

AFFORDABLE HOUSING

A COMMUNITY CALL TO ACTION

Current Circumstances

Affordable housing is vital to connect low- and moderate-income residents to quality healthcare, childcare, education, transportation, healthy food, workforce training and good-paying jobs – everything people need to live a high quality life. While affordable housing is an issue that cities and states across the country are grappling with, housing and rental costs continue to escalate faster in Denver than in most other areas.

Denver is a city of opportunity. To hold true to that intrinsic character and safeguard what makes Denver “Denver,” it is incumbent upon all of us to answer a call to action to keep Denver affordable. Attainable housing is key to creating economic mobility out of poverty and to mitigating the negative impacts of gentrification. It enhances diversity and vitality, and is essential to maintaining a strong workforce and recruiting new businesses. Investments in affordable housing pay dividends for families, seniors and workers, as well as for Denver’s overall economy and quality of life.

Denver’s Plans for Affordable Housing

- Convened a Housing Task Force in 2012, followed by the establishment of a Housing Advisory Committee to draft a strategic housing plan and provide technical support and oversight.
- Issued the “3 by 5 Challenge” in 2013 to encourage the creation, preservation or rehabilitation of 3,000 affordable units over five years. The challenge has produced 1,300+ units to date.
- In 2014, published “Housing Denver,” the city’s first five-year strategic housing plan in 15 years. The plan outlined eight priorities, including increasing financial resources for affordable housing.
- In 2014, committed to establish a Social Impact Bond program to move 300 chronic users of expensive emergency services into permanent, supportive housing.
- In 2015, hosted an inaugural Housing Summit called “Bridging the Gap: A Solutions Forum on Housing,” with nearly 350 housing, business, civic and community leaders participating.

Denver’s Financial Support for Affordable Housing

- The city’s Inclusionary Housing Ordinance and similar developer agreements have created more than 1,100 for-sale affordable homes and financed more than 500 affordable apartments.
- Over the course of two years and with the help of State of Colorado matching funds, Mayor Hancock established a \$10 million Affordable Housing Revolving Loan Fund, which will provide nearly 700 new units of affordable housing over the next three years.
- In 2012, the city doubled the property-tax credit for low-income senior citizens and people with disabilities.
- In partnership with neighboring communities, Denver administers a down-payment assistance fund that has helped hundreds of eligible homebuyers in Denver and the region buy homes.

Challenges to Denver's Progress

Our past success at building and preserving mixed-income affordable housing was made possible by federal funds through the HOME Investment Partnerships Program and Community Development Block Grant Program. Federal funds have declined in recent years and are expected to continue plummeting, and, as rental rates and home prices continue to skyrocket, it's clear that our future success will depend increasingly on our own leadership and resources.

Denver's Proposal to Expand Access to Affordable Housing

Mayor Hancock has announced a shared communitywide, comprehensive strategy to "catch up and keep up" by dedicating additional financial resources to affordable housing.

Funds would be programmed with flexibility to maximize available dollars to meet the highest needs possible, including production of new units, preservation of existing units, supportive services and operational costs.

His three-pronged proposal calls for:

- An \$8 million allocation for affordable housing in the 2016 budget (on top of the \$10 million Revolving Loan Fund).
- An annual dedicated funding stream of at least \$15 million, starting in 2017, to create or preserve approximately 6,000 affordable housing units over 10 years:
 - After analyzing a dozen funding options, two remain viable:
 - Eliminating up to 1 mill property tax credit via Council ordinance
 - ◆ 1 mill = \$13 million
 - Establishing a development impact, or linkage, fee on new commercial and residential construction
 - ◆ Nexus study to determine amount of fee
 - *The City and County of Denver's current modelling shows that over a 10-year period, an annual allocation of \$15 million could achieve an estimated 6,000 units of housing serving the full spectrum of needs from homeless to workforce rental and home ownership. The Mayor proposes maintaining flexibility in the exact type of units produced, with strong, annual oversight and transparency, to respond to changing market conditions and needs. Federal funds are projected to help Denver create an additional 750 units over that period.*
- Additional measures being examined:
 - Taking meaningful action to balance consumer protection construction defect laws with the need to encourage the development of affordable, for-sale units.
 - Providing developers of mixed-income and affordable housing projects property- and sales-tax relief as well as relief on permitting and other fees.
 - Strengthening the city's Affordable Housing Preservation Ordinance
 - 4,500 federally backed affordable units are scheduled to expire over the next five years.