

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

Please mark one: ☐ Bill Request or ☒ Resolution Request

Date of Request: **November 2, 2022**

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 a contract with Del Norte Neighborhood Development Corporation under contract control number HOST-202264559. The original contract financed acquisition and renovation costs of a 30-unit residential property located at 1135 Logan Street in Council District 10. This amendment accomplishes the following: 1) assumption of the City's loan agreement, covenant, and collateral documents by Renewal Residences LLC, 2) allows for the sale of the property and improvements to Renewal Residences LLC, 3) gives the Executive Director of HOST authority to execute documents necessary to complete the assumption, 4) removes references to HOME in the covenant since this is not a HOME funded contract, and 5) corrects the covenant to restrict 30 units, which is the total number of units in the building.

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, Derek Woodbury
Email: jeremy.brown@denvergov.org	Email: Sabrina.Allie@denvergov.org , Derek.woodbury@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 for 1135 Logan. The borrower is selling the property to an entity that will continue to use the property as affordable housing. The amendment accomplishes the following: 1) assumption of the City's loan agreement, covenant, and collateral documents by Renewal Residences LLC, 2) allows for the sale of the property and improvements to Renewal Residences LLC, 3) gives the Executive Director of HOST authority to execute documents necessary to complete the assumption, 4) removes references to HOME in the covenant since this is not a HOME funded contract, and 5) corrects the covenant to restrict 30 units, which is the total number of units in the building.

Del Norte Neighborhood Development Corporation (Del Norte) is selling 1135 Logan to Renewal Residences LLC (Renewal). Renewal will continue to operate the subject property as affordable housing and make capital improvements to the building as needed.

The 1135 Logan site measures 9,375 square feet (0.22 acre) and is improved with a three story plus basement wood-frame and brick building built in 1957 containing 30 studio units.

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

7. City Council District: 10

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: Del Norte Neighborhood Development Corporation

Contract control number: CE1Y121/ HOST-202264559-04

Location: 1135 Logan Street, Denver, CO 80203

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): January 7, 2002 through January 9, 2106

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>
\$511,625	\$0	\$511,625

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
January 7, 2002	0	January 9, 2106

Scope of work:

1. Assumption of the City's loan agreement, covenant, and collateral documents by Renewal Residences LLC
2. Allows for the sale of the property and improvements to Renewal Residences LLC
3. Gives the Executive Director of HOST authority to execute documents necessary to complete the assumption
4. Removes references to HOME in the covenant since this is not a HOME funded contract
5. Corrects the covenant to restrict 30 units, which is the total number of units in the building.

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: Affordable Housing Fund

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

This loan closed on February 22, 2002, with The Uptown Partnership to finance costs associated with the acquisition of and repairs to the subject property. The loan amount equals \$511,625 in Affordable Housing Fund dollars. This is a 99-year performance loan maturing on January 9, 2106. The original loan terms and three amendments are described below.

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	<u>Original Terms</u>		<u>Amendment 1</u>		<u>Amendment 2</u>		<u>Amendment 3</u>	
	<u>AHF</u>	<u>AHF</u>	<u>AHF</u>	<u>AHF</u>	<u>AHF</u>	<u>AHF</u>	<u>AHF</u>	<u>AHF</u>
Close Date	2/22/2002	2/22/2002	4/17/2002	4/17/2002	1/31/2006	1/31/2006	1/9/2007	1/9/2007
Loan Amount	\$300,000	\$41,625	\$420,000	\$41,625	\$420,000	\$41,625	\$470,000	\$41,625
Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Repayment	Performance	Repayable	Performance	Repayable	Performance	Deferred	Performance	Performance
Maturity	1/1/2025	1/1/2025	1/1/2025	1/1/2025	1/1/2025	1/1/2025	1/9/2106	1/9/2106

The original loan amount equaled \$341,625 and closed in February 2002. \$300,000 of the loan was repayable in monthly payments of \$1,250 with the entire unpaid amount due on January 1, 2025. \$41,625 of the loan was a performance-based loan maturing on January 1, 2025. The affordability restrictions required 18 units at 55% AMI and 17 units at 50% AMI for 20 years maturing on February 21, 2022.

The first amendment to the loan closed in April 2002. The amendment increased the loan amount by \$120,000 to finance repairs and renovation work at the subject property. The additional \$120,000 was structured as a performance-based loan maturing on January 1, 2025.

The second amendment to the loan closed in January 2006. The amendment deferred the \$1,250 monthly payments from December 1, 2005, to May 1, 2008. Commencing on June 1, 2008, the payments resumed until maturity on January 1, 2025.

The third amendment to the loan closed in January 2007. The amendment accomplished the following:

- Assumption of the loan and collateral documents by Del Norte Neighborhood Development Corporation
- Allow sale of the property from Uptown to Del Norte
- Increase the loan amount by \$50,000 from \$461,625 to \$511,625 to finance rehab costs
- The total loan amount of \$511,625 was restructured as a performance-based loan with a 99-year term maturing on January 9, 2106.
- Covenant amended to require 16 units at 50% AMI and 15 units at 30% AMI over a 99-year term maturing on February 6, 2106. The previous covenant from 2002 was released.

Renewal Residences LLC is under contract to purchase the subject property from Del Norte. The subject site measures 9,375 square feet (0.22 acre) and is improved with a three story plus basement wood-frame and brick building built in 1957. The building has a gross building area of 12,322 square feet and has 30 studio units. The garden basement area consists of storage and office space.

Renewal Residences LLC's intent is to continue to operate the subject as affordable housing while also serving clients facing the cycle of addiction, incarceration, and homelessness in the Denver area. The members of Renewal Residences LLC are Joey Friedman, Luke Gregory, Ben Friedman, and Bryce Givens. It is their vision to offer 1135 Logan to any individual who meets the affordability requirements including those that need reentry and substance abuse assistance.

This fourth amendment allows for the sale of the property and for the assumption of the City's loan agreement, covenant, and collateral documents by Renewal Residences LLC. It also accomplishes the following:

- Gives the Executive Director of HOST authority to execute documents necessary to complete the assumption
- Removes references to HOME in the covenant since this is not a HOME funded contract
- Corrects the covenant to restrict 30 units, which is the total number of units in the building.

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