

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team
at MileHighOrdinance@DenverGov.org by 9 a.m. Friday. Contact the Mayor's Legislative team with questions

Date of Request: 4/15/25

Please mark one: ☐ Bill Request or ☒ Resolution Request

Please mark one: The request directly impacts developments, projects, contracts, resolutions, or bills that involve property and impact within .5 miles of the South Platte River from Denver's northern to southern boundary? (Check map [HERE](#))

☐ Yes ☒ No

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 and assigns a loan agreement with Denver Building Housing Ltd to Denver Dry Preservation LLC and reduces the loan term by fourteen years and six months for a new end date of July 1, 2085 related to an affordable housing development located at 1565 California Street, in Council District 10. No change to agreement amount (GE29015/HOST-202577651-04).

3. **Requesting Agency:** Department of Housing Stability

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution (e.g., subject matter expert)	Contact person for council members or mayor-council
Name: Melanie Davis-Campbell	Name: Polly Kyle
Email: melanie.davis-campbell@denvergov.org	Email: polly.kyle@denvergov.org

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

This request is for an amendment to and assignment of the loan agreement for an affordable housing project known as Denver Dry Goods Building. The borrower, Denver Building Housing Ltd, is selling the property to Denver Dry Preservation LLC for \$18,800,000. The new entity will be renovating the existing building, updating the existing 51 rental units (of which 39 are affordable) and converting three floors of the commercial space into an additional 55 units of affordable housing. At completion, there will be a total of 106 affordable rental units. The proposed scope of work, which will take roughly 12 months to complete, includes but is not limited to the following:

- Replacement of kitchen cabinets, countertops, and appliances in existing units; installation of cabinets, countertops, and appliances in new units
- Existing units will be repainted and flooring will be replaced on as-needed basis
- All residential units will receive electric heating and cooling, using split system heat pumps and electric baseboard heating
- All residential windows will be repaired and restored
- Portions of the building's brick exterior will receive tuckpointing
- Restoration of the building's historic exterior, including cornices, balcony, and balustrade features
- Modernizing and updating the elevators

In addition to the improvements described above, the renovation will include partial conversion from steam heating that will improve energy efficiency and climate readiness in the building. The proposed scope of work will convert approximately 10,000 square feet of space in the basement floor of the building to leasing and amenity space for residents inclusive of a mailroom,

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: _____

Date Entered: _____

fitness center, restrooms, leasing offices, and meeting/conference space for the provision of resident services. Onsite resident services will be provided to residents at the property.

6. **City Attorney assigned to this request (if applicable):** Megan Waples

7. **City Council District:** 10

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

Key Contract Terms

Type of Contract: (e.g. Professional Services > \$500K; IGA/Grant Agreement, Sale or Lease of Real Property): Loan Agreement > \$500,000

Vendor/Contractor Name (including any dba's): Denver Building Housing Ltd to be assigned to Denver Dry Preservation LLC

Contract control number (legacy and new): GE29015 and HOST-202577651-04

Location: 1565 California Street, Denver, CO 80202

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):

Current: December 4, 1992 to December 31, 2099

Amended: December 4, 1992 to July 1, 2085

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>
\$3,237,815	\$0	\$3,237,815

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
December 4, 1992 - December 31, 2099	Reduced term by 14.5 years	July 1, 2085

Scope of work: Please see attached executive summary

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

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: _____

Date Entered: _____

Source of funds: Skyline Funds

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

Executive Summary

Amendment Terms

1. Approve the sale of the property from the current owner, Denver Building Housing Ltd to Denver Dry Preservation LLC.
2. Approve an assumption and amendment to our loan agreement recognizing Denver Dry Preservation LLC as the borrower and owner
3. Give HOST Executive Director or designee authorization to execute documents necessary to accomplish the intent of the amendment so long as the documents are satisfactory to the City Attorney's Office.
4. The legal description in the loan will be change from condo units 15-3 and 15-456 to condo units 15-3, 15-456, 15-2, 16-2 and 16-B
5. The loan security will be changed as follows:
 - a. Remove the reference to deed of trust position and security interest in personalty and fixtures. The City will have a subordinate deed of trust without reference to position.
6. The subordination language will be changed to the following:
 - a. Subordination limit during the construction phase will be \$55,000,000 and during the permanent phase will be \$25,000,000.
 - b. HOST Executive Director is authorized to execute documents necessary to subordinate the City's Deed of Trust to the land use restriction agreements ("LURAs"), such as the LURA required by the Colorado Housing and Finance Authority
7. Change the loan terms as follows:
 - a. Interest rate will be set to 5%
 - b. Loan maturity will be changed to July 1, 2085
 - c. Repayment of the loan will be subject to cash flow.
 - d. First cash flow payment will be due on July 1, 2027 and each July 1 thereafter.
 - e. The loan (principal balance and accrued interest) is forgivable at maturity if the affordability requirements are met and compliance is maintained, subject to HOST's approval
8. Remove the existing repayment language associated with Net Proceeds which include due on sale, refinance, and all events leading to Net Proceeds as described in the loan documents. This language will be replaced with the following:
 - a. During the term of the loan, if the property is sold (not including foreclosure), repayment of principal and accrued interest associated with the loan is only required at sale if the property converts from affordable to market-rate. If the property is sold in the future and remains affordable, no repayment of principal or accrued interest at the time of property sale will be required.
9. The affordability restrictions will be changed to the following:
 - a. The HOST Development Team will be recording a new covenant on the property as part of the new loan. This loan amendment will use the same covenant. The covenant provisions will include the following:
 - i. 60 year term
 - ii. The updated unit AMI percentages are shown below:

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: _____

Date Entered: _____

Unit Type	% AMI	# of Units
0 bed	30%	1
1 bed	30%	11
1 bed	40%	2
1 bed	50%	2
1 bed	60%	28
1 bed	70%	8
1 bed	80%	5
2 bed	30%	5
2 bed	40%	4
2 bed	50%	10
2 bed	60%	11
2 bed	70%	12
2 bed	80%	7
Total		106

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: _____

Date Entered: _____