

OED ORDINANCE/RESOLUTION REQUEST

Date of Request: 12/17/18

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: Amends a \$1,750,000 cash flow loan to Habitat for Humanity of Metro Denver to support the construction of 32 units of income-restricted for-sale housing to be located at 43rd & Elizabeth in Globeville-Elyria Swansea, with the amendment increasing the city's contribution to the project by \$500,000 to provide financing for infrastructure costs related to the site's development.

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: Haley Jordahl 720-913-1707	Name: Susan Liehe 720-913-1689
Email: haley.jordahl@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: 9

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

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: RR18 1521

Date Entered: _____

Key Contract Terms

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

Vendor/Contractor Name: Habitat for Humanity of Metro Denver

Contract control number: OEDEV-201736287-01

Location: 4301 Elizabeth Street, 4349 Elizabeth Street, 4348 Columbine Street, 2500 E. 44th Avenue, Denver, Colorado

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):

8/9/2018 – 8/9/2023

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

<i>Current Contract Amount</i> <i>(A)</i>	<i>Additional Funds</i> <i>(B)</i>	<i>Total Contract Amount</i> <i>(A+B)</i>
\$1,750,000	\$500,000	\$2,250,000

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
8/9/2018 – 8/9/2023		

Scope of work:

See Executive Summary.

Was this contractor selected by competitive process? Yes (competitively underwritten for funding by OED)
If not, why not?

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):

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N/A

Who are the subcontractors to this contract?

N/A

EXECUTIVE SUMMARY

Habitat for Humanity of Metro Denver is proposing to develop 32 income-restricted for-sale townhomes, to be marketed explicitly to residents of Globeville, Elyria, and Swansea at risk of displacement. The city's investment was originally provided to purchase the land.

The proposed amendment to the existing loan will increase the City's funding for the project by \$500,000, which will be used to support infrastructure costs related to the development of townhomes on the site. The location and size of the site meant that certain investments in onsite infrastructure that are atypical to Habitat for Humanity projects are required. Specifically, the parcel's size meant that Habitat must invest in the development of a public alley and right of way landscaping. In addition, because of the size and volume of units to be located on the parcel, Habitat is required to construct a stormwater detention pond to reduce risk of potential flooding.

The amendment will also make a technical change to the City's contract that will align its terms with the majority of OED's for-sale housing contracts. Currently, the existing loan agreement with Habitat states that OED's loan will be forgiven on the fifth anniversary of the promissory note. OED's typical practice is to forgive a loan for for-sale housing at the sale of the final income-restricted unit. A covenant is placed on each for-sale unit to secure its affordability. The proposed amendment would revise language in the deed of trust to note that it will be forgiven after the sale of the final home.

Following this amendment, the City's per-unit investment in the project will be \$70,312. This investment is higher than the per-unit threshold outlined in OED's term sheets, although the investment is intended to accomplish a policy goal of offsetting displacement in Globeville, Elyria and Swansea resulting from the I-70 expansion. In general, OED may revise its per-unit thresholds to better reflect rising construction costs.

This project was originally envisioned in OED's JumpStart 2017 to partially offset the loss of 56 owner-occupied homes in the neighborhood due to the I-70 expansion. Habitat for Humanity's Homeownership program will provide 32 homes to qualified families at an affordable mortgage rate, no down payment and a set monthly mortgage rate that does not exceed 30% of family's gross monthly income. All homes will be affordable at or below 80% AMI. Habitat is intent on ensuring that some of the homes will be financially accessible to local Globeville, Elyria & Swansea low-income residents, which will be at a level closer to 50-60% AMI. GES residents will be given priority for selection of these units, which will be accomplished with a First Look-type marketing program directed at GES residents ahead of all others, and by offering GES residents increased down-payment assistance/forgivable 2nd mortgages to reduce their repayable 1st mortgage costs to an affordable level.

The project design accommodates infill development of a currently vacant lot, preserves the low-rise building height characteristic of the area, creates open and inviting building facades, and improves neighborhood walkability by maintaining a street block of safer sidewalks with close proximity to parks and schools.

The proposed project is located near key neighborhood resources and amenities. Swansea Elementary School is 0.3 miles away and Bruce Randolph School (grades 6-12) is 0.7 miles away. Local stores are located around the property, with the closest full-service grocery store (Safeway) less than a mile away. Durham Park is within close walking distance

To be completed by Mayor's Legislative Team:

to the project site and Inner City Health Center is located 0.7 miles from the project site. The project is 0.1 miles from the 44 bus line, 1.25 miles from the 40th Street station on the A light rail line, and 0.5 miles from two I-70 access ramps.

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