

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team

at MileHighOrdinance@DenverGov.org by **3:00pm on Monday**. Contact the Mayor's Legislative team with questions

Date of Request: 12/5/2022

Please mark one: Bill Request or Resolution Request

1. Type of Request:

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

2. Title: (Start with *approves*, *amends*, *dedicates*, etc., include name of company or contractor and indicate the type of request: grant acceptance, contract execution, contract amendment, municipal code change, supplemental request, etc.)

Approves the amendment between the City and County of Denver and the Denver Housing Authority adding an additional \$630,000 to the original agreement of \$500,000 for a total amount of \$1,130,000 under contract control number HOST-202265146-02.

3. Requesting Agency: Department of Housing Stability

4. Contact Person:

| | |
|---|--|
| Contact person with knowledge of proposed ordinance/resolution | Contact person to present item at Mayor-Council and Council |
| Name: Adam Lyons | Name: Sabrina Allie and Derek Woodbury for Mayor-Council |
| Email: Adam.Lyons@denvergov.org | Email: sabrina.allie@denvergov.org and derek.woodbury@denvergov.org |

5. General description or background of proposed request. Attach executive summary if more space needed:

Denver Housing Authority (DHA), through its entity West Denver Renaissance Collaborative (WDRC), is requesting an additional \$630,000 (\$35,000/ADU) in funding be added to the \$500,000 funding agreement that was originally approved by City Council in May 2019. This increase will bring HOST's total grant amount to \$1,130,000.

In May 2019, the City awarded \$500,000 to DHA for its WDRC Single Family Plus ADU Pilot program. WDRC's ADU Pilot Program was created by DHA and other partners to mitigate involuntary displacement of low- and moderate-income residents within nine west Denver neighborhoods by increasing affordable housing choices, stabilizing homeowners, and building wealth. A summary of original deal includes:

- City funds will be used to provide soft second mortgages to homeowners earning below 80% of AMI.
 - Either the ADU or the primary home will be rented or occupied by residents earning below 80% of AMI.
- Each ADU developed under this agreement must be occupied for residential use. It may not be used as an office, workspace, short-term rental, or other non-dwelling use.
- The maximum subsidy allowed was \$25,000 per ADU.
- DHA is responsible for marketing, selection, and income qualification of participants and provides technical assistance to the participant with securing financing for the development of the ADU.
- If a home is sold prior to the end of the 25-year covenant period, the homeowner will be required to repay a portion of development subsidy provided by WDRC to support construction.

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: _____

Date Entered: _____

The original agreement was amended (1st Amendment) in June 2021 to:

- Extend the expiration by one year, from December 31, 2021 to December 31, 2022
- Increase allowable per ADU City funding from \$25,000 to \$30,000
- Reduce the required number of ADUs from 20 to 17
 - No fewer than 12 ADUs in West Colfax, Sun Valley, Lincoln Park, Villa Park, Barnum, West Barnum, Valverde, Westwood and Athmar Park. No more than 5 may be build citywide.
- Allow for either the homeowner to ADU tenant to be restricted at or below 80% AMI
 - Homeowners with incomes at or below 80% of the AMI at the time of application may receive City funding. No subsequent income verification of the homeowner is required.
 - Homeowners with incomes above 81% of the AMI may receive City funding provided that the ADU is rented to households with incomes at or below 80% AMI for 25 years.

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

Eliot Schaefer

7. City Council District:

Scattered sites, primarily West Denver

8. **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):
Grant Agreement

Vendor/Contractor Name:

Denver Housing Authority

Contract control number:

Agreement OEDEV-201846549: 05/01/2019-12/31/2022

Agreement HOST-202265146-02: 05/01/2019-12/31/2024

Location:

70% of ADUs must be built in the neighborhoods of West Colfax, Sun Valley, Lincoln Park, Villa Park, Barnum West, Barnum, Valverde, Westwood, and Athmar Park. Remaining 30% can be build citywide, where zoning allows, and priority will be given to homeowners in NEST neighborhoods.

Is this a new contract? Yes No **Is this an Amendment?** Yes No **If yes, how many?** 2

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

The existing term dates are 05/01/2019-12/31/2022

The Amendment would extend the maturity date of the funding agreement, from December 31, 2022, to December 31, 2024.

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

| <i>Current Contract Amount</i> | <i>Additional Funds</i> | <i>Total Contract Amount</i> |
|--------------------------------|-------------------------|------------------------------|
| (A) | (B) | (A+B) |
| \$500,000 | \$630,000 | \$1,130,000 |

| <i>Current Contract Term</i> | <i>Added Time</i> | <i>New Ending Date</i> |
|------------------------------|-------------------|------------------------|
| 05/01/2019-12/31/2022 | 24 months | 12/31/2024 |

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Scope of work:

Amendment adds \$630,000 in Property Tax funding for the creation of 18 additional ADUs, for a total of 35 ADUs during the pilot phase, proposing a per ADU subsidy increase from \$30,000 to \$35,000.

70% of ADUs must be built in the neighborhoods of West Colfax, Sun Valley, Lincoln Park, Villa Park, Barnum West, Barnum, Valverde, Westwood, and Athmar Park. Remaining 30% can be build citywide, where zoning allows, and priority will be given to homeowners in NEST neighborhoods.

Amendment would change the disbursement requirements to allow DHA to request reimbursement after DHA allocates the City funds to the construction escrow account. Proof of the transfer receipt, along with the recorded Deed of Trust and Covenant, will be required for reimbursement.

In addition, this project will be awarded a \$693,810 IHOI grant for required infrastructure improvements related to the construction of the ADUs, approved by LRC on 7/14/2022. IHOI funds are only eligible for households under 140% AMI. These funds will be allocated through a separate funding agreement.

Was this contractor selected by competitive process? N/A **If not, why not?** N/A

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

Source of funds:

Affordable Housing Fund: Property Tax

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

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

N/A

Who are the subcontractors to this contract?

N/A

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