



Legislation Text

File #: 22-0251, Version: 1

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 2/22/22

**Requesting Agency: HOST
Division:**

**Subject Matter Expert Name: Jack Wylie
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Phone Number:**

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 Second Amendment and Modification Agreement between the City and County of Denver and OPG Green Valley Ranch Partners, LLC to increase the loan amount to support the construction of The Reserves at Green Valley Ranch, comprised of 144 affordable housing units located at 17800 Green Valley Ranch Boulevard.

Amends a loan agreement with OPG Green Valley Ranch Partners, LLC by adding \$60,000 for a new cash flow loan total of \$2,160,000 to address escalating construction costs at The Reserves at Green Valley Ranch, comprised of 144 affordable apartments units in Council District 11. No change to contract duration (HOST-202161347-02). The last regularly scheduled Council meeting within the 30-day review period is on 4-4-22. The Committee approved filing this item at its meeting on 3-2-22.

Affected Council District(s) or citywide? District 11

Contract Control Number: HOST-202161347-02

Vendor/Contractor Name (including any "DBA"): OPG Green Valley Ranch Partners, LLC

Type and Scope of services to be performed:

Denver City Council originally approved a \$3 million loan agreement to support the development of The Reserves at Green Valley Ranch, a multifamily affordable project. This loan agreement was amended to a lower loan amount of \$2.1 million in February 2021, due to an increase in tax credit equity that closed the financing gap. The borrower is now experiencing significant construction cost increases due to the extraordinary factors experienced across the market currently. The borrower requested any additional funding support that may be available, and HOST has proposed increasing this contract by \$60,000. This amendment does not change any other terms of this loan.

This will be a \$2,160,000 (\$15,000 per unit) low-interest loan to complete a 144-unit affordable housing development. As a for-profit entity, the borrower is proposing to pay the City back within 40 years at a 1% interest rate, rather than a performance loan. Execution of the City’s 60-year covenant and subordinate Deed of Trust will also be a condition of closing.

Of the 144 total units, 36 (25%) will be affordable at 30% AMI, 7 at 40% AMI, 12 at 50% AMI, 10 at 60% AMI, 50 at 70% AMI, and 29 at 80% AMI. Forty-eight will be one-bedroom, 54 will be two-bedroom, and 42 will be three-bedroom. Altogether, two thirds of the unit mix will be comprised of two or three-bedroom units. The Reserves at Green Valley Ranch will also have a market-rate component that is completely separate from this ownership structure and financing/capital stack and but will share the same vehicular entrance off of Green Valley Ranch Boulevard.

The \$40 million project will be funded through approximately \$13 million in tax credit equity, a \$20 million permanent loan, a \$1,075,000 loan from CDOH, and lastly \$1,130,527 in deferred developer fee (representing roughly 40% of the total developer fee). The deferred developer fee may be increased to cover any cost overruns during construction. These are approximate figures as they are subject to minor fluctuations until financial closing when eligible tax credit basis costs are locked.

The unit mix will be as follows:

Unit Type	30% AMI	40% AMI	50% AMI	60% AMI	70% AMI	80% AMI	Total Units	% of Total
1BR	13	2	4	3	16	10	48	33%
2BR	13	3	5	4	18	11	54	38%
3BR	10	2	3	3	16	8	42	29%
Total	36	7	12	10	50	29	144	100%
% of Total	25.0%	4.9%	8.3%	6.9%	34.7%	20.1%	100.0%	

*Area Median Income, or rent limits, will be used for income qualification of qualified residents.

Location (if applicable):

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

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

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

Was this contractor selected by competitive process or sole source? Loan committee process

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)? Added funds

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?

<i>Current Contract Amount (A)</i>	<i>Additional Funds (B)</i>	<i>Total Contract Amount (A+B)</i>
\$2,100,000	\$60,000	\$2,160,000

If terms changing

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