



Legislation Text

File #: 18-0863, Version: 1

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 7-31-18

Requesting Agency: Office of Economic Development
Division:

Subject Matter Expert:

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 twenty-year Agreement between the City and County of Denver and the Housing Authority of the City and County of Denver, Colorado ("DHA"), to allow transfer of certain funds from the city's affordable housing fund to DHA, and for the accelerated development, rehabilitation and preservation of affordable housing.

Approves an Intergovernmental Agreement with the Denver Housing Authority (DHA) for twenty years for the transfer of the city's dedicated property tax from the Affordable Housing Fund to DHA to support accelerated development, rehabilitation, and preservation of affordable housing serving low- and moderate-income households, citywide (OEDEV-201843652-00). The last regularly scheduled Council meeting within the 30-day review period is on 9-10-18. The Committee approved filing this item at its meeting on 8-8-18.

Affected Council District(s) or citywide? Citywide

Contract Control Number: OEDEV-201843652-00

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

Type and Scope of services to be performed:

Approves a 20-year Intergovernmental Agreement between the City and County of Denver and the Denver Housing Authority that will allow for the transfer of the city's dedicated property tax from the Affordable Housing Fund to the Denver Housing Authority to support accelerated development, rehabilitation and preservation of affordable housing serving low- and moderate-income households.

Denver is experiencing significant population growth and skyrocketing housing costs that put market rent and home prices out of reach for low- and moderate-income households throughout the city. The city created the Affordable Housing Fund to support the development, rehabilitation and preservation of affordable housing and the provision of programmatic support for low- and moderate-income households, as set forth in Article V, Chapter 27 of the Code.

As part of the implementation of the Affordable Housing Fund, the City with input from the Housing Advisory Committee has developed the Housing Plan, which includes financial and production goals for a mix of housing affordable to households in various ranges of AMI.

In April 2018, the city announced a new initiative to double its Affordable Housing fund annually, and partner with the Denver Housing Authority (DHA) to generate an estimated \$105 million funding surge for affordable housing over the next five years. To support the initiative, the city proposes this 20-year Intergovernmental Agreement (IGA) with the Denver Housing Authority to develop, rehabilitate or preserve additional housing units in a manner consistent with the priorities outlined in the Housing Plan.

The proposed partnership with DHA would pass through the city's dedicated property tax from the Affordable Housing Fund to accelerate building and preserving much-needed affordable housing, and increases the land available for future affordable housing use for Denver's lowest-income residents and those experiencing homelessness.

By leveraging DHA's expertise in serving those most in need, the proposal also expands the city's ability to deliver on additional areas of housing needs identified in the *Housing an Inclusive Denver* five-year plan. The proposal will improve the alignment of Denver's Affordable Housing Fund with the five-year housing plan.

In summary, Denver would double its creation and preservation estimates from 3,000 affordable rental units to at least 6,200 units over five years. The proposal directs about half of the newly doubled Affordable Housing Fund to support those most burdened by housing costs (0-30% AMI and those experiencing homelessness) and allocates the other half to fulfill other priorities within the five-year plan.

Overall Proposal Framework:

- Appropriates property tax revenues from the Affordable Housing Fund to DHA annually for a period of 20 years, which is expected to support bond issuance to generate an estimated \$105 million for affordable housing.
- Backfilling the property tax revenue in the Affordable Housing Fund by increasing the city's special marijuana sales tax by 2 percent to 5.5 percent, generating an estimated \$8

million per year.

- Contributing an additional yearly \$7 million from the General Fund to the Affordable Housing Fund starting in 2019.
- Removing the 2026 sunset on the Affordable Housing Fund to support housing needs well into the future.
- Directing about half of the newly doubled Affordable Housing Fund to support residents most burdened by housing costs (0-30% AMI and those experiencing homelessness) and allocates the other half to fulfill other priorities within the 5-year plan.
- Directing about half of the DHA bond proceeds to go towards building new and preserving current affordable homes managed by DHA, with the other half utilized for the land acquisition fund.
- Focusing the new land and property acquisition fund on securing small, geographically diverse sites across the city to create a pipeline for future projects that will serve very low-income residents and individuals experiencing homelessness. DHA has committed 300 projective based vouchers to support this effort.
- DHA, OED, Denver Human Services, Colorado Division of Housing and the Colorado Housing and Finance Authority will collaborate as an advisory group on acquisitions and procurement of development partners.

The initiative to increase the affordable housing fund and partner with the Denver Housing Authority to significantly advance the goals of creating, rehabilitating and preserving affordable housing are proposed as part of companion legislation. The two ordinances include:

- 1) Intergovernmental Agreement between the City and County of Denver and the Denver Housing Authority to pass through the city's dedicated property tax from the Affordable Housing Fund for a period of 20 years.
- 2) Amendments to the Denver Revised Municipal Code (DRMC), including:
 - a. Removing the current sunset on the Affordable Housing Fund in Article V of Chapter 27 of the DRMC to launch and sustain this new revenue initiative over time, and make possible the Intergovernmental Agreement with the Denver Housing Authority.
 - b. Changing the name of the special revenue fund in Article V of Chapter 27 of the DRMC from "Property Tax Special Revenue Fund" to "Affordable Housing Property Tax and Other Local Revenue Fund" to receive additional local resources including the Marijuana Tax revenue.
 - c. Amending Article II of Chapter 53 of the DRMC to increase the retail marijuana tax rate from 3.5% to 5.5% and dedicate the additional tax revenue to the "Affordable Housing Property Tax and Other Local Revenue Fund."

- 3) Amending section 7 of ordinance 20160625 to clarify the appropriation basis of the Affordable Housing Permanent Funds.

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: Twenty 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:

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.)