



**The Longmont
Housing Authority**

DATE: July 16, 2024

TO: LHA Board of Commissioners

FROM: Molly O'Donnell, Housing and Community Investment Division Director

Subject: Resolution Approving Various Items in Connection with the Acquisition and Construction of the Ascent at Hover Crossing Project.

BACKGROUND

The Ascent at Hover Crossing located at 1764/1780 Hover Street will provide 75 units of housing geared towards serving low-moderate income families. The LHA-sponsored development would be a family-centric, heavily place-based neighborhood that offers the opportunity for the City and the LHA to exercise all the benefits of our partnership to serve Longmont residents with an innovative, service-anchored, sustainably designed community. A major goal for the development is to include a community services element to serve the residents and the greater community in this area of the city. LHA has been working on a partnership with Wild Plum to operate an early childhood education center (ECE) onsite at Ascent. The ECE will include three classrooms serving children ages 0-3 from income-qualified families eligible for Colorado Childcare Assistance Program (CCAP) either living onsite at Ascent or elsewhere in the community. LHA has partnered with Pennrose, a private developer of affordable housing, to be co-general partners in bringing Ascent to fruition.

Tax Credit financing for Ascent is anticipated to close on or around July 25, 2024. This resolution accepts a \$2,000,000 grant from the Colorado Health Foundation (CHF) for the construction of the ECE and authorizes the loaning of those funds into the partnership. This grant is a recoverable grant with milestones that are required to be met in the first five years in order to keep the funds. Since the funds would be spent immediately on construction, in the extremely unlikely event that LHA and/or Pennrose do not meet the milestones and a recoverability event occurs at some point after the funds are spent, then there would not be a funding source available to pay back the funds. This resolution includes the authorization to enter into a Guaranty Agreement with Pennrose that allocates risk between LHA and Pennrose. Pennrose would guarantee the repayment through construction and substantial occupancy of the housing units. Pennrose and LHA would split the responsibility equally for the later milestones, including outreach to Ascent residents to assist in ECE enrollment and meeting reporting requirements to CHF.

Additionally, the tax credit investor is interested in having a master lease holder, with Wild Plum brought in under a sub-lease to maximize protections for the tax credit partnership. This resolution authorizes LHA to be hold the master lease with the partnership. This will be beneficial in the unlikely event that Wild Plum decides to or must not participate in operating the ECE and by extension, support



LHA in meeting the CHF milestones. If a new provider for service-enriched housing needs to be found, LHA, in partnership with the City, can take steps to find another service provider to continue to meet the intent of the CHF funding and avoid a recoverability event.

Finally, this resolution authorizes the partnership to enter into subordination agreements in association with the construction loan being provided by First Bank.

RECOMMENDATION

Adopt a Resolution to Approve Various Items in Connection with the Acquisition and Construction of the Ascent at Hover Crossing Project.

FISCAL IMPACTS OF RECOMMENDATION

The LHA General Fund will not be impacted by the resolution.

ALTERNATIVE ACTIONS CONSIDERED

Alternative actions include:

1. Approve the resolution.
2. Disapprove and provide other direction to staff.

ATTACHMENTS:

1. Resolution No. LHA-2024-12 – Approving Various Items in Connection with the Acquisition and Construction of the Ascent at Hover Crossing Project
2. Funding Agreement with Colorado Health Foundation
3. Exhibit A to the Colorado Health Foundation Funding Agreement