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EXCERPT

THE LIHTC Property Compliance ISSUE

Understanding the Available Unit Rule with the LIHTC Average Income Test

Property owners, managers need to understand complexities of available unit rule with average income tests.

Page 31

Completing Retroactive Low-Income Certifications for Future LIHTC Compliance

Find out how to navigate retroactive low-income certifications to mitigate a reduction in a building's qualified basis.

Page 38



Answering IRS Form 8609 Line 8b, Multiple Building Election

Learn how a multiple-building election affects the minimum set-aside, unit transfers and other compliance issues.

Page 35

Determining Gift Income: Relationships and Frequency are Key Issues

Learn how to determine gift income under IRS Guide for Completing Form 8823.

Page 42



Clara Brown Commons Mines Colorado History for New Development Built with HOME Funds

NICK DECICCO, SENIOR WRITER, NOVOGRADAC

Dig into the history of the forthcoming Clara Brown Commons affordable housing property in Denver and you're bound to unearth history.

Some stories span decades, such as that of Mile High Ministries, a faith-based organization that has served low-income people in the Denver Metro area for more than 30 years and, in recent years, began to steer some of its efforts into building affordable housing using low-income housing tax credits (LIHTCs) and HOME funds. The owner of its collaborator, consulting firm RaiseHomes, has worked in affordable housing in Denver since President Jimmy Carter sat in the White House.

Another decades-long tale is that of the land on which the property will sit, a spate of land in northern Denver's Cole neighborhood that previously hosted apartments for the Army during World War II. Mile High Ministries' executive director, Jeff Johnsen, and RaiseHomes' Ray Stranske have eyed the location,

which fell into disrepair as the years wore on, for a potential development since the 1990s.

Focus the lens even farther into the past, back to the Colorado gold rush of the 1850s and '60s and find the story of development's namesake, Clara Brown, a former slave turned entrepreneur, community leader and philanthropist pioneer who played an important role in the state's history.

For Johnsen and Stranske, the realization of a long-held dream to blend their own decades-in-the-making efforts with the land's history and Brown's story is something that hasn't sunk in yet.

Image: Courtesy of Mile High Ministries

An artist's rendering shows the exterior of the future Clara Brown Commons apartments in Denver. The 61-apartment property is scheduled to open in October.

“We were just out walking through the building as we like to do each week,” Johnsen said. “Seeing how things are coming together. Someone asked how does this feel after so many years? How does it feel that it’s actually going up now? The reality is I haven’t been able to stop and take stock because there’s so many things to do. I hope there’s a break in the action enough that I get to enjoy it. Maybe that’s years off. But it’s a very good feeling because it felt, years ago, when talking about this, it felt like we were just kidding ourselves. Is it a fairy tale? But it happened.”



Image: Courtesy of Mile High Ministries
An aerial view of the future Clara Brown Commons from the Cole neighborhood in northern Denver. Mile High Ministries is redeveloping the site using low-income housing tax credits and HOME funds.

The Bright Lights of Denver Are Shining Like Diamonds

Johnsen described Mile High Ministries as a jack-of-all-trades organization, offering legal aid, counseling, street outreach, gang intervention and more to low-income citizens of the Mile High City. As someone who lives down the street from the future Clara Brown Commons, Johnsen started talking to neighbors almost 20 years ago about building apartments on the site. When it opens later this year, Clara Brown Commons will host a 61-apartment, four-story midrise and use the average-income test to host families at 20%, 30%, 50%, 60% and 80% of the area median income. The apartments are split with 14 one-bedroom, 28 two-bedroom and 19 three-bedroom homes. Developers hope to open the property by Halloween.

Stranske said making Clara Brown Commons a reality has faced hurdles that will be familiar to those developing affordable housing in 2023, such as challenges with inflation and one quirky supply chain issue.

“One of the things that’s got us over a barrel is that we have to change the signal pole out here on the corner for traffic because the old pole is in the middle of where the sidewalk had to go,” Stranske said. “It’s required to get a certificate of occupancy. Literally the pull box for the signal pole is a 50-week item. It’s in danger of causing us not to be able to open. So it’s a supply chain issue. That stupid little thing could derail our opening.”

Once open, Clara Brown Commons will complete the first of a three-stage process to enrich the Cole neighborhood. Seventeen Habitat for Humanity homes are slated as the apartment complex’s neighbor, with the final phase being a community center to tie them all together.

Johnsen and Stranske, who has worked in public housing since before the 1986 introduction of the LIHTC incentive first discussed what will become Clara Brown Commons nearly 20 years ago, but change didn’t begin until the city foreclosed on the former apartment property, Russell Square Apartments, in 2016. With the city required to sell it to the highest bidder, it looked as though the dream might slip from Mile High Ministries’ grasp, but a private family foundation purchased the land and leased it to Mile High Ministries for \$1 per year. Russell Square was demolished in 2019 to make way for Clara Brown Commons.

This Little Light of Mine

Clara Brown Commons will include a community solar component done by Pivot Energy, a B corporation that made a donation to Mile High, which they will use to build a rooftop solar system. The property will also draw from a Pivot Energy “solar garden” in nearby Aurora, Colorado.

“It’s significant and every bit helps,” Johnsen said. “We loved working with Pivot. They’re such a good-minded group of people.”

The property is built to meet 2020 Enterprise Green Communities standards. Other green energy assets involved with Clara Brown Commons are Energy Star appliances, electric vehicle charging stations, photo voltaic solar panels and waterproof and storm-resistant construction materials.



Image: Courtesy of Mile High Ministries
Construction workers in December 2022 work in northern Denver at the site of the future Clara Brown Commons apartment building. Mile High Ministries, a faith-based organization that has served low-income people in the Denver Metro area for more than 30 years, is developing the property.

Angel of the Rockies

Clara Brown was born into slavery around 1800 in Virginia. At age 56, she bought her freedom and moved to St. Louis. She began searching for children and a husband from whom she was separated by slavers in the 1830s. In 1859, Brown got a job as a cook for gold rushers, taking her to the Colorado territory.

Later, Brown traveled to Central City in the Rocky Mountains, setting up a laundry business for miners as well as working as a midwife, cook, nurse and maid. Brown “grubstaked,” giving new miners tools and equipment in exchange for a cut of the mine’s action. Brown invested in mining properties as well as other real estate in the Colorado territory.

Brown’s financial gains were lost by 1880, however, through floods, fires on her properties and nefarious business partners, but also through her own generosity, providing loans to miners and caring for them when ill, as well as paying for former slaves to start new lives in Colorado and providing scholarships for young Black women to attend Oberlin College in Ohio. Brown, who converted to Christianity as a teenager, was motivated by her faith throughout her life, building churches in Colorado along the way.

In her final years, Brown, nicknamed the “Angel of the Rockies,” reunited with one of her lost daughters as well as several grandchildren. Brown died in 1885 and is buried just more than a mile from the apartment complex that will bear her name, with a service attended by Colorado politicians such as the Denver mayor and Colorado governor.

Financing

The total cost for Clara Brown Commons is \$27.3 million. Hunt Capital Partners (HCP) invested \$11.2 million in federal LIHTC equity, \$2.7 million in state LIHTC equity and \$27,000 in ITCs.

“We are excited to invest in Clara Brown Commons and create affordable housing while also honoring the legacy of such an important woman in Colorado’s history,” said Dana Mayo, executive managing director of HCP, in a press release.

Stranske praised HCP’s participation. “Hunt not only gave us a decent price on the tax credits, which was hard given we used income averaging on the project,” Stranske said. “But they have also been great to work with. Investors were really worried about going over 60% on the income averaging deals but Hunt gave us the opportunity.”

The development received \$13.5 million in private-activity bond financing. Mile High Ministries received pre-construction impact investment loans from several sources. Pacific Western Bank provided a \$15.9 million construction loan and a tax-exempt

construction-to-permanent loan of \$6.4 million. The capital stack includes \$6 million general partner soft loan from Mile High Ministries, which includes \$1.8 million in city of Denver HOME funds, \$1.5 million in Colorado Division of Housing HOME funds and \$2.7 million in sponsor capital campaign funds.

Stranske praised Pacific Western Bank as well.

“They’re new to this market,” Stranske said. “Pacific West held our rate even though we ended up with a four-month delay when closing. They held our rate. I kept being amazed they were doing it. I kept waiting for the other shoe to drop. If it hadn’t been for that, we could have had the project stuck in the trash can.”

Development partners include Alliance Construction Solutions as general contractor, Studio Completiva Inc. as architect and Ross Management Group, a division of Envolve, which will manage the property.

Johnsen said the greatest challenge has been cost.

“It’s been a difficult project to get through all our entitlements, to get to a place where we’re building,” Johnsen said. “Everything moved through really slowly, but time is money. Because it moved through slowly, we were in the crosshairs for inflation and construction costs. The price keeps escalating.”

Regardless of the challenges, Johnsen expressed excitement for the opening later this year.

“A lot of families that we’ve been serving for years are hoping to live at Clara Brown Commons,” Johnsen said. “It’s a very common occurrence to run into one of our families and have them ask me to know when the building is going to be ready. That really excites me.” ♦

CLARA BROWN COMMONS

FINANCING

- ♦ \$15.9 million construction loan from Pacific Western Bank
- ♦ \$13.5 million in private-activity bond financing
- ♦ \$11.2 million federal 4% low-income housing tax credit (LIHTC) equity investment from Hunt Capital Partners (HCP)
- ♦ \$6.4 million construction-to-permanent loan from Pacific Western Bank
- ♦ \$6 million general partner soft loan from Mile High Ministries
- ♦ \$2.7 million in sponsor capital campaign funds
- ♦ \$2.7 million state LIHTC equity investment from HCP
- ♦ \$1.8 million in city of Denver HOME funds
- ♦ \$1.5 million in Colorado Division of Housing HOME funds
- ♦ \$847,580 deferred developer fee
- ♦ \$27,000 solar investment tax credit equity investment from HCP

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