Full House:
Tuning Up Your Land Use Regulations to Promote Housing Choices

Presented by
Heidi Aggeler, Managing Director
BBC Research & Consulting
March 16, 2017
BACKGROUND

Housing Policy
Income Thresholds & Target Housing

**“extremely” low income**
$\leq 24,000$ per year, poverty level

< 30% MFI

- Public housing, Section 8, tenant-based rental assistance, transitional housing, other deeply subsidized rentals.

**“very” low income**
$24,000 - 40,000$ per year

30 - 50% MFI

- Public housing, Section 8, rental tax credit developments, other rental products. Shared equity and land trust for homeownership.

**“low” income**
$40,000 - 65,000$ per year

50 - 80% MFI

- Generally live in privately provided rental housing. Ownership with shared equity, land trust, other deed-restricted products, attached homes, homes in affordable areas.

**“median” to “moderate” income**
$65,000 - 95,000$ per year

80 - 120% MFI

- Privately provided rental housing. General target for homeownership programs, can buy without assistance in affordable areas.
Role of the Private Sector in Providing Housing

It is **critical** that the private sector is part of affordable housing strategies.

- **80-85%** Rental Units
- **95-98%** Homes
RECENT TRENDS
## National v. Western U.S. Growth

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>281,421,906</td>
<td></td>
<td>323,127,513</td>
<td>41,705,607</td>
<td></td>
</tr>
<tr>
<td>Arizona</td>
<td>5,130,632</td>
<td>2%</td>
<td>6,931,071</td>
<td>1,800,439</td>
<td>4%</td>
</tr>
<tr>
<td>Colorado</td>
<td>4,301,261</td>
<td>2%</td>
<td>5,540,545</td>
<td>1,239,284</td>
<td>3%</td>
</tr>
<tr>
<td>Idaho</td>
<td>1,293,953</td>
<td>0%</td>
<td>1,683,140</td>
<td>389,187</td>
<td>1%</td>
</tr>
<tr>
<td>Nevada</td>
<td>1,998,257</td>
<td>1%</td>
<td>2,940,058</td>
<td>941,801</td>
<td>2%</td>
</tr>
<tr>
<td>New Mexico</td>
<td>1,819,046</td>
<td>1%</td>
<td>2,081,015</td>
<td>261,969</td>
<td>1%</td>
</tr>
<tr>
<td>Utah</td>
<td>2,233,169</td>
<td>1%</td>
<td>3,051,217</td>
<td>818,048</td>
<td>2%</td>
</tr>
<tr>
<td>Wyoming</td>
<td>493,782</td>
<td>0%</td>
<td>585,501</td>
<td>91,719</td>
<td>0%</td>
</tr>
<tr>
<td>California</td>
<td>33,871,648</td>
<td>12%</td>
<td>39,250,017</td>
<td>5,378,369</td>
<td>13%</td>
</tr>
<tr>
<td>New York</td>
<td>18,976,457</td>
<td>7%</td>
<td>19,745,289</td>
<td>768,832</td>
<td>2%</td>
</tr>
<tr>
<td>Texas</td>
<td>20,851,820</td>
<td>7%</td>
<td>27,862,596</td>
<td>7,010,776</td>
<td>17%</td>
</tr>
</tbody>
</table>
Net migration is driving growth in (again)

-40,000
-20,000
0
20,000
40,000
60,000
80,000

Natural Increase
Net Migration

Creates challenges in addressing needs because needs, characteristics and preferences of in-migrants are unknown
Growth Today is Different from 1990–2000

- Slower in pace
- Similar in numbers
- Different in housing preferences

Net Migration by Age, Denver Region, 2000-2010

Huge migration of 24-35 year olds (their housing decisions will heavily influence growth)
# National v. Regional Affordability

- Nationally, largest price jumps occurred in the 1970s and 1990s (rents only)
- Regionally, price jumps occurred in the late 1990s

### United States

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Home Value</td>
<td>$17,100</td>
<td>$51,300</td>
<td>$79,831</td>
<td>$123,887</td>
<td>$160,000</td>
<td>100%</td>
</tr>
<tr>
<td>Median Owner Income</td>
<td>$9,700</td>
<td>$19,800</td>
<td>$35,589</td>
<td>$50,505</td>
<td>$60,000</td>
<td>69%</td>
</tr>
<tr>
<td>Median Rent</td>
<td>$108</td>
<td>$241</td>
<td>$256</td>
<td>$646</td>
<td>$850</td>
<td>232%</td>
</tr>
<tr>
<td>Median Renter Income</td>
<td>$6,300</td>
<td>$10,500</td>
<td>$20,295</td>
<td>$26,848</td>
<td>$30,000</td>
<td>48%</td>
</tr>
</tbody>
</table>

### Denver Region

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Home Value</td>
<td>$86,800</td>
<td>$189,000</td>
<td>$259,000</td>
<td>198%</td>
</tr>
<tr>
<td>Median Rent</td>
<td>$429</td>
<td>$750</td>
<td>$1,124</td>
<td>162%</td>
</tr>
</tbody>
</table>
Regional Homeownership Affordability

Note: Lower numbers indicate higher levels of affordability

U.S. Affordability Rank (out of 225)
Western U.S. Affordability Rank (out of 72)
Regional Rental Affordability

Very low levels of post-recession development + rapid influx of renters = highest rents in history

Average Rents, Denver Region

New Apartment Units Added in Metro Area by Year
Result? Growing Income Segregation

Top Income Segregated Cities in the Nation

New York City (1st)
San Antonio (2nd)
Philadelphia (3rd)
Denver (4th)

Residential Income Segregation Index (RISI) = 55 in 2010 v. 34 in 1980

Lower is better!

Denver is also the 2nd worst city behind New York for the percentage of low income households living in low income areas

AND has the 3rd largest increase in segregation between 1980 and 2010
Why do we have affordable housing needs?

1. Physical development of housing *lags behind the factors* that create demand (direct assistance more flexible)

2. **Inconsistent philosophies** if/how the government should address housing needs and poverty

3. Housing initiatives often driven by **other policy goals**

4. Housing is **very dynamic**, closely tied to many aspects of the economy: interest rates, tax incentives, returns on capital, employment levels, demographic shifts, immigration