



Legislation Details (With Text)

File #: 17-0886 **Version:** 1

Type: Resolution **Status:** Adopted

File created: 8/1/2017 **In control:** Business, Arts, Workforce, & Aeronautical Services Committee

On agenda: 8/21/2017 **Final action:** 8/21/2017

Title: A resolution approving a proposed Fifth Amendment and Modification Agreement between the City and County of Denver and NEWSED Community Development Corporation, Inc. to substitute collateral as security for a loan.
Amends a contract with NEWSED Community Development Corporation to release the City's lien on 1029 Santa Fe Drive, allowing NEWSED to sell the property and to establish a replacement lien on NEWSED-owned real property at 901 West 10th Avenue in Council District 3 (GE-2Y004). The last regularly scheduled Council meeting within the 30-day review period is on 9-11-17. The Committee approved filing this resolution at its meeting on 8-9-17.

Sponsors:

Indexes: Debra Bartleson

Code sections:

Attachments: 1. RR17 0886 OED NEWSED Lien, 2. NEWSED Lien Amendment 8-16-17 (2), 3. Final_17-0886_FiledResolution_NEWSEDCommunityDevelopmentCorporation_GE2Y004-06_081117ACH.pdf, 4. 17-0886_FifthAmendmentandModificationAgreement_NEWSEDCommunityDevelopmentCorporation_GE2Y004-06_081617_ACH.pdf, 5. 17-0886 FiledResolution_NEWSEDCommunityDevelopmentCorporation_GE2Y004-06_081117ACH.docx.pdf, 6. 17-0886 - signed.pdf

Date	Ver.	Action By	Action	Result
8/22/2017	1	Council President	signed	
8/21/2017	1	City Council	adopted	Pass
8/9/2017	1	Business, Arts, Workforce, & Aeronautical Services Committee	approved for filing	Pass

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 08-01-17

Requesting Agency: Office of Economic Development
Division:

- **Name:** Susan Liehe
- **Phone:** (720) 913-1689
- **Email:** susan.liehe@denvergov.org

Item Title & Description:

(Do not delete the following instructions)
*These appear on the Council meeting agenda. Initially, the requesting agency will enter a 2-3 sentence description. Upon bill filling, the City Attorney's Office should enter the title above the description (the title should be in **bold** font).*

Both the title and description must be entered between the red "title" and "body" below. Do **not** at any time delete the red "title" or "body" markers from this template.

A resolution approving a proposed Fifth Amendment and Modification Agreement between the City and County of Denver and NEWSED Community Development Corporation, Inc. to substitute collateral as security for a loan.

Amends a contract with NEWSED Community Development Corporation to release the City's lien on 1029 Santa Fe Drive, allowing NEWSED to sell the property and to establish a replacement lien on NEWSED-owned real property at 901 West 10th Avenue in Council District 3 (GE-2Y004). The last regularly scheduled Council meeting within the 30-day review period is on 9-11-17. The Committee approved filing this resolution at its meeting on 8-9-17.

Affected Council District(s) or citywide? Council District 3

Contract Control Number: GE-2Y004

Vendor/Contractor Name (including any "DBA"): NEWSED Community Development Corporation

Type and Scope of services to be performed: This resolution will allow NEWSED Community Development Corporation to sell its property at 1029 Santa Fe Drive. The sale will allow NEWSED to pay off a variety of expenses and debt tied to this property. In addition, this request allows NEWSED to transfer an existing OED lien from the 1029 Santa Fe Drive property to another NEWSED-owned property at 901 West 10th Avenue known as Villa De Barela Commercial Condo.

In 1993, OED financed a \$1,000,000 loan to develop a NEWSED-owned property located at 901 W 10th Avenue. The three-acre site was successfully developed into 10,000 SF of commercial/retail space and 38 units of affordable housing. The development was collateralized by the NEWSED-owned 1029 Santa Fe property.

For 15 years, NEWSED utilized a small portion of the 1029 Santa Fe property as its main office. The remaining square footage of 1029 Santa Fe was to be developed as affordable housing. Unfortunately, a maturing loan, holding costs, the advanced deterioration of the building, its historical designation, and competition for Low-Income Housing Tax Credits made development of the building untenable. As a result, NEWSED made the decision to sell 1029 Santa Fe Drive to pay off debt, real property taxes, and other expenses related to the subject property.

However, proceeds from the sale of 1029 Santa Fe Drive will not entirely pay off debt on the building. NEWSED is requesting OED release its lien on 1029 Santa Fe and transfer said lien to another NEWSED-owned property, 901 W. 10th Avenue (aka Villa De Barela commercial unit). The Villa De Barela property was appraised at \$1.74 million in September 2014; in July 2017, a broker's opinion valued it at \$2 million. OED will secure a second lien position on the commercial unit only behind First Bank's first lien with an outstanding loan amount of \$516,000. OED equity in the commercial unit is \$1.48 million. The equity in the commercial condo is more than enough to cover OED's outstanding loan balance of \$892,000 (original OED loan amount

was \$1 million).

Location (if applicable):

WBE/MBE/DBE goals that were applied, if applicable (construction, design, Airport concession contracts):

Are WBE/MBE/DBE goals met (if applicable)?

Is the contract new/a renewal/extension or amendment?

Was this contractor selected by competitive process or sole source?

For New contracts

Term of initial contract:

Options for Renewal:

How many renewals (i.e. up to 2 renewals)?

Term of any renewals (i.e. 1 year each):

Cost of initial contract term:

Cost of any renewals:

Total contract value council is approving if all renewals exercised:

For Amendments/Renewals Extensions:

Is this a change to cost/pricing; length of term; terms unrelated to time or price (List all that apply)?

If length changing

What was the length of the term of the original contract?

What is the length of the extension/renewal?

What is the revised total term of the contract?

If cost changing

What was the original value of the entire contract prior to this proposed change?

What is the value of the proposed change?

What is the new/revised total value including change?

If terms changing

Describe the change and the reason for it (i.e. compliance with state law, different way of doing business etc.)

This resolution will allow NEWSERD Community Development Corporation to sell its property at 1029 Santa Fe Drive. The sale will allow NEWSERD to pay off a variety of expenses and debt tied to this property. In addition,

this request allows NEWSED to transfer an existing OED lien from the 1029 Santa Fe Drive property to another NEWSED-owned property at 901 West 10th Avenue known as Villa De Barela Commercial Condo.

In 1993, OED financed a \$1,000,000 loan to develop a NEWSED-owned property located at 901 W 10th Avenue. The three-acre site was successfully developed into 10,000 SF of commercial/retail space and 38 units of affordable housing. The development was collateralized by the NEWSED-owned 1029 Santa Fe property.

For 15 years, NEWSED utilized a small portion of the 1029 Santa Fe property as its main office. The remaining square footage of 1029 Santa Fe was to be developed as affordable housing. Unfortunately, a maturing loan, holding costs, the advanced deterioration of the building, its historical designation, and competition for Low-Income Housing Tax Credits made development of the building untenable. As a result, NEWSED made the decision to sell 1029 Santa Fe Drive to pay off debt, real property taxes, and other expenses related to the subject property.

However, proceeds from the sale of 1029 Santa Fe Drive will not entirely pay off debt on the building. NEWSED is requesting OED release its lien on 1029 Santa Fe and transfer said lien to another NEWSED-owned property, 901 W. 10th Avenue (aka Villa De Barela commercial unit). The Villa De Barela property was appraised at \$1.74 million in September 2014; in July 2017, a broker's opinion valued it at \$2 million. OED will secure a second lien position on the commercial unit only behind First Bank's first lien with an outstanding loan amount of \$516,000. OED equity in the commercial unit is \$1.48 million. The equity in the commercial condo is more than enough to cover OED's outstanding loan balance of \$892,000 (original OED loan amount was \$1 million).