

DATE: July 16, 2010

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Urban Land Conservancy Uses Transit Oriented Development Fund to Purchase Property for Work Force Housing Next to Yale Light Rail Station

Denver—The Urban Land Conservancy (ULC) today announced the successful purchase of 1.2 acres at 5155 E. Yale Circle using Denver’s Transit Oriented Development (TOD) Fund that was created in collaboration with Denver’s Office of Strategic Partnerships (DOSP) and Office of Economic Development (OED) and Enterprise Community Partners (Enterprise). The TOD fund is a unique housing and economic development tool that ensures that when property values inflate around transit sites, Denverites are not pushed out of the housing market.

“The property at Yale Circle will ultimately provide important economic benefits for working households of Denver that depend on light rail transit for their work,” said Aaron Miripol, President and CEO of ULC. “Not only are needed homes getting built, but the community benefits of this development are important for Denver’s economic recovery.”

The property is next to the Yale Light Rail Station and was purchased for \$1,325,000. The TOD fund will cover 90 percent of the value of the land, and ULC will pay the remaining 10 percent plus predevelopment and closing costs.

“Many low- and moderate-income families in Denver spend nearly 60 percent of their income on a combination of housing and transportation,” said Karen Lado, VP and Regional Operating Officer, Enterprise Community Partners. “It’s essential that we encourage the development of reasonably-priced housing in transit corridors, and the purchase of the property at Yale Circle will do just that.”

Denver’s TOD Fund was created for the purchase of property around transit stops including light rail, commuter rail, and high frequency bus routes. The Fund is capitalized at \$15 million, with a goal of \$25 million in total loan capital once it is expanded beyond Denver. Enterprise is responsible for assembling loan capital and serving as fund manager.

ULC was the first investor into the Fund with \$1.5 million and is responsible for purchasing properties that meet the priorities of the TOD Fund. The City of Denver provided \$2.5 million in local loan funds to the TOD Fund as well. Other investment partners include Enterprise, the MacArthur Foundation, the Colorado Housing and Finance Authority, U.S. Bank, Wells Fargo, Mile High Community Loan Fund and Rose Community Foundation.

It is anticipated that housing built at this location will use financing from the Federal Low Income Housing Tax Credit (LIHTC) program for residents that earn 60 percent or below of area median income (AMI). For a family of four in Metro Denver in 2010, 60 percent AMI translates into \$45,540 per year.

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A 2010 study by the National Association of Home Builders (NAHB) looked at the economic impact of workforce housing along transit stops in Metro Denver, using the LIHTC program. The study reviewed 615 new apartments built annually between 2004 and 2009 and found that the one-year, indirect and direct economic benefits were \$57.6 million in local income, \$5.0 million in taxes and other revenue for local governments, and 732 local jobs.

Dr. Elliot Eisenberg, a senior economist at NAHB and the author of the study, further estimated the annually recurring economic impact beyond the first year at \$16.7 million in local income, \$2.3 million in taxes and other revenue for local governments, and 192 local jobs. These impacts are the result of the new apartments being occupied and residents paying taxes and otherwise participating in the local economy year after year.

Also noted in the HBA study was data from property managers of tax credit housing indicating that this type of housing ensures a place to live for employees that are essential to keeping the local economy thriving. About half of tax-credit housing residents work in the service industry, while the majority of the remaining is spread among the education, medical and state and local government fields.

“We want our nurses, teachers and other workers vital to the economy of our city to be able to live in Denver,” said Dace West, Co-Director of the Office of Strategic Partnerships. “The Yale property purchase is exactly what we hoped the TOD fund would support.”

Another property near the purchase site was recently awarded an allocation of low-income housing tax credits from Colorado Housing and Finance Authority for the construction of senior housing. Combined, the two projects will provide housing for a broad spectrum of Denver residents.

“I have lived in this community for 30 years and I support the ability of Council District 4 families to age in place,” said Denver City Councilwoman Peggy Lehmann, Council representative for District 4, which includes the Yale property. “Multi-unit housing in my District will help ensure that our families have a reasonably priced option for their children when they become young adults and for older adults as they leave their single-family homes and want the convenience of being near light rail.”

The favorable terms of the TOD financing allow ULC to hold the property until a development partner is secured that will build housing on the site. ULC expects to hold the property for a few years to allow the developer time to create a solid plan.

ULC is a nonprofit organization that uses real estate as a tool to benefit urban communities. ULC’s mission is to acquire, develop, and preserve community assets in urban areas for a variety of community needs such as workforce housing, schools, and office space for nonprofits.

Enterprise Community Partners is a nonprofit organization that provides development capital to create diverse, thriving communities for low and moderate-income people. The web site is www.enterprisecommunity.org.

For a full copy of the HBA study, contact Josh Burdick at ULC at 303-454-5369.

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