

ORDINANCE/RESOLUTION REQUEST

Please mark one: ☐ Bill Request or ☒ Resolution Request Date of Request: 11/1/19

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 Phase I ("The Elisabetta") of Laradon Homes, an affordable housing development located at 5120 N. Broadway Avenue in Globeville, amending text to reflect the revised allocation of required HOME/HUD units within the property and release the prior covenant so that a new covenant may be recorded.

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: Nick Emenhiser	Name: Susan Liehe 720-913-1689
Email: nicholas.emenhiser@denvergov.org	Email: susan.liehe@denvergov.org

5. General 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):

Brad Neiman

7. City Council District: 9

****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: RR19 1231

Date Entered: _____

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?** 2____

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):

The proposed amendment has no financial impact nor does it change the loan duration.

<i>Current Contract Amount (A)</i>	<i>Additional Funds (B)</i>	<i>Total Contract Amount (A+B)</i>
\$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; however, the development is subject to Davis-Bacon wage regulations.

Who are the subcontractors to this contract?

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: RR19 1231

Date Entered: _____

EXECUTIVE SUMMARY

Gorman & Company, an affordable housing development and property management firm based in Wisconsin, is developing a 91-unit multifamily rental property in the Globeville neighborhood, known as “The Elisabetta,” Phase 1 of the Laradon Homes. The property is located at 5120 N. Broadway Avenue, on a parcel of land owned by and leased to the developer from the 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 this 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 the original 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 will amend its loan agreement to change the distribution of HOME units. This amendment follows that revision with language to add the authority to release the prior covenant and record the new covenant.

This \$1.82 million cash flow loan supports hard costs associated with construction of the development; in addition to city 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 the city’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 income-restricted for 30 years. One unit will be rented at market rate as a manager’s unit.

Between its two phases, The Elisabetta and The Stella, 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.

To be completed by Mayor’s Legislative Team: