

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor’s Legislative Team
at MileHighOrdinance@DenverGov.org by **3:00pm on Monday.**

All fields must be completed.

Incomplete request forms will be returned to sender which may cause a delay in processing.

Date of Request: 02/06/17

Please mark one: Bill Request or Resolution Request

1. Has your agency submitted this request in the last 12 months?

Yes No

If yes, please explain:

2. **Title:** *(Include a concise, one sentence description – please include name of company or contractor and contract control number - that clearly indicates the type of request: grant acceptance, contract execution, amendment, municipal code change, supplemental request, etc.)* Amends a loan agreement between the Denver Office of Economic Development and 2300 Welton, LLC for \$1,069,742 in HOME funds (HUD) to allow partial subordination of the City’s collateral to a Colorado Housing and Finance Authority (CHFA) Partial Subordination to Land Use Restriction Agreement.

3. **Requesting Agency:** Office of Economic Development

4. **Contact Person:** *(With actual knowledge of proposed ordinance/resolution.)*

- **Name:** Julie Stern
- **Phone:** 720-913-1605
- **Email:** julianne.stern@denvergov.org

5. **Contact Person:** *(With actual knowledge of proposed ordinance/resolution who will present the item at Mayor-Council and who will be available for first and second reading, if necessary.)*

- **Name:** Susan Liehe
- **Phone:** 720-913-1689
- **Email:** susan.liehe@denvergov.org

6. **General description of proposed ordinance including contract scope of work if applicable:**

Amends a loan agreement between the Denver Office of Economic Development and 2300 Welton, LLC for \$1,069,742 in HOME funds (HUD) to allow partial subordination of the City’s collateral to a Colorado Housing and Finance Authority (CHFA) Partial Subordination to Land Use Restriction Agreement. The original loan provided financing for the construction of 223 affordable rental units at 2300 Welton Street.

****Please complete the following fields:** *(Incomplete fields may result in a delay in processing. If a field is not applicable, please enter N/A for that field.)*

- a. **Contract Control No.:** OEDEV-CE63028-06
- b. **Duration:** 40 years (matures 7/1/2057; no change proposed)
- c. **Location:** 2300 Welton Street, Denver Colorado 80205
- d. **Affected Council District:** 9
- e. **Benefits:** Affordable housing
- f. **Costs:** \$1,069,742 (HOME funds already loaned; no change proposed)

7. **Is there any controversy surrounding this ordinance?** *(Groups or individuals who may have concerns about it?)* **None.**

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SIRE Tracking Number: _____

Date Entered: _____

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Executive Summary

In 2006, the City made a loan of HOME funds to Glenarm Residences, LLC, later assigned to 2300 Welton, LLC, to finance the acquisition of land at 2300 Welton Street for the construction of affordable housing units. In 2015, the borrower closed construction financing, including Low-Income Housing Tax Credit (LIHTC) equity, and began construction on a 223-unit affordable housing project. Construction was completed in late 2016 and residents have now moved into the units. The project includes 212 units for households earning at or below 60% AMI and 11 units for households earning at or below 30% AMI.

Projects that are allocated LIHTC by the Colorado Housing and Finance Authority (CHFA) must agree to a Land Use Restriction Agreement (LURA) guaranteeing restricted rents for a certain period of time. The LURA serves a similar purpose to the covenant that the city uses to secure affordability when investing in income-restricted housing. When the construction of a LIHTC project is completed, CHFA asks all lenders into the project to execute a Partial Subordination to LURA. The Partial Subordination to LURA ensures that some of the income restriction provisions contained in the LURA survive in the event of the foreclosure of any loan. The requirements of the Partial Subordination to LURA are aligned with the City's goal of ensuring the continuation of income restrictions for as long as possible at properties that have received OED housing loans.

The City's current standard form of housing loan agreement authorizes OED to execute the Partial Subordination to the LURA. **Because this is an older loan agreement, that authorizing language is missing from this loan agreement.** This amendment is to request the addition of now-standard language to this loan agreement to authorize OED to execute the Partial Subordination to LURA.

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