

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor’s Legislative Team
at MileHighOrdinance@DenverGov.org by **3:00pm on Monday**.

**All fields must be completed.*
Incomplete request forms will be returned to sender which may cause a delay in processing.*

Date of Request: June 27, 2011

Please mark one: **Bill Request** or **Resolution Request**

1. Has your agency submitted this request in the last 12 months?

Yes **No**

If yes, please explain:

2. Title: To allow the execution of a loan agreement between the City and County of Denver (City) and Habitat for Humanity of Metro Denver, Inc. (Habitat)

3. Requesting Agency: Office of Economic Development-Business and Housing Services

4. Contact Person:

- **Name:** Melissa Stirdivant, Neighborhood Stabilization Program Specialist
- **Phone:** 720-913-1541
- **Email:** melissa.stirdivant@denvergov.org

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- **Phone:** 720-913-1541
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6. General description of proposed ordinance including contract scope of work if applicable:

The ordinance approves a loan agreement between Habitat for Humanity of Metro Denver, Inc. (Habitat) for the acquisition of foreclosed and/or abandoned/blighting properties, rehabilitation or new construction on the purchased sites, and resale to income qualified households. The project is eligible under Neighborhood Stabilization Program 3 (NSP3) program regulations due to the fact that the properties to be developed under this contract are either foreclosed upon or vacant/blighting properties in eligible neighborhoods (Globeville, Elyria-Swansea, West Colfax and Villa Park). NSP3 was authorized under the American Recovery and Reinvestment Act (ARRA) of 2009. The City will provide a loan in the amount of \$2,430,251 to Habitat to implement NSP3. Habitat was awarded these funds through a Request for Proposals issued by the City. The Housing and Economic Recovery Act (HERA) of 2008 originally established NSP and appropriated funds to address the effects of abandoned and foreclosed properties and vacant and blighting properties in the nation’s communities.

- a. Contract Control Number:** To be determined
- b. Duration:** June 27, 2011-September 1, 2031
- c. Location:** Globeville, Elyria-Swansea, West Colfax and Villa Park
- d. Affected Council District:** CDs 1, 3, 9
- e. Benefits:** Elimination of abandoned and foreclosed properties and expanded affordable housing opportunities for low-, moderate- and median-income households.
- f. Costs:** \$2,430,251

7. Is there any controversy surrounding this ordinance? Please explain. No known controversy.

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ORDINANCE/RESOLUTION REQUEST

Executive Summary

Purpose: To allow the execution of a loan agreement between the City and County of Denver and Habitat for Humanity of Metro Denver, Inc., a Colorado nonprofit 501(c)3 corporation, to purchase foreclosed and/or abandoned/blighting properties, rehabilitation and/or new construction on the purchased sites, and resale of the homes to income qualified households. Homes/properties in Globeville, Elyria-Swansea, West Colfax, and Villa Park are eligible for this project.

Contract Entity: Habitat for Humanity of Metro Denver, Inc.

Contract Control Number: To be assigned

Contract Amount: \$2,430,251.00

Program: Neighborhood Stabilization Program 3 (NSP3)

Location: Globeville, Elyria-Swansea, West Colfax, and Villa Park neighborhoods

Description:

The City and County of Denver will be contracting with Habitat for Humanity of Metro Denver, Inc. for the purchase of foreclosed and/or abandoned/blighting properties, rehabilitation or new construction on the purchased sites, and resale to income qualified households. Homes/properties in Globeville, Elyria-Swansea, West Colfax and Villa Park are eligible for this project.

The City issued a Request for Proposals on May 19, 2011 soliciting proposals for the use of NSP3 funding. Habitat's proposal was accepted by City staff due to the quality of the proposal and past experience with Habitat in the development of single family homes using NSP1 funding.

- Grant Objective: To assist local governments in addressing the effects of abandoned and foreclosed properties in the nation's communities. Eligible activities include:
 - Financing the purchase and redevelopment of foreclosed residential properties.
 - Purchase and rehabilitation of abandoned homes and residential properties.
 - Redevelopment of vacant properties.
- The terms and conditions of the loan are as follows:

Loan Amount: \$2,430,251.00

Interest Rate: 0%

Term: 20 Years

Repayment: All payments will be deferred for a period of 20 years after the execution of the Promissory Note and Deed of Trust when the entire principal balance will be forgiven so long as all other terms and conditions of the loan agreement, Promissory Note, and Deed of Trust have been complied with. The City will

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execute partial Releases of the Deed of Trust as each of the properties is transferred to the homeowner.

- Total Project Cost is as follows:

Acquisition	\$1,101,400.00
Construction costs	<u>\$1,328,851.00</u>
Total	\$2,430,251.00

Of the total loan to Habitat \$675,070.00 will be used to assist households with incomes at or below 50% of the Area Median Income (AMI). For a four-person household, this would be an income of \$39,100. Habitat anticipates that the highest income level served with these NSP3 funds will be households at 60% AMI which for a family of four would mean an annual income of \$46,920. These homes will remain affordable for a period of 20 years.

- It is anticipated that Habitat will develop a total of 24 homes under this contract.
- In order to meet the expenditure requirements established by the United States Department of Housing and Urban Development (HUD), the contract will require that one-half of the NSP3 funds be expended on or before February 13, 2013 and the balance must be expended on or before February 15, 2014.

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