



Town of New Castle Administration Department

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New Castle, CO 81647 www.newcastlecolorado.org

Memorandum

To: Mayor & Council

From: David Reynolds

Re: Council Agenda Item – Report and request regarding Lakota Ridge Senior Housing

Date: 1-10-19

Purpose:

During the Jan. 15 Council Meeting the management of Community Resources and Housing Development Corporation will address Council concerning two topics:

First:

Staff has received a request from the *Community Resources and Housing Development Corporation* (CRHDC) as owners and project managers of the *Lakota Ridge Senior Housing Project* on Castle Valley Boulevard. CRHDC seeks an additional extension, as well as forgiveness from penalties, for the “*Development Agreement for Lakota Ridge Senior Apartments*” originally dated August 3, 2016.

This *Development Agreement* deals with the development, construction, and dedication of the street, sidewalk and lighting (Public Improvements) which leads into the Lakota Senior Housing Project from Castle Valley Blvd. Upon satisfactory completion this street will ultimately become a Town owned and maintained Public Improvement. The agreement called for the completion of the Public Improvements no later than *June 30, 2018*. The agreement also states that Town staff may extend this deadline by up to six months, or *December 31, 2018*.

As both the original deadline and the extended deadline have now expired without the completion of the Public Improvement as contracted between CRHDC and the Town, CRHDC now requests an additional five months extension in order to complete the Public Improvements as contracted. As per the agreement *Town staff may not extend additional extensions* to this Development Agreement. Any additional extensions must be considered by Town Council.

Due to the complexities of the *Development Agreement* as well as the complexities surrounding the completion of the *Public Improvements*, staff has asked for our Town Attorney, Town Engineer, and

Town Utilities Director to attend this Council Meeting and present their observations and opinions concerning the most current status of the Agreement.

Staff Recommendation:

Staff will provide an up to date opinion as to the status of the Public Improvements as well as opinions on how to best move forward with assurances that these Public Improvements will be delivered to the satisfaction of the Town.

Second:

CRHDC will also be presenting to Council a status update on the overall project. As the Town is considered (by virtue of its' financial assistance and other factors) to be a partner in this project, CRHDC wishes to update Council on the current status and their thoughts for moving forward.

CRHDC also desires to seek a Temporary Certificate of Occupancy (TCO) that would allow residents to occupy the apartments prior to 100% completion of the entire project. This idea was originally brought to the Town's attention in February of 2018, and again on several occasions over the last year. At each approach to this concept, staff requested a detailed written plan (including timelines) of how CRHDC intended to address all life safety issues as well as ultimately complete the entire project. CRHDC was made aware that no consideration of a Temporary Certificate of Occupancy (TCO) would take place prior to the submission of a written plan.

CRHDC is currently working toward the concept of completing the interior of all 50 apartments by March 1 2019. The current desire for a TCO by CRHDC (as understood by staff) would be under the premise that all interior work is 100% complete and that the only remaining work on the entire project are the items remaining on the exterior of the building that can not be completed due to winter weather conditions. Such items may include final exterior paint, final landscaping, and final details to exterior elements. Staff also understands that CRHDC will be submitting a detailed request for a TCO, which shall include all outstanding items, timelines for completion, and plans for completing the project in a way that provides for the health and safety of occupants.

Staff Recommendation:

Town Code allows for the issuance of a TCO under very specific situations. The idea of a TCO for this project has been a bit of a moving target for the past 11 months. Town Staff has yet to be notified regarding final inspection request dates and therefore cannot comment on the exact nature of all elements of work remaining. Staff's recommendation regarding a TCO is that a request can be made and considered. Until such time that all work is complete, all inspections are complete, all occupancy plans have been developed, submitted, and approved, it is too early to know if a TCO is achievable or under what conditions it can be issued should Council direct staff to pursue the issuance of a TCO. Town Attorney David McConaughy will be on hand during this Council Meeting for the purpose of directing options for Council to consider on this matter.



December 4, 2018

"Your Path to Home Ownership"

David Reynolds
Town Administrator
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Town of New Castle
450 West Main Street
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New Castle CO 81647

RE: Lakota Ridge Senior Apartments Public Improvements Construction Extension to Deadline...

Mr. Reynolds,

The purpose of this letter is to outline a request to Town of New Castle to extend our deadline for completing the public improvements. We would like to have a five (5) month extension to our current deadline of December 31, 2018 as outlined by our current Development Agreement.

As you are aware our construction has been delayed and the contractor is working on finalizing the inspections. We understand the Development Agreement outlines liquidated damages in the amount of \$4,000 for failure to provide the required documentation 20 days prior to the deadline. We are actively working on finalizing the inspections for the public improvements, the project acceptance checklist, as built drawings, the bill of sale, legal description, plat and Warranty Deed for your review. We respectfully request a waiver to the liquidated damages as we finalize the inspections and documentation required to close out the public improvements.

We thank you for your consideration of this request. Please feel free to contact me directly, Carly Johansson, CRHDC Director of Real Estate Development, at 720-542-6570 if you have any questions or concerns. We thank you and appreciate your time and efforts.

Sincerely,

Carly Johansson, Director or Real Estate Development, CRHDC

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& Housing Development
CORPORATION

David Reynolds

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RE: Lakota Ridge Senior Apartments Consideration of a Temporary Certificate of

and snow are preventing us from undertaking this non-life safety related work. In c

1. Installation of the perennial planting within the interior courtyard.
2. Installation of two secondary concrete walkways neither of which provides to units.
3. Re-seeding of the neighboring lot to the west, owned by the School District

9. Installation of a T-Patch at the interface of new paving at the new public road and the existing paving of Castle Valley Blvd.
10. Installation of final striping of crosswalks, parking stalls and accessible parking spaces within the new right-of-way and the new property parking lots. (Temporary striping will be installed and available for inspection prior to issuance of the requested TCO to insure life-safety of tenants, visitors and the general public during the period the TCO is in place.)

With the issuance of a TCO we can begin to move tenants into the units more quickly, providing those seniors who have been waiting for this housing opportunity access to the buildings sooner. We are now also at risk of losing critical partners to the project if we fail to begin moving in tenants. This project is only possible because of the many partnerships, including that with the Town of New Castle, that have been formed to make this project work.

The delays we have experienced to date have already resulted in a downward adjuster of equity in the amount of \$94,100. This continues to increase by approximately \$40,000 for each month that we are not able to place these units into service. This amount does not include the management fee our organization had budgeted to help pay our management staff nor the cost we will experience for delays in converting to our permanent loan.

We thank you for your consideration of this request. Please feel free to contact me or Carly Johansson, CRHDC Director of Real Estate Development, if you have any questions or concerns. We thank you and appreciate your time, effort and continued partnership.

Sincerely,



Arturo Alvarado, Executive Director,
Community Resources and Housing Development Corporation

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Community Resources
& Housing Development
CORPORATION

January 9, 2019

“Your Path to Home Ownership”

1. Introductions:
 - a. New Executive Director
 - b. Director of Real Estate Development
2. Follow up from the last time we met with council.
 - a. Last time we spoke it was to update the Council on how we were integrating the PUD Amendment into the development.
 - b. This work has been difficult to incorporate for the general contractor and as a result we now have aspects of the construction that cannot be completed until the weather permits.
3. Request of an extension to the completion date of the public improvements and deeding the land back to the Town.
 - a. We had a deadline of December 31st also with the requirement of getting all our documents in 20 days prior to the deadline.
 - b. We have requested in our letter issued December 4th of a 5 month extension. Based on our current plans we should have all of our inspections and paperwork finalized before March 1st.
 - c. We also know that because we failed to submit this documentation or receive another extension we are facing a \$4,000 penalty for liquated damages. Because we are actively trying to complete our inspections and documentation we ask that this penalty be waived.
 - d. The documents we are currently working on are as follows.
 - i. Inspections called in by the contractor to the appropriate departments.
 - ii. The required Project Acceptance Checklist.
 - iii. The as built drawings
 - iv. The bill of sale.
 - v. Legal Description and plat
 - vi. Warranty Deed
4. Request of the TCO
 - a. As mentioned the project has experienced delays and we are not able to complete all the work due to the colder temperatures.
 - b. We are seeking a TCO because not only is our organization losing equity that we have worked hard to bring together for the project but we are now also at risk of losing our partners.

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- i. Loss of equity to date is \$94,000 and we can add roughly \$40,000 each month that goes by that we do not lease up the units. Additionally the management fee which helps pay our staff already working with potential tenants.
 - ii. We cannot risk losing our partners as that is what makes this project possible.
 - iii. Review the outstanding items for them to consider for the TCO.
5. Note that the remaining work is finish and amenity related. All life safety, accessibility and building energy performance related work will be completed prior to issuance of the TCO.

Potential things to mention:

1. The contractor estimated that the addition of the PUD amendment changes would impact the project schedule by 60 days but this has in fact had an impact closer to 120 days.
2. The contractor unexpectedly lost a key staff member in early November. That resulted in a delay of several weeks as they worked to reposition staff to complete the project and regain knowledge lost because of the departure.
3. There are several items CRHDC is taking out of the contractor's scope and hiring out in an effort to help get all the work completed.

Closing statements....other thoughts?

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