



Legislation Text

File #: 19-1118, Version: 1

**Contract Request Template (Contracts; IGAs; Leases)**

**Date Submitted:** 10-14-19

**Requesting Agency:** Office of Economic Development  
**Division:**

**Subject Matter Expert Name:**

|        |                           |              |
|--------|---------------------------|--------------|
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**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 Loan Agreement between the City and County of Denver and Laradon NW, LLC to construct affordable housing in the Globeville neighborhood.**

Approves a loan agreement with Laradon NW, LLC for \$3,500,000 and for 60 years in support of the Stella Project, a residential 4-story building with 131 affordable housing units located at 5190 North Broadway in Council District 9 (OEDEV-201952012). The last regularly scheduled Council meeting within the 30-day review period is on 12-9-19. The Committee approved filing this item at its meeting on 10-23-19.

**Affected Council District(s) or citywide?** Council District 9

**Contract Control Number:** OEDEV-201952012

**Vendor/Contractor Name (including any "DBA"):** Laradon NW, LLC

**Type and Scope of services to be performed:**

EXECUTIVE SUMMARY

Gorman & Co. has secured a 99-year land lease with the Laradon Hall Society for Exceptional

Children and Adults, on which they are currently constructing phase one of Laradon Homes (The Elisabetta), and are now proposing to build the second and final phase (The Stella). The Elisabetta was a 91-unit, HOME-funded project comprised of 50 one-bedrooms, 36 two-bedrooms, and 5 three-bedrooms, with 11 units at 30% AMI, another 11 at 50% AMI, 68 at 60% AMI, and one manager 2-bedroom.

The Stella consists of 132 units, 16 of which serve permanent supportive housing (PSH) tenancy with vouchers and are set-aside for households earning 30% AMI; 97 are restricted for 60% AMI, and 18 restricted for 80% AMI. All units will be restricted for 60 years. This configuration of units makes the project eligible for a cash flow loan.

| Unit Type | Fixed/Floating | Unit Count | Income Restrictions | Covenant Period |
|-----------|----------------|------------|---------------------|-----------------|
| 1BR/1BA   | Floating       | 6          | 30%/PSH             | 60 years        |
| 1BR/1BA   | Floating       | 9          | 60%                 | 60 years        |
| 2BR/1BA   | Floating       | 8          | 30%/PSH             | 60 years        |
| 2BR/1BA   | Floating       | 44         | 60%                 | 60 years        |
| 2BR/1BA   | Floating       | 9          | 80%                 | 60 years        |
| 2BR/1BA   | Floating       | 1          | Manager Unit        | 60 years        |
| 3BR/2BA   | Floating       | 2          | 30%/PSH             | 60 years        |
| 3BR/2BA   | Floating       | 40         | 60%                 | 60 years        |
| 3BR/2BA   | Floating       | 7          | 80%                 | 60 years        |
| 4BR/2BA   | Floating       | 4          | 60%                 | 60 years        |
| 4BR/2BA   | Floating       | 2          | 80%                 | 60 years        |
| Total     | 132            |            |                     |                 |

Multiple bedrooms are a strong benefit of this project. The newly-designed building will contain 15 one-bedroom units, 62 two-bedroom units, 49 three-bedroom units, and 6 four-bedroom units. As such, the project uniquely supports the needs of larger families in the Globeville neighborhood.

We are proposing a \$3,500,000 cash flow loan, with 1% simple interest, which is \$26,515.15 per unit. Total development cost is \$40,140,728 (\$304,096.42 per unit). The cash flow loan will be repaid following repayment of the deferred developer fee loan into the project, projected to begin in Year 11. The loan will have to be repaid in full at refinance or re-syndication (infusion of new Federal tax credit equity), which will likely be between Year 15 and Year 20.

**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?**

Competitive process

**For New contracts**

**Term of initial contract:** 60 years

**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: \$3,500,000**

**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.)**