Public Subsidy to Private Equity
The [Economic] Impacts

RMLUI Conference 5 March 2020
1. A Housing Instability Issue
2. Who Bears the Cost?
3. Impact Dimensions
4. Futurist View
Everyone Should Care About Housing Instability

- Health Impacts
- Fiscal/Economic Impacts
- Housing Impacts
- Education Impacts
- Social Impacts
- Environmental Impacts
Health Equity Framework

UPCOMING WORK

SOCIAL INEQUITIES
- Class
- Race/Ethnicity
- Gender
- Sexual Orientation

INSTITUTIONAL INEQUITIES
- Corporations & Businesses
- Government Agencies
- Schools
- Laws & Regulations
- Not-for-Profit Organizations

LIVING CONDITIONS
- Physical Environment
  - Land Use
  - Transportation
  - Residential Segregation
  - Exposure to Toxins
- Economic & Work Environment
  - Employment
  - Income
  - Retail Businesses
  - Occupational Hazards
- Social Environment
  - Experience of Class, Racism, Gender, Immigration
  - Culture + Ads – Media Violence
- Service Environment
  - Health Care
  - Education
  - Social Services

RISK BEHAVIORS
- Smoking
- Poor Nutrition
- Low Physical Activity
- Violence
- Alcohol & Other Drugs
- Sexual Behavior

DISEASE & INJURY
- Communicable Disease
- Low Physical Activity
- Violence
- Alcohol & Other Drugs
- Sexual Behavior

MORTALITY
- Infant Mortality
- Life Expectancy

UPSTREAM

DOWNSTREAM
Why Everyone Should Care
FOREGONE SPENDING TO THE COLORADO ECONOMY

Additional dollars spent (annually) on housing that could otherwise go to...

$2 Billion

Metro Denver Region...

$1.2 Billion

Source: Analyst calculation from 2012-2016 American Community Survey Estimates and 2015/2016 Consumer Expenditure Survey data
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 2012-2016 American Community Survey Estimates and 2015/2016 Consumer Expenditure Survey data
Many Workers Will Continue to Be Challenged

**Job Growth in Occupations to 2023:**

- 70% with entry level pay below $35k
- 40% with mean pay below $35k

Source: Analyst calculation from Colorado Department of Labor and Employment Occupation Forecasts 2013-2023
Decline in the Capacity for Wages to Support Families

Share of Jobs Supporting SSS

2001: 65%
2015: 56%
Share of Jobs with Median Wages Above and Below Median Self-Sufficiency Standard Wage by Family Type, 2001

- Share below
- Share above
Second Highest Concentration of Colorado’s Jobs Require No Formal Education

Jobs by Ed Attainment, 2015

- No Formal Education
- High School Diploma
- Some College, No Degree
- Post Secondary Non Degree
- Associate's Degree
- Bachelor's Degree
- Master's Degree
- Doctoral or Professional Degree
# Self-Sufficiency in Metro Denver 2018

<table>
<thead>
<tr>
<th>County</th>
<th>SSS as Percentage of FPL</th>
<th>One Adult</th>
<th>One Adult One Preschooler</th>
<th>Two Adults One Preschooler One School-Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adams</td>
<td>228%</td>
<td>326%</td>
<td></td>
<td>287%</td>
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<tr>
<td>Arapahoe</td>
<td>239%</td>
<td>337%</td>
<td></td>
<td>300%</td>
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<tr>
<td>Boulder</td>
<td>252%</td>
<td>365%</td>
<td></td>
<td>342%</td>
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<tr>
<td>Broomfield</td>
<td>246%</td>
<td>353%</td>
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<td>311%</td>
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<tr>
<td>Denver</td>
<td>218%</td>
<td>323%</td>
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<td>288%</td>
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<tr>
<td>Douglas</td>
<td>275%</td>
<td>382%</td>
<td></td>
<td>333%</td>
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<tr>
<td>Jefferson</td>
<td>235%</td>
<td>339%</td>
<td></td>
<td>303%</td>
</tr>
</tbody>
</table>

Source: The Self-Sufficiency Standard for Colorado 2018
How many people are we talking about?

Below Federal Poverty Limit

10%

Above Self-Sufficiency

30%

Colorado Households Below Standard

Household Income and Expenses
ONE ADULT HOUSEHOLD (ADAMS COUNTY)

- Food: 12%
- Taxes: 18%
- Health Care: 7%
- Transportation: 11%
- Misc.: 7%
- Housing: 45%

Total (H+T): 56%

Source: The Self-Sufficiency Standard for Colorado 2018

$2,307/month
Household Income and Expenses

ONE ADULT ONE INFANT HOUSEHOLD

- Taxes: 19%
- Food: 8%
- Health Care: 8%
- Miscellaneous: 7%
- Housing: 27%
- Transportation: 6%
- Child Care: 23%
- H+T+C: 56%

$4,665/month

Source: The Self-Sufficiency Standard for Colorado 2018
Data Strongly Suggest Excess Demand for Housing

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

Source: Analyst calculation from Colorado State Demographer Data and Census Bureau permits
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
...we lack the inventory at the levels affordable to households working in a large share of the region’s occupations.

Sources: Analyst calculation from Bureau of Labor Statistics Occupational Employment Statistics data, and County assessment records
Change in Free & Reduced Lunch Participation 2009 - 2017

SECONDARY & TERTIARY WAVES OF THE SUBURBANIZATION OF POVERTY

Source: Colorado Department of Education 2009 - 2017
Education Effects: West Denver to Lose 1,700 Students

Source: Analyst calculation from enrollment forecast model, including Denver Public School enrollment, Vital Statistics (CDPH), Colorado Department of Education
Gilpin Area Neighborhoods: Residential Development

UNIT COUNTS BY YEAR AND BY HOUSING TYPE

2016-2017 enrollment from units built between 2012-2016: 23 students

Sources: Denver Assessor, Parcels records (2016); Denver Public Schools October Counts (2000-2017)
How Things Came to Be: Community View

**Market Forces**
- **Unfavorable Lending**: Many west Denver households victim to sub-prime loans, ultimately leading to future vulnerability.
- **Mass Foreclosures**: Previous homeowners become renters, with banks holding large swaths of units.
- **Weak Housing Production**: After the Great Recession, housing now greatly limited that of the unexpected household growth - vacancy rapidly declines.
- **Wages Lag Home Prices**: Cumulation of previous forces driving prices even higher, more cost-burdened.
- **Last Frontier**: West Denver by now is exposed to significant pressures of displacement, as few places remain affordable.
- **Sharing the Future**: West Denver grappling with displacement and preparing for impacts coming from public investments on top of past private investments.

**Housing Production**
- **Foreclosures**: 2007 - 3,900
- **Pipelining**: 2,400 units, 56% affordable
- **Investor Transactions**: Bank Owned Transactions, Median Sales List, Investor Transactions
- **29%**

**Tenure**
- **Renter/Owner Mix**
  - 2007: 52% Renter, 48% Owner
  - 2009: 48% Renter, 52% Owner
  - 2012: 42% Renter, 58% Owner
  - 2015: 42% Renter, 58% Owner
  - 2017: 27% Renter, 73% Owner
  - 2019: 27% Renter, 73% Owner

**Cost Burdened**
- **Renter/Owner**
  - 2007: 39% Renter, 46% Owner
  - 2009: 46% Renter, 39% Owner
  - 2012: 38% Renter, 50% Owner
  - 2015: 27% Renter, 55% Owner
  - 2017: 27% Renter, 55% Owner
  - 2019: 22% Renter, 78% Owner

**Income $100k+ / 80% AMI Owners**
- 2007: 7%
- 2009: 6%
- 2012: 11%
- 2015: 12%
- 2017: 23%
- 2019: 47%

**Demographics**
- **Race/Ethnicity**
  - Hispanic/White Non-Hispanics
    - 2007: 73%
    - 2009: 71%
    - 2012: 58%
    - 2015: 68%
    - 2017: 68%
    - 2019: 47%

- **Bachelor’s Degree +**
  - 2007: 11%
  - 2009: 12%
  - 2012: 11%
  - 2015: 16%
  - 2017: 23%
  - 2019: 61%

**Investor-Based (FRL)**
- 2007: 3,900
West Denver Households

Vulnerable* & Experiencing Gentrification**
20K Households (83%)

*Tracts with the majority of households earning <60% AMI
**Tracts that were vulnerable in the base year and experienced both:
• Above average increase in educational attainment
• Above average increase in either median rent, or median value

Source: Analyst calculation from 2007-2011 and 2012-2016 American Community Survey 5-year Estimates
Changes in Doubled-Up Households: 2006 - 2017

TOTAL NUMBERS

The number of doubled-up households increased by 34%, as compared to 16% for all household growth.

1 in 5
Doubled up in 2006

1 in 4
Doubled up in 2017

~415K
2006 Doubled-up Households

~560K
2017 Doubled-up Households

Source: Analysts’ calculation from 2006 and 2017 American Community Survey Public Use Microdata Sample (PUMS), U.S. Census Bureau. Note: All figures are rounded.
Net Migration Effect from Sea-Level Rise

By the end of the century 86% of areas with an urban center of more than 10,000...
2. How Research Plays a Role – Levels of Transparency
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Thank You