

# OED ORDINANCE/RESOLUTION REQUEST

Date of Request: 4/16/18

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:** Approves a \$1,820,000 cash flow loan to Gorman & Company to support the construction of 91 units of income-restricted rental housing at Laradon Homes, an affordable housing development located at 5120 N. Broadway Avenue in Globeville/Elyria-Swansea. Twenty-two of the 91 units will be supported by Section 811 project-based vouchers and reserved for senior and disabled residents.

## 3. Requesting Agency: Office of Economic Development

## 4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: <b>Haley Jordahl 720-913-1707</b>	Name: <b>Susan Liehe 720-913-1689</b>
Email: <b>haley.jordahl@denvergov.org</b>	Email: <b>susan.liehe@denvergov.org</b>

## 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):** Julie Mecklenburg

7. **City Council District:** 9

*To be completed by Mayor's Legislative Team:*

Resolution/Bill Number: RR18 0410

Date Entered: \_\_\_\_\_

## Key Contract Terms

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

**Vendor/Contractor Name:** Laradon West, LLC

**Contract control number:** OEDEV-201738563-00

**Location:** 5120 N. Broadway Avenue, 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):**

6/1/2018 – 1/1/2021

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

<i>Current Contract Amount</i> <b>(A)</b>	<i>Additional Funds</i> <b>(B)</b>	<i>Total Contract Amount</i> <b>(A+B)</b>
\$1,820,000	\$0	\$1,820,000

  

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
6/1/2018 – 1/1/2021		

**Scope of work:**

See Executive Summary.

**Was this contractor selected by competitive process?** Yes. This project submitted a competitive application for Low Income Housing Tax Credits allocated by CHFA and was selected for underwriting based on strategic objectives established by OED (and which appear in the city’s comprehensive plan for housing).

**If not, why not?**

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

**Source of funds:** HOME

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

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

*To be completed by Mayor’s Legislative Team:*

Resolution/Bill Number: RR18 0410

Date Entered: \_\_\_\_\_

N/A; however, the development is subject to federal Davis-Bacon wage regulations.

**Who are the subcontractors to this contract?**

N/A

**EXECUTIVE SUMMARY**

Gorman & Company, an affordable housing development and property management firm based in Wisconsin, is proposing to develop a 91-unit multifamily rental property in the Globeville-Elyria Swansea neighborhood, to be known as Laradon Homes. Laradon Homes will be located at 5120 N. Broadway Avenue, on a parcel of land owned by and leased to the developer from the Laradon Hall Society for Exceptional Children and Adults.

The city's \$1.82M cash flow loan will support hard costs associated with construction of the development; in addition to OED financing, the development leverages \$7.95M in senior debt and \$14.01M in competitively awarded 4% + State Low Income Housing Tax Credits. Repayment of OED's loan will be made out of cash flow over a term of 20 years at an interest rate of 1%.

In the course of OED's project negotiations with the developer to strike a balance between per-unit costs and the duration of restriction, ten of the units will be income-restricted for 40 years, and 80 units will income-restricted for 30 years. One unit will be rented at market rate as a manager's unit.

Laradon Homes will be a multifamily development providing a mix of one-, two-, and three-bedroom units available to households earning between 30% and 60% of area median income (AMI). Twenty-two of the units will be supported by Section 811 project-based vouchers provided by the Division of Housing, and thus will be affordable to very low-income senior and disabled residents. Sixty-eight of the units will be reserved for residents earning at or below 60% of AMI.

Laradon Hall, a nonprofit organization founded in Denver in 1948, provides services to children and adults with intellectual, developmental, and other disabilities at their campus located across Lincoln Street from the development; it is anticipated that residents of the 22 units reserved for senior and disabled households will receive services from Laradon Hall.

The developer, Gorman & Company, was founded in 1984 and specializes in developing and preserving affordable multifamily rental housing. In the past five years, the firm has commenced construction on \$250 million of affordable housing projects in 20 locations, totaling over 1,300 residential units. The property will be managed by Ross Management, a firm headquartered in Denver that specializes in the management of income-restricted units.

As Laradon Homes will provide 90 new units of affordable housing, it contributes to the Comprehensive Plan's goal of creating or preserving 3,000 units of housing by 2023. The project will be located in a neighborhood vulnerable to gentrification, in which residents are at risk of displacement. The development will also contribute to our goal of accessible housing options for special needs populations.

---

*To be completed by Mayor's Legislative Team:*