



Background Paper for Proposed Ordinance

COUNCIL MEETING DATE: June 27, 2022

TO: President Heather Graham and Members of City Council
CC: Nicholas A. Gradisar, Mayor
VIA: Marissa Stoller, City Clerk
FROM: Bryan Gallagher, Director, Housing and Citizen Services
SUBJECT: AN ORDINANCE APPROVING AN AFFORDABLE HOUSING DEVELOPMENT AGREEMENT AND RELATED DOCUMENTS BETWEEN CRAWFORD TOWNHOMES, LLLP, A COLORADO LIMITED LIABILITY LIMITED PARTNERSHIP, THE HOUSING AUTHORITY OF THE CITY OF PUEBLO, A PUBLIC BODY CORPORATE AND POLITIC, AND THE CITY OF PUEBLO, A MUNICIPAL CORPORATION, AND AUTHORIZING THE MAYOR TO EXECUTE SAME

SUMMARY:

This Ordinance approves the City of Pueblo's Affordable Housing Development Agreement with Crawford Townhomes, LLLP, and the Housing Authority of the City of Pueblo for the development of a forty-nine (49) unit affordable housing rental project known as Crawford Townhomes.

PREVIOUS COUNCIL ACTION:

The City Council has not taken any previous action on this matter.

BACKGROUND:

In October of 2021, the Department of Housing and Citizen Services issued a Notice of Funding Availability (NOFA) for the HOME Program. The Housing Authority (dba Crawford MM, LLC) applied for HOME funds for the development of a 49-unit rental project to be known as Crawford Townhomes. HOME funds will assist five (5) of the units. This Project is part of multiple phased project to replace the Sangre de Cristo public housing complex. The Project will serve households at 30-60% of the area median income (AMI). Fifty-one percent (51%) of the units are designated for residents with incomes at 30% of AMI. This is a HUD Rental Assistance Demonstration Grant (RAD) sponsored project, and as such, existing residents at Sangre de Cristo will have preference in the unit rentals. The RAD contract will provide a project base rental subsidy to the units within the development for those households whose monthly income is not sufficient to pay market rate rent. As a rule and per HUD guidelines, a household paying more than 30% of their monthly income on rent is considered rent burdened.

Project costs are approximately \$23.3 million, and are being funded through multiple sources:

1. JP Morgan Construction Loan	\$ 13,630,000
2. RBC LIHTC Equity Funding	\$ 12,351,265
3. Colorado Division of Housing Grant	\$ 3,430,000
4. CHFA SIMPLE Permanent Loan	\$ 3,000,000
5. CHFA Capital Magnet Fund Permanent Financing	\$ 400,000
6. CHFA Capital Magnet Fund Grant	\$ 350,000
7. HACP HUD Capital Funds Loan	\$ 1,800,000
8. HACP Other Funds Loan	\$ 1,584,452
9. HACP Deferred Developer Fee	\$ 250,000
10. HACP Property Loan	\$ 140,000
11. City of Pueblo HOME Loan and HOME Match	\$ 500,000
12. Pueblo County HOME Grant	\$ 304,260

RBC Community Investments, LLC will provide \$12,351,265 in capital contributions to Crawford Townhomes, LLLP as an equity partner throughout the project. This is the low-income housing tax credit limited partner contribution. In return for the contribution, the limited partner is eligible to receive a \$1,350,000 tax credit, annually, for ten years. Issuance of the credit by CHFA is contingent upon the developer operating the project within federal program requirements.

FINANCIAL IMPLICATIONS:

The City HOME contribution is available in the 251 Fund, and is comprised of HOME grant funds, program income, and City match contributions.

BOARD/COMMISSION RECOMMENDATION:

Not applicable to this Ordinance.

STAKEHOLDER PROCESS:

Not applicable to this Ordinance.

ALTERNATIVES:

If this HOME Loan is not made, the Affordable Housing Project will have to procure additional funding or fail.

RECOMMENDATION:

Approval of the Ordinance.

ATTACHMENTS:

- Attachment 1: City of Pueblo Affordable Housing Development Agreement
- Attachment 2: Deed of Trust
- Attachment 3: Promissory Note
- Attachment 4: JP Morgan Subordination Agreement
- Attachment 5: CHFA Subordination(s)
- Attachment 6: CHFA Land Use Restrictive Agreement

ORDINANCE NO. _____

AN ORDINANCE APPROVING AN AFFORDABLE HOUSING DEVELOPMENT AGREEMENT AND RELATED DOCUMENTS BETWEEN CRAWFORD TOWNHOMES, LLLP, A COLORADO LIMITED LIABILITY LIMITED PARTNERSHIP, THE HOUSING AUTHORITY OF THE CITY OF PUEBLO, A PUBLIC BODY CORPORATE AND POLITIC, AND THE CITY OF PUEBLO, A MUNICIPAL CORPORATION, AND AUTHORIZING THE MAYOR TO EXECUTE SAME

WHEREAS, there exists a need for affordable housing in the City of Pueblo; and

WHEREAS, there exists a need to update the existing public housing known as the Sangre de Cristo Apartments, located at 2601 Sitter Place, and construct new affordable housing; and

WHEREAS, the City of Pueblo receives HOME Investment Partnership Grant funds from the U.S. Department of Housing and Urban Development for the creation and retention of affordable housing; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF PUEBLO, that:

SECTION 1

The City of Pueblo Affordable Housing Development Agreement between Crawford Townhomes, LLLP, a Colorado limited liability limited partnership, the Housing Authority of the City of Pueblo, a public body corporate and politic, and the City of Pueblo, a Municipal Corporation, (the "Agreement") for the development of affordable housing, and the associated documents, specifically the promissory note, deed of trust, and subordination agreements, (the "Documents") copies of which are attached hereto and incorporated herein, having been approved as to form by the City Attorney, are hereby approved.

SECTION 2

The \$500,000.00 in loan funds are available in Fund 251 and will be dedicated to this Agreement and the associated project.

SECTION 3

The Mayor is hereby authorized to execute the Agreement and the associated Documents as needed and upon closing of the transaction in the name and on behalf of the City of Pueblo, where the Mayor may execute the Agreement and Documents by electronic signature and such electronic signature shall be attributable to the Mayor and the City of Pueblo.

SECTION 4

The Mayor is hereby authorized to execute the construction and permanent financing subordinations to JP Morgan Chase and CHFA, respectively, included within the Documents, when requested and in the name and on behalf of the City of Pueblo, where the Mayor may execute the subordinations by electronic signature and such electronic signature shall be attributable to the Mayor and the City of Pueblo.

SECTION 5

The Mayor is hereby authorized to execute the CHFA Land Use Restriction Agreement (“LURA”) included within the Documents upon close out of the construction project and in the name and on behalf of the City of Pueblo, where the Mayor may execute the LURA by electronic signature and such electronic signature shall be attributable to the Mayor and the City of Pueblo.

SECTION 6

The officers and staff of the City are authorized to perform any and all acts consistent with the intent of this Ordinance and the attached Agreement and Documents to effectuate the transactions described therein.

SECTION 7

If any section, paragraph, clause, or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 8.

This Ordinance shall become effective on the date of final action by the Mayor and City Council.

Action by City Council:

Introduced and initial adoption of Ordinance by City Council on _____.

Final adoption of Ordinance by City Council on _____.

President of City Council

Action by the Mayor:

- Approved on _____.
- Disapproved on _____ based on the following objections:

Mayor

Action by City Council After Disapproval by the Mayor:

- Council did not act to override the Mayor's veto.
- Ordinance re-adopted on a vote of _____, on _____
- Council action on _____ failed to override the Mayor's veto.

President of City Council

ATTEST

City Clerk