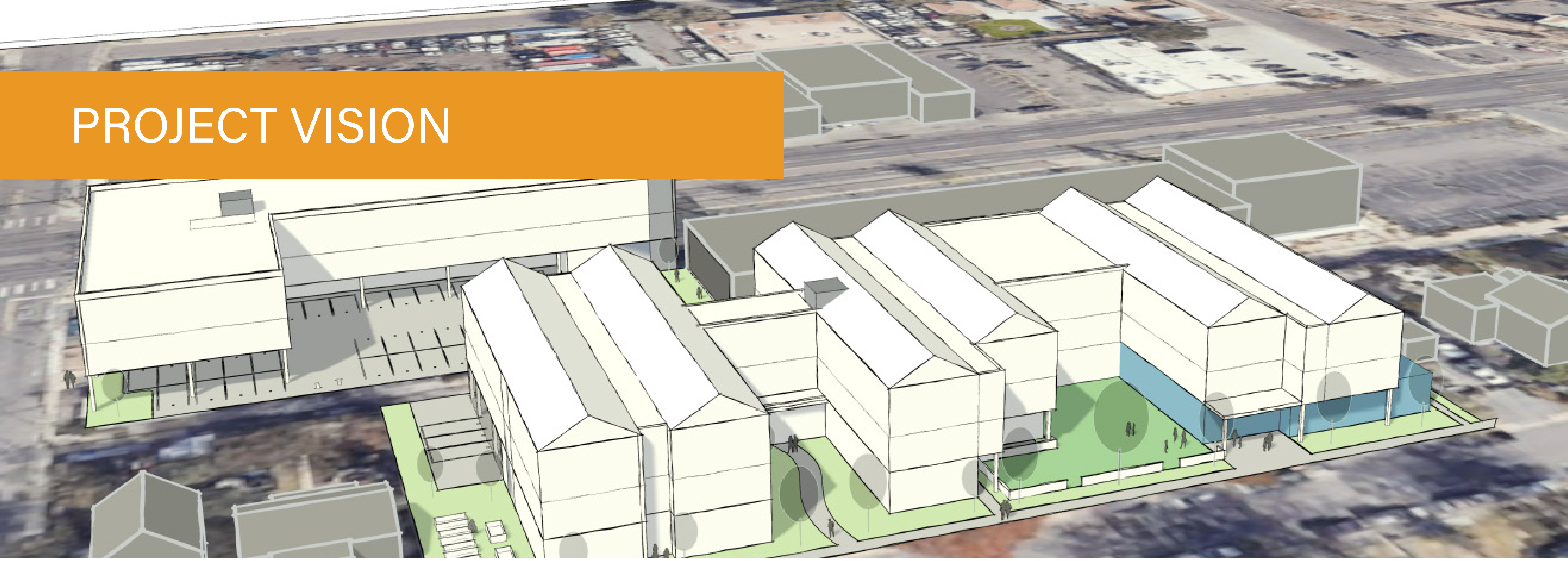
WARREN VILLAGE

Transforming Parents' Lives. Improving Children's Futures.

DENVER HOUSING AUTHORITY RFQ PROPOSAL EXECUTIVE SUMMARY 8.26.21

1394 W. Alameda Ave and 1373 W. Nevada Pl.

PROJECT VISION



The two building design of this Warren Village Community allows for the use of both DHA owned parcels through a campus-like development and connectivity across the alley.

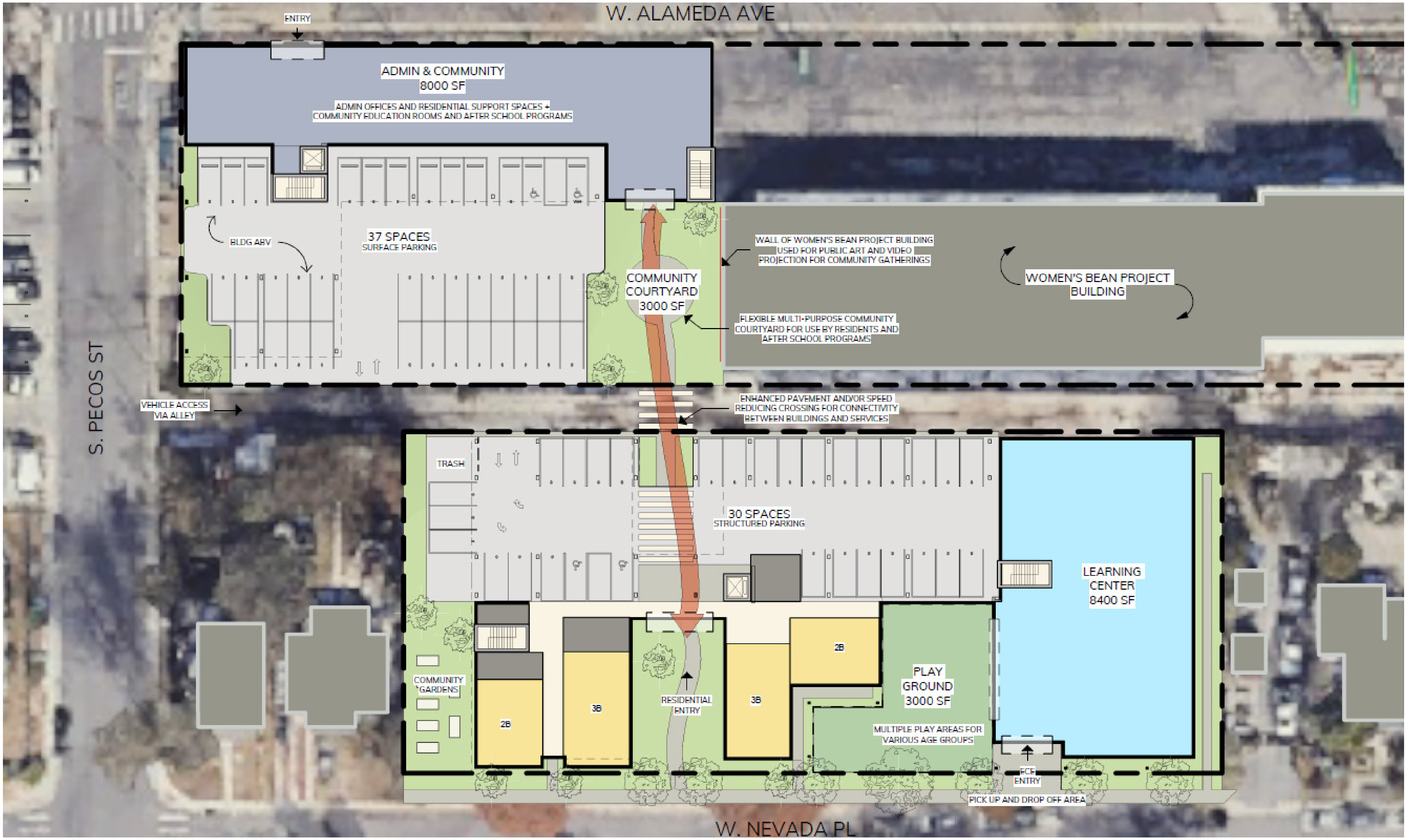
The primary residential and early childhood education center building is located along W. Nevada Place. This building is oriented and scaled to the residential neighborhood and utilizes varied setbacks and courtyards to provide relief along the street edge while offering additional exterior community gathering space and a sense of security for residents and students alike.

Connected via a safe and engaging alley and community courtyard, the Alameda facing building is more commercial in design, providing an activated edge along the commercial Alameda corridor. The first level of this building will house administrative spaces, residential amenity spaces, community classrooms and flex space available for residents, after school programs and the community at large. This building will also contain additional residential units at levels 2 and 3.

The project will incorporate trauma informed design practices from the pre-design phase through construction and post occupancy analysis. The project team will engage with current and former residents and Warren Village staff to evaluate the successes and struggles at previous projects. Through this effort the design team will engage in research, collaboration and evaluation of potential design solutions and will seek to implement design solutions that promote healing and resident and community wellbeing.

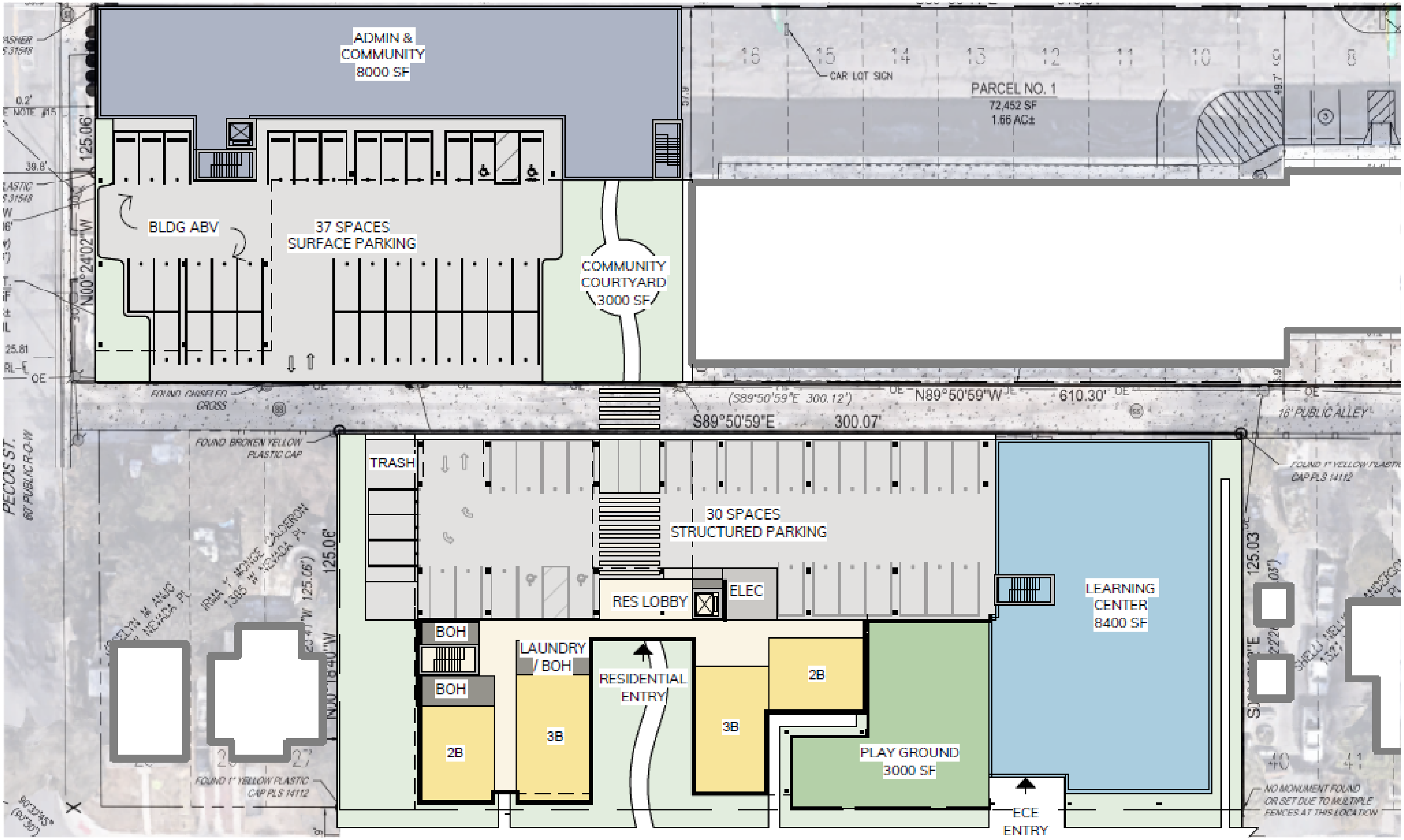
PROJECT VISION

SITE PLAN



PROJECT VISION

GROUND LEVEL

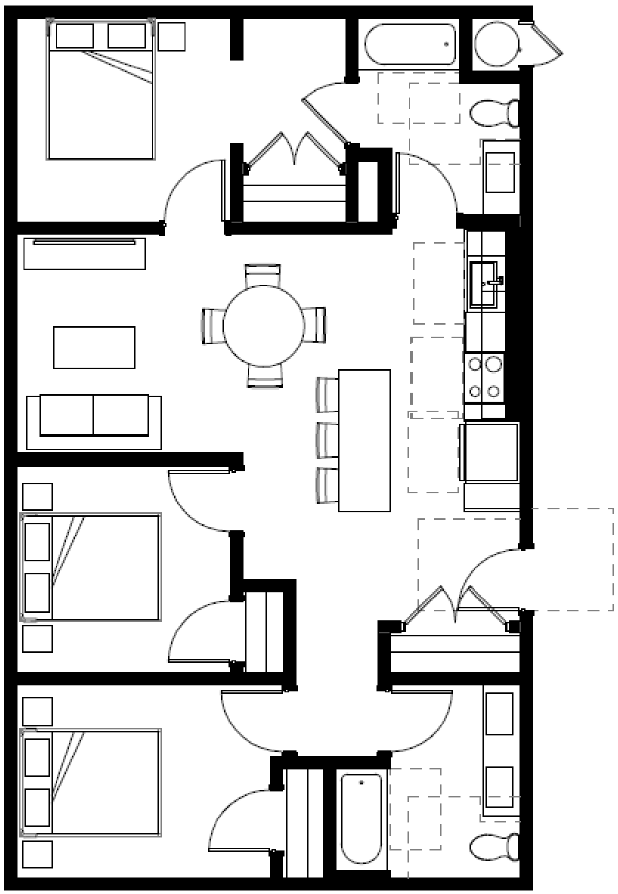


PROJECT VISION

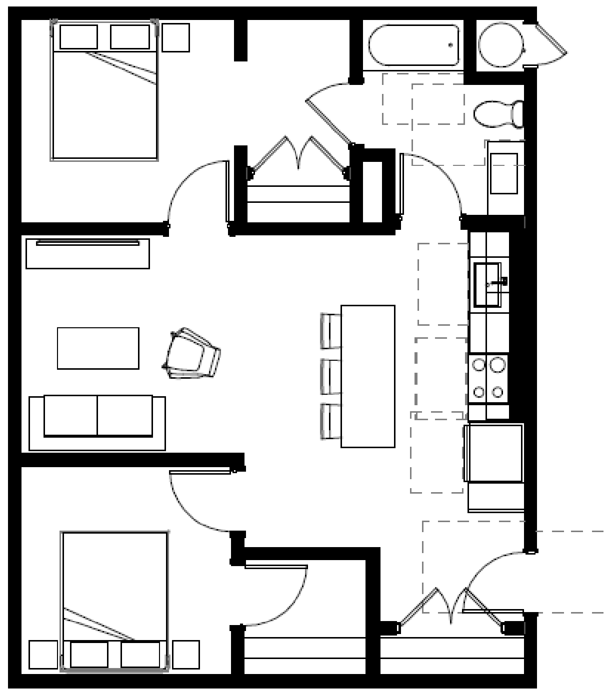
LEVELS 2-3

PROJECT VISION

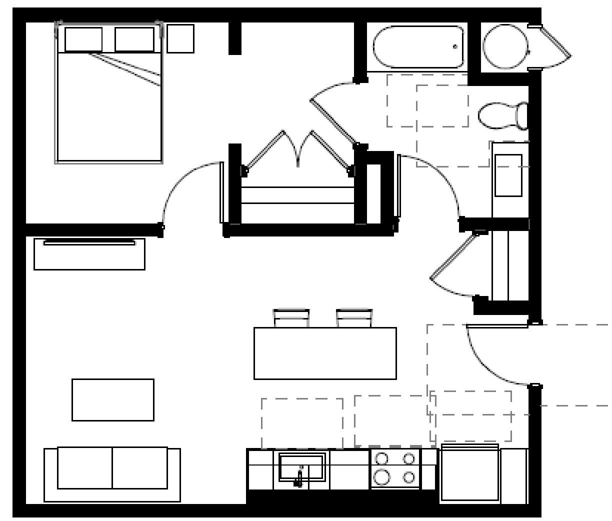
CONCEPT UNITS



3 BED - 1100 SF



2 BED - 845SF



1 BED - 625 SF

PROJECT VISION

PROGRAM MATRIX

Units Type	Alameda	Nevada	Total	%	NLA
1	6	4	10	14%	625
2	24	24	48	65%	845
3	-	16	16	22%	1100
overall avg. sf					*870*
	30	44	**74**		

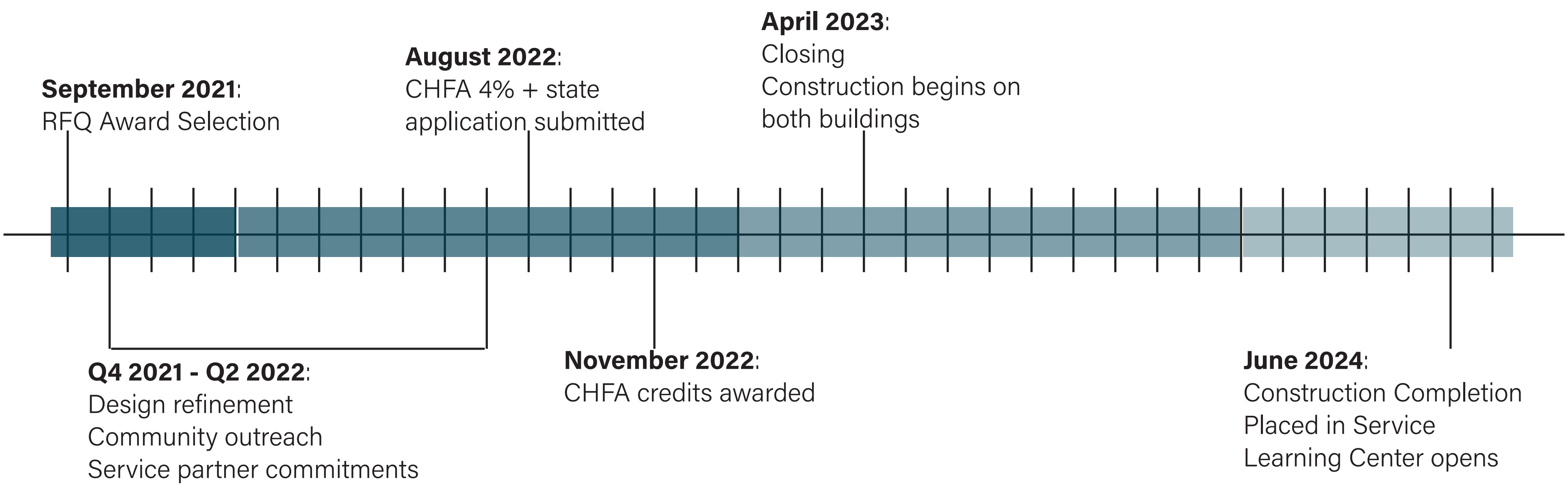
Level	Residential: Alameda Building			Nevada Building			Units #	Bed #	NLA	GSF	Common	ECE	Parking		Total
	1Bed	2Bed	3Bed	1Bed	2Bed	3Bed			NLA	GSF	GSF	GSF	GSF	Spaces	GSF
3	3	12	-	2	11	7	35	72	30,260	37,507	-	-			37,507
2	3	12	-	2	11	7	35	72	30,260	37,507	-	-			37,507
1	-	-	-	-	2	2	4	10	3,890	6,750	8,000	8,400	10,910	67	34,060
B1	NO BASEMENT PLANNED														

Totals	Residential 1Bed	2Bed	3Bed	Total	Units	Beds	NLA	Resi.	Common	ECE	Parking	TOTAL GSF
Units	10	48	16	74	74	154	**64,410**	**81,764**	**8,000**	**8,400**	10,910	**109,074**
Req. Parking	10%	10%	10%							0.10%		
					7.4					8.40	15.8	

NLA Net leasable area measured to centerline of unit demising/corridor walls and exterior face of sheathing at exterior walls

GSF Gross floor area measured to the exterior face of exterior walls

TIMELINE


September 2021:
RFQ Award Selection
August 2022:
CHFA 4% + state application submitted
April 2023:
Closing
Construction begins on both buildings
Q4 2021 - Q2 2022:
Design refinement
Community outreach
Service partner commitments
November 2022:
CHFA credits awarded
June 2024:
Construction Completion
Placed in Service
Learning Center opens

SERVICES MODEL

Intentional Supportive Services Model Evolution

In the fall and winter of 2020/2021, Warren Village engaged the Corporation for Supportive Housing to review and advise our staff and board regarding our model evolution and flexibility. Based on the results of the review and subsequent staff and board deliberation, the adult supportive services model at Warren Village III will have three notable changes. First, we will accept applications from single parent families listed in the One Home database in addition to referrals from other agencies. The application process will be more streamlined and will focus on created a good "match" (to use the One Home terminology) between client and service provider. Second, we will decouple program participation requirements from any lease and will use our tradition of incentive-based program participation (via our individual coaching relationships). Third, we will eliminate residency time limits other than those driven by income limits. The evolution is intentional and should allow Warren Village to serve a greater range of needs with support from our partners and still remain true to the essence of Warren Village's nearly 50 years of successful service in Denver.

FINANCIAL SUMMARY

What is the total assumed cost of construction and the total of other costs (all subject to change)?

Total Construction Contract Price: $20,720,000
Professional fees/soft costs: $4,108,000
Owner contingency: $1,036,000

Required by CHFA/Investors. Owner means the Tax Credit partnership, is 5% of construction contract and covers cost over-runs.

Financing/Construct period costs: $2,473,000

. Transaction costs for financing, interest during construction, origination fees. PAB financing costs (issuance costs, attorney fees). Builder's risk insurance. Materials testing during construction. Title costs.

Developer fee: $3,200,000

Set generally at 12% for more than 50 units. Created to incentivize private sector engagement into affordable housing projects.

Warren Village Inc. will get between 10% and 25% based on negotiation with Urban Ventures

A portion (assume about 50%) is deferred as a source of funding. The cash fee gets paid out over construction and stabilization.

Additional fee for services: $1,142,000

Split up over five years, this is a boost on the top of the dev fee. We can assume that to offset supportive service fundraising.

FINANCIAL SUMMARY

How is the $8.3M debt handled?

First, the loan interest rate is set conservatively for now and uses a conservative debt service coverage ratio (DCR) of 1.30. That ratio improves over the life of the loan and thus more cash is available to the bottom line. The voucher and alumni rents combined with the operations budget indicate the debt service will not compromise operations or sustainability.

How will the sale (presuming) of the building to WV Inc in 15 years happen?

Under current assumptions, there is estimated to be $6M left of debt at end of the 15 year period. But the asset should be worth about $15M, and the debt continues to be paid by the asset. The DCR at that point is 1.50 so it is generating more revenue than in year one, so keeping pace will be fine.

Who is the guarantor on the perm financing after the construction? WV3? The equity investors as they own 99.9% of the entity during the entire the time the debt is serviced? If the loan goes into default, what happens?

This is a corporate guarantee, WV Inc is it. It is extremely rare to have a foreclosure. There is no other way around this.

Completion guarantee- We commit to finishing the project. The mitigants include hard cost contingency at 5%, developer fee hold-backs to completion, payment and performance bond, and a lot of attention and due diligence.

Scrutiny from multiple parties is a benefit here for us.

5 year operating deficit guarantee equal to six months of operating expenses and debt service

Tax Credit recapture guarantee.

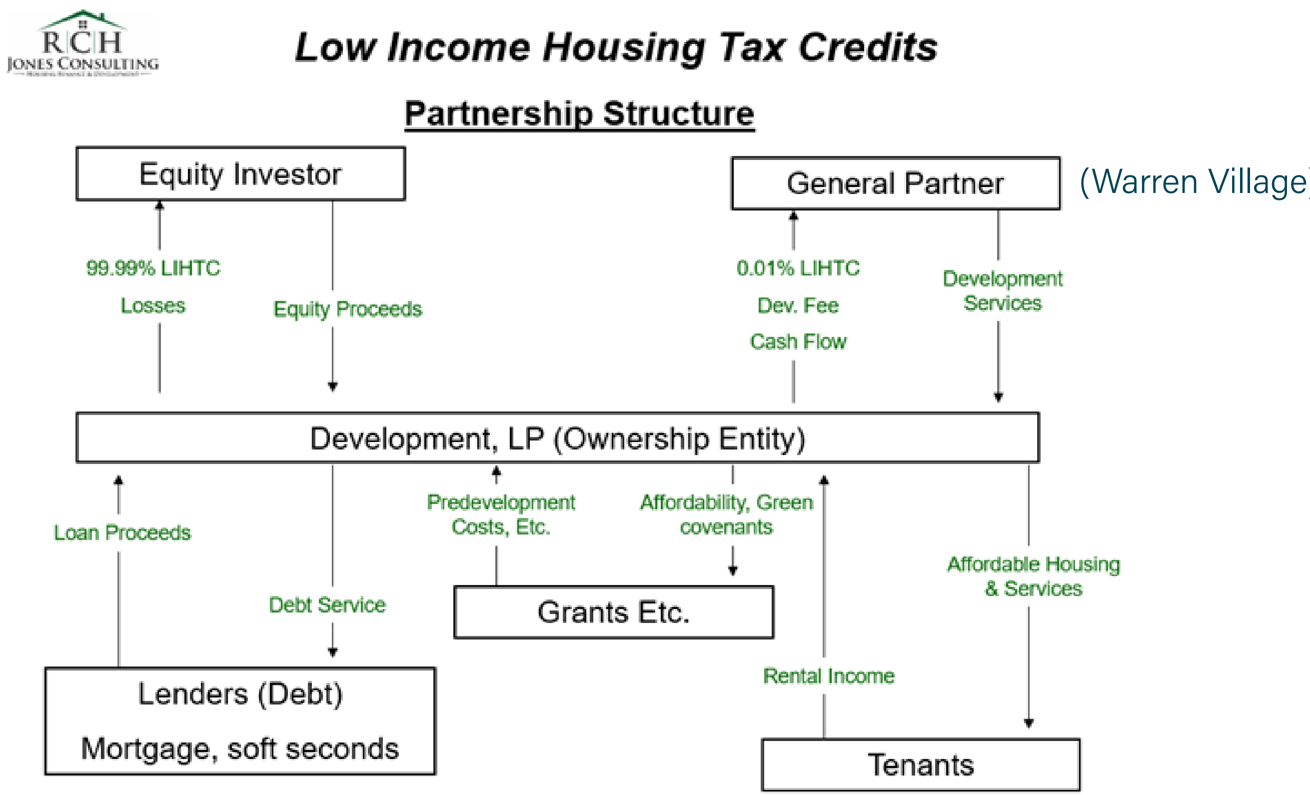
Professional tax credit property support. They ensure we stay in compliance and not violate a term

FINANCIAL SUMMARY

How much control does the equity investor have on our operations?

We have reps/warranties that we will operate in accordance with the tax credit affordable housing. They would only step in if we went into default.

What is the ownership structure at LIHTC closing and at end of 15 year compliance period?



FINANCIAL SUMMARY

What is the likely impact on fundraising for staff/board once WV III is up and running?

Learning Center Operations (increase of $400k per year)
Supportive Services (increase of $400k--there will be a five year offset from the deal that will provide approximately $200k per year for five years to fund adult supportive services)

One-time development costs:

Predevelopment funds ($900k, fully reimbursable at tax credit closing)
Development Equity ($650k likely source will be capital-focused foundations, e.g. Gates Family)
Additional Future Contributed Equity for Learning Center gap funding ($250k)

Primary assumptions in LIHTC financial model:

Federal 4% LIHTC of $14,943,784 x 99.99% x $0.90 = $12,448,061 in equity
State AHTC of $5,460,000 x $0.72 = $3,931,200 in equity
Perm PAB loan in the amount of $8,300,000 at 4.25% over 35 years
DOH money in the amount of $1,850,000 (cash flow note)
HOST money in the amount of $1,850,000 (cash flow note)
Warren Village Money in the amount of $650,000 (cash flow note)
Additional WV Future Contributed Equity for Learning Center gap funding of $250,000 (cash flow note)
Deferred Developer Fee in the amount of $1,639,175