



## Legislation Text

File #: 18-1521, Version: 1

### Contract Request Template (Contracts; IGAs; Leases)

**Date Submitted:** 12-18-18

**Requesting Agency:** Office of Economic Development  
**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 Amendment and Modification Agreement between the City and County of Denver and Habitat for Humanity of Metro Denver, Inc., to increase funds to support the construction of 32 units of affordable for-sale houses located at 43<sup>rd</sup> & Elizabeth in Globeville-Elyria Swansea.**

Amends a loan agreement with Habitat for Humanity of Metro Denver by adding \$500,000 for a new total of \$2,250,000 to support additional infrastructure needs including a public alley, right of way landscaping and storm water detention to reduce the risk of potential flooding, for the construction of 32 townhomes for families earning up to 80% Area Median Income (AMI), located at 4301 Elizabeth Street, 4349 Elizabeth Street, 4348 Columbine Street and 2500 East 44th Avenue in Council District 9. No change to agreement duration (OEDEV-201736287-01). The last regularly scheduled Council meeting within the 30-day review period is on 1-28-19. The Committee approved filing this item at its meeting on 12-26-18.

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

**Contract Control Number:** OEDEV-201736287-01

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

**Type and Scope of services to be performed:**

Habitat for Humanity of Metro Denver is proposing to develop 32 income-restricted for-sale townhomes, to be marketed explicitly to residents of Globeville, Elyria, and Swansea at risk of displacement. The city's investment was originally provided to purchase the land.

The proposed amendment to the existing loan will increase the City's funding for the project by \$500,000, which will be used to support infrastructure costs related to the development of townhomes on the site. The location and size of the site meant that certain investments in onsite infrastructure that are atypical to Habitat for Humanity projects are required. Specifically, the parcel's size meant that Habitat must invest in the development of a public alley and right of way landscaping. In addition, because of the size and volume of units to be located on the parcel, Habitat is required to construct a stormwater detention pond to reduce risk of potential flooding.

The amendment will also make a technical change to the City's contract that will align its terms with the majority of OED's for-sale housing contracts. Currently, the existing loan agreement with Habitat states that OED's loan will be forgiven on the fifth anniversary of the promissory note. OED's typical practice is to forgive a loan for for-sale housing at the sale of the final income-restricted unit. A covenant is placed on each for-sale unit to secure its affordability. The proposed amendment would revise language in the deed of trust to note that it will be forgiven after the sale of the final home.

Following this amendment, the City's per-unit investment in the project will be \$70,312. This investment is higher than the per-unit threshold outlined in OED's term sheets, although the investment is intended to accomplish a policy goal of offsetting displacement in Globeville, Elyria and Swansea resulting from the I-70 expansion. In general, OED may revise its per-unit thresholds to better reflect rising construction costs.

This project was originally envisioned in OED's JumpStart 2017 to partially offset the loss of 56 owner-occupied homes in the neighborhood due to the I-70 expansion. Habitat for Humanity's Homeownership program will provide 32 homes to qualified families at an affordable mortgage rate, no down payment and a set monthly mortgage rate that does not exceed 30% of family's gross monthly income. All homes will be affordable at or below 80% AMI. Habitat is intent on ensuring that some of the homes will be financially accessible to local Globeville, Elyria & Swansea low-income residents, which will be at a level closer to 50-60% AMI. GES residents will be given priority for selection of these units, which will be accomplished with a First Look-type marketing program directed at GES residents ahead of all others, and by offering GES residents increased down-payment assistance/forgivable 2nd mortgages to reduce their repayable 1st mortgage costs to an affordable level.

The project design accommodates infill development of a currently vacant lot, preserves the low-rise building height characteristic of the area, creates open and inviting building facades, and improves neighborhood walkability by maintaining a street block of safer sidewalks with close proximity to parks and schools.

The proposed project is located near key neighborhood resources and amenities. Swansea Elementary School is 0.3 miles away and Bruce Randolph School (grades 6-12) is 0.7 miles away. Local stores are located around the property, with the closest full-service grocery store (Safeway) less than a mile away. Durham Park is within close walking distance to the project site and Inner City Health Center is located 0.7 miles from the project site. The project is 0.1 miles from the 44 bus line, 1.25 miles from the 40th Street station on the A light rail line, and 0.5 miles from two I-70 access ramps.

**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?**

\$1,750,000

**What is the value of the proposed change?**

\$500,000

**What is the new/revised total value including change?**

\$2,250,000

***If terms changing***

**Describe the change and the reason for it (i.e. compliance with state law, different way of doing business etc.)**