

OED ORDINANCE/RESOLUTION REQUEST

Please mark one: Bill Request or Resolution Request Date of Request: 11/9/18

1. Type of Request:

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

2. **Title:** Approves a \$2.6M loan to RAHF IV Juanita Nolasco, LLC, to support the preservation and rehabilitation of 188 existing units of income-restricted housing for low and very low-income senior residents in a fully leased building at 4550 W. 9th Avenue, preserving the affordability for 40 years.

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: Haley Jordahl 720-913-1707	Name: Susan Liehe 720-913-1689
Email: haley.jordahl@denvergov.org	Email: susan.liehe@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):**

Julie Mecklenburg

7. **City Council District:** 3

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

Key Contract Terms

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: RR18 1356

Date Entered: _____

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

Vendor/Contractor Name: RAHF IV Juanita Nolasco, LLC

Contract control number: OEDEV-201842291-00

Location: 4550 W. 9th Avenue, Denver, CO 80204

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):

12/1/2018 – 12/1/2058

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>
\$2,600,000	\$0	2,600,000

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
12/1/2018 – 12/1/2058		

Scope of work:

See Executive Summary.

Was this contractor selected by competitive process? Yes (competitively underwritten for funding by OED)
If not, why not?

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

Source of funds: General Funds

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?

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EXECUTIVE SUMMARY

RAHF IV Juanita Nolasco, LLC, is proposing to preserve and rehabilitate 188 units of existing income-restricted housing located in the Villa Park neighborhood of Denver. All of the units are reserved for senior residents and are covered by a project-based Section 8 contract. Units range in restriction up to 50% or 60% of AMI; however, given that all units are covered by a project-based Section 8 contract, residents may earn between 0% and 50% AMI.

The City's loan agreement will restrict 161 of the units for residents earning 50% of area median income (AMI) or below, and 27 of the units for residents earning 60% of AMI or below. However, because of the project-based Section 8 contract in place on the property, all units will be supported by federal rental subsidies and available to residents earning between 0% and 50% of AMI. As of November 2017, the average annual income of residents in Juanita Nolasco Apartments was approximately \$14,000.

The city's proposed \$2,600,000 investment is structured as a repaying cash flow loan bearing a 1% interest rate, to be repaid over a 40-year term. The property will be income-restricted by the city for 40 years. In addition to the city's investment, the property's acquisition and renovation will leverage a \$24M first mortgage and \$8,289,550 in private equity provided by Jonathan Rose Companies' preservation equity fund. The property was purchased by the firm in 2017 for \$31,250,000.

The city's proposed investment will contribute to a renovation of the property that will ensure that it remains high-quality affordable housing into the future. The renovation will incorporate building-scale improvements, including a full replacement of windows, replacement of boilers and HVAC units, and an upgrading of the common area space. In-unit upgrades will be included in the renovation as well--the appliances, flooring, and cabinetry in all units will be replaced. Where appliances and heating systems will be upgraded, the renovation will provide energy-efficient replacements. The renovation will take place with all tenants in place.

OED's investment toward Juanita Nolasco will contribute toward the housing preservation goals outlined in the City's Comprehensive Housing Plan. The renovation will preserve 188 units of very low-income housing for 40 years.

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: RR18 1356

Date Entered: _____

Revised 03/02/18