

ORDINANCE/RESOLUTION REQUEST

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

****All fields must be completed.****

Incomplete request forms will be returned to sender which may cause a delay in processing.

Date of Request: 2/22/16

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 – please 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.)*

Amends a loan agreement between the Denver Office of Economic Development and Del Norte Neighborhood Development Corporation for \$1,000,000 in NSP2 funds (HUD) on an 80-unit affordable housing rental project known as Avondale Apartments.

3. Requesting Agency: Office of Economic Development

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

- **Name:** Julie Stern
- **Phone:** 720-913-1605
- **Email:** julianne.stern@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:

Amends a loan agreement between the Denver Office of Economic Development and Del Norte Neighborhood Development Corporation for \$1,000,000 in NSP2 funds (HUD) providing construction and permanent financing on an 80-unit affordable housing rental project known as Avondale Apartments at 3275 W 14th Avenue. The amendment confirms repayment terms for the loan, extends the covenant by ten years, and allows for the condominiumization of the collateral.

****Please complete the following fields:** *(Incomplete fields may result in a delay in processing. If a field is not applicable, please enter N/A for that field.)*

- a. **Contract Control Number:** OEDEV – 201208314
- b. **Duration:** 30 years
- c. **Location:** 3275 W 14th Avenue, Denver, CO 80204
- d. **Affected Council District:** 3
- e. **Benefits:** Affordable housing
- f. **Costs:** none (\$1,000,000 in NSP2 funds have already been disbursed)

7. Is there any controversy surrounding this ordinance? (Groups or individuals who may have concerns about it?) Please explain

None known

To be completed by Mayor's Legislative Team:

SIRE Tracking Number: _____

Date Entered: _____

RESOLUTION REQUEST

Executive Summary

Purpose: This request is to amend a loan agreement between the Denver Office of Economic Development and Del Norte Neighborhood Development Corporation. In 2012, the City loaned Del Norte \$1,000,000 in NSP2 funds (HUD) to provide construction and permanent financing on an 80-unit affordable housing rental project known as Avondale Apartments at 3275 W 14th Avenue. The loan agreement contemplated that repayment terms for the City's loan would be negotiated when Del Norte refinanced its construction loan. The requested amendment approves negotiated repayment terms and associated changes to the loan.

Contract Entity: Del Norte Neighborhood Development Corporation

Contract Control Number: OEDEV – 201208314

Contract Amount: \$1,000,000

Program: NSP2

Location: 3275 W 14th Avenue, Denver, CO 80204

Description: Avondale Apartments is an 80-unit affordable rental building currently operating at 3275 W 14th Avenue in the West Colfax neighborhood of Denver. The building is seven stories, with five levels of residential above two levels of parking on the eastern portion and two levels of commercial on the western portion. The building is constructed of reinforced concrete construction over a reinforced slab on grade foundation and was built using the Enterprise Green Communities standards as a benchmark. The property is adjacent to a new City of Denver library. Del Norte's main office occupies one of the commercial units and offers residents of Avondale Apartments access to free financial literacy, homeownership counseling, and other workshops.

The project's unit mix is as follows:

	30% AMI	40% AMI	50% AMI	60% AMI	Manager	Total	%
1 Bed/1 Bath	3	10	10	20	2	45	56.3%
2 Bed/2 Bath	1	5	8	16	0	30	37.5%
3 Bed/2 Bath	0	0	2	3	0	5	6.3%
Total	4	15	20	39	2	80	100.0%
%	5.0%	18.8%	25.0%	48.8%	2.5%	100%	

The City's Covenant restricts 41 units, including 30 units at 60% AMI and 11 units at 50% AMI.

The City's loan agreement with Del Norte, executed on November 19, 2012, stipulated that upon refinancing of Del Norte's construction loan, the City and Del Norte would negotiate in good faith a repayment of the loan at an interest rate of no higher than 3% and a term of no more than 30 years. Del Norte is now preparing to refinance its construction loan and OED and Del Norte have negotiated the following repayment terms:

- Interest rate of 2%
- Term of 30 years from the original loan agreement, with a maturity date of December 1, 2042

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- Fully amortizing payments of principal and interest, subject to available cash flow. In the event there is insufficient cash flow to pay in full any payment due, the unpaid amount will be added to the subsequent amortized payment. Any unpaid balance of principal and interest will be due and payable at maturity
- Extension of the City's Covenant from 20 years to 30 years to match the maturity date of the loan

In addition, the loan is currently collateralized by a Deed of Trust on the entire parcel. Now that the project is fully constructed, the requested amendment allows for the condominiumization of the collateral into a residential unit and a commercial unit and the release of the commercial unit. The City's loan will remain secured by a Deed of Trust on the residential portion of the project.

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