



Legislation Text

File #: 19-0132, Version: 1

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 2-12-19

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 Colburn LLC for renovation and development of an affordable housing project located at 980 Grant Street, Denver, Colorado.

Approves a loan agreement with Colburn LLC for \$3,450,000 and for sixty-nine years to support the acquisition and rehabilitation of an existing income-restricted property known as the Colburn Hotel to preserve 91 units of housing for low-income residents, located at 980 Grant Street in Council District 10 (OEDEV-201842018-00). The last regularly scheduled Council meeting within the 30-day review period is on 5-6-19. The Committee approved filing this item at its meeting on 3-27-19.

Affected Council District(s) or citywide? CD 10

Contract Control Number: OEDEV-201842018-00

Vendor/Contractor Name (including any "DBA"): Colburn LLC

Type and Scope of services to be performed:

This proposed resolution will authorize a \$3,450,000 cash flow loan to Colburn, LLC to support the acquisition and rehabilitation of an existing income-restricted property known as the Colburn Hotel. The developer, Gorman and Company, LLC, acquired the property in Q3 2018 and has created the limited liability company for purposes of a Low Income Housing Tax Credit resyndication. The total development cost of the project is expected to be approximately \$23 million. The redevelopment of the Colburn Hotel is a preservation transaction; but for the purchase of the property by Gorman & Company, the covenant income-restricting the property would have elapsed, and the property may have been converted to market-rate housing. The property currently provides housing for a very low-income population, many of whom have experienced homelessness.

The project proposes the acquisition and rehabilitation of the residential portion of a 10-story building with 92 affordable housing units. The project is expected to include 23 one-bedroom efficiency units for households below 30% of Area Median Income (AMI), 68 one-bedroom efficiency units for households below 60% AMI, and 1 manager unit. The City's subordinate loan will support a portion of the \$9.02 million acquisition cost of the property. The renovation of the Colburn Hotel will also rely on a first mortgage, Federal and State LIHTC equity, Federal and State Historic Tax Credits, funding from the State Division of Housing, and a deferred developer fee. The renovation of the property is made possible through a Rental Assistance Demonstration 2nd Component (RAD-2) transaction, which will replace the property's annually renewing project-based voucher contract with a 20-year contract, leaving the property less vulnerable to non-renewal.

The developer plans to retain the existing tenants, convert the single room occupancy units to efficiency apartments, and modernize the units. Deep affordability for all residents will be preserved through a new 20-year HUD Project Based Housing Assistance Payments contract to be administered by the Denver Housing Authority. Rehabilitation of the property will improve the property's livability and functionality for residents as well as extend the useful life of this critical affordable housing asset.

Through the planned renovation, the property's single-room occupancy units will be converted into studios. At present, the majority of units do not have kitchens, private bathrooms, or air conditioning. The renovation will provide each unit with kitchenettes, private bathrooms, and air conditioners; replace flooring, light fixtures, and plumbing fixtures; and add and improve community amenity areas. Gorman anticipates temporarily relocating residents during the construction process. The developer anticipates providing additional service provision during the rehabilitation timeframe to support the resident population.

The Colburn Hotel will contribute directly to the City's preservation goals, because but for the property's purchase by Gorman, the covenant income-restricting the property would have elapsed, and the property may have been purchased by a market-rate buyer.

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: Sixty-nine 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: \$3,450,000

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.)