

Business, Workforce and Sustainability Committee

December 19, 2012



GROWDENVER
The Office of Economic Development

Northeast Denver Housing Center (NDHC)

30 year old private non-profit community development corporation

PROGRAMS & SERVICES

- Comprehensive housing counseling
- Healthy homes Initiative (HHI)
 - lead poisoning / asthma triggers / radon / CO2 abatement
- Affordable rental and homeownership development

550 UNITS OF HOUSING PRODUCTION

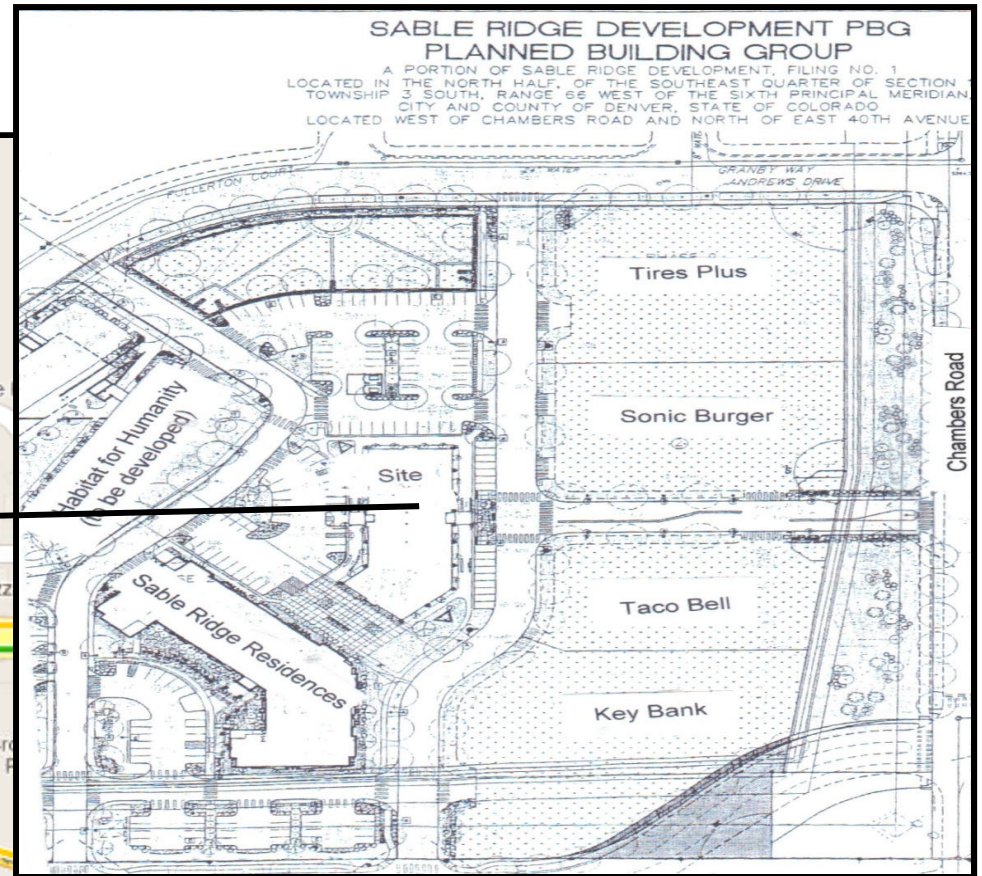
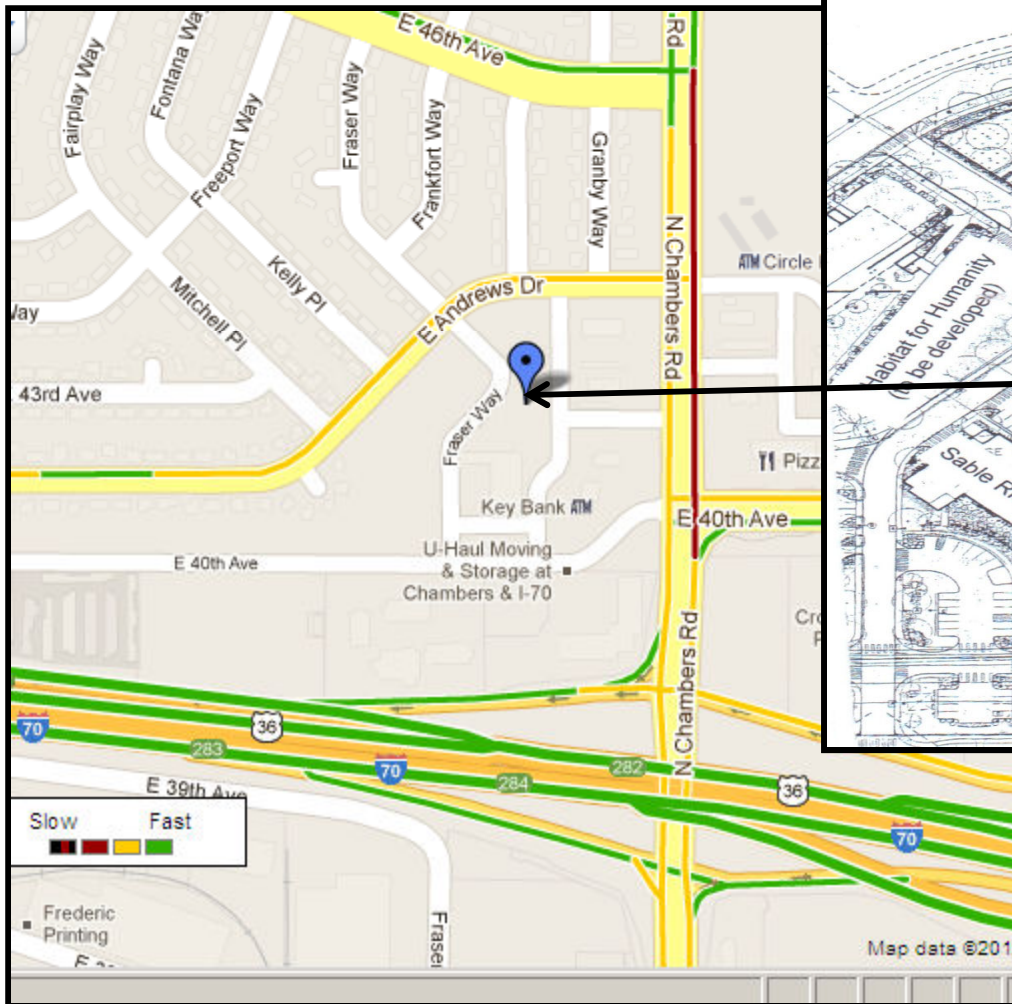
- \$43.7M real estate development
- 500 jobs (construction, program delivery, admin, professional)

INNOVATIVE DEVELOPMENT

- “Green Built” & Gold LEED Certification
- 5 Points TOD
- Neighborhood Stabilization Program (NSP) partner

Northeast Denver Housing Center (NDHC)

Sable Ridge Development – Montbello @ 15136 E. Andrews Drive



Northeast Denver Housing Center (NDHC)

Sable Ridge Development

LOAN #1 & #2: 2000 FEASIBILITY STUDY (\$52.2K) + 2002 LAND ACQUISITION (\$722K)

- *Purpose:* To fund feasibility study and land acquisition for affordable housing development
- *Collateral:* **No collateral**
- *Current Balance:* \$774,745
- *Current Terms:* Loan 1: 0% interest, due upon securing financing to develop site
Loan 2: Deferred and forgiven with maturity of May 1, 2032 (contingent on the development of units)

Background

- NDHC was unsuccessful in obtaining low income housing tax credits from CHFA to develop the affordable rental housing units
- In 2006, Mile High Community Loan Fund, the 1st lien-holder with a \$1.2M bridge loan filed for foreclosure, which caused the OED loan to be released through foreclosure proceedings.

Northeast Denver Housing Center (NDHC)

Sable Ridge Development

PROPOSED AMENDMENT

- Monthly payment of \$1,000 for both loans
- Loan fully-amortizes at maturity May 1, 2078
- Collateral: 2nd lien on Austin Building
 - OED has \$380K first lien
 - \$928K FMV
 - **All loans due and payable upon sale of the property**

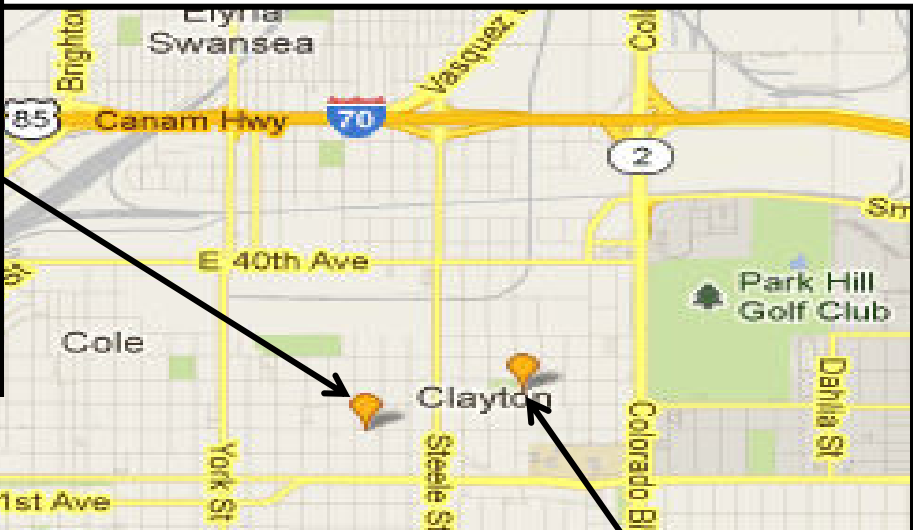
Although NDHC is in a limited cash position, they are a strong partner in affordable housing development and the OED is structuring these loan workouts to help ensure NDHCs long term viability

Northeast Denver Housing Center (NDHC)

Skyline Loan



Bruce Randolph Healthy Homes



Madison Healthy Homes



Welton Urban Living

Northeast Denver Housing Center (NDHC)

Skyline Loan

LOAN #3: 1995 SKYLINE LOAN (\$677K)

- *Purpose:* Acquisition and rehabilitation for low and moderate income for-sale units
- *Collateral:* No collateral
- *Current Balance:* \$719,511
- *Current Terms:* 3% interest rate, **maturity July 31, 2005**

BACKGROUND

- Organization unable to make maturity payment
- Loan resulted in the creation of 50 affordable single family housing units

Northeast Denver Housing Center (NDHC)

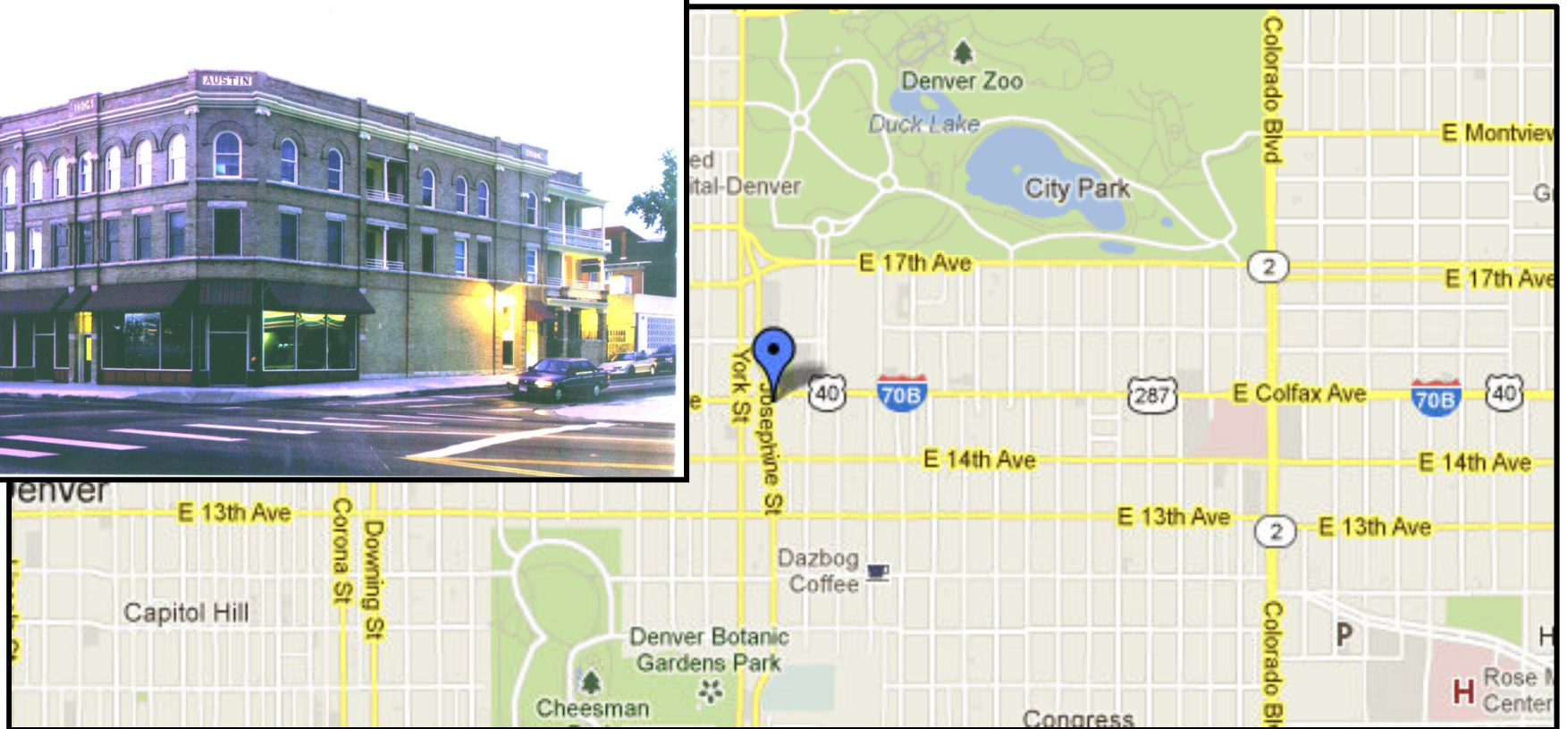
Skyline Loan

PROPOSED TERMS (Agreed to by OED in June 2010)

- Waiver of accrued interest
- Conversion to 0% interest rate
- Annual payment of \$100 to City
- 99 year land trust lease
- Collateral
 1. Welton Urban Living (2400 Welton Street)
 2. Madison Healthy Homes (3562 – 3596 Madison Street)
 3. Bruce Randolph Healthy Homes (3350 Fillmore + 2904-2910 Bruce Randolph Ave)
- Repayment deferred until expiration of land trust, then land value determined and paid to the City, any remaining balance paid to NDHC.
 - At 2% rate of inflation – the City made whole in 99 years

Northeast Denver Housing Center (NDHC)

Austin Building- 2400 E. Colfax Ave



Northeast Denver Housing Center (NDHC)

Austin Building- 2400 E. Colfax Ave

LOAN #4: AUSTIN BUILDING (1995)

- *Purpose:* Acquisition and rehabilitation of property located at 2400 East Colfax.
- *Collateral:* Collateral Assignment of Deed of Trust
- *Current Balance:* \$462,921
- *Current Terms:* HOME = 1% interest, \$2,412/mo payment, maturity February 1, 2017
HOPWA = \$100K performance based, deferred loan
CDBG = 3% interest, \$1,359/mo payment, maturity February 1, 2012

BACKGROUND

- NDHC purchased the Austin Building in 1995 to rehabilitate and convert to 18 affordable rental housing units
- Problems leasing-up of the retail space on the street level and tenant turn-over

Northeast Denver Housing Center (NDHC)

Austin Building- 2400 E. Colfax Ave

PROPOSED AMENDMENT

- NDHC to make lump-sum payment of \$12,229 to catch-up late fees due currently
- NDHC paid \$5,427 of 2012 real estate taxes owed and past due
- Modify repayment terms on HOME and CDBG-ED loans
 - HOME - \$500/month, effective upon execution of amendment, no change to interest rate, and maturity modified to April 1, 2075
 - CDBG-ED - \$500/month, effective upon execution of amendment, no change to interest rate and maturity modified to February 1, 2032
 - HOPWA - no modifications
 - 1st lien Deed of Trust
 - All loans would be due and payable upon sale of property

Northeast Denver Housing Center (NDHC)

Taxes

ALL TAXES PAID WITH THE EXCEPTION OF ZION BANK PROPERTY

- NDHC owes \$58,000 in back taxes (2009-2011)
- NDHC remedies:
 - OED receives \$25,000 non-refundable tax payment in escrow by 3/31/13
 - Full payment of taxes for 2009 -2012 by June 15, 2013
- If taxes are not paid...
 - 2009, 2010 & 2011 tax certificates held by investor, may apply for Treasurer's deed in 2013
 - OED, as senior lien holder, would buy the Treasurer's deed, option of foreclosure
 - Property FMV approx. \$650,000
 - City loan of \$350K +\$58K back taxes + \$12K interest and fees + \$19K est. 2012 taxes = \$439K
 - Excess value of approx. \$211K

City in Secure Position to Retire All Debt and Past Due Taxes on Property