

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

Date of Request: 1/14/22 _____

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: (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 loan agreement with Elevation Community Land Trust, LLC through contract control number HOST-202261723 (HOST-202053899-01) adding an additional \$1,700,000 for a new contract total of \$4,700,000, to fund the expansion of at least 26 additional income-restricted homeownership units.

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: Alex Dea	Name: Derek Woodbury
Email: Alex.Dea@denvergov.org	Email: derek.woodbury@denvergov.org

5. General description or background of proposed request. Attach executive summary if more space needed: (in this section, please describe what the additional funding will support if it is an amendment)

- a. **Contract Control Number:** HOST-202261723 (HOST-202053899-01)
- b. **Duration:** 06/2020 - 06/2119
- c. **Location:** Denver, CO
- d. **Affected Council District:** Citywide scattered sites, excluding the neighborhoods of Globeville, Elyria, and Swansea
- e. **Benefits:** Development of income-restricted homeownership units
- f. **Costs:** \$1,700,000

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

7. City Council District: Citywide scattered sites, excluding the neighborhoods of Globeville, Elyria, and Swansea

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):

To be completed by Mayor’s Legislative Team:

Resolution/Bill Number: _____

Date Entered: _____

Vendor/Contractor Name: Elevation Community Land Trust LLC

Contract control number: HOST-202261723 (HOST-202053899-01)

Location: 1114 W. 7th Ave., Ste. 101, Denver, CO 80204

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):

Original Agreement: HOST - 202053899 - 99 years from execution of Promissory Note: 06/2020 - 06/2119

Proposed 1st Amendment: HOST-202261723 (HOST-202053899-01) - 99 years from execution of Promissory Note: 06/2020 - 06/2119

Contract Amount (indicate existing amount, amended amount and new contract total):

<i>Current Contract Amount</i> (A)	<i>Additional Funds</i> (B)	<i>Total Contract Amount</i> (A+B)
\$3,000,000	\$1,700,000	\$4,700,000

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
June 2020 – June 2119	n/a	June 2119

Scope of work: See 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

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

The Department of Housing Stability has partnered with Elevation Community Land Trust LLC on an initiative to increase the number of homes owned by households at or below 100% of the Area Median Income (AMI). This contract provides funding to acquire, rehabilitate, or construct properties, including vacant land, or single-family attached or detached residences, or multifamily residences from two to ten units. Every property acquired, rehabilitated, or constructed under this contract must be sold to households with incomes at or below 100% AMI for the Denver region as defined by the US Department of Housing and Urban Development. The aggregate AMI of units acquired and sold to income-eligible buyers under this contract must be at or below 80% AMI. Properties may be unrestricted at the time of acquisition or have an existing affordability restriction (preservation).

Elevation retains ownership of the land in a community land trust to ensure affordability for a minimum of 99 years by executing and recording a land lease with each homeowner. Additionally, a Deed of Trust in favor of the City is recorded on the land.

Elevation has fulfilled its obligation of developing 60 affordable-for sale homes throughout the City, excluding the neighborhoods of Globeville, Elyria, or Swansea, during the current performance period This amendment provides an additional \$1,700,000 to fund the development of at least 26 additional affordable homeownership units. Elevation will ensure that each home is sold to a qualified buyer with household income at or below 100% AMI and execute a 99-year land lease with each homeowner that requires subsequent sales to income-qualified households.

Funding is provided as a performance loan, with 0% interest and no payments due provided that units remain in compliance for the duration of the contract term. The loan will be forgiven at the completion of the compliance period in 2119. The City will record an individual Deed of Trust on the land underlying each residential unit of the type acquired, constructed and/or renovated.

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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. The current maximum initial sales prices are:

2020 MAXIMUM INITIAL SALES PRICES					
% AMI	NUMBER OF BEDROOMS				
	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
80%	\$164,000	\$201,000	\$277,000	\$307,000	\$337,000
95%	\$196,000	\$238,000	\$323,000	\$357,000	\$391,000

**Based on HUD Income Limits and OED Underwriting Criteria*

In addition to funding the development of additional affordable units, this amendment includes the following changes to the original agreement:

- The maximum city subsidy per unit will increase from \$50,000 to \$65,000, due to the significant home price appreciation Denver’s real estate market has experienced over the past year.
- Given that some of Elevation’s property acquisitions under this initiative have been rental units with existing tenants, contract language is being modified to align with other City contracts (added lease terms prohibiting Waiver of Jury Trial, Waiver of Right to Sue).
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