

# ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team

at [MileHighOrdinance@DenverGov.org](mailto:MileHighOrdinance@DenverGov.org) by **11:00 a.m. on Monday**. Contact the Mayor's Legislative team with questions

Date of Request: 7/13/2023

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 *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, supplemental request, etc.)

Approves a loan agreement with Twenty-Two Denver 8805, LLC, in the amount of \$2,050,000 to support the acquisition of 82 income-restricted housing units to be rented at prices affordable to qualifying households (HOST-202368441).

3. **Requesting Agency:** Department of Housing Stability (HOST)

## 4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Jennifer Siegel	Name: Chris Lowell
Email: <a href="mailto:Jennifer.Siegel@denvergov.org">Jennifer.Siegel@denvergov.org</a>	Email: <a href="mailto:Christopher.Lowell@denvergov.org">Christopher.Lowell@denvergov.org</a>

## 5. General description or background of proposed request. Attach executive summary if more space needed:

Twenty-Two Denver 8805, LLC, a partnership between Ms. Margarita Hart and Colorado Housing Accelerator Initiative (CHAI) Debt Capital, acquired 8805 E 12th Ave., known as Villas at Gage Point, an 82-unit naturally occurring affordable rental property in the East Colfax neighborhood with a mix of 7 studios and 75 one-bedroom units. They are requesting \$2,050,000 in the form of a repayable loan to support the acquisition, with a 60-year affordability restriction. CHAI and Ms. Hart are also contributing equity to the project and CHAI will offer a program that will allow tenants to share the equity gains for the project.

The borrower will be required to house people with incomes as shown in the following table. The rental and occupancy restrictions are detailed below:

Unit Type	% AMI	# of Units
Studio	60%	4
Studio	80%	3
1 BR	60%	37
1BR	80%	38
<b>Total</b>		<b>82</b>

Affordability will be secured with a 60-year covenant restricting occupancy to households at 60% and 80% of the Area Median Income (AMI).

6. **City Attorney assigned to this request (if applicable):** Eliot Schaefer

7. **City Council District:** District 8

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

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 > \$500K

**Vendor/Contractor Name:**  
 TWENTY-TWO DENVER 8805, LLC

**Contract control number:**  
 HOST-202368441

**Location:**  
 1660 S Albion St, Suite 200, Denver, CO 80222

**Is this a new contract?**  Yes  No **Is this an Amendment?**  Yes  No **If yes, how many?** n/a\_\_\_\_\_

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

Principal and any interest accrued on the loan shall be due and payable, at such place as may be designated by City, in annual installments of the lesser of (i) 25% of annual surplus cash flow, calculated as set forth on **Exhibit F**, attached hereto and incorporated herein (“Surplus Cash Flow”); or (ii) **Seventy-Nine Thousand Two Hundred Dollars and NO/100 (\$79,200.00)**. Such annual installments shall commence and be due on the first July 1<sup>st</sup> following the date that is twenty-four (24) calendar months after the effective date of the Promissory Note and each July 1<sup>st</sup> thereafter, with the entire unpaid balance of principal and accrued interest due and payable on the thirtieth (30<sup>th</sup>) anniversary of the date of the Promissory Note (the “Maturity Date”), if not sooner paid.

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

<i>Current Contract Amount</i>	<i>Additional Funds</i>	<i>Total Contract Amount</i>
(A)	(B)	(A+B)
\$2,050,000	N/A	\$2,050,000

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
The entire unpaid balance of principal and accrued interest due and payable on the thirtieth (30 <sup>th</sup> ) anniversary of the date of the Promissory Note (the “Maturity Date”), if not sooner paid.	N/A	The entire unpaid balance of principal and accrued interest due and payable on the thirtieth (30 <sup>th</sup> ) anniversary of the date of the Promissory Note (the “Maturity Date”), if not sooner paid.

**Scope of work:**

The acquisition price is \$13,325,000 and total development cost is \$14,095,940. Twenty-Two Denver 8805, LLC, is requesting a \$2,050,000 HOST cash flow loan with a 1% interest rate for a 30-year term and 60-year affordability period. Funds will be used to repay an acquisition loan provided by Ms. Hart. The City’s loan will be subordinate to senior loans from Impact Development Fund and CHAI Debt Capital. The property does not require any rehabilitation at this time. Payment will be 25% of cash flow **up to a maximum of \$79,128**, which would be the annual payment if the loan was fully amortizing. There will be a balloon payment at the end of the thirty-year term.

**Was this contractor selected by competitive process?** No **If not, why not?** Application with internal approval process

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

**Source of funds:** Affordable Housing Fund - Property Tax

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

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

**Who are the subcontractors to this contract?** N/A

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

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

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