



Legislation Text

File #: 21-0181, Version: 1

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 2-12-21

Requesting Agency: Department of Housing Stability
Division:

Subject Matter Expert Name:

Name: Nick Emenhiser
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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 First Amendment and Modification Agreement between the City and County of Denver and OPG Green Valley Ranch Partners, LLC to amend and modify the terms and conditions of the loan 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 reducing the loan amount by \$900,000 for a new total of \$2,100,000 due to an increase in tax credit equity that closed the financing gap to support the construction of The Reserves at Green Valley Ranch, comprised of 144 affordable apartments units located at 17800 Green Valley Ranch Boulevard in Council District 11. No change to agreement duration (HOST-202055465). The last regularly scheduled Council meeting within the 30-day review period is on 3-30-21. The Committee approved filing this item at its meeting on 2-24-21.

Affected Council District(s) or citywide? Council District 11

Contract Control Number: HOST-202055465

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

Type and Scope of services to be performed:

EXECUTIVE SUMMARY

This amendment is taking advantage of an opportunity to save HOST \$900,000 on this loan as a result of this project's increased tax credit equity caused by Congressional action in January to fix the Applicable Percentage Rate (APR) at 4% for the "non-competitive" 4% Low-Income Housing Tax Credit.

This will be a \$2,100,000 (\$14,583 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 of Green Valley Ranch will also have a market-rate component that is completely separate from this capital stack and unit mix 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.

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?

\$3,000,000

What is the value of the proposed change?

(\$900,000)

What is the new/revised total value including change?

\$2,100,000

If terms changing

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