



Affordable Denver Fund

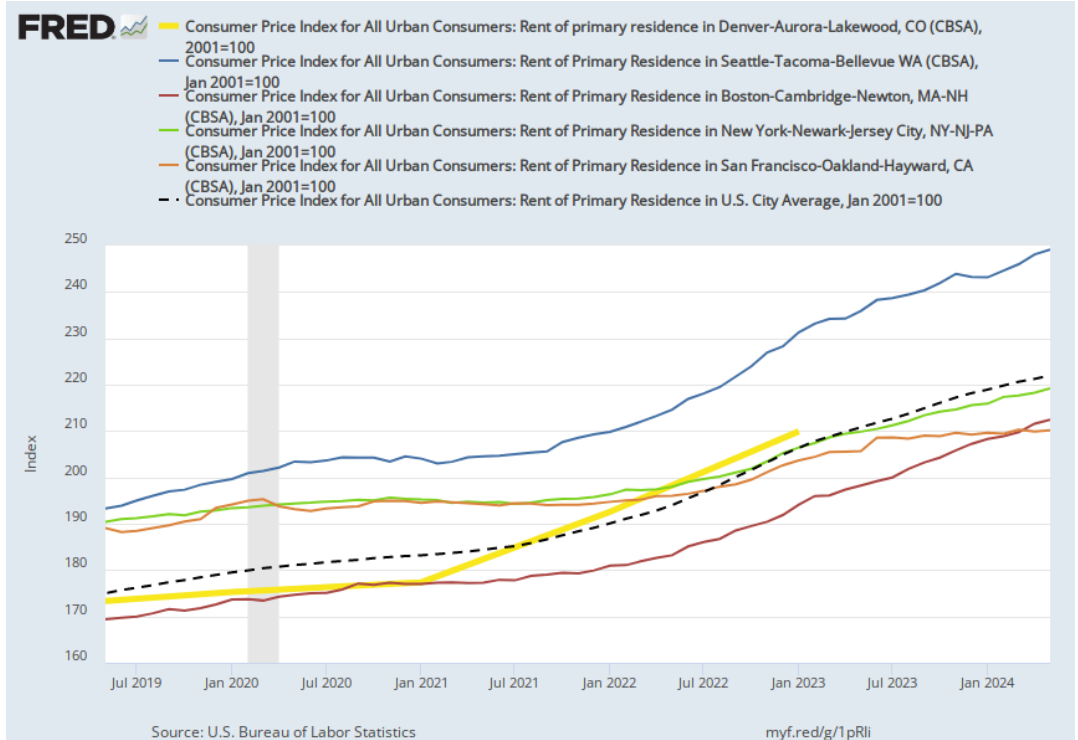
New, Dedicated Revenue for Affordable Housing



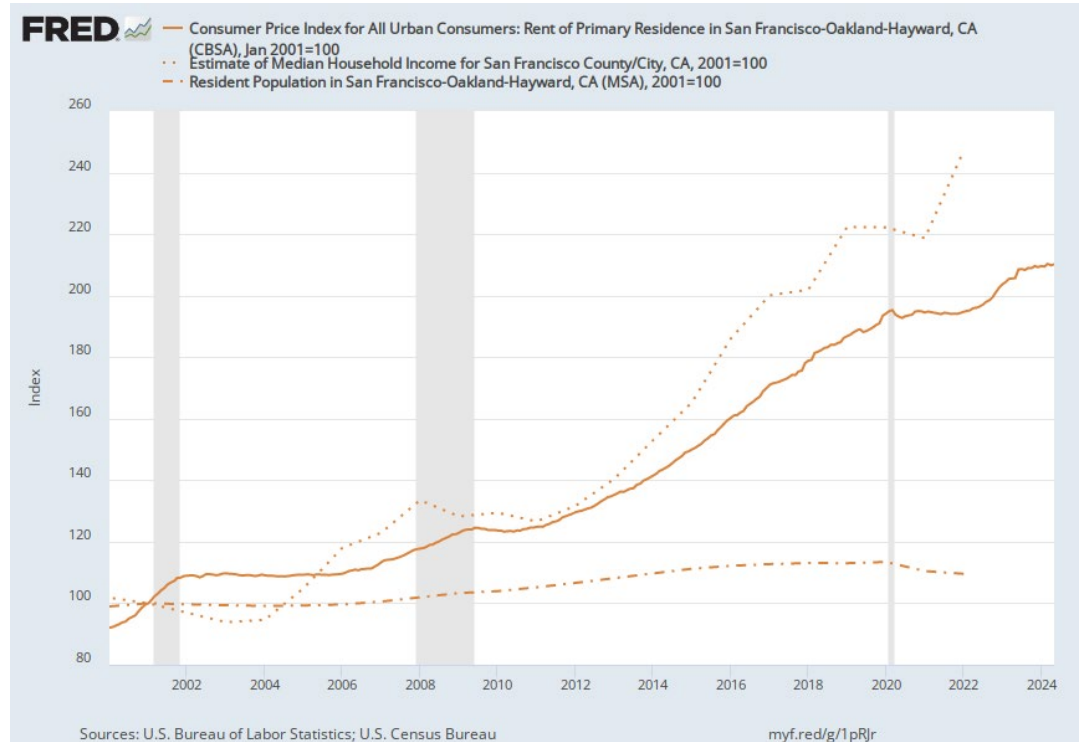
Current State of Affordability

- More than 50% of Denver's renter households are housing burdened, including 80% of households earning less than \$75,000 annually
- Between 2010 and 2019, 10,595 low-income households, or 21% of those earning between 0-60% of AMI, have left Denver
- In 2023, Denver had over 12,900 eviction actions, when the annual average for the past 15 years was a little over 8,000
- Businesses report being unable to attract and retain employees
- Housing costs the top cause of homelessness

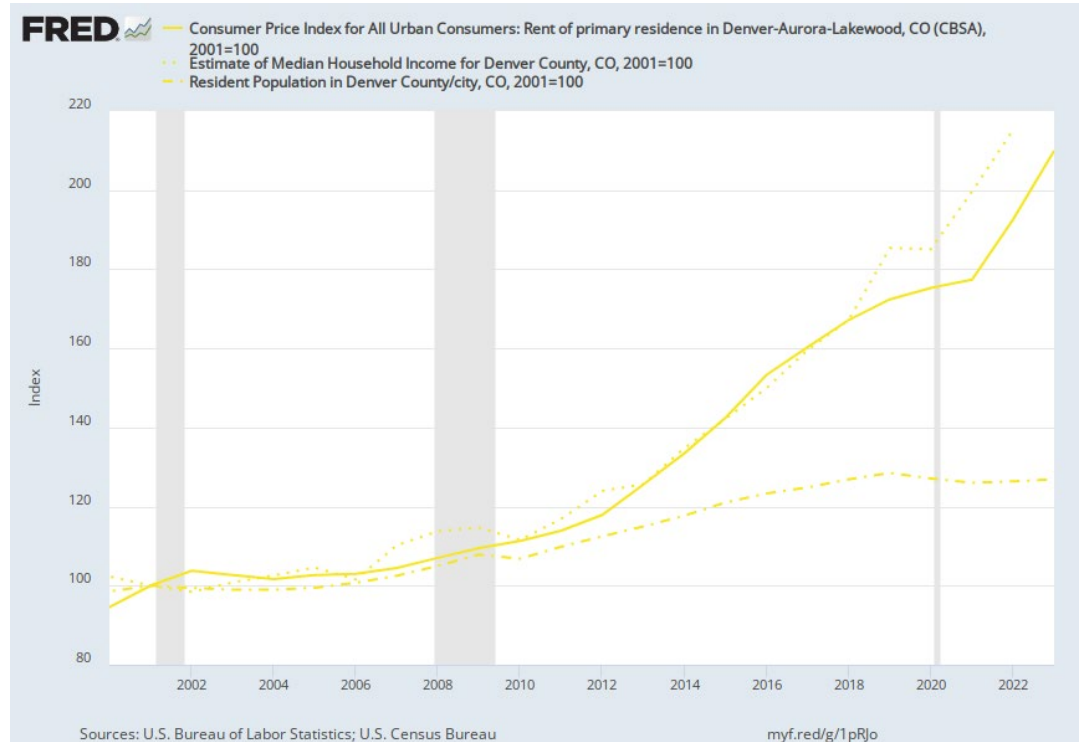
Consumer Price Index: Rent of Primary Residence



Consumer Price Index Trend: San Francisco



Consumer Price Index Trend: Denver



Income vs. Housing Costs

In 2000

- Median household income was \$40,000
- Median home price was \$165,800 (\$840 mortgage)
- Median rent was \$630/month
- Household income kept pace with housing costs

In 2022

- Median household income was \$84,000
- Median home price was \$525,000 (\$2400 mortgage)
- Median rent was \$1,870
- *Income increase: 110%*
- *Housing cost increase: 218%*

Source: 2022 U.S. Census Bureau



Affordable Denver Fund

Transforming our City's Future

New Revenue for Affordable Housing

Source:

0.5% Sales Tax (5 cents on a \$10 purchase)

Revenue:

This would require voter approval and generate approximately \$100 million annually.

Sales Tax:

Visitors estimated to pay 35%

Estimated impact to consumers is \$2 per week

Essential items such as food, medicine, feminine hygiene products and fuel are excluded

Outreach Conducted

- Archway Communities
- Brothers Redevelopment
- Catholic Charities
- Colorado Coalition for the Homeless
- Colorado Division of Housing
- Colorado Housing Accelerator Initiative (CHAI)
- Columbia Ventures
- Community Solutions
- Continuum Partners
- Denver Foundation
- Denver Housing Authority
- Denver Rescue Mission
- Downtown Denver
- Partnership
- Elevation Land Trust
- Elmington Capital
- Enterprise Community Partners
- Fax Partnership
- Gary Community Investment
- Gorman & Co.
- Habitat for Humanity
- Hispanic Contractors of Colorado
- Homeless Leadership Council
- HOST Strategic Advisors
- Mercy Housing
- Mile High Development
- Northeast Denver Housing
- Pennrose
- Rocky Mountain Communities
- Rose Community Foundation
- Ulysses Development Group
- Urban Land Conservancy
- Urban Peak
- Urban Ventures
- Volunteers of America

Note: Outreach included group briefings, conversations with single representatives, emails (varied response rates), and additional briefings have been conducted with individuals without an organizational affiliations

Feedback To Date

- Affordable housing is a crisis
- Dedicated fund for affordable housing is needed
- Need for transparency, accountability, and reporting
- Fund needs to be nimble enough to respond to market conditions and other unanticipated factors (COVID-19 pandemic, changes to State and Federal policy, etc.)

Planning



By January 31, 2025, HOST & DoF shall prepare a first year-plan for use of the funds



City/Housing Stability Strategic Advisors (HSSA) will take public input on the plan



Future planning included in HOST Annual Action Plan with HSSA oversight per ordinance

Administration

- Administered by the Department of Finance
- If funds are not expended, monies must remain in the Fund to be expended in subsequent fiscal years
- Any interest earned on the balance of the fund accrues to the Fund

Reporting

Mirrors the reporting requirements and the structure of the current Homeless Resolution Fund with oversight by the Housing Stability Strategic Advisors (HSSA)

The Executive Director of the Department of Housing Stability shall incorporate into annual progress and intermittent reports on units produced, preserved, financed, constructed or otherwise acquired

HSSA membership composition to be evaluated and amended to reflect the needed participants for oversight, including Councilmembers

Intended Purpose

Increase Supply

Increase the supply of affordable housing units, for both renters and homeowners, through production, preservation, financing, acquisition or any other method;

Financial Support

Provide financial and service-related assistance to renters and other person in need of housing; and

Ownership

Support homebuyer assistance programs and programs to reduce housing costs for homeowners including by way of example, down payment assistance and mortgage assistance, property tax assistance, and community land trusts.

Affordable Denver Strategies

Extremely Low-Income Rental

- Local Vouchers
- Rental Subsidies
- Expanding Gap Financing
- Preservation

Low Income Rental

- Acquisition
- ADUs
- Expanding Gap Financing
- Preservation

Middle Income Rental

- Mixed Income Public Finance Tools:
Concessionary Equity & Revolving Construction Loan Fund

Ownership

- Down Payment Assistance
- Deed Restriction & Land Trust
- Preservation

While comprehensive, this list is not meant to be exhaustive. The City will continue to determine the most effective strategies at each AMI level as part of the stakeholder process and through the creation of the Year-One Plan due to Council by January 31, 2025.

Potential First Year Investments

- Invest in affordable units currently stalled
- Provide **additional gap financing** for projects receiving other subsidies
- **Preserve more** affordable units immediately
- Implement **acquisition** strategy
- **Expand voucher program** for supportive housing
- **Increase** the number of **rental subsidies**
- **Extend down payment** assistance

Note: Actual plan creation will be refined during formal stakeholder and public input process ahead of January 31, 2025 deadline.

Additional Citywide Strategies

- In addition to more resources, we must continue our work to:
 - **Continue decreasing permitting time** and implement lessons learned from AHRT
 - Examine **zoning changes** and available **policy levers**
 - Determine necessary changes/**update policy tools** such as Expanding Housing Affordability (EHA)
 - Continuing to **maximize and leverage our partnerships**, federal, state, and local funding sources

Ballot Language

Section 7. The ballot shall contain the following title and submission clause:

SHALL DENVER SALES AND USE TAXES BE INCREASED \$100 MILLION ANNUALLY, COMMENCING JANUARY 1, 2025, AND BY WHATEVER ADDITIONAL AMOUNTS ARE RAISED ANNUALLY THEREAFTER, TO EXPAND AFFORDABLE HOUSING FOR LOW- AND MIDDLE-INCOME FAMILIES AND INDIVIDUALS, THROUGH A ONE-HALF OF ONE PERCENT (0.5%) SALES AND USE TAX INCREASE (5 CENTS ON A \$10 PURCHASE), TO SUPPORT EFFORTS INCLUDING:

- PROVIDING MORE AFFORDABLE RENTAL HOUSING AND REDUCING RENT; AND
- PROVIDING MORE AFFORDABLE HOMES FOR PURCHASE AND PROGRAMS TO REDUCE THE COST OF BUYING A HOME;

AND MAY A PORTION OF THE ANNUAL REVENUES DERIVED FROM THIS INCREASE BE SPENT ON ADMINISTRATIVE COSTS FOR THE ABOVE PURPOSES, AND SHALL THE REVENUE AND EARNINGS ON THIS TAX BE COLLECTED AND SPENT AS A VOTER-APPROVED REVENUE CHANGE AND AN EXCEPTION TO THE LIMITS THAT MAY OTHERWISE APPLY UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?

Timeline



Summary of Affordable Denver Fund

- Historic opportunity to create affordability across housing spectrum
- Puts us on a path to fill a growing housing affordability gap, starting immediately
- Expands existing tools and creates additional opportunities
- Addresses Council's budget priorities
- Addresses a top priority for Denverites



Questions?



Appendix

Housing Resources

Affordable Housing Fund

- Formed in 2016
- Generates approx. \$42m per year
- Rental @ 80% and below
- Ownership @ 100% and below
- Unit development/preservation
- Eviction prevention, rent/mortgage/utility assistance, legal defense

Homeless Resolution Fund

- Formed in 2020
- Generates approx. \$50m per year in sales tax
- Dedicated to services, supports and housing for those experiencing or exiting homelessness
- 2024 recommended \$11,086,021 on development, preservation, and housing assistance

Affordable Denver Fund

- Proposed .5% sales tax
- Supports gaps at all levels of AMI
- Dedicated funding for acquisition, preservation, and building of affordable units
- Expands home ownership opportunities
- Expands rental supports and vouchers

Regional Housing Needs Assessment: DRCOG (2024)

- The chart below is the *entire regional* need over the next 10 years

Exhibit 6: 10-Year scaled estimate of housing need

Component	Housing units	Share
Current need	52,000	24%
Future need	164,000	76%
Total units	216,000	100%

Regional Housing Needs Assessment: DRCOG (2024)

- The chart below is the *submarket shares of the regional need*
- Denver is estimated to be +/- 80% of the Central Submarket or approximately 44,800 units

Exhibit 11. Summary of submarket share of regional need, 10-year scaled estimate

Submarket	Current need	Future need	Total units
Central	14,000	56,000	70,000
North	8,000	29,000	37,000
North Central	7,000	27,000	34,000
Southeast	21,000	48,000	69,000
West	2,000	4,000	6,000

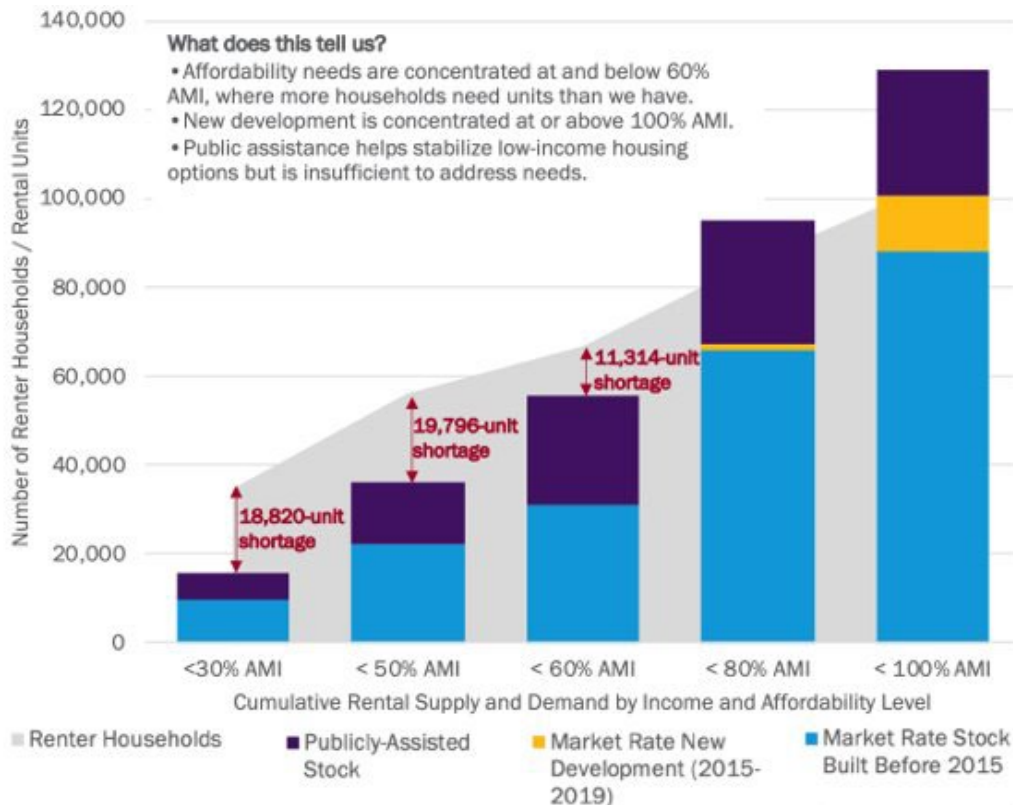
Denver's Loss of 0- 60% AMI Households

	2010		2019		Change 2010-2019	
	Number	% Total Households	Number	% Total Households	Number	Percent
Total households	262,093	100%	318,445	100%	56,352	22%
Percent AMI						
0-50%	91,589	35%	83,442	26%	-8,147	-9%
51-60%	18,311	7%	15,864	5%	-2,448	-13%
61-80%	26,680	11%	34,437	11%	5,757	20%
81-100%	23,424	9%	31,811	10%	8,388	36%
101-120%	18,303	7%	25,367	8%	7,065	39%
121-150%	20,596	8%	33,045	10%	12,448	60%
151% and above	61,190	23%	94,479	30%	33,289	54%

Note: The AMIs reflect the HUD income thresholds for a two-person household: \$80,000 in 2020, and \$60,800 in 2010.

Source: 2010, and 2019 1-year ACS, Root Policy Research.

Root Policy Research (2019)

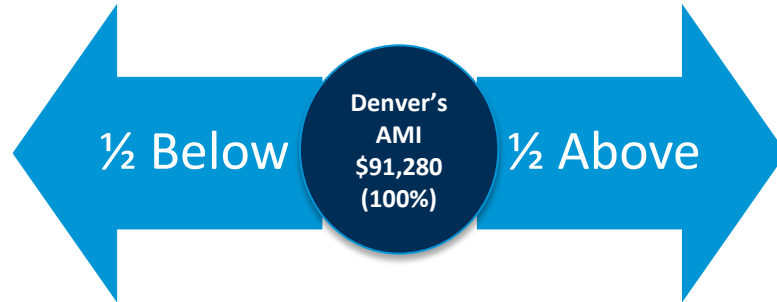


Peer City Research

City	Budget Year	Amount of Funding
Boston	FY 2025	\$380.4 million in city funding; \$111 million in external funding
New York City	FY 2025	\$2 billion in capital funding over the next two years to support the creation and preservation of more affordable housing
San Francisco	FY2024-2025	Community Investment and Infrastructure: \$342.9 million for affordable housing; Department of Homelessness and Supportive Housing: \$508.1 million
Seattle	2024	\$600 million for affordable housing across the next two years

Area Median Income (AMI)

- Midpoint of a region's income distribution
- Half of the region's households are above this number and half are below



2024 HUD Income Limits

(Effective: June 1, 2024)

Area Median Income	HOUSEHOLD SIZE						HUD Income Designation
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	
120%	\$109,560	\$125,160	\$140,880	\$156,480	\$168,960	\$181,560	
115%	\$104,995	\$119,945	\$135,010	\$149,960	\$161,920	\$173,995	
100%	\$91,280	\$104,320	\$117,360	\$130,400	\$140,832	\$151,264	
95%	\$86,735	\$99,085	\$111,530	\$123,880	\$133,760	\$143,735	
90%	\$82,170	\$93,870	\$105,660	\$117,360	\$126,720	\$136,170	
80%	\$71,900	\$82,150	\$92,400	<i>\$102,650</i>	\$110,900	\$119,100	Low Income
70%	\$63,910	\$73,010	\$82,180	\$91,280	\$98,560	\$105,910	
65%	\$59,345	\$67,795	\$76,310	\$84,760	\$91,520	\$98,345	
60%	\$54,780	\$62,640	\$70,440	\$78,240	\$84,540	\$90,780	
50%	\$45,650	\$52,200	\$58,700	\$65,200	\$70,450	\$75,650	Very Low
30%	\$27,400	\$31,300	\$35,200	\$39,100	\$42,250	\$45,400	Extremely Low

Median Wages & Area Median Income



Food Service Worker
\$33,833



Preschool Teacher
\$46,155



Social Worker
\$51,584



Electrician
\$61,360



Registered Nurse
\$87,339

*Based on median hourly wages provided by the U.S. Bureau of Labor Statistics (2023)

30 %

50%

60%

80%

100%



\$27,400

\$45,650

\$54,780

\$71,900

\$91,280



\$35,200

\$58,700

\$70,440

\$92,400

\$117,360

Extremely Low Income

Very Low Income

Low Income

Middle Income

HSSA: Composition of 11 Members

- (1) The following two (2) members with professional or lived expertise in the effects of gentrification and displacement or housing instability on lower income households: The mayor and city council shall each appoint one (1) member with such expertise in housing stability.
- (2) The following two (2) members with professional or lived expertise in homelessness or in providing housing or services for residents experiencing homelessness: The mayor and city council shall each appoint one (1) member with such expertise in homelessness resolution.
- (3) The following two (2) members with professional or lived expertise living in affordable housing or developing income restricted housing: The mayor and city council shall each appoint one (1) member with such expertise in housing opportunity.
- (4) One (1) member representing public, private or philanthropic partner organizations that fund affordable housing appointed by the mayor.
- (5) Two (2) representatives from organizations that have a national best practice perspective on housing stability, homelessness resolution or housing opportunity. The mayor and city council shall each appoint one (1) member.
- (6) One (1) community representative appointed by the mayor.
- (7) One (1) community representative member appointed by city council.

HSSA: Powers and Duties

- (a) To recommend goals, objectives and policies to inform the adoption of the three- to five-year strategic plan for city housing expenditures, including, but not limited to, the permanent funds and any federal or other funds allocated by the executive director of the department of housing stability, for homelessness resolution, housing stability, and housing opportunity, which shall include, but not be limited to, housing development, preservation or programs. The executive director of the department of housing stability shall direct city staff, independent consultants, or a combination thereof to develop the strategic plan to be reviewed by the housing stability strategic advisors and recommended for submittal to the city council by September 1 of the year prior to the plan's first program year for subsequent approval. The plan shall be developed with input from stakeholders and the public including those with lived expertise with housing instability and/or homelessness. Notwithstanding the foregoing, the first three- to five-year strategic plan shall be submitted to the city council by November 1, 2021, for subsequent approval. The three- to five-year strategic plan shall

HSSA: Powers and Duties

- (b) To recommend annual action plans intended to implement the overall strategic plan to prioritize and allocate city housing expenditures based on current conditions.
- (c) To review annual progress reports and regular intermittent reports throughout each year, at the discretion of the executive director of the department of housing stability, that evaluate the implementation of the goals outlined in the strategic plan. The reports shall describe compliance with the strategic plan and include information on (i) city homelessness and housing expenditures along the housing continuum, (ii) shelter and other strategies for persons experiencing homelessness, and (iii) housing unit production, including an explanation of any variances between plan goals and actual unit production where possible. Reports reviewed by the housing stability strategic advisors shall be delivered to the city council.
- (d) To recommend annual goals, objectives and policies to inform budget priorities for expenditures to be made from the permanent funds, prior to the submission of such priorities by the executive director of the department of housing stability to the mayor and the city council as part of the city's annual budget process.

HSSA: Powers and Duties

- (e) To recommend to the executive director on an ongoing basis:
 - (1) Concepts for new programs and services to achieve the purposes of the permanent funds;
 - (2) Metrics to be tracked in order to monitor the success of the expenditures from funds in achieving their intended purposes;
 - (3) Community engagement strategies, including no less than one (1) public hearing annually;
 - (4) Housing priorities, including geographic priorities for creating or preserving affordable housing within the city;
 - (5) Methods to leverage and maximize expenditures from the permanent funds;
 - (6) Specific provisions for expenditures designed to mitigate the effects of gentrification and displacement of lower income households in neighborhoods with the most rapidly escalating housing costs; and
 - (7) Specific provisions for expenditures designed to reduce homelessness.