

OED ORDINANCE/RESOLUTION REQUEST

Please mark one: Bill Request or Resolution Request Date of Request: 8/31/18

1. Type of Request:

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

2. **Title:** Approves an amendment to Article IV of Chapter 27 (Housing) of the Denver Revised Municipal Code relating to affordable housing, including (1) amending Section 27-111 to allow that the execution of a performance deed of trust for settlements of disputed matters, and (2) amending Section 27-116 to allow the recapture of lost affordability terms.

3. Requesting Agency: Office of Economic Development

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Britta Fisher 720-913-1536	Name: Susan Liehe 720-913-1689
Email: britta.fisher@denvergov.org	Email: susan.liehe@denvergov.org

5. General a text description or background of the proposed request, if not included as an executive summary.

See Executive Summary

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

Laurie Heydman

7. Citywide

Key Contract Terms

Type of Contract: (e.g. Professional Services > \$500K; IGA/Grant Agreement, Sale or Lease of Real Property):
DRMC Change

Vendor/Contractor Name: N/A

Contract control number: N/A

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

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

BR18 0975

N/A

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

<i>Current Contract Amount (A)</i>	<i>Additional Funds (B)</i>	<i>Total Contract Amount (A+B)</i>

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>

Scope of work:

See Executive Summary.

Was this contractor selected by competitive process? If not, why not?

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

Source of funds:

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

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

N/A

Who are the subcontractors to this contract?

N/A

EXECUTIVE SUMMARY

Prior to January 1, 2017, the Inclusionary Housing Ordinance (IHO) was the City’s regulatory program for dealing with affordable housing. The framework and requirements of the IHO have been superseded by the requirements of the Affordable Housing Fund, a new regulatory program to deal with affordable housing that consists of revenues from property taxes and linkage fees. But this legislative change does not alter the value of the existing portfolio of 1,402 for-sale affordable units produced under the IHO. They are a critical ingredient in the city’s affordable housing portfolio and matter a great deal to the Denver residents who benefit from their creation and management.

In the past year, through its program management, Denver has identified 306 of these affordable units that appear to have become non-compliant with the affordable housing program. OED’s housing compliance staff has worked one-on-one with these homeowners to identify the best pathways to compliance. Over the past three months, 100 of these suspected compliance issues have been resolved.

Our findings, however, indicate that a portion of the remaining non-compliant purchasers appear to have bought these units without understanding the covenants and restrictions in place. In our work to restore the city's affordable for-sale portfolio, our overriding goals continue to be to:

- Explore creative ways to preserve affordability throughout the city while avoiding displacement;
- Minimize the impact on current homeowners and families;
- Protect the community asset of affordable value and duration;
- Apply an equitable and consistent approach; and
- Be fair to others who are complying with the property restrictions by preventing any windfall to those who did not comply.

An amendment to the IHO is necessary to allow the city additional options to manage this compliance and enforcement process. Through this amendment, OED would implement an Affordable Homeownership Recovery Program, made possible through both proposed revisions to the Inclusionary Housing Ordinance as well as revisions to the IHO rules and regulations.

How the proposed Recovery Program would work:

- Offered to non-income qualified owners – as an option to stay in their homes
- Provides owners with the option of temporarily “timing out” or suspending their affordability requirements
- Suspension period spans from when the unit originally fell out of compliance to when the owner sells the property
- When owners eventually sell, the lost affordability period would be recaptured and added to the affordability duration that remains on the covenant
- A performance deed will be recorded now against the property to ensure this future compliance
- Also when those owners sell, that property sale must be to an income-qualified buyer at a price that doesn't exceed the maximum allowable sales price, per the covenant terms