



Legislation Text

File #: 18-1358, Version: 1

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 11-13-18

Requesting Agency: Office of Economic Development
Division:

Subject Matter Expert Name:

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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 bill for an ordinance approving a proposed Third Amendment and Modification Agreement between the City and County of Denver and Housing Authority of the City and County of Denver, to extend the deadline for the sale of certain affordable units, and to clarify units subject to affordability restrictions.

Amends a loan agreement with Denver Housing Authority (DHA) by adding \$65,752 for a new total of \$1,265,752 and one year for a new end date of 12-31-19 to allow for DHA to sell two condos located at 525 Jackson Street to income-qualified buyers and includes the associated remodeling costs and down payment assistance (OEDEV-GE6A125-03). The last regularly scheduled Council meeting within the 30-day review period is on 2-4-19. The Committee approved filing this item at its meeting on 11-21-18.

Affected Council District(s) or citywide? CD 10; citywide

Contract Control Number: OEDEV-GE6A125-03

Vendor/Contractor Name (including any "DBA"): Denver Housing Authority (DHA)

Type and Scope of services to be performed:

This request is to amend to extend an executed 2017 loan agreement, which was the second amendment to the Lincoln 57 project, to allow DHA time to sell two condos at 525 Jackson St. to income-qualified buyers.

In 2007, the city loaned DHA \$1.2M to income-restrict 14 parcels that are associated with 15 HOME units scattered throughout the city (collectively, this scattered-site initiative is called the Lincoln 57 project). Twelve of those units have rents that were not to exceed 60% AMI, and the remaining three units were restricted to 50% AMI. These 15 units were originally required to be reserved for formerly homeless persons and were restricted for 30 years.

The agreement was amended in 2012 to replace eight units on three parcels with eight units on three parcels of equal or greater value. Further, this amendment removed the requirement that 15 units be reserved for formerly homeless persons and lengthened the covenant duration to 40 years (expiring in 2047). Four of the eight added units were condominium units at 525 Jackson that DHA owned and rented to income-restricted persons.

Since 2012, however, a problem has surfaced with the HOA in the condo building at 525 Jackson. Because DHA owns so many of the condo units in the building, owners of other units in the building are not eligible for FHA loans. DHA has asked OED to amend the loan for a second time to replace two of the units at 525 Jackson with two other units on Kalamath Street. The two replaced units in 525 Jackson (Units 104 and 207) will then be sold by DHA to income-qualified buyers, placing an IHO covenant on the properties that stipulates purchase prices of \$185,061 for Unit 104 (the two-bedroom unit), and \$169,084 for Unit 207 (the one-bedroom unit).

To support the sale of these units to income-qualified buyers, OED is proposing to loan an additional \$65,752 to DHA to renovate the units as well as provide down-payment assistance of \$15,000 to the buyers of each unit-funds that will be repaid to the city upon sale of the units to subsequent income-qualified buyers. Habitat for Humanity is assisting DHA to identify income-qualified buyers, which will ultimately be qualified by OED staff. This agreement provides more time for DHA and Habitat to identify income-qualified buyers.

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?

8-1-17 -12-31-18

What is the length of the extension/renewal?

One year

What is the revised total term of the contract?

Through 12-31-19

If cost changing

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

\$1,200,000

What is the value of the proposed change?

\$65,752

What is the new/revised total value including change?

\$1,265,752

If terms changing

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