

# ORDINANCE/RESOLUTION REQUEST

Date of Request: 2/18/2021

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.

Amends a loan agreement with OPG Green Valley Ranch Partners, LLC for a \$2,160,000 cash flow loan to support construction of The Reserves at Green Valley Ranch comprised of 144 affordable apartments units in Green Valley Ranch. This amendment changes the loan amount from \$2,100,000 to \$2,160,000 due to escalating construction costs.

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: Jack Wylie
Email: nicholas.emenhiser@denvergov.org	Email: jack.wylie@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: 11

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

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

Resolution/Bill Number: \_\_\_\_\_

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:** OPG Green Valley Ranch Partners, LLC

**Contract control number:** HOST-202161347-02

**Location:** 254 N. Santa Fe Ave., Suite A, Salina, KS, 67401

**Is this a new contract?**  Yes  No **Is this an Amendment?**  Yes  No **If yes, how many?** 2

**Contract Term/Duration (for amended contracts, include existing term dates and amended dates):**

Original loan agreement: HOST-202055465: 60 years from execution of promissory note

1<sup>st</sup> Amendment: HOST-202157596-01: 60 years from execution of promissory note

2<sup>nd</sup> Amendment: HOST-202161347-02: 60 years from execution of promissory note

**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>
\$2,100,000	\$60,000	\$2,160,000

  

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
60 years	N/A	11/2082

**Scope of work:**

See Executive Summary

**Was this contractor selected by competitive process?** Yes - Project was approved by HOST Loan Review Committee

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

**Source of funds:** Fund 16607 (Dedicated Fund / Property Tax)

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

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

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Who are the subcontractors to this contract? N/A

## EXECUTIVE SUMMARY

Denver City Council originally approved a \$3 million loan agreement to support the development of The Reserves at Green Valley Ranch, a multifamily affordable project. This loan agreement was amended to a lower loan amount of \$2.1 million in February 2021, due to an increase in tax credit equity that closed the financing gap. The borrower is now experiencing significant construction cost increases due to the extraordinary factors experienced across the market currently. The borrower requested any additional funding support that may be available, and HOST has proposed increasing this contract by \$60,000. This amendment does not change any other terms of this loan.

This will be a \$2,160,000 (\$15,000 per unit) low-interest loan to complete a 144-unit affordable housing development. As a for-profit entity, the borrower is proposing to pay the City back within 40 years at a 1% interest rate, rather than a performance loan. Execution of the City's 60-year covenant and subordinate Deed of Trust will also be a condition of closing.

Of the 144 total units, 36 (25%) will be affordable at 30% AMI, 7 at 40% AMI, 12 at 50% AMI, 10 at 60% AMI, 50 at 70% AMI, and 29 at 80% AMI. Forty-eight will be one-bedroom, 54 will be two-bedroom, and 42 will be three-bedroom. Altogether, two thirds of the unit mix will be comprised of two or three-bedroom units. The Reserves at Green Valley Ranch will also have a market-rate component that is completely separate from this ownership structure and financing/capital stack and but will share the same vehicular entrance off of Green Valley Ranch Boulevard.

The \$40 million project will be funded through approximately \$13 million in tax credit equity, a \$20 million permanent loan, a \$1,075,000 loan from CDOH, and lastly \$1,130,527 in deferred developer fee (representing roughly 40% of the total developer fee). The deferred developer fee may be increased to cover any cost overruns during construction. These are approximate figures as they are subject to minor fluctuations until financial closing when eligible tax credit basis costs are locked.

The unit mix will be as follows:

Unit Type	30% AMI	40% AMI	50% AMI	60% AMI	70% AMI	80% AMI	Total Units	% of Total
1BR	13	2	4	3	16	10	48	33%
2BR	13	3	5	4	18	11	54	38%
3BR	10	2	3	3	16	8	42	29%
Total	36	7	12	10	50	29	144	100%
% of Total	25.0%	4.9%	8.3%	6.9%	34.7%	20.1%	100.0%	

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

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