

ORDINANCE/RESOLUTION REQUEST

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

Date of Request: 1/29/18

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.)

Provides a \$560,000 cash flow loan to Colorado Community Land Trust, a nonprofit organization that develops and manages income-restricted properties using the community land trust model, to create 14 units of single family for-sale housing in the Lowry neighborhood of Denver at 6828-6880 E Archer Place to be titled Boulevard One Townhomes.

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

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

- **Name:** Haley Jordahl
- **Phone:** (720) 913-1707
- **Email:** haley.jordahl@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/resolution including contract scope of work if applicable:**

Provides a \$560,000 performance loan to Colorado Community Land Trust to finance the construction of 14 units of permanently affordable for-sale townhomes in the Lowry neighborhood of Denver. The development will include six two-bedroom units and eight three-bedroom units. In addition to City funds, the borrower will leverage private debt, a grant from the Colorado Division of Housing, a grant from the Lowry Redevelopment Authority, and proceeds from sales of the homes to complete the project. OED's deed of trust on the property will last for 99 years, in order to coincide with the 99-year land lease entered into by homeowners of the properties.

- a. **Contract Control Number:** OEDEV-201736366-00
- b. **Duration:** July 1, 2018 – September 1, 2019
- c. **Location:** 6828-6880 E Archer Place, Denver, CO 80230
- d. **Affected Council Districts:** District 5 – Mary Beth Susman
- e. **Benefits:** Provides 14 affordable two- and three-bedroom townhomes available to households earning up to 80% of area median income (AMI).
- f. **Costs:** \$560,000.00 Housing General Funds

To be completed by Mayor's Legislative Team:

SIRE Tracking Number: RR18 0125

Date Entered: _____

7. **Is there any controversy surrounding this ordinance?** (*Groups or individuals who may have concerns about it?*) **Please explain.**
None at this time.

EXECUTIVE SUMMARY

Denver's Comprehensive Plan for Housing, submitted for adoption by City Council in February 2018, has defined goals for the development of affordable homeownership opportunities over a five-year span. OED's annual action plan for 2018 has an aspirational goal of 20-30% of dollars invested in 2018 for homeownership. Our projections generally define homeownership at the 80% AMI level and above, although this particular project will make for-sale homes available to buyers earning 70% if they can otherwise qualify for the mortgages. By creating homeownership opportunities that are affordable to buyers in perpetuity, this project will contribute to those goals in the long-term.

Buyers of these units must qualify for a mortgage on their own, meeting traditional credit/debt/income factors, in addition to meeting the income and asset verification process established by the property covenant(s). These homes must be sold to buyers earning between 70% and 100% of AMI, but no more than 100%. The two-bedroom townhomes will be priced at \$147,000 and the three-bedroom homes will be priced at \$167,000.

Purpose: This request is to provide a \$560,000 performance loan to Colorado Community Land Trust to create 14 two- and three-bedroom for-sale townhomes in the Lowry neighborhood of Denver.

Contract Entity: Colorado Community Land Trust-Denver LLC

Contract Control Number: OEDEV-201736366-00

Contract Amount: \$560,000

Program: Metro Mortgage Assistance Plus Funds

Location: 6828-6880 E Archer Place, Denver, CO 80230

Background:

The Colorado Community Land Trust (CCLT), the City of Denver's primary community land trust vehicle, is proposing to develop fourteen for-sale townhomes to be located at 6828-6880 E Archer Place in the Lowry neighborhood of Denver. Under the agreement between the Lowry Redevelopment Authority (LRA) and the City of Denver, the LRA is obligated to develop 200 units of affordable for-sale housing in Lowry. The fourteen units to be developed through this proposal will satisfy that obligation. The City's performance loan will leverage \$1.9 million in private debt, \$280,000 from the Colorado Division of Housing, \$420,000 from the Lowry Redevelopment Authority, and \$359,500 in sales proceeds from the homes. The City's performance loan will be secured by a 99-year deed of trust on the land underlying the townhomes, creating a unique reinforcement of the affordability mechanisms upheld by the land trust model.

Boulevard One will provide six two-bedroom homes and eight three-bedroom homes, and are intended to serve as family housing in the Lowry neighborhood. The land on which the townhomes will be developed will be granted to CCLT

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from the Lowry Redevelopment Authority. Under the agreement between CCLT and the LRA authorizing the transfer of land for development of the townhomes, it is stipulated that homes must be sold to buyers earning between 70% and 100% of AMI, but no more than 100%. The two-bedroom townhomes will be priced at \$147,000 and the three-bedroom homes will be priced at \$167,000.

The homes will be sold under the community land trust model, meaning that CCLT will continue to own the land underlying the townhomes, and will lease it to homeowners for an annual fee. The townhomes will be sold to homeowners; if owners choose to resell the property, the townhomes can be sold at a maximum resale value stipulated in the land lease. The maximum resale value ensures that properties will remain affordable in the long-term.

Description:

This request is to provide a \$560,000 performance loan to Colorado Community Land Trust to finance the construction of 14 units of permanently affordable townhomes in the Lowry neighborhood of Denver. The development will include six two-bedroom units and eight three-bedroom units. In addition to City funds, the borrower will leverage private debt, a grant from the Colorado Division of Housing, a grant from the Lowry Redevelopment Authority, and proceeds from sales of the homes to complete the project. OED's deed of trust on the property will last for 99 years, in order to coincide with the 99-year land lease entered into by homeowners of the properties.

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