



Legislation Text

File #: 22-1622, Version: 1

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 12-12-2022

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

**Subject Matter Expert Name: Adam Lyons
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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 bill for an ordinance approving a proposed Second Amendatory Agreement between the City and County of Denver and the Housing Authority of the City and County of Denver, to extend the term, modify the scope of services, and provide additional funding for the construction of accessory dwelling units that will benefit low-income households, citywide.

Amends an intergovernmental agreement with Housing Authority of the City and County of Denver by adding \$630,000 for a new total of \$1,130,000 and two years for a new end date of 12-31-2024 and to modify certain terms of the program to continue supporting the construction of additional accessory dwelling units for low-income households through the West Denver Renaissance Collaborative to mitigate involuntary displacement, citywide (OEDEV-201846549/ HOST-202265146-02). The last regularly scheduled Council meeting within the 30-day review period is on 1-17-2023. The Committee approved filing this item at its meeting on 12-14-2022.

Affected Council District(s) or citywide? Scattered sites, primarily West Denver

Contract Control Number: OEDEV-201846549/ HOST-202265146-02

Vendor/Contractor Name (including any "DBA"): Housing authority of the City and County of Denver, Denver Housing Authority, DHA

Type and Scope of services to be performed:

Denver Housing Authority (DHA), through its entity West Denver Renaissance Collaborative (WDRC), is requesting an additional \$630,000 (\$35,000/ADU) in funding be added to the \$500,000 funding agreement that was originally approved by City Council in May 2019. This increase will bring HOST's total grant amount to \$1,130,000.

In May 2019, the City awarded \$500,000 to DHA for its WDRC Single Family Plus ADU Pilot program. WDRC's ADU Pilot Program was created by DHA and other partners to mitigate involuntary displacement of low- and moderate-income residents within nine west Denver neighborhoods by increasing affordable housing choices, stabilizing homeowners, and building wealth. A summary of original deal includes:

- City funds will be used to provide soft second mortgages to homeowners earning below 80% of AMI.
 - Either the ADU or the primary home will be rented or occupied by residents earning below 80% of AMI.
- Each ADU developed under this agreement must be occupied for residential use. It may not be used as an office, workspace, short-term rental, or other non-dwelling use.
- The maximum subsidy allowed was \$25,000 per ADU.
- DHA is responsible for marketing, selection, and income qualification of participants and provides technical assistance to the participant with securing financing for the development of the ADU.
- If a home is sold prior to the end of the 25-year covenant period, the homeowner will be required to repay a portion of development subsidy provided by WDRC to support construction.

The original agreement was amended (1st Amendment) in June 2021 to:

- Extend the expiration by one year, from December 31, 2021 to December 31, 2022
- Increase allowable per ADU City funding from \$25,000 to \$30,000
- Reduce the required number of ADUs from 20 to 17
 - No fewer than 12 ADUs in West Colfax, Sun Valley, Lincoln Park, Villa Park, Barnum, West Barnum, Valverde, Westwood and Athmar Park. No more than 5 may be build citywide.
- Allow for either the homeowner to ADU tenant to be restricted at or below 80% AMI
 - Homeowners with incomes at or below 80% of the AMI at the time of application may receive City funding. No subsequent income verification of the homeowner is required.
 - Homeowners with incomes above 81% of the AMI may receive City funding provided that the ADU is rented to households with incomes at or below 80% AMI for 25 years.

Scope of work:

Amendment adds \$630,000 in Property Tax funding for the creation of 18 additional ADUs, for a total of 35 ADUs during the pilot phase, proposing a per ADU subsidy increase from \$30,000 to \$35,000.

70% of ADUs must be built in the neighborhoods of West Colfax, Sun Valley, Lincoln Park, Villa Park, Barnum West, Barnum, Valverde, Westwood, and Athmar Park. Remaining 30% can be build citywide, where zoning allows, and priority will be given to homeowners in NEST neighborhoods.

Amendment would change the disbursement requirements to allow DHA to request reimbursement after DHA allocates the City funds to the construction escrow account. Proof of the transfer receipt, along with the recorded Deed of Trust and Covenant, will be required for reimbursement.

In addition, this project will be awarded a \$693,810 IHOI grant for required infrastructure improvements related to the construction of the ADUs, approved by LRC on 7/14/2022. IHOI funds are only eligible for households under 140% AMI. These funds will be allocated through a separate funding agreement.

Location (if applicable): 70% of ADUs must be built in the neighborhoods of West Colfax, Sun Valley, Lincoln Park, Villa Park, Barnum West, Barnum, Valverde, Westwood, and Athmar Park. Remaining 30% can be build citywide, where zoning allows, and priority will be given to homeowners in NEST neighborhoods.

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?

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)?

Time and price

If length changing

What was the length of the term of the original contract?

05/01/2019-12/31/2022

What is the length of the extension/renewal?

2 years

What is the revised total term of the contract?

05/01/2019-12/31/2024

If cost changing

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

\$500,000

What is the value of the proposed change?

\$630,000

What is the new/revised total value including change?

\$1,130,000

If terms changing

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