

# OED ORDINANCE/RESOLUTION REQUEST

Please mark one:  Bill Request or  Resolution Request Date of Request: 7/16/18

## 1. Type of Request:

- Contract/Grant Agreement  Intergovernmental Agreement (IGA)  Rezoning/Text Amendment  
 Dedication/Vacation  Appropriation/Supplemental  DRMC Change  
 Other: Escrow agreement

**2. Title:** Approves an escrow agreement and creates an escrow account between Curtis Park Group LLC & Root Residential LLC, the City and County of Denver, and US Bank N.A. in the amount of \$3,596,953.08 to create 14 affordable multi-bedroom units to satisfy the affordable housing requirements imposed by the city for the Sustainability Park (S\*park) Project, a for-sale housing development, with the affordable units located directly adjacent in a project to be constructed by C.P Affordable Housing LLC at 2642-2658 Arapahoe Street.

## 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: <b>Laura Brudzynski 720-913-1575</b>	Name: <b>Susan Liehe 720-913-1689</b>
Email: <b>laura.brudzynski@denvergov.org</b>	Email: <b>susan.liehe@denvergov.org</b>

## 5. General a text description or background of the proposed request, if not included as an executive summary.

Approves an escrow agreement and creates an escrow account between Curtis Park Group LLC & Root Residential LLC, the City and County of Denver, and US Bank N.A. in the amount of \$3,596,953.08 to create 14 affordable multi-bedroom units to satisfy the affordable housing requirements imposed by the city for the S\*Park development.

The S\*Park development will include 200 market rate units. The Affordable Housing Plan for the S\*Park Project allows for the development of 14 affordable units that are larger units for families. The 14 affordable units, each with three bedrooms, will be located directly adjacent to the S\*Park development in a project to be constructed by C.P Affordable Housing LLC at 2642-2658 Arapahoe Street.

The developer of the S\*Park project, Curtis Park Group LLC & Root Residential LLC, will be liable to transfer the construction funds up to the amount of \$3,596,953.08, of which \$3,143,105.00 will be a guaranteed deposit and the remainder of \$453,848.08 will be a contingent deposit in the event that the affordable units are not produced.

*To be completed by Mayor's Legislative Team:*

Resolution/Bill Number: RR18 0802

Date Entered: \_\_\_\_\_

6. City Attorney assigned to this request (if applicable):

Laurie Heydman

7. City Council District: 9

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

### Key Contract Terms

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

Professional services

**Vendor/Contractor Name:** This is an escrow agreement involving the developer (Curtis Park Group LLC & Root Residential LLC), the City and County of Denver, and US Bank N.A.

**Contract control number:** FINAN-201843335-00

**Location:** District 9

Is this a new contract?  Yes  No Is this an Amendment?  Yes  No If yes, how many? \_\_\_\_

**Contract Term/Duration (for amended contracts, include existing term dates and amended dates):**

This escrow agreement will extend for 24 months from the date of execution. The developer will be required to pay the amount of \$453,848.08 if the units are not produced in the 24-month period from the date of execution. The full escrow amount is payable to the city in the event that the affordable units are not produced as outlined in the Affordable Housing Plan.

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

<i>Current Contract Amount (A)</i>	<i>Additional Funds (B)</i>	<i>Total Contract Amount (A+B)</i>
\$3,596,953.08	\$0	\$3,596,953.08

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
24 months after execution	N/A	N/A

**Scope of work:**

*To be completed by Mayor's Legislative Team:*

Resolution/Bill Number: RR18 0802

Date Entered: \_\_\_\_\_

See Executive Summary.

**Was this contractor selected by competitive process?** No. This is not a loan. However, the project was required to comply with the Inclusionary Housing Ordinance (IHO) when it originally filed its Affordable Housing Plan with the city in October 2016, and that plan is being amended now to reflect this negotiated alternative build proposal and the creation of the escrow agreement and escrow account.

**Has this contractor provided these services to the City before?**  Yes  No

**Source of funds:** N/A. This is not a loan, but an alternative build proposal to fulfill the requirements of the city's Inclusionary Housing Ordinance (IHO), which was in effect at the time the project's original Affordable Housing Plan was filed in October 2016.

**Is this contract subject to:**  W/MBE  DBE  SBE  XO101  ACDBE  N/A

**WBE/MBE/DBE commitments (construction, design, DEN concession contracts):**

N/A

**Who are the subcontractors to this contract?** N/A

## EXECUTIVE SUMMARY

This is an alternative build proposal to fulfill the requirements of the city's Inclusionary Housing Ordinance (IHO), which was in effect at the time the original Affordable Housing Plan was filed by the developer of the S\*Park development in October 2016. The original project is S\*Park and the affordable project is adjacent to it, called the Arapahoe Strip at 2642-2658 Arapahoe Street. The market rate units will be developed in two phases with a total of 200 units – 99 units in the first phase at the 2500 Block of the S\*Park Project and another 101 units at the 2600 Block of the S\*Park project. The S\*Park Project and the Arapahoe Strip are both located in Council District 9.

Denver's Inclusionary Housing Ordinance, which was in effect through December 31, 2016, required all developments of 30 or more for-sale units to provide ten percent (10%) of those units as affordable to households earning less than 80% AMI or 95% AMI, depending on the build type. In lieu of building the required affordable units on-site, developers were allowed to propose an alternative compliance option to provide the affordable units at a different site within a proximate statistical neighborhood.

In addition, a developer could propose to partner with a third-party developer for the off-site replacement units. In these instances, the city has required a three-party escrow account agreement for deposit by the developer of the donation to the third party. As part of an escrow agreement, the OED Chief Housing Officer signs for the release of draws by the third party based on agreed upon construction milestones. The costs of these individual escrow agreements are paid through the donation amount, not by the city. A number of individual off-site escrow agreements have been introduced on several affordable housing projects, and each follows all city contracting processes.

If they were to be built onsite under the standard requirements, the S\*Park development's delivery of affordable units to fulfill the IHO would be 20 units. The 14 larger units that are the subject of this alternative build proposal offer the city the benefit of additional bedrooms—a desirable accommodation for larger families—than would have been created under the IHO. The 14 affordable units will satisfy the Affordable Housing Requirements for S\*Park for both Phase 1 and Phase 2 provided that the two phases do not collectively contain more than 414 bedrooms.

---

*To be completed by Mayor's Legislative Team:*

Resolution/Bill Number: RR18 0802

Date Entered: \_\_\_\_\_

Revised 03/02/18