

ORDINANCE/RESOLUTION REQUEST

Date of Request: 11/23/2020

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 \$1,100,000 performance loan agreement for a 4% Low Income Housing Tax Credit housing development by the Colorado Coalition for the Homeless to construct 34 units of a 98-unit supportive housing project at Legacy Lofts at 2175 California Street to serve the chronically homeless.

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: Megan Yonke	Name: Megan Yonke
Email: megan.yonke@denvergov.org	Email: megan.yonke@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 1419

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: Colorado Coalition for the Homeless

Contract control number: HOST-202056322

Location: 2175 California Street, Denver, CO 80205

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):

12/18/2020 – 12/17/2080

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

<i>Current Contract Amount (A)</i>	<i>Additional Funds (B)</i>	<i>Total Contract Amount (A+B)</i>
\$1,100,000	\$0	\$1,100,000

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
12/18/2020 – 12/17/2080		12/17/2080

Scope of work:

See Executive Summary.

Was this contractor selected by competitive process? Yes **If not, why not?**

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

Source of funds: N/A

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

EXECUTIVE SUMMARY

The Legacy Lofts project participates in the D3 program, in which the Denver Housing Authority (DHA) will own the land and lease the improvements to Colorado Coalition for the Homeless (CCH) for 99 years. This project will comprise three separate ownership structures in a single building, located adjacent to the Stout Street Health Clinic in the Five Points neighborhood.

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1. The first structure is a 75-bed recuperative care center, partially financed by New Markets Tax Credits and \$797,101 in City Community Development Block Grant (CDBG) funds, a grant requiring that the recuperative care center be operated for seven years.

2. The second structure is a 9% Low Income Housing Tax Credit (LIHTC) project, to be owned by Legacy Lofts LIHTC LLLP, comprising 64 studio and one-bedroom apartments. The City will invest \$2,202,899 in gap financing in this structure as a performance loan, comprised of HOME funds. There will be 13 HOME units for this portion. Twenty-eight (44%) of the units will be affordable at 30% of area median income (AMI), 13 units (20%) will be affordable at 40% of AMI, 12 units (19%) will be affordable at 50% of AMI, and 11 units (17%) will be affordable at 60% of AMI.

3. The third structure is a 4% LIHTC project, to be owned by Legacy Lofts PAB LLLP, comprising 34 studio and one-bedroom apartments. The City will invest \$1,100,000 in gap financing in this structure as a performance loan, comprising HOME Investment Partnerships Program, Neighborhood Stabilization Program II, and the Housing for the Mentally Ill fund. There will be 3 HOME units for this portion. Fourteen (41%) of the units will be affordable at 30% of AMI, 7 units (21%) will be affordable at 40% of AMI, 8 units (24%) will be affordable at 50% of AMI, and 5 units (15%) will be affordable at 60% of AMI.

For these three investments, the City will require covenants on the 9% and 4% leaseholds to restrict all combined 98 units. Gap financing for the 9% and 4% LIHTC projects will be in the form of performance loans for 99 years. These investments, totaling \$4,100,000 represent \$41,837 per restricted unit, restricted for 60 years. There will be no deed restrictions on the CDBG investment in the recuperative care center, but the loan will be recourse to CCH.

Additionally, this project requires \$750,000 in supportive services gap financing, which will be contracted at a later date in the form of two contracts, one for each of the 4% and 9% housing structures. Collectively, these supportive housing contracts will represent an investment of \$510 per unit per year of the 15-year supportive services contract. With these supportive services contracts taken into account, this project will have a total of five separate contracts.

All units and services will serve the chronically homeless, sourcing 50% of the units from OneHome. Also, many of those served will have co-occurring disorders, including mental illness.

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