



Legislation Details (With Text)

File #: 21-1196 **Version:** 1

Type: Resolution **Status:** Adopted

File created: 10/4/2021 **In control:** Safety, Housing, Education & Homelessness Committee

On agenda: 10/25/2021 **Final action:** 10/25/2021

Title: A resolution approving a proposed First Amendment and Modification Agreement between the City and County of Denver and Senior Housing Options, Inc. to add additional funds to the Loan Agreement, revise the affordability restrictions, and make other revisions to the term of the Loan Agreement.
Amends a loan agreement with Senior Housing Options, Inc. by adding \$250,000 for a new total of \$1,750,000 for financing of hard and soft costs to preserve the affordability of units at The Olin Hotel Apartments located at 1420 North Logan Street in Council District 10. No change to agreement duration (HOST 202158183). The last regularly scheduled Council meeting within the 30-day review period is on 11-15-21. The Committee approved filing this item at its meeting on 10-13-21.

Sponsors:

Indexes: Emily Lapel

Code sections:

Attachments: 1. RR21 1196 HOST Olin, 2. 21-1196 Filed Resolution_Senior Housing Options Inc. 202158183-01 ecs, 3. 21-1196 First Amendment and Modification Agreement_Senior Housing Options, Inc. 202158183-01, 4. 21-1196 Filed Resolution_Senior Housing Options Inc., 5. 21-1196 - signed

Date	Ver.	Action By	Action	Result
10/25/2021	1	Council President	signed	
10/25/2021	1	City Council	adopted	Pass
10/13/2021	1	Safety, Housing, Education & Homelessness Committee	approved by consent	

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 10-4-21

Requesting Agency: Department of Housing Stability
Division:

Subject Matter Expert Name:

Name:	Elvis Rubio
Email:	Elvis.Rubio@denvergov.org

Item Title & Description:

*(Do not delete the following instructions)
These appear on the Council meeting agenda. Initially, the requesting agency will enter a 2-3 sentence description. Upon bill filling, the City Attorney’s Office should enter the title above the description (the title should be in **bold** font).*

Both the title and description must be entered between the red "title" and "body" below. Do **not** at any time delete the red "title" or "body" markers from this template.

A resolution approving a proposed First Amendment and Modification Agreement between the City and County of Denver and Senior Housing Options, Inc. to add additional funds to the Loan Agreement, revise the affordability restrictions, and make other revisions to the term of the Loan Agreement.

Amends a loan agreement with Senior Housing Options, Inc. by adding \$250,000 for a new total of \$1,750,000 for financing of hard and soft costs to preserve the affordability of units at The Olin Hotel Apartments located at 1420 North Logan Street in Council District 10. No change to agreement duration (HOST 202158183). The last regularly scheduled Council meeting within the 30-day review period is on 11-15-21. The Committee approved filing this item at its meeting on 10-13-21.

Affected Council District(s) or citywide? Council District 10

Contract Control Number: HOST 202158183

Vendor/Contractor Name (including any "DBA"): Senior Housing Options, Inc.

Type and Scope of services to be performed:

The Olin is a very old building and unexpected conditions were expected. Construction costs have rose due to the age of the building and unanticipated COVID costs. Most of the increased costs were covered by the project contingency. However, an additional \$510,000 of unforeseen constructions costs have arisen (details below).

Additional costs totaling \$510,000 have arisen due to the age of the building and COVID include:

- Construction team discovered five vertical air shafts running from the basement to the attic which posed a severe fire hazard. Mitigation costs: \$75,000
- COVID related safety measures for construction workers, building residents and staff: \$60,000
- COVID-related delays due to slower unit turnover and higher temporary relocation costs and associated financing costs: \$175,000
- Capital Needs Assessment stated that elevators could be upgraded and modernized, with some work planned in future years. However, the current assessment is that full modernization must occur now. Full repair cost is \$200,000.

This amendment will cover a portion of the unforeseen construction cost.

This agreement provides \$1,750,000 (\$15,625/unit) in HOME funding which finances the hard and soft costs for the Olin Hotel Apartments (the Olin). The Olin is a 5-story building built in 1917 as a hotel and converted to affordable senior living in 1982. The building requires extensive renovation and all units and common areas will be updated with new finishes and fixtures. The fifth floor, which had been shut off from the rest of the building for decades, will be reopened and five new units will be added. After completion, the property will consist of 112 studio and 1BR units.

The borrowing entity is Senior Housing Options (SHO), a long-term provider of housing and services to low income seniors and individuals with disabilities. They will lend to funds to Olin Hotel Apartments LLLP, the single purpose entity that will be the owner of Olin Hotel Apartments. This will be a performance loan with a 60-year term, 0% interest rate, and no payments as long as the project remains in compliance. The borrower has received a 2018 allocation of 4% LIHTC + State credits; the PAB will be issued by CHFA.

A City & County of Denver covenant restricts 34 units for occupancy for low-income residents for sixty (60) years. Ten units will be designated as HOME-assisted units (4 studios and 6 one BR) for residents at or below 50% of the Area Median Income (AMI) and 24 units will be designated as City units (11 studios and 13 one BR) serving residents at or below 30% of the AMI. While the remaining units can serve individuals or households at or below 60% AMI, the majority of residents currently housed at the Olin Hotel Apartments are at or below 30% AMI. The 107 existing units in the property were subsidized under a HUD Housing Assistance Payment contract effective until 12/01/20, which provided rental assistance for very-low income residents. DHA will provide project-based housing assistance vouchers for the five new units being added on the fifth floor.

Location (if applicable):

WBE/MBE/DBE goals that were applied, if applicable (construction, design, Airport concession contracts):

Are WBE/MBE/DBE goals met (if applicable)?

Is the contract new/a renewal/extension or amendment?

Was this contractor selected by competitive process or sole source?

For New contracts

Term of initial contract:

Options for Renewal:

How many renewals (i.e. up to 2 renewals)?

Term of any renewals (i.e. 1 year each):

Cost of initial contract term:

Cost of any renewals:

Total contract value council is approving if all renewals exercised:

For Amendments/Renewals Extensions:

Is this a change to cost/pricing; length of term; terms unrelated to time or price (List all that apply)?

If length changing

What was the length of the term of the original contract?

What is the length of the extension/renewal?

What is the revised total term of the contract?

If cost changing

What was the original value of the entire contract prior to this proposed change?

\$1,500,000

What is the value of the proposed change?

\$250,000

What is the new/revised total value including change?

\$1,750,000

If terms changing

Describe the change and the reason for it (i.e. compliance with state law, different way of doing business etc.)