



Legislation Text

File #: 19-1231, Version: 1

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 11-1-19

Requesting Agency: Department of Housing Stability
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 Second Amendatory Agreement between the City and County of Denver and Laradon West, LLC to amend the text to reflect the revised allocation of required HOME/HUD units within the property and release the prior covenant so that a new covenant may be recorded for an affordable housing development known as "The Elisabetta," located at 5120 N. Broadway Avenue in Globeville-Elyria Swansea.

Amends a loan agreement with Laradon West, LLC by amending text to reflect the revised allocation of required HOME/HUD units within the property and release the prior covenant so that a new covenant may be recorded for the construction of 91 units of income-restricted rental housing at Phase 1 of Laradon Homes, known as the "The Elisabetta," an affordable housing development located at 5120 North Broadway in Council District 9. No change to agreement amount or duration (OEDEV-201738563-00). The last regularly scheduled Council meeting within the 30-day review period is on 12-16-19. The Committee approved filing this item at its meeting on 11-13-19.

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

Contract Control Number: OEDEV-201738563-00

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

Type and Scope of services to be performed:
EXECUTIVE SUMMARY

Gorman & Company, an affordable housing development and property management firm based in Wisconsin, is developing a 91-unit multifamily rental property in the Globeville neighborhood, known as "The Elisabetta," Phase 1 of the Laradon Homes. The property is located at 5120 N. Broadway Avenue, on a parcel of land owned by and leased to the developer from the Laradon Hall Society for Exceptional Children and Adults.

The proposed amendment to the existing loan is technical. Because HOME funds were used by the City of Denver to fund this contract with Gorman & Company, the city is required to designate 10 units as HOME units. Units designated as HOME units are subject to federal monitoring requirements. They are also subject to unique rent limits; however, in this case, the LIHTC rent levels mandated by the Colorado Housing and Finance Authority are lower than the HOME rents, and the developer is required to use the lower of the two rent levels, so the HOME rent levels do not impact the project.

After closing on the original loan, the city learned that the State of Colorado's funding source also required the designation of HOME units. The HOME units designated by the city overlapped with the HOME units designated by the State, and federal law prohibits that the HOME units designated by two funders do not overlap. The State of Colorado is unable to change its HOME unit distribution. In order to rectify the overlap, the City will amend its loan agreement to change the distribution of HOME units. This amendment follows that revision with language to add the authority to release the prior covenant and record the new covenant.

This \$1.82 million cash flow loan supports hard costs associated with construction of the development; in addition to city financing, the development leverages \$7.95 million in senior debt and \$14.01 million in competitively awarded 4% + State Low Income Housing Tax Credits. Repayment of the city's cash flow loan will be made out of cash flow over a term of 20 years at an interest rate of 1%. Ten of the units will be income-restricted for 40 years, and 80 units will income-restricted for 30 years. One unit will be rented at market rate as a manager's unit.

Between its two phases, The Elisabetta and The Stella, Laradon Homes will be a multifamily development providing a mix of one-, two-, and three-bedroom units available to households earning between 30% and 60% of area median income (AMI). Twenty-two of the units will be supported by Section 811 project-based vouchers provided by the Division of Housing, so will be affordable to very low-income senior and disabled residents. Sixty-eight of the units will be reserved for residents earning at or below 60% of AMI. One unit will be allocated as a manager's unit.

Laradon Hall, a non-profit organization, provides services to children and adults with intellectual, developmental, and other disabilities at their campus located across Lincoln Street from the development; it is anticipated that residents of the 22 units reserved for senior and disabled households will receive services from Laradon Hall.

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?

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.)