

# Business, Workforce and Sustainability Committee

December 19, 2012



**GROWDENVER**  
The Office of Economic Development

# Northeast Denver Housing Center (NDHC)

---

*30 year old private non-profit community development corporation*

## **PROGRAMS & SERVICES**

- Comprehensive housing counseling
- Healthy homes Initiative (HHI)
  - lead poisoning / asthma triggers / radon / CO2 abatement
- Affordable rental and homeownership development

## **550 UNITS OF HOUSING PRODUCTION**

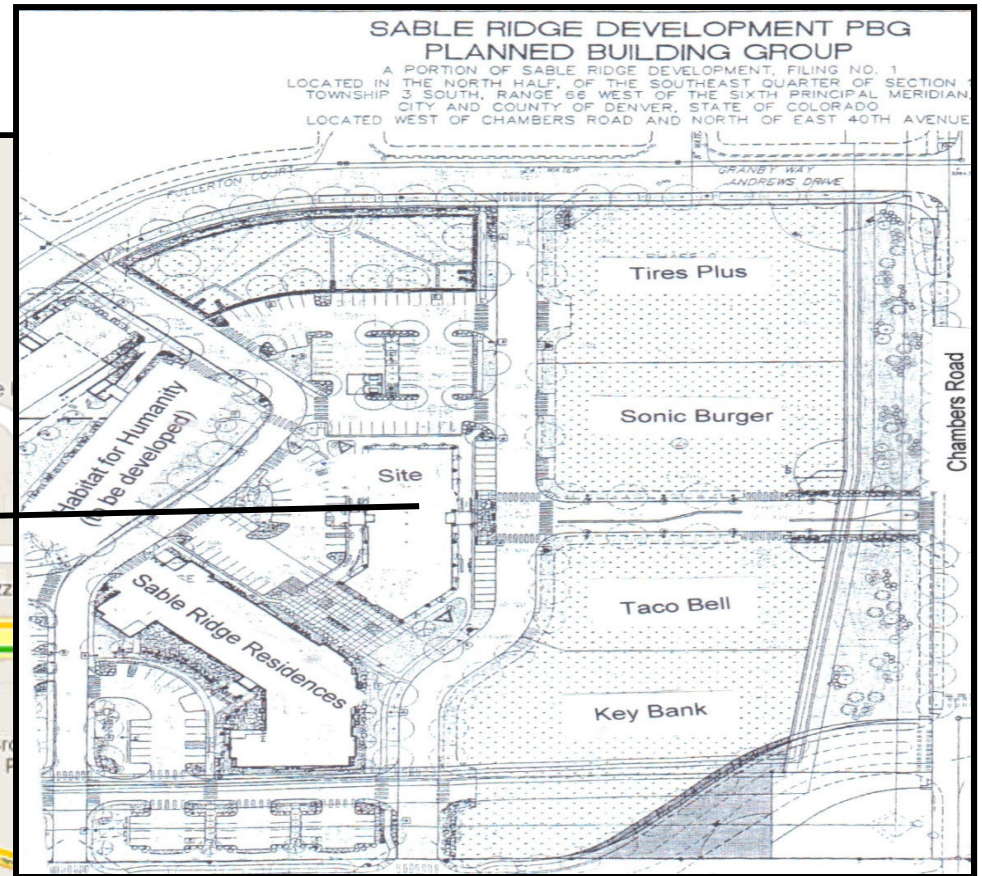
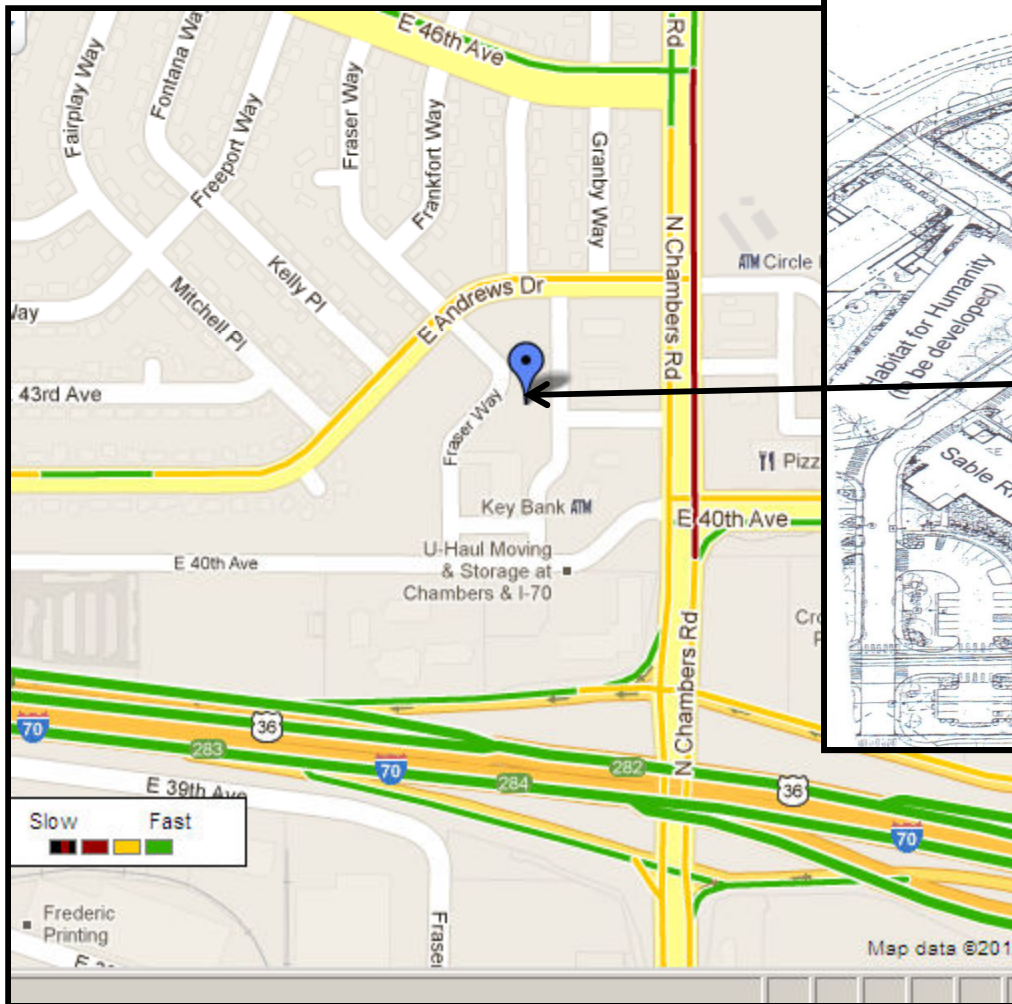
- \$43.7M real estate development
- 500 jobs (construction, program delivery, admin, professional)

## **INNOVATIVE DEVELOPMENT**

- “Green Built” & Gold LEED Certification
- 5 Points TOD
- Neighborhood Stabilization Program (NSP) partner

# Northeast Denver Housing Center (NDHC)

Sable Ridge Development – Montbello @ 15136 E. Andrews Drive



# Northeast Denver Housing Center (NDHC)

---

*Sable Ridge Development*

## **LOAN #1 & #2: 2000 FEASIBILITY STUDY (\$52.2K) + 2002 LAND ACQUISITION (\$722K)**

- *Purpose:* To fund feasibility study and land acquisition for affordable housing development
- *Collateral:* **No collateral**
- *Current Balance:* \$774,745
- *Current Terms:* Loan 1: 0% interest, due upon securing financing to develop site  
Loan 2: Deferred and forgiven with maturity of May 1, 2032 (contingent on the development of units)

## **Background**

- NDHC was unsuccessful in obtaining low income housing tax credits from CHFA to develop the affordable rental housing units
- In 2006, Mile High Community Loan Fund, the 1<sup>st</sup> lien-holder with a \$1.2M bridge loan filed for foreclosure, which caused the OED loan to be released through foreclosure proceedings.

# Northeast Denver Housing Center (NDHC)

---

*Sable Ridge Development*

## **PROPOSED AMENDMENT**

- Monthly payment of \$1,000 for both loans
- Loan fully-amortizes at maturity May 1, 2078
- Collateral: 2<sup>nd</sup> lien on Austin Building
  - OED has \$380K first lien
  - \$928K FMV
  - **All loans due and payable upon sale of the property**

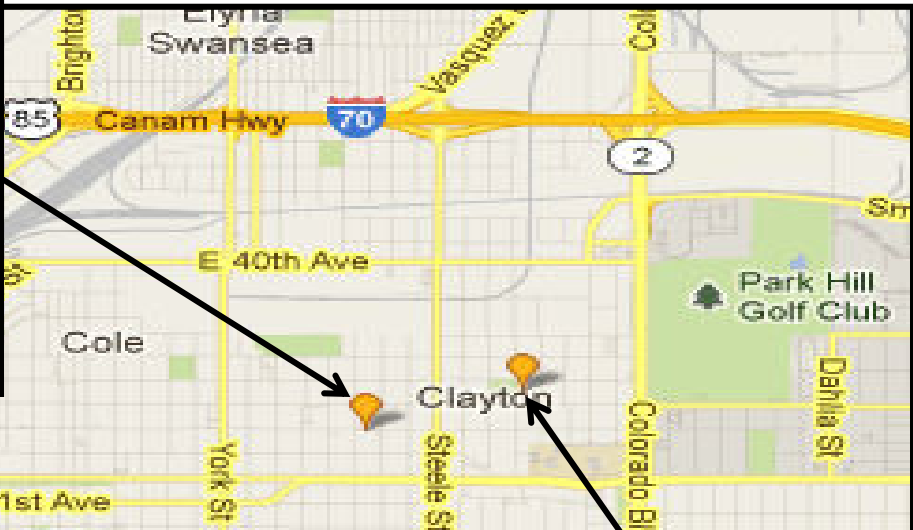
*Although NDHC is in a limited cash position, they are a strong partner in affordable housing development and the OED is structuring these loan workouts to help ensure NDHCs long term viability*

# Northeast Denver Housing Center (NDHC)

*Skyline Loan*



*Bruce Randolph Healthy Homes*



*Madison Healthy Homes*



*Welton Urban Living*

# Northeast Denver Housing Center (NDHC)

---

## *Skyline Loan*

### **LOAN #3: 1995 SKYLINE LOAN (\$677K)**

- *Purpose:* Acquisition and rehabilitation for low and moderate income for-sale units
- *Collateral:* No collateral
- *Current Balance:* \$719,511
- *Current Terms:* 3% interest rate, **maturity July 31, 2005**

### **BACKGROUND**

- Organization unable to make maturity payment
- Loan resulted in the creation of 50 affordable single family housing units

# Northeast Denver Housing Center (NDHC)

---

## *Skyline Loan*

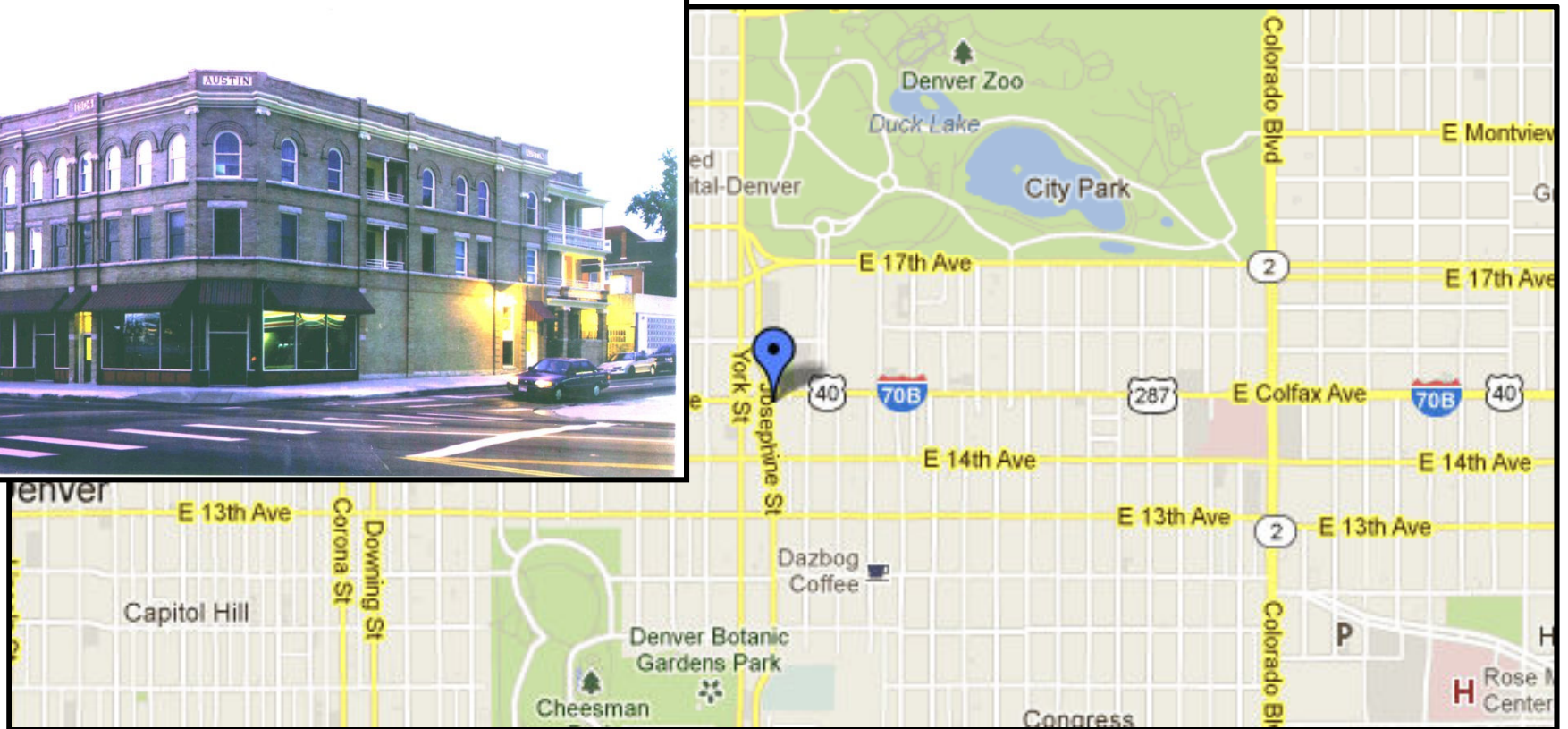
### ***PROPOSED TERMS (Agreed to by OED in June 2010)***

- Waiver of accrued interest
- Conversion to 0% interest rate
- Annual payment of \$100 to City
- 99 year land trust lease
- Collateral
  1. Welton Urban Living (2400 Welton Street)
  2. Madison Healthy Homes (3562 – 3596 Madison Street)
  3. Bruce Randolph Healthy Homes (3350 Fillmore + 2904-2910 Bruce Randolph Ave)
- Repayment deferred until expiration of land trust, then land value determined and paid to the City, any remaining balance paid to NDHC.
  - At 2% rate of inflation – the City made whole in 99 years



# Northeast Denver Housing Center (NDHC)

*Austin Building- 2400 E. Colfax Ave*



# Northeast Denver Housing Center (NDHC)

---

*Austin Building- 2400 E. Colfax Ave*

## **LOAN #4: AUSTIN BUILDING (1995)**

- *Purpose:* Acquisition and rehabilitation of property located at 2400 East Colfax.
- *Collateral:* Collateral Assignment of Deed of Trust
- *Current Balance:* \$462,921
- *Current Terms:* HOME = 1% interest, \$2,412/mo payment, maturity February 1, 2017  
HOPWA = \$100K performance based, deferred loan  
CDBG = 3% interest, \$1,359/mo payment, maturity February 1, 2012

## **BACKGROUND**

- NDHC purchased the Austin Building in 1995 to rehabilitate and convert to 18 affordable rental housing units
- Problems leasing-up of the retail space on the street level and tenant turn-over

# Northeast Denver Housing Center (NDHC)

---

*Austin Building- 2400 E. Colfax Ave*

## **PROPOSED AMENDMENT**

- NDHC to make lump-sum payment of \$12,229 to catch-up late fees due currently
- NDHC paid \$5,427 of 2012 real estate taxes owed and past due
- Modify repayment terms on HOME and CDBG-ED loans
  - HOME - \$500/month, effective upon execution of amendment, no change to interest rate, and maturity modified to April 1, 2075
  - CDBG-ED - \$500/month, effective upon execution of amendment, no change to interest rate and maturity modified to February 1, 2032
  - HOPWA - no modifications
  - 1<sup>st</sup> lien Deed of Trust
  - All loans would be due and payable upon sale of property

# Northeast Denver Housing Center (NDHC)

---

## Taxes

### **ALL TAXES PAID WITH THE EXCEPTION OF ZION BANK PROPERTY**

- NDHC owes \$58,000 in back taxes (2009-2011)
- NDHC remedies:
  - OED receives \$25,000 non-refundable tax payment in escrow by 3/31/13
  - Full payment of taxes for 2009 -2012 by June 15, 2013
- If taxes are not paid...
  - 2009, 2010 & 2011 tax certificates held by investor, may apply for Treasurer's deed in 2013
  - OED, as senior lien holder, would buy the Treasurer's deed, option of foreclosure
  - Property FMV approx. \$650,000
  - City loan of \$350K +\$58K back taxes + \$12K interest and fees + \$19K est. 2012 taxes = \$439K
  - Excess value of approx. \$211K

### **City in Secure Position to Retire All Debt and Past Due Taxes on Property**