

# 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 1275 Sherman, LLC for a \$1,415,000 cash flow loan to support the construction of Capitol Square Apartments, comprised of 103 affordable apartments units in Capitol Hill.

## 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: <a href="mailto:Nicholas.Emenhiser@denvergov.org">Nicholas.Emenhiser@denvergov.org</a>	Email: <a href="mailto:Nicholas.Emenhiser@denvergov.org">Nicholas.Emenhiser@denvergov.org</a>

## 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):

Adam Hernandez

## 7. City Council District: 10

**\*\*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: RR20 0800

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

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

Vendor/Contractor Name: 1275 Sherman, LLC

Contract control number: HOST-202054254

Location: 1295 Sherman Street, Denver, CO 80203

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):

Repayment Term: 50 years

Covenant term: 60 years

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

<i>Current Contract Amount</i> <i>(A)</i>	<i>Additional Funds</i> <i>(B)</i>	<i>Total Contract Amount</i> <i>(A+B)</i>
\$1,415,000	\$0	\$1,415,000

  

<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 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)

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 represents a complex partnership between the State and City and County of Denver to develop affordable housing. The project was awarded competitive 4% + State Affordable Housing Tax Credits by the Colorado Housing and Finance Authority (CHFA). The project also has a loan with similar terms from the State and is located on a State Land Board-owned site. The project is generally envisioned as workforce housing marketed toward teachers and other moderate-income professionals in the downtown area. The land lease arrangement on this site is part of Governor Polis' vision for using excess state land to build housing for teachers. CHFA is issuing the Private Activity Bonds required for the 4% tax credit.

HOST has negotiated a \$1,415,000 cash flow loan to support construction. The terms of the City loan include 1% interest, deferred payments anticipated to begin in Year 10, a 50-year term loan to match the land lease, and a 60-year restrictive covenant and Deed of Trust.

The project will provide 103 income-restricted units, of which 73 will be 1 bedroom/1 bath, 5 will be 2 bedroom/1 bath, and the remaining 25 will be 2 bedroom/ 2 bath. Within this mix, 7 units are set-aside for households earning up to 30% of the area median income (AMI), another 7 for 40% AMI, 22 for 50% AMI, 34 for 60% AMI, 20 for 70% AMI, and the remaining 13 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.

The unit mix is as follows:

Unit Type	30% AMI	40% AMI	50% AMI	60% AMI	70% AMI	80% AMI	Total Units	% of Total
1BR/1BA	6	6	16	23	13	9	73	71%
2BR/1BA			1	2	2		5	5%
2BR/2BA	1	1	5	9	5	4	25	24%
Total	7	7	22	34	20	13	103	100.0%
% of Total	6.8%	6.8%	21.4%	33.0%	19.4%	12.6%	100.0%	

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

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

Revised 03/02/18