



Legislation Text

File #: 20-0491, Version: 1

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 5-18-20

Requesting Agency: Department of Housing Stability
Division:

Subject Matter Expert Name:

| |
|--------------------------------------|
| Name: Jennifer Siegel, 720-913-1667 |
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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 resolution approving a proposed Loan Agreement between the City and County of Denver and Brothers Redevelopment, Inc. to provide financing for the acquisition and development of affordable housing in the Globeville and Elyria Swansea neighborhoods.

Approves a performance loan agreement with Brothers Redevelopment, Inc. for \$2,000,000 and through 12-31-22 for the creation of nine units for affordable homeownership through new construction or the acquisition and rehabilitation of existing units, the acquisition of land for homeownership development and associated administrative costs in the Globeville, Elyria, and Swansea neighborhoods in Council District 9 (HOST-202053863-00). The last regularly scheduled Council meeting within the 30-day review period is on 6-29-20. The Committee approved filing this item at its meeting on 6-3-20.

Affected Council District(s) or citywide? Council District 9

Contract Control Number: HOST-202053863-00

Vendor/Contractor Name (including any "DBA"): Brothers Redevelopment, Inc.

Type and Scope of services to be performed:

The purpose of this agreement is to provide a performance loan from the Department of Housing Stability (“HOST”) to Brothers Redevelopment, Inc. (“Brothers”), acting as the fiscal agent for the GES Affordable Housing Collaborative (“the Collaborative”), consisting of Brothers; the Globeville, Elyria-Swansea Coalition (“GES” or the “Coalition”), an organization formed to respond to increasing displacement of community residents in the Globeville, Elyria, and Swansea neighborhoods; and the Colorado Community Land Trust - Denver, LLC (“CCLT”). The three organizations are partnering on an initiative that will incubate a to-be-formed GES community land trust by acquiring properties, including detached or attached units and vacant land, and then completing rehabilitation or construction of dwelling units to be sold to homebuyers earning no more than 80% of the area median income. A CCLT land lease will be recorded on each property that requires a 99-year affordability period. Additionally, Brothers will identify, acquire, and initiate predevelopment activities for a multifamily affordable homeownership project on a site within the target area that will also be placed in CCLT’s community land trust. Brothers will act as the fiscal agent for the Collaborative and will be responsible for completion of all activities in this contract.

By the conclusion of the performance period, Brothers will complete the development of nine (9) affordable-for sale homes in the Globeville, Elyria, or Swansea neighborhoods and ensure that each home is sold to a qualified buyer with household income at or below 80% of the area median income. Brothers will ensure that CCLT executes a 99-year land lease with each homeowner. Additionally, Brothers will acquire a parcel of land that will be used for future development of affordable, for-sale townhomes. Any properties developed under this agreement must remain owner-occupied for the duration of the land lease.

Funding is being provided as a performance loan, with 0% interest and no payments due provided that units remain in compliance for the duration of the performance period. The loan will be forgiven at the completion of the compliance period. The City will record an individual Deed of Trust on the land underlying each residential unit of the type acquired, constructed and/or renovated and on the land underlying the future multifamily for-sale units.

The initial sale price of a unit may not exceed (but may be less than) the City’s published maximum sale price based on unit type at the time of sale. As of May 2020, the current maximum initial sales prices are:

| Unit Type | Maximum Initial Sale Price |
|-----------|----------------------------|
| 2 Bedroom | \$237,592 |
| 3 Bedroom | \$277,172 |
| 4 Bedroom | \$300,102 |

Upon successful completion of all activities, Brothers will the assign the loan agreement, promissory note, and deeds of trust to CCLT for the duration of the compliance period. Upon approval by the City, the properties funded under this agreement may be transferred into a community land trust controlled by GES, provided that GES has developed sufficient organizational capacity to receive the land and operate a community land trust.

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: 3/2020 - 12/2022

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: \$2,000,000

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.)