



Legislation Text

File #: 18-1356, Version: 1

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 11-13-18

Requesting Agency: Office of Economic Development
Division:

Subject Matter Expert Name:

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|----------------------------------|
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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 RAHF IV Juanita Nolasco, LLC to support the preservation and rehabilitation of 188 units of existing income-restricted senior housing located at 4550 West 9th Avenue.

Approves a loan agreement with RAHF IV Juanita Nolasco LLC for \$2,600,000 and for forty years to support the preservation and rehabilitation of 188 existing units of income-restricted housing for low and very low-income senior residents in a fully leased building at 4550 West 9th Avenue in Council District 3 (OEDEV-201842291-00). The last regularly scheduled Council meeting within the 30-day review period is on 3-26-19. The Committee approved filing this item at its meeting on 11-21-18.

Affected Council District(s) or citywide? CD 3

Contract Control Number: OEDEV-201842291-00

Vendor/Contractor Name (including any "DBA"): RAHF IV Juanita Nolasco LLC

Type and Scope of services to be performed:

Jonathan Rose Companies, dba RAHF IV Juanita Nolasco, LLC, is proposing to preserve and rehabilitate 188 units of existing income-restricted housing located in the Villa Park neighborhood of Denver. All of the units are reserved for senior residents and are covered by a project-based Section 8 contract. Units range in restriction up to 50% or 60% of AMI; however, given that all units are covered by a project-based Section 8 contract, residents may earn between 0% and 50% AMI.

The City's loan agreement will restrict 161 of the units for residents earning 50% of area median income (AMI) or below, and 27 of the units for residents earning 60% of AMI or below. However, because of the project-based Section 8 contract in place on the property, all units will be supported by federal rental subsidies and available to residents earning between 0% and 50% of AMI. As of November 2017, the average annual income of residents in Juanita Nolasco Apartments was approximately \$14,000.

The city's proposed \$2,600,000 investment is structured as a repaying cash flow loan bearing a 1% interest rate, to be repaid over a 40-year term. The property will be income-restricted by the city for 40 years. In addition to the city's investment, the property's acquisition and renovation will leverage a \$24M first mortgage and \$8,289,550 in private equity provided by Jonathan Rose Companies' preservation equity fund. The property was purchased by the firm in 2017 for \$31,250,000.

The city's proposed investment will contribute to a renovation of the property that will ensure that it remains high-quality affordable housing into the future. The renovation will incorporate building-scale improvements, including a full replacement of windows, replacement of boilers and HVAC units, and an upgrading of the common area space. In-unit upgrades will be included in the renovation as well--the appliances, flooring, and cabinetry in all units will be replaced. Where appliances and heating systems will be upgraded, the renovation will provide energy-efficient replacements. The renovation will take place with all tenants in place.

OED's investment toward Juanita Nolasco will contribute toward the housing preservation goals outlined in the City's Comprehensive Housing Plan. The renovation will preserve 188 units of very low-income housing for 40 years.

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: Forty 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: \$2,600,000

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.)