



Legislation Text

File #: 22-1019, Version: 1

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 8-29-2022

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

**Subject Matter Expert Name: John Torres
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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 and providing for the execution of a proposed Grant Agreement between the City and County of Denver and the Colorado Department of Local Affairs (DOLA) concerning the "Affordable Housing Development Incentives Grant" program and the funding therefor.

Approves a grant agreement with the Colorado Department of Local Affairs for \$1,429,993 and through 3-31-2024 to provide financial assistance for grant-eligible costs associated with building accessory dwelling units (ADUs) aiming to promote affordable homes and generational wealth building in neighborhoods identified in Council Districts 3, 7, and 9 (HOST-202264286). The last regularly scheduled Council meeting within the 30-day review period is on 10-24-2022. The Committee approved filing this item at its meeting on 9-21-2022.

Affected Council District(s) or citywide? 3,7,9

Contract Control Number: HOST-202264286

Vendor/Contractor Name (including any "DBA"): Colorado Department of Local Affairs

Type and Scope of services to be performed:

Denver was awarded a total of \$1,429,993 from the Colorado Department of Local Affairs (DOLA) to assist with the Villa Park and West Denver Renaissance Corp (WDRC) Accessory Dwelling Unit (ADU) projects. Specifically, \$736,183 for the Villa Park Project and \$693,810 for the WDRC ADU project. Eligible costs cannot be reimbursed until after an agreement between DOLA and Denver is executed.

The Affordable Housing Development Incentives Grant Program is part of HB21-1271 DOLA Innovative Housing Strategies. The intent of the program is to carry out the purposes of HB21-1271, which seeks to promote the development of innovative affordable housing projects. HB21-1271 explicitly prioritizes geographic and housing type diversity and local action that is permanent, impactful, and exemplary of best practices in affordable housing development.

Eligibility:

- **Projects**
Definition: “Affordable housing” is defined in the statute as housing for families or individuals earning up to 80% of the area median income (AMI) for rental housing and up to 140% AMI for affordable homeownership. Applicants should demonstrate that the project addresses one or more AMI ranges with significant local need. Affordable housing can include both income- and deed-restricted units and naturally occurring affordable housing (NOAH) as long as rents meet the AMI limits.
- Eligible expenses may include but are not limited to the following: Local government fees related to residential development (including tap fees levied by special district water utilities), local government development review costs associated with rezoning for residential (e.g., traffic demand studies), infrastructure extensions for affordable or mixed-income developments, improvements to an affordable housing or mixed income project (e.g., construction or rehabilitation costs, façade improvements, landscaping, playground/park or other amenities on site), land acquisition dedicated for future affordable projects, predevelopment costs (with pre-approval from DOLA).

DOLA scored projects based on the following criteria:

- Readiness and capacity
- Impact on housing needs
- Sustained and equitable support
- Community benefits
- Sustainable development
- Extra points- Rehabilitation/Repurpose, energy efficient standards, long-term affordability

Scope of work:

Villa Park: Grant amount of \$736,183

The Villa Park sites (sites along the Lakewood Gulch in Villa Park) are located in an area of Denver that either has never had infrastructure installed such as sidewalks, alleys, or installed a street in such a way as to not meet any engineering safety standards. These critical improvements will allow Habitat to build affordable homes for sale.

Villa Park will develop six affordable units with up to three ADU’s.

Site Development Scope:

- Reconstruction of right of way including - \$1,000,000
 - Meade Street
 - Curb, Gutter & Sidewalk at frontages of all properties
 - Alley extension at Stuart property
 - Alley drive pans at Meade & Newton
- Extension of water line in Meade Street - \$50,000 (includes stubbing in services)
- Relocation of existing power pole on 1086 Meade Street - \$10,000
- Extension of sewer line for Stuart property - \$100,000

WDRC ADU’s: Grant amount of \$693,810

DHA launched the Single Family Plus ADU Pilot Program and is partnering with homeowners to build ADUs as both a wealth-

building strategy and to grow the much needed affordable housing inventory in West Denver. While this scale of housing ("gentle density") works well in single-family neighborhoods, the scale is challenging due to disproportionate infrastructure costs (sidewalk, alley, utility tap fees etc) triggered during the permitting for each new ADU unit. In addition, the focus on historically underinvested neighborhoods means the condition or nonexistence of infrastructure creates disproportionate cost impacts. West Denver ADU's will develop a total of 30 eligible units by June 30, 2024.

Site Development Scope:

Government fees and permits per ADU (30 units)		
Sewer use & drainage permit (base plus 3% increase/yr		\$ 5,275.00
Water fee (base plus 2.2 increase/yr		\$ 1,984.00
Building permit (size dependent, 2% increase		\$ 1,500.00
Total Fees/Permits		\$265,650.00
Summar DOI A Eligible ADU Costs - for 30 units projected by June 2024		
Fees/permits per ADU @ 30 units		\$265,650.00
2022 units 18 (avg site cost \$10,900)		\$196,200.00
2023/2024 units 12 (avg site cost \$13,080)		\$156,960.00
Unforeseen infrastructure reqs, 25% of units (avg \$10,000)		\$ 75,000.00
Total Fees/Permits		\$693,810.00

Location (if applicable): Villa Park (sites along the Lakewood Gulch in Villa Park)
 West Denver Renaissance Collaborative Neighborhoods (West Colfax, Villa Park, Auraria, Sunt Valley, Lincoln Park, West Barnum, Barnum, Valverde, Westwood, Athmar Park).

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

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

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

New

Was this contractor selected by competitive process or sole source?

N/A grant

For New contracts

Term of initial contract:

08/08/2022-03/31/2024

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:

Revenue \$1,429,993

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.)