

Executive Summary

Commercial Contract to Buy and Sell Real Estate - Amendment #1 | Forum Building Housing LP, a Colorado limited partnership

Department of Finance | Division of Real Estate

September 3, 2021

City Council Request

Approval of the First Amendment to the Commercial Contract to Buy and Sell Real Estate (from 1995) to amend the City Options Agreement and the City Use Restriction Agreement by and between the City and County of Denver ("CCD") and Forum Building Housing LP, as successor-in-interest to Forum Housing Corporation.

Background

In 1995, CCD sold The Forum Building located at 270 W. 14th Avenue, Denver, Colorado ("Property") to Forum Housing Corporation, a Colorado nonprofit corporation, in the amount of \$10. As a part of the transaction, a City Option Agreement, City Deed of Trust, and City Use Restriction Agreement were recorded concurrently with the deed conveying the Property to Forum Housing Corporation. The Property was then conveyed to Forum Building Housing LP, a Colorado limited partnership, which was a tax credit entity to which Forum Housing Corporation was the general partner.

The Forum Building is a 10-story, 101-unit building located in the Golden Triangle area of Downtown Denver. The intended use of the building is to provide affordable housing to the Denver community. One unit is used as a manager unit.

As part of the acquisition process in 1995, Forum Building Housing LP agreed to perform and be bound by the terms and conditions of the City Option Agreement, the City Deed of Trust and a City Use Restriction Agreement. Pursuant to the terms and conditions within the City Option Agreement, CCD retained three (3) separate future options to repurchase the property.

The property needs major maintenance, repairs, and renovation. The current owner is seeking a re-syndication of low-income housing tax credits (LIHTC) in order to fund a renovation of the property. This re-syndication will trigger an ownership change to include the current owner and their new LIHTC investor. The LIHTC financing also requires the use of Private Activity Bonds ("PAB"). In order to proceed with the re-syndication, the City Option Agreement and the City Use Restriction Agreement will need to be amended.

Developer for this project is Colorado Coalition for the Homeless ("CCH") and its affiliates. The Forum Building is also operated by CCH and they will continue operating the building after the renovation.

CCD is presenting an amendment to the Commercial Contract to Buy and Sell Real Estate for the purposes of the two attached exhibits:

- Exhibit A - CCD proposes to amend the City Option Agreement to terminate its options for repurchase and amend the first right of refusal. This is necessary improve project affordability terms contained in the original agreement to allow for the re-syndication of low-income housing tax credits (LIHTC) in order to fund a renovation of the property.
- Exhibit B - CCD proposes to amend the City Use Restriction Agreement to extend the affordability provisions to guarantee the property will continue to provide affordable housing for 60 years. CCD also proposes to subordinate the Deed of Trust securing the City Use

Restriction Agreement to the security interests of construction and permanent lenders and future refinancing, similar to how the Deed of Trust was subordinate to CHFA's liens under the original transaction.

Benefits of the Transaction

- Supports the City's effort to provide affordable housing and protect the most vulnerable in our community.
- Extends the affordability of these units 60 years.
- Keeps affordable housing in the central corridor of Denver.
- Will provide the opportunity for the Owner to renovate the units. Renovation scope includes updates to the building exterior, building systems, common areas, and residential units.
- As a result of renovations to the units, the property will provide a higher level of cleanliness for residents.
- This Amended and Restated City Use Restriction Agreement requires a higher number of units for affordable housing. The original agreement required a minimum of 30% of the units to be restricted, whereas the amended agreement is requiring all 100 units to be restricted, excluding the one manager unit on-site.

Use of the Building

- Affordable Housing

Associated Agreements

- Private Activity Bond ("PAB") – The requesting agency is Department of Finance ("DOF"), Capital Planning and Programming. DOF is submitting an ordinance request to authorize and approve the City's utilization of private activity volume cap for the Forum Apartments Project.

Details

PROPERTY OWNERSHIP:	Forum Building Housing LP, a Colorado limited partnership
PROPERTY ADDRESS:	270 W 14 th Avenue, Denver, CO
CONTRACT TYPE:	First Amendment to the Commercial Contract to Buy and Sell Real Estate with exhibits for the First Amendment to the City Option Agreement (Exhibit A) and the Amended and Restated City Use Restriction Agreement (Exhibit B)
CONTRACT CONTROL NUMBER:	FINAN-202159656-01
COUNCIL DISTRICT:	10 – Councilman Chris Hinds
CURRENT BUILDING USE:	Affordable Housing

Photo



Photo is from CoStar.