

OED ORDINANCE/RESOLUTION REQUEST

Date of Request: 12/3/18

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: Amends a \$1,820,000 cash flow loan to Gorman & Company to support the construction of 91 units of income-restricted housing at Laradon Homes, an affordable housing development located at 5120 N. Broadway Avenue in Globeville-Elyria Swansea, revising the allocation of required HOME units within the property to eliminate an overlap in HOME units between those designated by the Office of Economic Development and the State of Colorado Division of Housing.

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	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: 9

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

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: **RR18 1462**

Date Entered: _____

Key Contract Terms

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

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? 1_____

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> (A)	<i>Additional Funds</i> (B)	<i>Total Contract Amount</i> (A+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 (competitive application for 4% + State Low Income Housing Tax Credits allocated by CHFA; 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: HOME

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

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

To be completed by Mayor's Legislative Team:

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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 Laradon Hall Society for Exceptional Children and Adults.

The proposed amendment to the existing loan is technical. Because HOME funds were used by the City of Denver to fund OED's contract with Gorman & Company, the City is required to designate 10 units as HOME units. Units designated as HOME units are subject to federal monitoring requirements. They are also subject to unique rent limits; however, in this case, the LIHTC rent levels mandated by the Colorado Housing and Finance Authority are lower than the HOME rents, and the developer is required to use the lower of the two rent levels, so the HOME rent levels do not impact the project.

After closing on OED's loan, the City learned that the State of Colorado's funding source also required the designation of HOME units. The HOME units designated by the City overlapped with the HOME units designated by the State, and federal law prohibits that the HOME units designated by two funders do not overlap. The State of Colorado is unable to change its HOME unit distribution. In order to rectify the overlap, the City must amend its loan agreement to change the distribution of HOME units. The amendment will not impact the unit mix, affordability levels, or funding associated with Laradon Homes; it is a technical amendment that will adjust the distribution of HOME units on the project.

PROJECT BACKGROUND

The City's \$1.82 million cash flow loan will support hard costs associated with construction of the development; in addition to OED financing, the development leverages \$7.95 million in senior debt and \$14.01 million in competitively awarded 4% + State Low Income Housing Tax Credits. Repayment of OED's cash flow loan will be made out of cash flow over a term of 20 years at an interest rate of 1%. Ten of the units will be income-restricted for 40 years, and 80 units will be 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, so 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. One unit will be allocated as a manager's unit. Laradon Hall, a non-profit organization, 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 closed and 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.

To be completed by Mayor's Legislative Team: