



Affordable Housing Prioritization Policy Frequently Asked Questions

What is affordable housing prioritization?

Denver's affordable housing prioritization is a policy to help to help Denver residents at risk of displacement remain in their neighborhoods, and those who have been displaced return to their neighborhoods of choice. It provides households at risk of or who have been displaced priority access to newly developed or preserved affordable housing.

Why do we need to prioritize affordable housing?

For Denver to be an inclusive city, it is important for everyone to have housing that fits within their budget. For most people, rent or mortgage payments are the single biggest expense. Two factors – households' income and the amount they pay for housing – drive whether a household can pay for their housing without compromising other important goals, like buying food and medicine, saving for homeownership, or planning for their child's college education. In Denver, like other growing cities nationally, housing costs have grown faster than household incomes, putting significant strain on a growing number of Denver residents.

In Denver, both the median rent and median home value nearly doubled from 2010 to 2019 and rents and home sales prices have continued to remain high. Income growth has not kept pace.

What is housing cost burden and who does it impact?

As a result of growth, gentrification and stagnant wages, nearly 115,000 households in Denver (35%) pay more than the recommended 30% of their incomes on housing costs. When people don't have access to housing options that fit within their budgets, generally considered to be 30% or less of household income, households may face difficult choices and housing instability.

People may forgo other spending or savings goals. They may be forced to leave the communities they've long called home because they can no longer afford to stay. They may find housing in a cheaper area or double up with friends or family, perhaps leading to longer commutes to work or moving their children into a new school district, disrupting their child's education. Some may ultimately find themselves experiencing homelessness.

Housing cost burden is widespread among lower-income households. Four out of every five households earning 30% of the area median income or less (more than 30,000



households) are paying more than 30% of their income for housing, and 64% (nearly 25,000 households) are paying more than half their incomes toward these costs. In contrast only 6% of households earning over 120% of the AMI face this housing cost burden.

How has Denver's growth impacted residents?

In recent years, Denver has experienced rapid growth. From 2010 to 2019, according to estimates from Root Policy Research, Denver added more than 120,000 residents and 56,000 households. This represents a 22% increase in the number of households living in Denver, far surpassing growth rates nationally (7%) and statewide (14%). While this growth is a sign of Denver's strong economy and desirability, it challenges the affordability of the housing market. More households moving to Denver means more renters and home buyers seeking out the same apartments, condos, and homes.

The majority of these new households have higher incomes and may be able to afford to pay higher rents and buy more expensive homes. The vast majority of the growth (45,000 households) has come from households earning above 120% AMI. area median income. At the same time, Denver lost 10,500 households earning less than 60% of AMI. For Denver to remain inclusive, reversing this trend is critical.

What is involuntary displacement?

When an area experiences new investment and an influx of higher- income residents, neighborhoods may face both positive and negative neighborhood impacts. While increasing property values can be a benefit to some, they also force some residents and businesses out of the area, which is called involuntary displacement.

How prevalent is involuntary displacement in Denver?

HOST reviewed existing data on housing needs and prevalence of involuntary displacement: 115,000 households – 35% of all households in Denver – are experiencing housing cost burden, which is a primary indicator of housing instability; and 48,000 households spend more than half of their incomes on housing costs. Additionally, 30% of City and County of Denver renters reported experiencing displacement as identified in Metro Denver's Analysis of Fair Housing Impediments study.

Where is involuntary displacement happening?

While involuntary displacement may happen to anyone citywide, the City evaluates neighborhood-level risk factors for involuntary displacement. Neighborhoods vulnerable to involuntary displacement include those where the data shows that households tend to



have lower income and less formal education than Denver's population as a whole. These neighborhoods also have a higher proportion of renters. These factors are indicators that households may be less likely to have the financial capacity to withstand mounting housing costs and could be forced to move to find housing they can afford. These data show that median household income is lower than the citywide median household income, the percentage of renters is higher than the citywide rate, and the percentage of the population with less than a bachelor's degree is higher than the citywide percentage. Neighborhoods vulnerable to involuntary displacement are primarily, though not exclusively, located in North and West Denver, and include Globeville, Elyria Swansea, Northeast Park Hill, West Colfax, Villa Park, Westwood, Mar Lee, parts of Harvey Park, Sun Valley, Valverde, Montbello, and Green Valley Ranch ([full map](#)).

Who will benefit from prioritizing affordable housing?

People who are likely to benefit are those who:

- Have long-standing ties/deep roots in the Denver community; or
- Are struggling to keep up with rising housing costs (e.g., facing foreclosure, paying more than 40% of their incomes on housing);
- Need to move because they are losing their housing through no fault of their own (e.g., no cause eviction, renters who must leave because property owners are selling the unit)

How will this prioritization policy work?

A portion of affordable housing created by the city – both for rent and to own – will be part of this policy, including:

- residential units regulated through negotiated agreements,
- HOST funding recipients, and
- others required through policy (such as large redevelopment areas)

Residents can apply for priority status on a new, user-friendly affordable housing website. Residents can then sign up for notifications about affordable housing opportunities that meet their needs on the website. Property managers and developers will post affordable rental vacancies and new affordable for sale opportunities on the site. Units subject to the policy would be available for 14 days for residents to express interest. Property managers would then prioritize residents at risk of or who have been displaced who express interest for the rental or for sale home. If the resident meets the other requirements for the home, they could lease or buy the unit.



Why will 30% of units be prioritized? How did you get to this proportion?

The legal standard for determining the percentage of units the policy applies to is that it must be “rationally related” to the incidence of involuntary displacement in Denver. To develop a rationally related standard, HOST reviewed existing data on housing needs and prevalence of involuntary displacement. 115,000 households – 35% of all households in Denver – are experiencing housing cost burden, which is a primary indicator of housing instability. Additionally, 30% of City and County of Denver renters reported experiencing displacement as identified in Metro Denver’s Analysis of Fair Housing Impediments study. As both indicators demonstrate a similar proportion, we have determined 30% as the rationally related percentage for this policy. One community, San Francisco, used a percentage that was selected without a data-driven rationale by City Council, and this yielded further investigation by the U.S. Department of Housing and Urban Development (HUD). To ensure the appropriateness of this scale, HOST believes it is important to maintain a data-driven standard. This approach uses the best data available to set this standard.

Why does this policy only apply to income-restricted housing?

Based on the data that we have, Denver is consistently losing households at or below 60% area median income (AMI). We want to implement policies that will help give those households more choice and opportunity to stay in Denver and not have to leave because they can no longer afford to live here. Given our policy goals, it is appropriate to apply this policy to income restricted housing exclusively.

Additionally, the Department of Housing Stability needs an ongoing relationship with properties to ensure compliance with the policy. This policy will be added to existing compliance checks for properties citywide that HOST oversees. It would be difficult to set up a relationship with market rate housing because one does not already exist.

Which housing developments does the policy apply to?

Affordable Rental Units: The policy would apply to new and newly preserved affordable housing rental units and would include city-regulated affordable units. The city regulates units that receive city funds, that are required through policy (e.g., mandatory housing), or that are negotiated in agreements with the city. The policy would apply to mandatory housing when the building is a minimum of 100 units or any sized building that is built in an [area vulnerable to displacement](#). The requirements would apply to initial lease-ups and subsequent lease-ups of vacant units for the affordability period of rental developments



Affordable Homeownership Units: The policy would apply to newly built affordable homeownership units and would include city-regulated affordable units. The city regulates units that receive city funds, that are required through policy (e.g., mandatory housing), or that are negotiated in agreements with the city. The policy only applies when the development is 10 units or more. The policy requirements would only apply at first sale and not on subsequent sales.

Is this legal? What has happened in other communities that have tried this?

Some communities that have established similar prioritization policies (sometimes also called preference policies) have faced legal challenges on the basis that they reinforce neighborhood segregation. The primary legal challenge is in New York City where the policy was borough-based. Only people who currently lived in the borough were able to be prioritized for units in that borough. This meant that only people who currently lived in Manhattan received preference for units in Manhattan. Denver's approach has explicitly taken this learning into account and is proposing a citywide policy for this reason. Anyone citywide or who previously lived in Denver who experienced or is at risk of involuntary displacement is eligible for prioritized units throughout the city.

Who is checking to ensure developers and property managers are complying with the policy?

HOST will be following compliance of the property managers and developers to ensure compliance. For affordable rental units, developers and property managers will be accountable for ultimately leasing units to prioritized households and would need to demonstrate that 30% of the units were occupied by prioritized households as measured and assessed at least every three years. For affordable homeownership units, developers would need to demonstrate that 30% of the units were sold to prioritized households in the initial sales.

How does prioritization policy and expanding housing affordability interact?

The prioritization policy will apply to mandatory housing in certain instances. The policy will apply when any sized mandatory housing building is built in an [area vulnerable to displacement](#). In other areas of the city, the policy will apply when the mandatory housing building has a total of 100 units or more. The policy will only apply to 30% of the affordable units within the building.



What in this policy would ensure that the affordable housing that is set aside for displaced Denverites would be affordable to those households?

While households will need to meet the income requirements for prioritized units they seek to rent, the prioritization policy is complemented by HOST's efforts to expand deeply affordable housing in Denver through the developments we fund. While local government does not develop housing itself, the City and County of Denver has a responsibility to attend to the housing needs of our residents at the lowest income levels. The market does not provide housing that is affordable to all of our teachers, service workers, and hospitality workers. To ensure Denver can stay an inclusive city where everyone can share in our prosperity, it is our obligation as government to partner to help meet these needs.

None of the new rental units added to Denver's housing stock between 2010 and 2019 were affordable to households earning at or below 30% of the area median Income without public funding. To build homes affordable to households at the lowest incomes, developers rely upon federal, state, and local resources. At the federal and state level, these include tax credits and bonds to help finance upfront costs, rental subsidies to provide operating income for the properties, etc.

While these resources are not scaled to meet the need, HOST is prioritizing deeply affordable homes (i.e., those affordable at or below 30% of AMI), three or-more bedroom homes, and supportive housing within our goal to create or preserve 7,000 affordable homes Denver. Of the new rental units anticipated in our 2022 Action Plan, 30% of those are expected to be affordable to households earning at or below 30% of AMI.