



Affordable Denver Fund

Budget and Policy
July 8, 2024

Topics for Today

1. An overview of Area Median Income in Denver
2. The affordability challenge in our city and its impacts
3. The solution to creating a more affordable Denver

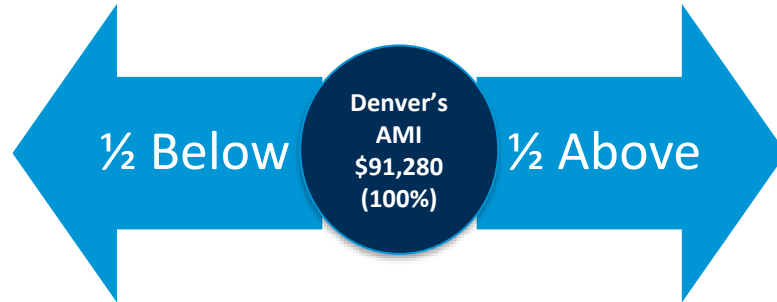


Area Median Income

A Breakdown in Denver

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

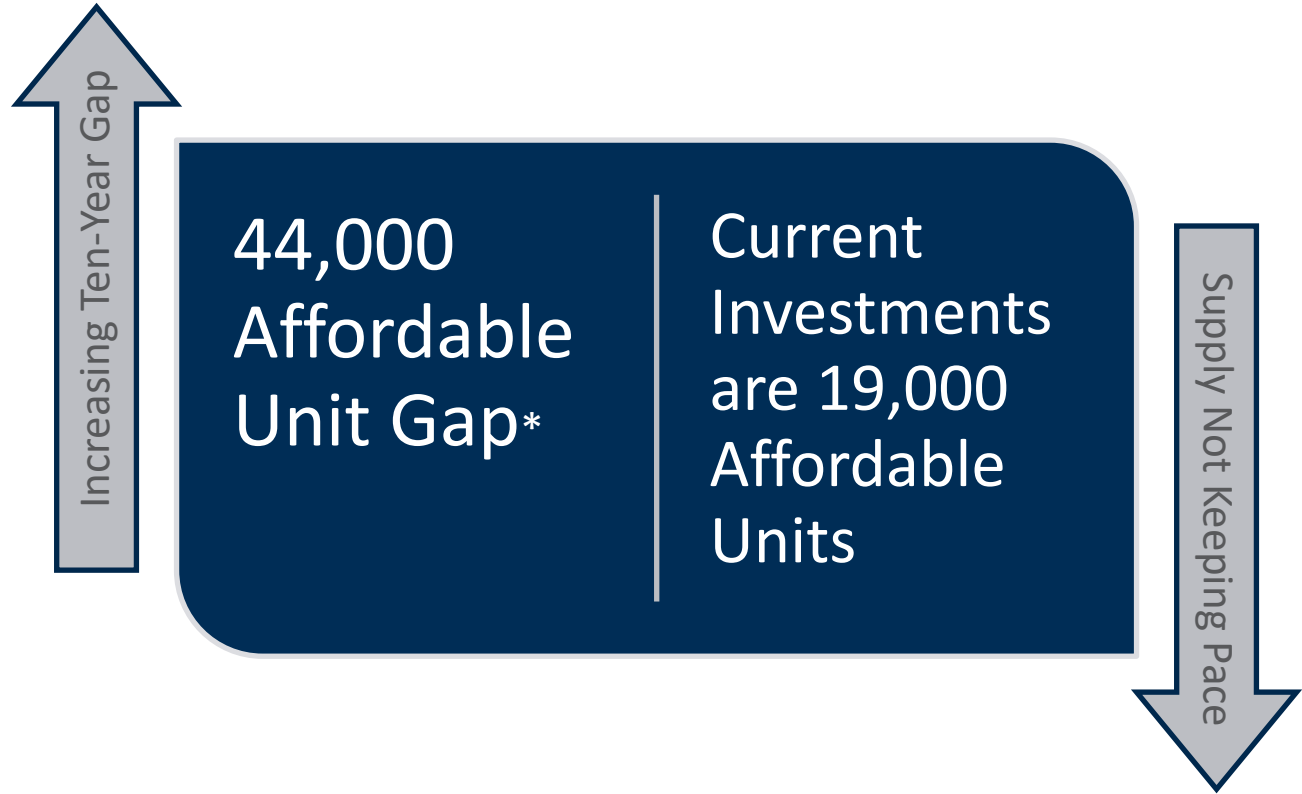
Middle Income



The Problem

A Lack of Affordable Housing

Problem



*DRCOG Regional Housing Needs Assessment – Forecast Findings

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

Social and Economic Impact of Housing Costs

- *39% of Denverites are housing burdened*
- People are moving outside of Denver for attainable housing
- Aging adults being displaced and losing their homes
- Growing number of teacher, nurses, firefighters and others can no longer afford to live in the community where they work
- Businesses cannot attract and retain talent
- Housing costs are the top cause of homelessness



Council Priorities: 2025 Budget Letter Alignment

Budget Goal

Ensure the people of Denver are housed by improving the housing pipeline and ensuring the diversity and stability of housing. Meet the needs of those experiencing homelessness or who are vulnerable to homelessness and implement proven and innovative methods to mitigate and reduce involuntary displacement.

Strategies

- *Develop innovative financing tools for housing to best leverage public resources*
- *Aim to increase the proportion of investments into land purchases and housing outcomes*
- *Expand funding for ADU construction assistance*



The Solution

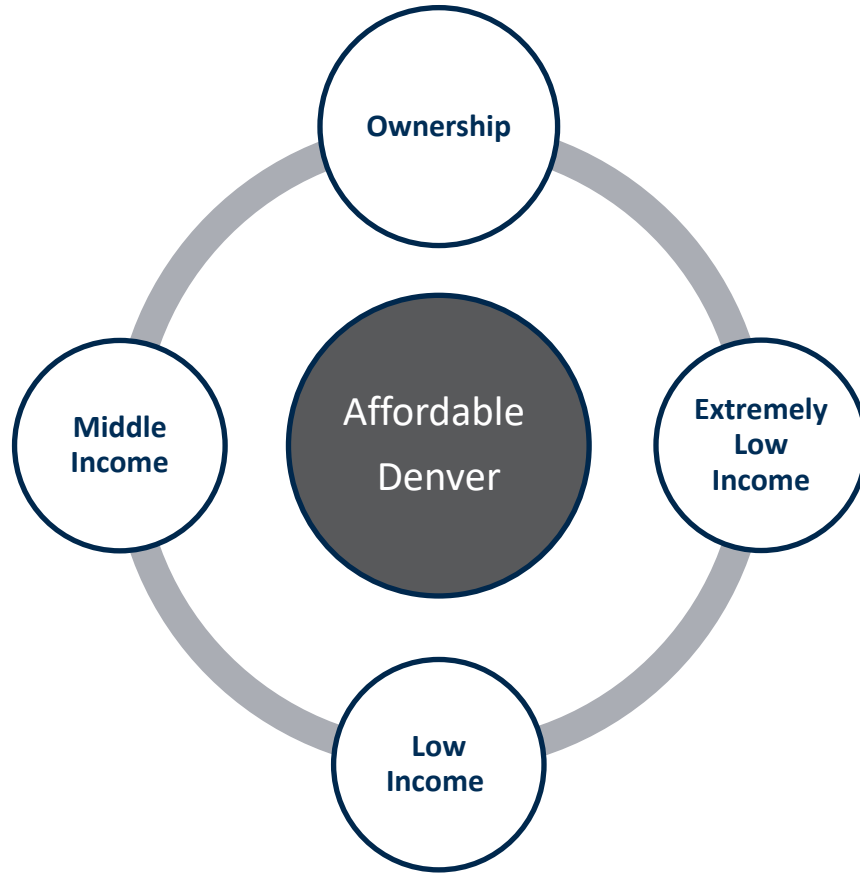
Creating an Affordable Denver

Solution: A Dedicated Revenue Stream for Housing

- Dedicate \$100m more a year to addressing need across the entire housing spectrum
- This would be a dedicated 0.5% sales tax (5 cents on a \$10 purchase)
- This would mean a \$5 cup of Starbucks coffee would cost you about 2.5 cents more



The Solution: *Affordable Denver Fund*



Affordable Denver Strategies

Extremely Low Income

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

Low Income

- Expanding Gap Financing
- Acquisition
- ADUs

Middle Income

- Concessionary Equity
- Construction Loans

Ownership

- Down Payment Assistance
- Land Trust
- Preservation

A Comprehensive Approach

- In addition to more resources, we must continue our work to:
 - Decrease permitting time and lessons learned from AHRT
 - Examine zoning changes and available policy levers
 - Determine necessary changes to policy tools such as Expanding Housing Affordability (EHA)

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

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?