DDDA Office-to-Residential Conversion Gap Financing Guidance as of November 2025

Introduction

The following information is intended to provide guidance to parties interested in DDDA funding support for office-to-residential conversions. This document is intended to supplement the official Tax Increment Investment Policy and Program, as the DDDA anticipates that this guidance may evolve as market conditions change. Those details can be found below.

Office-to-residential conversion projects continue to be a priority for DDDA funding consideration. This document offers preferred gap financing guidance for office-to-residential projects with the intention to recycle DDDA funds for additional project funding support in the future. The DDDA will work individually with each applicant to develop a funding support structure that addresses the unique construction, financing, and operational challenges of the specific project. Projects should not assume funding approval based solely on the funding structure being requested, as the DDDA will consider all five review criteria of financial, activation, policy objectives, readiness, and feasibility as listed in the Tax Increment Investment Policy and Program when making funding decisions. All DDDA supported projects must comply with the City's development review process and applicable ordinances (EHA, Energize Denver, etc.)

Funding Details

	Funding Structure	Funding Amount		Loan Interest Rate	Loan Term
DDDA Funding Support Targets	Repayable Loan	<20% of Total Project Cost	<30% of Project Leverage*	Below Market Rates	5 - 10 years
DDDA Considerations	DDDA loans will be collateralized non-recourse loans, which may be subordinated to a commercial lender. When subordinated, DDDA funding draws will be pro-rata with commercial loan distributions.	The DDDA will consider a project's basis in relation to current market conditions; funding request amounts; cost per residential unit; debt coverage ratios; level of activation, including supplemental uses (retail, programable open space, etc.); building characteristics, such as historic status; the projects total leverage; and other metrics to ensure DDDA dollars are being deployed with impact, efficiently and a manageable risk level. **When DDDA is subordinate lender*		The DDDA will consider an interest rate structure that supports the unique needs of the project's financing, while also accounting for the DDDA's own carrying cost of capital. Below market interest rates, interest only, capitalized interest carry, balloon payments, and/or other reasonable interest rate structures, will be considered based on individual project need.	The DDDA will consider a project's specific construction schedule, as well as a reasonable hold period when determining an appropriate loan term and payoff structure. Loans to become due at the earlier of end of term or property disposition.

The DDDA will take a holistic view when determining an appropriate funding support package. For example, a shorter hold period / loan term may support a lower interest rate given the DDDA's ability to recycle the funds faster into additional projects. Likewise, a longer hold period may require the DDDA to consider a higher interest rate to account for the longer commitment and cost of capital. We also want to reiterate that each project is unique and the DDDA reserves the right to adjust individual project funding structures based on the specific characteristics of each project and changing market conditions. **As the downtown market continues to evolve, the DDDA will adjust funding support structure targets as appropriate to ensure the DDDA program is best aligned to the specific economics of the downtown Denver market.**