# Affordable Housing 101

## Loretto Heights Steering Committee

Melissa Thate, Housing Policy Officer

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Affordable Housing 101 Video

Localhousingsolutions.org

# What makes housing affordable?

## 30% of before-tax income spent on rent/mortgage + utilities

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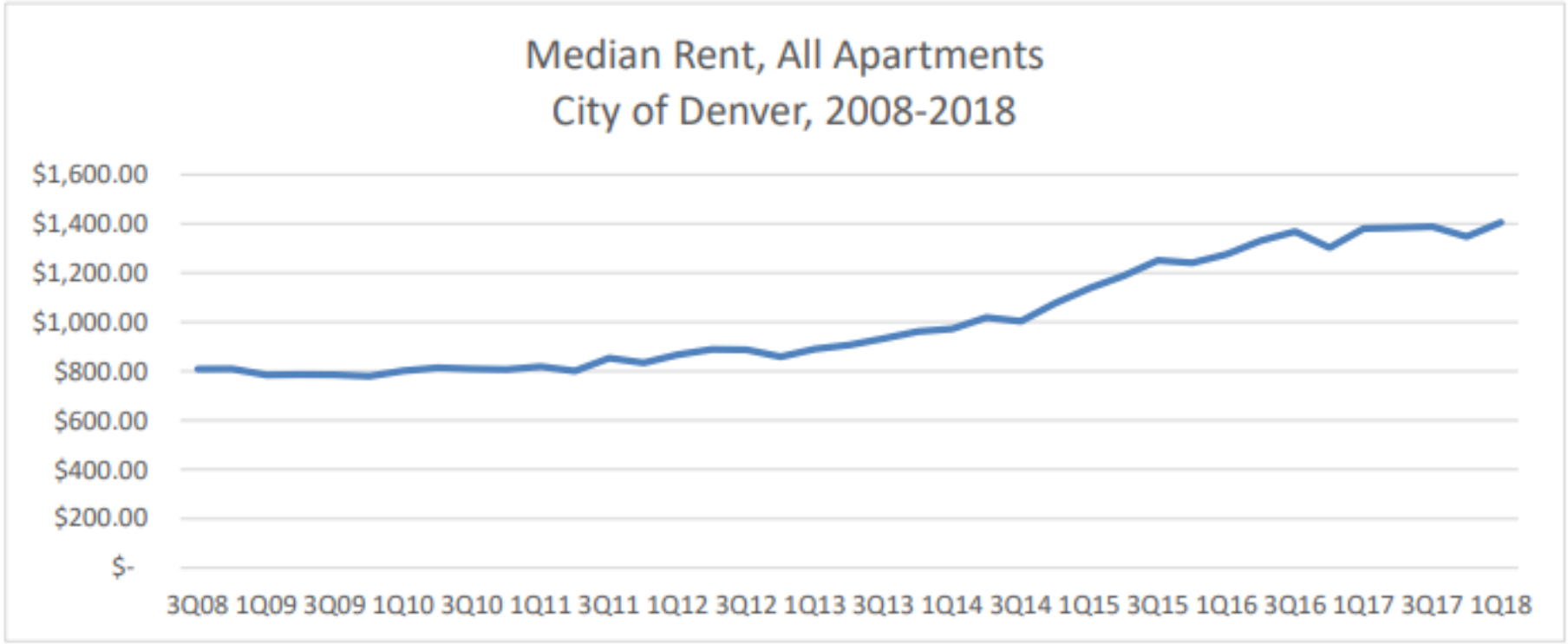
# Rising Rents

Figure 2.2 Median Rent, All Apartments, City of Denver, 2008-2018




Source: Apartment Association of Metro Denver, Quarterly Rent & Vacancy Survey

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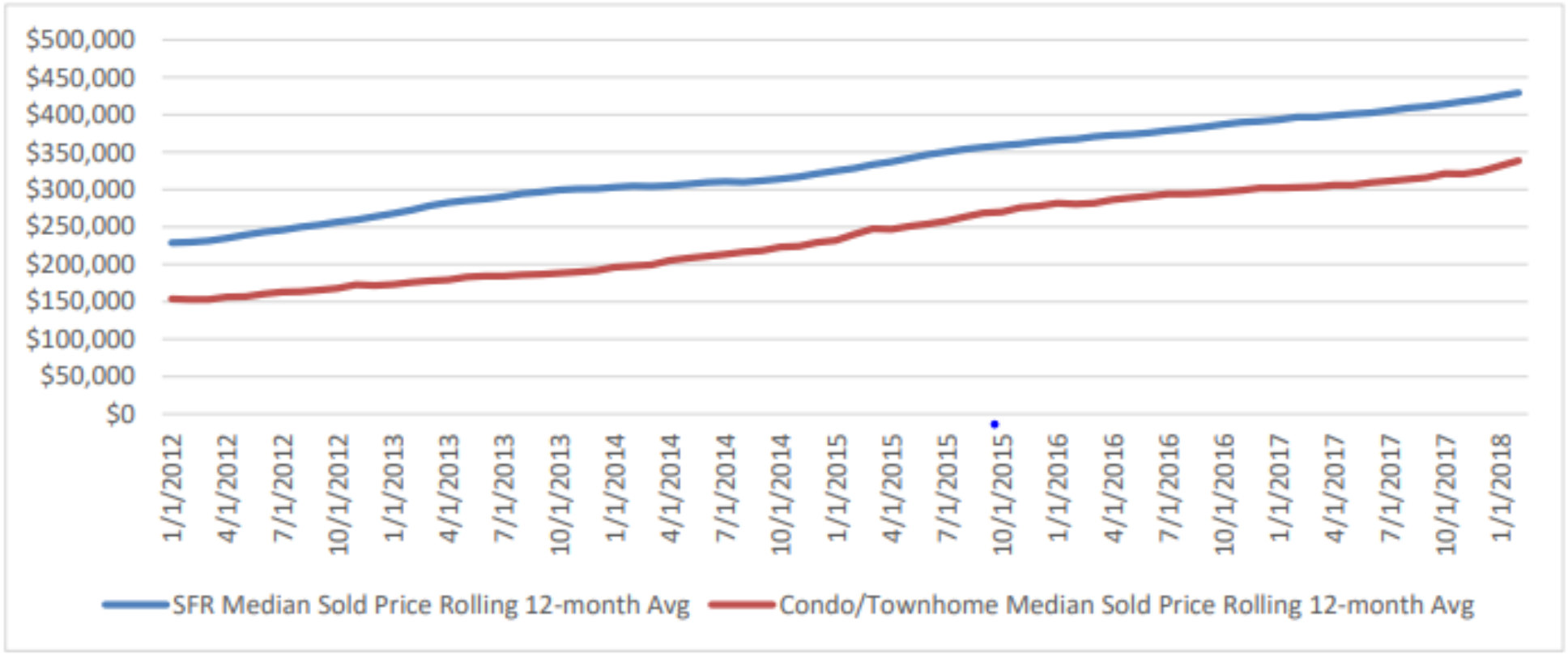
# Rising Home Prices

Figure 2.3 Median Home Prices, City of Denver, 2012-2018




Source: Denver Metro Association of Realtors, Monthly City and County Market Trends Reports

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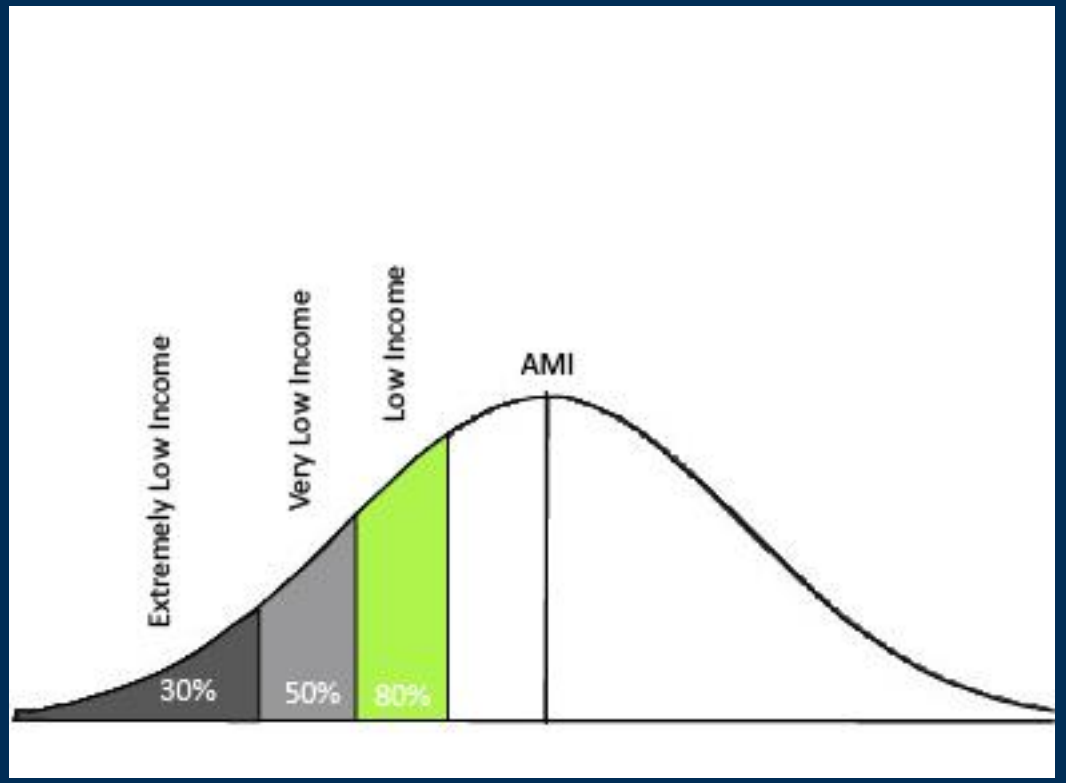
# Area Median Income (AMI)

- "Extremely low income" (30% of area median income)
- "Very low income" (50% of area median income) and
- "Low-income" (80% of area median income)

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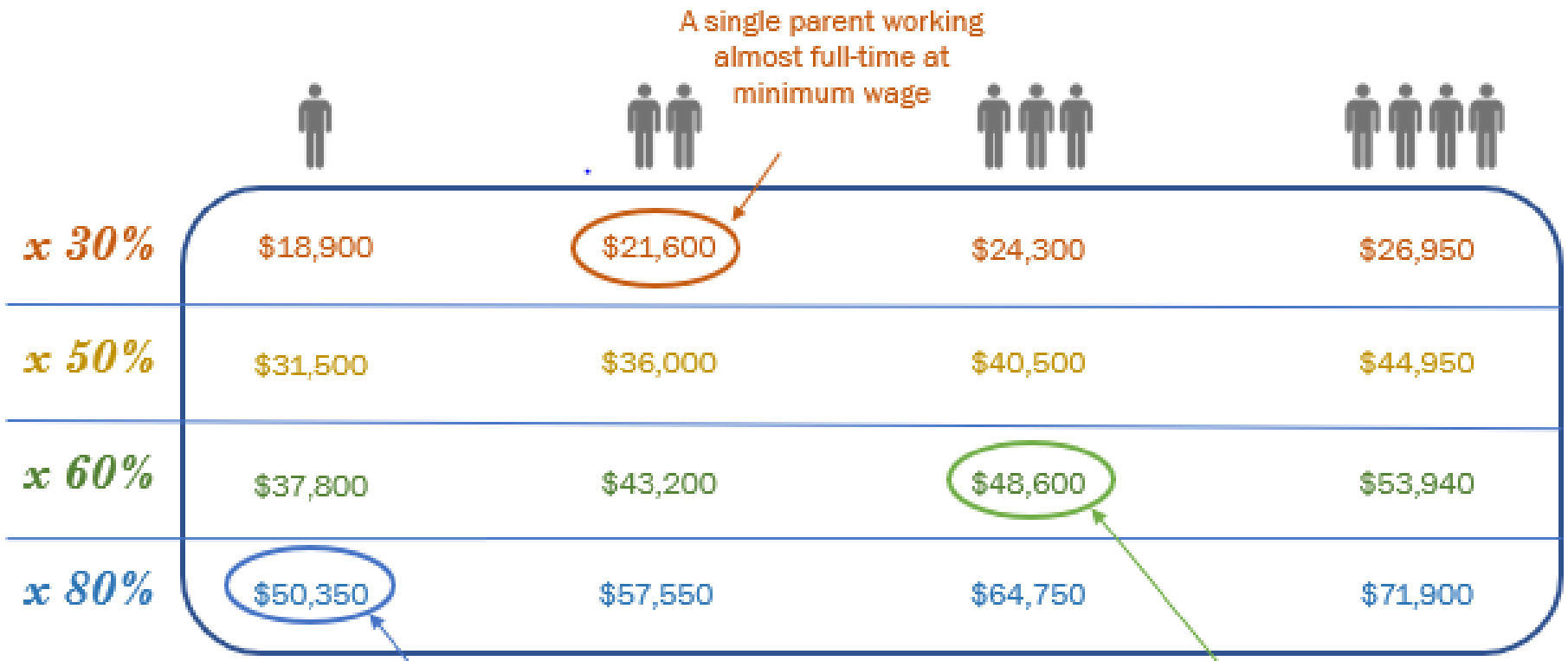
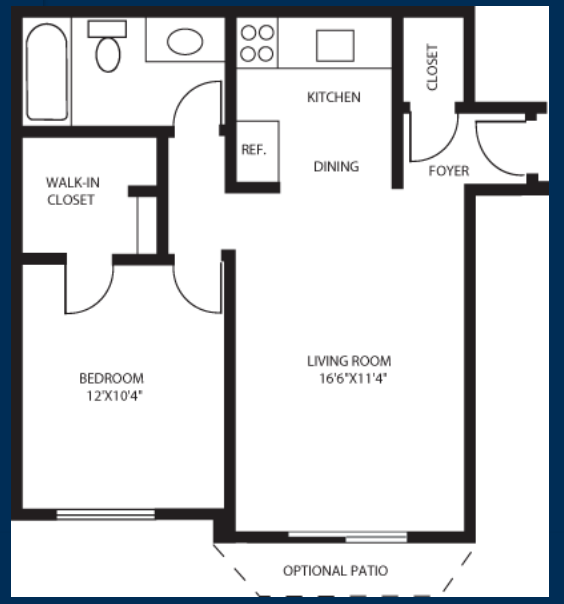
**2018 Area Median Income (AMI) = $63,000**
*(one person)*



# Calculating Affordable Rents

**In a development affordable at 30% AMI for a family of one ($18,900) an affordable monthly rent would be**

**$472.50**

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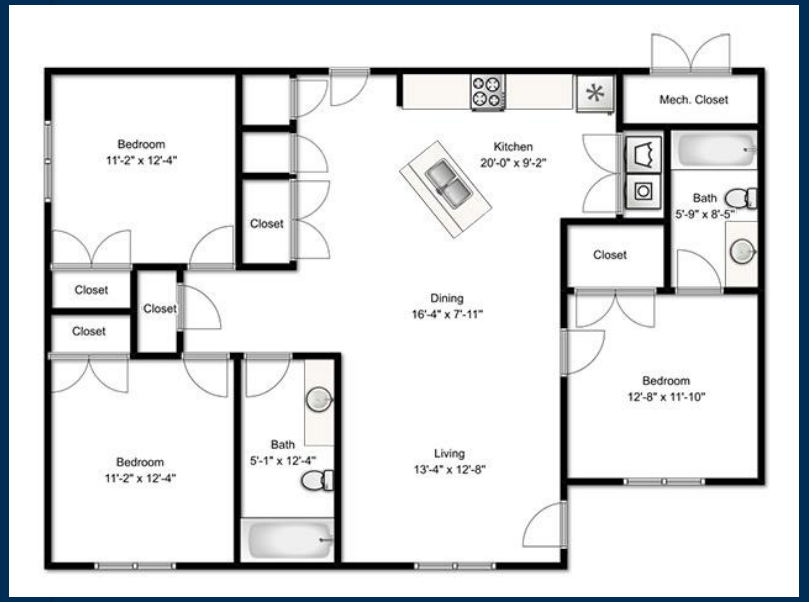
# Calculating Affordable Rents

**In a development affordable at 60% AMI for a family of four ($53,940) an affordable monthly rent would be**

**$1,348.50**

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# Denver's Cost- Burdened Households

| All Denver Households, 2016 | | | | | |
|---|---|---|---|---|---|
| Area Median Income | Not Cost-Burdened *paying less than 30% of income for housing* | Cost-Burdened *paying 30%-49% of income for housing* | Severely Cost Burdened *paying 50% or more of income for housing* | % paying more than 30% for housing costs | % paying more than 50% for housing costs |
| < 30% AMI | 7,524 | 6,704 | 28,153 | 82% | 66% |
| 31-50% AMI | 8,478 | 12,639 | 14,651 | 76% | 41% |
| 51-60% AMI | 6,040 | 7,839 | 3,797 | 66% | 21% |
| 61-80% AMI | 17,669 | 15,550 | 2,859 | 51% | 8% |
| 81-100% AMI | 22,016 | 8,515 | 607 | 29% | 2% |
| 101-120% AMI | 18,947 | 4,756 | 209 | 21% | 1% |
| > 121% AMI | 111,790 | 3,695 | 381 | 4% | 0% |
| TOTAL | 192,464 | 59,698 | 50,657 | 36% | 17% |

Source: American Community Survey, 2016 1-Year Estimates, via University of Minnesota Integrated Public Use Microdata Series

# Denver's Cost- Burdened Households - Renters

| Denver Renter Households, 2016 | | | | | |
|---|---|---|---|---|---|
| Area Median Income | Not Cost-Burdened<br>*paying less than 30% of income for housing* | Cost-Burdened<br>*paying 30%-49% of income for housing* | Severely Cost Burdened<br>*paying 50% or more of income for housing* | % paying more than 30% for housing costs | % paying more than 50% for housing costs |
| < 30% AMI | 6,263 | 4,711 | 21,910 | 81% | 67% |
| 31-50% AMI | 3,744 | 9,123 | 10,867 | 84% | 46% |
| 51-60% AMI | 2,498 | 5,415 | 2,441 | 76% | 24% |
| 61-80% AMI | 9,105 | 10,613 | 1,627 | 57% | 8% |
| 81-100% AMI | 10,516 | 5,331 | 224 | 35% | 1% |
| 101-120% AMI | 8,822 | 2,369 | 0 | 21% | 0% |
| > 121% AMI | 36,329 | 1,248 | 127 | 4% | 0% |
| TOTAL | 77,277 | 38,810 | 37,196 | 50% | 24% |

Source: American Community Survey, 2016 1-Year Estimates, via University of Minnesota Integrated Public Use Microdata Series

# Denver's Cost- Burdened Households - Homeowners

| Denver Homeowner Households, 2016 | | | | | |
|---|---|---|---|---|---|
| Area Median Income | Not Cost-Burdened<br>*paying less than 30% of income for housing* | Cost-Burdened<br>*paying 30%-49% of income for housing* | Severely Cost Burdened<br>*paying 50% or more of income fo housing* | % paying more than 30% for housing costs | % paying more than 50% for housing costs |
| < 30% AMI | 1,261 | 1,993 | 6,243 | 87% | 66% |
| 31-50% AMI | 4,734 | 3,516 | 3,784 | 61% | 31% |
| 51-60% AMI | 3,542 | 2,424 | 1,356 | 52% | 19% |
| 61-80% AMI | 8,564 | 4,937 | 1,232 | 42% | 8% |
| 81-100% AMI | 11,500 | 3,184 | 383 | 24% | 3% |
| 101-120% AMI | 10,125 | 2,387 | 209 | 20% | 2% |
| > 121% AMI | 75,461 | 2,447 | 254 | 3% | 0% |
| TOTAL | 115,187 | 20,888 | 13,461 | 23% | 9% |

Source: American Community Survey, 2016 1-Year Estimates, via University of Minnesota Integrated Public Use Microdata Series

# How do we compare to other cities?

| **RENTERS** 2017 5-Year HOUSEHOLD INCOME BY GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME IN THE PAST 12 MONTHS<br>Universe: Renter-occupied housing units | Wash DC % | Denver % | Boston % | Portland % | Memphis % | Seattle % |
|---|---|---|---|---|---|---|
| **Total Renter Occupied Housing Units** | | | | | | |
| **Less than $10,000:** | | | | | | |
| **Cost Burdened - All (30%+ of Income)** | 62% | 64% | 67% | 69% | 63% | 63% |
| | | | | | | |
| **$10,000 to $19,999:** | | | | | | |
| **Cost Burdened - All (30%+ of Income)** | 78% | 83% | 71% | 83% | 89% | 84% |
| | | | | | | |
| **$20,000 to $34,999:** | | | | | | |
| **Cost Burdened - All (30%+ of Income)** | 80% | 83% | 73% | 85% | 76% | 86% |
| | | | | | | |
| **$35,000 to $49,999:** | | | | | | |
| **Cost Burdened - All (30%+ of Income)** | 63% | 54% | 73% | 57% | 30% | 67% |
| | | | | | | |
| **$50,000 to $74,999:** | | | | | | |
| **Cost Burdened - All (30%+ of Income)** | 45% | 29% | 51% | 26% | 9% | 39% |

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# How do we compare to other cities?

| **OWNERS**<br>HOUSEHOLD INCOME BY SELECTED MONTHLY OWNER COSTS AS A PERCENTAGE OF HOUSEHOLD INCOME IN THE PAST 12 MONTHS<br>Universe: Owner-occupied housing units<br>(Source: 2012-2017 American Community Survey 5-Year Estimates) | Wash DC % | Denver % | Boston % | Portland % | Memphis % | Seattle % |
|---|---|---|---|---|---|---|
| **Total Owner Occupied Housing Units** | | | | | | |
| **Less than $10,000:** | | | | | | |
| **Cost Burdened - All (30%+ of Income)** | 71% | 72% | 63% | 74% | 71% | 73% |
| | | | | | | |
| **$10,000 to $19,999:** | | | | | | |
| **Cost Burdened - All (30%+ of Income)** | 83% | 75% | 90% | 88% | 70% | 86% |
| | | | | | | |
| **$20,000 to $34,999:** | | | | | | |
| **Cost Burdened - All (30%+ of Income)** | 67% | 58% | 77% | 67% | 54% | 69% |
| | | | | | | |
| **$35,000 to $49,999:** | | | | | | |
| **Cost Burdened - All (30%+ of Income)** | 52% | 49% | 64% | 59% | 31% | 54% |
| | | | | | | |
| **$50,000 to $74,999:** | | | | | | |
| **Cost Burdened - All (30%+ of Income)** | 41% | 30% | 52% | 41% | 13% | 48% |

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| | | Denver % |
|---|---|---|
| 2017 | **Total:** | |
| 2017 | **Owner occupied** | 50% |
| 2017 | **Renter occupied** | 50% |
| 2016 | **Total:** | |
| 2016 | **Owner occupied** | 50% |
| 2016 | **Renter occupied** | 50% |
| 2015 | **Total:** | |
| 2015 | **Owner occupied** | 49% |
| 2015 | **Renter occupied** | 51% |
| 2014 | **Total:** | |
| 2014 | **Owner occupied** | 48% |
| 2014 | **Renter occupied** | 52% |
| 2013 | **Total:** | |
| 2013 | **Owner occupied** | 51% |
| 2013 | **Renter occupied** | 49% |
| 2012 | **Total:** | |
| 2012 | **Owner occupied** | 48% |
| 2012 | **Renter occupied** | 52% |

# Percentage Renter-Occupied vs Owner-Occupied

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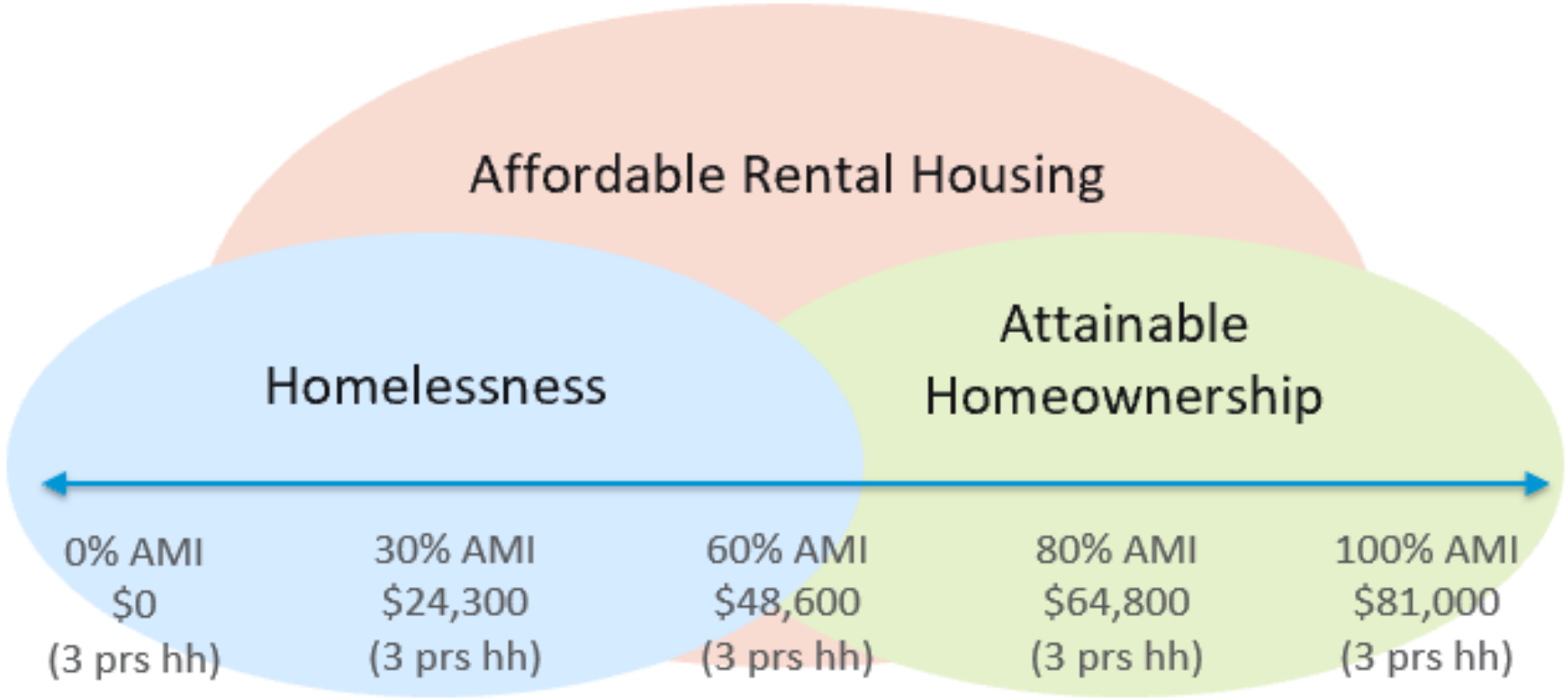
# Continuum of Housing Needs




**Current Need**
3,400+ individuals identified in 2018 *PIT as experiencing homelessness*

**Current Need**
66,600+ renter HH are "cost-burdened"

**Current Need**
30,500+ owner HH are "cost-burdened"

# Denver's Five-Year Housing Plan, *Housing an Inclusive Denver*

**OED invests in affordable housing development and programming as guided by the City's Comprehensive Housing Plan.**
**The plan outlines four key goals:**

**Create affordable housing in vulnerable areas AND in areas of opportunity**

**Preserve affordability and housing quality**

**Promote equitable and accessible housing options**

**Stabilize residents at risk of involuntary displacement**

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# Denver's Five-Year Housing Plan, *Housing an Inclusive Denver*

**Five-year plan outlines investments priorities along the income continuum:**

- **20-25% of housing resources to serve residents experiencing homelessness**
- **20-25% of housing resources to serve residents earning below 30% AMI in rental housing**
- **20-30% of housing resources to serve residents earning 31% to 80% AMI in rental housing**
- **20-30% of housing resources to serve residents in homeownership housing**

# New Revenue Framework – Summer 2018

1. Increase RMJ special tax rate by 2%, dedicate proceeds to the AHF ($8M in 2019)
2. Increase annual "PAYGO" General Fund transfer to AHF by $7M starting in 2019

## Local funding for AHF = $30M/year

3. Contract with the Denver Housing Authority to bond current property tax mill, generating approximately $105M:
    - 50% to accelerate DHA unit creation/preservation
    - 50% to fund land/property acquisition, create a longer-term pipeline serving most vulnerable residents

| Annual Affordable Housing Fund's Revenues (Local) | |
|---|---|
| Existing: Linkage Fee | $1,500,000 |
| Existing: General Fund/DHS Transfer *(backfills the linkage fee during initial ramp up)* | $6,800,000 |
| Existing: 0.442 mills for 20 years | $7,500,000 |
| New Starting in 2019: 2% RMJ | $8,000,000 |
| New Starting in 2019: Annual General Fund/DHS Transfer | $7,000,000 |
| **Total** | **$30,800,000** |

| Property Tax Pass Through to DHA for Bonding | |
|---|---|
| Existing 0.442 mills for 20 years | $7,500,000 |
| Potential bond proceeds over 5 years | **$105,000,000** |

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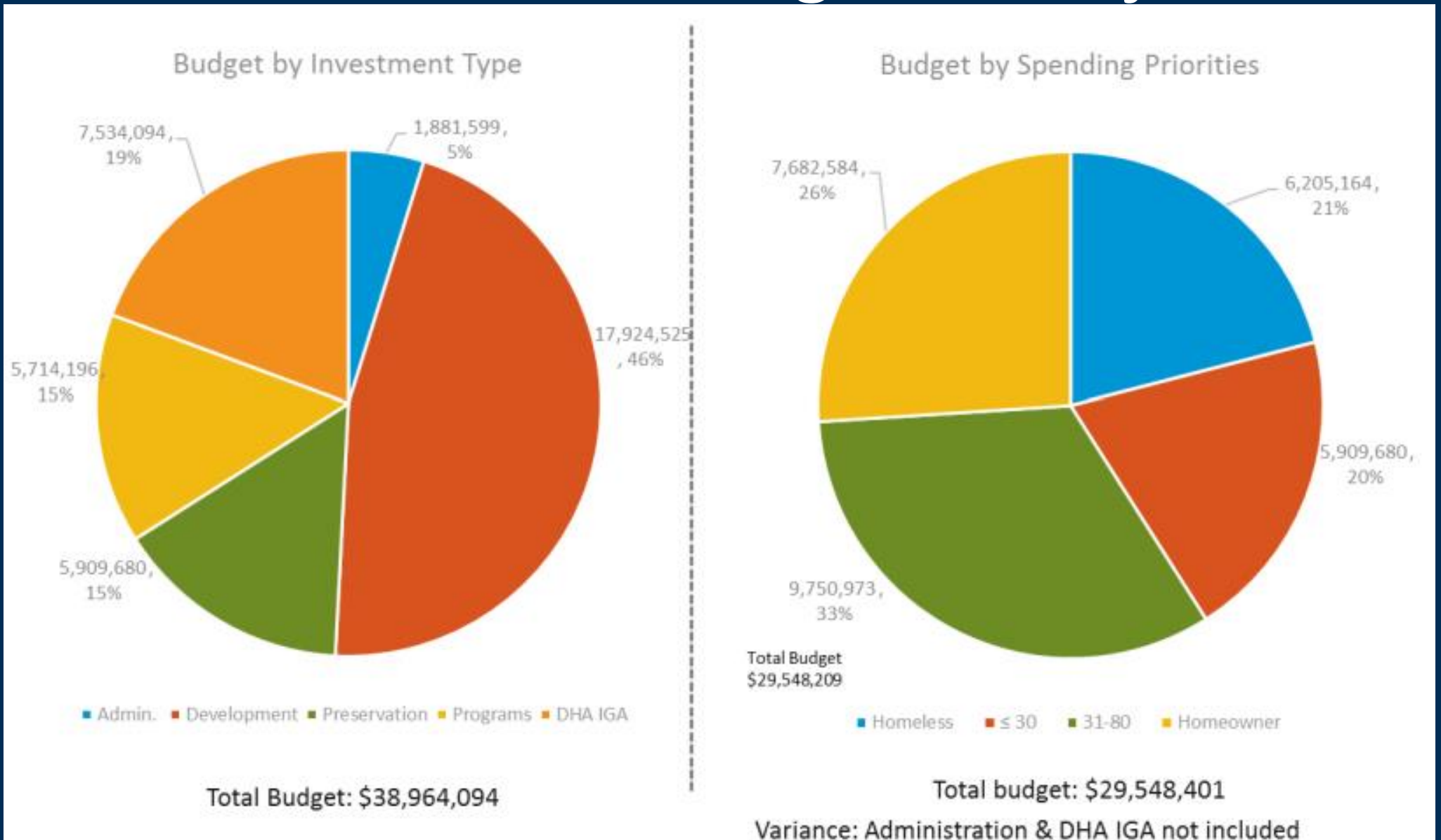
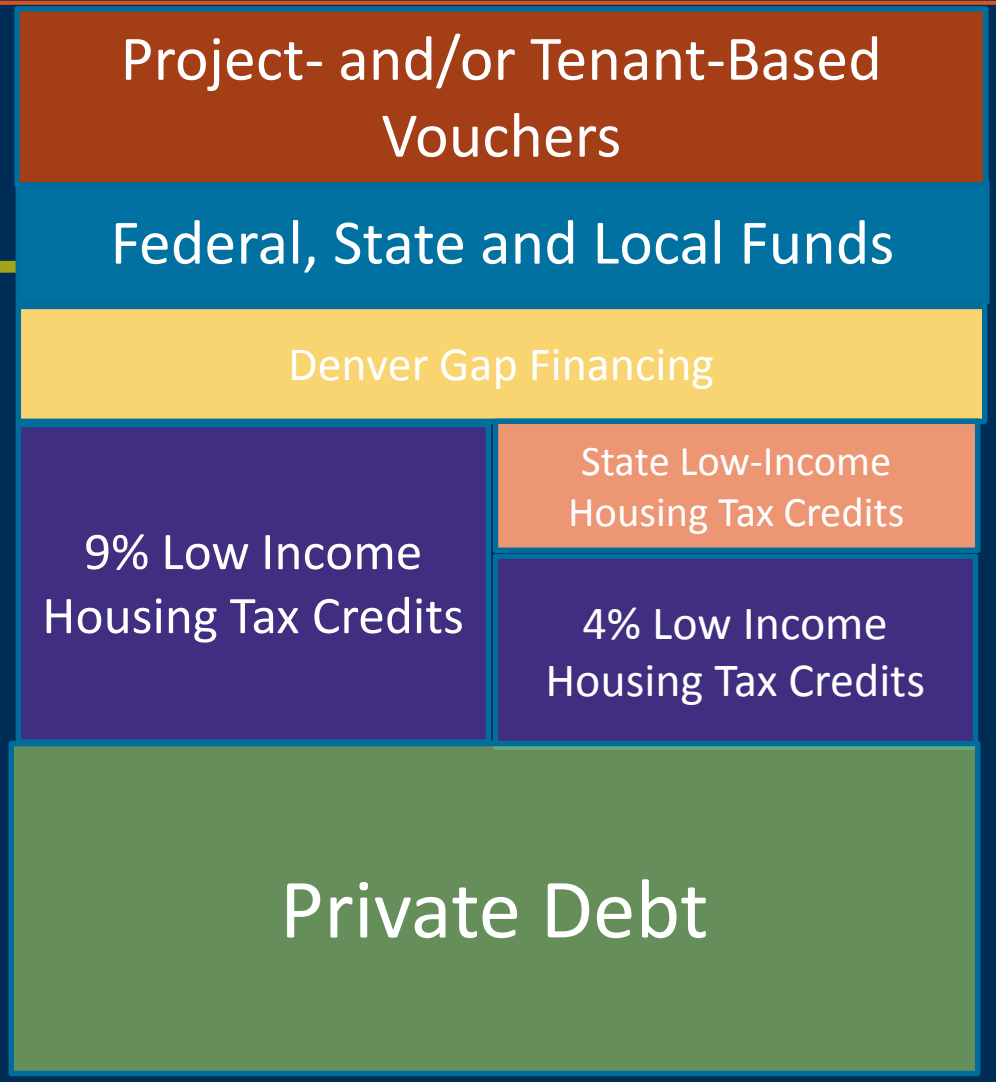
# 2019 Affordable Housing Fund Projections



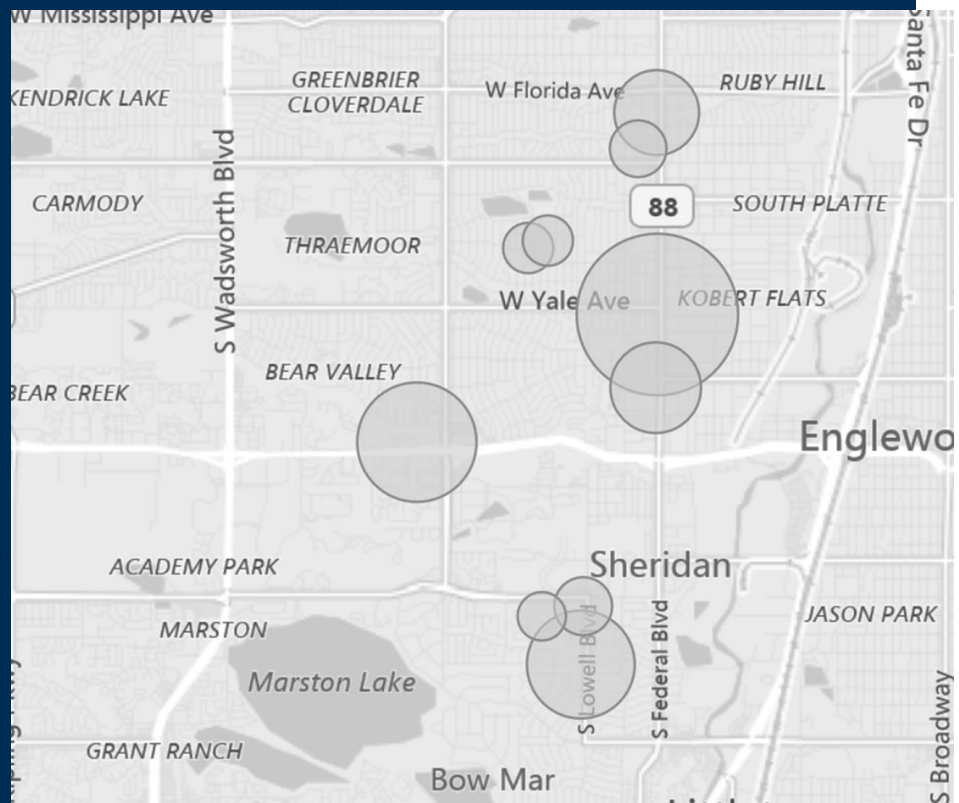


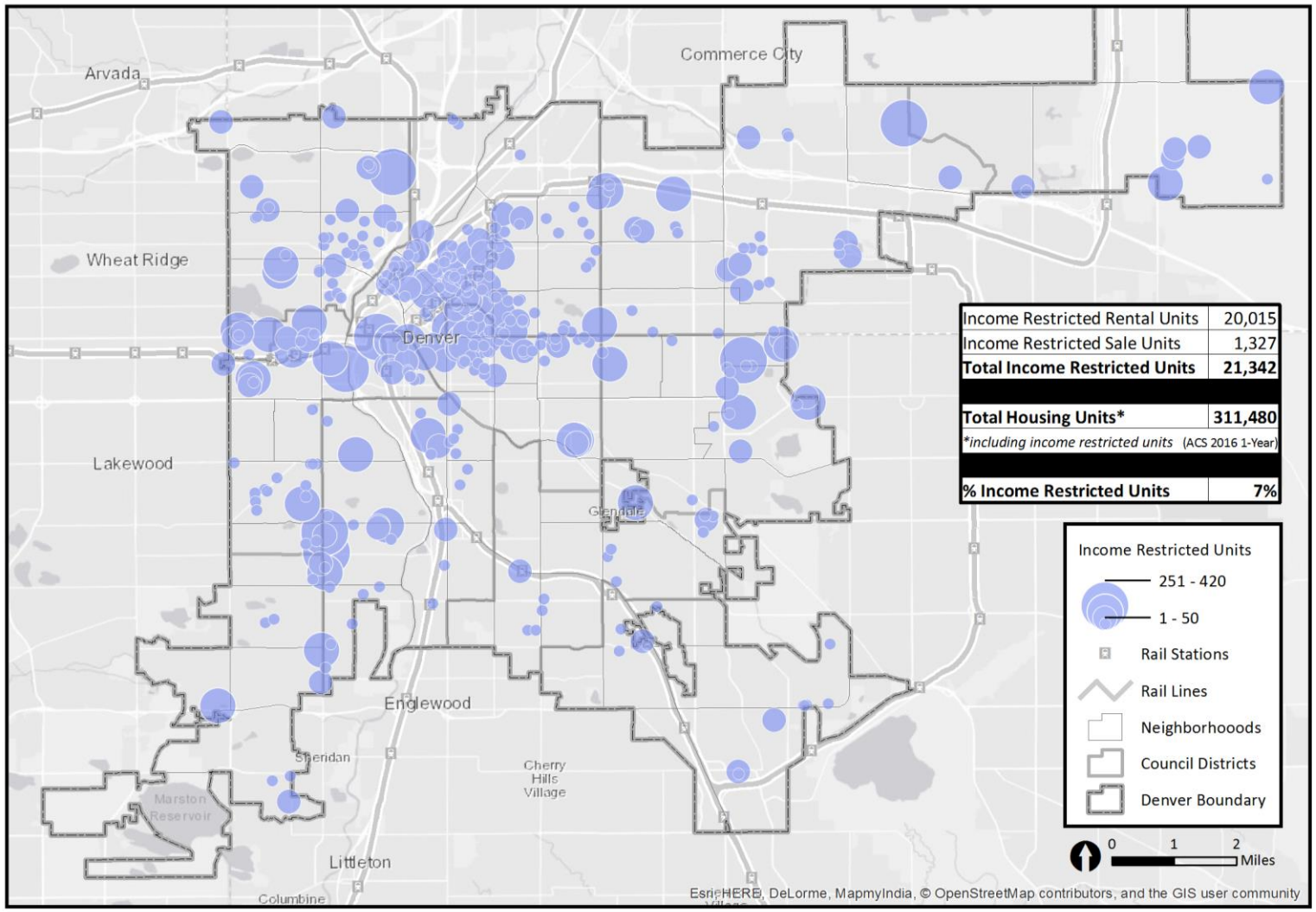

# Layering subsidies to create and preserve affordable housing

# Affordable Housing!? Where!?

Dashboard

| Projects Shown on Map: | Units Shown on Map: |
|---|---|
| 411 | 22,115 |
| 10 | 568 |

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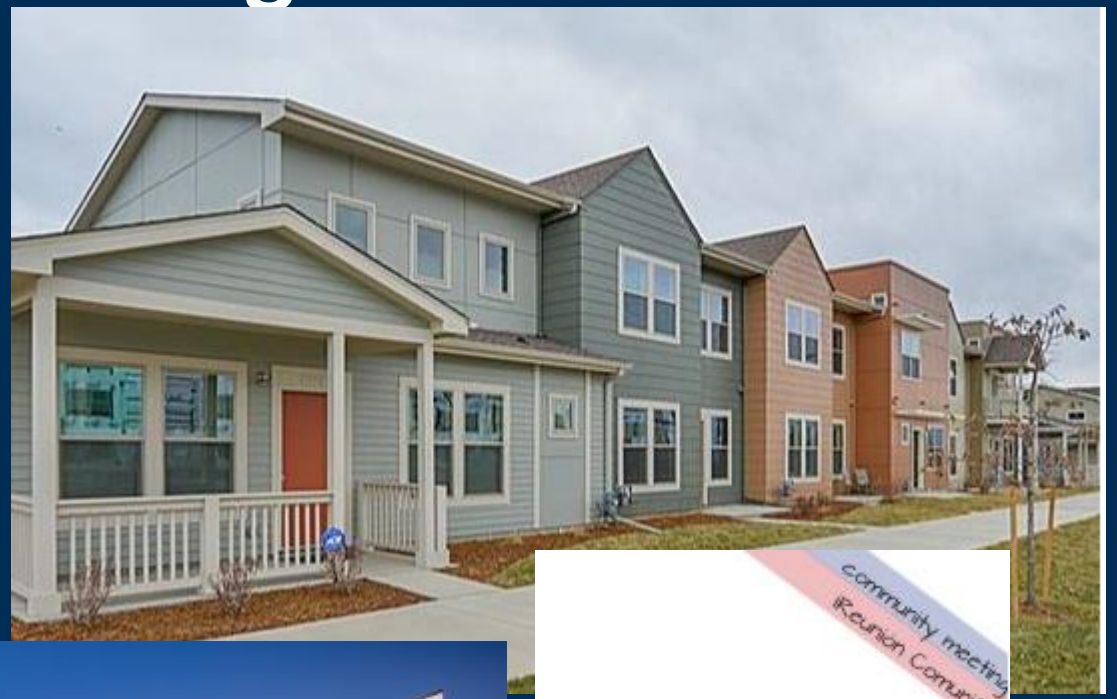
Map date: April 2018
Map created by: Denver Office of Economic Development
Data sources: DenverGIS, Denver Office of Economic Development,

# What does affordable housing look like?

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# Interested in learning more?
# Denvergov.org/housingsummit

## REGISTER NOW


This forum will provide an opportunity for residents and leaders in the public, private, and non-profit sectors to convene and discuss policy tools and investment strategies to create, preserve, and promote affordable housing throughout the Denver metropolitan area and surrounding regions.

FRIDAY
APRIL 19
2019

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# Questions?

Melissa.Thate@denvergov.org
720-913-1702

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