

OED ORDINANCE/RESOLUTION REQUEST

Date of Request: 5/14/18

Please mark one: Bill Request or Resolution Request

1. Type of Request:

- Contract/Grant Agreement Intergovernmental Agreement (IGA) Rezoning/Text Amendment
- Dedication/Vacation Appropriation/Supplemental DRMC Change
- Other:

2. Title: Executes an intergovernmental agreement with, and transferring \$1,180,000 to, the Denver Housing Authority to launch the new Lower Income Voucher Equity (LIVE Denver) program, designed to create immediate affordable housing options for employed workers by connecting vacant rental units with income-qualified Denver residents, bridging the gap in rent through funds provided by the city, foundations, and participating employers in a multi-sector partnership.

3. Requesting Agency: Office of Economic Development

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Laura Brudzynski 720-913-1575	Name: Susan Liehe 720-913-1689
Email: Laura.Brudzynski@denvergov.org	Email: susan.liehe@denvergov.org

5. General a text description or background of the proposed request, if not included as an executive summary.

See Executive Summary

6. City Attorney assigned to this request (if applicable):

Julie Mecklenburg

7. City Council District:

Citywide

****For all contracts, fill out and submit accompanying Key Contract Terms worksheet****

Key Contract Terms

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: _____

Date Entered: _____

Type of Contract: (e.g. Professional Services > \$500K; IGA/Grant Agreement, Sale or Lease of Real Property): IGA

Vendor/Contractor Name: Denver Housing Authority (DHA)

Contract control number: OEDEV-201842064-00

Is this a new contract? Yes No Is this an Amendment? Yes No If yes, how many? _____

Contract Term/Duration (for amended contracts, include existing term dates and amended dates):

Although this is intended to be a two-year pilot, this contract spans from 06/01/2018 – 12/31/2023 to allow for program growth and the flexibility to accept additional funds from employers and foundations.

Contract Amount (indicate existing amount, amended amount and new contract total):

<i>Current Contract Amount (A)</i>	<i>Additional Funds (B)</i>	<i>Total Contract Amount (A+B)</i>
\$1,180,000	\$0	\$1,180,000

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>

Was this contractor selected by competitive process? No. This is a new program concept with no similar model in existence nationwide, nor an existing local framework in place on which to base an RFP. DHA has served as a partner in the creation of the program over the past year. Given DHA’s experience as the established distributor of housing vouchers in Denver, it has emerged as the logical facilitator of this program.

Has this contractor provided these services to the City before? Yes No DHA has administered program distributing housing vouchers, although not through this exact program, which is new.

Source of funds: \$1,000,000 to come from the Affordable Housing Property Tax Revenue Fund; \$180,000 to come from the Office of HOPE General Fund.

Is this contract subject to: W/MBE DBE SBE XO101 ACDBE N/A

WBE/MBE/DBE commitments (construction, design, DEN concession contracts): N/A

Who are the subcontractors to this contract? DHA will execute a Fund Management and Service Agreement with the Local Initiatives Support Corporation (LISC), a national nonprofit, outlining their program management and fund management role.

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EXECUTIVE SUMMARY

In his July 2017 State of the City Address, Mayor Hancock called out the need for programmatic tools to increase housing and opportunities for all Denver residents. Today, a large percentage of Denver's population is burdened by the high cost of housing, especially renters who make up the core of our workforce: teachers, nurses, medical technicians, customer service representatives, frontline supervisors and entry-level tech workers on the cutting edge of innovation. As Denver continues to grow, housing has become less affordable for our workforce families and individuals. In 2017 alone, the cost of housing rose by 9% and, between 2014 and 2017, the compounded cost of housing has increased by over 30% percent far outpacing wage growth in a city with very low unemployment and high workforce participation.

Currently in Denver, the largest rental housing inventory exists for the highest income levels while the lowest available inventory exists for low to moderate income individuals and families. The purpose of the Lower Income Voucher Equity Program (LIVE Denver) is to create immediate affordable housing options by connecting vacant market rate units with our workforce and bridge the gap in rent through funds provided by the city, foundations, and participating employers. LIVE Denver is a public-private partnership reflecting the housing responsibility we all share.

In *Housing an Inclusive Denver*, the city's five-year comprehensive housing plan, there is a stated goal to "Promote programs that help households access affordable rental housing," and the plan specifically discusses LIVE Denver.

The Denver Housing Authority will serve as the main program administrator, facilitating all program functions through all phases of the pilot program, from qualifying potential tenants to payment of the subsidy to the property owners or managers. DHA will work closely in partnership with the City, employers, foundations, the Apartment Association of Metro Denver (AAMD), and the Downtown Denver Partnership (DDP) through an Advisory Board. The Local Initiatives Support Corporation (LISC) will manage the funds, with DHA drawing down funds as they are needed for the subsidy payments each month.

The LIVE Denver pilot-program targets tenants who earn between 40% (\$29,240 for an individual or \$41,720 for a family of four) to 80% (\$58,480 for an individual or \$83,440 for a family of four) of Area Median Income ("AMI") as defined by the U.S. Department of Housing and Urban Development on an annual basis.

Currently, more than 52,000 households in Denver had a household income within this targeted income range. Approximately 13,000 renters within this population are severely burdened by the cost of housing, meaning they pay more than 50% of their income on housing costs, putting them at risk of displacement.

Based on financial modeling, this two-year pilot phase is expected to serve between 120 and 150 households. A household may participate in the program for up to two years.

Furthermore, because of where they fall in the income spectrum, these households are unable to qualify for many other housing assistance programs and lack opportunities for financial security. Anticipated increased vacancy in market rate rental units provides the city and its program partners with the opportunity to create a unique partnership to buy down the affordability of these vacant units.

With this program, the wins are four-fold: workforce individuals and families secure stabilized access to affordable housing; local employers can rely on a more consistent talent base that is not distracted by housing instability; apartment owners and operators mitigate their risk of vacancy; and the city and its program partners are successful in their shared goal of expanding the accessibility of stable, affordable housing for workers.

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