

ORDINANCE/RESOLUTION REQUEST

Date of Request: 8/3/2020

Please mark one: Bill Request or Resolution Request

1. Type of Request:

- Contract/Grant Agreement Intergovernmental Agreement (IGA) Rezoning/Text Amendment
 Dedication/Vacation Appropriation/Supplemental DRMC Change
 Other:

2. Title: Start with an active verb, i.e., **approves, amends, dedicates**, etc., include name of company or contractor and indicate the type of request: grant acceptance, contract execution, contract amendment, municipal code change, or supplemental request.

Approves a loan agreement with 48Race Residences, LLLP for a \$3,750,000 cash flow loan to support the construction of Viña, which is the 150-unit residential component of a mixed-use project that will include other community-serving uses at 48th & Race in Elyria-Swansea.

3. Requesting Agency: Department of Housing Stability

4. Contact Person:

| | |
|---|---|
| Contact person with knowledge of proposed ordinance/resolution | Contact person to present item at Mayor-Council and Council |
| Name: Nick Emenhiser | Name: Nick Emenhiser |
| Email: Nicholas.Emenhiser@denvergov.org | Email: Nicholas.Emenhiser@denvergov.org |

5. General a text description or background of the proposed request, if not included as an executive summary.

See Executive Summary

6. City Attorney assigned to this request (if applicable):

Eliot Schaefer

7. City Council District: 9

****For all contracts, fill out and submit accompanying Key Contract Terms worksheet****

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: RR20 0799

Date Entered: _____

Key Contract Terms

Type of Contract: (e.g. Professional Services > \$500K; IGA/Grant Agreement, Sale or Lease of Real Property): **Loan Agreement**

Vendor/Contractor Name: 48Race Residences, LLLP

Contract control number: HOST-202053962

Location: 4800 Race Street, Denver, CO 80216

Is this a new contract? Yes No **Is this an Amendment?** Yes No **If yes, how many?** _____

Contract Term/Duration (for amended contracts, include existing term dates and amended dates):

9/2020 – 9/2080

Contract Amount (indicate existing amount, amended amount and new contract total):

| <i>Current Contract Amount</i> (A) | <i>Additional Funds</i> (B) | <i>Total Contract Amount</i> (A+B) |
|--|---------------------------------------|--|
| \$3,750,000 | \$0 | \$3,750,000 |

| <i>Current Contract Term</i> | <i>Added Time</i> | <i>New Ending Date</i> |
|------------------------------|-------------------|------------------------|
| 9/2020 – 9/2080 | | 9/2020 – 9/2080 |

Scope of work:

See Executive Summary.

Was this contractor selected by competitive process? Yes - project was approved by HOST Loan Review Committee

Has this contractor provided these services to the City before? Yes No

Source of funds: Fund 16607 (Property Tax / Dedicated Affordable Housing Fund), and Fund 16606 (Affordable Housing Linkage Fee)

Is this contract subject to: W/MBE DBE SBE XO101 ACDBE N/A

WBE/MBE/DBE commitments (construction, design, DEN concession contracts): N/A

Who are the subcontractors to this contract? N/A

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EXECUTIVE SUMMARY

This project is born out of a long-term partnership between the City and County of Denver and the Urban Land Conservancy, which partnered with the City to acquire this site several years ago. The project developer, Columbia Ventures, has worked with the City and neighborhood stakeholders to provide a unit mix that responds to City and neighborhood priorities. This project provides a heavy emphasis on deeper-affordability (30% AMI level) and larger family-sized units. The project will also incorporate ground-floor space for Clinica Tepeyac, a local nonprofit that provides culturally-competent health care and preventive health services for the medically underserved. Ground-floor space will also support additional retail/services. There are New Markets Tax Credits supporting the ground-floor space, which has resulted in a highly sophisticated “deal structure” for this project.

The terms of the City loan include 1% interest, deferred payments expected to begin in Year 12, a 60-year term, a 60-year restrictive covenant and Deed of Trust. There is also a State loan with similar terms, 4% and State Affordable Housing Tax Credits, and Private Activity Bonds being issued by Colorado Housing and Finance Authority.

The project will provide 150 income-restricted units, of which 8 will be studio, 67 will be 1BR, 46 will be 2BR, and 29 will be 3BR. Within this mix, 45 units are set-aside for 30% AMI households, 30 for 50% AMI, and the remaining 75 for 80% AMI. The project will be utilizing income averaging and as such the 80% AMI units likely won't realize the full 80% AMI rents. Despite the inclusion of the 80% units for income averaging, the investor will require the project to maintain an aggregate AMI average below 58% to mitigate risk to the tax credits.

The unit mix is as follows:

| Unit Type | 30% AMI | 40% AMI | 50% AMI | 60% AMI | 70% AMI | 80% AMI | Total Units | % of Total |
|------------|---------|---------|---------|---------|---------|---------|-------------|------------|
| Studio | 3 | 0 | 2 | 0 | 0 | 3 | 8 | 5% |
| 1BR | 22 | 0 | 13 | 0 | 0 | 32 | 67 | 45% |
| 2BR | 12 | 0 | 9 | 0 | 0 | 25 | 46 | 31% |
| 3BR | 8 | 0 | 6 | 0 | 0 | 15 | 29 | 19% |
| Total | 45 | 0 | 30 | 0 | 0 | 75 | 150 | 100.0% |
| % of Total | 30.0% | 0.0% | 20.0% | 0.0% | 0.0% | 50.0% | 100.0% | |

*Area Median Income, or rent limits, used for income qualification of qualified residents.

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Revised 03/02/18