

# ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team  
at [MileHighOrdinance@DenverGov.org](mailto:MileHighOrdinance@DenverGov.org) by **3:00pm on Monday.**

Date of Request: **July 31, 2017**

Please mark one:            **Bill Request**            or     **Resolution Request**

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

Yes                             No

2. **Title:** Amends a city contract between the city and NEWSED Community Development Corp. to release the city's lien on 1029 Santa Fe Drive, allowing NEWSED to sell that property, and establish a replacement lien on NEWSED-owned real property at 901 W. 10<sup>th</sup> Ave., the Villa De Barela commercial condo.

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

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

- **Name:** Rick Snyder
- **Phone:** (720) 913-1631
- **Email:** rick.snyder@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:**

- OED will release its lien on 1029 Santa Fe Drive upon the successful sale of that property (sale of land and improvements), and
- OED will simultaneously execute a deed of trust on 901 W. 10th Avenue (Villa De Barela commercial condo)
- NEWSED Community Development Corporation agrees to release its lien in the amount of \$650,000 dated May 22, 2003 and recorded May 28, 2003 under Reception No. 2003310936 in the records of the Clerk and Recorder's Office of the City and County of Denver, State of Colorado
- NEWSED will be required to pay off OED Loan Nos. 93-04-01 and 93-0501 at the closing of 1029 Santa Fe Drive

a. **Contract Control Number:** GE-2Y004

b. **Duration:** January 14, 2004 to October 1, 2032

c. **Location:** 901 W. 10<sup>th</sup> Avenue

d. **Affected Council District:** 3

e. **Benefits:** The sale of 1029 Santa Fe Drive will allow NEWSED to improve its financial condition.

f. **Costs:**

7. **Is there any controversy surrounding this ordinance?** *(Groups or individuals who may have concerns about it?)*  
No.

## Executive Summary

This resolution will allow NEWSSED Community Development Corporation to sell its property at 1029 Santa Fe Drive. The sale will allow NEWSSED to pay off a variety of expenses and debt tied to this property. In addition, this request allows NEWSSED to transfer an existing OED lien from the 1029 Santa Fe Drive property to another NEWSSED-owned property at 901 West 10<sup>th</sup> Avenue known as Villa De Barela Commercial Condo.

In 1993, OED financed a \$1,000,000 loan to develop a NEWSSED-owned property located at 901 W 10<sup>th</sup> Avenue. 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 NEWSSED-owned 1029 Santa Fe property.

For 15 years, NEWSSED 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, NEWSSED made the decision to sell 1029 Santa Fe Drive to pay off debt, real property taxes, and other expenses related to the subject property.

However, proceeds from the sale of 1029 Santa Fe Drive will not entirely pay off debt on the building. NEWSSED is requesting OED release its lien on 1029 Santa Fe and transfer said lien to another NEWSSED-owned property, 901 W. 10<sup>th</sup> Avenue (aka Villa De Barela commercial unit). The Villa De Barela property was appraised at \$1.74 million in September 2014; in July 2017, a broker's opinion valued it at \$2 million. OED will secure a second lien position on the commercial unit only behind First Bank's first lien with an outstanding loan amount of \$516,000. OED equity in the commercial unit is \$1.48 million. The equity in the commercial condo is more than enough to cover OED's outstanding loan balance of \$892,000 (original OED loan amount was \$1 million).