



Legislation Text

File #: 21-0876, Version: 1

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 7-29-21

Requesting Agency: Denver Economic Development and Opportunity
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 resolution approving a proposed Eighth Amendment and Modification Agreement between the City and County of Denver and Newsed Community Development Corporation, Inc. to extend its current loan deferment.

Amends a loan agreement with NEWSED Community Development Corporation to extend its current loan deferment through 12-31-21 on its commercial condo property at 901 West 10th Avenue in Council District 3 (GE2Y004-08). The last regularly scheduled Council meeting within the 30-day review period is on 9-13-21. The Committee approved filing this item at its meeting on 8-11-21.

Affected Council District(s) or citywide? Council District 3

Contract Control Number: GE2Y004-08

Vendor/Contractor Name (including any "DBA"): NEWSED Community Development Corporation

Type and Scope of services to be performed:

This resolution and loan amendment pertains to the commercial portion of a NEWSED-owned, mixed-use property at 901 West 10th Avenue known as the Villa De Barela (VDB). The ground floor is retail/commercial space and the upper floors are affordable housing.

In 1993, DEDO originally financed a \$1,000,000 loan to develop the commercial portion of the property. The three-acre site was successfully developed into 10,000 SF of commercial/retail space and 38 units of affordable housing. The initial terms of the city's commercial loan were 10 years, 3% interest, and a monthly P&I of \$4,216.

Six subsequent amendments to the commercial loan have deferred payments on a short-term basis, adjusted the P&I payments and the interest rate, and exchanged deeds of trust and encumbrances.

In 2017, at the time of the sixth loan amendment, the commercial condo was appraised with a broker's opinion valuing it at \$2 million. The city's most recent valuation of the commercial portion of the property is estimated to be \$2,155,500.

NEWSED has now requested that DEDO defer VDB/NEWSED's monthly loan payments for 12 months due to the loss of its largest commercial tenant, Interstate Kitchen & Bar, which closed its operations in May 2019. Interstate's monthly rent was \$8,969. Cushman & Wakefield was secured to find a replacement tenant(s), although the pandemic prevented this from occurring. One tenant remains, paying \$2,061 monthly. This monthly income is insufficient for NEWSED to cover its debt payments on the commercial condo, including a first mortgage obligation to First Bank (monthly payment is \$3,089; principal loan balance is \$547,187) and DEDO's loan (monthly payment is \$5,000).

DEDO equity in this commercial portion is currently estimated to be \$1.608 million, which is more than enough to cover DEDO's outstanding loan balance of \$863,562.

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?

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.)