

43rd and Elizabeth

Safety, Housing, Education
and Homelessness Committee

March 28, 2018

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RESOLUTION SUMMARY

- ✓ Provide \$1,750,000 performance loan to Habitat for Humanity to purchase a one-block site from DHA
- ✓ Habitat will build 32 three- and four-bedroom for-sale homes in Elyria-Swansea
- ✓ Initial sales to 80% AMI buyers, although resales at up to 100% AMI after Year 20 through Year 60
- ✓ Preferential marketing and additional down-payment subsidy to GES residents, targeting 55-60% AMI
- ✓ Project partially fulfills OED JumpStart Goal to replace 56 owner-occupied homes lost to I-70 expansion
- ✓ Loan is contingent upon rezoning request from current E-TU-B, expected at City Council later this spring

PROJECT CONTEXT

Location:

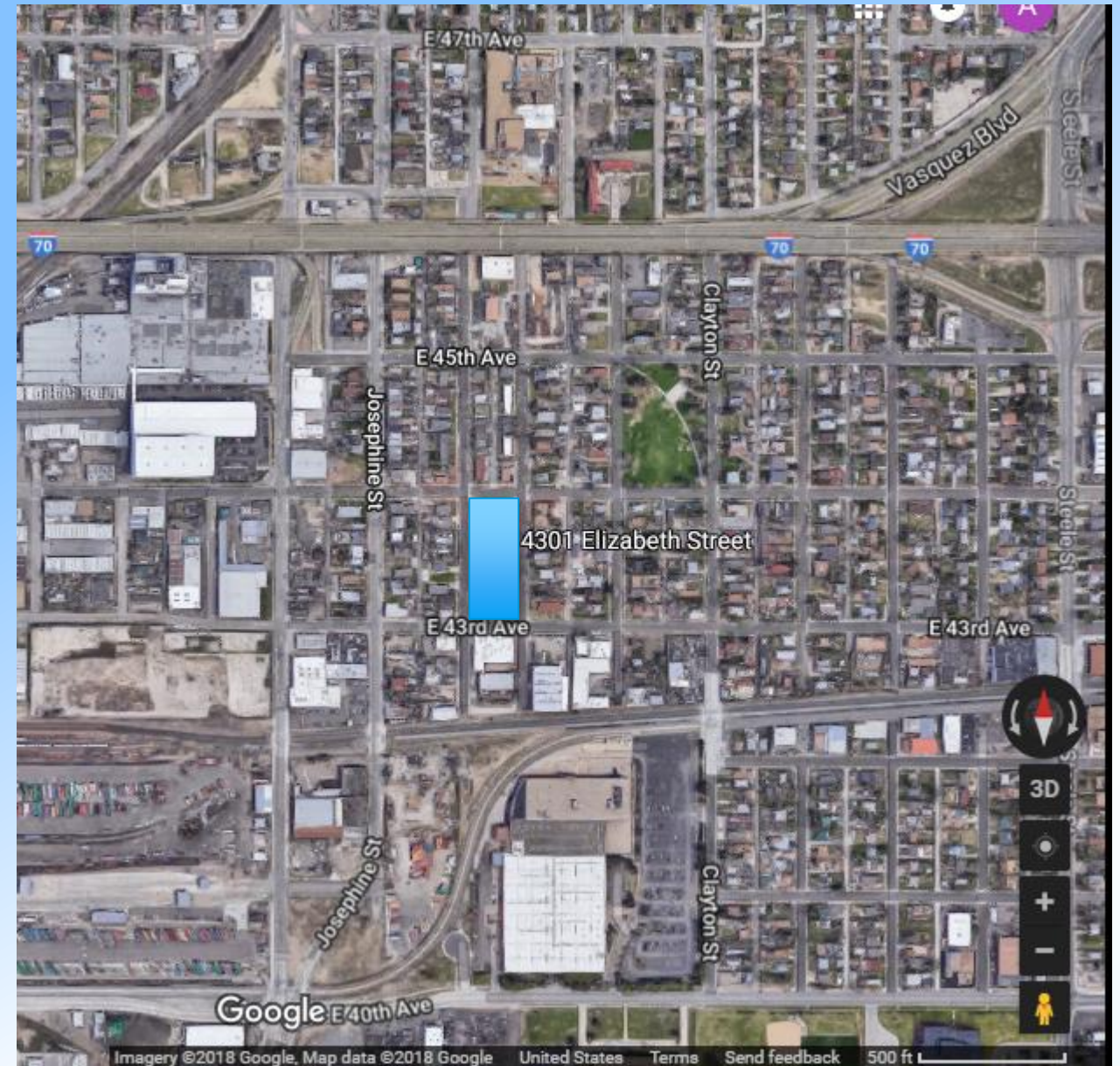
- 4301 N Elizabeth (entire block)
- Elyria-Swansea neighborhood
- Council District 9

OED 2017 Jump Start Initiative:

- Replace 56 owner-occupied homes lost to I-70
- Site is two blocks south of I-70
- Significant new nearby development (NWC)

Nearby Resources:

- Dunham Park is two blocks away
- Swansea Elementary is 0.3 miles
- Bruce Randolph (grades 6-12) is 0.7 miles
- Inner City Health is 0.7 miles
- #44 bus one block; A-line stop is 1.25 miles



PROJECT DETAILS

- 32 for-sale homes (16 duplexes)
- Three- and four-bedroom units
- 80% AMI families
- 60-year covenants
- Resales after Year 20 can be at up to 100% AMI
- Sale prices of \$306,000-\$362,000
- Subsidized with forgivable second mortgages so that payments are affordable to homebuyers

Preference for GES residents:

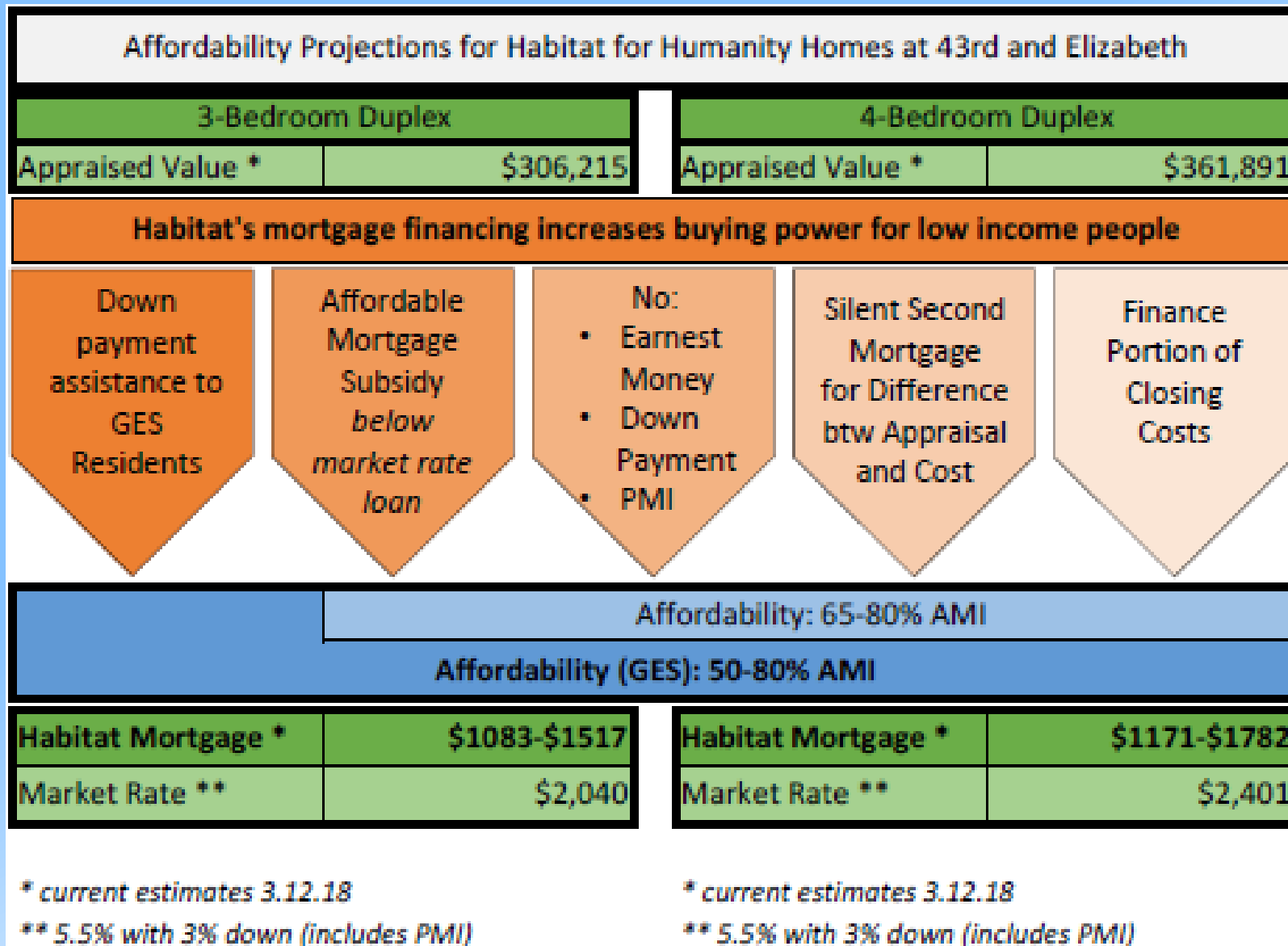
- Early, targeted marketing to GES
- Additional subsidy (down payment assistance / forgivable second mortgages)

Project characteristics:

- Preserves low-rise building height that is characteristic of the area
- Habitat's homeownership curriculum includes financial education classes



HABITAT MODEL



HABITAT ESTIMATED SUBSIDY PER HOUSEHOLD

43rd & Elizabeth New Construction	Estimated Cost to Build	Estimated Appraisal = SALE PRICE	MAX 1st Mortgage	Estimated Closing Costs	% SUBSIDY CC & DPA	\$ SUBSIDY CC & DPA	TOTAL 1st Mortgage	2nd Mtg (Silent-Forgivable)	Rate	PITI/Month	Annual Income Needed	Min AMI 3/4 4/6	Number of Units	Estimated Total Subsidy
3br	\$300,000	\$306,000	\$300,000	\$4,000	0%	\$0	\$304,000	\$6,000	2.875%	\$1,491.27	\$59,650.93	70%	11	\$0
3br w/ GES SUBSIDY	\$300,000	\$306,000	\$300,000	\$4,000	30%	\$91,200	\$212,800	\$97,200	2.875%	\$1,112.89	\$44,515.65	52%	5	\$456,000
4br	\$320,000	\$362,000	\$320,000	\$4,200	0%	\$0	\$324,200	\$42,000	2.875%	\$1,607.08	\$64,283.26	65%	11	\$0
4br w/ GES SUBSIDY	\$320,000	\$362,000	\$320,000	\$4,200	30%	\$97,260	\$226,940	\$139,260	2.875%	\$1,203.56	\$48,142.28	48%	5	\$486,300
												TOTAL	32	\$942,300

FINANCING

Habitat for Humanity of Metro Denver has requested a \$1,750,000 performance loan from the city, which represents 16% of the project’s cost and \$54,688 in investment per restricted unit.

This investment meets city policy goals of supporting the development of income-restricted housing for vulnerable, very low-income populations -- and particularly for addressing the needs of GES families displaced by the I-70 project.

Source	Cost	%
OED Acquisition Loan	\$1,750,000	16%
Additional Loan	500,000	5%
CDOH Grant	110,000	1%
SHOP funds	300,000	3%
Equity	4,809,960	45%
Other	3,220,880	30%
Total Project Cost	\$10,690,840	

TERMS

- Interest rate of 0%
- Five-year loan term
- Loan to be forgiven upon sale of the homes to qualifying families
- Income-restricting covenant of 60 years placed on each home

FIVE-YEAR HOUSING PLAN & 2018 ACTION PLAN

Denver’s five-year housing plan articulates a goal that 20-30% of funding each year be allocated toward Homeownership. This project will contribute directly to this goal. A portion of the funds are coming from OED’s 2017 appropriation and the remaining \$439,360 is coming from OED’s 2018 Property Tax appropriation; this is the only portion that would be addressed in the five-year housing plan.

-  HOMELESS — 2018 ALLOCATION GOAL 20-25%
-  < 30% AMI — 2018 ALLOCATION GOAL 20-25%
-  31-80% AMI — 2018 ALLOCATION GOAL 20-30%
-  HOMEOWNERSHIP — 2018 ALLOCATION GOAL 20-30%



DISCUSSION
