

DEDO ORDINANCE/RESOLUTION REQUEST

Date of Request: 8/24/20

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:** Amends a loan granted to 48th and Race LLC, managed by the Urban Land Conservancy, allowing for an extension of time for job creation, foregoing immediate repayments in the event of a ground lease, and allowing for a partial release of collateral in the event of a ground lease, all with no change to the loan amount.

3. **Requesting Agency:** Denver Economic Development & Opportunity (DEDO)

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Doug Selbee	Name: Susan Liehe 720-913-1689
Email: douglas.selbee@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):** Brian Martin

7. **City Council District:** 9

Key Contract Terms

Type of Contract: (e.g. Professional Services > \$500K; IGA/Grant Agreement, Sale or Lease of Real Property): Public Facility & Improvement (PF&I) agreement

Vendor/Contractor Name: 48th and Race LLC

Contract control number: OEDEV-202055580

Location: 1600 Downing Street, Suite 300, Denver, Colorado 80218

Is this a new contract? Yes No Is this an Amendment? Yes No If yes, how many? 1

Contract Term/Duration (for amended contracts, include existing term dates and amended dates):
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>
\$1,500,000	0	\$1,500,000

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
June 1, 2015 – April 1, 2020	5 years	10 years from date of Promissory Note

Scope of work:

Was this contractor selected by competitive process? No

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

Source of funds: CDBG/PF&I Program

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

48th and Race LLC was funded by DEDO (formerly OED) in 2015 for the acquisition of property at 48th and Race. The loan was secured with the provisions of affordable housing, i.e., at least 51% of all housing created be affordable to those earning less than 80% AMI, and also placed a requirement for the creation of 26 jobs.

This amendment allows for four considerations:

- the release of property in the event of a land lease (currently the contract allows for a release of property in the event of a sale);
- the extension of the performance timeline for the job creation, from five years to ten;
- allowing for a subordination to easements; and
- eliminating the requirement of immediate loan payments to be made in the event of a land lease.

The proposed amendment to extend the amount of time for the developer to create the contractually required jobs represents the city’s long-term commitment to the project and to the proven capabilities of the developer. DEDO is optimistic that the developer will not need five additional years to reach its 26-job goal (a goal that it has partially met), but proposes the five-year extension in order to avoid additional contract amendments for two, three, or four years.

The additional jobs should come with the new development on the site that is set to break ground in September 2020. The developer has maintained existing employment on the site since the acquisition in 2015 but did not have its vertical development partner in place and did not receive tax credits until 3Q 2019.

The other proposed amendments actually speak to the evolution of the project, which has contributed in part to the delay in job creation: the approach to pursue a land lease instead of a sale of the property, and the ability to allow subordinations. Projects of this scope and complexity do frequently undergo shifts in the developers' approach to best bring the project to fruition with the intended community benefits. As is often the case, the city is a gap funder -- i.e., virtually never the lead or largest lender in the capital stack --and thus our position typically accommodates the overall direction that the developer takes to accomplish their vision.

Land leases typically include an affordability preservation of 99 years, and the existing contract has a 60-year affordability.