



MEMORANDUM

P.O. Box 4100 ♦ FRISCO, COLORADO 80443

To: Mayor and Town Council

From: Tom Fisher, Town Manager
James Gorham, Economic Development Manager
Leslie Edwards, Finance Director

Re: **Second Reading Ordinance 25-05: AN ORDINANCE APPROVING A SECOND AMENDED AND RESTATED DEVELOPMENT AGREEMENT BETWEEN THE TOWN OF FRISCO, THE FRISCO COMMUNITY HOUSING DEVELOPMENT AUTHORITY, THE NHPF FOUNDATION, AND NHPF GALENA, LLC, AS AN AMENDMENT AND RESTATEMENT OF THE DEVELOPMENT AGREEMENT BETWEEN THE TOWN OF FRISCO AND THE NHP FOUNDATION, DATED AS OF MAY 23, 2023, AS RELATED TO THE AFFORDABLE HOUSING DEVELOPMENT TO BE CONSTRUCTED AT 602 GALENA STREET**

Date: April 8, 2025

Summary:

After significant negotiation between the NHP Foundation (NHPF) and the Town over the 602 Galena middle income housing project financing method, ownership of the project and operations of the project, it was decided that the NHP Foundation being the lead and controlling interest in all those items was preferred. The negotiated development agreement, ground lease and loan documents that will solidify the relationship between the Town and the NHP Foundation for this project is scheduled for ordinance adoption by second reading.

Background:

The Town of Frisco has been working with the NHPF since early 2023 when staff from NHPF approached Town staff and Council on affordable housing opportunities in Frisco. The mission of the NHP Foundation is:

“The NHP Foundation is a not-for-profit real estate organization dedicated to preserving and creating sustainable, service-enriched multifamily housing that is both affordable to low- and moderate-income families and seniors, and beneficial to their communities.”

The NHP Foundation's mission aligns well with the Council's strategic plan to support a thriving economy by increasing workforce housing to appropriate levels and enhancing community inclusivity by offering a variety of housing types to support year-round residents.

While reviewing the history of the project, it is essential to recognize that the project has evolved partly due to the ongoing pursuit of the 101 West Main Street affordable housing project. Recognizing that there is a strong need for all housing types and rental rates within the Town, the Town is focused on ensuring that the two projects provide a range of affordable housing options to the community. Based on site location, financing mechanisms, timelines, etc., the Town and NHPF have determined that 602 Galena will be moving forward with middle income rental rates and construction will begin in 2025. The 101 West Main project will be moving forward in 2026, dependent on Low Income Housing Tax Credits (LIHTC) funding being awarded in May 2025.

Project and Development Services Agreement

As noted in the background section, the project at 602 Galena Street has evolved since the original Development Agreement was approved. This includes:

- Financial modeling has evolved this site to now be higher AMIs (120% AMI), although rents are financially modeled at 100% AMI.
- 101 West Main Street has evolved to now be the sole Low-Income Housing Tax Credits (LIHTC) project, pending approval.

Staff notes the following highlights related to the development proposed:

- Developer's proposed unit mix of affordable housing:

Unit Type	Total Units	AMI Limit
Studio or Small 1 Bedroom	22	120%
1 Bedroom	20	120%
2 Bedroom	12	120%
Total	54 units	

- The DA includes a \$8.1 million pro-rata forgivable loan from the Town to the project that will be drawn upon as verifiable pre-development, demolition and construction expenses are demonstrated by the developer. Acknowledged in this development agreement draft is \$1.9 million of the loan will be made available to NHP for construction and pre-development costs prior to the closing of the NHP financing.
- The loan of any funds from the town will be a forgivable loan that will be forgiven pro-rata over the length of the financing of the project.
- All conditions agreed to with the state of Colorado regarding the purchase of the property have been satisfied.
- Any changes to the number of units or affordability requirements in the dwelling units shall require the prior written consent of the Town, in its reasonable discretion.
- Obligations agreed to with Summit County regarding the affordability of the project, timeline for demolition and construction are all currently being met

- The DA and associated documents provide proper protection for the town in the case that default in construction, project financing, project performance or if the project changes ownership in the future. The land and the project will remain an affordable project.

Analysis:

The development services agreement, with associated ground lease and loan documents, will solidify our relationship with the NHPF as this project moves forward quickly through bond financing and construction. Please note that this Development Services Agreement and associated ground lease and loan documents must be adopted by ordinance by the Town Council.

At the March 25, 2025, Town Council meeting, the Council requested an update to the development agreement, increasing the Town's commitment by \$4.9 million, raising the total cash contribution from \$3.2 million to \$8.1 million. Since the first reading, the following changes have been made to the documents: the cash commitment has been updated to \$8.1 million, the Right of First Refusal language has been finalized, the loan documents have been completed, and the construction guarantee has been solidified.

Financial Impact:

Upon first reading of the ordinance, the Town of Frisco committed \$8.1 million from the Housing Fund to assist in the construction of the project. This is in addition to the approximate \$1 million that was contributed by the Town for the purchase of the property from the state of Colorado and grant funding awarded to the Town of Frisco by the State of Colorado.

The Town recognizes that the NHP Foundation is using its outstanding S&P rating to finance above \$19 million of this approximate \$30 million project and has also provided, up front, all of the funds to bring the project to the point of demolition permits and building permits. These up front commitments and costs demonstrate tremendous commitment to bringing forward rental workforce housing units in Frisco by NHPF.

Alignment with Strategic Plan:

This project and its resulting 54 units of workforce housing will be financed as a middle-income project and is strategically tied to the goals of the Town Council in the areas of inclusion and vibrant economy. Although the project will be financed at middle-income, we will require and financially support the project so that it meets the Council's goals of having a range of middle-income AMIs, while following the various restrictions for AMI, set by purchase agreements and grant agreements.

Environmental Sustainability:

The project contemplated in this Development Services Agreement will meet or exceed our green energy code requirements for the Town of Frisco and the project will be 100% electric. In addition, they are in a high availability transit corridor to facilitate less single occupancy vehicle trips.

Staff Recommendation:

It is recommended that the Council adopt this Development Services Agreement by ordinance.

Reviews and Approvals: This report has been reviewed and approved by:

Diane McBride, Assistant Town Manager
Thad Renaud, Town Attorney

Attachments:

Attachment 1 – Ordinance 25-05 Approving Second Amended and Restated Development Agreement (602 Galena Street)
Attachment 2 – Second Amended and Restated Development Agreement (602 Galena Street)
Attachment 2ExhibitB – More Housing Now Grant IGA
Attachment 2ExhibitB – Strong Communities Grant IGA
Attachment 2ExhibitB – Summit County Government IGA
Attachment 2ExhibitC – Ground Lease
Attachment 2ExhibitE - Assignment and Subordination of Construction Contract
Attachment 2ExhibitE - Assignment of Property Management Agreement
Attachment 2ExhibitE - Collateral Assignment of Contract Rights
Attachment 2ExhibitE - Collateral Assignment of Membership Interest
Attachment 2ExhibitE - Deed of Trust
Attachment 2ExhibitE - Loan Agreement
Attachment 2ExhibitE - Promissory Note
Attachment 2ExhibitE - UCC Financing Statement
Attachment 2ExhibitE - Unconditional Guaranty