

AMENDMENT TO LOAN AGREEMENTS



Safety, Housing, Education, and Homelessness Committee
November 13, 2019

Christopher Davis
Housing Development Officer, Department of Housing Stability (HOST)

REQUESTED AMENDMENTS

- Amend the Loan agreement for 101 Broadway to add language permitting the HOST Director the authorization to execute documents necessary to subordinate the city's covenant to the Colorado Housing and Finance Authority's Land Use Restriction Agreement.
- Amend the Loan agreement for The Moline Apartments to add language permitting the HOST Director the authorization to execute documents necessary to subordinate the city's covenant to the Colorado Housing and Finance Authority's Land Use Restriction Agreement.
- There is no change in loan duration or financial impact resulting from either of these requested amendments.



JUSTIFICATION

- Developments receiving Tax Credits from the Colorado Housing and Finance Authority (CHFA) are required to record a Land Use Restriction Agreement (LURA) to the property ensuring the required affordability.
- The recording of the LURA occurs once construction is completed and leasing has begun through a Placed In-Service Application process with CHFA. This process allows the developer to access tax credits for units leased in the calendar year.
- The city's covenant was recorded at closing on the loans provided by the city and must be subordinate to the CHFA LURA.
- The loan agreements for each of these developments do not currently allow for the subordination of the city's recorded covenant.

