DENVER HOUSING AUTHORITY

Original Adoption: September 14, 2004	Last Revised: October 11, 2007	Effective Date: November 21, 2024	Page 1 of 7

DEPARTMENTS RESPONSIBLE

Real Estate Investments

Finance

OBJECTIVE / PURPOSE / MISSION

Denver Housing Authority's ("DHA") mission is to develop and provide high-quality, affordable housing with responsive services, enabling people and communities to thrive.

In order to meet this mission, DHA formed Denver Housing Development Partners Inc.("DHDP"), a Colorado nonprofit corporation, and created this Development Participation Policy to provide guidance to staff regarding third party affordable housing developers who submit unsolicited proposals to DHA to request tax abatement for proposed developments. Each project will be evaluated on its individual merits and DHA reserves the right to accept or reject any proposals and to revise, change, modify or eliminate this policy at any time, in its sole and absolute discretion.

LEGAL AUTHORITY

In 2000, the Colorado legislature adopted Section 29-4-227 [Exhibit A], of the Colorado Revised Statutes, which provides, in relevant part, that a project that is owned by, leased to, or under construction by an entity that is wholly owned by an authority, an entity in which an authority has an ownership interest, or an entity in which an entity wholly owned by an authority or of which an authority is the sole member has an ownership interest is exempt from both property tax and, during construction, from the payment of sales tax and use tax to the state or any county, city and county, municipality, or other political subdivision of the state in proportion to the percentage of the project that is for occupancy by persons of low income. The determination by an authority of the percentage of the project that qualifies for the exemptions from payment of property taxes and sales and use taxes may be made on the basis of either the relative square footage or cost and is presumed valid absent manifest error.

As such, on April 13, 2004, DHA created and Board Approved Resolution No 2242 [Exhibit B]. This resolution created the Denver Housing Authority entity Denver Housing Development Partners, Inc. ("DHDP") with the intent to increase available (rental and homeownership) housing stock in the City and County of Denver through DHA or a DHA affiliate.

On September 14, 2004, DHA approved Board Resolution No. 2284 [Exhibit C], in which DHA adopted the Development Participation Policy for the Special Limited Partnership Program which provides guidelines for staff in evaluating proposals from private and non-profit affordable housing developers.

On October 11, 2007, DHA approved Board Resolution No. 2462 [Exhibit D], in which DHA revised the SLP Policy.

ACCOUNTABILITY / RESPONSIBILITIES

Real Estate Department: Conducts the Initial and Post Tax Credit Award Consultations, reviews and analyses the Submitted Evaluation Documentation; presents participant's SLP material to the Development and Operations Committee for approval; presents SLP material to Board of Commissioners; collaborates with legal counsel to draft partnership documentation, participation in financial closing, reviews and approves all requests related to Amendments, Consents, Refinances, and other legal requests. The Real Estate will work with the Finance Department to evaluate financial compliance.

Development & Operations Committee: Hears and recommends advancing a particular application to the Board of Commissioners for consideration of approval of DHDP's SLP participation.

Board of Commissioners: Hears and approves or denies DHDP's SLP participation in a particular project.

Finance Department: Invoices and monitors partnership payments for annual AM fees and PILOT. Finance to also monitor and oversee payment and collection of post-closing invoices and conduct annual and 15-year financial compliance reviews.

DEFINITIONS

"Area Median Income" ("AMI") means the midpoint of the income distribution of Denver residents, calculated annually by the US Department of Housing and Urban Development ("HUD")

"Asset Management Fee" ("AM Fee") means an annual fee based on per unit fee, paid to Denver Housing Development Partners, Inc. ("DHDP") to offset its ongoing compliance monitoring costs associated with its ownership of the project.

"CHFA" means the Colorado Housing and Finance Authority.

"Construction Monitoring Fee" means a one-time fee paid to DHDP to offset its ongoing monitoring during the project construction period.

"Board of Commissioners" means an appointed Commissioner Board responsible for all DHA administrative and policymaking.

"DHA" means the Housing Authority of the City and County of Denver, Colorado, or Denver Housing Authority.

"DHDP" means Denver Housing Development Partners Inc, a Colorado nonprofit corporation.

"Due Diligence Pre-Closing Fee" means a one-time fee paid to DHDP to offset its review and qualification period to establish the partnership.

"Legal Fees" means actual legal fees incurred during the creation and closing of the partnership.

"LIHTC" means the Low-Income Housing Tax Credit program.

"PILOT" means a negotiated payment in lieu of taxes collected by DHA pursuant to the terms of the PILOT Agreement (as defined in the legal Addendum to the Partnership) and remitted to the City & County of Denver.

"Post Closing Legal Fees" means actual legal and/or administrative fees incurred after the closing of the partnership has occurred.

"QAP" means Colorado Housing and Finance Authority's written document called Qualified Allocation Plan, which outlines the process for distributing housing tax credits and the criteria used to select project for the credits.

"SLP" means Special Limited Partnership.

"SLP Policy" means this Special Limited Partnership Development Participation Policy, as adopted by the

PROCEDURES / POLICY

I. Special Limited Partnership Approval Criteria

The proposed project must meet the following threshold criteria to be considered:

- Project must be a LIHTC deal and be formally awarded tax credits
- Submission of complete **application** [Exhibit E] and the application processing fee of $2,000;
- Site/development must be located within the City and County of Denver;
- The proposed project cannot be financially viable without DHA's participation.
  NOTE: DHA will not participate in the project merely to increase the Developer's profit margin;
- The proposed project will include affordable housing units designated for low-income households earning less than 60% of the area median income (AMI), or up to 80% AMI when utilizing the CHFA income-averaging tool. These options will be structured to align with the latest requirements outlined in CHFA's most recent QAP.
- The site cannot contain environmental or legal impediments that are present which could delay or terminate the project.

a. The proposed project will be evaluated on the following required elements:
   - A mission similar to DHA;
   - At least 50% of the proposed construction or rehabilitation of affordable and/or low-income units will serve households earning less than 60% of AMI;
   - The project must target some low-income units at 30% and 40% AMI;
   - The affordable and/or low-income units remain affordable and/or low-income for an extended period of time;

- For existing preservation projects, the Sources of Financing and/or investment in the low-income units, are at risk of loss.
- The Developer's Fee and any other compensation must be reasonable and not exceed 9% (safe harbor), except in the case of Permanent Supportive Housing projects. This will be evaluated based on the project's financials and its overall economic relationship to other financial components. This provision is structured to be in alignment with the latest requirements outlined in CHFA's most recent QAP.

b. Other additional criteria and information provided by the applicant that will be considered in the evaluation:
- A non-profit entity is the general partner or managing member;
- Potential effect on LIHTC program and/or other public funds included in the project;
- Preference for neighborhood locations that do not concentrate low-income families;
- Quantifiably increases the economic diversity of a neighborhood;
- Inclusion of three (3) and/or four (4) bedroom low-income units;
- Provides units for Section 8 tenants; and
- Provides opportunities for other compensated services to the project or DHA to manage the property
- Developer must complete the "Development Participation Application" Exhibit E, and all documents included in the "SLP Required Documents List" Exhibit F

c. Upon submission of the Development Participation Application, the Developer must pay a nominal non-refundable Application Fee in the amount of $2,000.00 to reimburse DHA cost required to review and analyze the proposal.

d. DHA staff will perform an initial review and evaluation of the SLP Participation Application. Based on the above criteria, staff will make a determination to decline the proposal or forward the proposal for committee and board approval consideration.

e. Post-Board Approval and Term Sheet Negotiations
- After the project has received official committee and Board approval, staff will negotiate the final term items which include reimbursement of DHA costs of participation.
- A negotiated and approved Term Sheet [Exhibit G] includes the following fees and selections:
  - Special Limited Partner ownership interest percentage
  - Legal Expenses options
  - Administrative Expenses

- Annual Asset Management Fee
- PILOT amount

f. Partnership Documents and Financial Closing
Staff will engage with its legal counsel to draft any and all legal documents associated with the partnership in preparation for the Developers financial closing. Anticipate a minimum of two (2) to six (6) months (required) for this process.

II. Post Closing Requests for Amendments, Consents, Refinances CHFA opinion letters and Investor Exits
Developer must provide DHA ample time reasonable to review requests and consult with its legal counsel for all requests. Developer is further responsible for reimbursement of all legal and DHA administration fees. These fees must be paid within thirty (30) days after submittal.

III. Ongoing and Compliance Review
DHA will review and analyze the financial documentation of the Developer to determine its continued partnership. The ongoing compliance review will follow the same structure and be aligned with the latest requirements outlined in CHFA's most recent QAP.

IV. References / Related Documents and Forms

Document / Manual	Link or Image
Special Limited Partnership Application	[PLACEHOLDER Hyperlink]
SLP Required Documents	[PLACEHOLDER Hyperlink]
SLP Term Sheet	[PLACEHOLDER Hyperlink]

V. Policy Review

DHA Policies and SOPs must undergo a formal review at least once a year to ensure they remain current and effective.

Version	Date	Description of Changes	Author
1.0	9/14/2004	Initial Release of Policy	DHA Staff
2.0	10/11/2007	Revision to Policy	DHA Staff
3.0	November 28, 2024	Revision to fees, added terminology, revised Term Sheet and other misc. changes.	Athena R. Lovato-Real Estate Department

VI. Exhibits

EXHIBIT A-Colorado Revised Statutes Section 29-4-227

EXHIBIT B- Resolution No 2242

EXHIBIT C- Resolution No 2284

EXHIBIT D- Resolution No 2462

EXHIBIT E-Development Participation Application

EXHIBIT F-SLP Required Documents List

EXHIBIT G-Term Sheet

HOUSING AUTHORITY OF THE CITY AND COUNTY OF DENVER, COLORADO, a public body corporate and politic under the laws of the State of Colorado

________________________________ ________________________________

Joaquín Cintrón Vega DATE

Chief Executive Officer