

ORDINANCE/RESOLUTION REQUEST

**Please email requests to the Mayor’s Legislative Team
at MileHighOrdinance@DenverGov.org by NOON on Tuesday.**

**All fields must be completed.*
Incomplete request forms will be returned to sender which may cause a delay in processing.*

Date of Request: December 7, 2011

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

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

Yes **No**

If yes, please explain:

2. Title: *(Include a concise, one sentence description - include name of company or contractor and contract control number - that clearly indicates the type of request: grant acceptance, contract execution, amendment, municipal code change, supplemental request, etc.)*

To allow for the execution of a loan agreement with the Denver Urban Renewal Authority (DURA) for the purchase of the property known as Marycrest Campus at 2851 West 52nd Avenue for redevelopment as affordable housing.

3. Requesting Agency: Office of Economic Development

4. Contact Person: *(with actual knowledge of proposed ordinance)*

- **Name:** Melissa Stirdivant
- **Phone:** 720-913-1541
- **Email:** Melissa.stirdivant@denvergov.org

5. Contact Person: *(with actual knowledge of proposed ordinance who will present the item at Mayor-Council and who will be available for first and second reading, if necessary)*

- **Name:** Melissa Stirdivant
- **Phone:** 720-913-1541
- **Email:** Melissa.stirdivant@denvergov.org

6. General description of proposed ordinance including contract scope of work if applicable:

The City and County of Denver will be contracting with the Denver Urban Renewal Authority (DURA) for the redevelopment of property located at 2851 West 52nd Avenue. The site is currently the location of the Marycrest Convent and consists of several buildings and approximately 18 acres of land. The property will be developed in to a mix of rental and homeownership housing units in four phases. The City’s funds will be used for the acquisition of the land and associated closing costs; design work for the infrastructure of Phase I; permit fees for Phase I; and related studies and reports. Phase I will include the development of a 72-units Low Income Housing Tax Credit (LIHTC) apartment complex and 13 for-sale homeownership townhomes.

Please include the following:

- a. Contract Control Number:** TBD
- b. Duration:** N/A
- c. Location:** Marycrest site, approximately 18 acres situated at the northeast corner of the intersection of West 52nd Avenue and Federal Boulevard.
- d. Affected Council District:** Council District #1 – Susan Shepherd
- e. Benefits:** To reduce or eliminate blighted conditions as well as to stimulate the growth and development of the area through the development of a range of housing opportunities.
- e. Costs:** Tax Increment Revenues will be used to repay loans made by the Office of Economic Development utilizing Skyline and Neighborhood Stabilization Program (NSP) funds.

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

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Executive Summary

- Purpose:** To allow for the execution of a loan agreement between the City and County of Denver and the Denver Urban Renewal Authority (DURA), a quasi-governmental agency, for the purchase of the property known as Marycrest Campus (located at 2851 West 52nd Avenue (52nd and Federal). Funds will be used for the acquisition of the site, design fees relating to the infrastructure for Phase I, permit fees, and related studies and reports. Funding will be provided through the Neighborhood Stabilization Program 2 (NSP2) funding and Skyline funds.
- Contract Entity:** Denver Urban Renewal Authority (DURA)
- Contract Control Number:** OEDEV-201103686-00 for Loan 1
To be assigned for Loan 2
- Contract Amount:** \$4,592,044 (NSP2: \$2,815,179.00/Skyline: \$1,776,854)
- Program:** Neighborhood Stabilization Program 2 and Skyline Funds
- Location:** 2851 West 52nd Avenue, Denver, CO (52nd and Federal Blvd.)

Description:

The City and County of Denver will be contracting with the Denver Urban Renewal Authority (DURA) for the redevelopment of property located at 2851 West 52nd Avenue. The site is currently the location of the Marycrest Convent and consists of several buildings and approximately 18 acres of land. The property will be developed in to a mix of rental and homeownership housing units in four phases. The City's funds will be used for the acquisition of the land and associated closing costs; design work for the infrastructure of Phase I; permit fees for Phase I; and related studies and reports. Phase I will include the development of a 72-units Low Income Housing Tax Credit (LIHTC) apartment complex and 13 for-sale homeownership townhomes. It is anticipated that a total of 378 housing units will be developed at the site upon full build-out. Phase 4, which will be developed last, may have a commercial/retail component along Federal Boulevard.

The funding commitment from the City is for a total of \$4,952,850.00. A contract is underway to provide \$360,817.00 of the total amount (Loan 1). This portion of the funding was requested to allow the developer to contract for necessary reports and studies so that it is able to begin construction of the infrastructure during the first quarter of 2012; this is a critical component in order for the developer to meet the deadlines established in the Low Income Housing Tax Credit program. The terms and conditions of this portion of the loan are the same as the loan referenced in this request. The borrower will first repay Loan 1 first and then all payments will be used to repay Loan 2. This ordinance request is for approval of Loan 2.

- The terms and conditions of Loan 2 are as follows:

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Principal Loan Amount: \$4,592,033 (NSP2: \$2,815,179/Skyline: \$1,776,854)
 Interest Rate: 2.0% Simple Interest
 Term: 25 Years
 Repayment: First year payments are deferred and interest during this period will be added on to the principal balance. Interest during this deferral period shall be simple interest. Years 2 and 3, interest only payments will be due. Beginning in Year 4, the loan will be amortized over 22 years, interest will continue at 2%. All payments due under this loan are strictly tied to the cash flow of Tax Increment Financing (TIF) payments. If funds are insufficient to make the required payments, any deficit will be added to the principal. Beginning in Year 2, payments will be due on April 10; July 10; October 10; and January 10.

- Grant Objective: To assist local governments in addressing the effects of vacant, blighted, abandoned or foreclosed properties in the nation’s communities. Eligible activities include:
 - Financing the purchase and redevelopment of foreclosed residential properties.
 - Purchase and rehabilitation of abandoned homes and residential properties.
 - Redevelopment of vacant properties.
- Total Project Cost for Phase I acquisition, design fees, permits, and infrastructure is as follows:

Use	Total Cost	City Funds
Land acquisition	\$ 2,815,179	\$ 2,815,179
Professional Fees	\$ 572,374	\$ 96,850
Permits/Fees/Inspection	\$ 65,880	\$ 13,384
Environmental	\$ 46,225	\$ 31,113
Infrastructure	\$ 1,056,829	\$ 1,056,829
Operating expenses/outreach	\$ 209,702	\$ 178,863
Project Management	\$ 423,815	\$ 399,815
Finance Costs	\$ 7,831	\$ -
TOTAL	\$ 5,197,835	\$ 4,592,033

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