

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor’s Legislative Team

at MileHighOrdinance@DenverGov.org by **3:00pm on Monday**. Contact the Mayor’s Legislative team with questions

Date of Request: **July 28, 2022**

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: (Start with *approves, amends, dedicates*, etc., include name of company or contractor and indicate the type of request: grant acceptance, contract execution, contract amendment, municipal code change, supplemental request, etc.)

Amends an agreement with Spector Development, LLC for a project known as 910 Arts located at 910 Santa Fe Drive in Council District 3. The purpose of the amendment is to correct the legal description, allow the units to be converted from rental to for-sale, adjust the loan terms, modify the affordability, allow an assumption of the loan, forgive default interest, and change the subordination limit.

3. Requesting Agency: Department of Housing Stability

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Jeremy Brown	Name: Sabrina Allie
Email: jeremy.brown@denvergov.org	Email: Sabrina.Allie@denvergov.org

5. General description or background of proposed request. Attach executive summary if more space needed:

This request is for an amendment to the loan with Spector Development LLC. The subject loan with Spector Development LLC originally closed in July 2003 to provide financing of soft costs and lead-based paint abatement for the renovation of five affordable for-sale units located at 910 Santa Fe. The subject property is a mixed-use development which provides workspaces and live units located at 9th and Santa Fe Drive (Arts district). The project has a total of 28 units; 16 are commercial units and 12 are residential units (including 5 affordable residential units).

HOST’s original agreement with the borrower required five affordable for-sale units. Due to economic conditions at that time, the borrower was only able to sell two of the units. The original agreement with the borrower was amended in April 2004, August 2006, and February 2013. As a part of an amendment in 2013, three of the affordable for-sale units were converted to affordable rental units. The other two affordable for-sale units were sold to income verified buyers.

Spector Development LLC is now working to convert and sell the remaining three rental units since the overall project is a for-sale condominium development. A repayment structure has been agreed to where the City receives loan paydowns at the sale of the units. One of the units will be allowed to sell at market rate and two of the units will be restricted for 99 years to 100% AMI households.

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

7. City Council District: 3

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

To be completed by Mayor’s Legislative Team:

Resolution/Bill Number: _____

Date Entered: _____

Key Contract Terms

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

Vendor/Contractor Name: Spector Development, LLC

Contract control number: HOST-202161652-04 / GE3A040-04

Location: 910 Santa Fe Drive, Denver, CO 80204

Is this a new contract? Yes No **Is this an Amendment?** Yes No **If yes, how many?** 4

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

Existing Term – June 17, 2003 through September 1, 2021

Amended Term – June 17, 2003 through September 1, 2051

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

<i>Current Contract Amount</i>	<i>Additional Funds</i>	<i>Total Contract Amount</i>
<i>(A)</i>	<i>(B)</i>	<i>(A+B)</i>
\$660,000	-\$240,000	\$420,000

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
June 17, 2003 to September 1, 2021	30 years	September 1, 2051

Scope of work:

1. Consent to the sale of the property from Spector Development LLC to TugBoat LLC
2. Allow an assumption of the loan and related documents by TugBoat LLC
3. Forgive \$240,000 of the loan and recognize the remaining loan balance as \$420,000
4. Change the loan terms on the remaining \$420,000 to have an interest rate of 1% and monthly payments of \$350. The loan term will be extended to September 1, 2051
5. Amend the affordability provisions to 80% AMI for rents and incomes on the three rental units. The covenant term will be extended to September 1, 2051
6. Forgive default interest
7. Conditionally waive late fees and accrued interest
8. Require a paydown of our loan from refinance proceeds received by the borrower
9. Change the subordination limit to \$1,900,000
10. Allow one of the affordable rental units to be converted into a market-rate for-sale unit and require a paydown of the City's loan from the sale proceeds.
11. Allow two of the affordable rental units to be converted into affordable for-sale units at 100% AMI with 99-year covenant restrictions and require a paydown of the City's loan from the sales proceeds.

Was this contractor selected by competitive process? N/A **If not, why not?**

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

Source of funds: HOME and AHF

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

WBE/MBE/DBE commitments (construction, design, Airport concession contracts): N/A

Who are the subcontractors to this contract? N/A

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