

NEWSED Community Development Corporation Contract Amendment



**Business, Arts, Workforce & Aeronautical Services Committee
August 9, 2017**

Susan Liehe, Legislative Liaison - OED

BACKGROUND - NEWSED and OED

NEWSED Programs

- Financial Education
- Affordable Housing
- Lending Circles
- Counseling / Homebuyer Education
- Down Payment Assistance
- Real Estate Development
- BID Development / Technical Assistance
- Entrepreneurship Workshops

OED Support

- Affordable Housing / Mixed-Use Development
- Homebuyer Education
- Santa Fe Business District



LOAN HISTORY

In 1993, OED financed a \$1M loan to develop a NEWSED-owned property located at 901 W 10th Ave.; the three-acre site was successfully developed into 10,000 SF of commercial/retail space and 38 units of affordable housing

The development was collateralized by the **1029 Santa Fe property**

For 15 years, NEWSED utilized a small portion of the 1029 Santa Fe property as its main office; the remaining square footage of 1029 Santa Fe was to be developed as affordable housing

Unfortunately, a maturing loan, holding costs, the advanced deterioration of the building, its historical designation, and competition for Low-Income Housing Tax Credits made development of the building untenable

As a result, NEWSED has now made the decision to sell 1029 Santa Fe in an effort to pay off debt, real property taxes, and other expenses related to holding the property, although proceeds from the sale of 1029 Santa Fe will not entirely pay off debt on the building

REQUEST – Contract Amendment

NEWS ED has executed a contract to sell 1029 Santa Fe Dr for \$2.4M

OED has a lien on 1029 Santa Fe Dr which secures their loan with an outstanding balance of approximately \$893,000

Remove OED's lien on 1029 Santa Fe Dr

Transfer lien to 901 W 10th Ave



La Villa de Barela

901 W 10th Avenue

Original \$1M loan project, built in 2005

NEWSED's first multi-use development incorporating office/retail space and affordable housing (38 units)

Current value estimated at \$2M



OED will secure a second lien position on the commercial portion of 901 W 10th only behind First Bank's first lien, which has balance of \$516,000

Equity in the commercial portion is more than enough to cover OED's outstanding balance of \$893,000

DISCUSSION

