



Legislation Text

File #: 22-1610, Version: 1

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 12-5-2022

**Requesting Agency: Department of Housing Stability
Division:**

**Subject Matter Expert Name: Jeremy Brown
Email Address: Jeremy.Brown@denvergov.org
Phone Number:**

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 Fourth Amendment, Modification, Assignment, and Assumption Agreement between the City and County of Denver, Del Norte Neighborhood Development Corporation and Renewal Residences, LLC pertaining to a 30-unit affordable residential property located at 1135 Logan Street in Council District 10.

Amends a loan agreement with Del Norte Neighborhood Development Corporation to make corrections and allow for the sale of the property and for the assumption of the City's loan agreement by Renewal Residences, LLC for a 30-unit affordable residential property located at 1135 Logan Street in Council District 10. No change to contract duration or amount (CE1Y121/ HOST-202264559-04). The last regularly scheduled Council meeting within the 30-day review period is on 1-23-2023. The Committee approved filing this item at its meeting on 12-7-2022.

Affected Council District(s) or citywide? 10

Contract Control Number: CE1Y121/ HOST-202264559-04

Vendor/Contractor Name (including any "DBA"):

Type and Scope of services to be performed:

This request is for an amendment to the loan for 1135 Logan. The borrower is selling the property to an entity that will continue to use the property as affordable housing. The amendment accomplishes the following: 1) assumption of the City’s loan agreement, covenant, and collateral documents by Renewal Residences LLC, 2) allows for the sale of the property and improvements to Renewal Residences LLC, 3) gives the Executive Director of HOST authority to execute documents necessary to complete the assumption, 4) removes references to HOME in the covenant since this is not a HOME funded contract, and 5) corrects the covenant to restrict 30 units, which is the total number of units in the building.

Del Norte Neighborhood Development Corporation (Del Norte) is selling 1135 Logan to Renewal Residences LLC (Renewal). Renewal will continue to operate the subject property as affordable housing and make capital improvements to the building as needed.

The 1135 Logan site measures 9,375 square feet (0.22 acre) and is improved with a three story plus basement wood-frame and brick building built in 1957 containing 30 studio units.

Scope of Work:

1. Assumption of the City’s loan agreement, covenant, and collateral documents by Renewal Residences LLC
2. Allows for the sale of the property and improvements to Renewal Residences LLC
3. Gives the Executive Director of HOST authority to execute documents necessary to complete the assumption
4. Removes references to HOME in the covenant since this is not a HOME funded contract
5. Corrects the covenant to restrict 30 units, which is the total number of units in the building.

Executive Summary

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This loan closed on February 22, 2022, with The Uptown Partnership to finance costs associated with the acquisition of and repairs to the subject property. The loan amount equals \$511,625 in Affordable Housing Fund dollars. This is a 99-year performance loan maturing on January 9, 2106. The original loan terms and three amendments are described below.

	Original Terms		Amendment 1	Amendment 2		Amendment 3	
	AHF	AHF		AHF	AHF	AHF	AHF
Close Date	2/22/2002	2/22/2002	4/17/04/17/04	1/31/2006	1/31/2006	1/9/2007	1/9/2007
Loan Amount	\$300,000	\$41,625	\$420,000	\$41,625	\$470,000	\$41,625	
Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Repayment	Performance	Repayable	Performance	Repayable	Performance	Deferred	Performance
Maturity	1/1/2025	1/1/2025	1/1/2025	1/1/2025	1/1/2025	1/9/2106	1/9/2106

The original loan amount equaled \$341,625 and closed in February 2002. \$300,000 of the loan was repayable in monthly payments of \$1,250 with the entire unpaid amount due on January 1, 2025. \$41,625 of the loan was a performance-based loan maturing on January 1, 2025. The affordability restrictions required 18 units at 55% AMI and 17 units at 50% AMI for 20 years maturing on February 21, 2022.

The first amendment to the loan closed in April 2002. The amendment increased the loan amount by \$120,000 to finance repairs and renovation work at the subject property. The additional \$120,000 was structured as a performance-based loan maturing on January 1, 2025.

The second amendment to the loan closed in January 2006. The amendment deferred the \$1,250 monthly payments from December 1, 2005, to May 1, 2008. Commencing on June 1, 2008, the payments resumed until maturity on January 1,

2025.

The third amendment to the loan closed in January 2007. The amendment accomplished the following:

- Assumption of the loan and collateral documents by Del Norte Neighborhood Development Corporation
- Allow sale of the property from Uptown to Del Norte
- Increase the loan amount by \$50,000 from \$461,625 to \$511,625 to finance rehab costs
- The total loan amount of \$511,625 was restructured as a performance-based loan with a 99-year term maturing on January 9, 2106.
- Covenant amended to require 16 units at 50% AMI and 15 units at 30% AMI over a 99-year term maturing on February 6, 2106. The previous covenant from 2002 was released.

Renewal Residences LLC is under contract to purchase the subject property from Del Norte. The subject site measures 9,375 square feet (0.22 acre) and is improved with a three story plus basement wood-frame and brick building built in 1957. The building has a gross building area of 12,322 square feet and has 30 studio units. The garden basement area consists of storage and office space.

Renewal Residences LLC's intent is to continue to operate the subject as affordable housing while also serving clients facing the cycle of addiction, incarceration, and homelessness in the Denver area. The members of Renewal Residences LLC are Joey Friedman, Luke Gregory, Ben Friedman, and Bryce Givens. It is their vision to offer 1135 Logan to any individual who meets the affordability requirements including those that need reentry and substance abuse assistance.

This fourth amendment allows for the sale of the property and for the assumption of the City's loan agreement, covenant, and collateral documents by Renewal Residences LLC. It also accomplishes the following:

- Gives the Executive Director of HOST authority to execute documents necessary to complete the assumption
- Removes references to HOME in the covenant since this is not a HOME funded contract
- Corrects the covenant to restrict 30 units, which is the total number of units in the building.

Location (if applicable): 1135 Logan Street

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

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

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

Amendment

Was this contractor selected by competitive process or sole source?

N/A

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)? Terms unrelated to time or price.

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.)

Making corrections and updates to the loan agreement terms

1. Assumption of the City's loan agreement, covenant, and collateral documents by Renewal Residences LLC
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