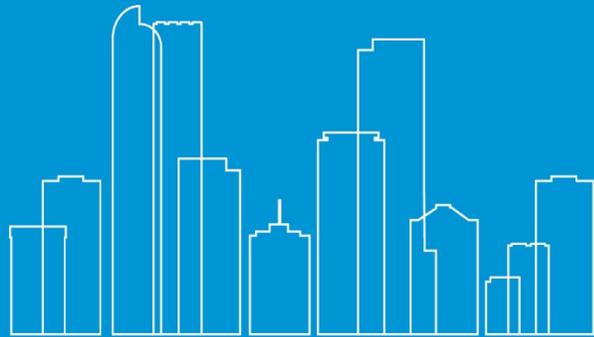


Market Demand. Forecasting Changes. Policy Solutions

Demanda de Mercado. Cambios de Previsión. Soluciones de Política.



Innovate!

A Solutions Forum on Housing



¡Innovar!

Un Foro de Soluciones para la Vivienda

Market Demand. Forecasting Changes. Policy Solutions

Demanda de Mercado. Cambios de Previsión. Soluciones de Política.

- Moderator: Mollie Fitzpatrick, Managing Director and Co-Founder, Root Policy Research
- Confirmed speakers:
 - Cindy DeGroen - Demographer, Department of Local Affairs
 - Cheryl Young, Senior Economist, Trulia
 - Celia Smoot, Director of Housing, LISC
 - Jennifer Steffel Johnson, Instructor and Associate Chair, University of Colorado Denver College of Architecture and Planning

Population and Economic Transitions for the Colorado Front Range

2019

Cindy DeGroen

State Demography Office

Colorado Department of Local Affairs

Demography.dola.colorado.gov



COLORADO
Department of Local Affairs

Primary Trends

- Recent Concentrated Growth - 95% along Front Range.
- Migration - Job related, young, educated, lower income.
- Aging - 65+ and 85+ fastest growing age groups.
- Increasing racial and ethnic diversity.
- Population growth (but slowing) - slowing births, increasing deaths, slowing international migration.

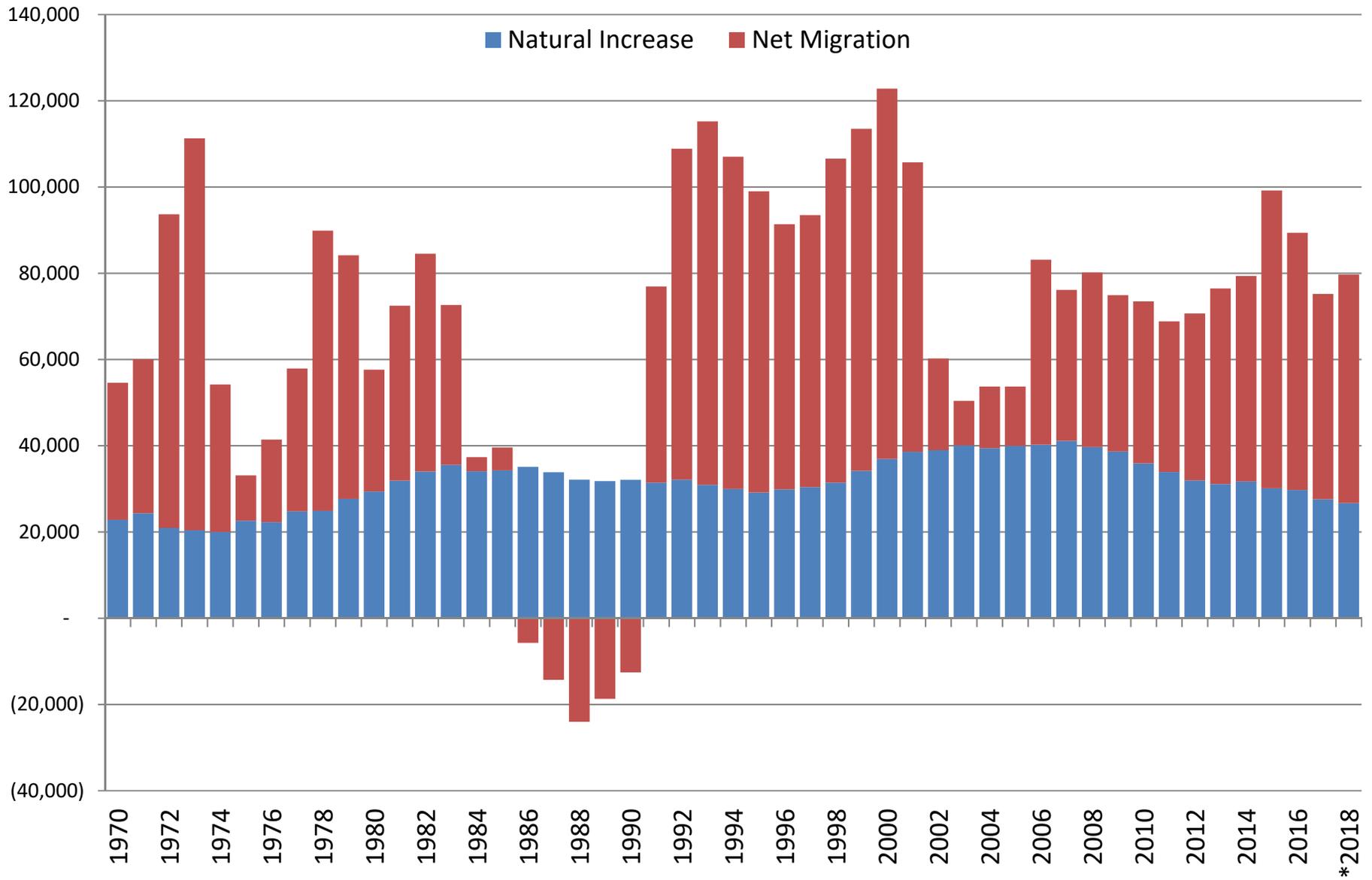


Big Picture - 2017-2018 Pop Change

- US - 327.2 million, + 2.02 million or .6%
- Colorado - 5,695,564
- Ranked 7th fastest 1.4% - NV, ID, UT, AZ, FL, WA
- 8th in total growth 79,662 - TX, FL, CA, AZ, NC, WA, GA
- Range in Colorado by county (2016-17)
 - +12,000 to -470

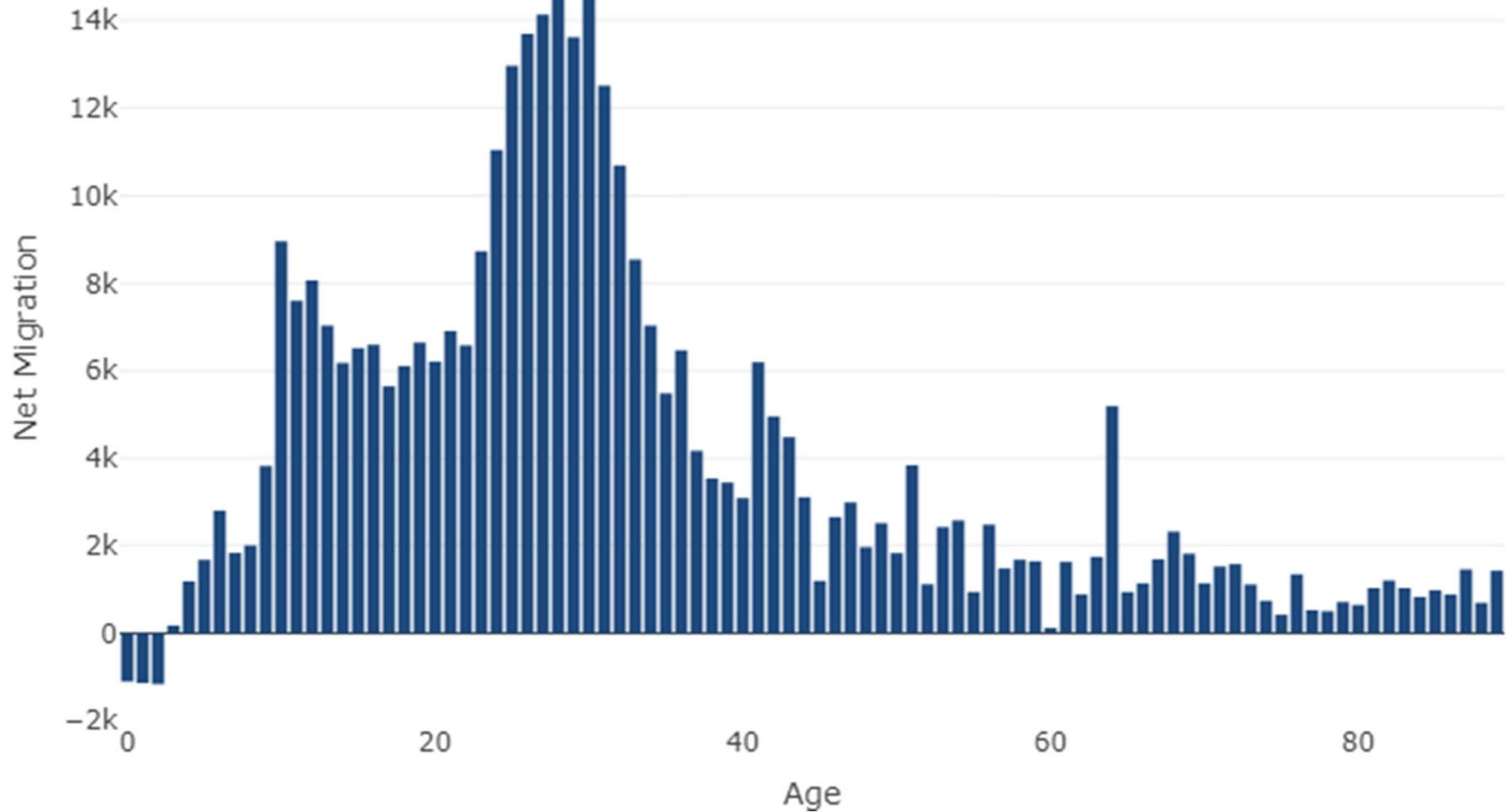


Components of Population Change 1970-2018



Colorado

Net Migration by Age, 2000 to 2010



AGE MATTERS

Why?

Preferences

Housing

Income

Service Demands

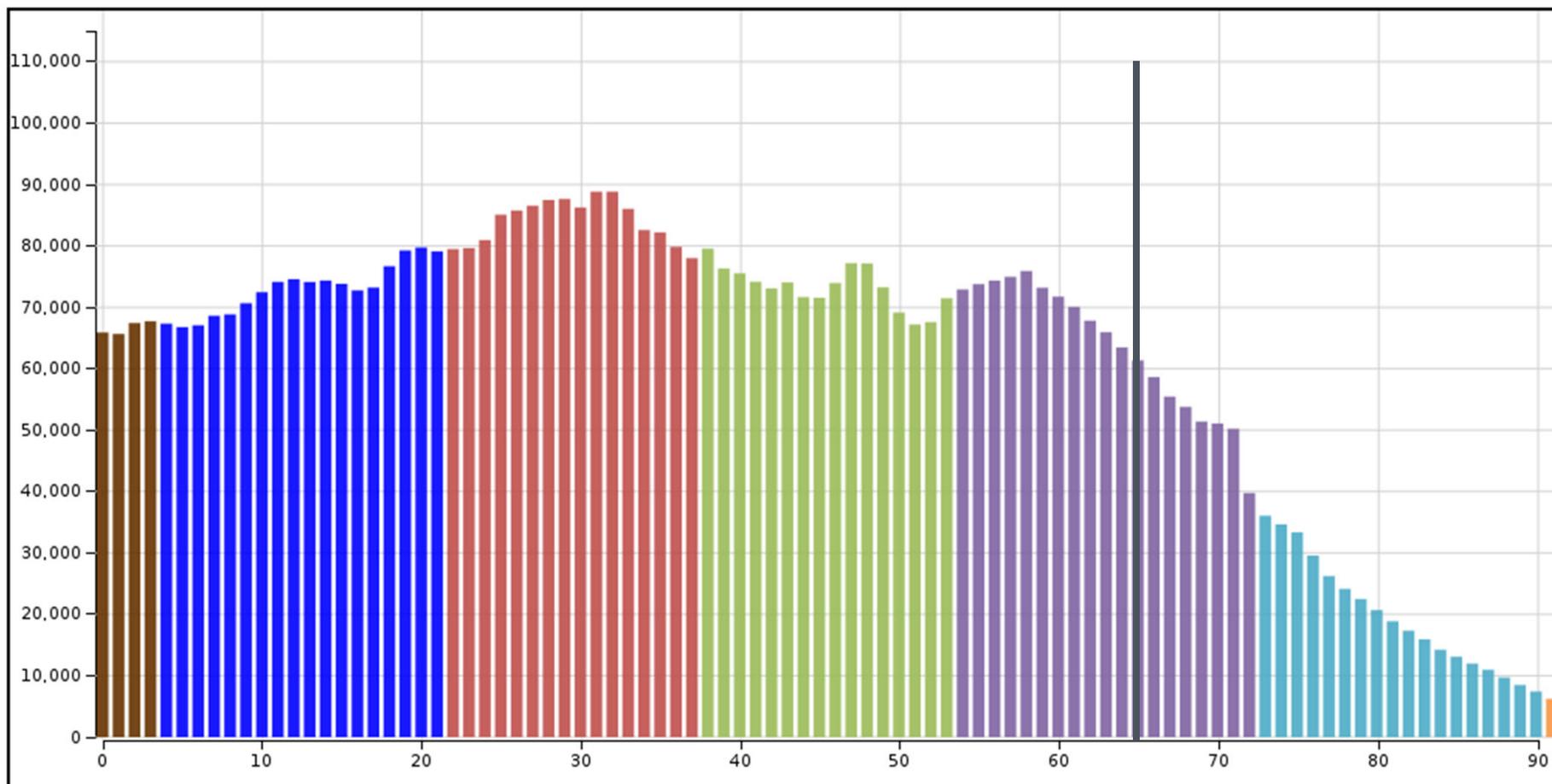
Labor Force



COLORADO
Department of Local Affairs

Colorado

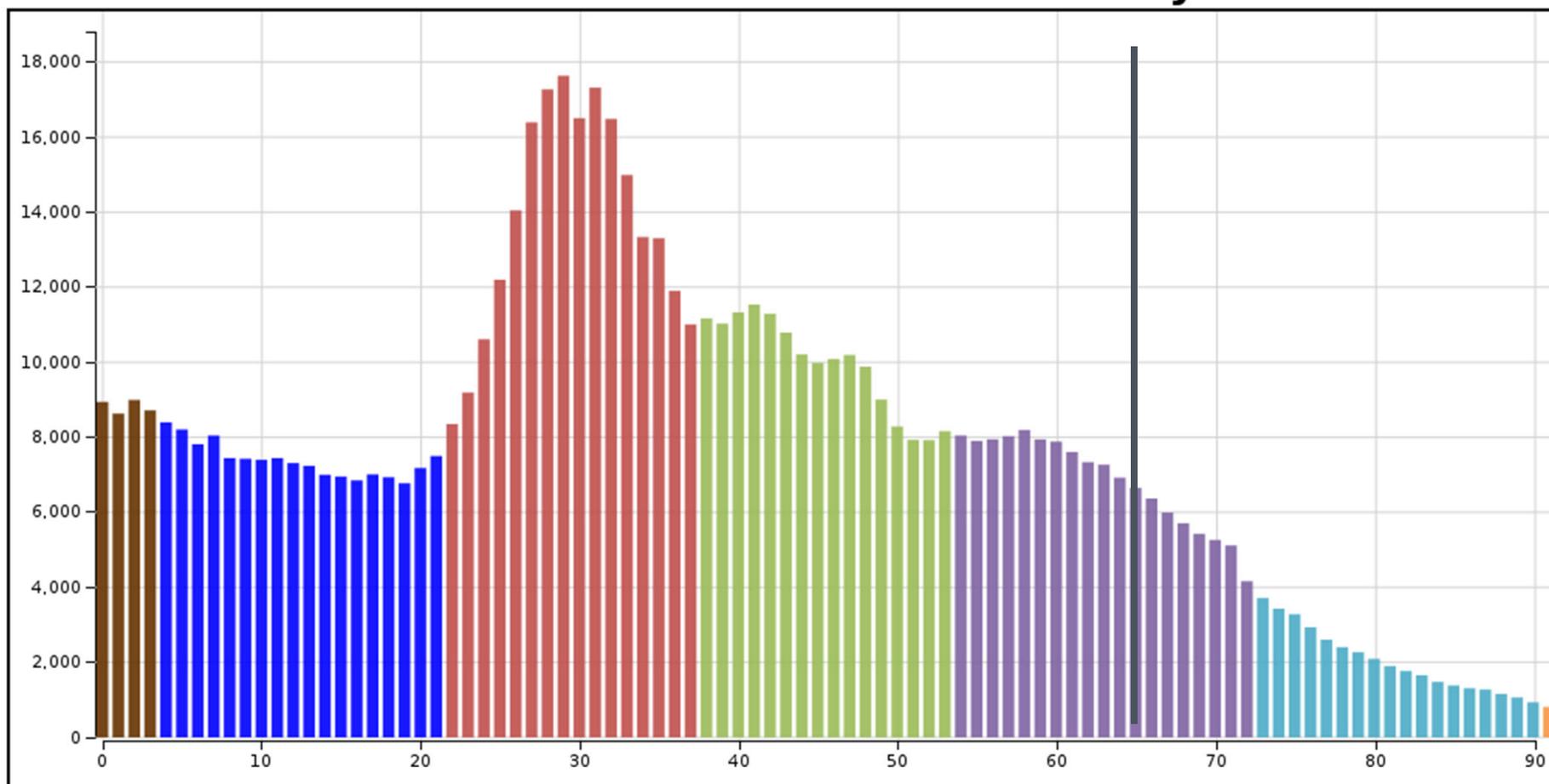
2018



- Post Millennials (1997 - 2014)
- Millennials (1981 - 1996)
- Generation X (1965 - 1980)
- Baby Boomers (1946 - 1964)
- Silent Generation (1928 - 1945)
- Greatest Generation (- 1927)
- Future Generations (2030 -)
- Next Generation (2015 - 2029)

Denver County

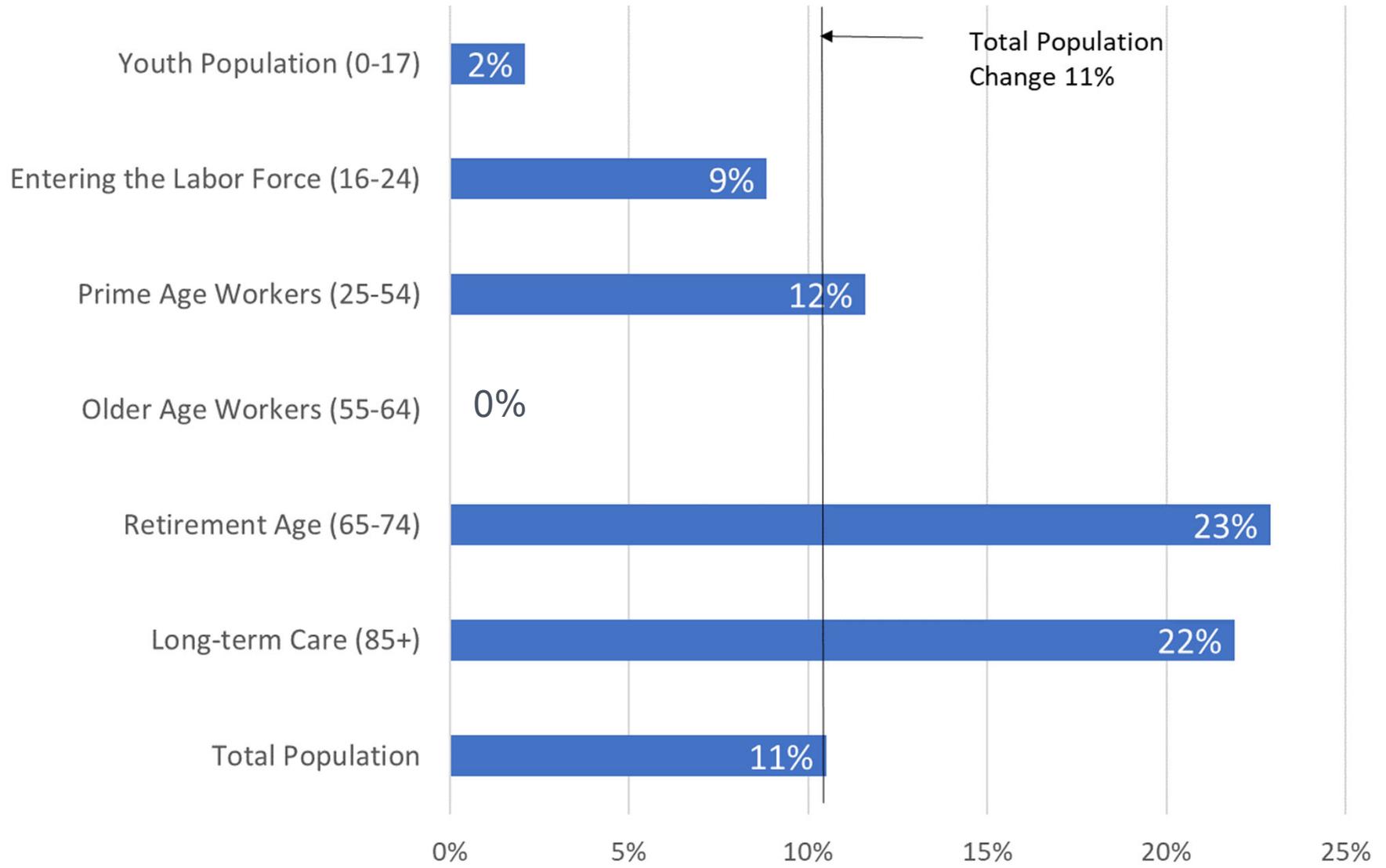
2018



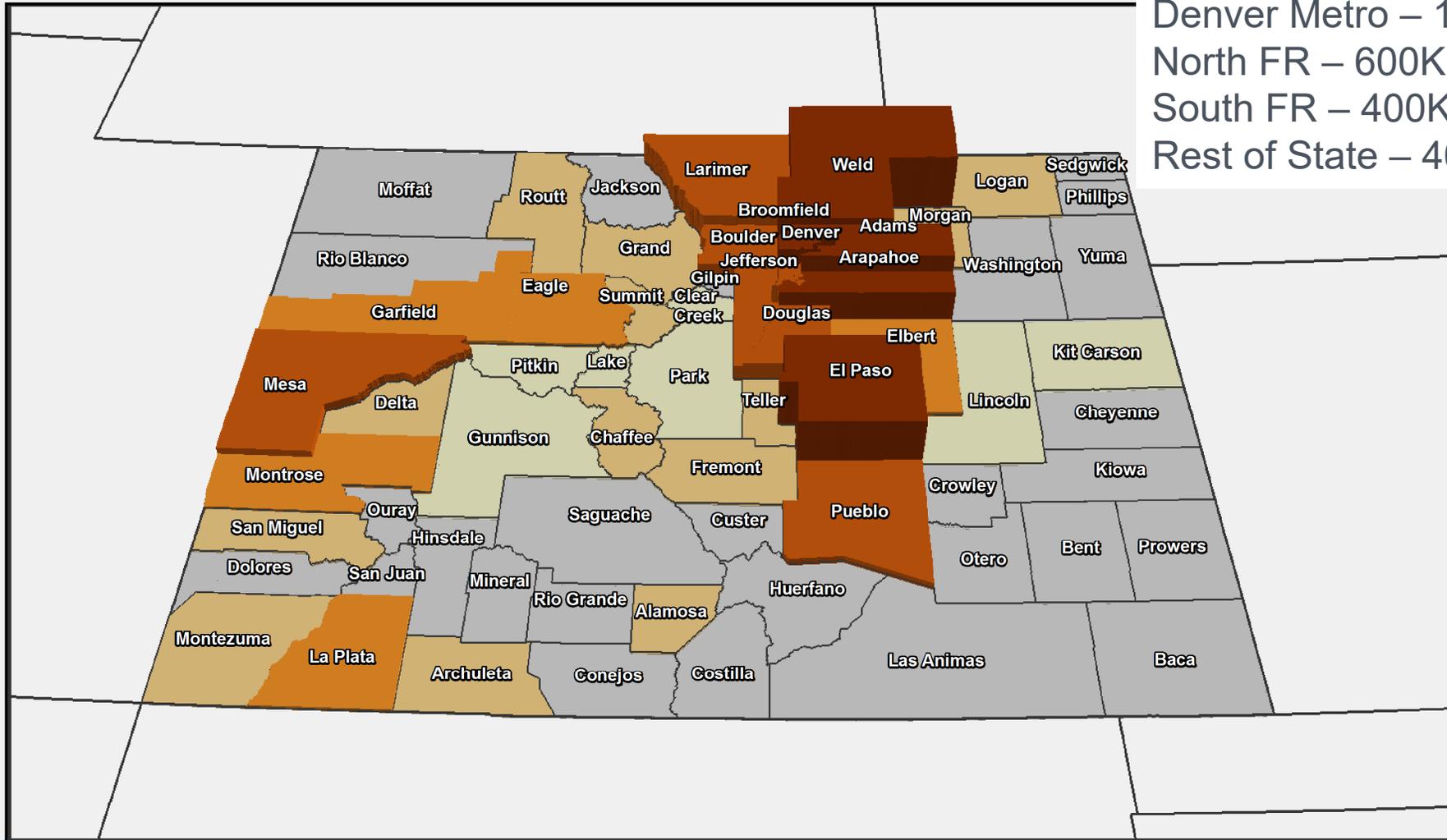
- Post Millennials (1997 - 2014)
- Millennials (1981 - 1996)
- Generation X (1965 - 1980)
- Baby Boomers (1946 - 1964)
- Silent Generation (1928 - 1945)
- Greatest Generation (- 1927)
- Future Generations (2030 -)
- Next Generation (2015 - 2029)

**Where do we grow from
here?**

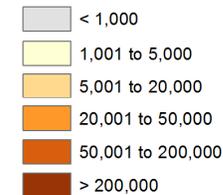
Projected Change in Specific Age Group Populations in Colorado, 2018 to 2025



State – 2.4M
 Front Range – 2M
 Denver Metro – 1M
 North FR – 600K
 South FR – 400K
 Rest of State – 400K



Projected Population Change 2018 to 2050



Thank you

State Demography Office
Department of Local Affairs

Cindy DeGroen

Cindy.degroen@state.co.us

303-864-7752

Demography.dola.colorado.gov



COLORADO
Department of Local Affairs

An aerial photograph of a suburban neighborhood, showing a dense collection of houses with various roof colors (red, brown, grey) and styles, interspersed with lush green trees. The houses are arranged in a somewhat grid-like pattern with winding streets. The lighting suggests a late afternoon or early morning setting, with long shadows and warm tones.

Denver Housing Trends

Denver Housing Forum

April 19, 2019

Cheryl Young,
Senior Economist
Trulia

3.3%

Denver:
Unemployment
rate, February
2019.

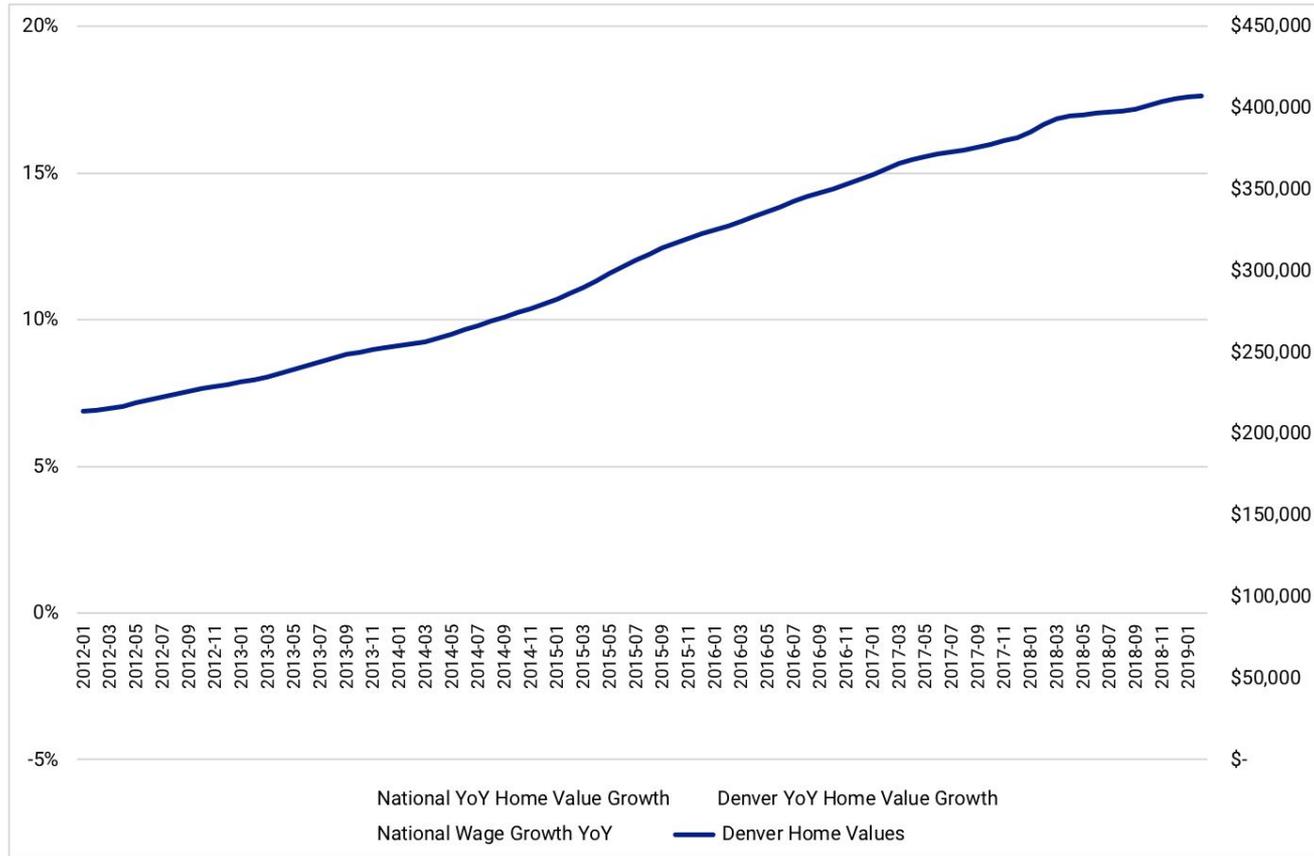
26.9k

Denver: Number of
non-farm jobs
created from
January 2018 to
January 2019.

3.4%

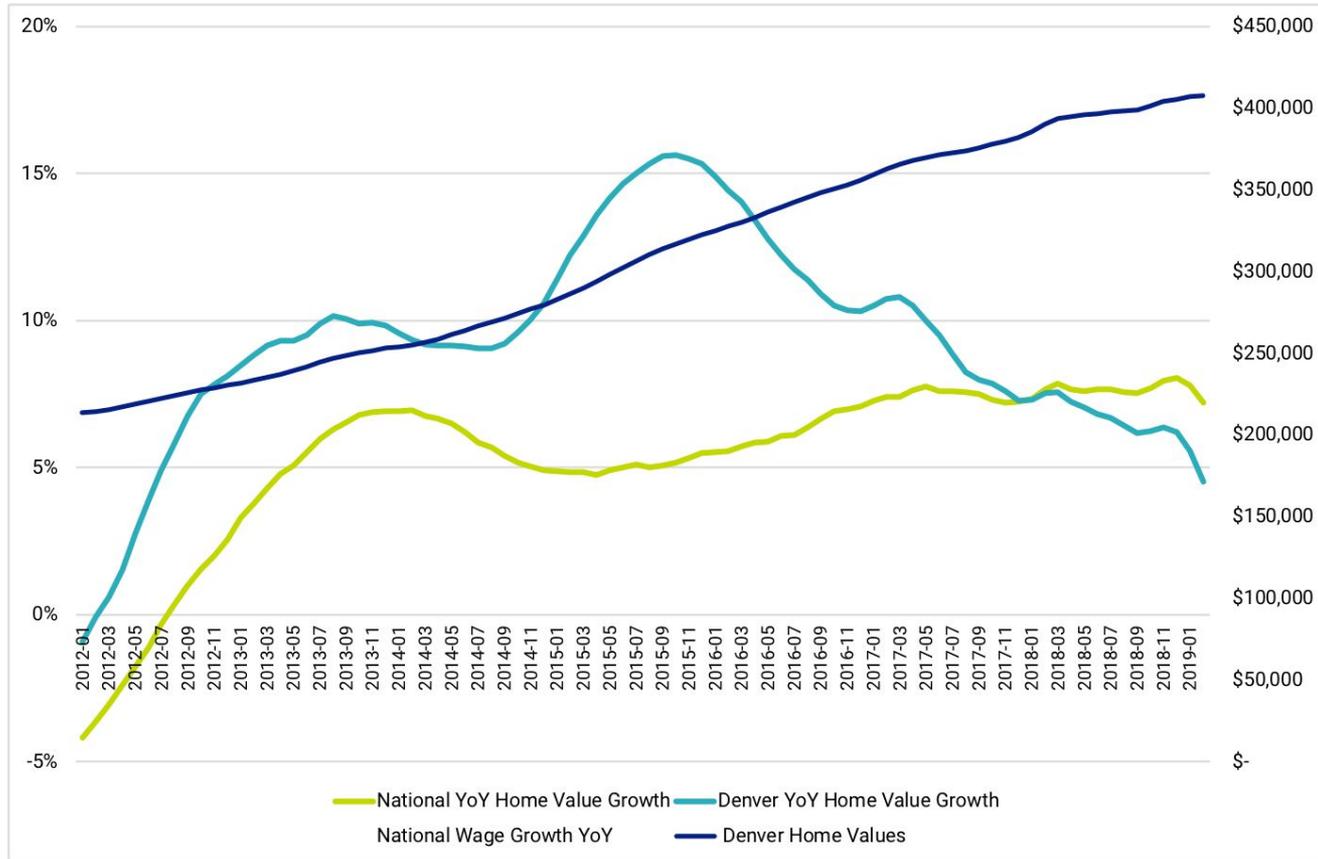
Mountain States:
Wage growth in
December 2018.

Denver home values rose over 90% since 2012



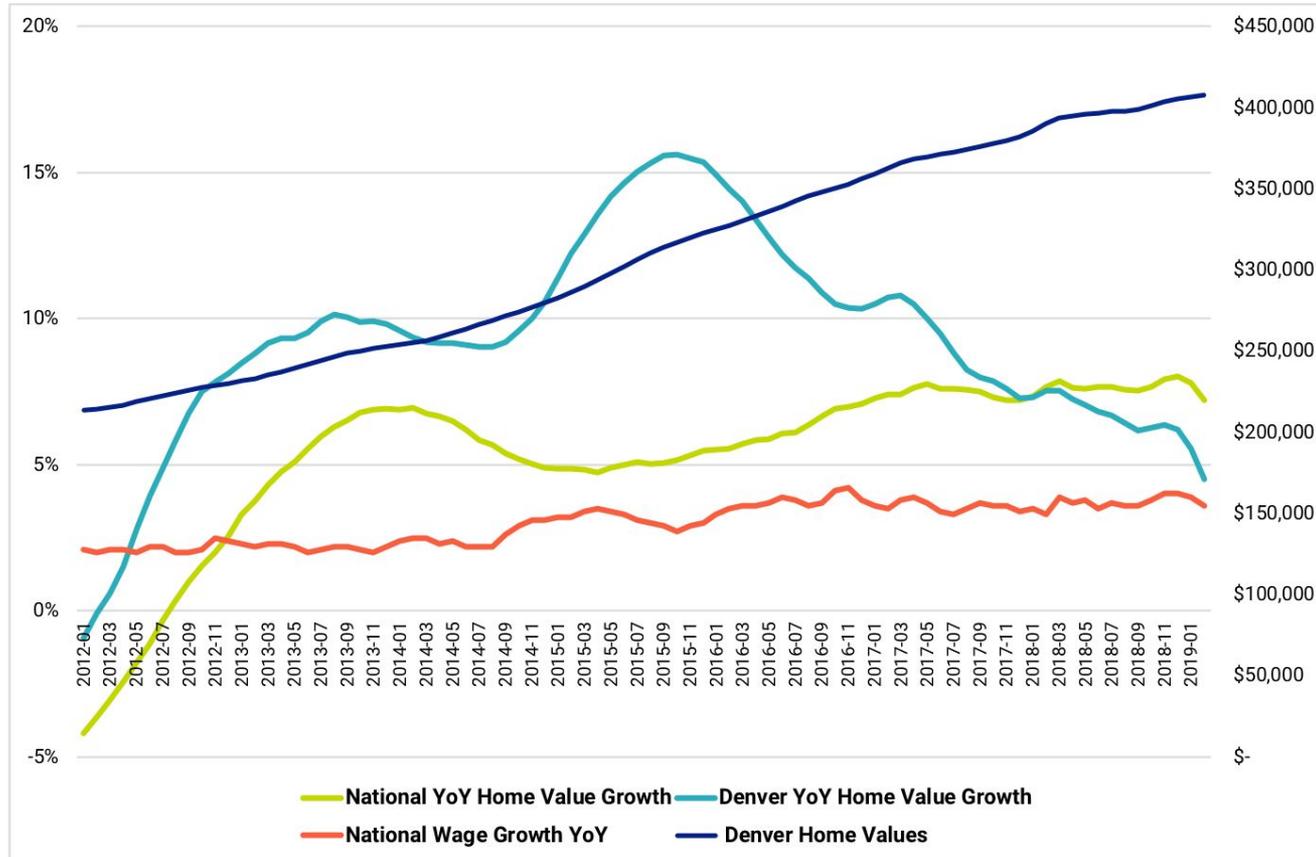
Source: Trulia

Denver home value growth outpaced national rates



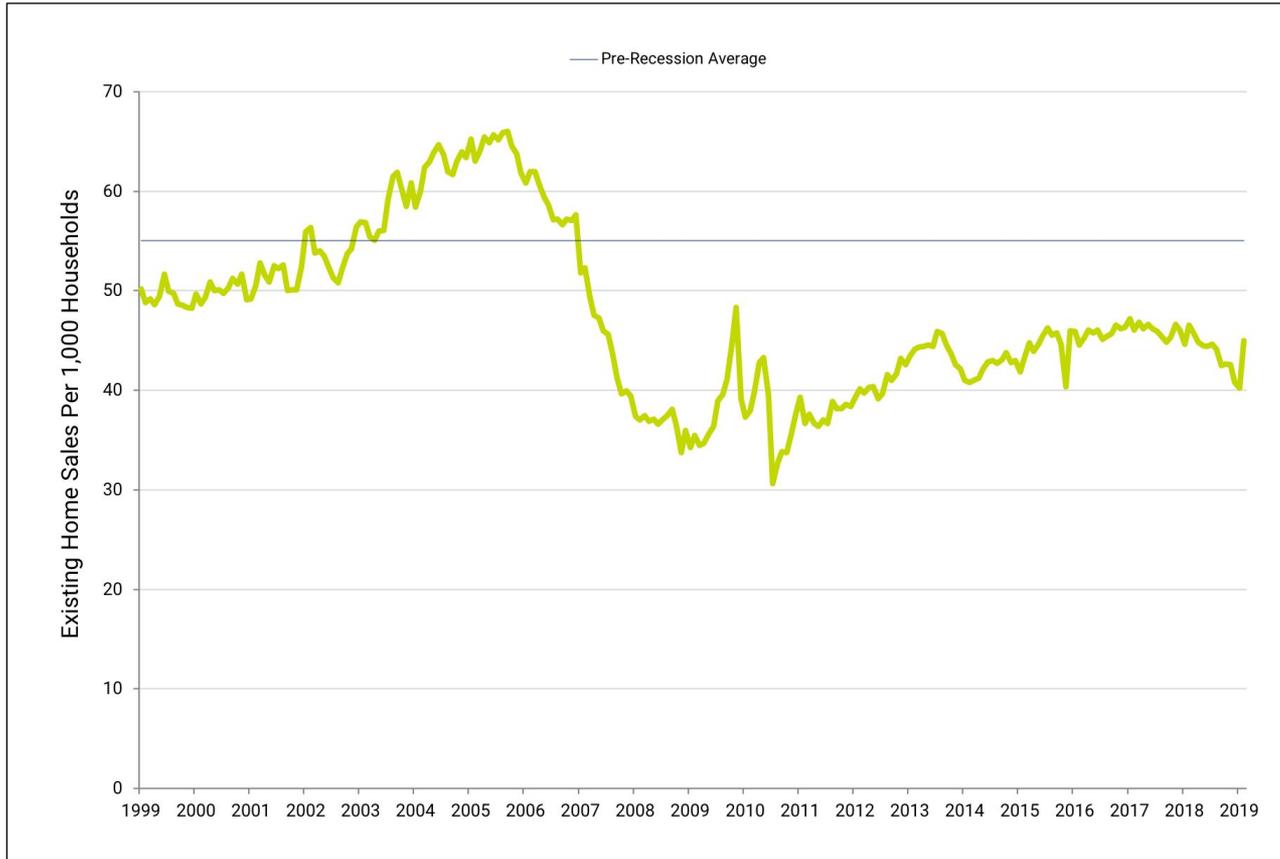
Source: Trulia

Home value growth has outpaced wage growth



Source: Trulia and Atlanta Federal Reserve

Homes sales are slowing nationally



Source: National Association of Realtors

Meanwhile, in Denver...

74

Average number of days a listing stayed on the market until it sold in Denver (Jan 2019).

25.4%

Annual increase in number of days a listing stayed on the market until it sold in Denver (Jan 2018-Jan 2019).

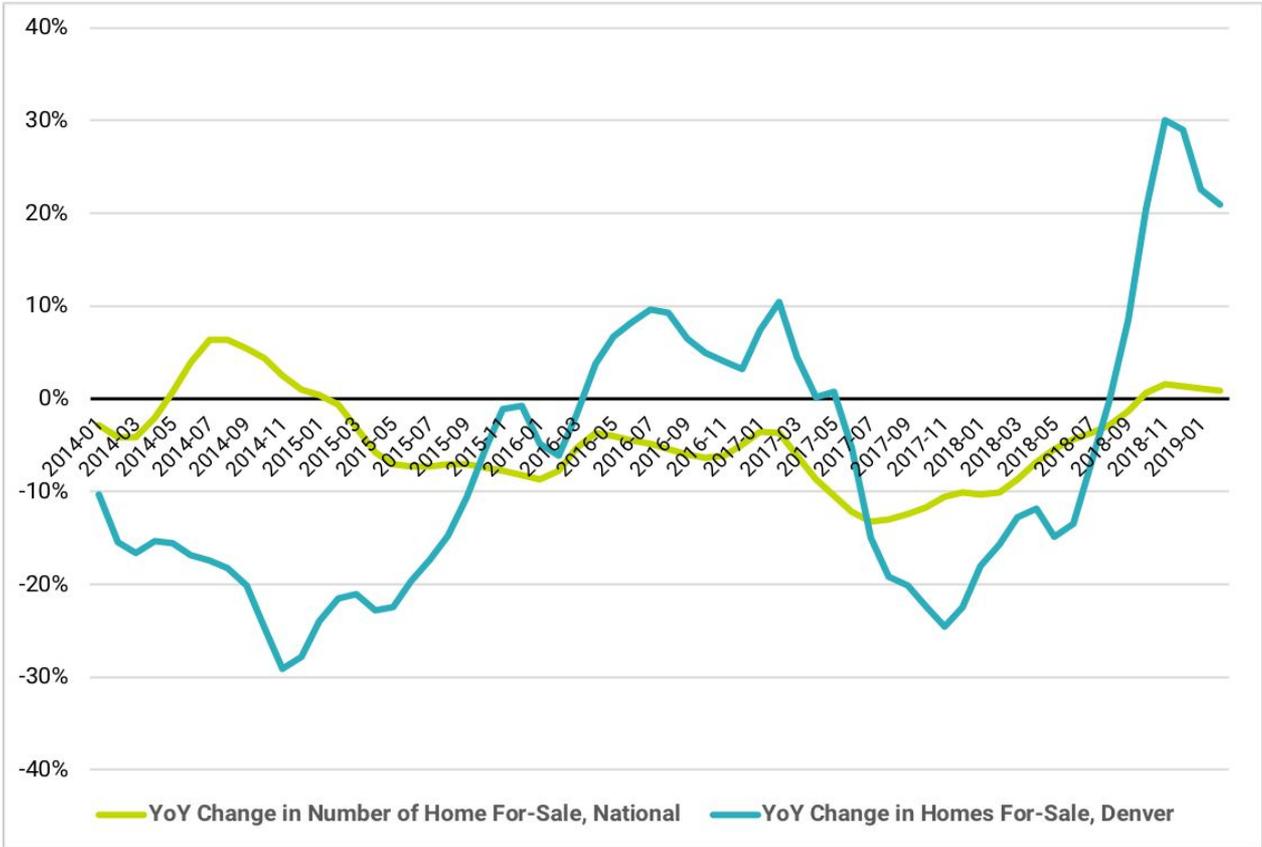
13.8%

Share of listings on the market that experienced a price cut in Denver (Feb 2019).

5.6

Percentage point increase in share of listings with at least one price cut in Denver (Feb 2018 - Feb 2019).

Inventory is bouncing back in Denver



Source: Trulia

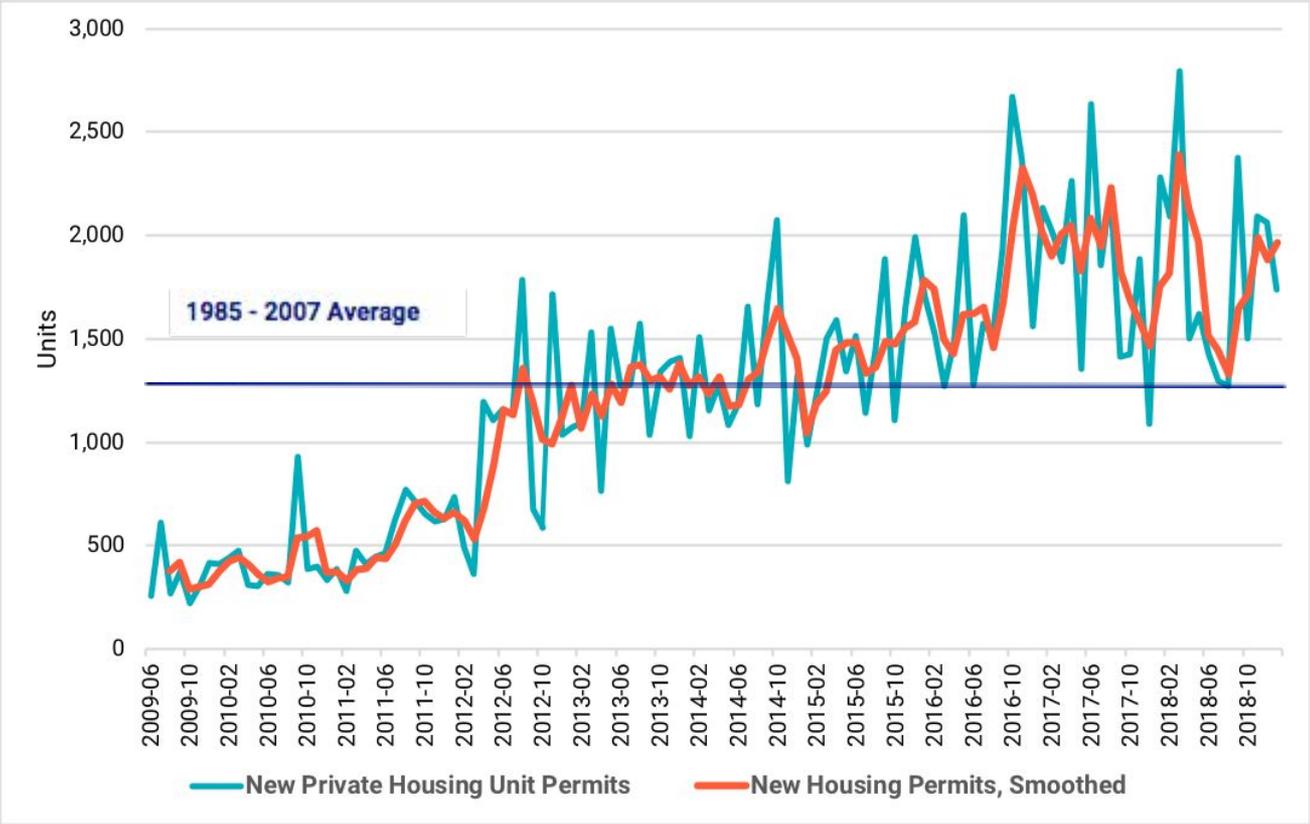


Inventory recovering in starter and trade-up segments



Source: Trulia

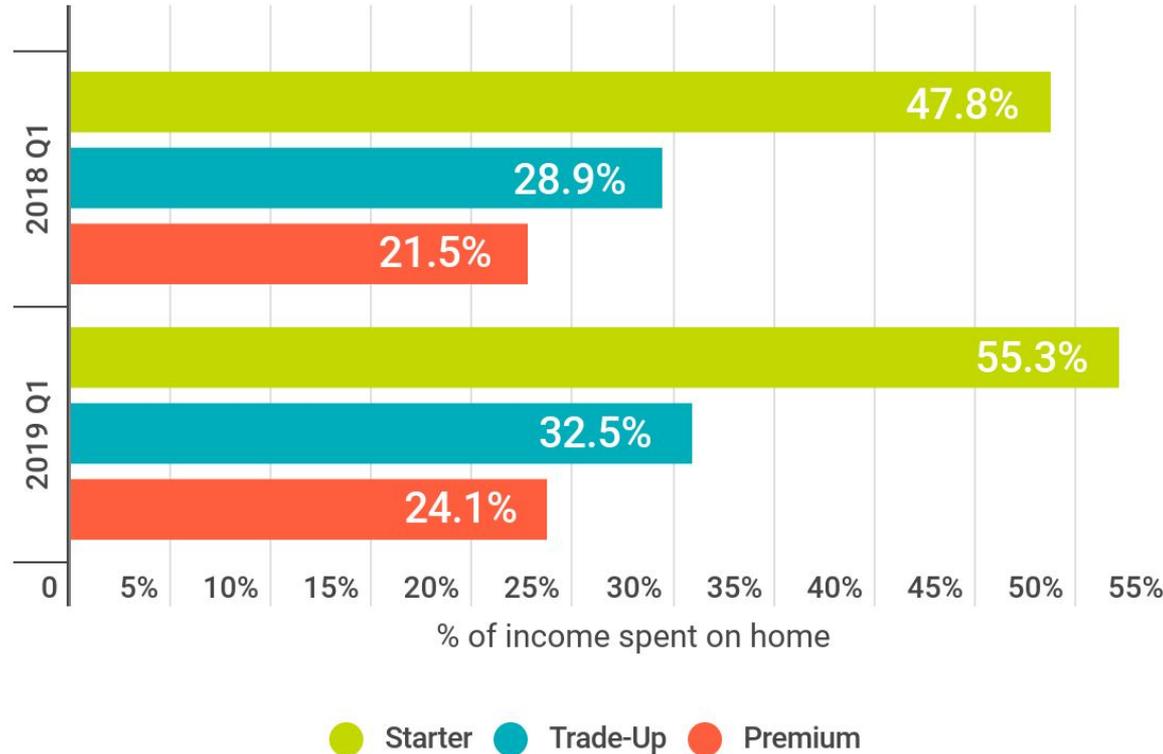
New home permits in Denver above pre-recession average



Source: U.S. Census Bureau

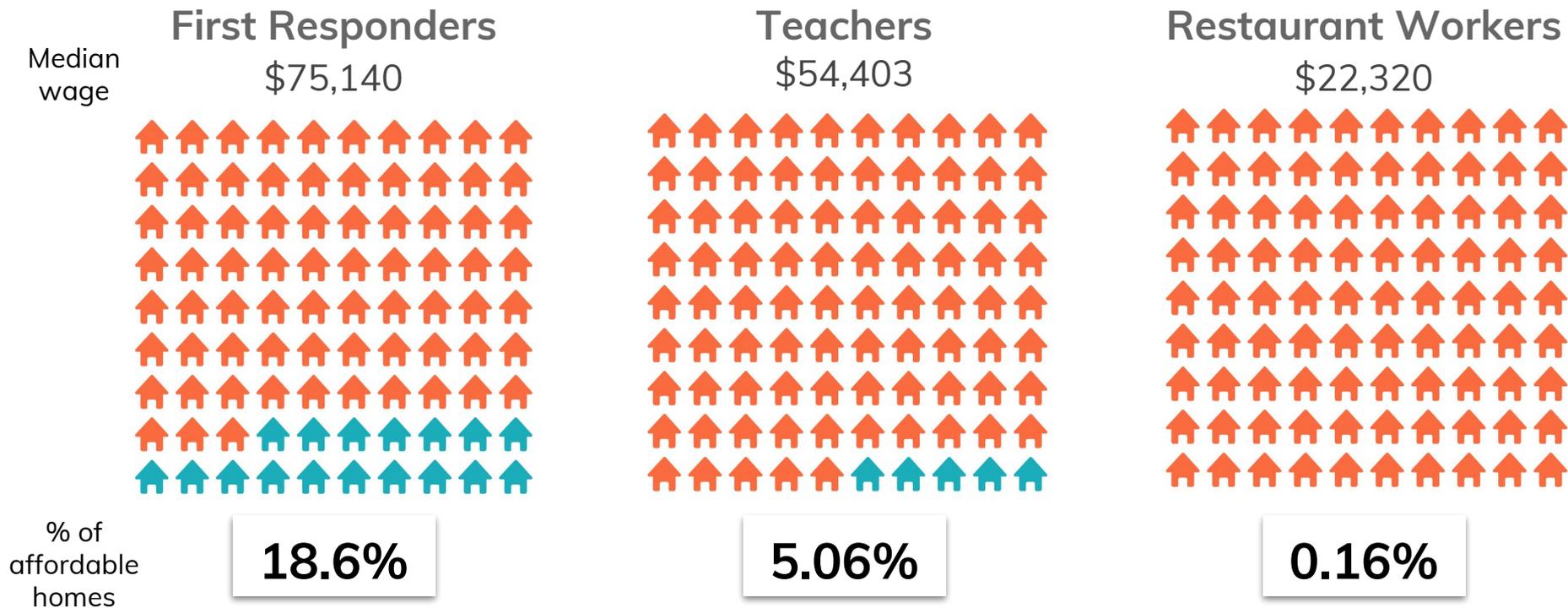


Affordability worsening, especially for starter-home buyers



Source: Trulia

Many continue to struggle to afford homes in Denver



Source: Trulia and BLS

Takeaways

- The housing market is slowing despite strong national and regional economies
- The slowdown in housing may be welcome news for some Denver home buyers
- Affordability issues continue to worsen for starter/first-time home buyers and other members of the community

Thank you!

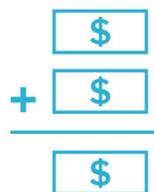
Please visit us at:
www.trulia.com/research

LISC



About LISC

LISC is an investor, capacity builder, convener and innovator.



Pool public and private dollars

We raise funds from philanthropies, corporations and financial firms, federal, state and local governments and through the capital markets.

We also generate income from consulting, and lending services.



Work with local partners

Through a network of local offices and community-based partners across the country, we provide grants, loans, equity and technical assistance.

We also lead advocacy efforts on local, regional and national policy.



Support people and places

By investing in housing, businesses, jobs, schools, public spaces, safety, youth, health centers, grocery stores and more, we catalyze opportunities in communities nationwide.

Offices in 33 cities and work in hundreds of rural communities across the country.

Since 1979

\$18.6 billion invested



\$56.2 billion leveraged



376,000 homes

Affordable homes built and/or preserved including:

- Multifamily rental
- Supportive housing for special populations such as chronically homeless, LGBTQ, seniors and veterans
- Affordable homeownership

We also emphasize sustainability through green, healthy housing and transit oriented development.

63 million square feet

Square feet of commercial, retail and community space, including:

- Early childhood centers
- Schools
- Fields/recreational spaces
- Healthcare centers
- Grocery stores
- Financial Opportunity Centers

\$287 million

Total Net Assets

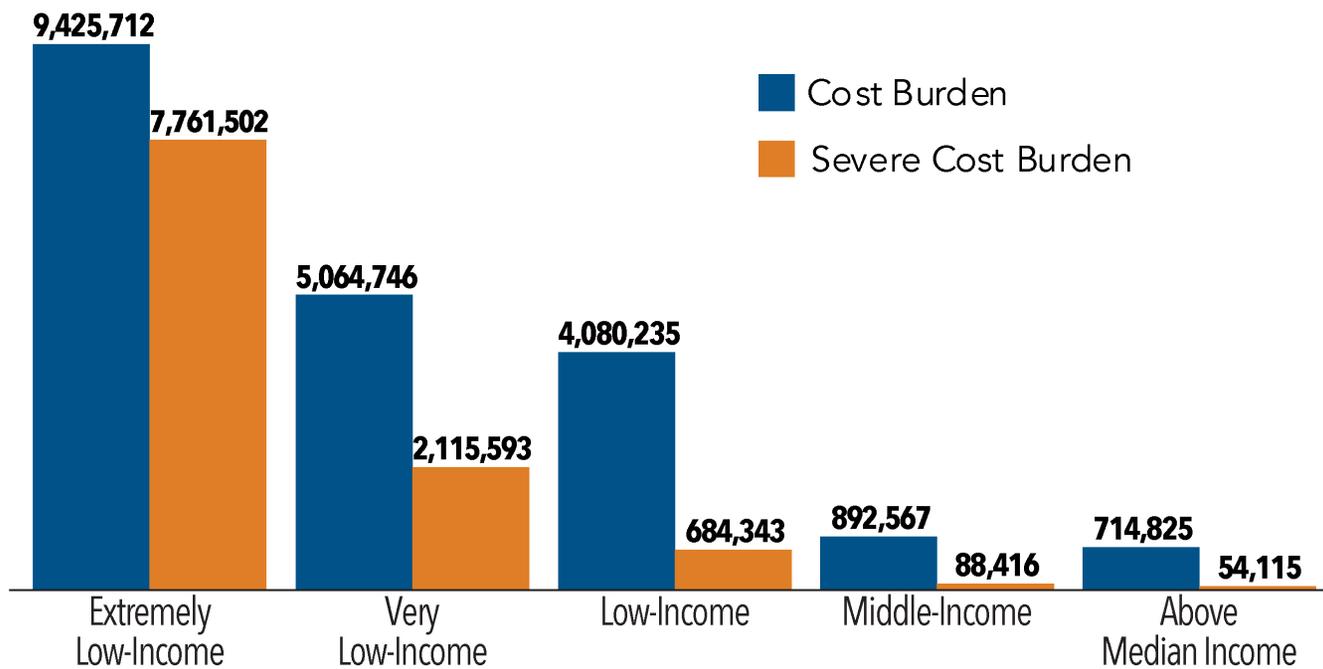
- Net worth has increased 48% in the past 4 years
- Closed on more than \$1.6 billion of debt transactions
- Raised an average of \$123 million annually in grants over the past 3 years

S&P 'AA' Rating

LISC is the first CDFI to tap the general obligation bond market, with a \$100 million issuance in 2017

THE GAP

RENTER HOUSEHOLDS WITH COST BURDEN BY INCOME GROUP, 2017



Source: NLIHC tabulations of 2017 ACS PUMS data.
©2019 National Low Income Housing Coalition

<https://nlihc.org/gap>



Rental Housing Affordability

Workforce	LIHTC	Federal Subsidy Program
• 80%-120% AMI	• 60% AMI and below	• 30% AMI and below

- There is a shortage of affordable housing across all income bands and projections are clear that the need will continue to grow.
- Need is especially acute for extremely low-income renters, whose household incomes are at or below the poverty guideline or 30% of their area median income. Only 37 affordable and available rental homes exist for every 100 extremely low-income renter households. Extremely low-income renters face a shortage in every state and major metropolitan area, including Denver.
- There are no dedicated affordable housing resources for the Missing Middle, families that fall outside of the LIHTC eligibility but still meet the definition of low income (AMI between 80% and 60%).
- Solutions must be based on sustainable subsidy mechanisms while paired with economic mobility and inclusive mechanisms.



Homeownership – Out of Reach?

- House prices have risen over 6% per year on average since the house price trough in 2012, and they show no sign of slowing down. Incomes, however, have not kept up.
- Single family market is feeling the pressure of higher interest rates, lack of affordable homeownership opportunities and historically high debt loads.
- Single-family for rent is the fastest-growing segment of the U.S. housing market, 56% of the gains in rental housing stock from 2005 to 2015 were due to single-family homes.



Local Solutions: Kansas City, MO

Challenge: The City of KCMO needed to address a disinvested area of urban core replete with vacant single family homes where rehab capital was not readily available.

Goal: Create a comprehensive strategy and financial mechanism to fill a critical gap in the local housing market, incentivize banks to participate , and effectuate affordable homeownership opportunities for low-and middle-income families in the urban core.

The Fund: LISC designed the KCMO Loan Program to attract nimble, cheap long-term capital and make joint strategic public/private investments to eligible homebuyers for acquisition and rehab of vacant, single-family homes.

Partners: City of KCMO, local banks, Financial Opportunity Centers and nonprofits.

Impacts (Expected): Promote neighborhood stabilization, homeownership and family wealth building through targeted financial and technical assistance for homebuyers.

Local Solutions: Charlotte, NC

Challenge: Despite tremendous urban growth, Charlotte recently ranked last among America's cities terms of economic mobility. Charlotte residents are severely housing cost burdened and struggle to find affordable housing in areas of opportunity.

Goal: Produce more mixed-income housing for low-to-moderate income households in areas of opportunity.

The Fund: LISC designed a \$50 MM *preferred equity Fund* unique for the Charlotte market to produce more mixed-income housing by combining a below-market return pool with conventional debt and without cannibalizing existing affordable housing resources.

Partners: City of Charlotte, Mecklenburg County, Charlotte Housing Authority, Foundation for the Carolinas, philanthropic investors, banks.

Impacts (Expected):

- An "additive" Investment Fund: Produce ~1,500 mixed-income housing units over the next 5 years and house families with a range of incomes (30-120% AMI).
- Leverage \$50 MM of City of Charlotte Housing Trust Fund to stretch the City's limited resources further.
- Advance economic mobility and increase affordable housing choice in areas of opportunity in Charlotte and Mecklenburg County.

Local Solutions: L.I.V.E Denver

Challenge: Lack of inventory of housing affordable for lower income families impacts Denver's workforce, including nurses in hospital and care centers, and leads to difficulty in obtaining employees and high rates of turnover.

Goal: Affordable housing for working low-to-moderate income families and individuals in currently vacant apartments by obtaining rent discounts and by buying down the cost of rents for up to 400 units in first year of pilot program.

The Initiative: A pilot program to increase housing affordability by connecting Denver's working low- and moderate income families to current vacant rental units, in partnership with private property owners, by sourcing funds from the City, foundations, and employers.

Partners: City and County of Denver, Downtown Denver Partnership, Denver Housing Authority, Apartment Association, Foundations, Employers, LISC (Fund Manager).

Celia D. Smoot
Director, LISC Housing



Contact: csmoot@lisc.org

Or

804-358-2421 ext. 26

Forecasting Changes in the Denver Housing Market: Identifying Solutions to Meet Housing Demand

Dr. Jennifer Steffel Johnson

CU Denver Department of Urban and Regional Planning

April 19, 2019

**Forecasting Changes in the Denver
Housing Market: Identifying
Solutions to Meet ~~Housing~~ Demand
*for Equitable Access to Opportunity***

Dr. Jennifer Steffel Johnson

CU Denver Department of Urban and Regional Planning

April 19, 2019

**Forecasting Changes in the Denver
Housing Market: Identifying Solutions
to Meet ~~Housing~~ Demand *for Everyone
to Have an Amazing Quality of Life***

Dr. Jennifer Steffel Johnson

CU Denver Department of Urban and Regional Planning

April 19, 2019

1. *Affordability is
paramount*

2. Housing means more
than just a roof
overhead



HOUSING AN INCLUSIVE DENVER
SETTING HOUSING POLICY, STRATEGY & INVESTMENT PRIORITIES
(2018-2023)



DENVER
THE MILE HIGH CITY

The graphic features a dark blue background with a diagonal band of colorful geometric shapes in shades of blue, orange, and yellow. The text is white and positioned diagonally across the top. The Denver logo is located in the bottom right corner.

Moving Forward

Leverage Assets

- Existing homeownership units
- Existing market-affordable units
- Strong neighborhood character
- Gentrifying neighborhoods

Diversify Opportunities

- Starter homes
- Universal design in new homes
- Sharing economy

**Asset:
Existing Homeownership
Units**

- Ease the way for ADUs
- Facilitate aging in place with the addition of services, cooperation, and unit modifications



Asset:
Market-Affordable Units

- Maximize preservation →
Consider San Francisco's
Small Sites Program



Asset: Strong Neighborhood Character

- Opportunity to add gentle density in the form of context-sensitive “missing middle” housing



Asset: Gentrifying Neighborhoods

- Opportunity to access high-quality amenities and necessities
- Preserve, build and voucher affordable units to ensure a mix of incomes



Opportunity for Diversity: Small “Starter” Homes

- Capture strong demand
- Create “missing middle” unit types
- Consider limited equity models and other affordability tools



Opportunity for Diversity: Universal Design

- Facilitates intergenerational filtering
- Require in new construction (especially in smaller units)



Opportunity for Diversity: Sharing Economy

- Sharing common space and tasks supports many household types
- Change restrictive definitions of “family”



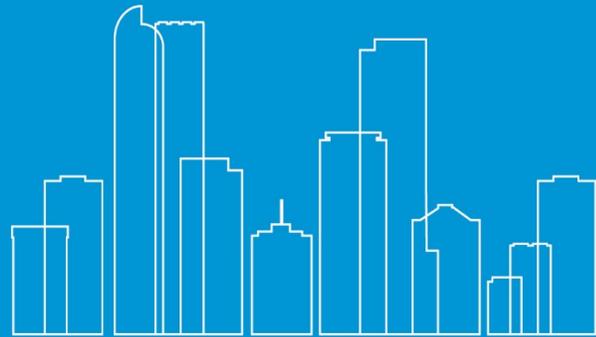
To Effectively Leverage Assets and Diversify Opportunities:

1. Listen to Communities
2. Think Regionally
3. Think Diversity
4. Be Creative
5. Keep the Focus on Quality of Life

Thanks!

Jennifer.SteffelJohnson@ucdenver.edu

Thank you!
¡Gracias!



Innovate!
A Solutions Forum on Housing



¡Innovar!
Un Foro de Soluciones para la Vivienda