

Rocky Mountain Land Use Institute

Setting the Stage: Diagnosing the Problem

PRESENTED BY

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Agenda

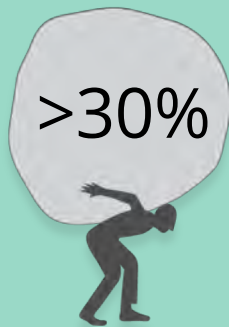
- What constitutes affordable housing? Where is the region in affordability? How does the Western experience compare with other areas?
- Why did prices rise so much, so quickly? What should we expect in the future?
- What can we do to address those who have not benefitted from market gains? How do we 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”



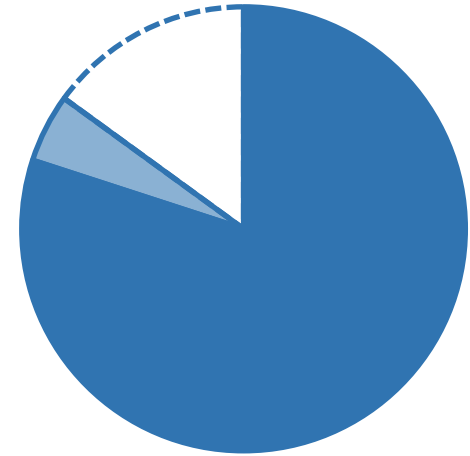
Households paying
>50% for housing are
“severely cost burdened”



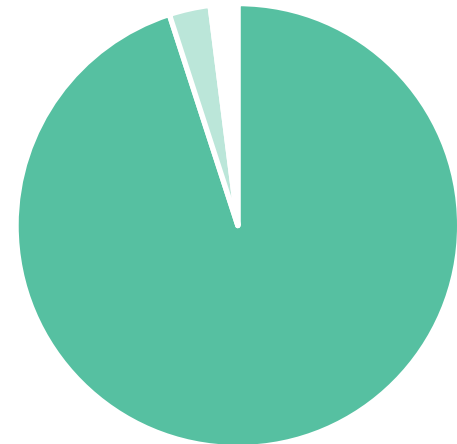
Role of the Private Sector in Providing Housing

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

80-85%
Rental Units



95-98%
Homes



Income Thresholds & Target Housing

"extremely" low income
=< \$27,000 per year, poverty level

< 30% MFI



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

"very" low income
\$27,000-\$45,000 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
\$45,000-\$71,000 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
\$71,000-\$107,000 per year

80-120% MFI



Privately provided rental housing. General target for homeownership programs, can buy without assistance in affordable areas.

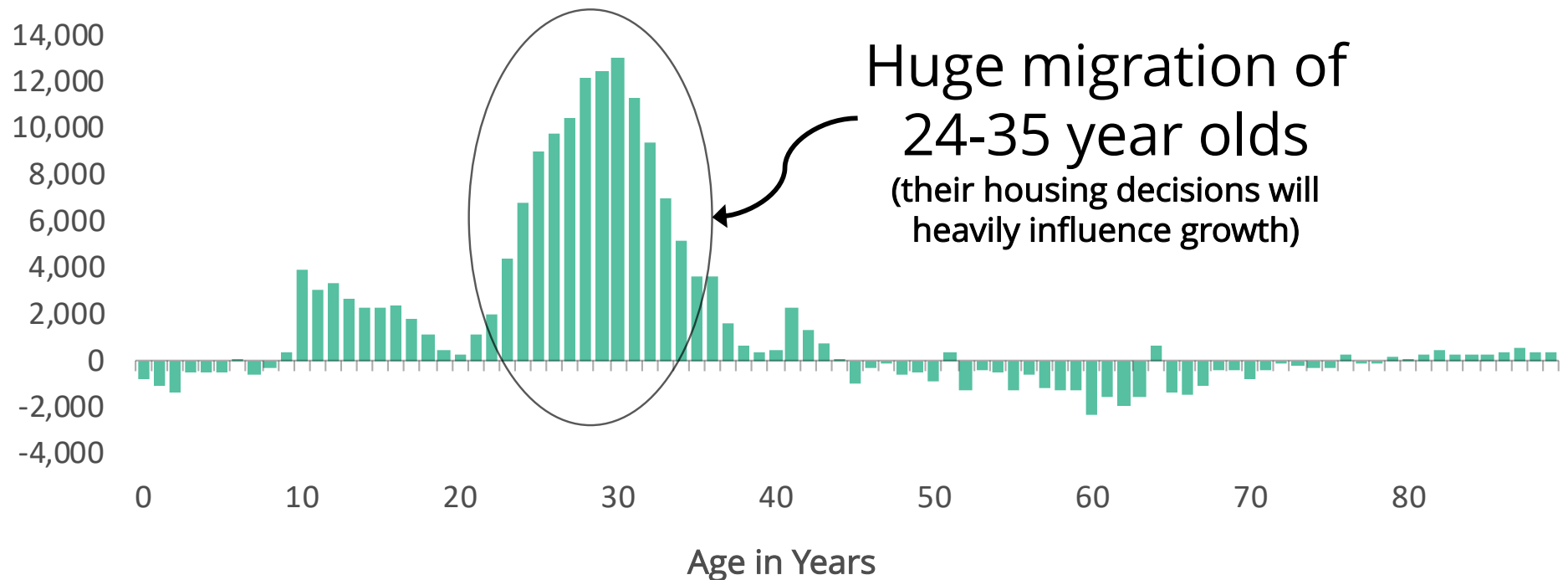
Why do we have affordable housing needs?

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

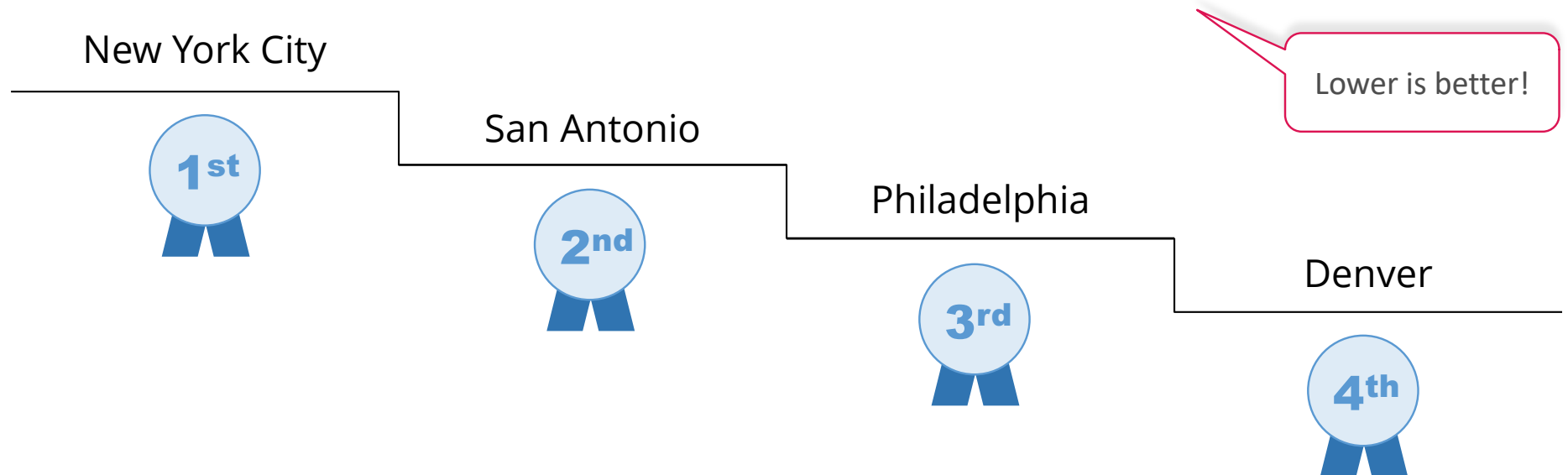
Net Migration by Age, Denver Region, 2000-2010



We are Very Income Segregated

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

Top Income Segregated Cities in the Nation



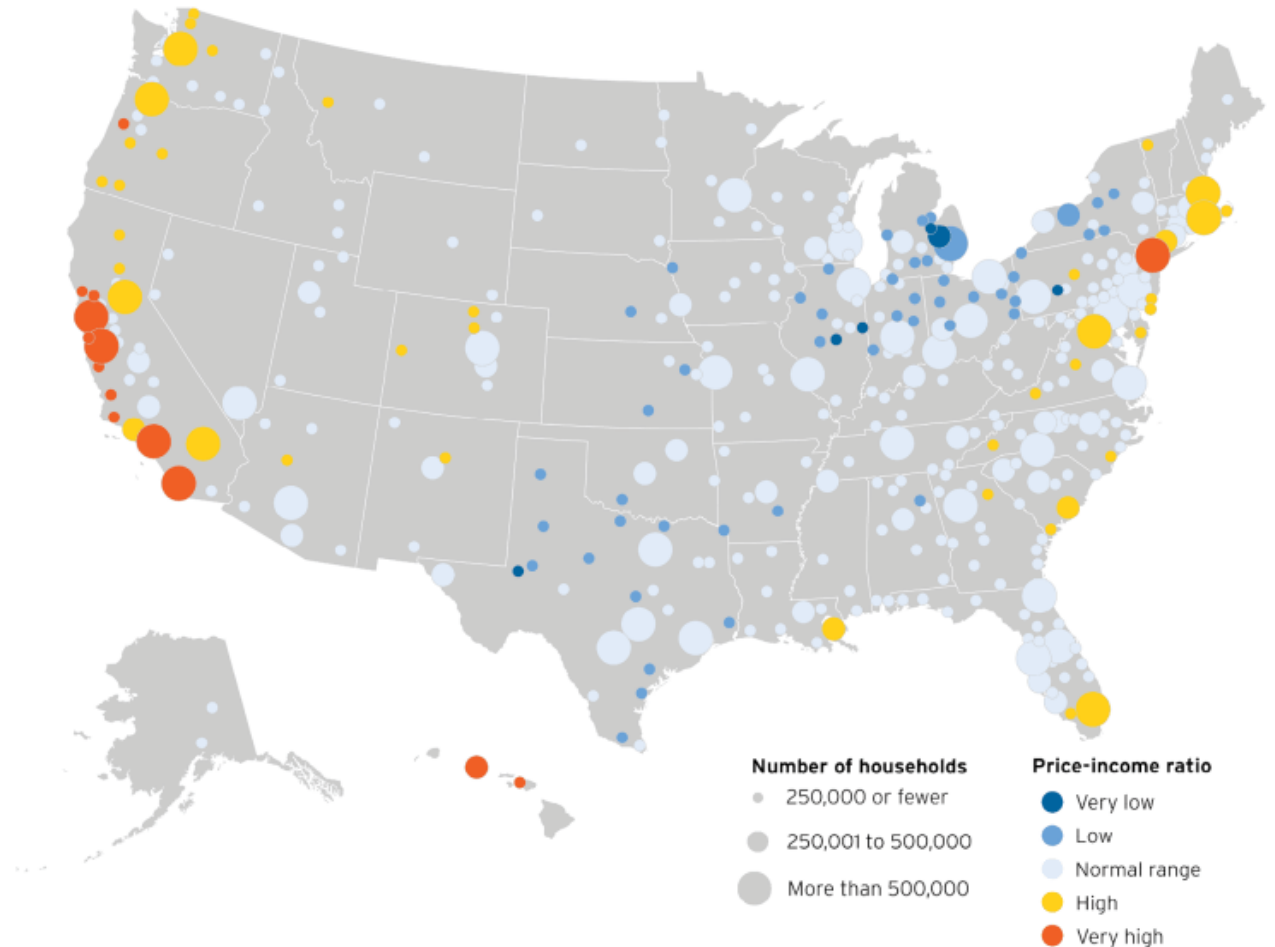
Denver is also the **2nd** worst city behind New York for the percentage of low income households living in low income areas

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

Hard to become a homeowner vs. hard to build housing wealth

Average price-income ratio by metro area, 2012-16



Note: Metro-level price-income ratios are averages across constituent tracts. Price-income categories are assigned based on the national distribution, as follows: very low (bottom 10%), low (11-25%), normal range (26-75%), high (76-89%), and very high (top 10%).

Source: Brookings analysis of 2012-16 American Community Survey data

B | Metropolitan Policy Program
at BROOKINGS

Critical Needs: Affordable Rentals

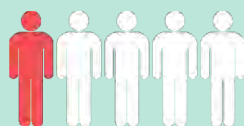
- 20,000 more **poor** renters than in 1999 v. 50,000 more **rich** renters (earning <\$75,000)
- New development priced to **accommodate new high income renters**. Low rent units moved up to accommodate middle income renters.
- **54%** of renters today are cost burdened v. 39% in 1999
- The region **lacks 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



Critical Needs: Long Term Services

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.



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 in-migrants 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

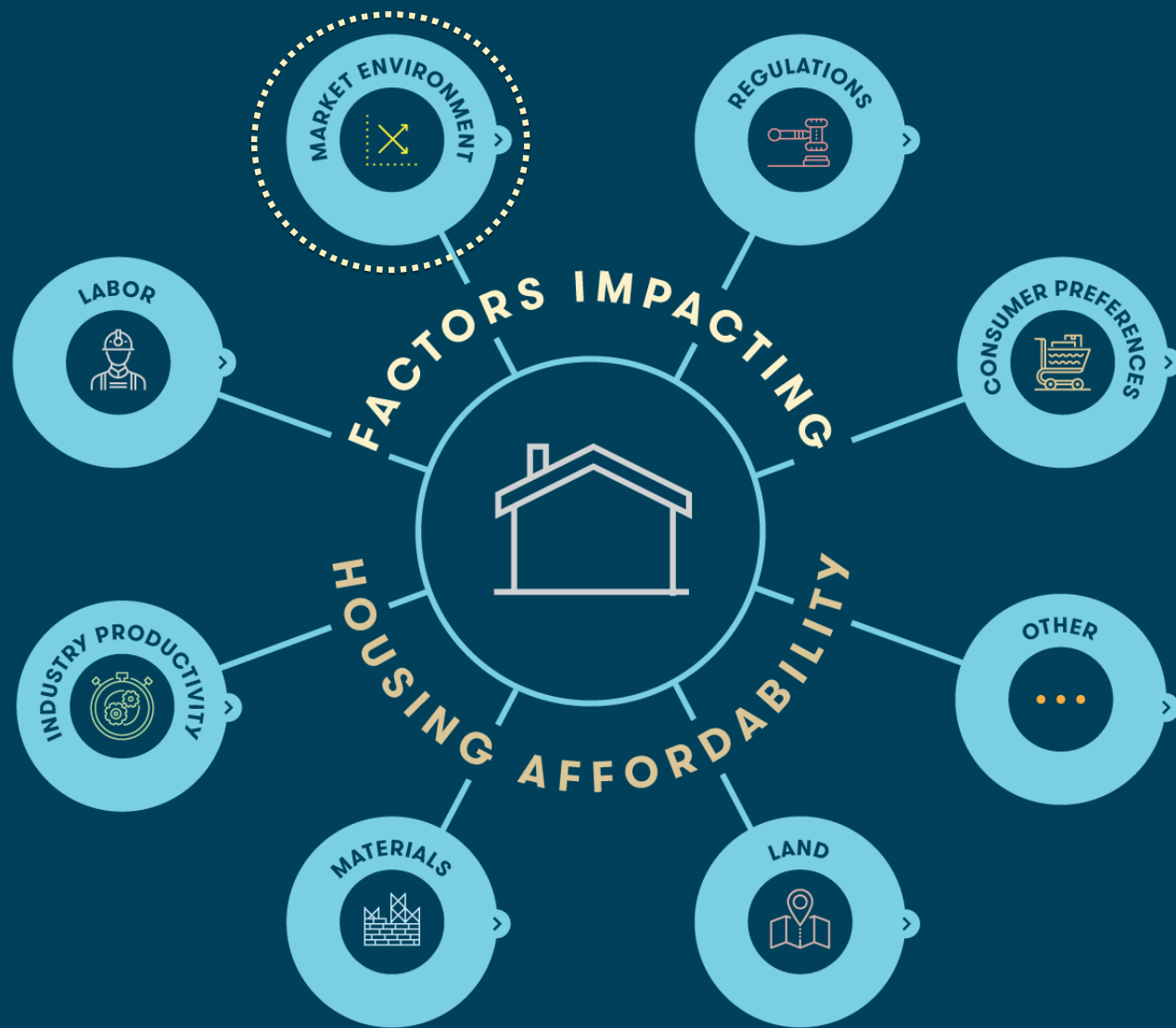


Factors Impacting Housing Affordability

Rocky Mountain Land Use Institute

6 March 2019



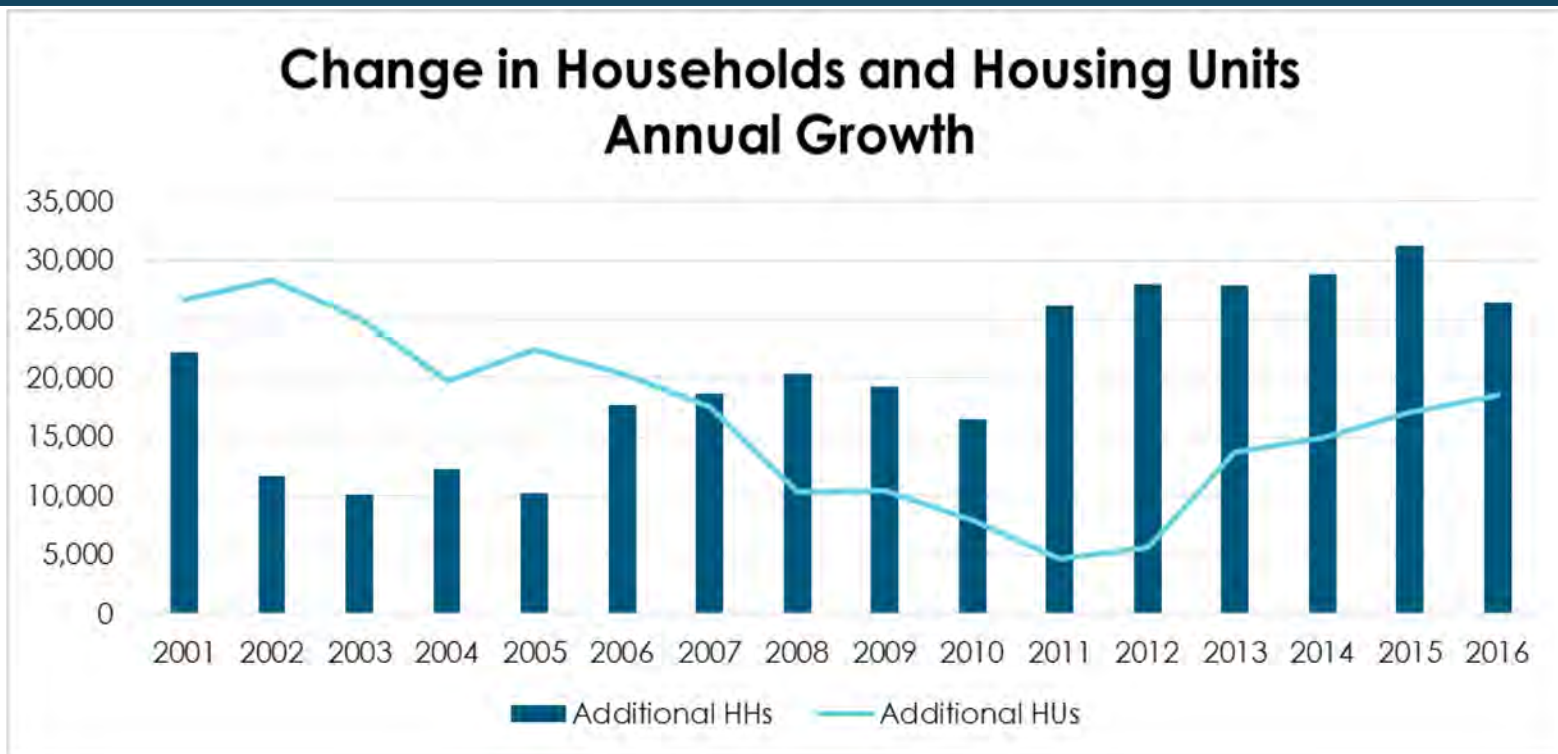


How Did This Become Such A Hot Topic?

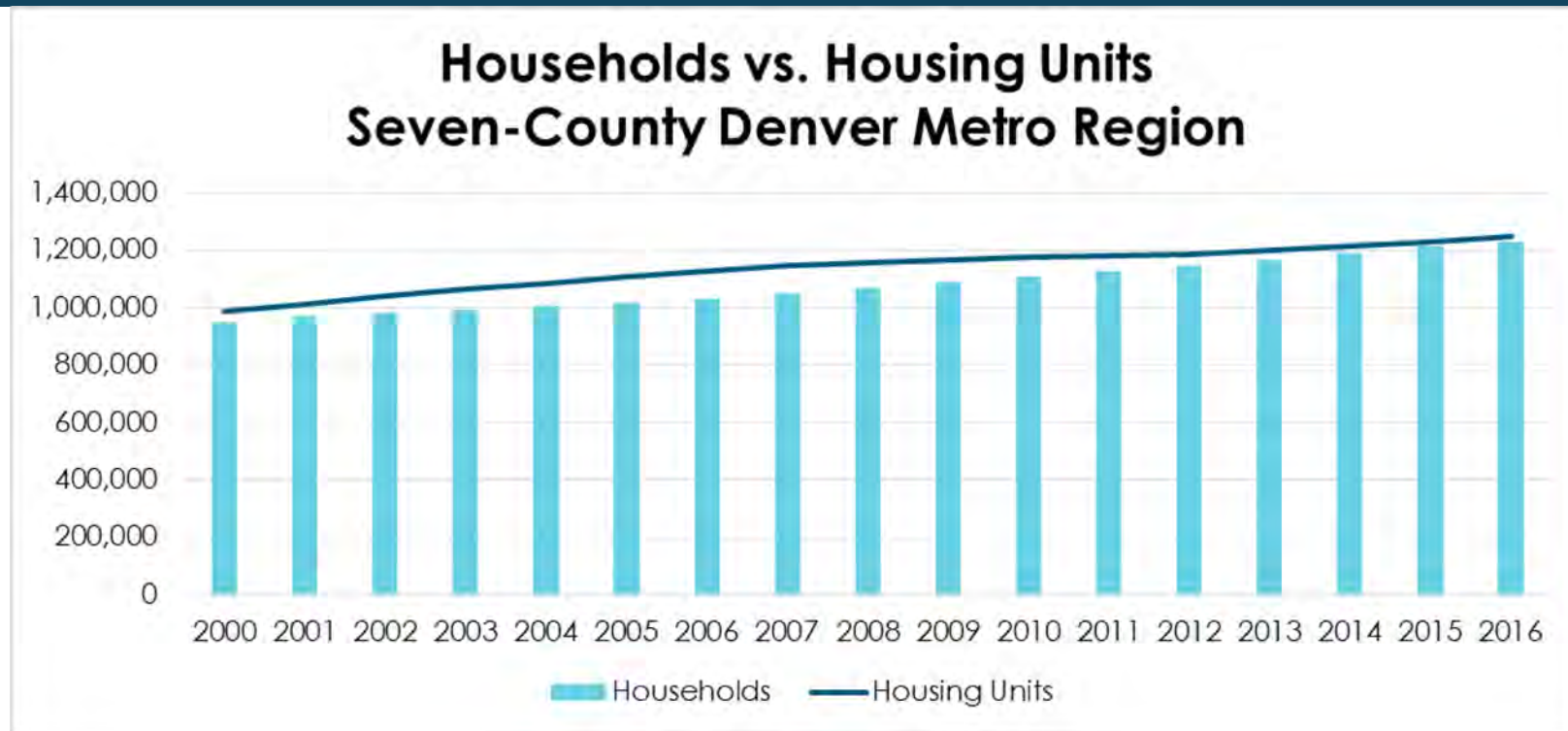
Wages vs Housing (Price and Rent): Annual Growth



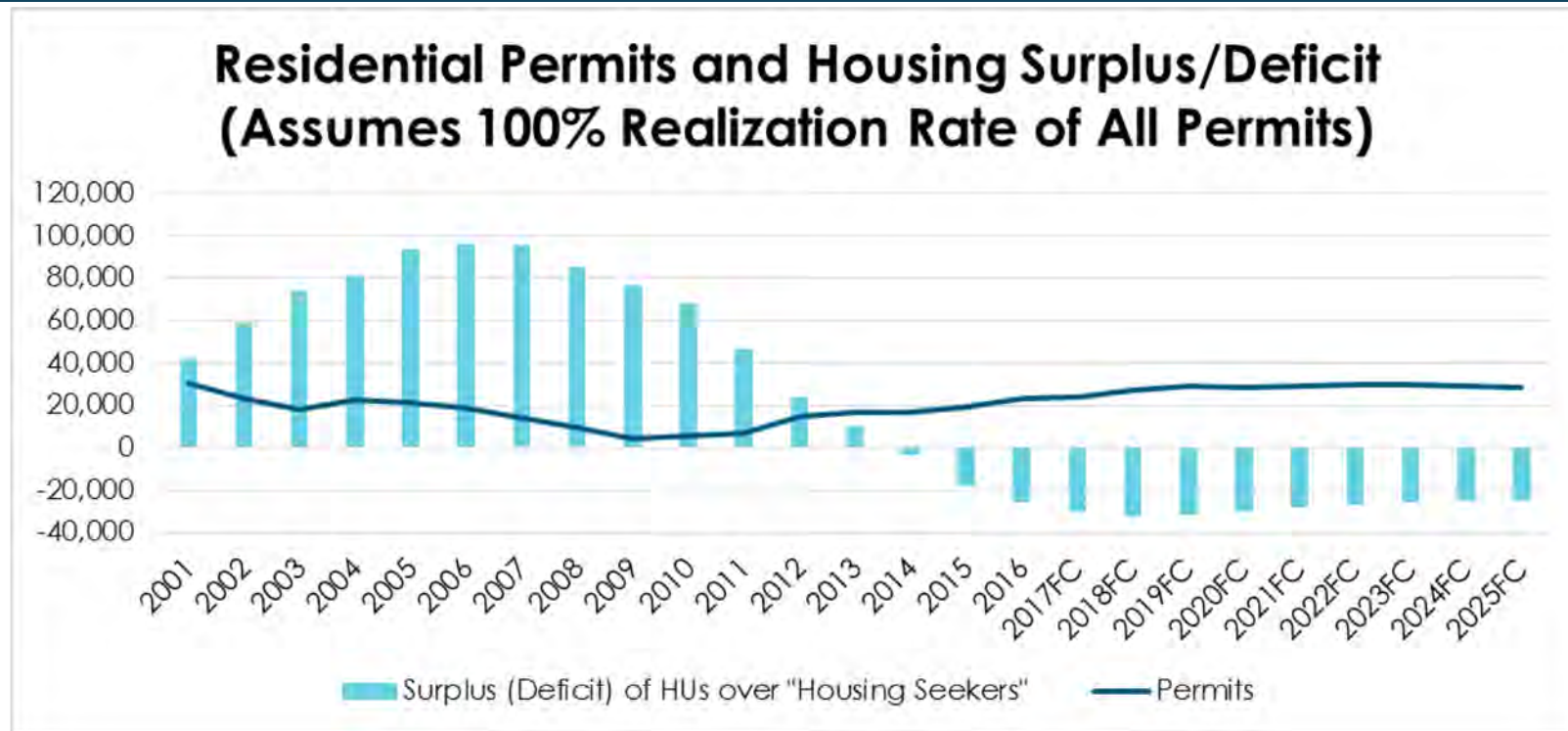
A Year Over Year Dynamic



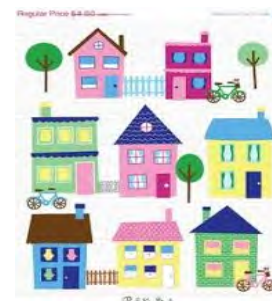
A Total Picture



A Look Into the Future

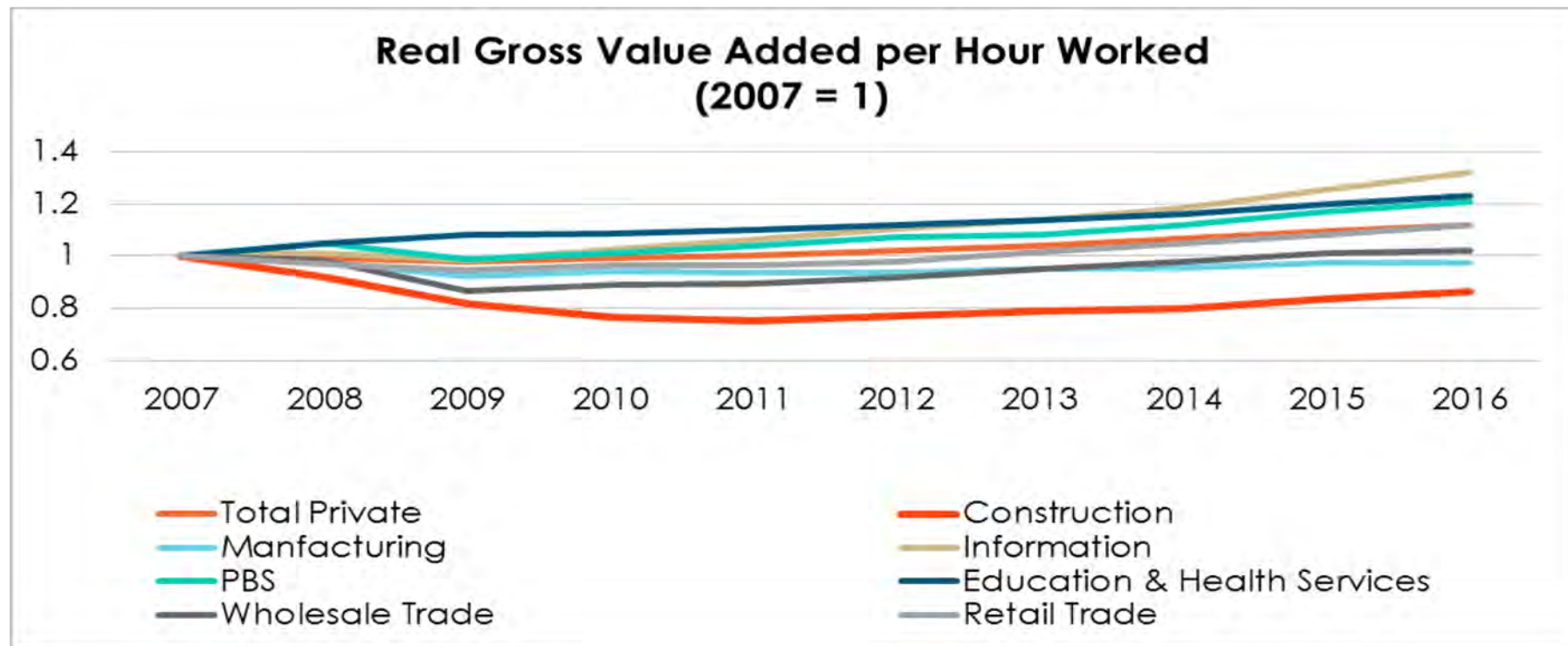


The Bottom Line: SUPPLY





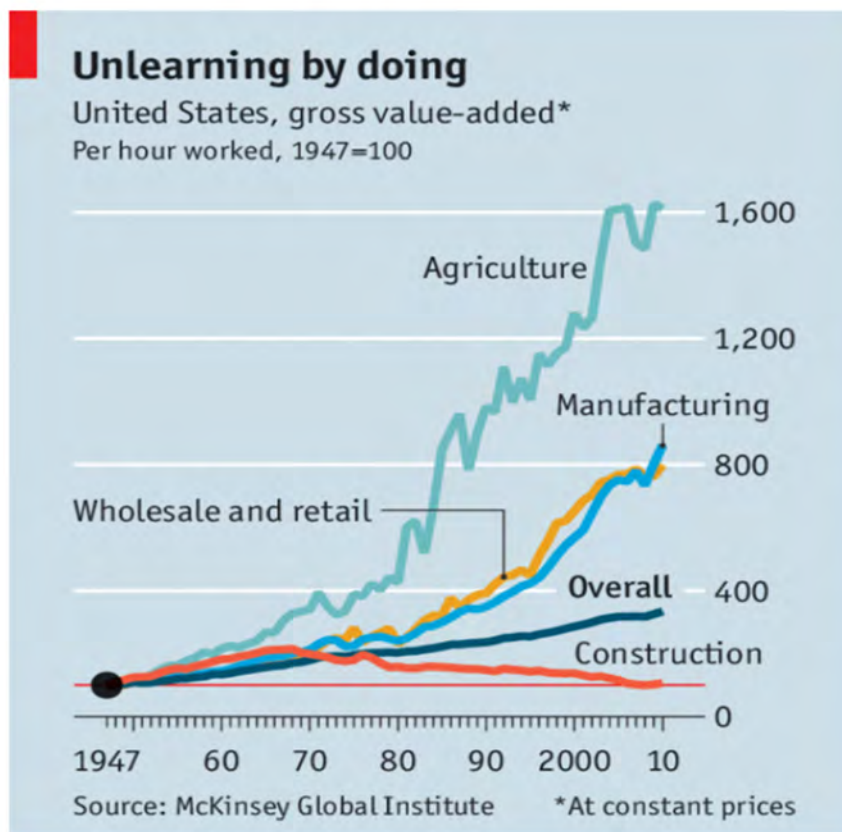
Labor Productivity May Be a Low Hanging Fruit



Labor Productivity May Be a Low Hanging Fruit



Not A Colorado or Recent Issue



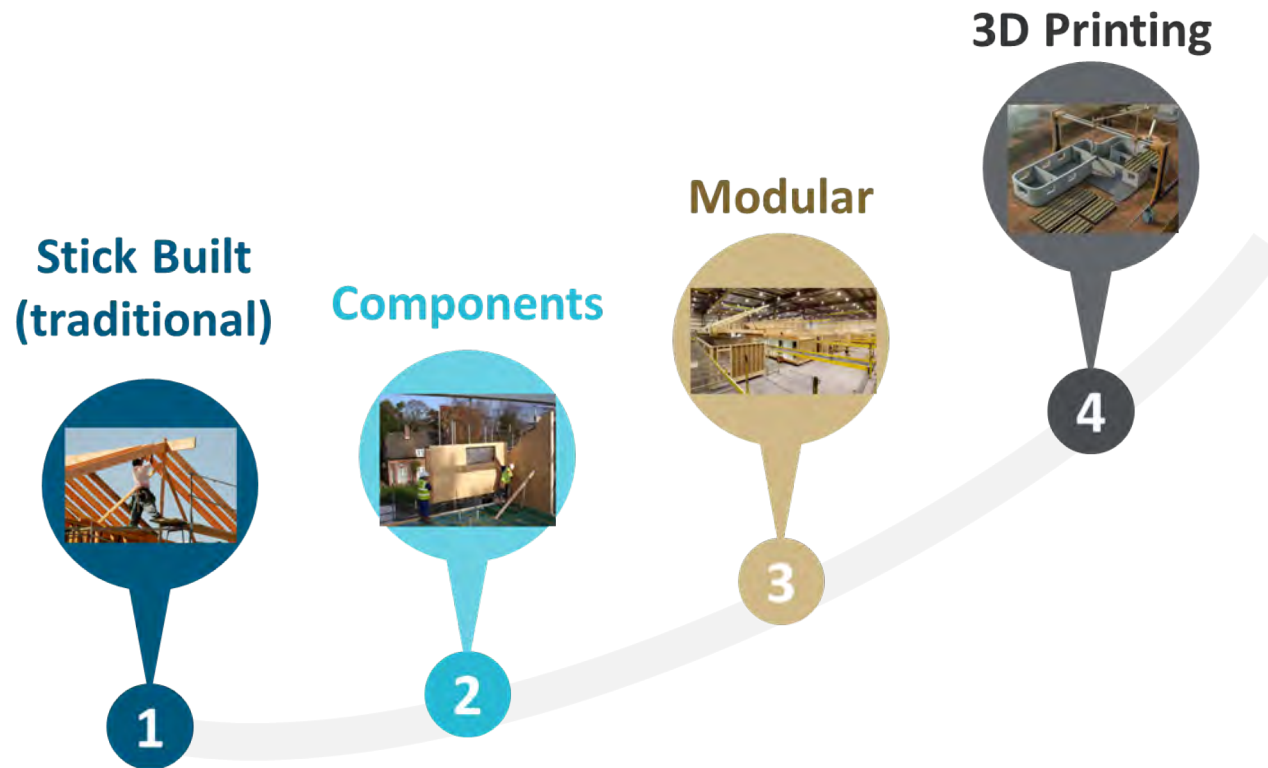
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RESEARCH LAB

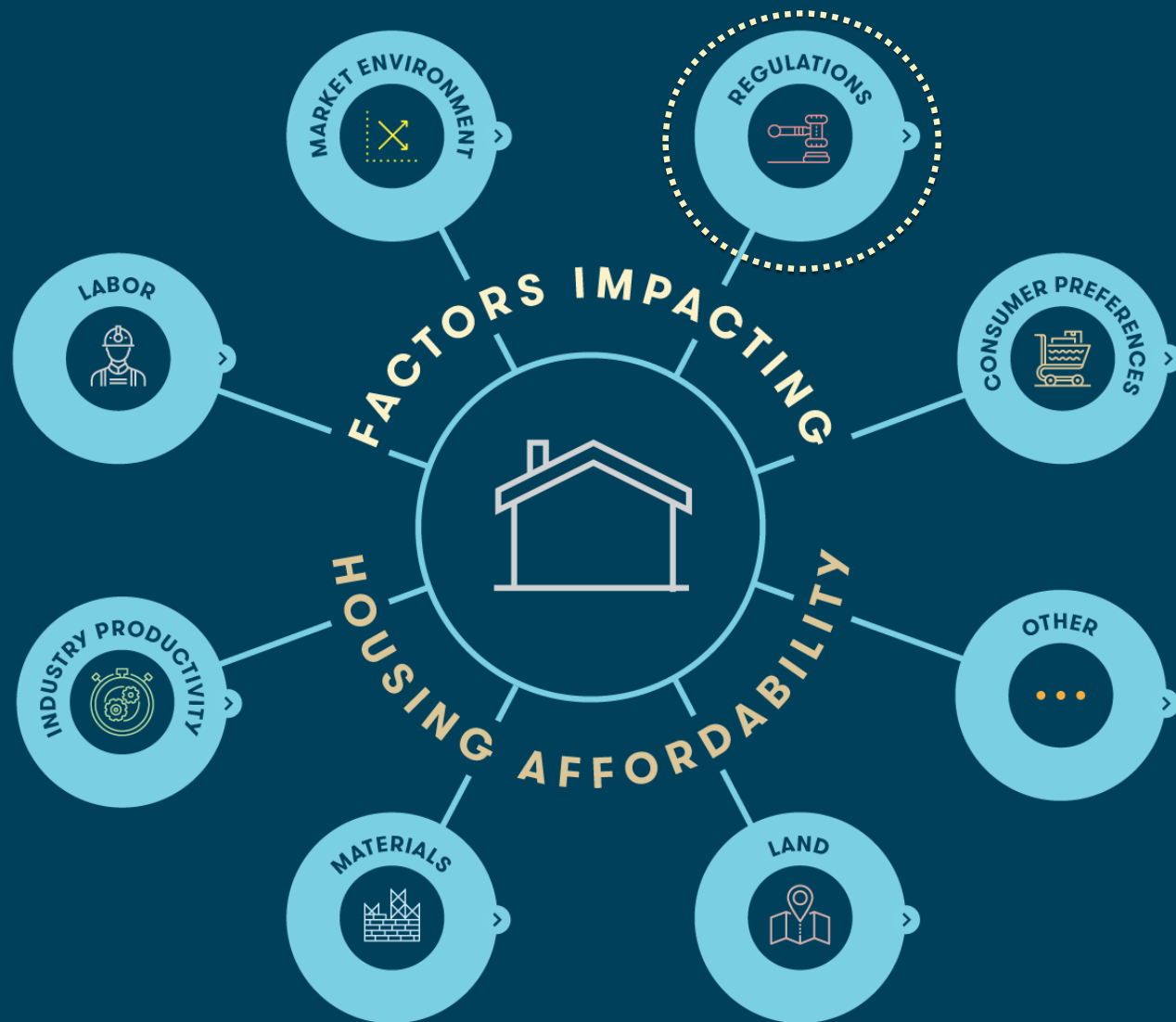
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Economist.com



Productivity Continuum – Potential to Catch Up

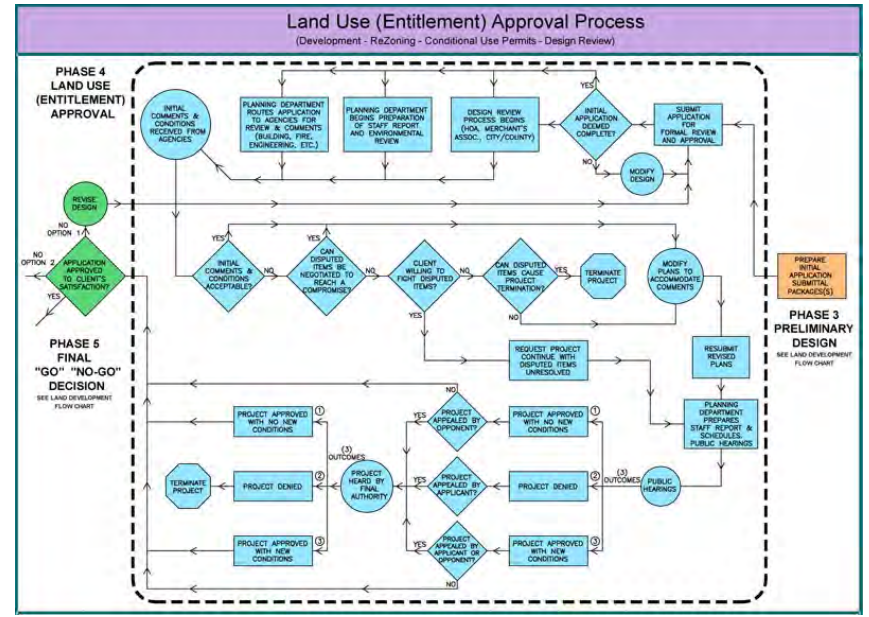
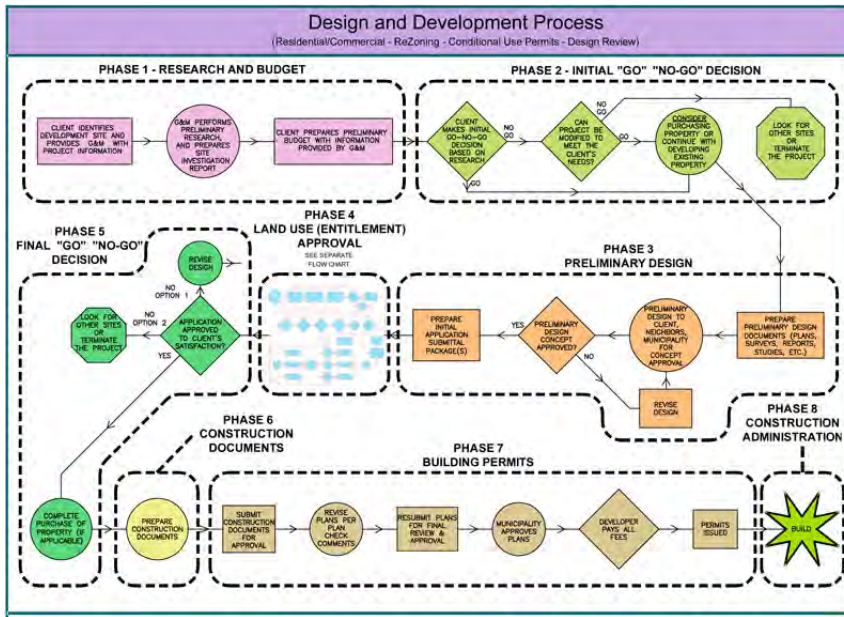




Regulations: It's Complicated - Fees

Multifamily Buildings (per unit - 2017)	Low (CO Springs, Englewood, Parker)	Moderate (Aurora, Erie, Ft. Collins)	High (Broomfield, Brighton, Eagle)
Core Fees	\$3,000-\$9,000	\$6,000-\$16,000	\$3,000-\$24,000
Impact Fees	\$0-\$2,000	\$0-\$13,000	\$1,000-\$21,000
Total	\$3,000-\$10,000	\$11,000-\$20,000	\$21,000-\$27,000
Growth 2007-2017	0 – 25%	8 – 32%	17 – 48%

Regulations: It's Complicated – Land Use





Land: We Have a Lot, But Not Really



Use by Right Residential - Denver Metro Region

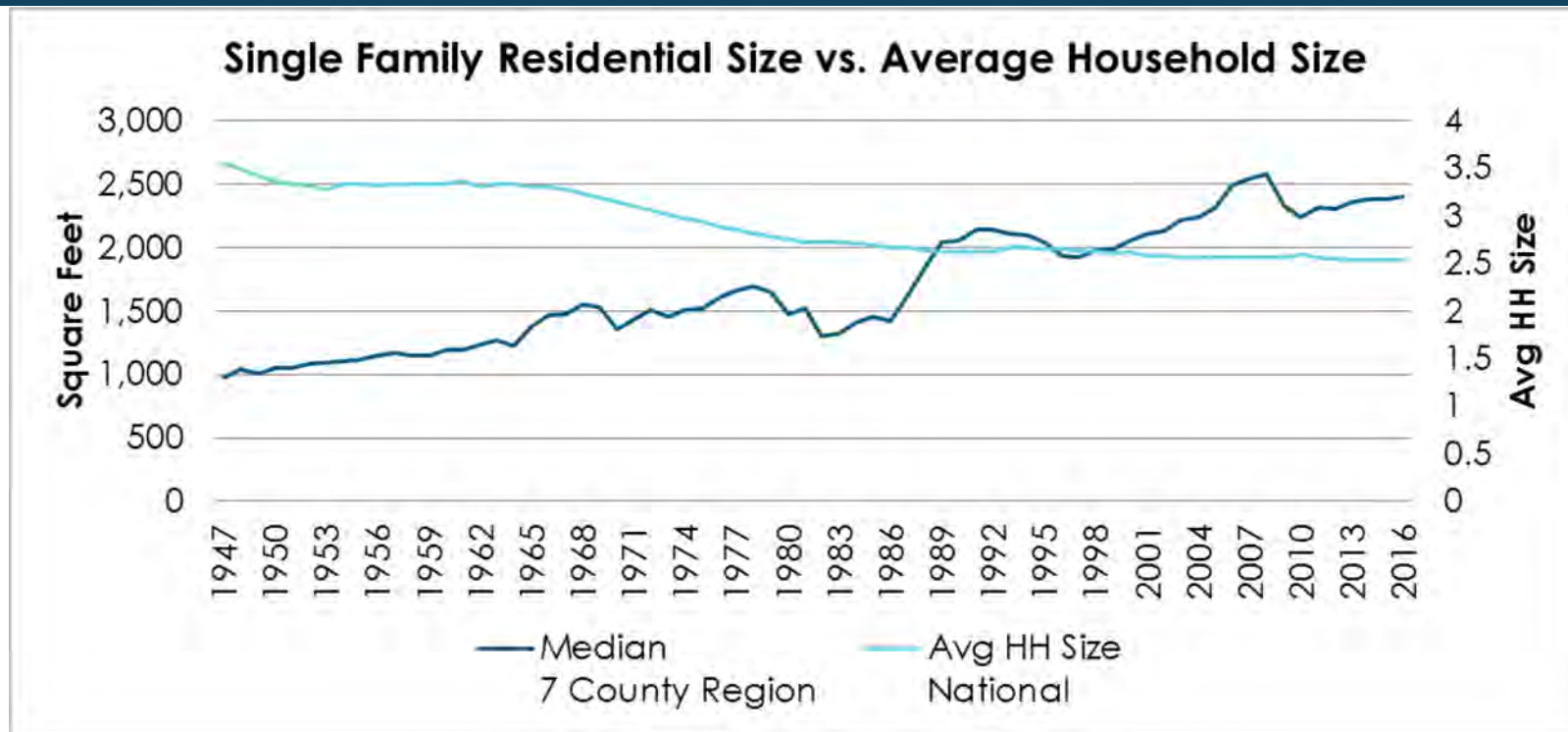


Materials: Mixed Results

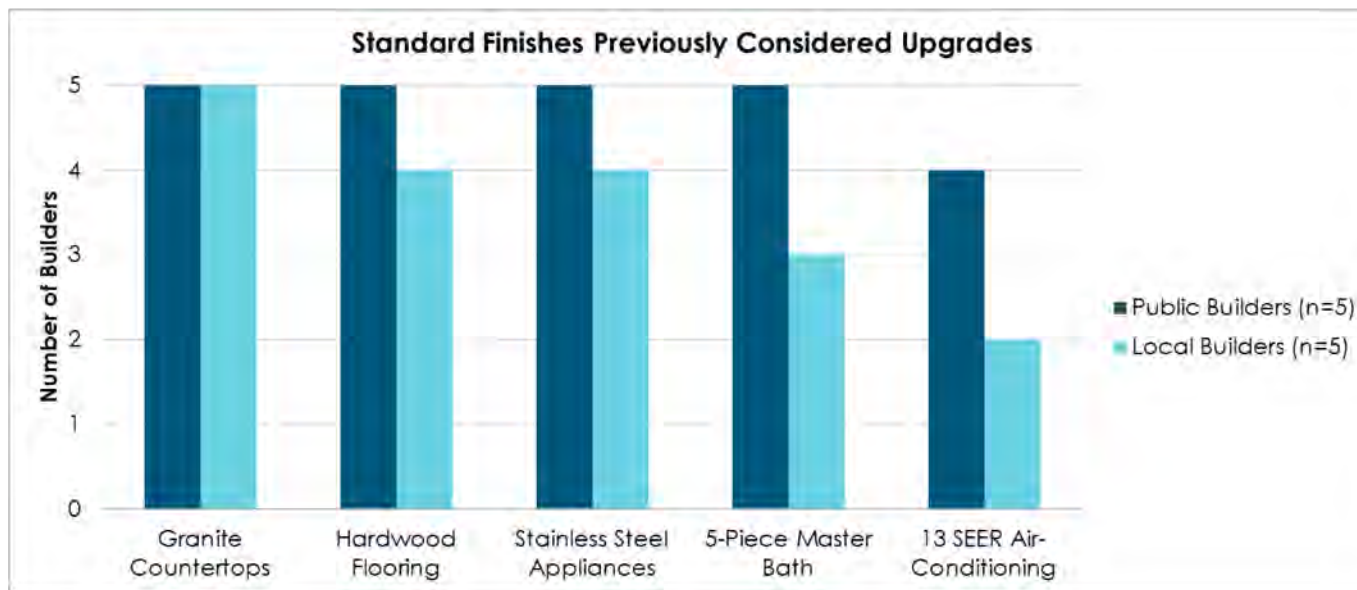
<u>Major Material</u>	<u>2007-2016 Growth</u>
Ready-Mix Concrete	21.9%
Softwood Cut Stock & Dimension	-0.5%
Plywood	9.2%
Gypsum	24.1%
Copper Wire & Cable	-20.3%



Consumer Preference: More = More



Consumer Preference: Then vs. Now





Other: More Inquiry is Needed

Construction
Defects

Lending

Economic
Development

Investor
Owned Units

Localized
Policies

???

Why Everyone Should Care

FOREGONE SPENDING TO THE COLORADO ECONOMY

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

\$2 Billion

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

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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

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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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Rocky Mountain Land Use Institute

Setting the Stage: Diagnosing the Problem

Community Land Trusts to Ensure Permanent Affordability

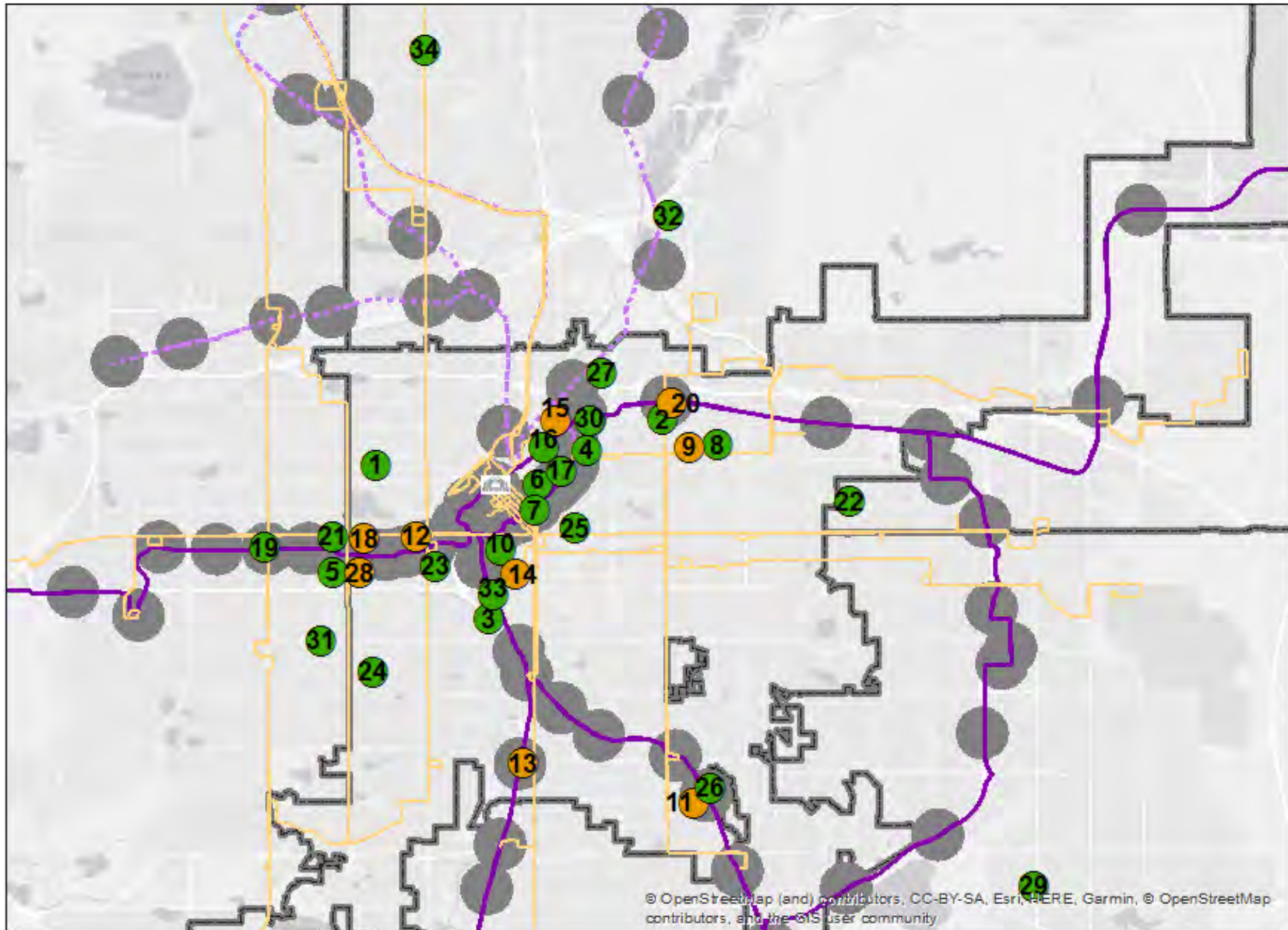
March 6, 2019

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.

ULC's Investments



Statewide Affordable Housing Crisis

COLORADO

- 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.

COMPOSITION OF MAJOR HOUSEHOLD EXPENDITURES (HHS EARNING LESS THAN \$50,000)



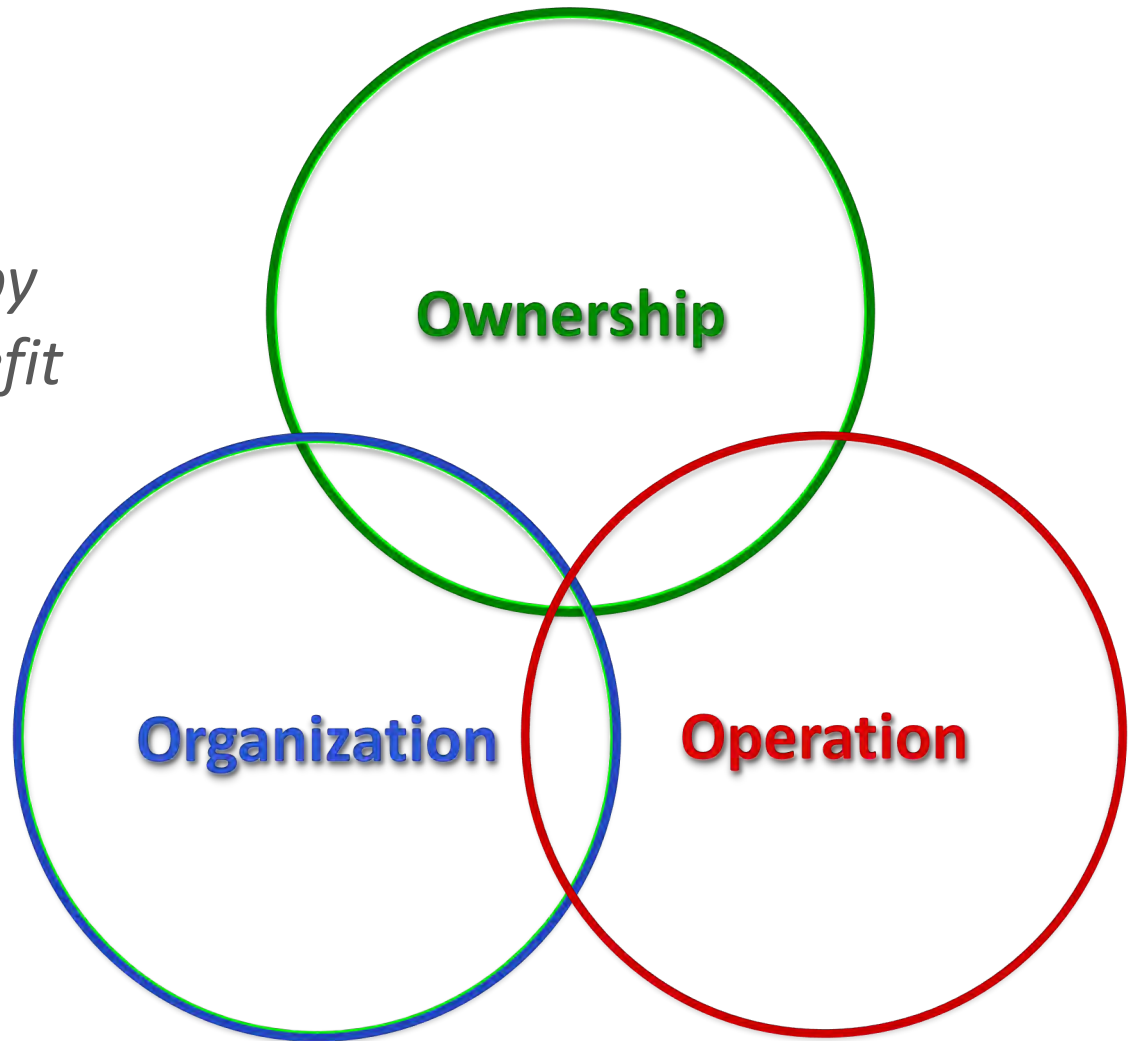
Source: US Bureau of Labor Statistics, Consumer Expenditure Survey 2016

METRO DENVER

- 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)

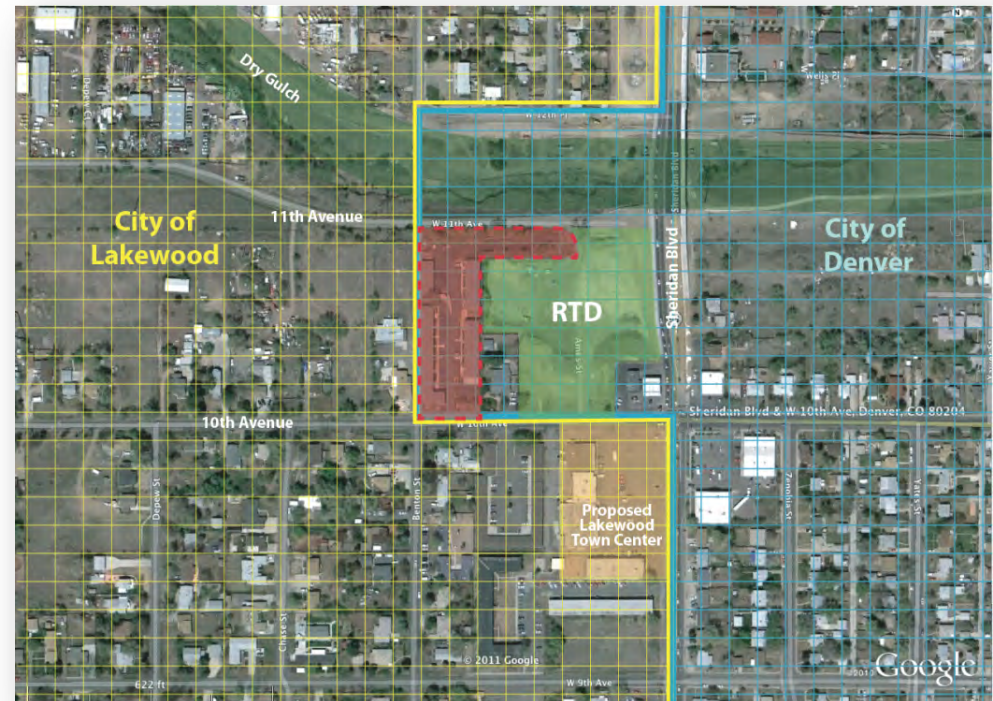
Community Land Trust (CLT) Model

Trust – *Noun: A legal title to property held by one party for the benefit of another.*



ULC's first multifamily CLT Jody Apartments 2007

- 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



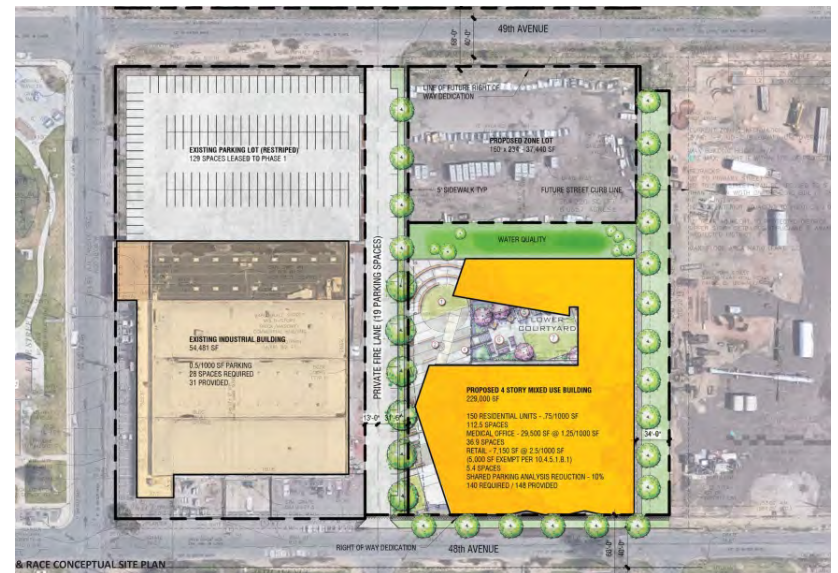
- 1.4 acre property on RTD's A Line purchased in 2011 with the Denver TOD Fund
- Land Price = \$1,700,000 - property value has increased over 700% in 7 years!
- Land divided into two parcels, Medici Consulting Group (MCG) to develop 66 units of multi-family, permanently affordable rental housing. Project 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 Local and Regional Housing Goals



Diverse Housing Goals



Bolster Financial Resources



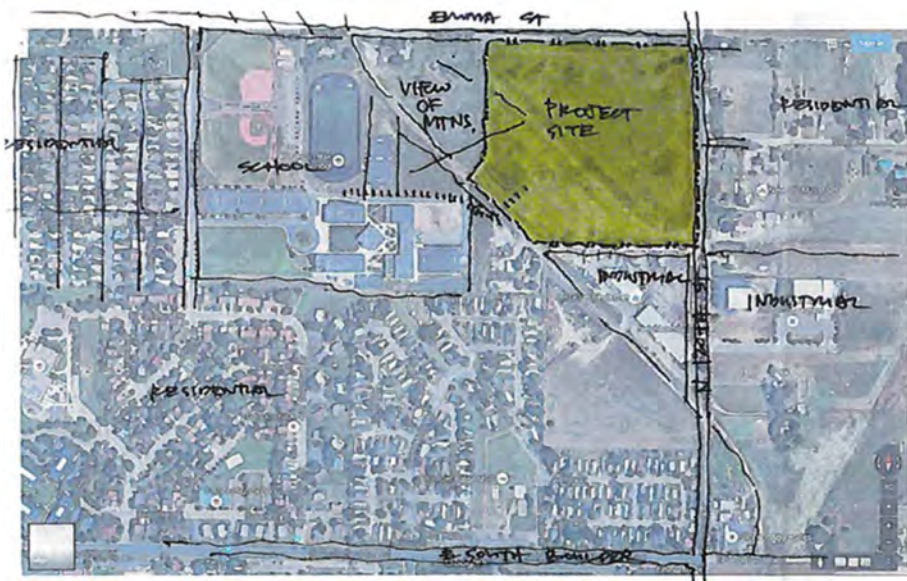
	Homes per Year to Acquire and/or Construct for 15 Years	Homes to be Created by Current Local Funding	Homes To Be Created And Additional Funding Needed To Meet 12% Goal
Homes	800	300	500
Funding		\$15,000,000	\$25,000,000



Development and Preservation



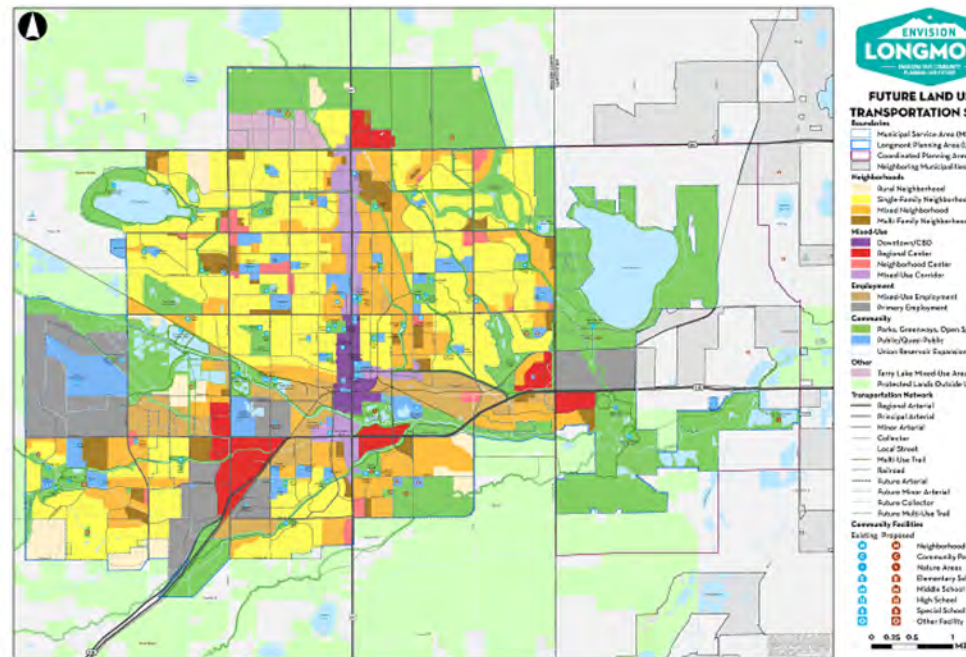
Secure land and redevelopment opportunities for future housing



Preserve affordability of existing housing



Align Regulatory Processes



BCRHP Progress



TIMES-CALL LOCAL NEWS

News - Sports - Business - Lifestyle - Events - Obituaries - O

HOT TOPICS: Girl sexually assaulted Stabbing sentencing Longmont police r

Home Local News Story

**Longmont City Council adopts
affordable housing mandate**

- 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

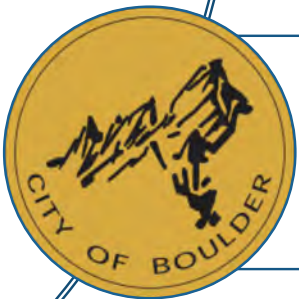
2018 Jurisdictional Accomplishments



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

City of
Louisville

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

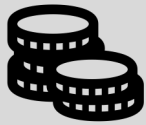


Mixed Use/TOD Opportunities, Middle Income
High Density, Development Opportunities

2018 Accomplishments



+ 236 Permanently Affordable Homes
6629 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

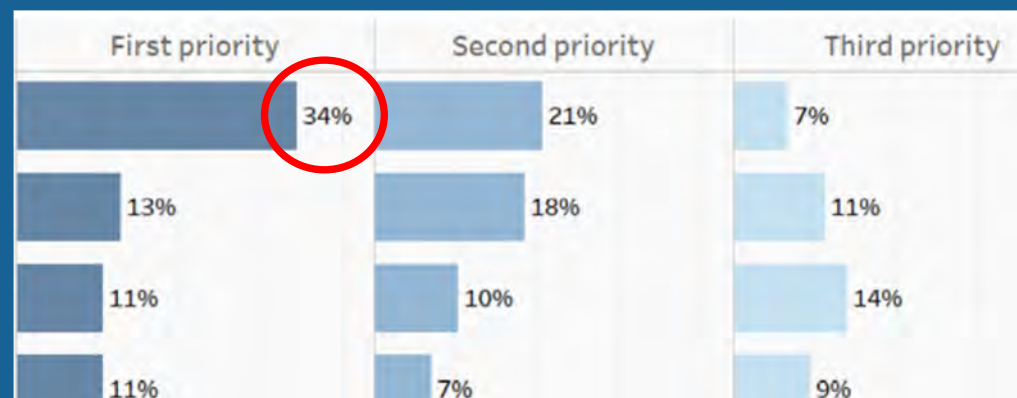
City of Longmont Citizen Survey

Please rate each of the following characteristics as they relate to the City of Longmont as a whole: (Percent "excellent" or "good")	2016	2014	2012
Access to affordable quality housing	17%	33%	49%

City of Boulder Citizen Survey

	Community Characteristics	Benchmark	Percent positive
Built Environment	New development in Boulder	↔	52%
	Affordable quality housing	↓↓	10%
	Housing options	↓↓	20%
	Overall built environment	↔	74%
	Public places	↑	85%

Boulder Valley Comprehensive Plan Survey



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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Feel free to contact us!