

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: December 23, 2013

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:

Title: To allow for the execution of an amended loan agreement between the City and County of Denver (City) and Del Norte Neighborhood Development Corp (Del Norte).

2. **Requesting Agency:**

Office of Economic Development – Business and Housing Services

3. **Contact Person:**

▪ **Name:** Seneca Holmes
▪ **Phone:** 720-913-1533
▪ **Email:** seneca.holmes@denvergov.org

4. **Contact Person:**

▪ **Name:** Melissa Stirdivant
▪ **Phone:** 720-913-1541
▪ **Email:** melissa.stirdivant@denvergov.org

5. **General description of proposed ordinance including contract scope of work if applicable:**

The ordinance approves a the amendment to an existing loan agreement with Del Norte Neighborhood Development Corporation for the acquisition of vacant land, closing costs, consultant fees, appraisal and market study costs, and tap fees associated with the property to be developed at 1402 Irving Street, Denver, Colorado upon which Del Norte will construct an 80 unit affordable rental apartment complex with commercial/retail development on the lower floors. The amendment allows for an increase in the principal amount of the construction loan to \$13,000,000.00 (from \$12,000,000.00) and an increase in the principal amount of the permanent mortgage to \$3,750,000.00 (from \$3,000,000.00). Both of these increases are due to an increase in construction costs.

No additional funds are requested from the City.

- a. **Contract Control Number:** 201208314
b. **Duration:** December 24, 2042
c. **Location:** 1402 Irving Street, Denver, CO 80204
d. **Affected Council District:** 1
e. **Benefits:** Development of 80 affordable rental units and the elimination of the negative effects of a vacant and blighting property.
f. **Costs:** \$1,000,000.00

6. **Is there any controversy surrounding this ordinance? Please explain.** None known.

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SIRE Tracking Number: _____

Date Entered: _____

ORDINANCE/RESOLUTION REQUEST

Executive Summary

Purpose: To allow for the execution of an amended loan agreement between the City and County of Denver (City) and Del Norte Neighborhood Development Corporation, a Colorado nonprofit 501(c)3 corporation, for the acquisition and associated closing and development costs for the development of the 80 unit affordable rental property to be located at 1402 Irving Street, Denver, Colorado using Neighborhood Stabilization 2 (NSP2) funding.

The amendment allows for an increase in the principal amount of the construction loan to \$13,000,000.00 (from \$12,000,000.00) and an increase in the principal amount of the permanent mortgage to \$3,750,000.00 (from \$3,000,000.00).

No additional funds are requested from the City.

Contract Entity: Del Norte Neighborhood Development Corporation

Contract Control Number: 201208314

Contract Amount: \$1,000,000.00

Program: Neighborhood Stabilization Program 2 (NSP2)

Location: 1402 Irving Street, Denver, CO 80204

Description:

- **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 City and County of Denver will be contracting with Del Norte Neighborhood Development Corporation to provide funding for acquisition of vacant land, closing costs, consultant fees, appraisal and market studies, and tap fees associated with the property to be developed at 1402 Irving Street, Denver, Colorado upon which Del Norte will construct an 80 unit affordable rental apartment complex with commercial/retail development on the lower floors. The apartments will be affordable to households with incomes up to 60% of the Area Median Income (AMI) which for a family of four is \$46,920. The AMI for the residents and unit set-aside is as follows:

Units	30% AMI	40% AMI	50% AMI	60% AMI
1 Bedroom/1Bath	3	10	10	20
2 Bedroom/2 Bath	1	5	10	16

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3 Bedroom/2 Bath	0	0	2	3
Total	4	15	22	39

All 80 units (one unit is set-aside for the resident manager) will be designated as NSP2 units.

A Rental and Occupancy Covenant shall be recorded against the property to ensure that the units remain affordable for a total of 20 years from the closing of the City's loan.

- The terms and conditions of the loan are as follows:

Loan Amount	\$1,000,000.00
Fund Source	<input type="checkbox"/> HOME <input type="checkbox"/> CDBG <input type="checkbox"/> Skyline <input checked="" type="checkbox"/> NSP2 <input type="checkbox"/> CHDO
Term	30 Years
Interest Rate	0%
Repayment	All payments will be deferred until the refinance of the existing first mortgage. At that time, the City's loan will be reviewed and the loan will be reunderwritten to determine if there is sufficient cash flow to begin amortizing the loan. Any new loan terms will limit the interest rate to a maximum of three percent (3.0%) with an amortization period not to exceed 30 years. Regardless of any existing lien, if new loan terms are not established, the City's entire principal balance shall be due and payable within 30 years of the execution of the Promissory Note and Deed of Trust.

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