



Legislation Text

File #: 22-0932, Version: 1

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 8-8-2022

**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 Amendatory Agreement between the City and County of Denver and Spector Development, LLC to correct the legal description, allow 3 residential units to be converted from rental to for-sale, modify affordability requirements of residential rental and for-sale income-qualified units, adjust the loan terms, allow an assumption of the loan, forgive default interest, and change the subordination limit for a mixed-use development located at 910 Santa Fe Drive in Council District 3.

Amends the agreement with Spector Development, LLC to correct the legal description, allow 3 residential units to be converted from rental to for-sale, modify affordability requirements of residential rental and for-sale income-qualified units, adjust the loan terms, allow an assumption of the loan, forgive \$240,000 default interest, and change the subordination limit for a mixed-use development located at 910 Santa Fe Drive in Council District 3 (HOST-202161652-04). The last regularly scheduled Council meeting within the 30-day review period is on 9-26-2022. The Committee approved filing this item at its meeting on 8-24-2022.

Affected Council District(s) or citywide? 3

Contract Control Number: HOST-202161652-04

Vendor/Contractor Name (including any "DBA"): Spector Development LLC.

Type and Scope of services to be performed:

This request is for an amendment to the loan with Spector Development LLC. The subject loan with Spector Development LLC originally closed in July 2003 to provide financing of soft costs and lead-based paint abatement for the renovation of five affordable for-sale units located at 910 Santa Fe. The subject property is a mixed-use development which provides workspaces and live units located at 9th and Santa Fe Drive (Arts district). The project has a total of 28 units; 16 are commercial units and 12 are residential units (including 5 affordable residential units).

HOST's original agreement with the borrower required five affordable for-sale units. Due to economic conditions at that time, the borrower was only able to sell two of the units. The original agreement with the borrower was amended in April 2004, August 2006, and February 2013. As a part of an amendment in 2013, three of the affordable for-sale units were converted to affordable rental units. The other two affordable for-sale units were sold to income verified buyers.

Spector Development LLC is now working to convert and sell the remaining three rental units since the overall project is a for-sale condominium development. A repayment structure has been agreed to where the City receives loan paydowns at the sale of the units. One of the units will be allowed to sell at market rate and two of the units will be restricted for 99 years to 100% AMI households.

Scope of work:

1. Consent to the sale of the property from Spector Development LLC to TugBoat LLC
2. Allow an assumption of the loan and related documents by TugBoat LLC
3. Forgive \$240,000 of the loan and recognize the remaining loan balance as \$420,000
4. Change the loan terms on the remaining \$420,000 to have an interest rate of 1% and monthly payments of \$350. The loan term will be extended to September 1, 2051
5. Amend the affordability provisions to 80% AMI for rents and incomes on the three rental units. The covenant term will be extended to September 1, 2051
6. Forgive default interest
7. Conditionally waive late fees and accrued interest
8. Require a paydown of our loan from refinance proceeds received by the borrower
9. Change the subordination limit to \$1,900,000
10. Allow one of the affordable rental units to be converted into a market-rate for-sale unit and require a paydown of the City's loan from the sale proceeds.
11. Allow two of the affordable rental units to be converted into affordable for-sale units at 100% AMI with 99-year covenant restrictions and require a paydown of the City's loan from the sales proceeds.

Location (if applicable): 910 Santa Fe Drive, Denver, CO 80204

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

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

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

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)? Cost, length and terms

If length changing

What was the length of the term of the original contract? June 17, 2003 to September 1, 2021

What is the length of the extension/renewal? 30 years

What is the revised total term of the contract? June 17, 2003 to September 1, 2051

If cost changing

What was the original value of the entire contract prior to this proposed change?

\$660,000

What is the value of the proposed change? -\$240,000

What is the new/revised total value including change? \$420,000

If terms changing

Describe the change and the reason for it (i.e. compliance with state law, different way of doing business etc.) Loan terms changing. See scope of work.