



DENVER
THE MILE HIGH CITY

Affordable Housing Fund: New Revenue Framework

Briefing Materials
Updated: 4/16/2018

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- Double the Affordable Housing Fund
 - \$15M/year to \$30M/year
 - Create/Preserve at least 6,400 units over five years
 - Serve at least 31,000 households over five years
- Issue bonds to accelerate funding
- Leverage partnerships to improve outcomes

Simply: More housing opportunity/access, sooner is better to address current needs, invest in a financially responsible way.

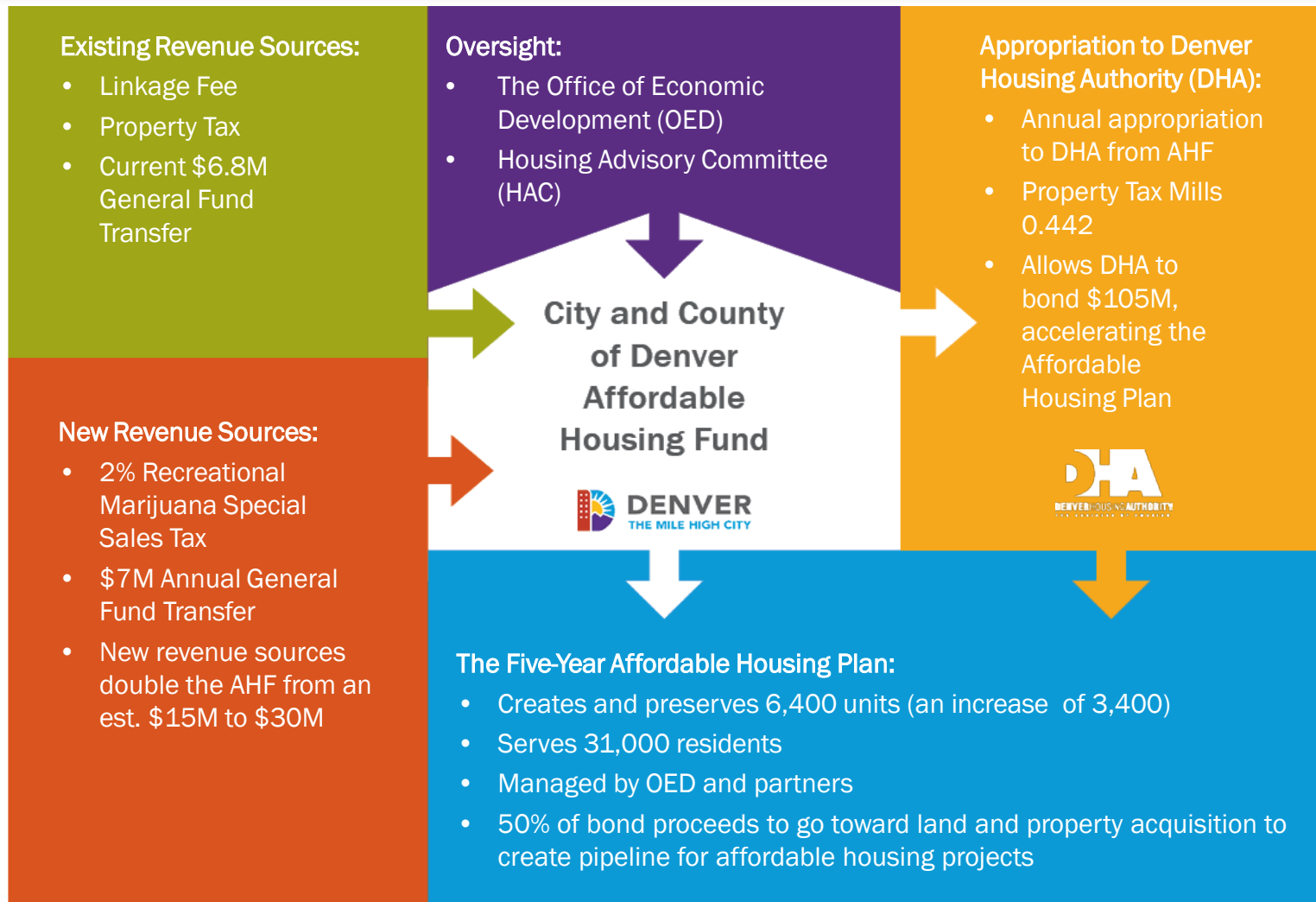
1. Align investment strategies to five year housing plan
2. Evaluate bonding
3. Leverage housing partnerships and tools
4. Do not increase costs on the very households we are working to serve

- Increase RMJ special tax rate by 2%
- Dedicate proceeds to the AHF (\$8M in 2019)
- Increase annual “PAYGO” General Fund transfer to AHF by \$7M starting in 2019
- Local funding for AHF would = \$30M/year

- Contract with DHA to bond current property tax mill, generating approximately \$105M:
 - 50% will be used for investment into immediately ready projects to accelerate DHA unit creation/preservation
 - 50% will fund land/property acquisition to create a longer-term pipeline of projects serving our most vulnerable residents

Benefits of DHA Bonding

- o More housing, faster:
 - Bond revenue can be *immediately* deployed into projects and existing land/property holdings to address current housing needs.
 - DHA is mission driven; permanently affordable projects and reinvestment in projects.
- o More housing via long-term pipeline:
 - Invest \$50M+ to buy small, scattered sites. *Priority for new supportive housing and 0-30% AMI units.*
 - Land control allows more nimble response to market opportunities for all development partners.
- o Financially Responsible:
 - Leverages existing partnerships and funding tools.



Total Framework Funding Impact

Annual Affordable Housing Fund's Revenues (Local)	
Existing: Linkage Fee	\$1,500,000
Existing: General Fund/DHS Transfer <i>(backfills the linkage fee during initial ramp up)</i>	\$6,800,000
Existing: 0.442 mills for 20 years	\$7,500,000
Proposed Annually Starting in 2019: 2% RMJ	\$8,000,000
Proposed Annually Starting in 2019: General Fund/DHS Transfer	\$7,000,000
Total	\$30,800,000
Property Tax Pass Through to DHA for Bonding	
Existing 0.442 mills for 20 years	\$7,500,000
Potential bond proceeds over 5 years	\$105M

Current Housing Outcomes

Housing an Inclusive Denver assumes approximately \$15M in local affordable housing funds and approximately \$10M in federal/other sources annually to:

- Create or preserve at least 3,000 units over five years
- Serve at least 30,000 households over five years
 - 20,000 accessing housing
 - 10,000 stabilized in existing housing

\$7M “PAYGO” Outcomes

Current proposal would add \$7M annually to these sources to:

- **Create or preserve at least 750 units over next five years**
 - Focus on preservation and gap financing
 - Serve residents across range of income levels/housing types
 - Partnerships: CHFA, development community
- **Serve at least 1,000 additional households over next five years**
 - Direct assistance to stabilize residents at risk of displacement
 - Serve residents across range of income levels/housing types
 - Partnerships: DURA, TRUA, other program partners

Benefits of proposal:

- Adds additional “pay-as-you-go” funds for flexible investments
- Supports gap financing for projects in pipeline as result of land/property acquisition fund

Outcomes from Bond Approach Land Acquisition Fund

Land/property acquisition program would provide \$50M to:

- Create or preserve at least 1,400 units over the next five to ten years
 - DHA would acquire approximately 25 sites (between 1-3 acres and/or existing buildings) to lease or sell at or below cost to other developers
 - Properties would be paired with at least 300 project based vouchers, supportive services funding
 - Joint underwriting with other partners including OED, state, CHFA
 - Primarily serve residents experiencing homelessness and those earning 0-30% AMI

Benefits of proposal:

- Drives long term pipeline of affordable and supportive housing units
- Supports geographically dispersed housing throughout city
- Addresses priority areas of the five-year housing plan

Outcomes from Bond Approach Accelerated Pipeline

Accelerated units development would leverage approximately \$50M to:

- Create and preserve an additional 759 units at Sun Valley, Westridge and Shoshone over next five years (549 created, 210 preserved)
 - Total production at these sites will be approximately 1300 affordable units, including units planned as part of Choice Neighborhood Initiative Grant at Sun Valley
 - Brings forward units in immediate pipeline to address current housing needs
 - Investments would serve residents across range of income levels in rental housing

Benefits of proposal:

- Provides additional units above what was planned in DHA's pipeline
- Accelerates development of units to address immediate needs
- Removes DHA from OED's competitive annual pool, allowing annual "pay-as-you-go" funding for additional projects and developers

AHF Overall Outcomes

Investment Type	CCD \$15m “Pay-as-you-go” <i>(current housing plan)</i>	CCD \$7m “Pay-as-you-go” <i>(proposed starting 2019)</i>	Bond with DHA <i>(proposed starting 2019)</i>	Total Over Five Year
Projects	~3,000 units	~750 units		3,750 units
Programs	30,000 households	1,000 households		31,000 households
Land Acquisition			~1,400 units	1,400 units
Accelerated Pipeline			~751 units created <i>(202 previously planned, 549 additional)</i> ~543 units preserved <i>(333 previously planned, 210 additional)</i>	1,294 units
Total Overall Across all Resources				6,444 units 31,000 households

AHF Investment Targets

Population	Housing Plan Priorities	Proposal Priorities	Investment Type
Homelessness	20-25% of funds	~ 20% of funds	- Land/property acquisition - OED Gap financing - Supportive services
0-30% AMI Rental	20-25% of funds	~ 20% of funds	- Land/property acquisition - DHA accelerate pipeline - OED Gap financing - Stabilization programs, ex: TRUA
30-80% AMI Rental	20-30% of funds	~ 20% of funds	- DHA accelerate pipeline - OED Gap financing
Homeownership	20-30% of funds	~ 20% of funds	- OED Gap financing - Stabilization programs, ex: DURA
Innovation	N/A	~ 20% of funds	- Land trusts - Rental subsidies

- Revenue, program goals flow thru AHF and HAC
- Investments align with goals of housing plan
- Outcomes reported in annual action plan
- Activity, investments and progress reported to HAC and City Council

DHA Relationship Governance

- DHA is a Housing Advisory Committee board member and participated in the development of the five year plan and the annual action plan.
- Develop an IGA with DHA that would govern the use of funds consistent with the goals in the Affordable Housing ordinance.
- IGA would commit the funds in advancement of the goals in the five year plan and would require routine reporting.

Governance Considerations

- Process by which properties are identified, acquired and disposed of to partner developers and city involvement in selection
- Priority location, size, and type of properties acquired with bond revenue
- Balance of investment into land acquisition and property acquisition from fund
- Threshold of supportive housing and 0-30% AMI units in each development

Overall Outcomes Current and Proposed Resources

By doubling the affordable housing fund and bringing forward property tax resources through a bond with DHA, the City and its partners will:

- Build or preserve at least 6,400 units across all resources over the next five years
- Serve at least 31,000 households across all resources over the next five years

Retail Marijuana Revenue

- Replaces property tax revenue committed to DHA with new revenue source to deliver the same outcomes.
- Requires amending the ordinance to allow for 2% increase to RMJ special tax.
- \$8M RMJ revenue stream then dedicated to Affordable Housing Fund.
- RMJ revenue would backfill the pass through of property tax to DHA.

- DHA, as required in the IGA, would report annually on use of funds and programmatic outcomes through the 20-year period.
- OED housing transactions over \$500K still are approved by City Council
- Annual housing action plans are developed by OED with input from Council and the HAC.

- Council action would be required for the following:
 - Changing the Retail Marijuana Special Rate from 3.5% to 5.5% in 2018.
 - Approval of the IGA with DHA
 - 2019 budget will include \$7M for approval
 - Modify the Affordable Housing Fund ordinance to accommodate the property tax being committed for 20 years and adding the RMJ rate increase
 - Under consideration: addressing the sunset on the current linkage fee

- Collect feedback from City Council on April 16th Safehouse Committee
- Gather feedback from the Housing Advisory Committee (HAC)
- Discuss with public including All in Denver and the marijuana industry
- Assuming support, make ordinance changes and IGA.