



Legislation Text

File #: 19-0245, Version: 1

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 3-12-19

Requesting Agency: Office of Economic Development
Division:

Subject Matter Expert Name:

Name: Susan Liehe 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 bill for an ordinance approving a proposed Agreement between the City and County of Denver and the Housing Authority of the City and County of Denver, to provide assistance to low-income homeowners for the construction of accessory dwelling units.

Approves an intergovernmental agreement with the Housing Authority of the City and County of Denver, Colorado for \$500,000 and for two years to provide soft second mortgages of up to \$25,000 to low-income homeowners participating in the West Denver Single Family Plus program to assist in the development of accessory dwelling units (ADUs) to serve as an income-generation and anti-displacement tool in Council Districts 3, 7, and 9 (OEDEV-201846549-00). The last regularly scheduled Council meeting within the 30-day review period is on 5-20-19. The Committee approved filing this item at its meeting on 3-27-19.

Affected Council District(s) or citywide? Districts 3,7 and 10

Contract Control Number: OEDEV-201846549-00

Vendor/Contractor Name (including any "DBA"): Housing Authority of the City and County

of Denver, Colorado. DHA

Type and Scope of services to be performed:

This agreement approves a \$500,000 funding allocation to the Housing Authority of the City and County of Denver to provide soft second mortgages of up to \$25,000 to low-income homeowners participating in the West Denver Single Family Plus program. **The West Denver Single Family Plus program is facilitated by the West Denver Renaissance Collaborative, currently housed within the Denver Housing Authority, thus this is an intergovernmental agreement.** The West Denver Single Family Plus program is targeted toward homeowners in nine West Denver neighborhoods and will assist in the development of accessory dwelling units (ADUs) to serve as an income-generation and anti-displacement tool.

The West Denver Single Family Plus program will support the City's core goals of stabilizing residents at risk of displacement, by providing an income generating source for existing West Denver homeowners. Additionally, by creating income-restricted housing units, the program will support the City's core goal of creating affordable housing. The program is estimated to create 40 income-restricted ADUs over the coming two years. Twenty income-restricted ADUs are estimated to be supported by the City's investment, so will support low-income homeowners in West Denver, who may otherwise be at especially high risk of displacement.

The West Denver Renaissance Collaborative is an initiative incubated by the Denver Housing Authority that focuses programmatically on the mitigation of displacement in nine West Denver neighborhoods (West Colfax, Sun Valley, Auraria, Lincoln Park, Villa Park, Barnum West, Barnum, Valverde, Westwood, and Athmar Park). The West Denver Single Family Plus (WDSF+) program is being piloted by WDRC as an anti-displacement tool for existing West Denver homeowners. The WDSF+ program advances WDRC's mission specifically by providing housing counseling resources to West Denver residents and facilitating participation in the WDSF+ program with eligible West Denver homeowners.

The WDSF+ program supports West Denver homeowners in constructing an accessory dwelling unit (ADU) on a primary residence's lot to be rented to tenants earning below 80% of area median income (AMI). Often, the cost of constructing an ADU - currently estimated at approximately \$250,000 or more - is cost-prohibitive for low- and moderate-income residents. The WDSF+ program has streamlined the permitting process for ADUs by designing a set of type-approved structures, reduced the construction cost of ADUs by partnering with Habitat for Humanity of Metro Denver, and identified existing products that will allow homeowners to finance the cost of ADU construction. Homeowners participating in the WDSF+ program will see a total construction cost of between \$100,000 and \$140,000 per ADU. In exchange for the cost efficiencies generated by participating in the WDSF+ program, homeowners must income-restrict the ADU to tenants earning 80% of AMI or below for 25 years.

The City's proposed funding will only be provided to homeowners earning below 80% of AMI, deepening the affordability level of residents participating in the program. The funding will be structured as soft second mortgages that will subsidize the construction cost of each ADU. The second mortgages will be sized based upon need, with a maximum mortgage amount of \$25,000. The City's funds will support WDSF+'s two-year pilot program and are expected to serve 20 households between 2019 and 2021.

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: two years

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: \$500,000

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.)