



Legislation Text

File #: 18-1462, Version: 1

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 12-4-18

Requesting Agency: Office of Economic Development
Division:

Subject Matter Expert Name:

Name: Susan Liehe 720-913-1689
Email: susan.liehe@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 Amendatory Agreement between the City and County of Denver and Laradon West, LLC to revise the restrictions on use of property for an affordable housing development located at 5120 N. Broadway Avenue in Globeville-Elyria Swansea.

Amends a loan agreement with Gorman & Company by revising the allocation of required HOME Investment Partnerships Program (HOME) units within the property to eliminate an overlap between those designated by the city and the State of Colorado Division of Housing, for the construction of 91 units of income-restricted rental housing at 5120 North Broadway in Council District 9. No change to contract amount or duration (OEDEV-201738563-00). The last regularly scheduled Council meeting within the 30-day review period is on 1-22-19. The Committee approved filing this item at its meeting on 12-12-18.

Affected Council District(s) or citywide? CD 9

Contract Control Number: OEDEV-201738563-00

Vendor/Contractor Name (including any "DBA"): Gorman & Company

Type and Scope of services to be performed:

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 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.

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?

What is the value of the proposed change?

What is the new/revised total value including change?

If terms changing

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

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