

Habitat for Humanity of Metro Denver Swansea Homes Contract Amendment

The Department of Housing Stability (HOST) is seeking Denver City Council's approval to amend a loan agreement between HOST and Habitat for Humanity of Metro Denver, pertaining to Habitat's Swansea Homes development at 43rd and Elizabeth St. The amended loan agreement would align requirements with Habitat's new 90-year covenant, allow subsequent sales to households at or below 100% AMI, and add an exhibit describing long term compliance requirements.



Why is this Amendment Needed?

Denver has a long history of working with Habitat for Humanity to help provide needed gap financing for its various affordable homeownership unit projects throughout the city. Traditionally these projects have included a covenant that is tailored for the specific project. To streamline future Denver-Habitat covenants and to ensure longer affordability periods, HOST recently worked with Habitat to develop a standard covenant to be used for any future HOST investments. This new covenant features a longer, 90-year affordability period, whereas past covenants have had a shorter affordability period of generally 20-60 years. The new covenant also includes minor technical revisions from the City Attorney's Office to ensure a stronger uniform document.

Why is the Household AMI Increased for Subsequent Sales?

In negotiating a stronger covenant going forward, Habitat requested greater flexibility with resales that occur within the first 21 years of the property's lifespan. It's important to note that when the owner of a Habitat home decides to sell, Habitat often repurchases the home itself for a resale to another moderate-income household. The mission-driven nonprofit is dedicated to building and selling homes to hard-working families and many of its property sales in Denver are targeted to households falling within the 60-80% AMI range. While the slightly higher cap provides greater flexibility, HOST anticipates most resales to target workforce housing AMI levels of 60% and higher.

How does this compare to Denver's current contract for the Swansea Homes?

The existing loan agreement includes a 60-year affordability period which is being changed to a 90-year period, with all initial sales of the 32 homes to households earning up to 80% AMI. Subsequent homes sales, through the first 21 years of the covenant recordation, are restricted to households earning up to 80% AMI, and subsequent sales occurring after the 21st year are restricted to households earning up to 100% AMI.

About the Swansea Homes

The Swansea Homes is a new construction project of 32 income-restricted homeownership units spanning an entire block at 43rd and Elizabeth. Phase 1 is complete, with 14 homes dedicated and open. Denver provided \$2.25 million to help support land acquisition and hard construction costs.