

FEDERAL RESERVE BANK *of* KANSAS CITY

*Preserving Affordable Rental Housing:  
A Look at Tools and Policies*



FEDERAL RESERVE BANK *of* KANSAS CITY

Denver Branch  
December 8, 2016

# Strength, stability & self reliance through affordable housing



# *Preserving Affordable Housing: Colorado's Housing Preservation Network*

Federal Reserve Bank of Kansas City - Denver Branch

December 8, 2016

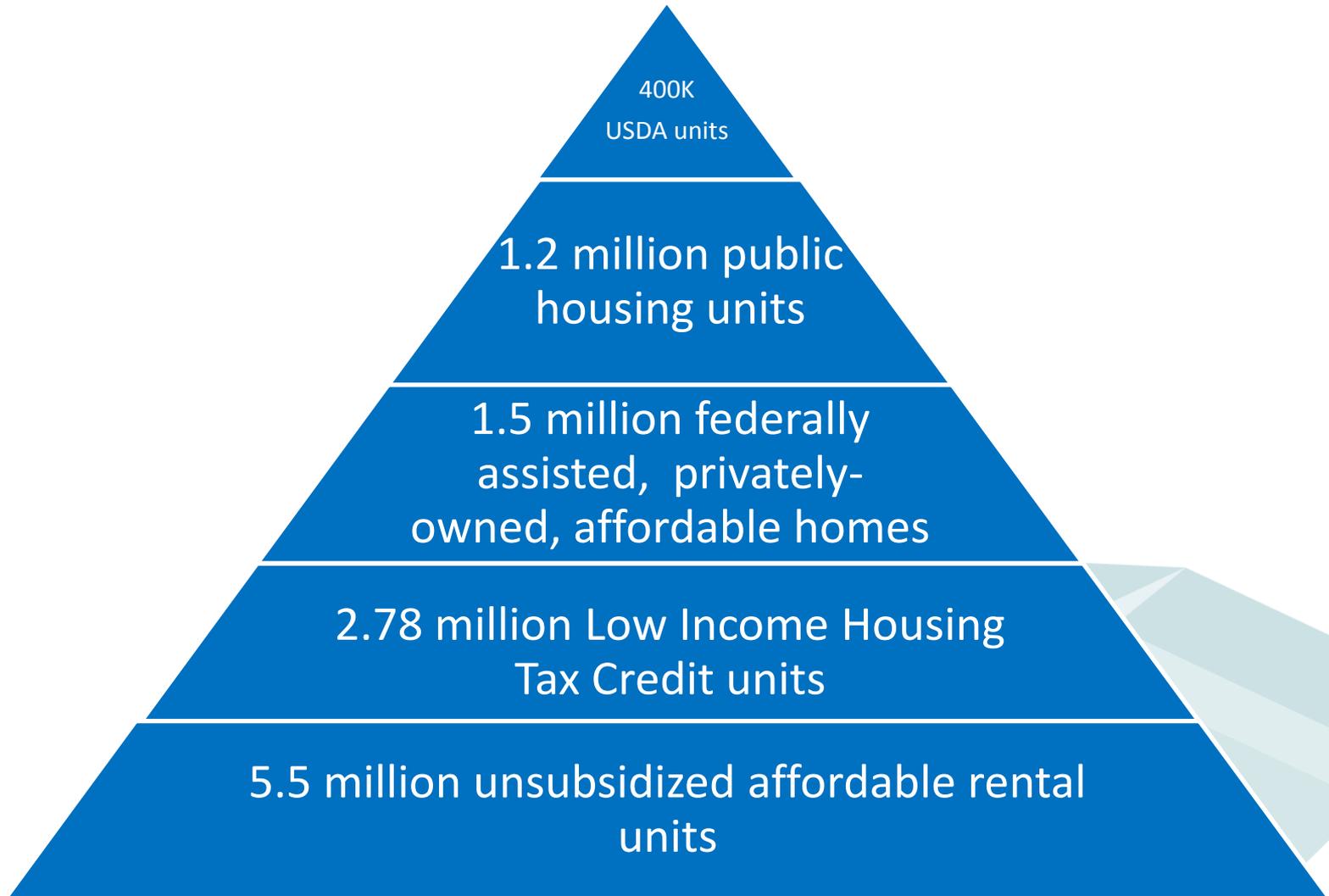


*financing the places where  
people live and work*

# Background

- 36% of the nation's population lived in rental housing in 2015 - largest share since late 1960s
- # of renters increased by 9 million over past decade, largest 10 year gain on record
- 2003-2013: low-income renter households rose 40%
- While multi-family housing starts are at high levels, new units are primarily built for the high end of the market
- 1990 to 2010: new apartment asking rent ↑ 7.5%  
median renter income ↓ 7.7%

# Affordable Housing Stock



# Subsidized Affordable Housing Stock

- Annual construction rates for subsidized housing have declined from a mid-1970s high of 300,000 units to 75,000 – 100,000 units today
- For every new affordable apartment created, two are lost
- Affordable use periods for ~ 2.2 M privately owned and federally assisted units will end between 2015 – 2025
- Colorado: 1,275 multifamily properties and ~ 65,000 subsidized units

# Affordable Housing Pressures

- Primary reasons the supply of subsidized rental housing is shrinking:
  - Conversion from subsidized units to market rate or for-sale
  - Owner capacity/interest
  - Physical deterioration and neglect of properties

# Preservation

- Taking action to ensure the federal subsidy and low-income restrictions remain in place, preserving long-term affordability
- Usually combined with raising new capital to repair the property
- May involve transferring the property to a new owner committed to the long-term affordability of the property

## Preservation Benefits

- More cost effective than new construction; energy and resource efficient
- Preservation is easier than new construction: entitlement process already completed
- Critical community assets that have received public support are maintained
- Stable rental housing is vital to diverse, equitable, healthy communities

# Colorado's Preservation Initiative

## Challenge -

- Units being lost and no coordinated strategy for preserving the long term affordability of multifamily rental properties
- Uncertainty regarding the affordable subsidized inventory in Colorado
- Increasing property values makes preservation more difficult

# Colorado's Preservation Initiative

Solution -

- Establish a core preservation working group of key stakeholders – Housing Preservation Network
  - CHFA, HUD, CDOH, PHAs, USDA, non-profits, developers
- Hire a Preservation Program Manager
- Create a master database to track the inventory of affordable housing units and aid in identifying “at risk” properties
- Develop and implement a coordinated strategy for preserving the long-term affordability of housing units throughout Colorado

# Housing Preservation Network – Strategic Plan

- Data and Analysis
- Collaboration and Engagement
- Policy Development
- Resident Support
- Operating Efficiencies and Improvements
- Resources

# Colorado's Preservation Database

- Establishes standard reporting fields and protocols; aggregates data from multiple sources
- Maps the inventory of affordable units
- Enables robust tracking, analysis and reporting by Housing Preservation Network partners
- Allows for:
  - Greater collaboration among key stakeholders
  - Focus on priorities
  - Aligning the allocation of limited resources
  - Partners to be proactive, not reactive

# Colorado's Preservation Database

- Information on 1,275 multifamily properties and ~ 65,000 subsidized units
  - Expiring by year
  - Sources of restrictions
  - Property and owner information
- Affordability periods for 150 properties w/5,900 units are expiring over the next 3 years in Colorado

# Units Expiring by Year and Location

Select Projects, Total Units, or Restricted Units \*Select timeframe and expiration type on the upper right

Projects

## Map of Expiring Projects

Expiration Type

- (All)
- CDOH restrictions
- HUD Regulatory Agr...
- HUD Section 8
- LIHTC Compliance P...

Expiration Date

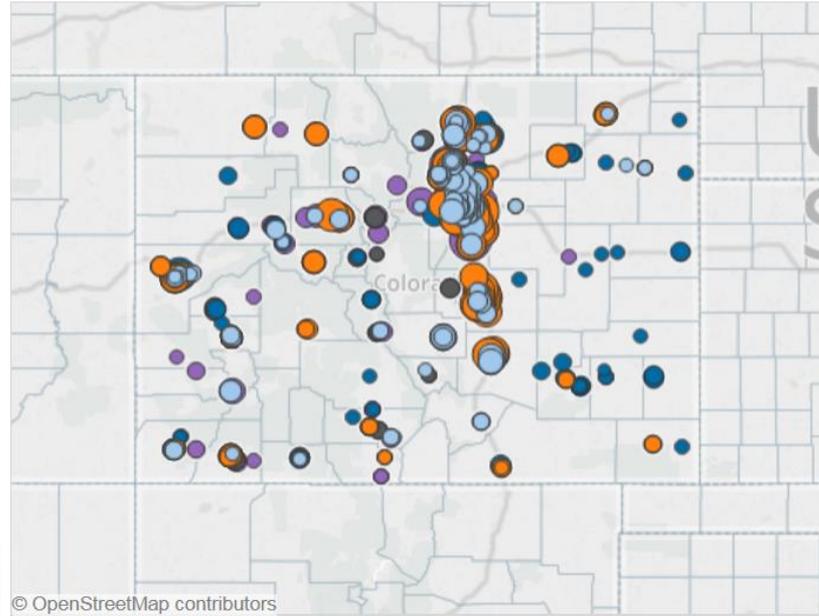
Next 125 years

TotalNumberofUnits (fa...)

- 200
- 400
- 600
- 844

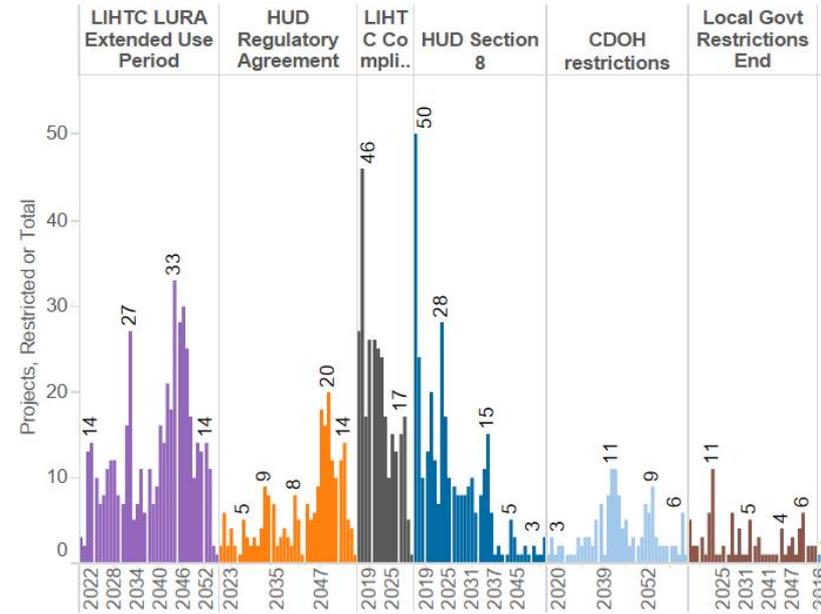
Expiration Type

- LIHTC restrictions
- HUD Regulatory Agr...
- HUD Section 8
- LIHTC Compliance ...
- LIHTC LURA Extend...
- Loan Qualified Proj ...
- Local Govt Restrictio...



© OpenStreetMap contributors

## Projects Expiring by Year



## Expiring Projects

Project Name	Expiration Type	City	Year of Expiration Date	Total Units	Restricted Units
4th And Fox Apartments	HUD Regulatory Agreement	DENVER	2034	13	13

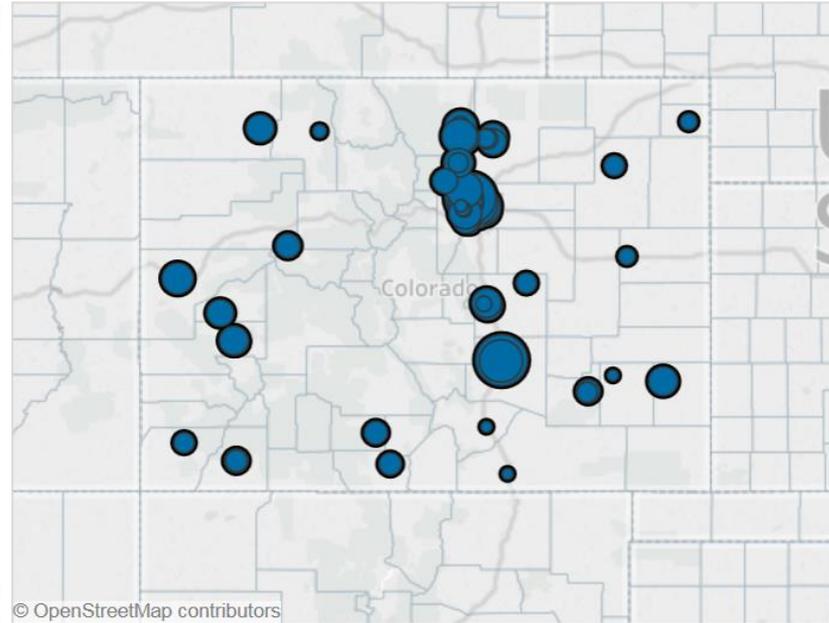


# Units Expiring by Year and Location

Select Projects, Total Units or Restricted Units \*Select timeframe and expiration type on the upper right

Projects ▼

## Map of Expiring Projects



**Expiration Type** ⌵

- (All)
- HUD Section 8

**Expiration Date**

Next 3 years

**TotalNumberofUnits**

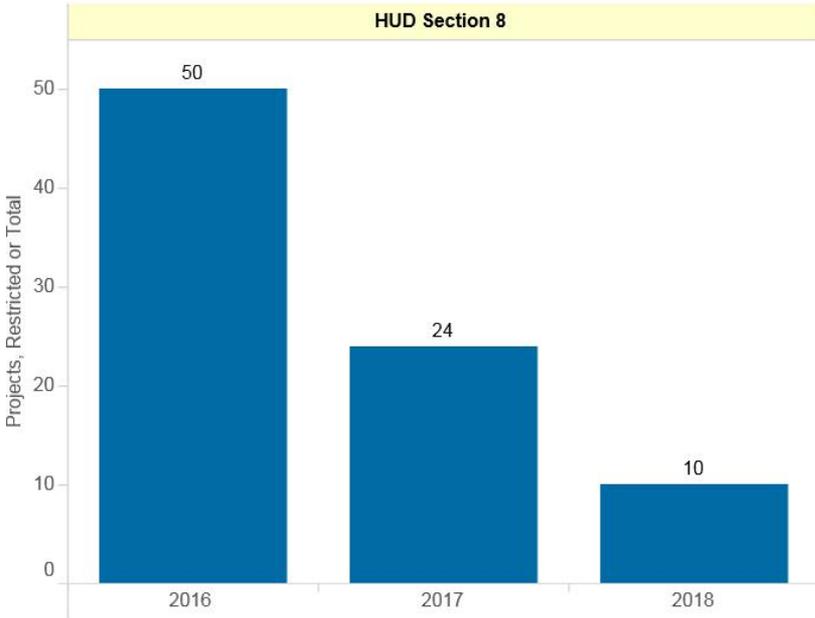
- 4
- 50
- 100
- 150
- 202

**Expiration Type**

- HUD Section 8

## Projects Expiring by Year

HUD Section 8



## Expiring Projects

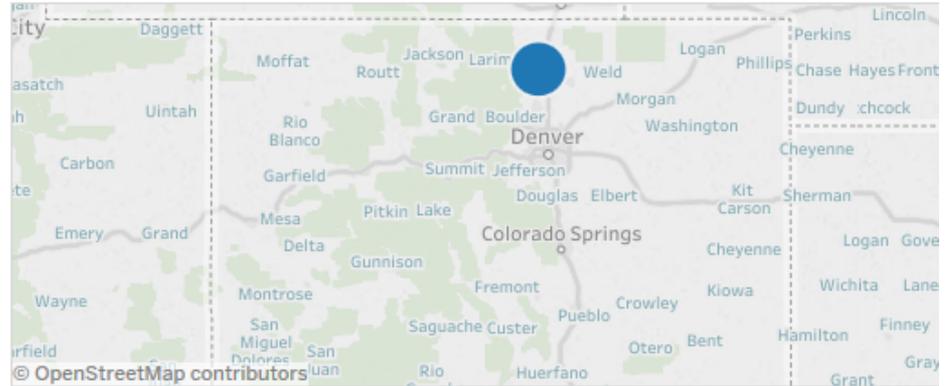
Project Name	Expiration Type	City	Year of Expiration Date	Total Units	Restricted Units
17th Street Redevelopment	HUD Section 8	DENVER	2017	36	36
Anciano Towers	HUD Section 8	MONTROSE	2016	50	50



# Project Details Dashboard

**Project Name**  
Woodland Apts

**Address**  
1025 Wakerobin Ln  
FORT COLLINS, CO 80526



<b>Project Expiration Types</b>	<b>Owner Organization</b> Woodlands Apartments	<b>Population Served</b> General Affordable	<b>Total Units</b> 116
<b>HUD Regulatory Agreement</b>	<b>Year Built</b> Not Specified	<b>Owner Type</b> Profit Motivated	<b>Restricted Units</b> 116
<b>HUD Section 8 Expiration Date</b>	<b>HUD 2nd Section 8 Expiration Date</b>	<b>HUD Mod Rehab Expiration Date</b>	<b>HUD Regulatory Agreement Expiration Date</b> February 1, 2038
<b>CDOH Restrictions Expiration Date</b> March 26, 2018	<b>LIHTC Compliance Period End Date</b> December 31, 2011	<b>LIHTC LURA Extended Use Period End Date</b> December 31, 2026	<b>Loan Qualified Project Period End Date</b>

# Housing Preservation Network – Strategic Plan

## ■ Collaboration and Engagement

- Engage and partner with owners, community organizations, governmental entities, tenants, foundations, financial institutions and housing stakeholders to collaborate on preservation efforts
- Provide technical assistance to owners, potential owners and managers of at-risk properties
- Owner toolkit

## ■ Policy Development

- Identify best practices and emerging trends and policies and adapt and adopt as appropriate for implementation at the local level
- Jurisdiction toolkit

# Housing Preservation Network – Strategic Plan

## ■ Resources

- Identify, structure and close preservation transactions
- Maximize use of existing financing products for affordable housing preservation
- Increase resources available for preservation
- Access loans or grants available for increasing energy efficiency
  - C-PACE pilot program

## ■ Priority Preservation Properties



## Naturally Occurring Affordable Housing

- Affordable w/o support from public subsidies
- Typically Class B or C properties, older, no-frills
- Larger supply than subsidized properties
  - 36% of all rental units, 76% of all MF properties
- NOAH rents ~ 16% of AMI; Class A ~ 26% of AMI
- Tend to have low vacancy rates, solid rental growth and low volatility
- Support mission-driven purchasers in opportunity areas
- Readily available capital essential



# Questions???

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# Preserving Affordable Housing

Ravi Malhotra  
President, ICAST and TBL Fund  
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# ICAST Services



## ✓ Portfolio & Property Assessments

1. Energy Audits
2. Energy Star Scoring

## ✓ Design / Specifications

## ✓ Green Retrofit:

1. Energy Efficiency and DSM
2. Renewable Energy
3. Water Conservation
4. Health and Safety



## ✓ Access to Financing

1. Traditional Debt
2. Off-Balance Sheet
3. Incentives and Rebates

## ✓ Staff O&M Training

## ✓ Tenant Engagement

1. On-Site
2. Online

# TBL Fund



Community Development Financial Institution (CDFI)



Financial Ally to U.S. Dept. of Energy's Better Building Challenge

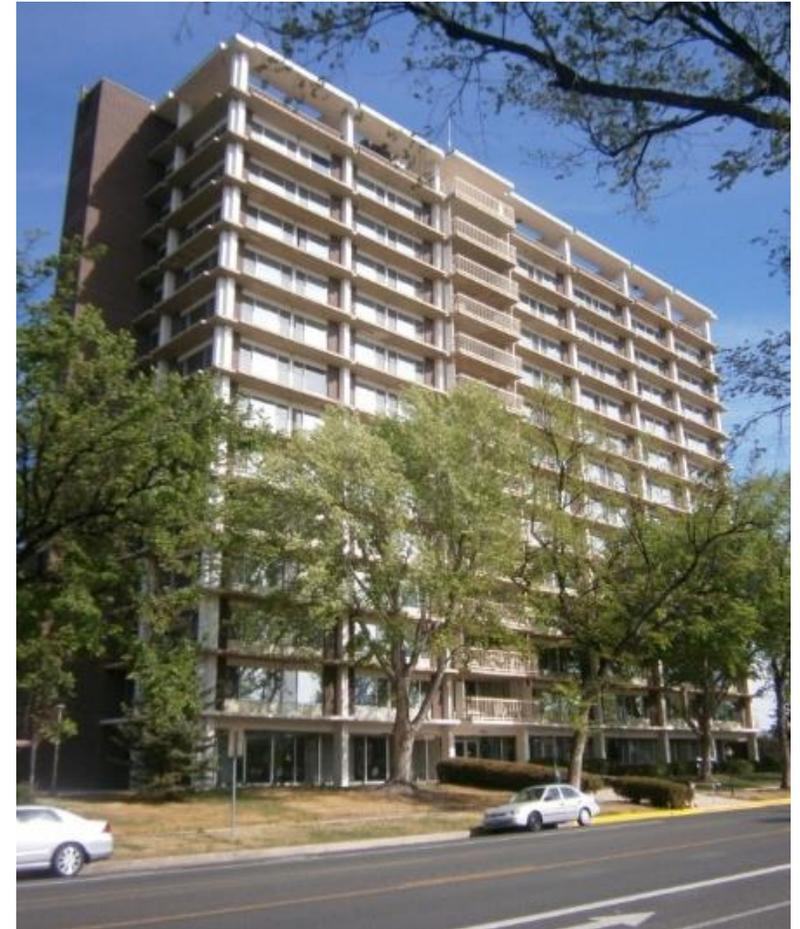


Property Assessed Clean Energy (PACE) Lender in Texas

# Market Need

AMI	Total Households	Rental Units Available	Excess / Shortage
51% - 80%	325,910	433,650	107,740
31% - 50%	223,820	181,170	-42,650
< 30%	246,910	41,190	-205,720

⇒ Shortage of rental units, specially in the Lower Income categories



# Affordability of MF Housing in CO



- Renters make up 33% of Colorado population.
- 25% of renters paid more than 50% of their income on housing
- 40% paid more than 30% of their income on housing
- Median rental property is 40 years old

*2010 census data*

⇒ **The LMI population is severely housing cost burdened and situation is worse today**

⇒ **Avg. rental property is inefficient, unsafe and unhealthy**

# Losing Battle

- ❖ Units built in 2013: only **823** rent-subsidized units across CO.
  - ❖ Over last 2 years, a total of **1,458** affordable units were built, rehabbed or preserved in Denver.
  - ❖ Boulder is losing ~1,000 units of naturally affordable housing every year and adding back an average of 123 units of permanently affordable housing (2014 BHP study).
- ⇒ **Subsidized housing is the only affordable option for Low Income households**
- ⇒ **Soon, if not already, moderate income households will face the same option**



# What's the Solution?

- It is NOT moving families 50 miles away, because:

$$A = R + T + U + H$$

## Preservation!

- ❖ Fixing existing Affordable Housing properties is cheaper than building new Affordable Housing
- ❖ Acquiring existing Naturally Affordable properties is cheaper than building new Affordable Housing
- ❖ Green Retrofits of existing MF properties is the cheapest way to help preserve affordability



# Benefits of Green Rehab



## For Owners:

- ✓ Reduced operating costs for Energy, Water, and O&M
- ✓ Increase in Revenues due to:
  - Increased occupancy
  - Lower turn-over rate
- ✓ Increase value of property
- ✓ Lower mortgage payment and higher LTV

## For Residents:

- ✓ Reduced utility and health care costs
- ✓ Better comfort and safety

# Need for Green Retrofit



- LI households spend four (4) times the % of income on utilities and health care
- Over 50% of Rental properties available to extremely low-income renters is at least 50 years old i.e. inefficient, unsafe, and uncomfortable.
- For 2015, HUD paid out ~\$4 Billion for energy subsidies
- In 2016, CO will spend ~\$44 Million on its utility bill payment assistance program.

⇒ **Green Retrofits can impact affordability by reducing utility + health care costs**

⇒ **Subsidies could be invested in Green Retrofits to fix root cause**

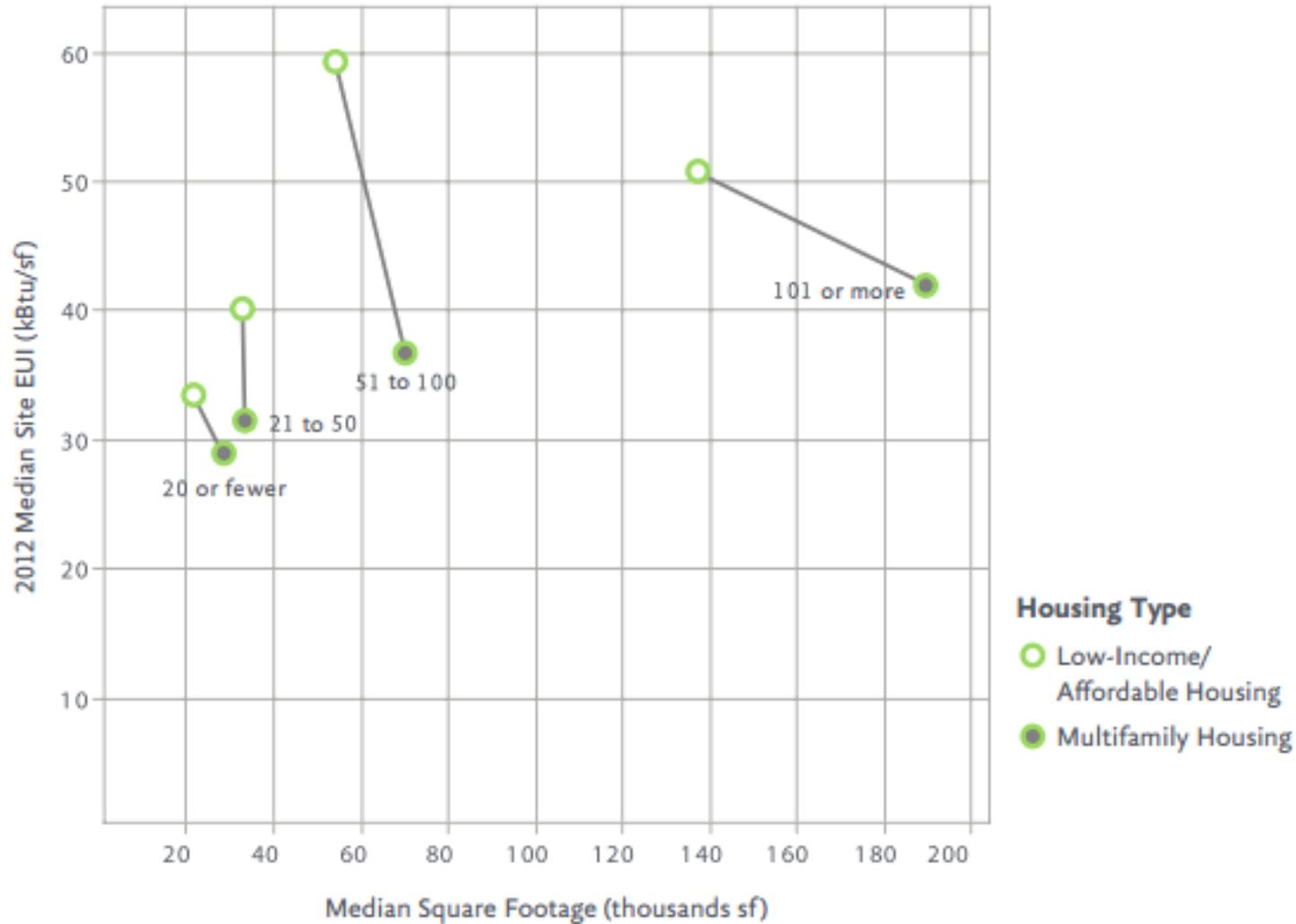


Figure 17: 2012 Median EUIs of Low-Income/Affordable Housing and Multifamily Buildings by Number of Units

# Multifamily Properties

⇒ Opportunity for Green Retrofits is larger for affordable housing

# Case Study 104 Units, Senior Housing

## Financial Details

- Total Project Cost: \$316,000
- Financing Needed: \$250,000
- Annual Utility Savings: \$30,000
- \$250,000 investment equals:
  - ✓ 1 new Unit
  - ✓ 1.5 retrofitted Units  
(Acquisition + Rehab = \$166K)
  - ✓ \$450,000 in utility savings over 15 year life of upgrades



⇒ Investments in Green retrofits can reduce subsidy by 1.5 x

# 50 Case Studies

## Financial Details

- **Annual Utility Savings: \$1.5 Million**
  - **Financing Needed: \$12.5 Million, which equals:**
    - ✓ 50 new unit
    - ✓ \$22.5 Million in utility savings over life of upgrades
- \$1.5 Million of Subsidy /Year implies:**
1. \$30,000/unit in annual Subsidy
  2. \$2,500/unit/month of subsidy
  3. \$1,750/unit/month of 9% LIHTC subsidy



⇒ Investing in Green Rehab is the most cost-effective solution to preserve affordability

# Case for Preservation

Naturally Affordable MF Property	
Total # of Units	50
Rent Subsidy / Unit / Month	~\$730
Total Rent Subsidy / Year for 50 Units	\$437,500
Capital Needed to Generate Subsidy	<b>\$8,750,000</b>

New Construction	
Cost/Unit	<b>\$250,000</b>
Total Cost	<b>\$12,500,000</b>
9% LIHTC	<b>\$8,750,000</b>



⇒ **\$730/month subsidy can preserve affordability of how many units?**

# Case for Preservation

50 Unit MF Property	
Rent Subsidy / Unit / Month	\$200
Total Rent Subsidy/Year	\$120,000
Capital Needed to Generate Subsidy	<b>\$2,400,000</b>

Subsidy to Acquire Naturally Affordable	
Cost/Unit	\$160,000
Total Cost	\$8,000,000
4% LIHTC	<b>\$2,400,000</b>

- ⇒ Acquiring existing MF is cheaper than building new MF
- ⇒ Subsidy to Preserve 3.6 Units = Subsidy for New Unit



# Case for Preservation



	Metro Denver Income	30% of Income	5% Cap. Rate
AMI	\$66,000		
50% AMI	\$33,000	\$9,900	
25% AMI	\$16,500	\$4,950	
<b>Difference</b>	<b>\$16,500</b>	<b>\$4,950</b>	<b>\$99,000</b>

Cost/Unit	\$141,428
9% LIHTC	<b>\$99,000</b>

⇒ **Extra Subsidy needed for 25% AMI is less than the subsidy for one new unit**

# Solution Exists!

---

## To solve Affordable Housing crisis, we should:

1. Green Retrofit existing MF properties before we acquire existing or build new ones.
2. Provide subsidy to existing MF properties rather than build new MFAH.
3. Subsidize acquisition of existing MF properties rather than build new MFAH.





# Thank You

# Questions?

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# *Preserving Affordable Rental Housing: A Look at Tools and Policies*

Denver Break from 11:45 a.m. – 12:20 p.m. MST  
Resuming program at 12:20 p.m. MST  
Stay Connected!



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# The Housing Preservation Challenge: A National Perspective

Federal Reserve Bank of Kansas City – Denver Branch

*Laura Abernathy  
National Housing Trust*



# National Housing Trust



- The National Housing Trust **protects and improves existing affordable rental** homes so that low income individuals and families can live in quality neighborhoods with access to opportunities.
- NHT engages in **public policy** development and advocacy that is informed by practice and experience through on the ground **real estate development, lending, and multifamily ownership**.



# National Issue, Local Challenge: Components of Successful Preservation Strategies



## Data Collection and Analysis

- Identify “at risk” affordable housing
- Assess resource needs

## Policy and Program Coordination

- Align program requirements to support preservation
- Breakdown agency silos
- Preservation Collaboratives

## Dedicated Funding for Preservation

- LIHTC and housing trust fund set asides
- Public-private funds for predevelopment, acquisition

## Commitment to Sustainability

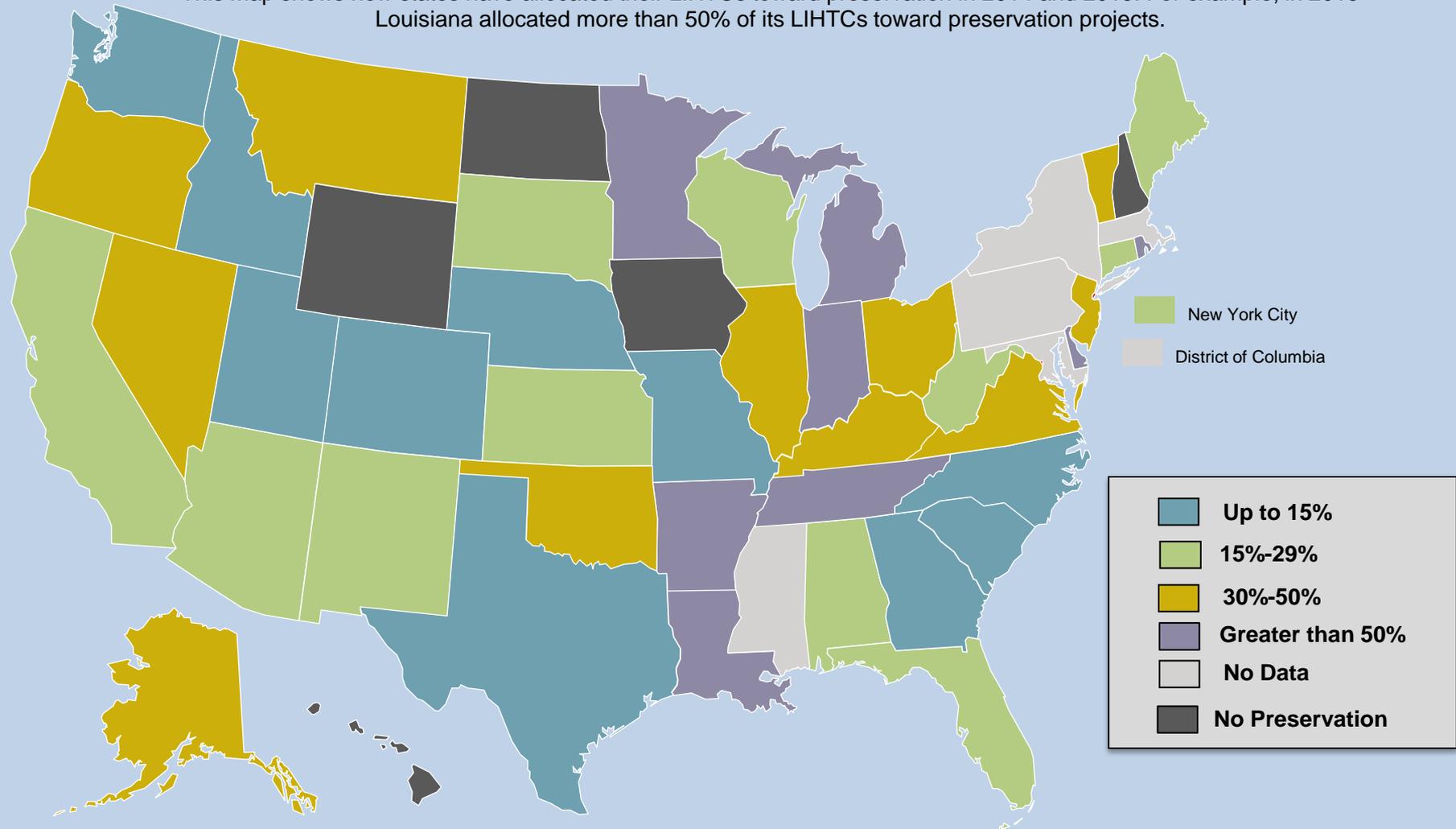
- Incentives for green preservation
- Integrate affordable housing preservation into TOD



# LIHTC Preservation Allocations, 2015



This map shows how states have allocated their LIHTCs toward preservation in 2014 and 2015. For example, in 2015 Louisiana allocated more than 50% of its LIHTCs toward preservation projects.



\*Data for the following states is from 2014: ND, MN, MI, KS, FL, NC, VA, NJ, CT.  
All data as reported by the state agency. Missing information is currently being obtained.

# QAPs & Areas of Opportunity

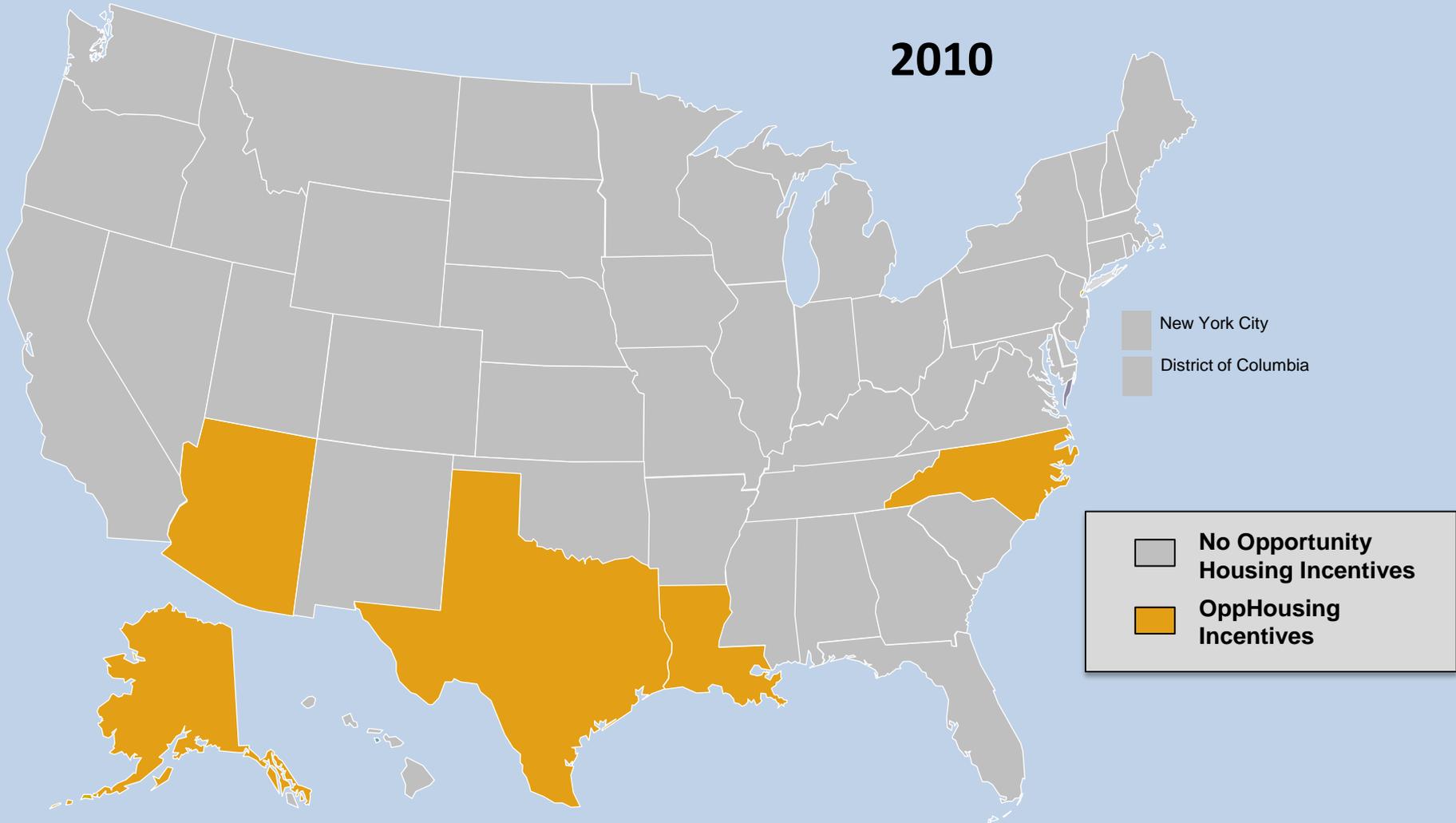


- States have wide variety of definitions re: opportunity language in their QAPs
- Varying levels of sophistication & sensitivity
- Currently, at least 16 states are encouraging developers to use LIHTC to build/preserve MF housing in opportunity neighborhoods
- CHFA's Summary of Changes for the 2017 QAP considers adding areas of opportunity when feasible

	Economic/Job Growth	Good Schools	Low Poverty	Community Stability
AL			X	
AK	X			
AZ	X	X		
CT			X	X
DE				X
GA		X	X	
IL	X		X	
KS	X			
LA		X	X	
MA	X	X	X	X
MD	X	X	X	X
ME	X		X	
MI	X			X
MN	X			
MO			X	
MS	X		X	
NC			X	
NJ	X	X		
NY		X		X
OH*			X	
PA	X		X	X
TX		X		
VA			X	
WA	X	X		X
WI	X			
WV	X	X	X	X

\*Ohio's fair housing incentives apply to new rental units only.

# QAPs & Areas of Opportunity













# A Balanced Approach



We believe in a **balanced approach** to fair housing, which:

- Recognizes that a significant amount of subsidized housing is located in areas of poverty;
- Promotes access to high opportunity communities through mobility; and
- Ensures that residents who remain in neighborhoods currently experiencing distress and concentrated poverty benefit from investments that improve their housing and increase their access to opportunity.

# QAPs & Community Revitalization



How do states define Community Revitalization Plans (CRPs) in their QAPs?

	AL	AK	AZ	AR	CA	CO	CT	DE	FL	GA	HI	ID	IL	IN	IA	KS	KY	LA	ME	MD	MA	MI	MN	MS	MO	MT	NE	NV	NH	NJ	NM	NY	NC	ND	OH	OK	OR	PA	RI	SC	SD	TN	TX	UT	VT	VA	WA	WI	WY			
Explicit Definition of CRP		X	X		X	X		X	X	X		X	X	X			X			X	X	X	X	X							X	X	X			X	X		X	X		X	X		X	X						
Use of Proxy Designation			X					X	X	X	X	X	X	X			X			X	X	X	X	X					X	X	X	X																		X		
Community Outreach						X			X	X										X	X											X							X	X				X	X							
Endorsed by Local official/government	X	X			X	X		X	X	X				X	X					X		X	X	X						X	X	X	X	X	X	X	X		X	X		X	X		X	X				X		
Assessment of Existing Structures and/or Need for Housing					X				X	X		X	X	X					X		X	X			X	X	X					X					X	X		X	X		X	X	X							
Other	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

# QAPs & Community Revitalization



State	Implementation Measures	Measurement of Impact
CO		x
FL	x	x
IL		x
IN	x	
IA	x	
MA		x
MN	x	
PA		x
TX		x
UT		x
WA		x

**Implementation measures** – Many states include requirements or CRP definitions that take note of local funding commitments or implementation measures.

- *Indiana* requires a CRP to include detailed policy goals including affordable housing goals as well as implementation measures and timelines.
- *Texas* requires that an adopted plan have sufficient, documented and committed funding to accomplish its purposes on its established timetable.

## **Measurement of impact/Community analysis** –

- *Pennsylvania* has several measures of impact including access to public transportation, public parks and open space, and community serving enterprises; as well as measures that improve quality of life and provide health care for residents of the community.
- *Illinois* awards points for CRPs that can demonstrate that they may lead to measurable increases in access to employment and living wage jobs; healthcare and supportive services; community amenities; transportation; etc.

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*PrezCat: An online, searchable catalog of state and local affordable housing preservation policies.*

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To select multiple states hold CTRL and click

State:   
Alabama   
Alaska   
Arizona

Categories:   
State snapshot   
Low Income Housing Tax Credit (9%)   
Low Income Housing Tax Credit (4%)

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Choose a state for affordable housing preservation policies.

### Featured Content

 **Preservation and Opportunity Neighborhoods in the Low Income Housing Tax Credit Program**  
This Working Paper looks at the combination of incentives state agencies are using in their LIHTC programs for affordable housing in...

 **Webinar: National Housing Trust Fund**  
This webinar on regulations for the National Housing Trust Fund was hosted by the National Low Income Housing Coalition in February 2015...

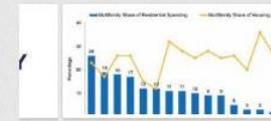
 **Preserving Affordable Housing in Denver: Recommendations to Strengthen the City Ordinance and Create an Institutionalized Commitment to Preservation**  
How does the City of Denver preserve affordable rental housing? Initially, the

*PrezCat is a comprehensive source of information on state policies and programs that promote the preservation of existing affordable housing.*



**NHT Newsletter: It's Time to Make the Case for Affordable Housing in the CPP!**

What does the National Housing Trust have in common with the White House? Neither of us thinks that the Supreme Court's recent stay on the



**Groups Seek to Expand the Funding for Efficiency Improvements in Affordable Housing Properties**

This article from June 2014's Tax Credit Advisor Magazine describes how to utilize funding for energy efficiency. The article was written by



**NOVOGRADAC & COMPANY** LLP  
CERTIFIED PUBLIC ACCOUNTANTS



**NATIONAL HOUSING TRUST**

For more information...



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# *Division of Housing*

Alison George, Director

December 2016



**COLORADO**  
Department of Local Affairs

DOH was created to improve the access of all Coloradans to decent, affordable housing

## **Roles:**

- Operation of federal and state rental subsidies
- Acquire, rehabilitate and construct affordable housing
- Fort Lyon Supportive Residential Community
- Regulatory role as building department

## **2016 Accomplishments**

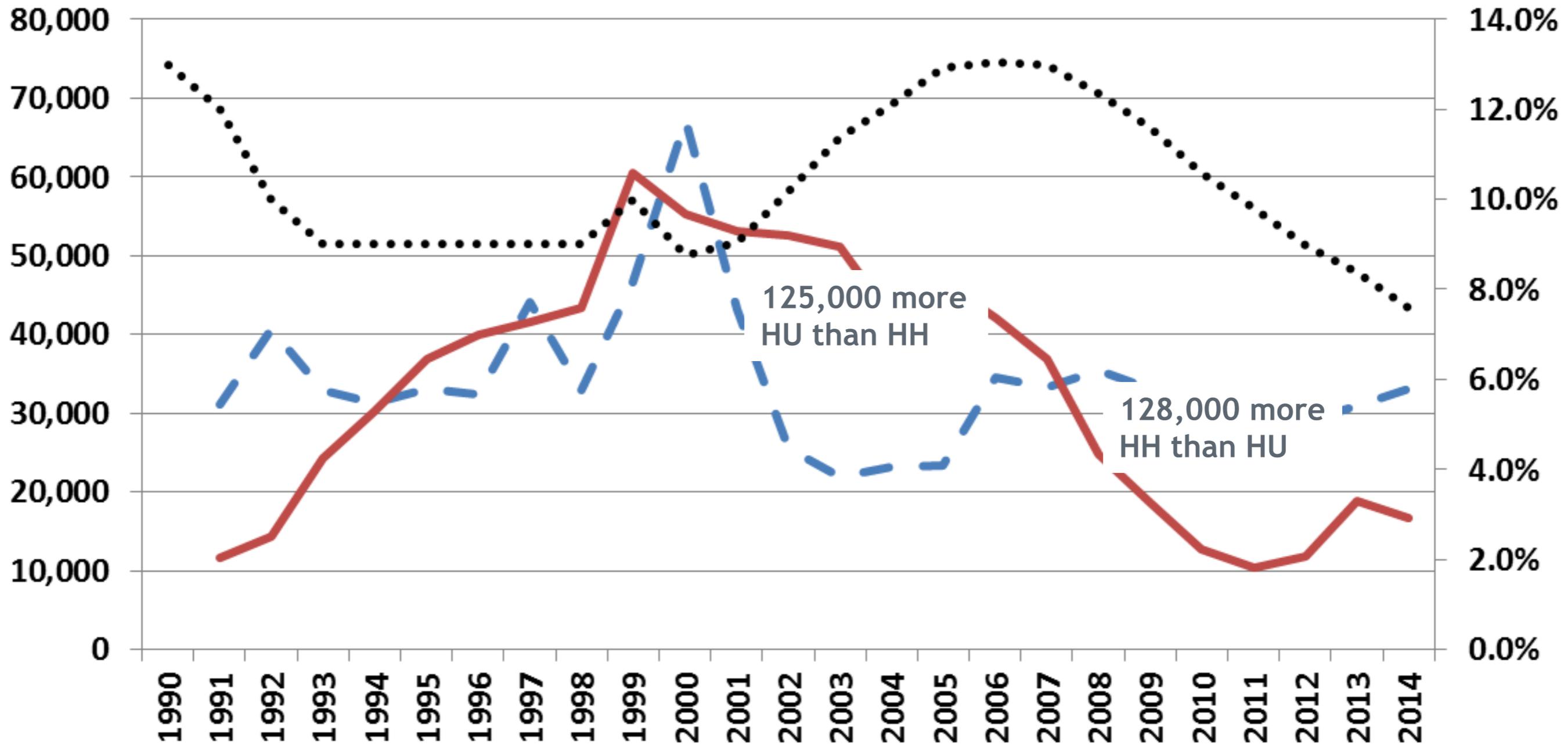
- DOH served >32,000 households
- Created >3,100 new affordable housing opportunities
- Average voucher recipient income: \$11,400
- >84% of vouchers serve people with disabilities



# Housing Unit and Household Growth and Vacancy Rates

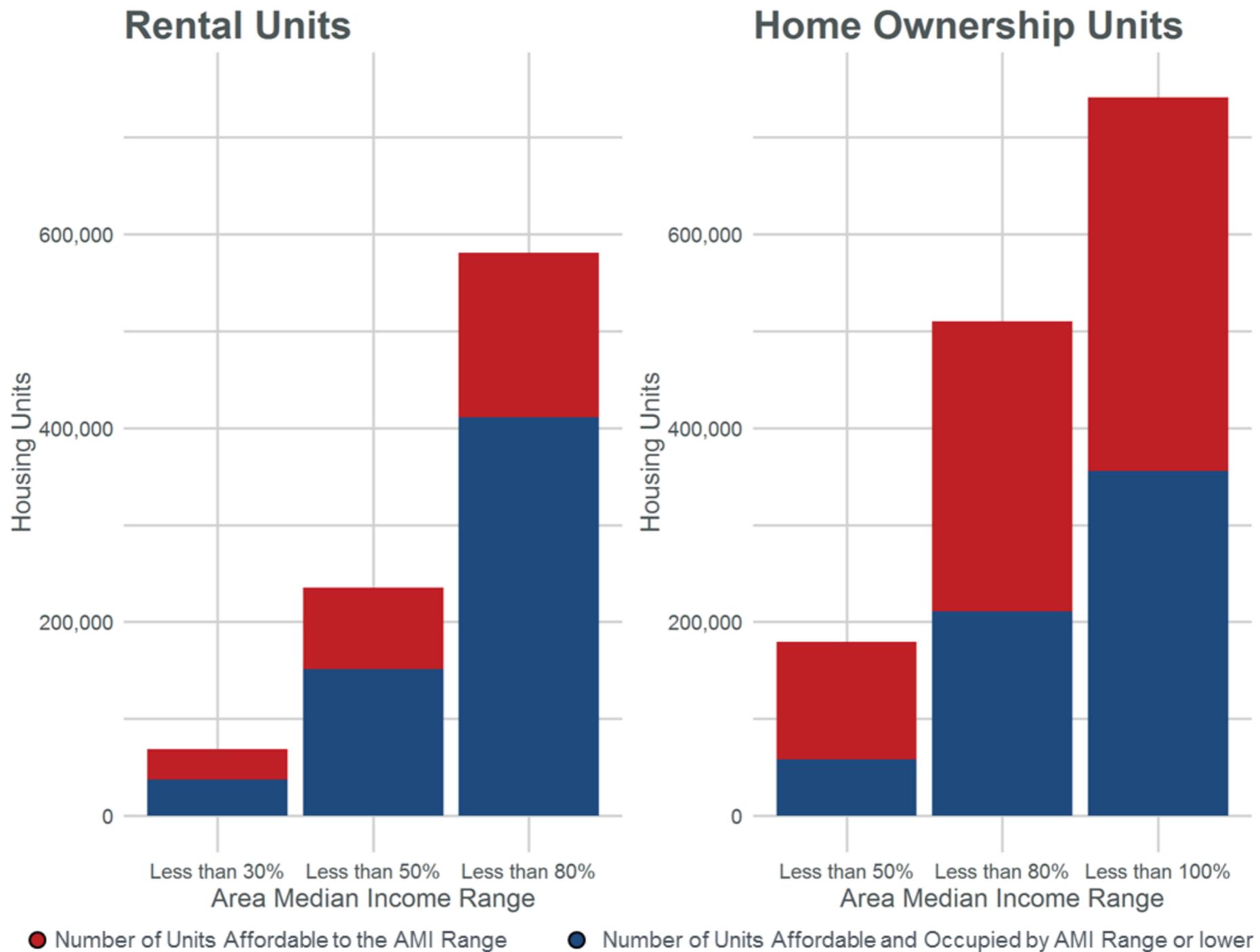
Source: State Demography Office

— Household Growth    
 — Housing Unit Growth    
 ••••• Vacancy Rate



# Colorado Affordability of Housing Stock

Housing Units **Affordable** to Each AMI and **Occupied** by that AMI or Lower

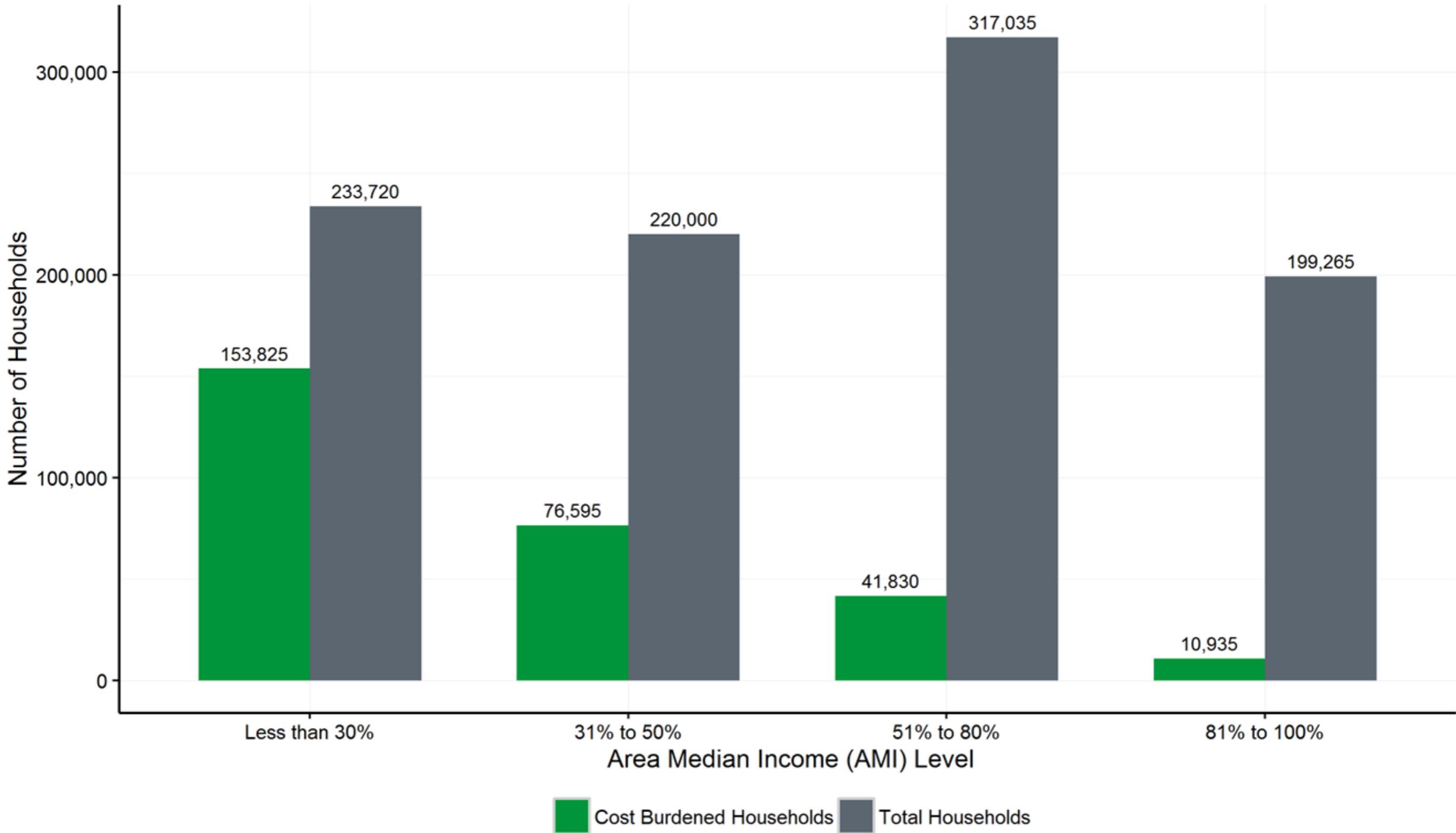


Source: HUD CHAS data, based on 2009-2013 ACS



# Colorado Severe Cost Burdened Households

## Renter and Owner-occupied



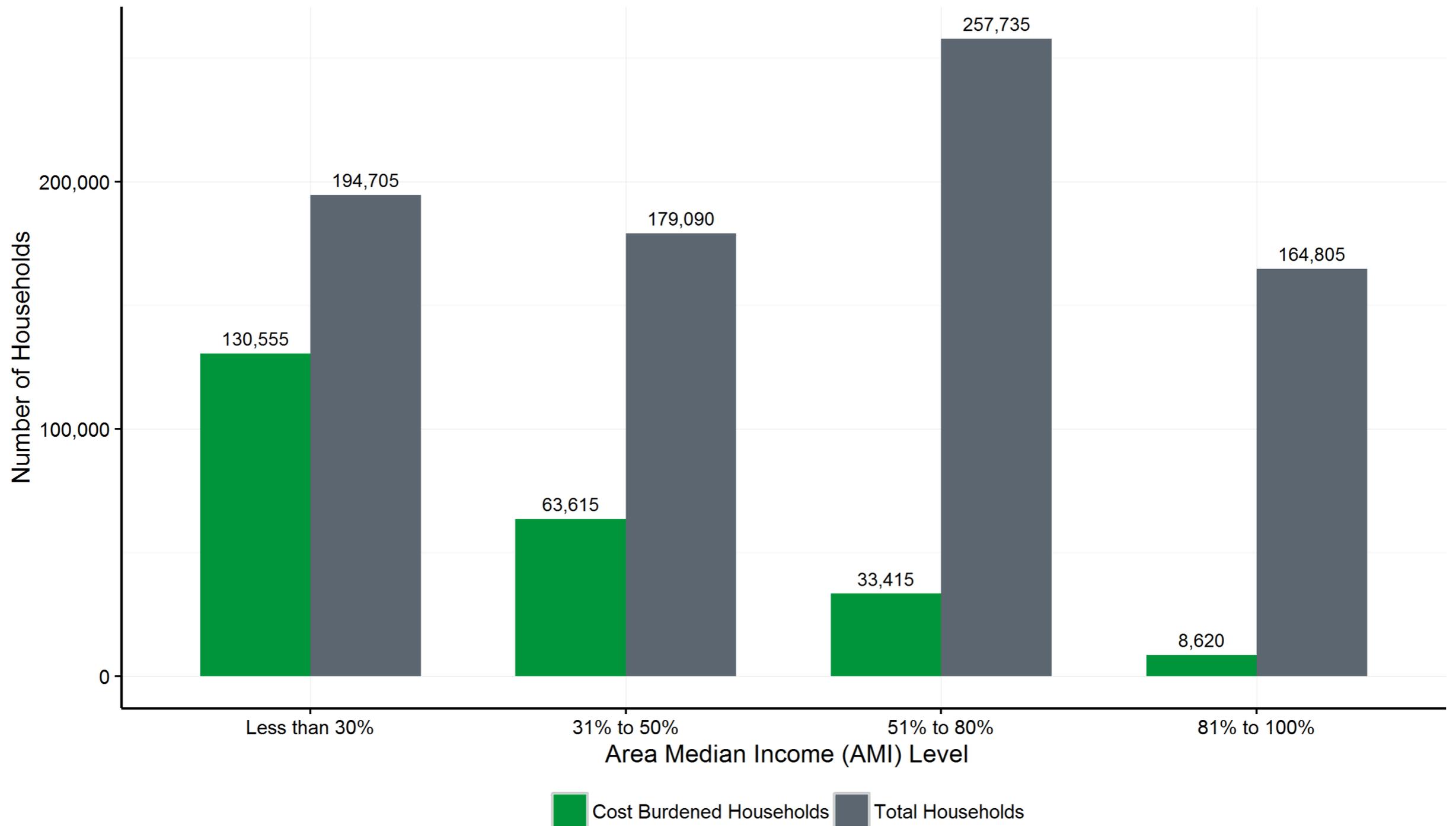
Note: Severe cost burdened households spend 50% of income or more on housing.

Source: HUD CHAS data, based on 2009-2013 ACS



# Front Range Severe Cost Burdened Households

Renter and Owner-occupied



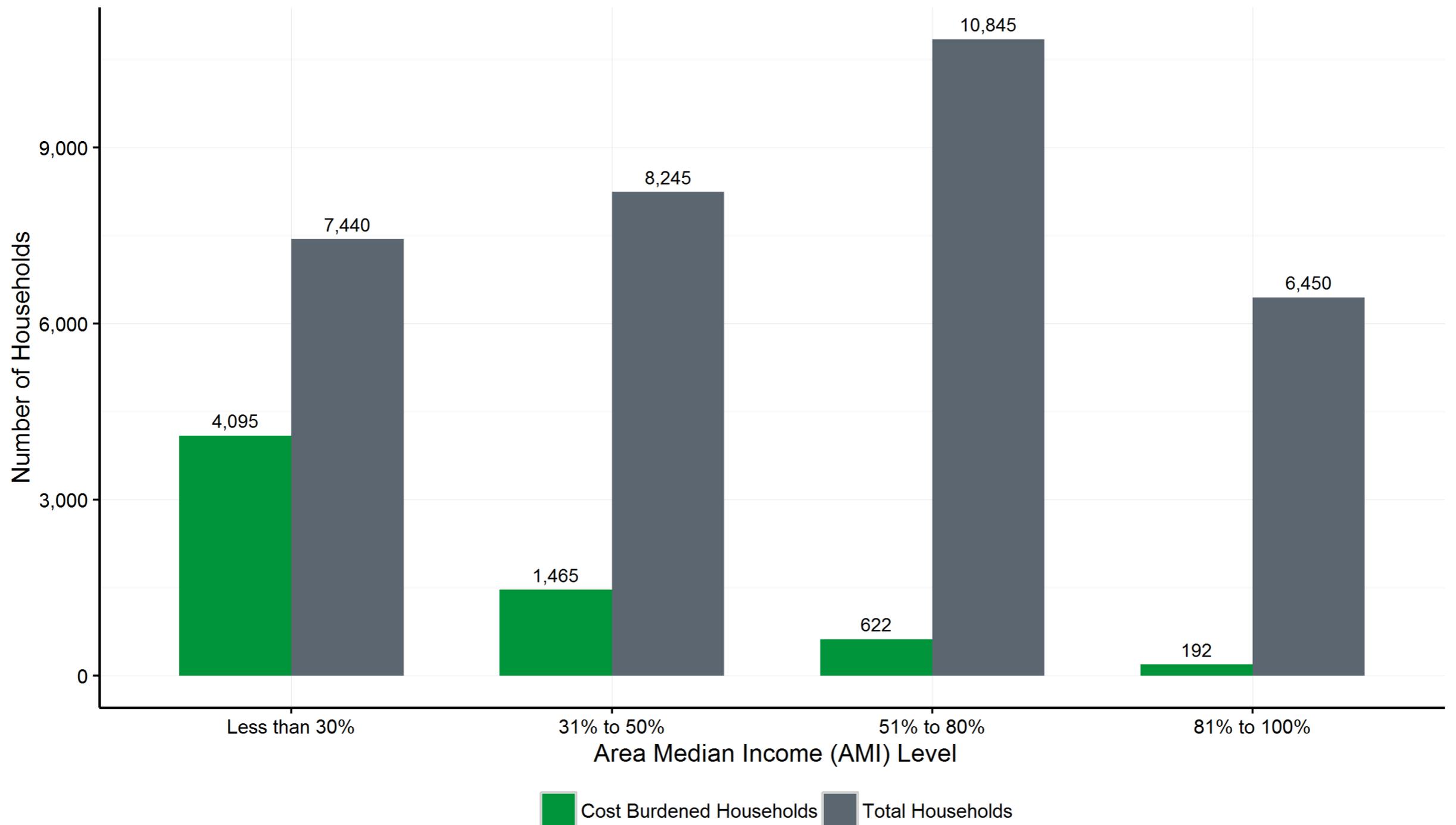
Note: Severe cost burdened households spend 50% of income or more on housing.

Source: HUD CHAS data, based on 2009-2013 ACS



# Eastern Plains Severe Cost Burdened Households

Renter and Owner-occupied



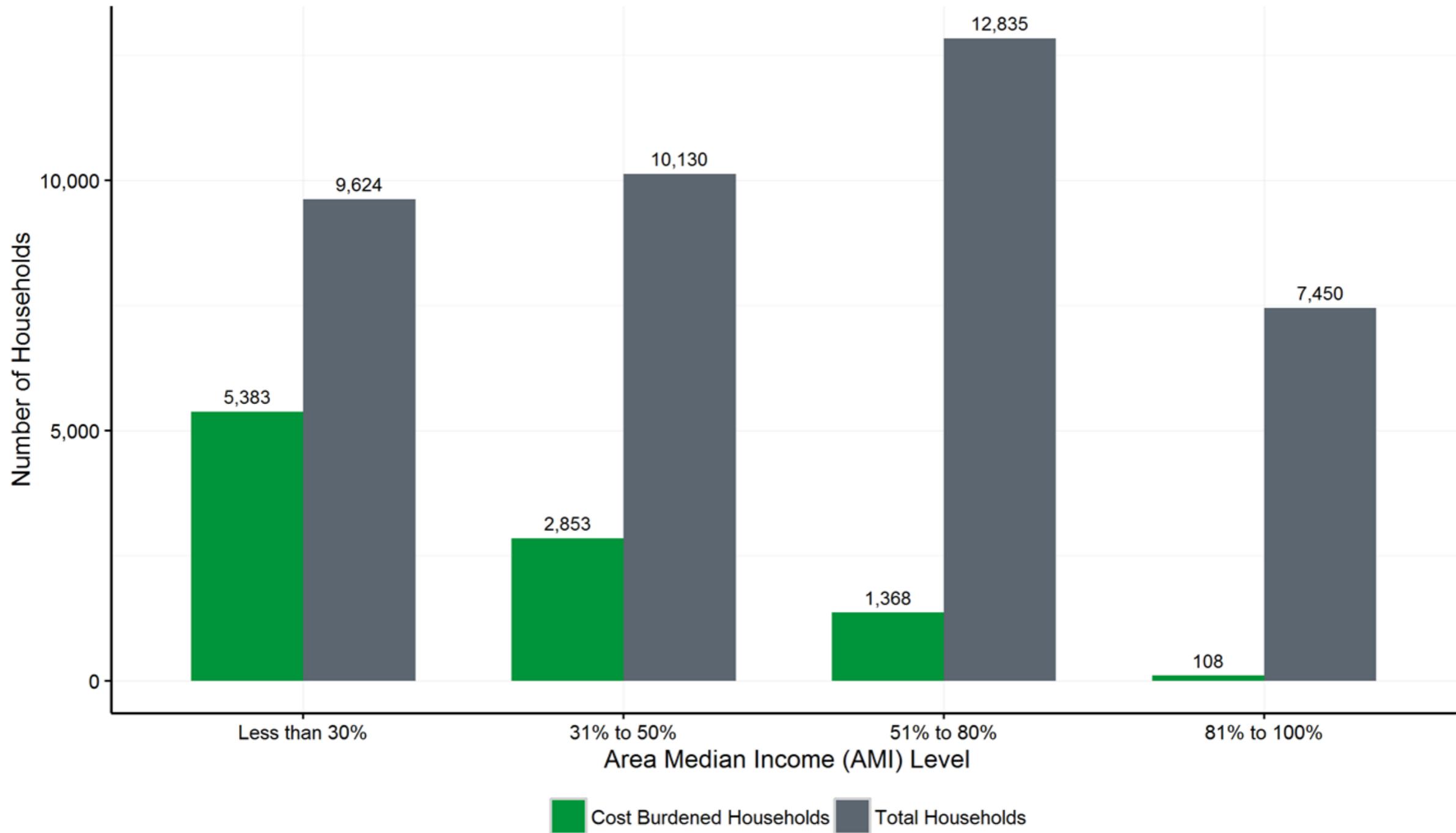
Note: Severe cost burdened households spend 50% of income or more on housing.

Source: HUD CHAS data, based on 2009-2013 ACS



# Central Mountains Severe Cost Burdened Households

Renter and Owner-occupied



Note: Severe cost burdened households spend 50% of income or more on housing.

Source: HUD CHAS data, based on 2008-2013 ACS



# Statewide Housing Needs

## Affordable Housing for Very Low Income

- 153,825 very low income households pay >50% of their income on housing
  - ❖ *Includes working poor, persons with disabilities and aging adults*

## Permanent Supportive Housing for Homeless

- Nearly 10,000 homeless people in Colorado

## Repairs for aging housing stock

- Rural areas limited by dilapidated housing

## Attainable Homeownership Options

- Provide housing mobility for working families
- Relieve pressure on tight rental markets



# Investing in Colorado

## Two key strategies:

1. **Social Savers:** *helping tax payers by helping those in need*
2. **Communities with Greatest Needs:** *responding to market demands and condition of housing stock*



# Social Savers

## Housing for Colorado's Homeless

*Public Cost through jails, emergency rooms and detox*

- ✓ *Possible cost avoidance \$31,545 to \$40,474 /person/year*
- ✓ *Key target populations: Veterans, Coloradans coming from institutions, homeless youth - particularly aging out of foster care.*

## Housing Modifications: Keep Seniors and Disabled Home

*Class 1 nursing home cost approx. \$70,000*

- ✓ *Possible savings of \$33,631 to house person in community*



# DOH Homeless Programs

Approx. 1,000 more housing vouchers

Providing leadership on homelessness and housing in partnership with local, state and federal stakeholders to build, promote and support collaborative approaches connecting housing and services for Coloradans in most need.

State  
Housing  
Voucher  
(SHV)

C-SCHARP

Fort Lyon

PSH (S+C)  
Vouchers

VASH

FUP &  
OHYS

ESG &  
HPAP

TBRA  
Next  
Step

HOPWA



# PSH Toolkit & Joint Underwriting

## Pathways Home Permanent Supportive Housing Toolkit

Builds capacity in participating communities to develop, operate and provide services in high quality permanent supportive housing projects.

## Joint Underwriting

Joint effort of the Governor's Office, DOH and CHFA to increase Permanent Supportive Housing units through tax credits, gap funding and/or project-based housing vouchers.

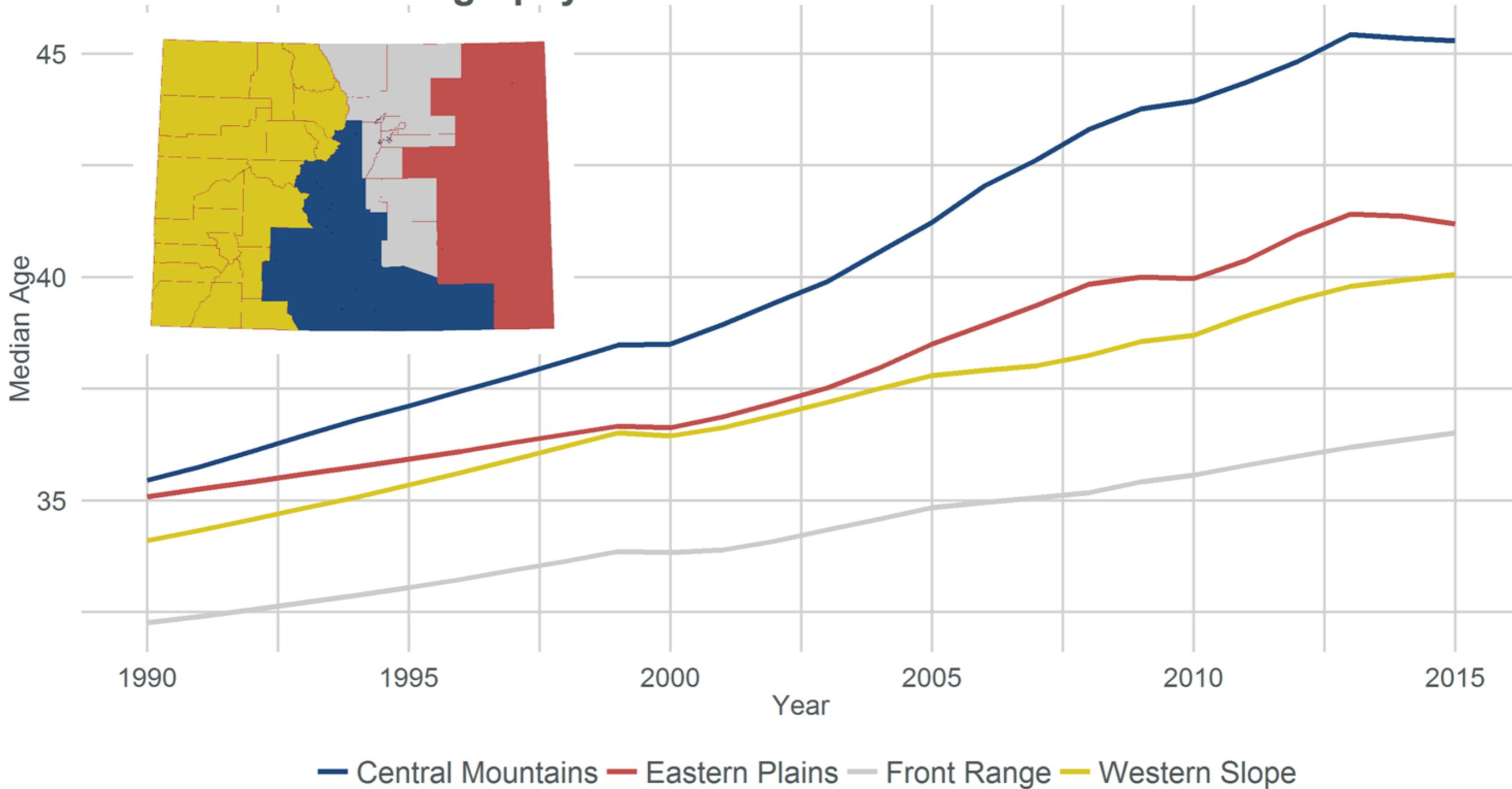
## Results

- Last year, together we funded the creation of **282** PSH units.
- This year, we have **135** PSH units in the pipeline for potential approval.
  - Next Toolkit began **September 2016**.



# Median Age by Region 1990 to 2015

Source: State Demography Office



# Cost Comparison

## Individual Living in a Class 1 Nursing Home Versus an Individual Living in the Community

Annual Total Cost of Class 1 Nursing Care per FTE (per client/year, with SSI)	\$69,809
Total Cost of Living in the Community (housing subsidy, health care, in home services, food stamps & SSI)	\$36,177

Average Annual Cost Avoided by Moving an Individual into the Community	\$33,631
Savings percentage for moving an individual into the community	48%

Health Care Policy and Financing - 2016



# Communities with Greatest Needs

## Rural Communities with Vacant/Boarded Up Homes

- Central mountains and eastern Colorado are challenged to keep/attract residents due to aging dilapidated housing

## >80,000 Manufactured Housing Units in Colorado

- Park conditions vary significantly
- Aging housing stock

## Tight Rental Markets and Gentrifying Communities

- Population growth
- Statewide rental rates at historic highs
- Vacancy rates at historic lows



# Acquisition/Rehab/Demo

## *Monte Vista, CO*

Town of 4,300 people  
114 vacant, dilapidated homes

Pilot Program  
CDBG investment: \$625,000



# Manufactured Housing

## **DOH Owner Repair Program Expanded for MHUs**

- Pilot program in Larimer County

## **New InspectThis! Online application: plan review and inspections**

- Beta testing now
- Credit card payments available online
- Streamlines payment and inspection timelines
- Provides consistent communication tool for stakeholders



# Changing Markets Housing Funding Agencies

## Federal Agencies:

US Dept. of Housing and Urban Development (HUD)

- HOMELESSNESS
- AFFORDABLE RENTAL
- HOUSING VOUCHERS
- HOMEOWNERSHIP

USDA: Rural Development (RD)

- FARMWORKER HOUSING
- AFFORDABLE RENTAL
- HOUSING VOUCHERS
- HOMEOWNERSHIP

US Treasury: Internal Revenue Service

- AFFORDABLE RENTAL

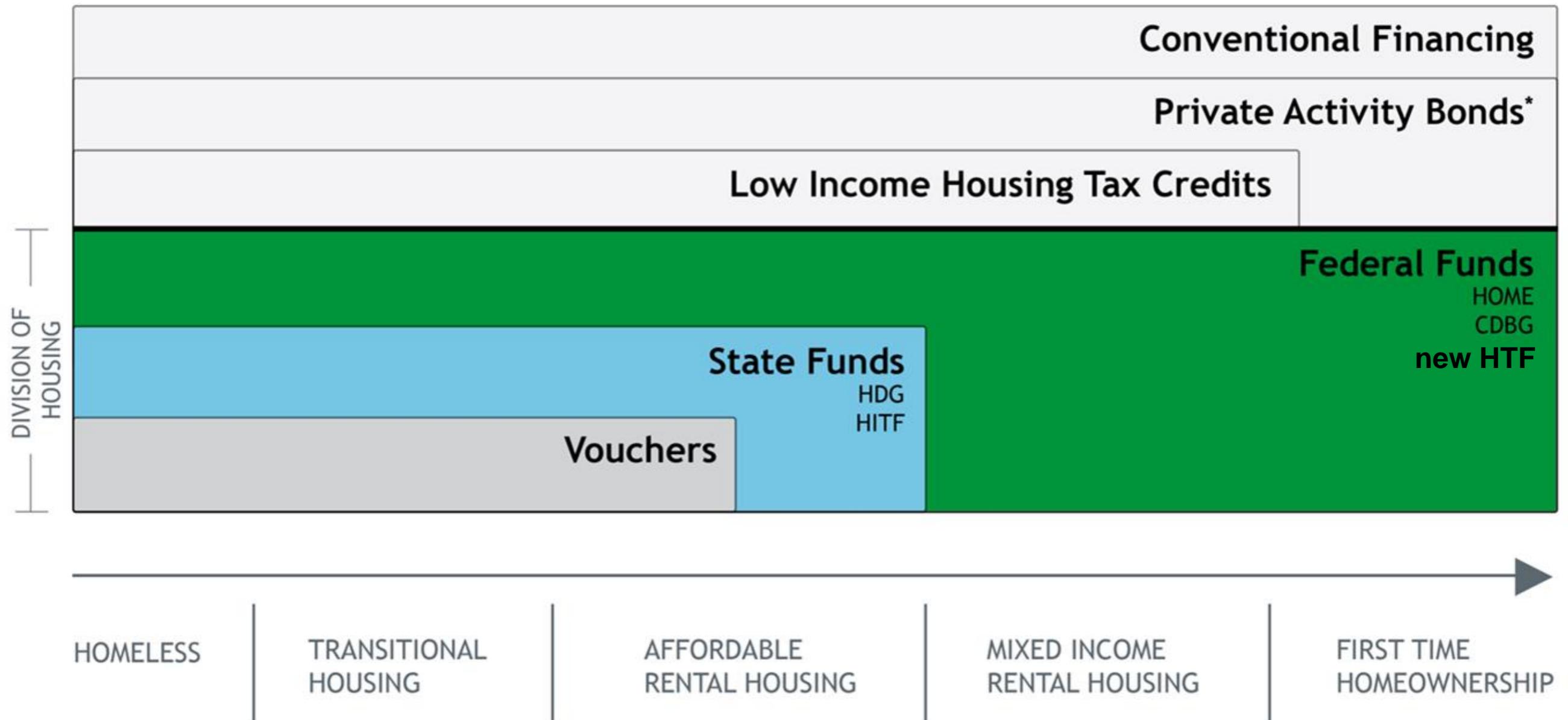
## Statewide housing agencies:

Colorado Department of Local Affairs, Division of Housing  
Colorado Housing and Finance Authority

*Local Housing Agencies and Developers:  
Housing Authorities  
Nonprofit Agencies  
For-profit Owners and Developers*



# Funding sources along Colorado's Housing Development Continuum



\*Division of Housing allocates Private Activity Bonds to local governments and statewide authorities.





**COLORADO**  
Department of Local Affairs

**Questions?**

Colorado Department of Local Affairs, Division of Housing

Director, Alison George

303.864.7818

[www.colorado.gov/pacific/dola/division-housing](http://www.colorado.gov/pacific/dola/division-housing)



**DENVER**  
THE MILE HIGH CITY

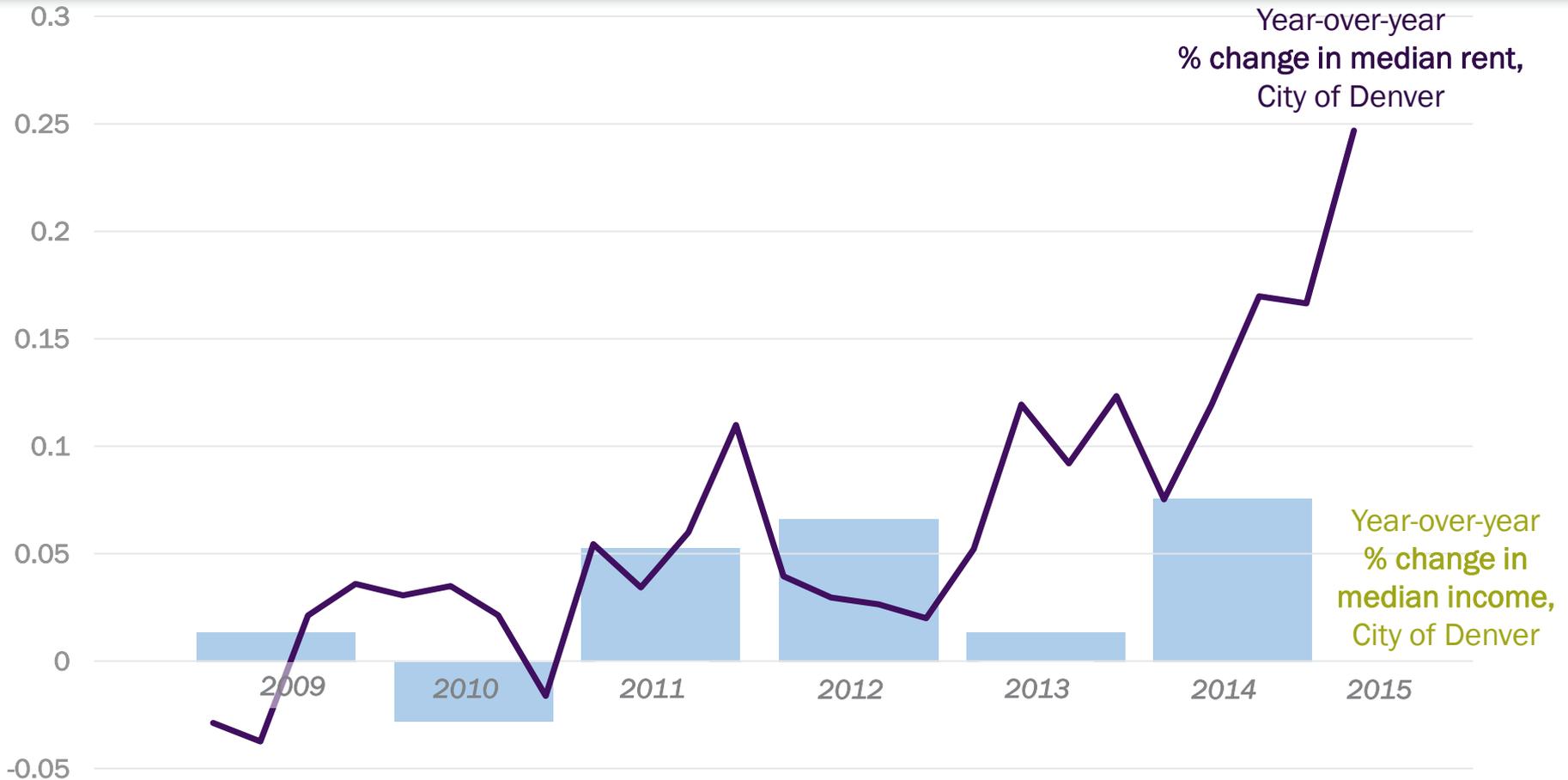
# Preserving Affordable Rental Housing

Federal Reserve Bank of Kansas City

Denver, CO

December 8, 2016

FOR CITY SERVICES VISIT | CALL  
**DenverGov.org** | **311**



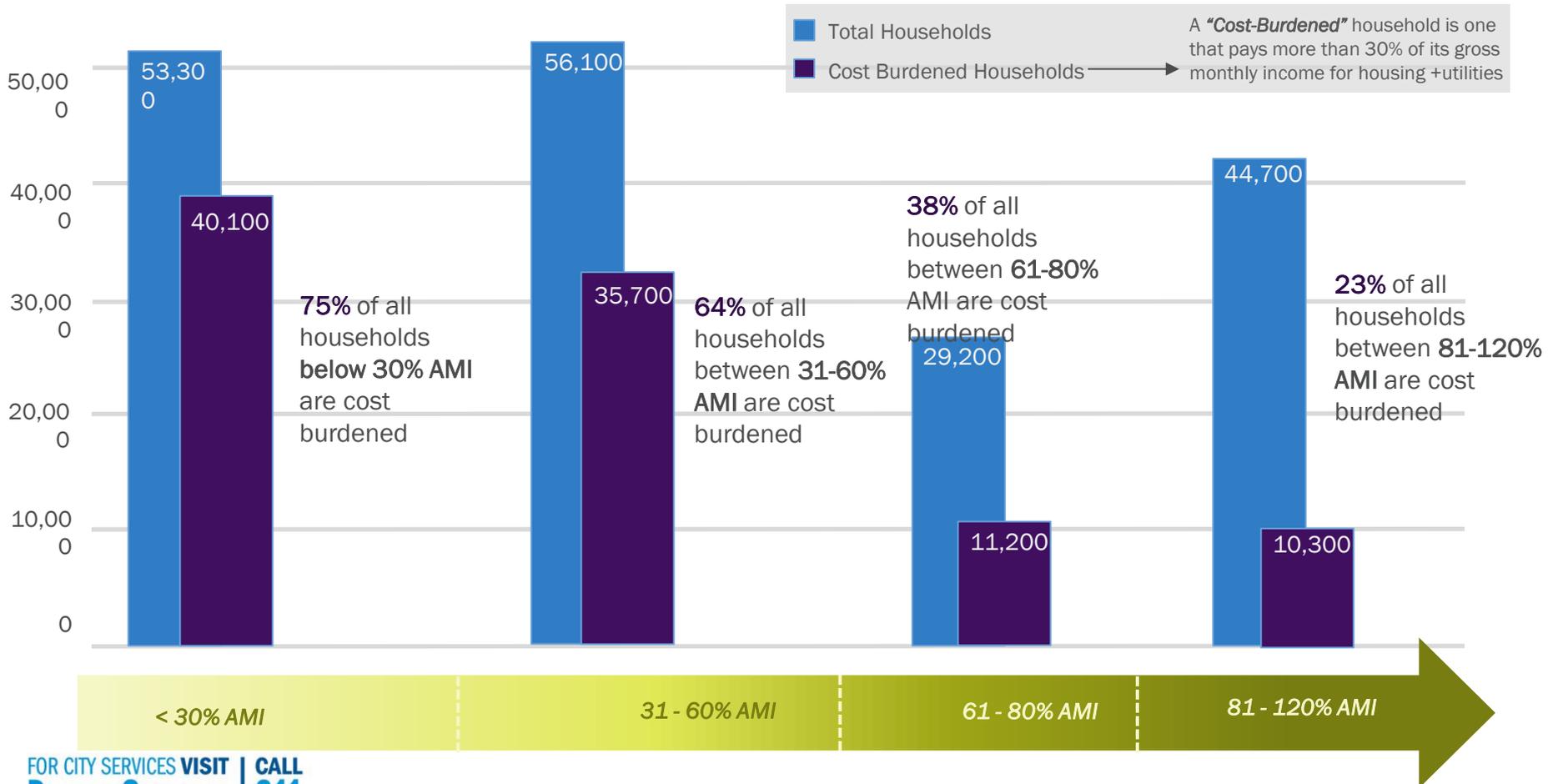
**Area Median Income (AMI) = \$56,100**  
*(one person)*

				
<b>x 30%</b>	\$16,850	<b>\$19,250</b>	\$21,650	\$24,300
<b>x 50%</b>	\$28,050	\$32,050	<b>\$36,050</b>	\$40,050
<b>x 60%</b>	\$33,660	\$38,460	\$43,260	\$48,060
<b>x 80%</b>	\$44,900	\$51,300	\$57,700	\$64,100

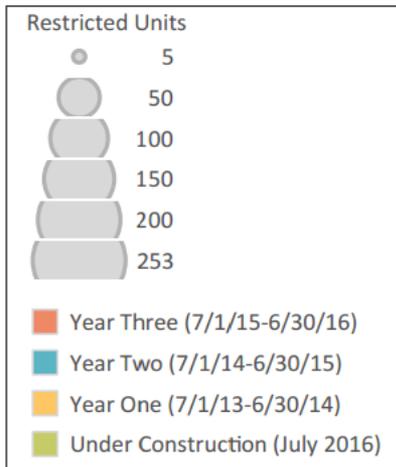
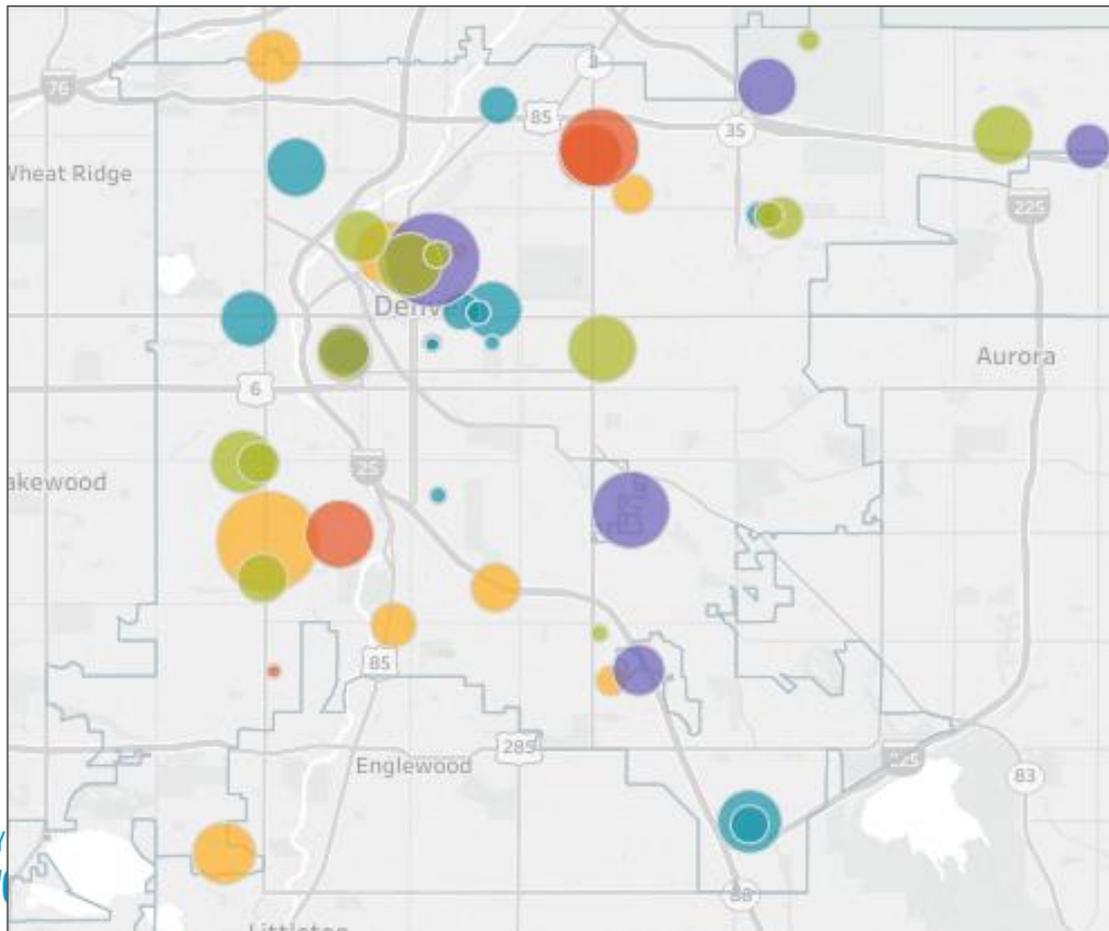
A single parent working 45 hours/week at minimum wage

Two parents each working full time at minimum wage

# Need for housing



In 2013, Mayor Hancock announced the *3x5 Goal* for the City to build or preserve 3,000 units in 5 years. By the end of 2017 we will deliver on that goal ahead of schedule.

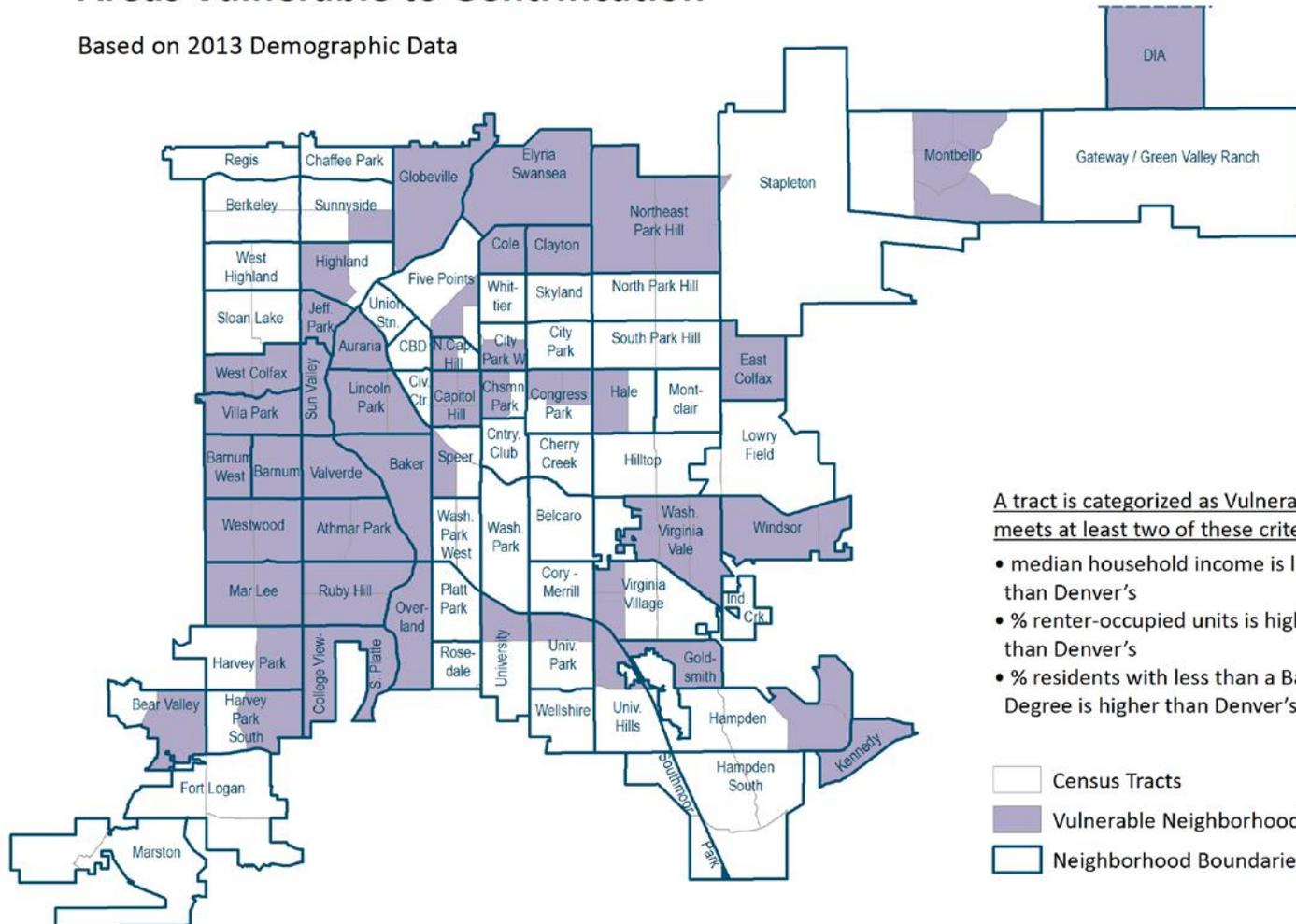


## Why focus on preservation in Denver?

- Focus on reducing displacement
- Cost effectiveness of maintaining existing affordable housing stock
- As land prices, rents and home values increase in areas of the city vulnerable to gentrification, preservation of existing housing stock is key
  - o Significant portion of income-restricted affordable housing stock is in neighborhoods vulnerable to gentrification
  - o BUT, thousands of families also live in unsubsidized (market) affordable housing

## Areas Vulnerable to Gentrification

Based on 2013 Demographic Data

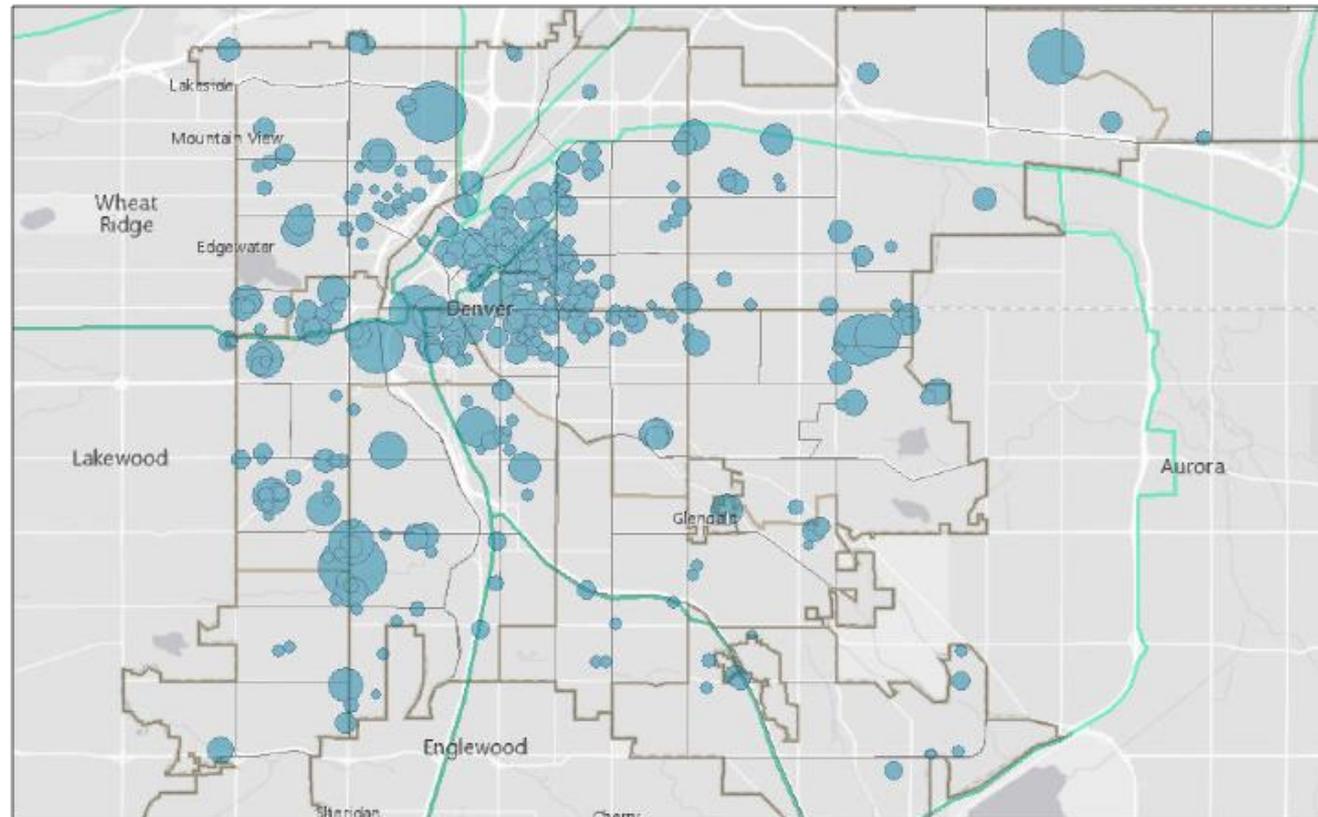


A tract is categorized as Vulnerable if it meets at least two of these criteria:

- median household income is lower than Denver's
- % renter-occupied units is higher than Denver's
- % residents with less than a Bachelor's Degree is higher than Denver's

-  Census Tracts
-  Vulnerable Neighborhoods
-  Neighborhood Boundaries

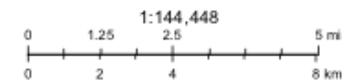
Income Restricted Rental Units in Denver (2016)



January 14, 2016

-  DenverNeighborhoods
-  LightRailLinesDec2015
-  CouncilDistricts2015
-  Planned
-  Existing

-  30 units
-  300 units



Esri, HERE, DeLorme, MapmyIndia, © OpenStreetMap contributors, and the GIS user community

Access to Affordable Housing in Denver - Units/Vouchers Available in 2016	
Housing Type	Number of Units/Vouchers
Covenant Restricted Rental Units	21,823
Inclusionary Housing Ordinance (IHO) For-Sale Units	1,166
Non-IHO Rezone Agreement For-Sale Units (predating the IHO in 2002)	149
Non-IHO For-Sale Units (Denver Office of Economic Development, funded since 2009)	68
Denver Office of Economic Development - Tenant Based Rental Assistance Vouchers (funded through 2015 HOME program)	58
Denver Housing Authority - Tenant Based Housing Choice/Section 8 Vouchers	5,862
Denver Housing Authority - Project Based Vouchers	870
Colorado Division of Housing - Tenant Based Rental Assistance Vouchers (Denver specific data, funded through 2015 HOME program)	20
Colorado Division of Housing - Tenant Based Housing Choice/Section 8 Vouchers (Denver specific data)	1,236
Colorado Division of Housing - Project Based Vouchers (Denver specific data)	120
<b>TOTAL NUMBER OF UNITS/VOUCHERS</b>	<b>31,372</b>

About 2,700 units have expiring income restrictions over the next 5 years in Denver alone

- Originally adopted in 2002, updated in 2015
- Covers all properties where a public partner (OED, CHFA, HUD, CDOH, DHA) has invested funds in exchange for a covenant, land use restriction or contract
- Requirements under the ordinance:
  - Notification from existing owners when property has an expiring covenant, land use restriction or contract
  - Notification from existing owners when there is a planned sale of a property with an income restriction
  - When an owner does plan to sell, ordinance provides the city or its designee the “Right of First Refusal”

- Limitations of Preservation Ordinance
  - Does not cover unsubsidized (market) affordable properties
  - Does not currently cover properties that *voluntarily* entered into an income restricted covenant or land use restriction
  - Enacting on city or designee's right of first refusal is still dependent on resource limited environment
  - Focuses only on preserving affordability of rental housing

## Income-restricted properties under Preservation Ordinance:

- Denver's involvement in Colorado Preservation Network with CHFA, OED, HUD, DOH and other partners
- Early outreach and education for owners on potential refinance or rehabilitation funding options
- Identifying capital for time sensitive acquisitions
- Identify pool of preservation partners to serve as city's designee in enacting the right of first refusal

## Unrestricted (market) affordable properties:

- Direct acquisition and/or rehabilitation of existing properties
- Exploring property tax rebate program to incent owners to maintain existing rent levels
- Exploring voucher program to income-restrict a portion of units within a market affordable property

# Questions/Discussion



**Mile High Connects**

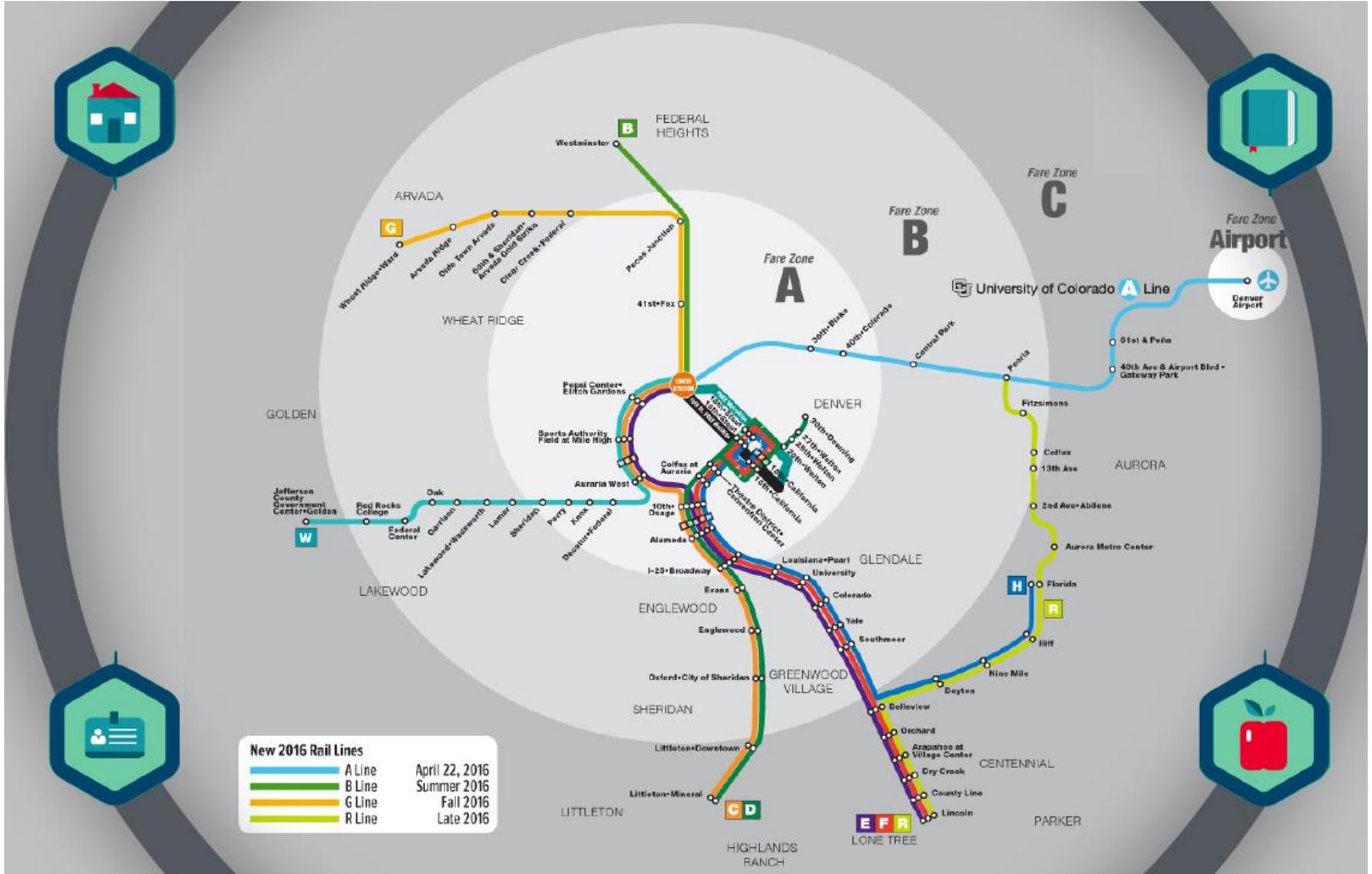
*Opportunity for all through transit*

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# Preserving Affordable Rental Housing: Leveraging Tools and Policy for Preservation



# Mile High Connects





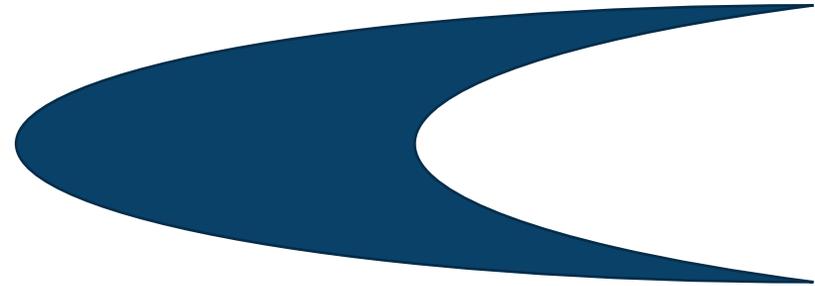
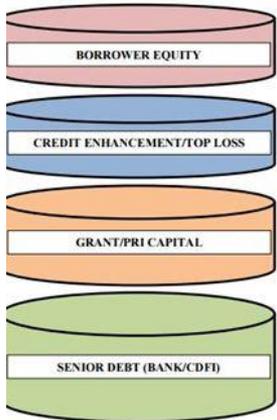
# Mile High Connects





# Preservation at Our Core

## Denver Regional Transit Oriented Development Fund



## Preserving Affordable Housing in Denver

*Recommendations to Strengthen the City Ordinance and Create an Institutionalized Commitment to Preservation*

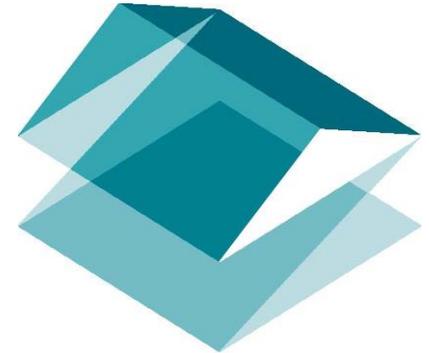
December 2013

Authored by:

Laura Abernathy, National Housing Trust  
Michael Bodaken, National Housing Trust

Special contributions by:

Jim Grow, National Housing Law Project



# chfa



MileHighConnects

# Current Policy and Programs



## ACCESS TO OPPORTUNITY PLATFORM: A Regional Call to Action to Address Our Gentrification and Displacement Crisis



In the Denver Metro Region, gentrification and displacement are critical issues. With investment in development of our urban core, along transit lines and in other areas of opportunity, skyrocketing rents, rising property taxes and cultural disruption of neighborhoods means that communities in which there has been historic underinvestment are now being pushed out of neighborhoods at the very moment they stand to reap the greatest gains of employment opportunities, services and other amenities.



ADDRESSING DISPLACEMENT  
& GENTRIFICATION THROUGH

## HOUSING



- **Preserve** affordability of current housing near transit and in historically underinvested neighborhoods experiencing revitalization
- **Support** programs that assist in the purchase of homes and land by and on behalf of low-income people and people of color
- **Strengthen** policy and enforcement of protections for renters throughout the region
- **Create** new affordable housing near transit and in neighborhoods of opportunity



# Capital Absorption Effort



Effective community investment systems have 3 key components.

Strategic  
Priorities



Project  
Pipeline



Enabling  
Environment





Building sustainable systems + structures

To deploy public + private capital into strategic projects

To create and preserve . . .

- Affordable housing
  - Community-serving commercial facilities
  - Mixed-use developments
- . . . in low-income communities near transit

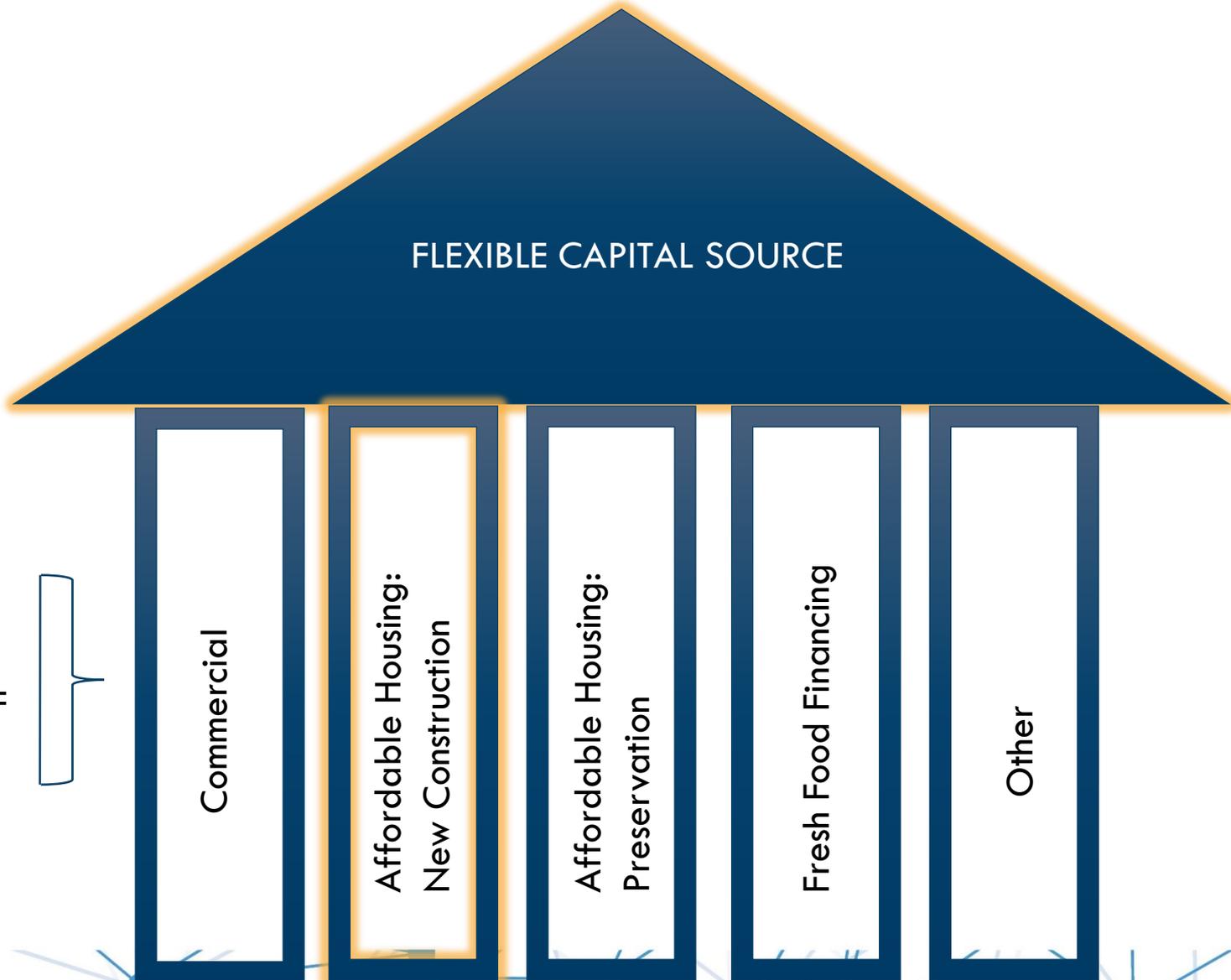


A flexible source of capital designed to address strategic priorities in Metro Denver's community investment system.

- ➔ Leverages existing sources of capital
- ➔ Aligns public/private/philanthropic capital
- ➔ Brings new capital into community investment system



# Community Investment Platform



# Thank You!



**MileHighConnects**

*Opportunity for all through transit*

[www.milehighconnects.org](http://www.milehighconnects.org)

FEDERAL RESERVE BANK *of* KANSAS CITY

*Preserving Affordable Rental Housing:  
A Look at Tools and Policies*



FEDERAL RESERVE BANK *of* KANSAS CITY

Denver Branch  
December 8, 2016