

# CITY COUNCIL COMMUNICATION



**MEETING DATE:** August 11, 2020

**ITEM NUMBER:** 9.O

**SECOND READING:**

{{customfields.ResoOrdNumber}}

**TYPE OF ITEM:** Consent

**PRESENTED BY:**

Kathy Fedler, Housing and Community Investment Division,  
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**SUBJECT/AGENDA TITLE:**

Loan Term Extension request from Longmont Housing Development Corporation on their Hover Crossing Land Purchase Loan

**EXECUTIVE SUMMARY:**

Attached is a request from the Longmont Housing Development Corporation (LHDC) to extend the repayment of their Affordable Housing Fund loan from March 1, 2020 to March 1, 2021. As noted in the letter, the loan was fully due and payable in March of this year. However, the former Executive Director never submitted a request for a loan extension. Now that the City has taken over management of the LHA, this is a situation that needs to be addressed, most urgently because of the issues it causes with the LHDC audit.

Back in 2015 the LHDC borrowed \$800,000 from the Affordable Housing Fund to purchase roughly 2 acres in the Hover Crossing development located at 18th and Hover. This land is directly west of the LHA's Lodge and Hearthstone senior apartment developments and it was felt that having a campus approach in this area would be an efficient use of resources for maintenance and management. The loan was at 2% interest with interest only payments the first five years, with payment of all principal and interest in March, 2020. As noted, this due date, while called to the attention of the former Executive Director back in October, 2019, passed by with no extension request.

The LHDC requested a one year extension be approved for this loan to allow the LHA to get systems in place to better track loan due dates (although they have yet to miss a payment for any other loan) and to ensure compliance with loan terms. There is also a possibility that some of the land the City purchased for a fire station in this same area may allow for a combined or joint affordable housing development. The Longmont Housing and Human Service Advisory Board reviewed this extension request at their meeting on July 9, 2020, and is recommending approval.

**NOTE:** While the LHDC requested and the HHSAB is recommending approval of a one year loan extension, staff is recommending up to a three year extension be granted with the same

terms in place (interest only payments of 2% each year on March 1, full repayment no later than March 1, 2023). This will allow more breathing room for a thoughtful and planned development, and allows for full repayment earlier if a project can move forward more quickly. Realistically, we are already in August and it is unlikely a project can be developed or funds found for full repayment by next March.

**COUNCIL OPTIONS:**

1. Approve Loan extension by one year.
2. Approve loan extension by up to three years
3. Do not approve loan extension and demand immediate full repayment
3. Provide other direction to staff

**RECOMMENDED OPTIONS:**

Recommend approval of extension to loan repayment for up to three years, to allow more time for a thoughtful, planned development.

**FISCAL IMPACT & FUND SOURCE FOR RECOMMENDED ACTION:**

Funds were loaned from the Affordable Housing Fund and are repaid to this fund, so there is no impact to the General Fund. The new loan terms put off repayment of the loan, but with the additional time and additional interest payment, the repayment amount will net \$16,000 in additional funds to the Affordable Housing Fund each year the loan is outstanding.

**BACKGROUND AND ISSUE ANALYSIS:****ATTACHMENTS:**

Att 1 - Request for payment extension from LHDC