

# ORDINANCE/RESOLUTION REQUEST

Date of Request: 5/18/2020

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 loan agreement with Brothers Redevelopment Inc. for a \$2,000,000 performance loan to support the following activities in the Globeville, Elyria, and Swansea neighborhoods: the creation of nine units for affordable homeownership through new construction or the acquisition and rehabilitation of existing units; the acquisition of land for homeownership development; and associated administrative costs.

**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: Jennifer Siegel, 720-913-1667	Name: Jennifer Siegel, 720-913-1667
Email: <a href="mailto:Jennifer.siegel@denvergov.org">Jennifer.siegel@denvergov.org</a>	Email: <a href="mailto:Jennifer.siegel@denvergov.org">Jennifer.siegel@denvergov.org</a>

**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):**

Eliot Schaefer

**7. City Council District:** 9

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

## Key Contract Terms

*To be completed by Mayor's Legislative Team:*

Resolution/Bill Number: RR20 0491

Date Entered: \_\_\_\_\_

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

**Vendor/Contractor Name:** Brothers Redevelopment, Inc.

**Contract control number:** HOST-202053863-00

**Location:** Scattered Sites within Globeville, Elyria, and Swansea only

**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):**

3/2020 – December 2022

**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>
\$2,000,000	\$0	\$2,000,000

  

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
3/2020 – 12/2022		

**Scope of work:**

See Executive Summary

**Was this contractor selected by competitive process?** No

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

**Source of funds:** Fund 16606 (Affordable Housing Fund Property Tax and Other Local Revenue)

**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

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## EXECUTIVE SUMMARY

The purpose of this agreement is to provide a performance loan from the Department of Housing Stability (“HOST”) to Brothers Redevelopment, Inc. (“Brothers”), acting as the fiscal agent for the GES Affordable Housing Collaborative (“the Collaborative”), consisting of Brothers; the Globeville, Elyria-Swansea Coalition (“GES” or the “Coalition”), an organization formed to respond to increasing displacement of community residents in the Globeville, Elyria, and Swansea neighborhoods; and the Colorado Community Land Trust – Denver, LLC (“CCLT”). The three organizations are partnering on an initiative that will incubate a to-be-formed GES community land trust by acquiring properties, including detached or attached units and vacant land, and then completing rehabilitation or construction of dwelling units to be sold to homebuyers earning no more than 80% of the area median income. A CCLT land lease will be recorded on each property that requires a 99-year affordability period. Additionally, Brothers will identify, acquire, and initiate predevelopment activities for a multifamily affordable homeownership project on a site within the target area that will also be placed in CCLT’s community land trust. Brothers will act as the fiscal agent for the Collaborative and will be responsible for completion of all activities in this contract.

By the conclusion of the performance period, Brothers will complete the development of nine (9) affordable-for sale homes in the Globeville, Elyria, or Swansea neighborhoods and ensure that each home is sold to a qualified buyer with household income at or below 80% of the area median income. Brothers will ensure that CCLT executes a 99-year land lease with each homeowner. Additionally, Brothers will acquire a parcel of land that will be used for future development of affordable, for-sale townhomes. Any properties developed under this agreement must remain owner-occupied for the duration of the land lease.

Funding is being provided as a performance loan, with 0% interest and no payments due provided that units remain in compliance for the duration of the performance period. The loan will be forgiven at the completion of the compliance period. The City will record an individual Deed of Trust on the land underlying each residential unit of the type acquired, constructed and/or renovated and on the land underlying the future multifamily for-sale units.

The initial sale price of a unit may not exceed (but may be less than) the City’s published maximum sale price based on unit type at the time of sale. As of May 2020, the current maximum initial sales prices are:

Unit Type	Maximum Initial Sale Price
2 Bedroom	\$237,592
3 Bedroom	\$277,172
4 Bedroom	\$300,102

Upon successful completion of all activities, Brothers will the assign the loan agreement, promissory note, and deeds of trust to CCLT for the duration of the compliance period. Upon approval by the City, the properties funded under this agreement may be transferred into a community land trust controlled by GES, provided that GES has developed sufficient organizational capacity to receive the land and operate a community land trust.

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