

OED ORDINANCE/RESOLUTION REQUEST

Date of Request: 3/11/19

Please mark one: Bill Request or Resolution Request

1. Type of Request:

- Contract/Grant Agreement Intergovernmental Agreement (IGA) Rezoning/Text Amendment
 Dedication/Vacation Appropriation/Supplemental DRMC Change
 Other:

2. **Title:** Approves a \$500,000 funding allocation to the Housing Authority of the City and County of Denver to provide soft second mortgages of up to \$25,000 to low-income homeowners participating in the West Denver Single Family Plus program facilitated by the West Denver Renaissance Collaborative, currently housed within the Denver Housing Authority.

3. **Requesting Agency:** Office of Economic Development

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Haley Jordahl 720-913-1707	Name: Susan Liehe 720-913-1689
Email: haley.jordahl@denvergov.org	Email: susan.liehe@denvergov.org

5. General a text description or background of the proposed request, if not included as an executive summary.

See Executive Summary

6. City Attorney assigned to this request (if applicable):

Laurie Heydman

7. City Council District: #3 (Paul Lopez); #7 (Jolon Clark); #9 (Albus Brooks)

****For all contracts, fill out and submit accompanying Key Contract Terms worksheet****

Key Contract Terms

Type of Contract: (e.g. Professional Services > \$500K; IGA/Grant Agreement, Sale or Lease of Real Property):
Intergovernmental Agreement

Vendor/Contractor Name: Housing Authority of the City and County of Denver, Colorado

Contract control number: OEDEV-201846549-00

Location: To be administered in various locations in 9 West Denver neighborhoods (West Colfax, Sun Valley, Auraria, Lincoln Park, Villa Park, Barnum West, Barnum, Valverde, Westwood, and Athmar Park)

Is this a new contract? Yes No Is this an Amendment? Yes No If yes, how many? _____

Contract Term/Duration (for amended contracts, include existing term dates and amended dates):

1/1/2019 – 1/1/2021

Contract Amount (indicate existing amount, amended amount and new contract total):

<i>Current Contract Amount (A)</i>	<i>Additional Funds (B)</i>	<i>Total Contract Amount (A+B)</i>
\$500,000	\$0	\$500,000

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
1/1/2019 – 1/1/2021		

Scope of work:

See Executive Summary.

Was this contractor selected by competitive process? Yes (competitively underwritten for funding by OED)
If not, why not?

Has this contractor provided these services to the City before? Yes No

Source of funds: General Funds

Is this contract subject to: W/MBE DBE SBE XO101 ACDBE N/A

WBE/MBE/DBE commitments (construction, design, DEN concession contracts):

N/A

Who are the subcontractors to this contract?

N/A

EXECUTIVE SUMMARY

This agreement approves a \$500,000 funding allocation to the Housing Authority of the City and County of Denver to provide soft second mortgages of up to \$25,000 to low-income homeowners participating in the West Denver Single Family Plus program. **The West Denver Single Family Plus program is facilitated by the West Denver Renaissance Collaborative, currently housed within the Denver Housing Authority, thus this is an intergovernmental agreement.**

The West Denver Single Family Plus program is targeted toward homeowners in nine West Denver neighborhoods and will assist in the development of accessory dwelling units (ADUs) to serve as an income-generation and anti-displacement tool.

The West Denver Single Family Plus program will support the City's core goals of stabilizing residents at risk of displacement, by providing an income generating source for existing West Denver homeowners. Additionally, by creating income-restricted housing units, the program will support the City's core goal of creating affordable housing. The program is estimated to create 40 income-restricted ADUs over the coming two years. Twenty income-restricted ADUs are estimated to be supported by the City's investment, so will support low-income homeowners in West Denver, who may otherwise be at especially high risk of displacement.

The West Denver Renaissance Collaborative is an initiative incubated by the Denver Housing Authority that focuses programmatically on the mitigation of displacement in nine West Denver neighborhoods (West Colfax, Sun Valley, Auraria, Lincoln Park, Villa Park, Barnum West, Barnum, Valverde, Westwood, and Athmar Park). The West Denver Single Family Plus (WDSF+) program is being piloted by WDRC as an anti-displacement tool for existing West Denver homeowners. The WDSF+ program advances WDRC's mission specifically by providing housing counseling resources to West Denver residents and facilitating participation in the WDSF+ program with eligible West Denver homeowners.

The WDSF+ program supports West Denver homeowners in constructing an accessory dwelling unit (ADU) on a primary residence's lot to be rented to tenants earning below 80% of area median income (AMI). Often, the cost of constructing an ADU – currently estimated at approximately \$250,000 or more – is cost-prohibitive for low- and moderate-income residents. The WDSF+ program has streamlined the permitting process for ADUs by designing a set of type-approved structures, reduced the construction cost of ADUs by partnering with Habitat for Humanity of Metro Denver, and identified existing products that will allow homeowners to finance the cost of ADU construction. Homeowners participating in the WDSF+ program will see a total construction cost of between \$100,000 and \$140,000 per ADU. In exchange for the cost efficiencies generated by participating in the WDSF+ program, homeowners must income-restrict the ADU to tenants earning 80% of AMI or below for 25 years.

The City's proposed funding will only be provided to homeowners earning below 80% of AMI, deepening the affordability level of residents participating in the program. The funding will be structured as soft second mortgages that will subsidize the construction cost of each ADU. The second mortgages will be sized based upon need, with a maximum mortgage amount of \$25,000. The City's funds will support WDSF+'s two-year pilot program and are expected to serve 20 households between 2019 and 2021.