



Affordable Denver

All In Denver's Proposal to Accelerate and Broaden Denver's Housing Plan **DRAFT FOR DISCUSSION ONLY – SEPTEMBER 5, 2017**

"It cuts me to the core as I witness my friends and family members get priced out of their homes, and entire minority neighborhoods struggle just to get by. Like you, I find the pace shocking." -- Mayor Michael Hancock, State of the City, July 10, 2017

Denver's Housing Crisis and a Documented Willingness to Respond

By any measure, Denver is in the midst of an affordable housing crisis. Tens of thousands of families are paying more than half of their monthly income to pay rent. Home ownership is largely limited to the city's highest income households. The working poor and the city's homeless population confront bleak living choices every day. Denver's teachers, nurses, firemen and other professionals cannot afford to live close to their jobs. There is growing concern in our business community about the long-term economic viability in a city that now has the highest housing prices of any non-coastal community in the nation. By the numbers, Enterprise Community Partners has estimated that more than 103,000 of Denver households (36% of the city) are "cost-burdened", defined as paying more than 30% of their monthly income toward housing costs.

As Mayor Hancock observed in his recent State of the City speech, entire neighborhoods are being transformed in a matter of months, erasing our city's diversity, raising barriers to opportunity and, ultimately, crippling our economic competitiveness. This challenge speaks to our community identity, and it forces us to reflect on what kind of City do we want to be—an inclusive City where everyone has an opportunity to prosper and put down roots, or an unattainable City that is simply out of reach?

Affordable housing is at the top of people's minds among a significant majority of Denver voters. In a recent poll commissioned by Enterprise Communities and All In Denver, affordable housing, homelessness and the city's cost of living trail only education as the top priorities that voters want the Mayor and City Council to address. And at a time when federal and state housing funding and policy are both under siege, this poll also found that Denver voters want more local action to address our housing challenges, and are willing to invest in bolder solutions.

To pro-actively combat our affordable housing crisis, All In Denver has proposed that the City ask Denver voters to support an affordable housing bond issue in the fall of 2018. This bond approach has been supported by strong majorities of voters in cities and counties throughout the West, including the cities of Seattle, Portland, San Francisco and the counties of Alameda, Santa Clara and Los Angeles. We believe that a housing bond fund can create the resources and leverage needed to supply more homes and help thousands more Denver residents—and at a faster pace—than our current tools and resources allow. This approach offers the funding, civic innovation and urgency needed to preserve Denver's diversity, opportunity and economic competitiveness before it is too late.



Housing Bond

Here's the math: Denver's dedicated affordable housing fund (approved last fall) is expected to create 600 new units of affordable housing each year for the next ten years, or a total of 6,000 units. **An affordable housing bond issue that borrows against the one-half mill already in place--without raising taxes--could generate up to \$150 million to create, acquire and preserve more units—and help more households – in a shorter time frame to meet the urgency of the crisis.** For an additional one-half mill, which translates into a yearly property tax increase of about \$15 on the average homeowner, the pool of resources grows to \$300 million and can meet the needs of even more households.

Our aspirational goals for the housing bond approach include the following:

- Create and preserve more affordable housing units in less time.
- Respond more quickly to stabilize neighborhoods that are at risk of gentrification.
- Establish a fund that allows Denver to be responsive to changing market conditions and new financial leverage opportunities.
- Allow more robust short-and long- term strategies to create and preserve affordable housing, supported by ample resources that encourage a more forward-thinking approach.
- Protect Denver's long-term economic vitality by helping to create a balanced housing supply that provides living opportunities for diverse households with varying incomes.

One Part of a Larger Strategy: We want to make it clear that a housing bond is not a singular solution, nor should it be viewed as the sole focal point of Denver's future housing strategy. A comprehensive solution will be about not just about building and preserving more income-restricted units. Denver will also need to be even more innovative, creative and open to other tools that can work together simultaneously: zoning changes, promoting new housing options in terms of size, type and density, and adjustments in our regulatory framework to speed housing permitting and delivery. It should also include ongoing commitments by our elected officials to bolster the dedicated affordable housing fund – which will still be funded by development linkage fees -- with additional infusions from the general fund when economic times are good.

How Could We Invest \$150 to \$300 Million To Address Denver's Affordable Housing Gap?

Below *is just one scenario* for investing the bond fund with a combination of funding targets that could be modified and adjusted to address changing market conditions. Our scenario assumes that the bond funds would be leveraged by a variety of other sources, ranging from conventional government housing subsidies and tax credits to more unconventional corporate and foundation investments. A myriad of other scenarios should be considered that also incorporate best practices from throughout the nation, and leverage the expertise from Denver's private, public and non-profit development communities including—importantly—the City's Housing Advisory Committee.



DRAFT HOUSING BOND SCENARIO: FOR DISCUSSION ONLY			
CATEGORY: PERMANENT AFFORDABLE HOUSING (60% of fund)			
	Average Investment/Unit	\$150M Fund Impact	\$300M Fund Impact
PRODUCTION: New Affordable Housing -- Gap financing for new affordable rental housing including supportive housing throughout Denver. Includes targeted efforts to encourage affordable housing along transit corridors and light rail stations.	\$ 25,000	1,000 units (\$25M)	3,000 units (\$50M)
LAND: Community Land Trusts & Other Acquisitions -- Funding to support community land trusts and other permanent affordable housing tools in both targeted neighborhoods of change and citywide.	\$ 25,000	1,000 units (\$25M)	2,000 units (\$50M)
PRESERVATION: Prevent Displacement in Existing Neighborhoods -- Funding to pay for a variety of assistance programs to help existing residents remain in their communities. For example, funding to mitigate increasing property tax burdens confronted by fixed and low income households in rapidly transitioning neighborhoods. Could include recapture provision if home is sold within five years. Also target efforts to extend existing “term limited” affordable housing that is expiring in the next five years.	\$ 15,000	1,660 units (\$25M)	3,330 units (\$50M)
OTHER OPPORTUNITIES: Special Projects and Acquisitions -- A special projects fund that can capitalize on opportunities that arise. Examples include supporting the recent Safe Occupancy Program or land acquisition options such as the Loretto Heights property.	\$ 15,000	1,000 units (\$15M)	2,000 units (\$30M)
SUBTOTAL		4,660 units	9,320 units
CATEGORY: HOMELESS SERVICES AND HOUSING (25% of fund)			
	Average Investment/Unit	\$150M Fund	\$300M Fund
Homeless Services & Transitional Housing A five-year push to significantly-reduce the homeless population in Denver by providing a combination of supplemental services and transitional housing.	\$ 15,000	2,500 units (\$37.5M)	5,000 units (\$75M)



Housing options include new permanent supportive units, transitional and emergency housing options, emergency rental assistance, emergency shelter, and supportive services.			
HOME OWNERSHIP ASSISTANCE (15% of fund)			
	Average Investment/Unit	\$150M Fund	\$300M Fund
Home Ownership Assistance Down-payment assistance to help first time low and moderate income homebuyers enter the housing market. A recapture provision could be applied if homes are resold within five years.	\$ 15,000	1,500 units (\$22.5M)	3,000 units (\$45M)
TOTAL PROGRAM – FIVE YEARS		\$150M	\$300M
		8,660 units	17,320 units

Program Governance

To reach the ambitious goals outlined in this Affordable Denver approach, a public/private/non-profit governance structure would be required that brings together all of the partners in Denver’s real estate delivery system. Think of the innovative governance structures that have been created to accomplish some of Denver’s most ambitious civic projects – consider the Authority structure created for Denver’s Union Station or the new public/private partnership being formed to guide the development of the National Western Center. All In Denver believes the following general principles should inform how an effective governance structure is determined and put in place:

- Capacity to handle large sums of funding effectively, transparently, and expeditiously
- Knowledge of Denver’s affordable housing environment
- Independence from potential conflicts of interest
- Experience to simultaneously managing multiple housing and related programs
- Representation of different sectors of the affordable housing industry, including representation of developers, nonprofits, philanthropy, homeless, City Council, and the Mayor’s Office
- Minimize administrative costs

Civic partners needed to implement Affordable Denver would include:

- Mayor Hancock, Denver City Council, Office of H.O.P.E. and other appropriate city departments
- Non-profit and for-profit affordable housing developers
- Coalition representatives for the homeless and other at-risk populations
- Foundations and corporations
- Business organizations such as the Metro Denver Chamber and Downtown Denver Partnership
- Denver’s best minds in real estate law and finance
- Denver Housing Authority and Denver Urban Renewal Authority



What Next?

All In Denver offers this proposal as a starting point in a conversation, a “Version 1.0” to generate input, feedback and discussion about the compelling advantages of advancing a Denver housing bond in the fall of 2018. We also hope the concept of a housing bond generates discussion at the City’s Housing Advisory Committee, whose report and recommendations on how to maximize the benefits of the dedicated fund are expected to go before City Council this fall.

All In Denver is a non-profit advocacy organization that believes an equitable city is where all people have the opportunity to prosper and thrive. For more information, visit All In Denver at www.allindenver.org.