



## Council Communication File Number: Res 2023-063

**Agenda Date:** 10/2/2023

**Version:** 2

**Status:** Agenda Ready

**In Control:** City Council

**File Type:** Resolution

A RESOLUTION APPROVING THE SOUTH PLATTE CROSSING AFFORDABLE HOUSING DEVELOPMENT FUNDING ASSISTANCE AGREEMENT BETWEEN THE CITY OF COMMERCE CITY AND 72 COLORADO LLC

### **Summary and Background Information:**

The South Platte Crossing Development's vision is to provide residents with transit-oriented affordable housing located near 72nd Avenue and Colorado Boulevard. The project will include 60 units, comprised of studio to three-bedroom apartments, and a variety of rental price points targeted for a variety of income levels. The proposed development will help address housing affordability needs for residents of Commerce City. The affordability breakdown for the 60 units is as follows:

- 8 units at 30%AMI
- 12 units at 40%AMI
- 22 units at 50%AMI
- 6 units at 70%AMI
- 12 units at 80%AMI

The development of affordable housing requires a variety of funding sources to bring such projects to fruition. The developer has already received the competitive 9 percent Low-Income Housing Tax Credits (LIHTC) through the Colorado Housing and Finance Authority (CHFA). An award of 9 percent LIHTC will provide approximately \$12.4 million in equity to develop the project. Other project funding sources include a CHFA permanent loan and grant, Colorado Department of Housing (DOH) funding, and a deferred developer fee. With this variety of funding sources, the project still has a \$750,000 gap. Council previously provided general support to help address the project gap, and directed staff to negotiate the terms of an affordable housing agreement with the developer.

The agreement drafted includes reimbursement terms for the building permit and building plan review fees, as well as reimbursement of the City's non-dedicated sales and/or use taxes (at the 3.5% rate) payable and remitted to the City in connection with the Development. These terms are consistent with past affordable housing agreements. In addition, the agreement includes several new terms that are designed to hold the developer accountable to the product they will deliver, as well as to the level or service they are pledging to provide residents with. Notable new terms include parameters on the construction and leasing timeline, occupancy expectations, property upkeep

expectations, terms for the period of affordability, and terms for property inspections by the City or its agent. In addition, Brinshore will be subject to additional terms from CHFA as a requirement of receiving the 9 percent LIHTC for this project. Brinshore is committed to delivering a high-quality affordable housing project and has agreed to all of the terms outlined in the proposed agreement.

**Staff Responsible (Department Head):** Jason Rogers, City Manager

**Staff Member Presenting:** Jenna Hahn, Executive Management Analyst is available to answer questions. The developer would like to give a presentation

**Financial Impact:** Up to \$750,000

**Funding Source:** Reimbursement of project-specific funds

**Staff Recommendation:** Proceed with adopting the resolution to that the housing project may begin to follow the approved construction schedule

**Suggested Motion:** MOTION TO APPROVE RESOLUTION APPROVING THE SOUTH PLATTE CROSSING AFFORDABLE HOUSING ASSISTANCE AGREEMENT BETWEEN THE CITY OF COMMERCE CITY AND 72 COLORADO LLC