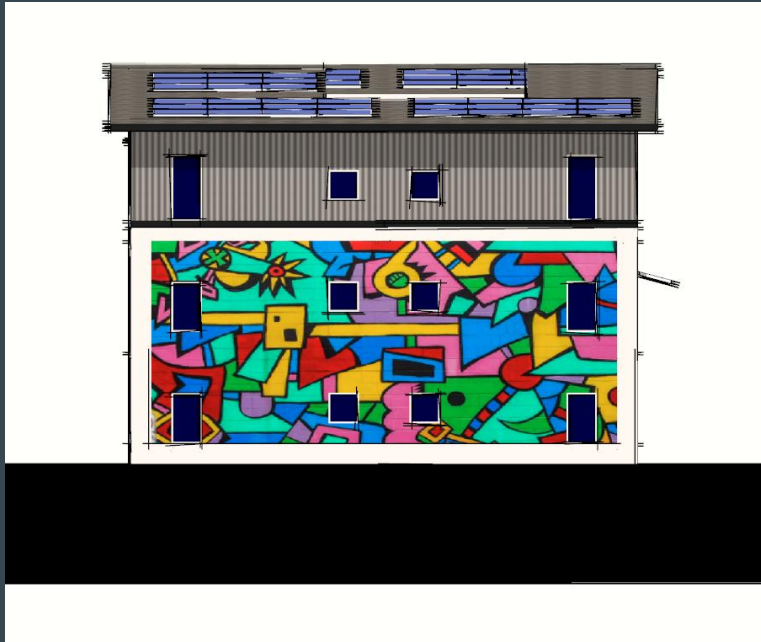


Grand Junction Airport



New Recreation Center

# Exterior designs



# Exterior designs





# Exterior designs



# Exterior designs



Thank You!

