Setting the Stage: Diagnosing the Problem
Agenda

- What constitutes affordable housing? Where is the region in affordability? How does the Western experience compare with other areas?

- Why did prices rise so much, so quickly? What should we expect in the future?

- What can we do to address those who have not benefitted from market gains? How do we plan for what the future will bring?
What is affordable housing?

Federal definition of affordability:

1). Housing costs are “affordable” if they do not exceed 30% of household’s gross monthly income

2). “Costs” include basic utilities, mortgage insurance, HOA fees and property taxes

Households paying >30% for housing are “cost burdened”

Households paying >50% for housing are “severely cost burdened”
It is **critical** that the private sector is part of affordable housing strategies.

- **80-85%** Rental Units
- **95-98%** Homes
## Income Thresholds & Target Housing

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Description</th>
<th>Subsidy Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>“extremely” low income</td>
<td>&lt;= $27,000 per year, poverty level</td>
<td>Public housing, Section 8, tenant-based rental assistance, transitional housing, other deeply subsidized rentals.</td>
</tr>
<tr>
<td><strong>&lt; 30% MFI</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>“very” low income</td>
<td>$27,000-$45,000 per year</td>
<td>Public housing, Section 8, rental tax credit developments, other rental products. Shared equity and land trust for homeownership.</td>
</tr>
<tr>
<td><strong>30-50% MFI</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>“low” income</td>
<td>$45,000-$71,000 per year</td>
<td>Generally live in privately provided rental housing. Ownership with shared equity, land trust, other deed-restricted products, attached homes, homes in affordable areas.</td>
</tr>
<tr>
<td><strong>50-80% MFI</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>“median” to “moderate” income</td>
<td>$71,000-$107,000 per year</td>
<td>Privately provided rental housing. General target for homeownership programs, can buy without assistance in affordable areas.</td>
</tr>
<tr>
<td><strong>80-120% MFI</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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, in-migration
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)
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.
Western States have considerable potential to absorb outmigration of residents in higher priced areas.
Critical Needs: Affordable Rentals

- **20,000 more poor** renters than in 1999 v. **50,000 more rich** renters (earning <$75,000)
- New development priced to accommodate **new high income renters**. Low rent units moved up to accommodate middle income renters.
- **54%** of renters today are cost burdened v. **39%** in 1999
- The region lacks reliable, effective means to address low income renters’ needs
- City of Denver still disproportionate provider of region’s rentals, but:
  - Now has some of the **highest rents**
  - Lack of larger units + rising rents = **families seeking units in suburbs**, where rental development lags demand
We will also need expanded social services and transit for:

- Population of residents with disabilities, increase of **250,000**
- Persons living in poverty, increase of **140,000**
- Seniors, the vast majority of whom will age in place. Suburban counties will age the fastest.

**Critical Needs: Long Term Services**

- 1 in 5 (or 800,000) residents will be seniors v. 1 in 10 now
How Can We Grow Smarter?

• Equalize the geographic distribution of amenities Millennials and immigrants demand

• Distribute a variety of housing products to accommodate workers closer to areas of employment. Focus on micro-economies within region.

• Continue to expand transit options

• Reduce economic inequality
Factors Impacting Housing Affordability

Rocky Mountain Land Use Institute
6 March 2019
How Did This Become Such A Hot Topic?

Wages vs Housing (Price and Rent): Annual Growth

Source: Analyst calculation from Bureau of Labor Statistics QCEW, Apartment Association of Metro Denver Rent Survey & Case-Shiller Index
A Year Over Year Dynamic

Change in Households and Housing Units
Annual Growth

Source: Analyst calculation from Colorado State Demographer Estimates
A Total Picture

Households vs. Housing Units
Seven-County Denver Metro Region

Source: Colorado State Demographer Estimates
A Look Into the Future

Residential Permits and Housing Surplus/Deficit
(Assumes 100% Realization Rate of All Permits)

Source: Analyst calculation from Colorado State Demographer Data
The Bottom Line: SUPPLY
FACTORs IMPACTING HOUSING AFFORDABILITY

- Market Environment
- Regulations
- Consumer Preferences
- Labor
- Industry Productivity
- Materials
- Land
- Other
Labor Productivity May Be a Low Hanging Fruit

Real Gross Value Added per Hour Worked
(2007 = 1)

Source: Analyst calculation from Bureau of Labor Statistics
Labor Productivity May Be a Low Hanging Fruit

Source: Analyst calculation from Bureau of Labor Statistics and Colorado State Demographer
Not A Colorado or Recent Issue
Productivity Continuum – Potential to Catch Up

1. Stick Built (traditional)

2. Components

3. Modular

4. 3D Printing
FACTORS IMPACTING HOUSING AFFORDABILITY

- Market Environment
- Regulations
- Labor
- Consumer Preferences
- Industry Productivity
- Materials
- Land
- Other
Regulations: It’s Complicated - Fees

<table>
<thead>
<tr>
<th>Multifamily Buildings (per unit - 2017)</th>
<th>Low</th>
<th>Moderate</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Core Fees</td>
<td>Impact Fees</td>
<td>Core Fees</td>
</tr>
<tr>
<td></td>
<td>$3,000-$9,000</td>
<td>$0-$2,000</td>
<td>$3,000-$24,000</td>
</tr>
<tr>
<td></td>
<td>$6,000-$16,000</td>
<td>$0-$13,000</td>
<td>$1,000-$21,000</td>
</tr>
<tr>
<td></td>
<td>$3,000-$10,000</td>
<td>$11,000-$20,000</td>
<td>$21,000-$27,000</td>
</tr>
<tr>
<td></td>
<td>0 – 25%</td>
<td>8 – 32%</td>
<td>17 – 48%</td>
</tr>
</tbody>
</table>

Source: Analyst calculation of fee structures from various jurisdictions
Regulations: It’s Complicated – Land Use
FACTORS IMPACTING HOUSING AFFORDABILITY

- Market Environment
- Regulations
- Consumer Preferences
- Labor
- Industry Productivity
- Materials
- Land
- Other
Land: We Have a Lot, But Not Really

5 Years

Use by Right Residential - Denver Metro Region

Source: Analyst calculation of zoning from jurisdictions and county assessor parcels
Materials: Mixed Results

<table>
<thead>
<tr>
<th>Major Material</th>
<th>2007-2016 Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ready-Mix Concrete</td>
<td>21.9%</td>
</tr>
<tr>
<td>Softwood Cut Stock &amp; Dimension</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Plywood</td>
<td>9.2%</td>
</tr>
<tr>
<td>Gypsum</td>
<td>24.1%</td>
</tr>
<tr>
<td>Copper Wire &amp; Cable</td>
<td>-20.3%</td>
</tr>
</tbody>
</table>

Source: Producer Price Index
Factors Impacting Housing Affordability

- Market Environment
- Regulations
- Consumer Preferences
- Labor
- Industry Productivity
- Materials
- Land
- Other
Consumer Preference: More = More

Source: Analyst calculation of Census and county assessor files
Consumer Preference: Then vs. Now

Source: Analyst calculation of Census and county assessor files
Factors Impacting Housing Affordability:

- Market Environment
- Regulations
- Consumer Preferences
- Industry Productivity
- Materials
- Land
- Other
Other: More Inquiry is Needed

- Construction Defects
- Investor Owned Units
- Localized Policies
- Lending
- Economic Development
- ???
Why Everyone Should Care
FOREGONE SPENDING TO THE COLORADO ECONOMY

Additional dollars spent on housing that could otherwise go to...

$2 Billion

Source: Analyst calculation from 2010-2014 American Community Survey Estimates and 2013/2014 Consumer Expenditure Survey data
Why Everyone Should Care
FOREGONE SPENDING TO THE INTERMOUNTAIN WEST ECONOMY

Additional dollars spent on housing that could otherwise go to...

Idaho: $670 Million
New Mexico: $850 Million
Montana: $415 Million
Wyoming: $200 Million

Source: Analyst calculation from 2010-2014 American Community Survey Estimates and 2013/2014 Consumer Expenditure Survey data
Everyone Should Care About Housing Affordability

Health Impacts

Education Impacts

Economic Impacts

Fiscal Impacts

Source: Analyst calculation from 2011-2016 American Community Survey Estimates and 2013/2014 Consumer Expenditure Survey data
The Full Report is Available at
https://www.shiftresearchlab.org/HousingUnaffordability

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Phyllis@coloradofuturescsu.org
303.579.8992
Rocky Mountain Land Use Institute
Setting the Stage: Diagnosing the Problem
Community Land Trusts to Ensure Permanent Affordability
March 6, 2019
About ULC

- Mission: To acquire, develop, and preserve urban community assets in Metro Denver.

- Initial $17M seed capital investment from Gary Williams Energy Corp. has leveraged over $100 million in 34 real estate investments. These 34 properties have leveraged over $900M in redevelopment, serving over 10,000 low and moderate income individuals.

- Over 1,500 permanently affordable homes.

- More than 2,000 full and part-time jobs are supported by ULC real estate investments.

- Acquire strategic sites in anticipation of market changes through land banking along transit corridors.

- Use the Community Land Trust (CLT) 99 year land lease with partners to ensure permanent stewardship of the improvements.
Colorado is one of the top 10 states experiencing rapid population growth.

25% of Colorado renters are severely cost burdened (paying more than 50% of their income on housing) = 177,000 households.

Colorado is one of the last remaining states without a dedicated source of funding for affordable housing.

In 2018, the Metro Denver region has a deficit of over 100,000 affordable homes.

According to the Denver Post, “Since 2011, wages are up 11.4 percent, while metro Denver rents are up 46.2 percent and home prices are up by half.”

City and County of Denver recently expanded the City’s affordable housing fund ($400 million over the next 10 years)
Community Land Trust (CLT) Model

Trust – Noun: A legal title to property held by one party for the benefit of another.
Jody Apartments, 62 permanently affordable rental units, less than 300 feet from the Sheridan transit rail station along the West Corridor

ULC owns 2 acres of land using the 99-year CLT ground lease with a local nonprofit that owns the improvements

Future redevelopments will have at least 200 mixed income apartments & 25,000 sf of commercial/community space

ULC’s CLT is the steward of this redevelopment, ensuring it will have long term community benefits including affordable housing and nonprofit space.

Phase 1 Awarded LIHTC: 135 permanently affordable apartments in land lease.
Sheridan Station Apartments
Permanent Affordable Housing Along Transit

• The site is located adjacent to the Sheridan light rail station on RTD’s W Line and was chosen as a catalytic site for the Sustainable Communities Initiative sponsored by HUD.
• The site includes 4 parcels of land - 3 vacant lots that were purchased from RTD and 1 that currently houses the Jody Apartments. The assemblage of these 4 lots makes a large scale redevelopment possible.
• In May 2017 ULC’s development partners Mile High Development and Brinshore were awarded 4% LIHTC for the development of 133 units of permanent affordable housing.
• The development will break ground in the first quarter of 2019, and serve residents earning below 60% of Area Median Income (AMI).
• Sheridan Station Apartments will live within ULC’s 99 year renewable ground lease.
Denver’s First Tax Credit Multi-Family CLT

Walnut Street Lofts
66 Units Permanent Affordable Housing Along Transit within a CLT

• 1.4 acre property on RTD’s A Line purchased in 2011 with the Denver TOD Fund

• Land Price = $1,700,000 - property value has increased over 700% in 7 years!

• Land divided into two parcels, Medici Consulting Group (MCG) to develop 66 units of multi-family, permanently affordable rental housing. Project was awarded 9% tax credits in 2017. ULC will sell development rights and own the ground in a 99 year renewable ground lease.

• In advance of development ULC hosted Colorado’s first tiny home village for individuals experiencing homelessness (top left photo).
Race TOD
Equitable Transit Oriented Development within a CLT

Overview: ULC was approached by the City of Denver to acquire an industrial site in the Elyria-Swansea neighborhood adjacent to rail station on the future N Line Commuter Rail for the creation of affordable housing in a neighborhood experiencing rapid displacement.

- ULC acquired the Race TOD site in 2015, and partnered with Columbia Ventures in 2018 to develop the site. ULC will continue to own the land under a 99 year renewable ground lease.

- The first phase of development will include 150 units of permanently affordable housing, and a 30,000 square foot health clinic facility owned and operated by Clinica Tepeyac.

- In direct response to community input, 45 homes will be available to households earning at or below $22,000/year at 30% of Area Median Income (AMI) without federal housing vouchers.
Commercial Properties in Community Land Trusts

Holly Square

- In 2009 ULC purchased and completed demolition of a fire bombed former shopping center on 2.6 acres.
- Holly Area Redevelopment Project (HARP) was created to determine how best the site should be redeveloped equitably
- Boys & Girls Club Center opened in the Fall of 2013
- Roots Elementary opened in July 2015

Curtis Park

- ULC purchased the Curtis Park Community Center in January 2012
- In 2017, Family Star Montessori purchased the Community Center. ULC continues to own the land beneath under a 99 year renewable ground lease.
The Future

ULC and Elevation Community Land Trust

• In December 2018, ULC acquired Inca Commons for $1.8 million using our new $50M Metro Denver Impact Facility (MDIF)....check out Strategic Financing Tools session for more insight

• ULC acquired the property in partnership with Shanahan Development and Elevation Community Land Trust (ECLT).

• The 18,000 square foot site is located in the heart of the Santa Fe Arts District and will support a mixed-use development with resident and commercial space.

• Future development will include at least 86 units of permanently affordable for-sale housing for households earning up to 80% of the Area Median Income (AMI).

Photo courtesy: Kevin Beaty, Denverite
Thank You!
Aaron Miripol
aaron@urbanlandc.org
urbanlandc.org
Expanding Access to Diverse Housing

housingourcommunity.org

Kristin Hyser
City of Boulder
Boulder region is falling short of meeting the need for affordable housing

- Rising Housing Costs
- Wages Not Keeping Pace
- Increasing Land, Construction and Financing Costs
- Lost Affordable Housing Supply
- Growing Job Centers
- Regional Transportation Challenges
- Limited Growth Potential
- Increased Public Concern
Foundation of Partnership

Build on what has been working:

- County Homelessness Strategy
- Intergovernmental Agreements
- HOME Consortium
- Flood Recovery Housing Working Group
Regional Strategy: 5 Priorities

- Establish regional housing goals
- Bolster financial resources
- Secure land and re-development opportunities for future housing
- Preserve affordability of existing housing
- Align regulatory processes with housing goals
Establish Local and Regional Housing Goals

Diverse Housing Goals

6,000 Affordable Homes Currently + 12,000 Additional Affordable Homes Supported by Regional Housing Partnership = 18,000 Total Affordable Homes by 2035

300 Homes/Year New Construction + 1,200 Additional Affordable Homes = 4,500

500 Homes/Year Acquired = 7,500
## Bolster Financial Resources

<table>
<thead>
<tr>
<th></th>
<th>Homes per Year to Acquire and/or Construct for 15 Years</th>
<th>Homes to be Created by Current Local Funding</th>
<th>Homes To Be Created And Additional Funding Needed To Meet 12% Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homes</td>
<td>800</td>
<td>300</td>
<td>500</td>
</tr>
<tr>
<td>Funding</td>
<td></td>
<td>$15,000,000</td>
<td>$25,000,000</td>
</tr>
</tbody>
</table>

![Three images of housing projects](image1)
Secure land and redevelopment opportunities for future housing

Preserve affordability of existing housing
Align Regulatory Processes
BCRHP Progress

- 2017 Affordable Housing Summit
- 2019 Summit in the works
- 9 Jurisdictions Adopt Resolutions
- Identified Funding and Staffing
- Created and Adopted IGA
- Fair Housing Film and Conversation
- Launched Website
- Newsletters
- Jurisdictional Visits and Partnering
- Pipeline Meetings
- Convene Advisory Group and Committees
- Affordable Housing Planning Symposium
- NWCA Workforce Housing Summit
- Research
- Financial Resource Development
- Marketing Campaign
- Ballot Measure Polling
2018 Jurisdictional Accomplishments

BCHA/City/County Partnership (24 acres), Housing Funds, Exemptions, Community Engagement, Land Banking

Active and committed Land Use and Housing Advisory Committee

Updated IH Ordinance, Passed ADU Ordinance, Increased Commercial Linkage Fees, Land Banking, Mobile Home Strategy
2018 Jurisdictional Accomplishments

Extensive Regulatory Changes, Height and Density Bonuses, Use By Right, Expedited Development Review

Partnership with BCHA/County (Kestrel), Deferment of Impact Fees, Implementing Transit Improvements with RTD

Flood Recovery Efforts, Short-Term Rental Ordinance, Development Projects Underway
2018 Jurisdictional Accomplishments

- LIHTC Award, Addressing Homelessness Encampments, Strong Emergency Preparedness
- Mixed Use/TOD Opportunities, Middle Income High Density, Development Opportunities
2018 Accomplishments

+ 236 Permanently Affordable Homes
6,629 Permanently Affordable Homes
1,300 (approx.) in pipeline to be developed

$9M Local Funds Invested
$2.6M Federal Funds Invested

5.1%

*Data currently being collected; Counts may fluctuate.
Affordable Housing’s Community Support

City of Longmont Citizen Survey

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2014</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to affordable quality</td>
<td>17%</td>
<td>33%</td>
<td>49%</td>
</tr>
<tr>
<td>housing</td>
<td></td>
<td></td>
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</tbody>
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City of Boulder Citizen Survey

<table>
<thead>
<tr>
<th>Built Environment</th>
<th>Benchmark</th>
<th>Percent positive</th>
</tr>
</thead>
<tbody>
<tr>
<td>New development in Boulder</td>
<td>←</td>
<td>52%</td>
</tr>
<tr>
<td>Affordable quality housing</td>
<td>↓↓</td>
<td>10%</td>
</tr>
<tr>
<td>Housing options</td>
<td>↓↓</td>
<td>20%</td>
</tr>
<tr>
<td>Overall built environment</td>
<td>←</td>
<td>74%</td>
</tr>
<tr>
<td>Public places</td>
<td>↑↑</td>
<td>85%</td>
</tr>
</tbody>
</table>

Boulder Valley Comprehensive Plan Survey

<table>
<thead>
<tr>
<th>First priority</th>
<th>Second priority</th>
<th>Third priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>34%</td>
<td>21%</td>
<td>7%</td>
</tr>
<tr>
<td>13%</td>
<td>18%</td>
<td>11%</td>
</tr>
<tr>
<td>11%</td>
<td>10%</td>
<td>14%</td>
</tr>
<tr>
<td>11%</td>
<td>7%</td>
<td>9%</td>
</tr>
</tbody>
</table>
The Reality

6000 Units of Affordable Housing
Affordable Housing Production at an All Time High
Sophisticated and Committed Partners
Political Support
Public Support

Multiple Affordable Housing Projects Experience Tremendous Opposition and Some Not Approved
Competing interests
Extensive and Expensive Public Engagement Expected and Required
Demand Continues to Grow
Housing Production More and More Costly
Siting Options Limited and Dwindling
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Aaron Mirapol, aaron@urbanlandc.org

Kristin Hyser, HyserK@bouldercolorado.gov

Feel free to contact us!