

OED ORDINANCE/RESOLUTION REQUEST

Please mark one: Bill Request or Resolution Request Date of Request: 11/9/18

1. Type of Request:

- Contract/Grant Agreement Intergovernmental Agreement (IGA) Rezoning/Text Amendment
 Dedication/Vacation Appropriation/Supplemental DRMC Change
 Other:

2. Title:

Amends the 2017 loan for \$1.2M on the Lincoln 57 project with the Denver Housing Authority by 12 months, providing time for DHA to sell two condos located at 525 Jackson St. to income-qualified buyers, and adds \$65,752 to the loan to support the sale of these two units through remodeling costs and down payment assistance.

3. Requesting Agency: Office of Economic Development

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Megan Yonke 720-913-1605	Name: Susan Liehe 720-913-1689
Email: megan.yonke@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):

Julie Mecklenburg

7. City Council District: Primarily 10 but scattered throughout City

****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: RR18 1358

Date Entered: _____

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

Vendor/Contractor Name: Denver Housing Authority

Contract control number: OEDEV-GE6A125-03

Location: Primarily 525 Jackson Street, Denver, CO 80206

Is this a new contract? Yes No Is this an Amendment? Yes No If yes, how many? 3

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

Time period to sell condos: 1/1/2019 – 12/31/2019; Loan term and covenant on rental properties extends to 2047

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>
\$1,200,000	\$65,752	\$1,265,752

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
8/1/2017 – 12/31/2018	12 months	12/31/2019

Scope of work:

See Executive Summary.

Was this contractor selected by competitive process? Unknown

If not, why not? Original contract was executed in April 2017

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

Source of funds: General Funds

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

This request is to amend to extend an executed 2017 loan agreement, which was the second amendment to the Lincoln 57 project, to allow DHA time to sell two condos at 525 Jackson St. to income-qualified buyers.

In 2007, the city loaned DHA \$1.2M to income-restrict 14 parcels that are associated with 15 HOME units scattered throughout the city (collectively, this scattered-site initiative is called the Lincoln 57 project). Twelve of those units have rents that were not to exceed 60% AMI, and the remaining three units were restricted to 50% AMI. These 15 units were originally required to be reserved for formerly homeless persons and were restricted for 30 years.

The agreement was amended in 2012 to replace eight units on three parcels with eight units on three parcels of equal or greater value. Further, this amendment removed the requirement that 15 units be reserved for formerly homeless persons and lengthened the covenant duration to 40 years (expiring in 2047). Four of the eight added units were condominium units at 525 Jackson that DHA owned and rented to income-restricted persons.

Since 2012, however, a problem has surfaced with the HOA in the condo building at 525 Jackson. Because DHA owns so many of the condo units in the building, owners of other units in the building are not eligible for FHA loans. DHA has asked OED to amend the loan for a second time to replace two of the units at 525 Jackson with two other units on Kalamath Street. The two replaced units in 525 Jackson (Units 104 and 207) will then be sold by DHA to income-qualified buyers, placing an IHO covenant on the properties that stipulates purchase prices of \$185,061 for Unit 104 (the two-bedroom unit), and \$169,084 for Unit 207 (the one-bedroom unit).

To support the sale of these units to income-qualified buyers, OED is proposing to loan an additional \$65,752 to DHA to renovate the units as well as provide down-payment assistance of \$15,000 to the buyers of each unit—funds that will be repaid to the city upon sale of the units to subsequent income-qualified buyers. Habitat for Humanity is assisting DHA to identify income-qualified buyers, which will ultimately be qualified by OED staff. This agreement provides more time for DHA and Habitat to identify income-qualified buyers.

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Revised 03/02/18