

## ORDINANCE/RESOLUTION REQUEST

### Executive Summary

**Purpose:** To allow for the execution of a loan agreement between the City and County of Denver and Affordable Communities, Inc., a Colorado nonprofit 501(c)3 corporation, for the purchase and rehabilitation of 4410-4412 Morrison Road using Neighborhood Stabilization Program 2 (NSP2) funding.

**Contract Entity:** Affordable Communities, Inc.

**Contract Control Number:** To be assigned

**Contract Amount:** \$1,287,261

**Program:** Neighborhood Stabilization Program 2 (NSP2)

**Location:** 4410-4412 Morrison Road, Denver, Colorado  
Council District: 3  
Neighborhood: Westwood

#### **Description:**

- Grant Objective: To assist local governments in addressing the effects of abandoned and 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.
- The City and County of Denver will be contracting with Affordable Communities, Inc. to purchase, rehabilitate and managed the foreclosed multi-family property located at 4410-4412 Morrison Road. The property consists of two (2) rental buildings containing a total of 19 rental units. Seventeen (17) of the units will be set aside for households earning no more than 50% of the Area Median Income (AMI) for the Denver-Aurora-Broomfield MSA. The remaining two (2) units may be rented to households earning no more than 60% AMI. Four (4) of the units will be designated HOME units that will replace two HOME units lost at this site to foreclosure and two lost to foreclosure at 4457 Morrison Road. A Rental and Occupancy Covenant shall be recorded against the property ensuring that the units remain affordable for a 20 year period from the closing of the City's loan.

- The terms and conditions of the loan are as follows:
  - Part 1:
    - Principal Balance: \$619,000
    - Interest Rate: 0%
    - Term: 20 Years
    - Repayment Term: All payments will be deferred until 20 years after the origination of the loan when the entire principal shall be due and payable in full.
  - Part 2:
    - Principal Balance: \$668,261
    - Interest Rate: 0%
    - Term: 20 Years
    - Repayment Term: All payments will be deferred for 20 years after the origination date of the loan when the entire principal balance will be forgiven so long as all other terms and conditions of the loan agreement have been complied with.
- A contract accepting the grant from the United States Department of Housing and Urban Development (HUD) in the amount of \$18,994,444 has been approved by City Council. A portion of those funds is being awarded to Affordable Communities, Inc.
- The funds awarded by HUD for NSP2 are in addition to the NSP funds awarded by HUD under NSP1. Matching requirements: None
- The existing Community Development Block Grant (CDBG) regulations will apply, including some modifications to accommodate the Housing and Economic Recovery Act (HERA) and American Recovery and Reinvestment Act (ARRA) directives. For example, income limits allow assistance to households at or up to 120% of the AMI.
- The expenditures of NSP 2 funds must occur by February 11, 2013.
- A minimum of 25% (\$4,778,611) of the total grant amount to the City must be expended to assist households at or below 50% AMI. This loan will allow the City to meet 24% of that goal. The balance of the grant can be used to assist households up to 120% of AMI.