

Affordable Housing Dedicated Fund

Safehouse Committee Presentation
August 24, 2016

- Overview of Dedicated Fund Proposal
 - Major revisions since July
- Year 1 Revenue and Unit Projections
- Calendar and Timeline
- Mayor’s 2017 Budget Proposal Preview
- Public Comment
- Questions, Discussion and Action

- Establish Denver's 1st dedicated funding stream for affordable housing
- Generate estimated \$156.4M in 1st 10 years
- Produce, preserve and rehab 6,000 units

- **Two Revenue Sources:**

- Property tax: 51%
- Development fee 49%

- **Property Tax**

- 0.5 mill (for Year 1, generates estimated \$6.5M)

- **Development Fee**

- Commercial Industrial/Agricultural \$0.40/sq ft
- Residential Single-Family/Duplex/Most Town Homes \$0.60/sq ft
- Residential Multi-Family \$1.50/sq ft
- Commercial Hotel/Office/Retail/Other \$1.70/sq ft

- Fees will adjust annually based on CPI
- 5-Year freeze on discretionary fee increases
- Feasibility Study required for any increase after 5 years
- OED policy review and public hearing required at Year 5
- Clarified eligible use language for:
 - Supportive housing services for homeless individuals
 - Emergency assistance for those at risk of losing homes
- Exemptions
 - Additions smaller than 400 square feet and ADUs
 - Any replacement structure due to catastrophic event



Year 1/2017 New Local Funds Projected Revenue & Expenditures

- Revenue (**\$15 Million**)
 - \$6.5 Million from property tax
 - \$3.5 Million from development fee
 - \$5.0 Million from General Fund, marijuana tax, other
- Expenditures
 - \$9.4 Million: Unit Development (533 units)
 - \$3.0 Million: Land Acquisition (120 units)
 - \$1.5 Million: Emergency Assistance (250 households)
 - \$0.6 Million: Administration
 - \$0.5 Million: Reserves



Revised 2017 Housing Budget

Local Funds

Investment Type	Investment	Funding Source	Amount	Impact*	AMI Limit	Mechanism
Land	Acquisition in areas of high opportunity and/or areas vulnerable to gentrification	Linkage Fee	\$2.0M	~120 units	< 100% AMI	City investment
		2017 Local Funds	\$1.0M			
Unit Development	Rental development (including new construction and preservation)	Property tax	\$2.9M	~393 units	< 80% AMI	Shared App. RFP
	Affordable units within market rate development	2017 Local Funds	\$3.0M			
		Linkage Fee	\$1.0M			
	For-sale development	Property Tax	\$1.0M			
	2017 Local Funds	\$0.5M	~60 units	< 100% AMI	RFP	
	Flexible investment to solicit creative housing solutions	Property Tax	\$1.0M	~40 units	< 100% AMI	RFP
Housing Assistance	Temporary emergency assistance for existing residents	Property Tax	\$1.0M	~250 households	< 120% AMI	RFP
		2017 Local Funds	\$0.5M			
Administration	Staffing for new fund	Property Tax	\$0.6M	N/A	N/A	City investment
Reserve	Reserve funds for linkage fee in case of possible refunds	Linkage Fee	\$0.5M	N/A	N/A	N/A
*Assumptions: <ul style="list-style-type: none"> • Land acquisition at avg. of ~\$1M per acre, 40 dwelling units per acre • Rental units at avg. of \$15K per unit (gap larger on 4% LIHTCs than 9% LIHTCs) • Homeownership and other non-tax credit units at avg. of \$25K per unit • Emergency assistance at avg. of \$6K per household based on historic federal programs through OED 		SUBTOTAL	Linkage Fee: \$3.5M Property Tax: \$6.5M 2017 Local Funds: \$5M	~653 units created/preserved ~250 additional households assisted		
TOTAL			\$15M			



Projected 2017 Housing Investments

Investment	Funding Source	Agency	Typical Amount	Impact
Permanent Affordable Housing Fund (\$15 million, 653 units, 250 households assisted)				
Land acquisition, unit development, housing assistance	Dedicated affordable housing revenue	OED	\$15.0M	~653 units ~250 households
Other Housing Preservation/Production Funds (\$5 million, 280 units)				
Rental and for sale unit creation/ preservation	HOME Funds	OED	~\$2.0M	~80 units
Rental unit creation/preservation	Revolving Affordable Housing Loan Fund	OED	~\$3.0M	~200 units
Other Housing/Energy Assistance Programs (\$14.08 M, 22,160 households assisted)				
Utility assistance	Low-Income Energy Assistance Program (LEAP)	DHS	~\$3.0M	~9,000 households
Rental assistance	HOME Funds	OED	~\$1.8M	~100 households
Rental/homeowner counseling, home repair, down payment assistance	Community Development Block Grant	OED	~\$2.7M	~7,200 households
Senior/disabled property tax rebate	Senior/Disabled Property Tax Rebate	DOF to DHS	~\$2.5M	~3,500 households
Home upgrades to promote energy efficiency	Energy Efficiency Program	HRCF	~\$2.0M	~2,000 households
Down payment assistance	Metro Mortgage Assistance	OED/DOF	~\$1.8M	~180 households
Emergency assistance to families at risk of becoming homeless	Emergency Housing Assistance	DHS	~\$0.28M	~280 households

*** Assumptions:**

- Rental units at avg. of \$15K per unit (gap larger on 4% LIHTCs than 9% LIHTCs)
- Homeownership and other non-tax credit units at avg. of \$25K per unit
- Down payment assistance at avg. of \$10K per household
- Property tax rebate at avg. of \$700 per household
- Emergency assistance at avg. of \$1K per household

TOTAL

\$34.08M

**~933 units
~22,510 instances of
households being
assisted**



2017 Housing Outcomes

Estimated Revenue From All Funds

- New Dedicated Fund
 - \$15 Million
 - 653 Units
 - 250 Additional Households Assisted
- Other Housing Production/Preservation Funds
 - \$5 Million in RAHLF and HOME funds
 - 280 Units
- Other Housing/Energy Assistance Funds
 - \$14.08 Million
 - 22,260 Additional Households Assisted
- Total Funds/All Sources
 - \$34.08 Million
 - 933 Units
 - 25,510 Additional Households Assisted

Mayor's 2017 Budget Proposal

- Will be submitted to Council on Sept. 12
- Slowing revenue growth
- Expenditure growth based on mtg operating demands
- Fund balance from 19% of reserves to 15%
- Budget will address Council and public priorities:
 - Meet ongoing demands of rapid population growth
 - Housing
 - Public Safety
 - Mobility (sidewalks, streets, bike, transit)
 - Capital improvements

- Aug. 24 – City Council Safehouse Committee Meeting
- Aug. 25 – Deadline for Assessor to report updated property valuation
- Aug. 31 – Mayor-Council Meeting
- Sept. 12 – Tentative submittal of Mayor’s 2017 proposed budget
- Sept. 12 – City Council Meeting (1st reading for affordable housing proposal)
- **Sept. 19 – City Council Meeting (2nd reading, courtesy public hearing)**
- Oct. 17 – Deadline for Mayor to submit finalized 2017 budget proposal
- Nov. 14 – Deadline for Council to approve 2017 budget
- Dec. 22 – Deadline for Council to adopt 2017 mill levies
- Dec. 30 – Deadline for development projects to be logged in to avoid impact fee
- Jan. 1 – City’s first dedicated fund for affordable housing takes effect

Additional Questions/ Discussion