DENVER
THE MILE HIGH CITY

Housing an Inclusive Denver

SETTING HOUSING POLICY, STRATEGY, AND INVESTMENTS FOR THE NEXT FIVE YEARS

Public Review Draft

Prepared in partnership with Enterprise Community Partners Inc.

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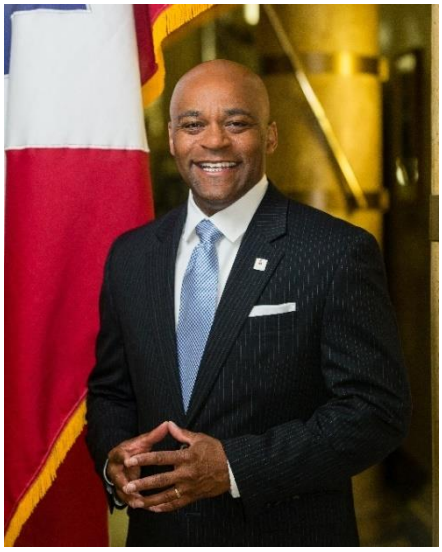
From Mayor Michael B. Hancock



Dear Denver Neighbors,

Denver is beloved for its amazing outdoors, abundant sunshine, bustling economy, and unique and vibrant neighborhoods. Each month, another estimated 1,000 people choose Denver as their new home placing increasing demand on our housing and neighborhoods.

There is nothing I love more as Mayor than enjoying Denver's diverse neighborhoods with all of you. From the active downtown city center and the sounds of Five Points, to Westwood's Cuatro Vientos Park and Little Saigon Business District, Wash Park's Smith Lake, the art of Mariposa and the diversity of Montbello. Our neighborhoods have defined us for generations. Now, our greatest challenge as a city is how we invest in our neighborhoods without sacrificing the cultural and historic fabric that makes them unique.

Housing an Inclusive Denver uses input from more than 1,500 residents, numerous housing experts, and nonprofit partners to set a five-year strategy for future housing policy and investments. Led by the Housing Advisory Committee, Office of Housing and Opportunities for People Everywhere (HOPE) and Office of Economic Development, the plan focuses in on the key values of embracing diversity, leveraging investments to support inclusive communities, encouraging opportunity, and serving residents across a range of incomes from those experiencing homelessness to people living on fixed-incomes and working families.

Housing an Inclusive Denver celebrates the diversity of our neighborhoods and identifies ways to keep Denver the vibrant city many of us have grown up with and many others have chosen for their new hometown. This plan, and its accompanying annual action plans, are meant to be flexible, living documents that serve to guide us through future changes to Denver's housing market.

I want to thank the members of our Housing Advisory Committee, all of the residents, organizations and businesses who contributed to the creation of this plan. Today, we are enjoying some of the greatest prosperity in our history, and together we will ensure that it does not come at the cost of losing our cultural identity. I hope you'll continue to engage with our Housing Advisory Committee and me as we work over the next five years to ensure that housing is affordable for all who choose to call Denver home.

Sincerely,

Mayor Michael B. Hancock

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From the Housing Advisory Committee Chair

Denver Friends,

There are few things that impact a city as much as its housing stock. In Denver, we've emerged from the downturns in the economy to thrive, but we face an increasingly difficult challenge – housing affordability for all incomes. Throughout 2017, the Housing Advisory Committee has heard from communities across the city about their greatest challenges and biggest opportunities. We've engaged with national housing experts and looked at successful programs in other cities to develop *Housing an Inclusive Denver*, a five-year plan for housing policy, strategies and investments.

One of the important changes with *Housing an Inclusive Denver* is its focus on addressing the housing needs and opportunities of the city along a "housing continuum," from people experiencing homelessness to those striving to achieve homeownership. The plan outlines an approach to building communities of opportunity across the city for all people and identifies the strategies the City and County of Denver will use to advance opportunity and mitigate involuntary displacement over the next five years. It creates the overarching direction for allocating the city's Affordable Housing Fund and federal housing resources, as well as housing and affordability policies and programs. In this capacity, the plan considers the unique characteristics of Denver's neighborhoods and works to align policy and investment strategies to ensure that housing options along the continuum match distinct neighborhood conditions and contexts throughout Denver.

In addition to the five-year plan, an Annual Action Plan will outline the priorities to which the city will allocate local and federal funds for each fiscal year during the five-year plan period.

The Housing Advisory Committee is pleased to present *Housing an Inclusive Denver* to the community. We view this as a living document that our committee will work to implement over the next five years as our housing market changes, and as we implement and evaluate the tools in our housing toolbox. We are committed to staying engaged and learning alongside you, our community, about the challenges and opportunities in your neighborhood and how the city can partner to create innovative approaches to address our housing needs.

Sincerely,

Kevin Marchman,
Chair, Denver's Housing Advisory Committee

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Executive Summary

Overview

Denver is at a pivotal point where despite extremely low unemployment (2.2%), high workforce participation (90%+), and tremendous economic growth, housing costs are growing at such a rapid pace that incomes cannot keep up. *Housing an Inclusive Denver* outlines strategies to create and preserve strong and opportunity-rich neighborhoods with diverse housing options that are accessible and affordable to all Denver residents. The plan is centered around four fundamental values and four core goals.

Fundamental Values

Leverage and enhance housing investments with resources from public, private and nonprofit partners to support inclusive communities in Denver, including a focus on sustainability of the City's existing resources for affordable housing development, preservation and programs.

Foster communities of opportunity by aligning housing strategies and investments with unique neighborhood conditions that consider five opportunity outcomes: stable and affordable homes, jobs and economic mobility, comprehensive health services, access to quality education, and mobility and transit connections.

Support housing as a continuum that serves residents across a range of incomes, including residents experiencing homelessness, those earning low wages or living on fixed-incomes such as seniors or residents with a disability, and working families.

Embrace diversity throughout neighborhoods to ensure that Denver remains a welcoming community for all residents by focusing on policies, programs and investments that support inclusive, mixed-income communities.

Core Goals

Create affordable housing in vulnerable areas AND in areas of opportunity by focusing on production that considers specific neighborhood conditions, including areas vulnerable to displacement and neighborhoods that have strong amenities such as transit, jobs, high quality education and health care. Measurable outcomes from investment and policies under this core goal include **new units created**.

Preserve affordability and housing quality by investing to maintain affordability in non-subsidized units and preserving or continuing affordability of existing publicly subsidized affordable housing. Measurable outcomes from investment and policies under this core goal include **existing units preserved** and **residents served through program investments or policy actions.**

Promote equitable and accessible housing options by supporting programs and policies that help residents across the housing continuum access affordable housing. Measurable outcomes from investment and policies under this core goal include **residents served through program investments or policy actions.**

Stabilize residents at risk of involuntary displacement by supporting programs and policies that help a resident maintain their existing housing or stay in their community. Measurable outcomes from investment and policies under this core goal include **residents served through program investments or policy efforts.**

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Legislative and Regulatory Priorities

Strengthen the City's Preservation Ordinance. The City and its partners are taking steps to clarify language in the Preservation Ordinance through a rulemaking process, and should coordinate across partners in the Housing Preservation Network to conduct regular outreach to owners of existing income-restricted properties to preserve income-restricted rental properties long-term.

Expand and strengthen land use regulations for affordable and mixed-income housing. Through Blueprint Denver and supplemental implementation actions such as zoning modifications, the City should support land use regulations that incentivize affordable and mixed-use housing, including expanding the development of accessory dwelling units.

Develop more consistent standards for affordable housing in major redevelopment areas. The City and its partners should foster mixed-income and mixed-use communities by developing clear standards for the circumstances when an affordable housing plan will be created for a major redevelopment area and exploring the creative use of tax-increment financing.

Enhance protections and assistance for renters, including exploring a rental registry. The City and its partners should support the safety and well-being of all renters in Denver by exploring a rental registry that would require landlords to register their rental properties and participate in regular inspections for health and safety standards.

Stabilize families through tax relief programs. The City and its partners should promote broader participation among eligible households for existing property tax relief programs and explore additional forms of tax relief for low and moderate-income families struggling to keep up with rising property taxes.

Explore a framework and methodology for determining a preference in new housing for residents at risk of displacement. The City and its partners should leverage data collected through the Assessment of Fair Housing (AFH) process to explore a framework and methodology for a preference policy aimed at stabilizing residents at risk of displacement.

Enhance the existing State Low Income Housing Tax Credit. The City and its partners should back an extension of the existing state tax credit program beyond its current sunset in 2019 and, in close partnership with the Colorado Housing and Finance Authority and Colorado Division of Housing, explore additional tools to enhance the state tax credit to facilitate creation and preservation of affordable housing in Colorado.

Strategic Use of Land to Support Affordable Housing

Strategic land acquisition is an essential element of Denver's long-term housing pipeline, and is an important strategy that the City and its partners will pursue to foster mixed-income neighborhoods, preserve affordability in vulnerable neighborhoods, and introduce affordability to areas with strong economic opportunities.

Leverage publicly owned land for affordable housing development. While the City has an existing process when disposing of its land that considers affordable housing as a potential use, the City and its partners should take proactive steps to

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conduct a comprehensive analysis of the current inventory of public and quasi-publicly owned land and its suitability for affordable housing development.

Facilitate acquisition of land directly and through partners for housing development. The City and its partners also have programs and funding resources that can be used for the direct acquisition of properties, or in partnership with developers interested in building affordable or mixed-income housing.

Explore tools to promote long-term affordability of housing, including land trusts, throughout Denver communities. The City and its partners should explore land trusts as a tool to preserve affordability citywide and in vulnerable neighborhoods, evaluating factors such as the upfront cost to invest in unit acquisition, ongoing cost of program development and community stewardship.

Housing for Residents Experiencing Homelessness

With more than 3,336 residents experiencing homelessness on any given night in Denver, the City and its partners will pursue an integrated approach to providing supportive housing, health services and job training opportunities to support our most vulnerable residents.

Expand investments in housing options for residents experiencing homelessness and integrate providers across the housing continuum. The City and its partners should effectively target housing resources by fully implementing and expanding the regional Coordinated Entry Systems (CES), OneHome, and employing shelter diversion strategies to help residents identify alternative housing options, and connect to services and financial assistance to quickly return to permanent housing.

Build housing capacity through policy and funding alignment. The City and its partners should harness resources and integrate investments across the housing continuum to develop additional supportive housing and evaluate performance of local projects to resolve episodes of homelessness more quickly.

Prioritize supportive services "gap" funding for approved supportive housing projects. The City and its partners should build a supportive services funding program to create and preserve quality supportive housing, prioritizing funding for existing supportive housing projects and establishing a framework to review, rank and award critical service funding to supportive housing projects in the pipeline.

Affordable and Workforce Rental Housing

Skyrocketing housing costs and stagnant wages have put most rental units out of reach for low- and moderate-income families, with a shortage of approximately 26,000 housing units for the lowest earners. The City and its partners are focused on strategies that produce new affordable options and stabilize those at risk of displacement to prevent residents, especially those living on fixed-income such as seniors and people on disability, from becoming homeless.

Preserve existing income-restricted affordable rental housing in vulnerable neighborhoods and near transit. The City and its partners should pursue proactive strategies to support priority preservation projects through acquisition and rehabilitation financing, and by developing a bridge finance tool to strategically acquire affordable properties while long-term financing options are assembled.

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Preserve affordability of unsubsidized large-scale affordable rental properties. The City and its partners should develop and maintain an inventory of unsubsidized large-scale affordable properties, educate existing owners about the creative financing tools that are available for preservation, and support development partners in directly acquiring unsubsidized properties utilizing tools such as bridge financing and 4% Low Income Housing Tax Credits.

Preserve affordability of unsubsidized small-scale affordable rental properties. The City and its partners should explore a package of financing tools to incentivize existing owners to preserve unsubsidized small-scale properties and explore financing tools to strategically acquire these properties.

Promote programs that help families stay in their existing rental housing through comprehensive eviction assistance. The City and its partners should continue to support direct financial assistance aimed at stabilizing residents experiencing a housing crisis to help prevent eviction, displacement, and homelessness.

Promote development of new affordable, mixed-income and mixed-use housing. The City and its partners should explore financing mechanisms to better support mixed-income development, including ways to enhance Colorado's State Low Income Housing Tax Credit and partnerships with local employers.

Promote programs that help families access affordable rental housing. The City and its partners should implement and evaluate the success of the proposed LIVE Denver program to buy down affordability of existing vacant rental units and explore ways that tenant assistance can better serve residents experiencing homelessness.

Attainable Homeownership

Since support for affordable homeownership opportunities can help residents build wealth and transition out the rental market (leaving an existing rental unit available for another household along the housing continuum), the City and its partners will invest to build and preserve affordable for-sale housing units. And with nearly 35,000 homeowners paying too much for their existing homes, many of them in areas with rapidly rising property taxes, the City and its partners will work to stabilize residents at risk of displacement through tax relief and other programs.

Promote programs that help families maintain their existing homes. The City and its partners should target existing homeowner rehabilitation programs to residents in vulnerable neighborhoods, promote financial literacy education for prospective and existing homeowners, and promote the development of accessory dwelling units as a wealth-building tool for low and moderate-income homeowners.

Promote development of new affordable and mixed-income homeownership stock. The City and its partners should implement and evaluate the success of current efforts to incentivize creative financing mechanisms to develop mixed-income condos.

Preserve affordability of existing income-restricted homeownership stock. The City and its partners should explore partnerships with key nonprofit and foundation partners to preserve income-restricted homes built under the previous Inclusionary Housing Ordinance or major development agreements.

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Preserve affordability of existing unsubsidized affordable for-sale housing. The City and its partners should explore tools to help preserve the city's existing affordable housing stock, such as through land trusts or shared appreciation loans.

Promote programs that help households access for-sale housing. The City and its partners should continue to support programs that provide down payment and mortgage interest tax incentives for low and moderate-income residents and explore new tools such as escrow agreements or lease-to-own models.

A Focus on Serving Residents

Housing an Inclusive Denver signifies a shift from previous planning efforts that have focused primarily on citywide housing strategies with a preference for creation of new units. *Housing an Inclusive Denver* recognizes that neighborhoods across the City face different challenges, have varying conditions, and offer different opportunities to residents.

- If federal and local resources remain consistent with current levels, **the City and its partners aim to leverage the proposed strategies within *Housing an Inclusive Denver* to create or preserve approximately 3,000 housing units by 2023**.
- The City and its partners will measure effectiveness of housing investments not just by the sheer number of units created or preserved, but by the number of residents who are served through housing investments. If federal and local resources remain consistent with current levels, **the City and its partners aim to leverage the proposed strategies within this plan to serve at least 30,000 households by 2023 with programs aimed at stabilizing residents at risk of displacement or those seeking to obtain housing.**

Prioritization Along the Housing Continuum

Feedback received from members of the public, housing stakeholders and members of the Housing Advisory Committee during the development of *Housing an Inclusive Denver* focused on finding a balance of investment along the housing continuum.

While investment along the housing continuum can help ensure there are options available for each population, feedback across stakeholders indicated a need to target housing resources toward the most vulnerable residents in Denver experiencing homelessness and those earning below 30% AMI. Based on feedback received as part of the *Housing an Inclusive Denver* planning process, the following targets will be used to guide housing investments aligned with the values, goals and strategies included in this plan:

40 – 50% of housing resources will be invested to serve people earning below 30% of Area Median Income (AMI) and those experiencing homelessness who are seeking to access or maintain rental housing, including:

- **20-25% of housing resources** to serve residents experiencing homelessness
- **20-25% of housing resources** to serve residents earning below 30% AMI

20 – 30% of housing resources will be invested to serve people earning 31% to 80% AMI who are seeking to access or maintain rental housing.

20 – 30% of housing resources will be invested to serve residents seeking to become homeowners or remain in homes they already own.

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Section 1. Introduction

Denver prides itself on being an open, inclusive, and welcoming place to live—or in the words of Mayor Michael B. Hancock, "a world-class city where everyone matters."

Denver's great art, music, and food scenes, along with its distinctive neighborhoods and natural beauty, continue to appeal to those who have lived here for generations, and draws newcomers and adventure-seekers from around the world. Between 2010 and 2017, more than 100,000 people moved to Denver and the city's economy and housing market gained remarkable strength.

This prosperity drives a new challenge: how to keep neighborhoods affordable in the face of higher housing costs. Rising rents have outpaced gains in household incomes; increasing home values threaten to drive out low- and moderate-income families and seniors; and on average, more than 3,000 residents are unable to afford a home at all. Rising housing costs affect all Denver residents, but are particularly tough for low- to moderate- income renters, residents experiencing homelessness, seniors, and persons with disabilities.

For many households, the threat of displacement and gentrification is real, creating daunting stress and instability in their daily lives. The City and its partners want to ensure residents can stay in their homes and neighborhoods, and that residents who do not currently live in a stable, affordable living situation can access new rental and homeownership opportunities. Most of all, though, the City and its partners are focused on ensuring public investments support stronger connections between housing, good-paying jobs, and healthy living, so all Denver residents can have a good life.

Denver leaders are building on several years of successful efforts to address the city's housing challenges. In 2016, City Council approved Denver's first-ever dedicated housing fund of $150 million to support affordable housing creation, preservation and programs over a ten-year period. Since 2015, the City and its partners worked together to house more than 1,500 residents experiencing homelessness to in permanent supportive and more stable, long-term housing, and together, will open two more permanent supportive housing developments and two new emergency shelters by the end of 2017. The Mayor's 3x5 Challenge produced 3,000 housing units in just four years—one year ahead of schedule – and the City helped 1,300 residents become first-time homeowners through its Metro Mortgage Assistance Plus Program. Additionally, the Mayor created the new Office of Housing and Opportunities for People Everywhere (HOPE) to work across City departments to better coordinate and leverage investments in housing, health services and workforce training.

Denver is at a pivotal point where despite extremely low unemployment (2.2%), high workforce participation (90%+), and tremendous economic growth, housing costs are growing at such a rapid pace that incomes cannot keep up. *Housing an Inclusive Denver* outlines strategies to create and preserve strong and opportunity-rich neighborhoods with housing that is accessible and affordable to all Denver residents. This plan explains how the City and its partners will use housing as a platform to advance opportunity and mitigate displacement over the next five years. *Housing an Inclusive Denver* will guide housing policy decisions and resource allocations to create, preserve, and promote affordable housing over the next five years.

Fundamental Values

Housing an Inclusive Denver is organized, first and foremost, around several fundamental values. These values include 1) a focus on leveraging and enhancing housing investments to promote the ongoing development and preservation of inclusive communities in Denver, 2) building communities

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of opportunity that help all residents reach their full potential, 3) supporting housing as a continuum where the needs and conditions along one part of the continuum influence the success of other areas, and 4) a need to stabilize residents at risk of involuntary displacement due to economic pressures.

The following values guide overarching housing policy and investments to foster an inclusive Denver:

Leverage and enhance housing investments.

Denver's housing challenges are complex and will continue to shift as economic conditions and demographics change over time. Even with recent steps to expand Denver's housing options, addressing our evolving housing needs will require creative tools, collaboration across public, private and nonprofit partners, and expanded resources. The City and its partners will work together to make impact investments to ensure that residents can stay in their homes and neighborhoods, and that residents who do not currently live in stable, affordable living situations can access new rental and homeownership opportunities.

Foster communities of opportunity.

Within Denver, achieving communities of opportunity means that Denver residents have the tools and resources needed to reach their highest potential. They can lead healthy lives, feel secure in their homes, and live close to quality jobs, schools, transportation options and services. To understand specific neighborhood conditions across Denver, *Housing an Inclusive Denver* takes an approach to measuring opportunity at the Census Tract-level, modeled off the Opportunity360 platform developed by Enterprise Community Partners, Inc. Through this analysis, the City and its partners can begin to understand neighborhoods in the context of five opportunity outcomes: stable and affordable homes; opportunities for economic mobility; connections to comprehensive health services for overall wellness; access to a quality education; and easy access to mobility and transit connections. This high-level analysis informs the unique characteristics and opportunities of Denver's neighborhoods and allows the City to align housing strategies and investments to specific areas throughout the city. Denver's neighborhoods are grouped based on these shared conditions and market characteristics.

Support housing as a continuum.

In its most recent five-year housing strategy, *Housing Denver*, the City defines its housing continuum as a range from "critical needs" to "workforce rental" to "workforce ownership." This plan updates this continuum to focus on residents and their unique housing and service needs, from those experiencing homelessness, to those seeking affordable and workforce rental housing, and attainable homeownership. Recognizing households with a range of income levels exist within each of these populations, no static income levels are associated with each group. Instead, specific income levels will be aligned with specific neighborhood conditions and proposed strategies in annual action plans aimed at implementing this plan. By creating income targets based on strategies, the City and its partners can make more informed decisions related to resource allocation and adjust targets based

DEFINING OPPORTUNITY

Opportunity is defined as a set of circumstances, or pathways, that make it possible for people to achieve their goals, no matter the point at which they start. From a community's quality of education to its transit systems and nearby health care services, Denver and other communities need better tools to assess the degree of opportunity that exists in a specific place, understand the barriers for a resident in a given neighborhood, and identify trends in data to implement and evaluate programs with the potential to enhance opportunity.

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on the performance of specific strategies or as needs along the continuum evolve (rather than based on pre-defined groupings).

Embrace diversity throughout neighborhoods.

Denver thrives when our neighborhoods remain welcoming communities for all residents. The City and its partners will focus on prioritizing investments into programs that support diverse, mixed-income communities that provide opportunity for all residents to succeed. With this focus, the City and its partners will consider how investments in development, preservation and programs support residents and neighborhood development, not just on units produced or preserved.

Core Goals

Housing an Inclusive Denver establishes **four core goals** to guide the City's affordable housing strategies over the next five years:

CORE GOALS OF *HOUSING AN INCLUSIVE DENVER*

CREATE AFFORDABILITY
Measurable outcomes from investment and policies under this core goal include new units created.

PRESERVE AFFORDABILITY
Measurable outcomes under this core goal include existing units preserved and residents served through program investments or policy actions.

PROMOTE ACCESS TO HOUSING
Measurable outcomes from investment and policies under this core goal include residents served through program investments or policy actions.

STABILIZE RESIDENTS
Measurable outcomes from investments and policies under this core goal include residents served through program investments or policy actions.

1) Create affordable housing in vulnerable areas AND in areas of opportunity.

By emphasizing a focus on residents rather than just the production of housing units, the City and its partners will prioritize specific neighborhood conditions, including areas vulnerable to displacement and neighborhoods that provide access to opportunity, when creating new affordable housing. The strategies under this goal include investing in land acquisition for future housing development and promoting development of mixed-income communities.

2) Preserve affordability and housing quality.

Preservation is a core component of *Housing an Inclusive Denver*. Denver will focus on preserving existing affordable housing, both homeownership and rental, in vulnerable neighborhoods and areas of higher opportunity. The strategies under this goal include investing to maintain affordability in non-subsidized housing and preserving or continuing affordability of existing publicly subsidized affordable housing.

3) Promote equitable and accessible housing options.

This plan seeks to align cross-cutting citywide actions and policies to support equitable and accessible housing options for Denver residents along the housing continuum. Actions or policy decisions under this goal will enable housing strategies more broadly through community engagement, formal legislative or regulatory action, new and creative finance mechanisms, or programs that help residents access existing housing.

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4) Stabilize residents at risk of involuntary displacement.

This plan seeks to build upon previous City efforts to identify neighborhoods throughout Denver that are vulnerable to gentrification by targeting resources to serve residents, both homeowners and renters, who are at risk of displacement. Policies or investments under this goal are aimed at helping to stabilize residents and support diverse, inclusive communities.

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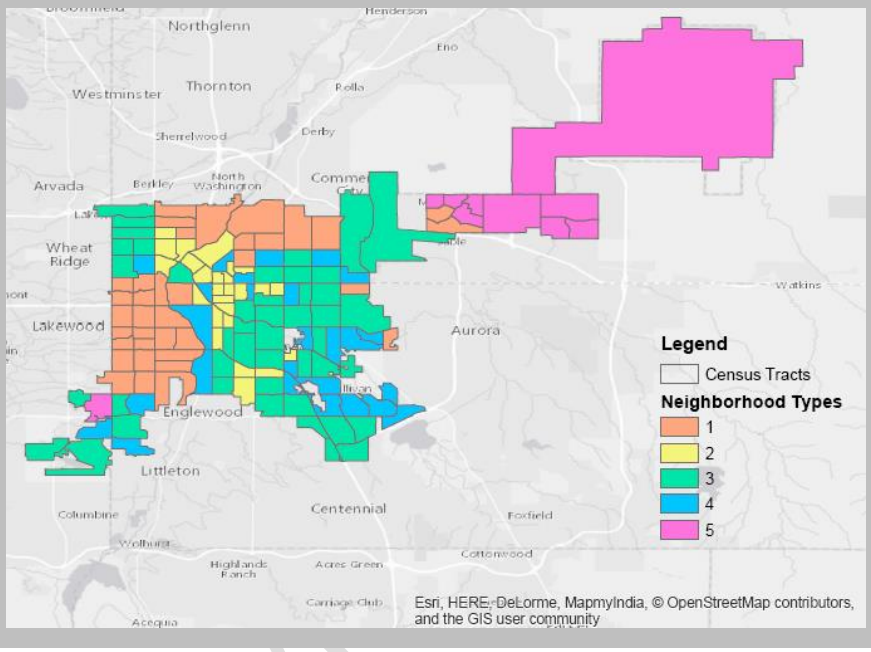
Denver's Approach to Neighborhoods

Housing an Inclusive Denver recognizes that neighborhoods across the city face different challenges, have varying conditions, and offer different opportunities to their residents. Neighborhoods throughout Denver exhibit a range of market-driven and demographic conditions that make residents vulnerable to displacement and provide various levels of affordability for homeowners and renters. Longstanding Denver residents in many neighborhoods are finding it difficult to remain in their homes. This process of gentrification - where more affluent people move into older, often disinvested areas, causing property values to increase and resulting in the displacement of lower-income residents is currently impacting several Denver neighborhoods.

Overview of Denver's Neighborhood Types



This plan builds upon previous work that the City has conducted to understand what makes a neighborhood vulnerable to involuntary displacement. In 2016, Denver's Office of Economic Development (OED) released *Gentrification Study: Mitigating Involuntary Displacement,* an analysis that aimed to identify the factors that cause residential displacement, determine neighborhoods where displacement is occurring or could happen, and inform how the City and its partners invest resources into housing and economic development to promote equitable and inclusive neighborhoods. Since the release of the study, the City and its partners created a permanent source of funding for affordable housing activates, strategically acquired land in vulnerable neighborhoods, and integrated the study's neighborhood typology to evaluate housing investments.

With the unique characteristics of neighborhoods in mind, *Housing an Inclusive Denver* integrates the Gentrification Study's analysis to also understand how neighborhoods across the city promote access to opportunity. As part of this plan, the City and its partners developed five neighborhood types informed by Enterprise's Opportunity360 platform to align placed-based strategies and assets related to housing, health, economic mobility, transportation, and education throughout Denver. These neighborhood types help ensure that housing production and preservation strategies address the unique opportunities within specific neighborhoods, including vulnerable neighborhoods, and address the core issue of displacement and lack of affordable housing options. In other words, these neighborhood types account for place and enable the City to categorize specific strategies in relation to both the housing continuum *and* opportunity outcomes in neighborhoods throughout Denver.

Find more detailed information about the neighborhood types in **Section 10: Key Supplemental Information.**

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Community Engagement

As part of the community engagement process to develop *Housing an Inclusive Denver*, the City and its partners conducted a public survey, public meetings, and a host of individual meetings with key stakeholder groups across Denver. First and foremost, the survey and public meeting participants affirmed the widespread need for affordable and workforce housing throughout the City of Denver. Input received from more than 200 attendees at the public meetings and more than 1,000 public survey responses suggested the City prioritize investments in a variety of different neighborhoods and foster a mix of housing types to achieve diverse communities.

Key themes for investment of housing resources:

1) **Balance investments along the housing spectrum.** Members of the public identified the need to invest in housing along the income spectrum, including permanent housing for the homeless, low-income rental housing for those on disability, social security, or very low wages, workforce rental housing for workers who earn slightly more but are still struggling with housing costs, and homeownership for moderate-income families. Respondents to the public survey prioritized low-income rental housing (29%) and permanent housing for the homeless (23%) among these options. Public meeting participants prioritized workforce rental housing (27%) and low-income rental housing (24%) among these options.

2) **Balance investments in housing development and preservation.** Members of the public identified the need to balance housing investments in development of new affordable housing and preservation of existing affordable housing. Respondents to the public survey prioritized the investment of more or slightly more resources to preserve affordability of existing affordable housing over development of new affordable housing by a narrow margin. Specifically, 52% of respondents identified "more resources" or "slightly more resources" to preserve affordability of existing housing compared to 48% that identified "more resources" and "slightly more resources" to build new affordable housing.

3) **Balance investments throughout Denver neighborhoods.** Members of the public identified the need to balance housing investments in vulnerable neighborhoods and those that currently have limited affordable options. In the public survey, respondents prioritized the investment of more or slightly more resources to expand affordable housing in neighborhoods with limited options for low- and moderate-income families by a narrow margin. Specifically, 50% of respondents identified "more resources" and "slightly more resources" to neighborhoods with limited options compared to 49% that identified "more resources" and "slightly more resources" to housing in vulnerable neighborhoods.

About one-third of Denver residents said their current housing situation was "not affordable." Among these residents, more than half said that increased rent was the main reason for lack of affordability, followed by one-third of respondents who said changes in their income have affected their ability to afford their current housing situation. [Figures 1.1-1.2]

The open-ended responses further underscored how changing housing costs have affected residents living in already unaffordable housing situations. Some respondents credited outside help or reliance on family for their ability to keep up with changes in housing costs and unexpected circumstances, like long-term illness. Others noted limited options in Denver when living on fixed incomes, such as Social Security. The survey results also suggested support for inclusion, more resources to both preserve affordability of existing affordable housing and build new affordable housing, and housing investments that serve vulnerable residents. The survey results also helped the City and its partners

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better understand what factors are important to Denver residents when making choices about their housing situation.

Importance of inclusion. The survey asked a series of questions about the importance of living in areas with diverse neighbors—those of different races and ethnicities, economic statuses, or ages and lifestyles. Consistently, a majority of respondents recognized the importance of living in these types of neighborhoods. Specifically, 64% of respondents said it was “very important" or "important” to live in a diverse neighborhood with residents at a variety of ages and lifestyles. Additionally, 58% of respondents said it was "very important" or "important" to live in an economically diverse neighborhood. [Figures 1.3-1.5]

Support for more resources for housing-related work. Nearly the same share of respondents ranked "more resources to preserve affordability of existing housing" and "more resources to build new affordable housing" as their top priorities, suggesting that both activities should receive additional resources. Thirty-nine percent of respondents ranked “more resources to expand affordable housing in neighborhoods with limited options for low- and moderate-income families” as their top priority, followed by 35% of respondents, who ranked “more resources to stabilize housing in vulnerable neighborhoods” as the second priority. [Figures 1.6-1.7]

Support for serving vulnerable residents. A majority of respondents were concerned that Denver lacks enough affordable housing for seniors and persons with disabilities (61%); residents experiencing homelessness (56%), and families with young children (54%). More than one-third of respondents ranked “low-income rental housing for those on disability, social security, or very low wages” as their top priority when asked how the City should prioritize housing investments across income levels. And 67% of respondents ranked this option as either their first or second priority. [Figures 1.8-1.9]

Importance of cost and location in housing decisions. Overwhelmingly, housing cost was the most important factor when Denver residents choose a home, with 84% of respondents including it as an important factor. After housing cost, proximity to employment, perceived neighborhood safety, and features of the housing itself were important to at least one-half of all respondents. [Figure 1.10]

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Section 2. Current Housing and Demographic Conditions

As noted in the community engagement section, Denver's strong housing market is becoming increasingly costly for residents. The market currently commands higher home values and rents as compared to 2000 levels and lacks rental units that are affordable and available to low-income households. Cost-burdens are widespread, affecting 36% of Denver residents, and renters at a rate more than twice as high as owners. Across all income levels, these higher costs are disproportionately affecting extremely and very low-income households.

As part of developing *Housing an Inclusive Denver*, the City completed a data-driven analysis of citywide housing needs, market conditions, and the homeless delivery system, using both national and local data sources. This analysis was refined with input from stakeholders and Denver residents collected through focus groups, public meetings, and an online survey. Key findings related to residents experiencing homelessness; affordable and workforce rental housing, and attainable homeownership are summarized in this section.

Residents Experiencing Homelessness

Homeless population. In January 2017, 3,336 households reported experiencing homelessness on a given night in Denver.[i] However, the point-in-time picture of people living without homes is a single snapshot in time and fails to capture households moving in and out of homelessness throughout the year. In addition to the one-night count, the waitlist for the Coordinated Entry System, OneHome, which provides a regional common assessment tool for targeting housing to those experiencing homelessness, is more than 4,000 individual households and the eligibility list for the Denver Social Impact Bond Project targeting homeless frequent users of the jail system includes more than 2,000 individuals.

Broad spectrum of homeless population. Most households counted through the Point-in-Time Count Report (PIT) are households without children (2,514) and the remaining share are households with children (261). Other household composition characteristics include:

1. Newly Homeless: 471 respondent households
2. Chronically Homeless: 701 respondent households
3. Veterans: 457 respondent households
4. Unaccompanied youth: 267 respondent households

The working homeless population. 61% of respondent households in the 2017 PIT survey reported that they or a member of their family had received income from working in the past month.

Housing the Homeless. Below is a summary of the findings from a review of the City's partnerships with providers to serve residents that are experiencing homelessness.

- Data suggests individuals are cycling in and out of homelessness, leaving one intervention for another, sometimes simply moving from one shelter to the next.
- A significant portion of the population is entering the homelessness assistance system from staying with family and friends, indicating an opportunity to implement diversion strategies.
- Through investment in Permanent Supportive Housing (PSH), Denver is successfully targeting resources to those with the greatest need who are coming from literal homelessness situations, such as living on the street or in a place not meant for human habitation.
- There is some movement among households experiencing homelessness from PSH into shorter term housing solutions (e.g. Rapid Re-housing) which suggests a potential need for improved targeting

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- There is a need to evaluate PSH policies/criteria, such as, of people exiting PSH, is rapid rehousing (RRH) the only alternative.
- A significant portion of households reviewed who were exiting temporary (transitional) housing were doing so to another temporary housing program, which suggest the need for more permanent, non-time-limited solutions.

Affordable and Workforce Rental Housing

Cost-burdened households are most prevalent among renters. Nearly 68,000 renter households across all income ranges were paying too much for housing (compared with 35,000 owner households) in 2015 (see Figure 2.1). In other words, these renters are "cost-burdened," paying more than 30% of their income toward monthly housing costs. The number and share of renters experiencing cost burdens increased by 5% between 2010 and 2015. The most vulnerable renters—those who are housing insecure—make up about 14.7% of Denver's total population.

Higher rents. The citywide average rent is $1,376.[ii] Rents in neighborhoods like Downtown and City Park/North Central Denver are even as much as 20% higher (see Table 2.1). Similarly, smaller units, such as efficiencies and one-bedroom units, command rents 13–15% higher than Fair Market Rent (FMR). Asking rents above FMR suggest that households using rental assistance like Section 8 vouchers may already be having trouble accessing smaller units. Rents within Denver have increased within the last five years: Between 2011 and 2016 the average rent increased by 46% (from $941 to $1,376), increasing 16% between 2014 and 2016 alone (see Figure 2.2).[iii]

Shortage of affordable and available rental units for low-income households. While Denver's housing market recently absorbed more than 16,000 newly constructed rental units, Denver has a shortage of affordable and available rental units for all low-income households, especially extremely low-income households. A need exists for at least an additional 15,500 units for extremely low-income renters to create enough units for households at that income level (see Figure 2.3).[iv] Ideally, these units would come with income restrictions so households at those income levels do not have to compete with higher income households for these units. Today, more than 10,500 affordable rental units are not available to low-income households because they are occupied by a higher-income household.

KEY DEFINITIONS

Affordable housing: As a general rule, housing where occupants pay no more than 30% of his or her income for gross housing costs, including utilities. This standard is set by the U.S. Department of Housing and Urban Development (HUD).

Cost-burdened: Households paying more than 30% of their income on housing costs.

Severely cost-burdened: Households paying more than 50% of their income on housing costs.

Housing Insecure: Low-income households paying more than 50% of their income on housing costs.

Older, more affordable units in demand. Residents face competition for older, more affordable rental units. Compared with the newer rental units (those built after 2010), older units (those built before 1979) had a much lower vacancy rate than new units, as well as the citywide vacancy rate for rental housing.[v] Further analysis related to Denver's unsubsidized, large-scale inventory reinforces the importance of older multifamily buildings in the city's affordable housing supply. More than 130 properties offer average rents in line with Fair Market Rents for studios ($844), one bedrooms

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($1,031), and two bedrooms ($1,305).[vi] Most of these properties have characteristics that suggest they may need renovations, including being classified as "Class C" properties and built at least three decades ago (if not more).[vii]

Attainable Homeownership

Owners paying too much for housing. About 35,000 owner households were paying too much for housing in 2015, although the number and share of owners experiencing cost burdens decreased by 7% between 2010 and 2015.[viii] While fewer owner households currently experience cost-burdens, the share of low-income households increased within Denver, outpacing growth in their renter counterparts.[ix] Similarly, characteristics of the city's cost-burdened owners suggest they may need assistance to maintain their current housing situations. And some stakeholders echoed concerns for existing homeowners during the public engagement process. For instance, one-third of cost-burdened owner households are seniors, who may need accessibility features (now or in the future), and 31% are extremely or very low-income households, who may need to make repairs or upgrades to their homes.[x]

Increasing property values. Another issue affecting homeowners are higher tax bills, resulting from higher assessed property values. Changes in assessed property values between 2011 and 2017 underscore how affordability could change for owners, especially if recent trends continue. While stagnant as recently as 2011, assessed property values have increased by about 30% over the past two assessment cycles.[xi] Some of the highest concentrations of higher assessed values during the 2017 assessment cycle are in adjacent neighborhoods in western Denver like Villa Park, Ruby Hill, and Mar Lee. Note that these neighborhoods were identified in the Office of Economic Development's *Gentrification Study: Mitigating Involuntary Displacement* as "vulnerable to gentrification."

Higher home sales price. Residents interested in becoming homeowners within Denver are finding themselves priced out of the city, especially in strong for-sale markets. The median home price is $378,000 for a detached single-family home and $300,940 for an attached single-family home. The median home price increased significantly between 2012 and 2016. The median price of detached homes increased 43%, while the median price of attached homes increased 96% (see Table 2.2 and Figure 2.4).

Limited for-sale inventory. The overall supply of for-sale inventory is limited for residents interested in purchasing a home. The Metro Denver Board of Realtors estimates that the city only had a one-month supply of detached homes and a two-month supply of attached homes on the market during 2016.[xii] As a point of comparison, the city had a five-month supply of attached homes during 2012. Both detached and attached homes are selling quickly, only staying on the market an average of 30 to 51 days, respectively.

WHO IS COST-BURDENED?

Renters: Of all the cost-burdened Denver renters, 54% are single-person households without children, 35% do not have post-secondary education, 16% are single parent households, 11% are seniors and 7% are veterans.

Owners: Of all cost-burdened Denver owners, 44% are single-person households without children, 29% do not have post-secondary education, 26% are married households without children, 30% are seniors and 10% are veterans.

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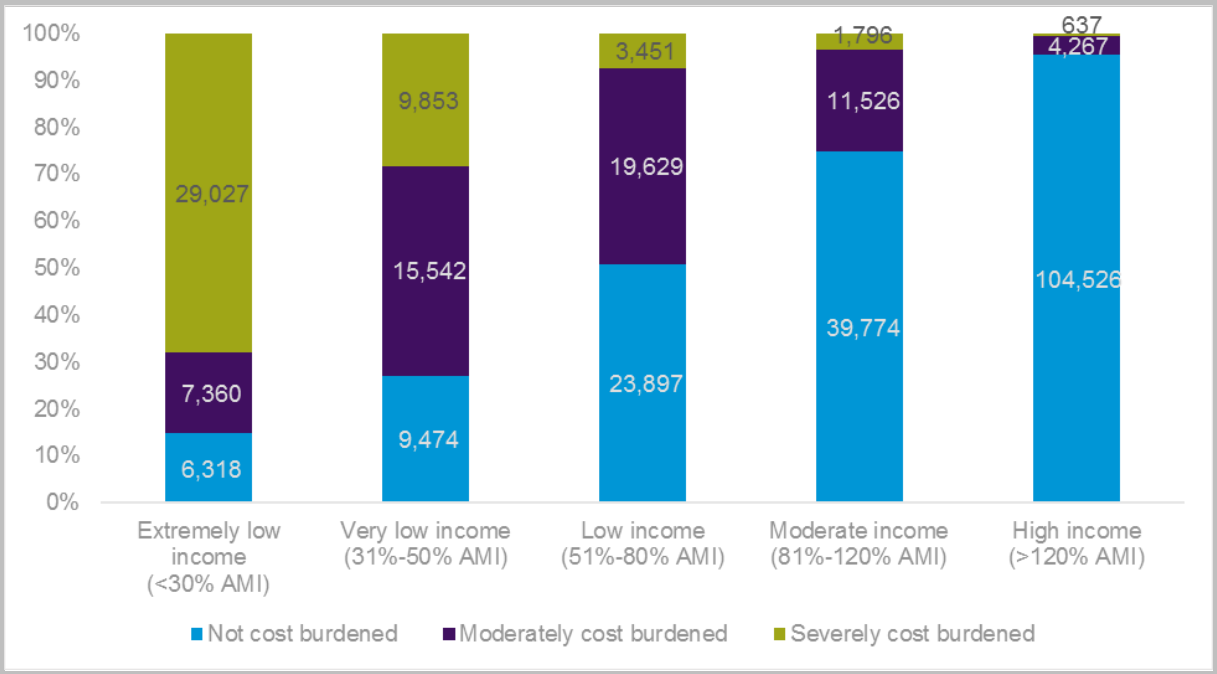
Figure 2.1 | Number of Cost-Burdened Households (2015), Denver, CO



Source: 2015 American Community Survey Public Use Microdata Sample

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Section 3. Housing and Affordability Investments

More than 100,000 new residents have moved to Denver since 2010, and construction of new housing units has surged, with more than 5,000 permits approved for residential units each year over the same period. While Denver, like other major cities, has experienced an increase in "scrape-offs" where a typically older, smaller and more affordable home is replaced with a larger and more expensive home, most of the units constructed over the last several years have increased the city's overall inventory of housing. But the pace of residential development has not kept up with population increases, exacerbating rising housing costs due to limited supply.

Over the last several years, the City has taken steps to foster and increase its overall supply of housing in anticipation of new population growth. The original *Blueprint Denver* plan aimed to channel development into "areas of change" and set the stage for the City's transition from a use-based zoning code where land uses were divided across the city by districts (for example, zone districts that focus on residential, commercial and industrial uses rather than allowing a mix of uses) to a form-based zoning code that integrates neighborhood context and a mix of uses throughout neighborhoods. Denver's transition to a form-based zoning code allowed increased density in appropriate areas of the city, especially near transit and the city's downtown core. The City and its partners recognize that addressing affordability in Denver will take a multitude of different policy strategies over time, including those aimed at increasing the overall supply of housing in the city to keep pace with population. Section 4 of this plan outlines several paths the City and its partners should explore as part of the Denveright planning process and update to *Blueprint Denver* to continue to increase the overall supply of housing.

While increasing the overall supply of housing can help address the affordability of the city's new and existing housing stock, increased inventory alone is unlikely to produce housing affordable to the lowest income and most vulnerable residents. This plan aims to find a balance in addressing affordability along the housing continuum, recognizing that inclusive communities offer choice in housing for residents at a variety of income levels.

Analyze existing housing resources for performance, structure and sustainability.

The City and its partners have taken important steps in the last several years to increase housing investments, but implementing the strategies outlined in this plan will take creative solutions and bold steps to promote inclusive communities in Denver. As part of the implementation of Article V, Chapter 27 of the Denver Revised Municipal Code (D.R.M.C.) that created the dedicated housing fund, the City will conduct an analysis and review of the ordinance prior to August 2019. The City's analysis of the ordinance should consider performance and structure of the existing revenue sources and the ongoing sustainability and extension of funding sources in the housing fund.

Explore opportunities to expand existing resources for housing investments.

In addition to a policy review of the existing dedicated housing fund, the City and its partners should explore other opportunities to expand housing resources. Exploration of additional housing resources should include specific partnerships with public, private and nonprofit entities as outlined in this plan, such as through the development of a preservation fund, enhancing the State Low Income Housing Tax Credit (LIHTC), or partnerships with foundations and employers. Additionally, the exploration of additional housing resources should include opportunities to maximize the City's resources available for housing, including bonds or new fees.

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Coordinate housing investments with the City's other affordability resources.

The City's housing resources are complemented by investments into other components of affordability, including health, jobs, and transit access. The City and its partners should continue to identify opportunities to leverage and expand the resources available for housing and affordability investments. But the City and its partners should also explore ways to better coordinate existing housing and affordability investments, ensuring that limited resources are invested as effectively as possible to serve Denver's low and moderate-income families in need. Likewise, the City and its partners should develop more coordinated data collection and outcome metrics for City investments across housing and affordability programs.

Find more detailed information about housing and affordability investments in **Section 10: Key Supplemental Information.**

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Section 4. Legislative and Regulatory Strategies

Denver already has several legislative and regulatory tools to facilitate and promote affordable housing development—but more are needed to adequately address the growing affordable housing needs and varying neighborhood conditions described in this plan.

Over the next five years, the City and its partners will explore and implement legislative and regulatory actions that strengthen existing tools such as the City's preservation ordinance, better-align land use regulations to support affordable and mixed-income housing development, protect tenants of rental housing, and support inclusive communities through cultural diversity.

Strengthen the City's Preservation Ordinance.

GOAL: Preserve Affordability

Denver's existing Preservation Ordinance is intended to preserve existing affordable housing (those restricted through a covenant, contract or other affordability restriction on the property). Today, it accomplishes this objective through two primary tools: "right-of-first-refusal" and its affordability period (up to 20 years). Under the "right-of-first-refusal," owners of locally and federally subsidized housing must notify the City if they plan to sell their building or convert their units to market-rate housing. When an owner decides to sell his or her property, the City or a selected designee has a right-of-first-refusal, enabling the City to facilitate the acquisition of the property at terms that are consistent with a market offer.

The City and its partners are already working to clarify language within its Preservation Ordinance – a tool that helps protect affordability after more proactive approaches have been exhausted – through the development of rules and regulations. The City and its partners should clarify through the rulemaking process the specific timelines and requirements for executing the right-of-first-refusal, when and where preservation should be prioritized under the right-of-first-refusal (including factors such as the property's proximity to transit or neighborhoods where residents are vulnerable to displacement), and specific steps the City or its designee can take to use notification periods outlined in the Preservation Ordinance as proactively as possible to evaluate a preservation opportunity.

While the Preservation Ordinance provides the City or its designee a right-of-first refusal to preserve existing affordable housing, there are challenges with exercising this right to purchase a property. The right-of-first-refusal works well when a willing buyer has quick access to capital, but can be challenging with affordable housing when multiple layers of financing are required to acquire and rehabilitate the property. With Denver's increasingly costly housing market, many of the opportunities for the City to exercise its right-of-first-refusal have been cost-prohibitive in recent years, especially given the Ordinance's timeline to match a market offer. Investment strategies aimed at preserving existing income-restricted rental affordable housing stock are outlined in Section 7, as well as strategies aimed at coordinating across partners such as CHFA's Housing Preservation Network to preserve existing affordable rental housing.

As existing efforts to strengthen the Preservation Ordinance are implemented, the City and its partners should consider other ways to enhance this preservation tool: 1) extending notice requirements as a means to assemble alternative financing or allocate additional funding for expiring properties, 2) explore using a "right-of-first-offer" in addition to the "right-of-first-refusal" to enable the City or its designees to make the first offer on a property prior to sale – creating a more streamlined (and ideally less costly) sale process, 3) work with potential purchasers to extend affordability commitments, and 4) enhance support for tenants at the termination of income-

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restrictions, including provisions for relocation assistance if the property converts to market-rate housing.

Key Actions:

- Clarify as part of the rulemaking process for the Preservation Ordinance the process for executing the right-of-first-refusal, when and where preservation should occur (including factors such as the property's proximity to transit or in neighborhoods where residents are vulnerable to displacement), and steps to use the Ordinance's notification period as proactively as possible.
- Coordinate across partners in CHFA's Housing Preservation Network to conduct regular outreach to owners of existing-income restricted properties to understand and identify preservation opportunities that recognize the unique needs of property owners, including rehabilitation, acquisition or other financing.
- Develop strong relationships with preservation partners and creative financing solutions to preserve properties under the Preservation Ordinance, including exploring bridge capital available for acquisition while long-term finance tools are layered together.
- Explore other ways to enhance provisions within the Preservation Ordinance related to notice requirements, right-of-first-offer options, and support for tenants in income-restricted properties.

Expand and strengthen land use regulations for affordable and mixed-income housing.

GOALS: Create Affordability, Promote Access to Housing

The City is currently undergoing a community vision process called Denveright. This effort focuses on creating a vision of what Denver will look like in 2040. A key vision element of the Denveright planning process is to create "*equitable, affordable and inclusive communities*" throughout Denver. While Denveright has a broader planning scope that includes long-range strategies across a variety of areas such as land use, transit, trails and open space, this plan serves as a tool to implement key components of the *Equitable, Affordable and Inclusive* vision element by promoting affordable housing options and access to opportunity.

During the public engagement process for this plan, stakeholders shared their ideas about ways that the City could strengthen land use regulations to both support affordable housing projects and more broadly increase diversity of housing types throughout Denver. These ideas focused around three key areas that could be supported in *Blueprint Denver*, the City's long-range land use and transportation plan and part of Denveright: 1) streamlining and facilitating the development of accessory dwelling units as a tool for affordability and to stabilize residents at risk of displacement; 2) promoting a diversity of residential development types throughout Denver neighborhoods, including density as a tool to increase housing supply and introduce affordability; and 3) creating a package of development incentives that support affordable housing projects and promote the development of more mixed-income projects citywide.

Currently, about 25% of Denver, excluding Denver International Airport, is zoned to support development of an "accessory dwelling unit," a secondary unit that can be attached or detached from the primary residence. However, some of the lots in these areas are not large enough to qualify for an accessory dwelling unit—or ADU. This building form can provide more attainably priced housing options throughout predominantly single-family neighborhoods, and can act as a wealth building tool to help low and moderate-income residents remain in vulnerable neighborhoods. Expanding the

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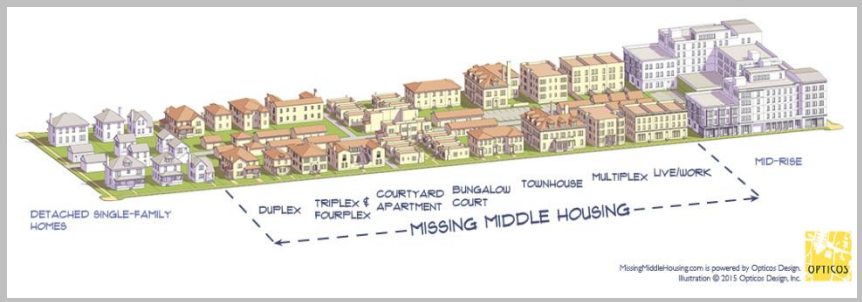
number and type of neighborhoods that allow ADUs should be explored as part of the *Blueprint Denver* update.

To support development of ADUs in existing and future areas of the city, the City and its partners are looking to peer cities that have streamlined ADU development through expedited review of pre-approved design templates, finance packages to support homeowners with the cost of construction of ADUs, and a training curriculum that provides information about becoming a landlord and finding tenants for the ADU. Recommendations about the programmatic steps that Denver and its partners are taking to encourage development of ADUs as an anti-displacement strategy are outlined in **Section 8.**

Similarly, other forms of multi-unit residential housing development can increase overall housing supply and provide more attainably priced options for low and moderate-income families in Denver. Examples might include duplexes, fourplexes, rowhomes or cohousing options where individual units are grouped together in a single building with shared amenities such as kitchen or community space. The City should encourage the development of these "missing middle" development types throughout Denver neighborhoods to provide residents with a diversity of housing choices (including price, size, and tenure of housing options) through specific zoning and land use recommendations in *Blueprint Denver*.



"Missing middle" housing includes a variety of development types such as duplexes, rowhomes, townhomes, and fourplexes, all of which can provide a greater range of housing options in Denver neighborhoods. This type of housing typically serves people who are living well above the poverty line, but still struggle to afford housing in Denver, such as teachers and firefighters.

Likewise, the City has already taken steps to pilot a permitting process for development of "tiny homes," typically homes that are more affordable due to their size at 400 square feet or less. The City and its partners should implement and evaluate the success of the tiny home pilot program and explore opportunities to expand this tool throughout Denver.

With the city's past population growth (and anticipating more in the next few years), the update to *Blueprint Denver* and subsequent implementation measures such as zoning should also direct more dense development to appropriate areas throughout Denver neighborhoods, especially focusing on current or planned transit corridors. The City and its partners are already taking steps to pilot an incentive overlay for building heights aimed at providing added density near transit in exchange for affordable housing at the 38th and Blake Station Area. The City and its partners should implement and evaluate the success of the incentive overlay and explore expanding the program to other areas where increased density may be appropriate, such as near transit. Likewise, language in the update to *Blueprint Denver* should explicitly reference how housing affordability will be addressed in areas of the city where increased density is considered to promote equitable and inclusive communities.

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While Denver's zoning code does have some specific incentives for affordable housing such as an "alternative minimum vehicle parking ratio" which allows for a parking reduction when a project serves persons earning below 40% AMI, these incentives are limited and lack clear guidelines that could support affordable housing and encourage developers to include affordable units within a mixed-income development. For this parking reduction, for example, the zoning code does not specify if a minimum number of 40% AMI units are needed to qualify for the incentive or the affordability period for these units.

HOW LINKAGE FEES WORK

"Housing Linkage Fees" fees are paid at the time of building permit issuance for residential or commercial development. Since new commercial and residential development creates the demand for new employees, the housing linkage fee helps offset the cost of construction of affordable housing for low-income employees. Developers of new commercial and residential development can pay the fee or build housing that is affordable for households earning up to 80% of the Area Median Income.

With the adoption of the City's housing linkage fee, residential and commercial developers have the option to build affordable, income-restricted units as an alternative to paying this fee (sometimes called the "build alternative"). However, without other regulatory tools to encourage development of affordable units, residential and commercial developers may find paying the linkage fee easier and more cost-effective. The City should encourage more mixed-income development in Denver by creating a package of incentives that provide value for a developer. This package may include more clearly defined parking reductions, lower building permit fees, or special staff support to navigate the complex multi-agency permitting process, in exchange for a certain percentage of affordable units built onsite.

Key Actions:

- Encourage development of a mix of residential development types throughout Denver neighborhoods that provide residents with a diversity of housing choices (including price, size, and tenure of housing options) through specific zoning and land use recommendations in *Blueprint Denver*.
- Evaluate success of the current "tiny home" pilot program and explore opportunities to expand the program throughout other areas of Denver.
- Implement and evaluate success of a proposed incentive overlay for building heights at the 38th and Blake transit station and explore expanding the program to other areas where increased density may be appropriate, such as near transit.
- Create a package of incentives that provide value for a developer, such as more clearly defined parking reductions, lower building permit fees, or special staff support to navigate the complex multi-agency permitting process, in exchange for a certain percentage of affordable units built onsite.

Develop more consistent guidelines for affordable housing in major redevelopment areas.

GOALS: Create Affordability, Promote Access to Housing

In recent years, City leaders have also worked to foster mixed-income communities through the provision of affordable housing at major infill development sites. Some examples of these communities include the redevelopment of the former St. Anthony's Hospital in the West Colfax neighborhood and former University of Colorado Health Sciences Center in the Hale neighborhood. While affordable and mixed-income housing was included as part of these redevelopment areas, the City's zoning code and other land

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use regulations do not provide clear guidance for developers of major redevelopment sites on the specific circumstances when to develop an affordable housing plan or the specific steps associated with plan development, such as when to submit it as part of the site planning process.

National Case Studies:

Austin, TX uses a "Tax Increment Reinvestment Zone" to combat displacement by using a portion of the increased tax revenue in appreciating areas to serve low and moderate-income households through development and preservation of affordable housing in the district.

Since Denver has a limited supply of undeveloped land that can be used to support affordable and mixed-income development, the City should develop clear standards for the circumstances when an affordable housing plan should be created for a major redevelopment site and provide clear guidance on the process to develop and execute the plan. Circumstances could include sites that utilize a General Development Plan, Infrastructure Master Plan, or similar tool; sites that utilize tax increment financing; or infill sites above a certain acreage or include a specific number of residential housing units. A plan for how affordable housing will be addressed in a major redevelopment area should be closely coordinated across City and partner agencies, including the Office of Economic Development, Community Planning and Development, Department of Finance, and the Denver Urban Renewal Authority.

In addition to developing more clear guidelines for when and how affordable housing should be integrated into major redevelopment areas, the City and its partners should explore creative uses of tax-increment financing to promote inclusive communities throughout Denver. Since the use of tax-increment financing is coordinated closely with the Denver Urban Renewal Authority and Denver Public Schools — and subject to numerous state regulations — careful analysis of creative uses of tax increment financing should be conducted in partnerships with these agencies.

Key Actions:

- Develop clear standards for the circumstances when an affordable housing plan (such as sites with a General Development Plan, Infrastructure Master Plan, or similar tool) should be created for a major redevelopment site and provide clear guidance on the process to develop and execute the plan.
- Explore creative uses of tax-increment financing that can support low and moderate-income residents, including how TIF can be used to support the City's anti-displacement strategies, in close partnership with the Denver Urban Renewal Authority and Denver Public Schools.

Enhance protections and assistance for renters, including exploring a rental registry.

GOALS: Preserve Affordability, Promote Access to Housing, Stabilize Residents

Today, about one-half of Denver residents rent their homes. Unfortunately, low and moderate-income renters occupy a precarious position within the City of Denver: rents have dramatically outpaced incomes over the past two decades and many are at risk of being displaced from their homes, especially in vulnerable neighborhoods. Denver has limited affordable options available within the city if low- and moderate-income renters are displaced, and limited legal protections to ensure renters can remain in their communities and live in safe, decent conditions. Anecdotally, renters are afraid to report problems with their homes and many tenants live without a lease, creating uncertainty and limited legal recourse in the event of a rent increase.

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National Case Studies:

Seattle, WA adopted a rental registration and inspection ordinance (RRIO) that created an online database of all registered rental properties that the public could use to check for basic health and safety standards before signing a lease. Under Seattle's RRIO, landlords must renew their registered properties every five years and all registered properties are inspected at least once every 10 years.

The City of Denver already protects all its residents through building, fire, and public health code enforcement activities. In 2016, the Department of Environmental Health, which responds to residential health and housing complaints under the City's public health code, responded to more than 1,100 complaints. These health and safety concerns ranged from mold to pest infestations to heating and plumbing issues. Like many cities, Denver's code enforcement activities are largely complaint-based, meaning a resident would need to both identify and report a code violation to the City. Under a complaint-driven system, residents without general protections offered by a lease may not want to report problems with their homes—including those problems that threaten their health and safety. To assist these residents, the City can undertake more proactive enforcement of health, safety and building codes.

The City will explore development of a rental registry to promote the safety and well-being of all renters, requiring landlords to register their rental properties and participate in regular inspections for health and safety issues, among other provisions. Landlords generally must pay a small registration fee to help cover the administrative costs with the registry program, including inspections.

In addition to ensuring all residents live in a safe home, a rental registry could provide a means for the City to expand basic protections for tenants. These expanded tenant protections could include more standard lease practices as well as well as education and outreach about tenants' rights. As part the exploration of a rental registry, the City and its partners should consider ways to protect residents from discrimination based on the source of their income, for example, from Social Security, rental assistance such as Housing Choice Vouchers, or child support.

Neighboring cities like Boulder and Westminister use a rental registry and require landlords to create a written lease for any rental exceeding 30 days and provide a copy of that lease to tenants. In addition, Boulder provides educational materials on a variety of topics, like the process to request home repairs and landlord-tenant roles and responsibilities (through its Landlord-Tenant Handbook). As part of the process to explore a rental registry program in Denver, the City should conduct an analysis of the citywide staffing capacity required to oversee the program during initial development of a rental registry and throughout ongoing inspections.

A key component of supporting renters that might be at risk of displacement includes protecting residents during a housing crisis. The City has already taken steps to support renters experiencing or at-risk of eviction by providing the following assistance: 1) temporary rental and utility assistance for renters experiencing a crisis, such as a notice of rent increase or sudden loss of income, aimed at preventing eviction; 2) a comprehensive tenant rights guidebook aimed at educating residents experiencing or at risk of an eviction about their rights under Colorado law; and 3) distribution of eviction assistance and resource information to residents facing an eviction through outreach workers in eviction court. Find more information about these investment strategies in **Section 7** of this plan.

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Key Actions:

- Explore a rental registry to promote the safety and well-being of all renters, requiring landlords to register their rental properties and participate in regular inspections for health and safety issues.
- Explore ways to implement more standard lease practices between landlords and tenants as part of the exploration of a rental registry.
- Explore ways to protect residents from discrimination based on the source of their income, for example, from Social Security, rental assistance such as Housing Choice Vouchers, or alimony as part of the exploration of a rental registry.
- Conduct an analysis of the citywide staffing capacity required to develop and administer a rental registry, including during the initial registration process and ongoing inspections, certifications, and proactive steps to maintain a high quality of housing stock.

Stabilize families through tax relief programs.

GOAL: Stabilize Residents

Compared with other cities, Denver's residential property taxes are relatively low; the City's Department of Finance estimates they make up approximately 40% of a property owner's total tax bill.[xiii] However, many families within Denver are struggling to keep pace with their property tax bills. The average assessed value increased 30% citywide between the 2015 and 2017 assessment cycles, and in many neighborhoods, these increases were much higher (as much as 70%). At the same time, many vulnerable populations, such as seniors and persons with disabilities, are already cost-burdened; data suggests that seniors (aged 65 years or older) comprise about one-third of homeowners that are both low-income and paying more than 50% of their monthly income on housing costs.

The City of Denver already offers some forms of tax relief for seniors and disabled veterans through a number of programs:

1. ***Property Tax Exemption for Seniors and Disabled Veterans.*** This exemption enables seniors (aged 65 years or older), their surviving spouses, and disabled veterans who have lived in their home as their primary residence for at least 10 years to exempt taxes on a share of a home (50% on the first $200,000). The State of Colorado reimburses the Denver Assessor's Office for the property taxes exempted through this program.

2. ***Property Tax Deferral Program for Seniors and Active Military Personnel.*** This program defers the property taxes for qualified seniors (aged 65 years or older) and active duty military personnel. The state of Colorado pays the Denver Assessor's Office for the property taxes deferred through this program; a lien is placed on the participant's property that does not have to be paid unless the participant no longer qualifies for the deferral.

3. ***Property Tax/Rent/Heat Credit (PTC) Rebate.*** In place since 1971, this rebate pays back part of household expenses for property taxes, utilities, and rent for low-income seniors, a surviving spouse of a senior, or a resident with a disability (regardless of age). The total rebate is based on a household's income and expenses.

4. ***Elderly and Disabled Refund Payment.*** This program provides a partial refund of property taxes, or the equivalent in rent, paid by qualified Denver residents who are 65 years or older and are income limited or disabled. The refund does not have to be paid back and there is not lien attached to the property. In 2017, the income of qualifying participants cannot exceed $15,900 for a single person or $23,100 for couples.

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The City should take proactive steps to promote broader participation among eligible households in existing property tax relief programs by actively marketing to eligible households through partnerships with community-based organizations, social service agencies such as the Department of Veterans Affairs, and in neighborhoods where assessed values have increased more than the citywide average.

However, as tax bills continue to rise, the City will also explore additional local forms of tax relief for low- and moderate-income residents struggling to keep up with rising property taxes. The City may consider expanding the existing tax relief program for seniors to a broader group of residents living on a limited income or explore other forms of tax relief for low- and moderate-income households that would allow property taxes to be deferred through a lien on the participant's property that does not have to be paid until the time of a sale or unless the participant no longer qualifies for the deferral. Like the program available for seniors and persons with disabilities, additional forms of tax relief for a broader group of low- and moderate-income residents could be available to both homeowners and renters.

Escalating costs associated with higher property taxes are often passed along to tenants of rental properties, further exacerbating expensive rents. Tax rebates could take a few different forms to property owners, such as a direct, ongoing rebate or competitive grant program to property owners in exchange for offering or maintaining a portion of their rental units as affordable units. Nonprofit entities (with federal 501(c)3 status), including nonprofit developers, are already eligible for a property tax exemption under a recent change to City policy. The City will explore property tax relief programs to support property owners who may not qualify for the existing exemption but may still need help with their property taxes in exchange for keeping a percentage of units affordable to low-income households on-site. This type of tool may be particularly effective to help property owners of small-scale multifamily property owners (e.g., those with buildings with 4–20 units), who may not have access to more conventional financing to help offset their operating costs.

Exploration of broader property tax relief programs should be conducted in close partnership with the Department of Finance to understand potential impacts to the City budget and the influence that such programs could have on other programs that use property taxes as a source of revenue, including the City's dedicated housing fund.

Key Actions:

- Promote broader participation among eligible households in existing property tax relief programs through partnerships with community-based organizations and social service agencies, focusing on neighborhoods where assessed values have increased more than the citywide average.
- Explore additional forms of tax relief for low- and moderate-income residents struggling to keep up with rising property values, such as expanding the existing senior and disabled property tax relief program.
- Explore property tax relief programs that support property owners of multi-unit buildings who may not qualify for the existing nonprofit exemption to foster mixed-income developments.

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Explore a framework and methodology for determining a preference in new housing for residents at risk of displacement.

As part of the Assessment of Fair Housing (AFH) planning process, the City, Denver Housing Authority, and other jurisdictions throughout the region will develop goals and priorities that address contributing factors to racial and ethnic segregation and other fair housing issues and support racial equity. As part of this process, the City and its partners will look at existing concentrations of poverty and racial and ethnic minority groups to develop strategies aimed at promoting more inclusive and equitable communities.

National Case Studies:

Portland, OR developed a preference policy to help families stay in or return to neighborhoods in North and Northeast Portland where urban renewal activity has occurred over several decades. Under the policy, residents are given preference in new affordable housing if they are at risk of displacement and additional points if the residents' ancestors had previously been displacement from the same neighborhoods.

As part of the development of *Housing an Inclusive Denver*, the City examined existing data from the U.S. Department of Housing and Urban Development on the location of "racially and ethnically concentrated areas of poverty" or R/ECAPs throughout Denver. These areas are identified at a Census-tract level. This plan examined the relationship of R/ECAPs as part of its broader analysis of neighborhood conditions; based on this analysis, most R/ECAPs are in Type 1 neighborhoods. This plan aims to promote inclusive communities throughout Denver by preserving affordability in vulnerable neighborhoods and promoting development of new affordable housing in high opportunity areas. The AFH planning process will build upon the work of this plan to promote communities of opportunity and deconcentrate poverty, while supporting cultural diversity and inclusion.

With dramatically increasing housing costs that threaten to displace low- and moderate-income families, especially communities of color, the strategies outlined in this plan are integral for Denver to remain a diverse and thriving city. Peer cities such as Portland and San Francisco have developed policy tools that provide a preference for residents that have been displaced or are at-risk of being displaced from the city in new affordable units. These policies aim to help families impacted by voluntary or involuntary displacement stay in the city or return if they have already been displaced.

The City and its partners may explore a policy in Denver that provides preference in new affordable housing for residents that have been or are at-risk of displacement. As part of the exploration of this policy approach, the City and its partners should ensure that any proposed framework and methodology to develop and apply a preference for new projects does not have unintended negative impacts on "protected classes" under the Fair Housing Act. Protected classes under the Fair Housing Act include race, color, religion, national origin, sex, disability, and familial status.

The City and its partners should also take steps to integrate community participation of ongoing stewardship efforts for affordable housing when exploring models such as a land trust that could help preserve affordability in vulnerable neighborhoods. More information about land trust models can be found in **Section 5**.

Key Actions:

- Leverage data collected from the Assessment of Fair Housing plan to understand existing demographic characteristics of Denver neighborhoods over time, including concentrations of racial and ethnic minorities, to promote policies that embrace cultural diversity and promote access to opportunity.

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- Explore framework and methodologies used to develop and implement preference policies in peer cities, evaluating whether and how a preference policy based on economic displacement could be implemented in Denver.

Enhance the existing State Low Income Housing Tax Credit.

GOAL: Create Affordability

In 2014, Colorado's General Assembly adopted legislation to develop a State Low Income Housing Tax Credit that was intended to enhance existing federal tax credits administered by the Colorado Housing and Finance Authority (CHFA). The initial purpose of the tax credits was to support development of rental housing units as part of state recovery efforts from the 2013 floods, and also to jump start the 4% federal LIHTC program across the state. The tax credits, which provide funding in the form of private sector investment equity to for-profit and nonprofit developers of affordable rental housing, have supported the creation or preservation of 1,124 affordable units in Denver.

While the state tax credits have been extended by the Colorado Legislature until 2019, the program is set to sunset at the end of that calendar year. The City and its partners should back an extension of the existing state tax credit program beyond 2019 to support the development and preservation of affordable rental housing. In addition-to supporting an extension of the existing state housing tax credit, the City and its partners should explore additional tools to expand and enhance the state tax credit program to support projects in local jurisdictions that can provide reimbursement of the expansion to the state. An analysis of potential tools to enhance the state tax credit should be conducted in close partnership with Denver's Department of Finance, the Colorado Housing and Finance Authority, and the Colorado Division of Housing.

Key Actions:

- Support an extension of the existing state tax credit program beyond the current sunset in 2019 to facilitate development and preservation of affordable rental housing in Colorado.
- Explore additional tools to expand and enhance the State Low Income Housing Tax Credit to support rental housing projects in Denver, and other local jurisdictions, in close partnership with the Colorado Housing and Finance Authority and the Colorado Division of Housing.

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Section 5. Strategic Use of Land to Support Affordable Housing

During the development of this plan, one issue was consistently identified by stakeholders across each segment of the housing continuum: the rising cost and limited availability of land for affordable and mixed-income development. Strategic use of publicly owned property and acquisition of land for future development are essential elements of Denver's long-term housing pipeline and an important tool to foster mixed-income neighborhoods, preserve affordability in vulnerable neighborhoods, and introduce affordability to areas with strong economic opportunities.

Addressing the challenge of accessing land for future housing development will require an approach focused on the following strategies: 1) leverage publicly owned land for affordable and mixed-income housing, 2) facilitate land acquisition through direct investment of City resources alongside existing tools such as the Regional Transit-Oriented Development (TOD) Fund, and 3) exploring the use of new tools that can promote the creation and preservation of affordable housing, including land trusts as a tool to provide long-term affordability throughout Denver communities.

Leverage publicly owned land for affordable housing development.

GOALS: Create Affordability, Promote Access to Housing

The City took an important step forward with Mayor Hancock's 2016 Executive Order on City-Owned Land and Leased Real-Estate (Executive Order 100). The executive order serves as the primary policy tool to inform the use of City-owned property, including how the City acquires additional properties and disposes of the property that it already owns. In terms of affordable housing, Mayor Hancock's order directs the Division of Real Estate (within the Finance Department) to coordinate with Community Planning Development and Office of Economic Development staff to evaluate the appropriateness of affordable housing when disposing of city-owned property. The site-level analysis for these opportunities include considerations like proximity to transit and other neighborhood indicators.[xiv]

While Executive Order 100 provides a path for identifying and prioritizing affordable housing when disposing of property, the City and its partners should take proactive steps to conduct a comprehensive analysis of the city's current inventory of land and its suitability for affordable housing development. An initial dataset of vacant and underutilized parcels was developed based on information available through the Assessor's Office (also within the Finance Department) as part of the development of this plan. Additional steps are needed to refine the data and determine suitability for housing, including comparing the existing dataset to other data sources across City agencies and removing undevelopable parcels of land that are too narrow or include setback limitations. The updated dataset should be evaluated based on individual parcels' proximity to transit and other neighborhood indicators as outlined in this plan to identify priority opportunities for future housing development.

Recognizing that housing is an important component of Denver's economic vitality, workforce recruitment, and transit-oriented development, the City and its partners should also take proactive steps to develop partnerships with other public or quasi-public landholders to prioritize affordable and mixed-income housing on existing vacant or underutilized parcels currently owned by these entities. Public partners such as the Regional Transportation District (RTD), the Denver Housing Authority (DHA), and Denver Public Schools (DPS) own parcels of that could be developed to include

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affordable housing, including in locations that align with the priorities outlined in this plan, for example near transit or job centers.

The City and its partners should explore formal partnerships with public and quasi-public agencies to prioritize and set specific standards for use of public land for affordable housing.

With the identification of key parcels that could be prioritized for affordable housing development, the City should work across public and quasi-public partners to develop a specific vision for the site, target income levels, populations, and tenure served by the development, as well as supportive services or programming as needed. As part of the implementation of Executive Order 100 and partnerships with public and quasi-public partners, the City should take steps to develop a clear and consistent process for soliciting development proposals to execute the specific vision for housing or mixed-income development on publicly owned parcels.

NATIONAL CASE STUDIES:

Arlington County, VA *developed a partnership with the Arlington Public School District called the "Community Facilities Study" to identify specific county-owned or district-owned sites potentially suitable for affordable housing development or other community facilities.*

Together, county and school district leaders are developing coordinated processes and priority locations for siting housing and other community facilities on publicly owned land.

An analysis of the suitability and specific development vision for public or quasi-public owned sites should be combined with strategies and tools outlined in this plan to promote long-term affordability and support low- and moderate-income households across housing continuum.

Key Actions:

- Explore formal partnerships with public and quasi-public agencies to prioritize and set specific standards for use of publicly owned land for affordable housing.
- Evaluate the suitability of city owned land and land owned by public or quasi-public partners for affordable housing development per factors such as its proximity to transit and other neighborhood indicators as outlined in this plan.
- Develop specific visioning and procurement processes to identify development partners to build affordable and mixed-income housing on public and quasi-publicly owned land.

Facilitate acquisition of land directly and through partners for housing development.

GOALS: Create Affordability, Promote Access to Housing

The City and its partners also have programs and funding resources that can be used for the direct acquisition of properties, or in partnership with developers interested in building affordable or mixed-income housing. City resources should be used to enhance existing tools such as the Regional Transit Oriented Development (TOD) Fund–which was updated in 2015 in partnership with Enterprise Community Partners' local Denver office to acquire land near transit throughout the Metro Region–and other Community Development Financial Institutions such as the Mile High Community Loan Fund. Even with current tools, land prices in Denver continue to rise, and the City and its partners will explore ways to strengthen and enhance existing resources available for land acquisition.

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National Case Studies:

*In **New York City,** land owned by the public housing authority was leased to build 500 apartments for low-income households on underutilized sites. The land lease, which the housing authority oversees for the three buildings, guarantees affordability for at least a period of 60 years under the agreement.*

The City has also taken steps over the last several years to be more proactive in acquiring land directly for affordable and mixed-income housing development. These direct acquisitions have been in proximity to current and future transit corridors, and have been aimed at preserving affordability in vulnerable neighborhoods. With a consideration for leveraging limited resources where possible with other existing land acquisition tools, the City should continue to directly acquire land in vulnerable neighborhoods to preserve opportunities to develop affordable and mixed-income housing, but should also focus on acquiring land in proximity to high performing schools and job centers to promote greater access to opportunity throughout Denver.

Key Actions:

- Leverage existing City resources with current tools such as the Regional TOD Fund and Community Development Financial Institutions to fund land acquisition for future affordable and mixed-income housing development.
- Directly acquire land in vulnerable neighborhoods to preserve opportunities to develop affordable and mixed-income housing and in proximity to high performing schools and job centers to promote greater access to opportunity throughout Denver.

Explore tools to promote long-term affordability of housing, including land trusts, throughout Denver communities.

GOALS: Create Affordability, Preserve Affordability, Stabilize Residents

As part of a broader cross-cutting strategy to promote long-term affordability for housing investments, the City and its partners should consider mechanisms such as a citywide land trust model, to ensure housing remains affordable for low and moderate-income families for decades to come. Land trusts are typically used to ensure long-term affordability by enabling eligible households or partners to own the property on a site and lease the land underneath it from a management entity. By taking the cost of the land out of the real estate transaction, homes in a land trust can also be more affordable than those on the market.

Denver has funded partners such as the Colorado Community Land Trust and the Urban Land Conservancy who oversee a land trust for primarily new construction of affordable housing, but the City should explore how land trusts can also be used as a tool to preserve affordability in vulnerable neighborhoods, including evaluating financial feasibility models for the upfront and ongoing cost to develop the program and finance acquisition. Community participation in the ongoing stewardship should be a core component of the City and its partners' exploration of a land trust model in Denver.

Some peer cities have also used a land lease model to ensure long-term affordability where the City maintains control of publicly owned or directly acquired land, and leases the land to an owner of the rental or for-sale property on it.

The City and its partners should explore other policy tools for long-term affordability of publicly owned or directly acquired parcels, such as a land-lease.

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Key aAtions:

- Explore land trusts as a tool to preserve affordability citywide and in vulnerable neighborhoods, including evaluating factors such as the upfront cost to invest in unit acquisition, ongoing cost of program administration, length of affordability, and community stewardship.
- Explore other policy tools that promote long-term affordability when land is directly acquired or used for affordable or mixed-income housing development, such as through a land-lease.

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Section 6. Housing for Residents Experiencing Homelessness

On any given night, more than 3,336 Denver residents have no place to call home, including more than 200 families with children, nearly 500 veterans, and more than 200 unaccompanied youth.[xv] Additionally, about 60% of residents experiencing homelessness are a part of Denver's local workforce.

As a division of the Department of Human Services, Denver's Road Home, in partnership with the Division of Housing in the Office of Economic Development and the Denver Housing Authority, prevented or ended homelessness for nearly 7,000 people, including more than 1,200 seniors and families, and made nearly 4,000 additional housing units available to those at risk or experiencing homelessness between 2005 and 2015.

Nonprofit and faith-based service providers operate a network of temporary and supportive housing, health services and job training opportunities for those experiencing homelessness in Denver. Today, the City is working alongside these partners to build on the successes of previous efforts and to better integrate and align resources for housing, health services and workforce training within the homeless delivery system. A reliable supply of affordable rental housing and rental assistance are critical to housing Denver's homeless population. *Housing an Inclusive Denver* includes housing interventions for households currently without homes as well as those households at risk of becoming homeless in Denver.

Homeless service providers within Denver agree that each person's experience with homelessness is unique and requires a tailored approach to housing, services, and other supports—rather than a one-size-fits-all solution. A brief analysis of the current challenges and opportunities of the system led the development of priority strategies under two key goals: integrate programs for the unhoused into the City's initiatives to expand housing options; and expand the tools for financing operating subsidies to provide on-site health and job services.

To meet the goal of adding new housing inventory for the lowest incomes, the greatest area of need is for permanent housing solutions with integrated services, permanent supportive housing (PSH) and rapid rehousing solutions (RRS). PSH, RRS and other permanent housing interventions are shown to lead to higher levels of housing stability. Recognizing that temporary housing solutions, like emergency shelters, are necessary to serve all those experiencing

RISK OF HOMELESSNESS

As defined by HUD, individuals or families qualify as "at risk of homelessness" if they meet the following threshold criteria:

a) The individual or family has income below 30% of AMI; and
b) The individual or family has insufficient resources immediately available to retain housing stability

and if they exhibit one or more of the following risk factors:

1) Has moved frequently because of economic reasons;
2) Is living in the home of another because of economic hardship;
3) Has been notified that their right to occupy their current housing or living situation will be terminated;
4) Lives in a hotel or motel;
5) Lives in severely overcrowded housing;
6) Is exiting an institution;
7) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness.

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homelessness, this Plan focuses on expanding investments in permanent housing solutions to achieve stronger, more stable, longer-term outcomes for those living without homes.

A small but significant portion of households entering homelessness are doing so after most recently living with friends and/or family, presenting the opportunity for Denver to implement diversion strategies as an intervention point. Successful diversion strategies can prevent homelessness for people entering temporary housing services, like shelter, by helping them identify immediate alternative housing arrangements, and if necessary, connecting them with services and financial assistance to help them return to permanent housing.[xvi]

The City of Denver should work with its nonprofit and faith-based service providers to take a dual approach to strengthening the pipeline of permanent and other supportive housing options and providing greater integration of housing, health services and job training opportunities for residents experiencing homelessness. This Plan recommends adding resources to the City's existing programs to create more permanent housing options for people without homes and leveraging resources with private investments and community partners to expand housing interventions that meet unique client needs.

Addressing the housing and service needs of residents experiencing homelessness will require a combination of strategies over the next five years, including efforts to 1) expand investments in housing options for residents experiencing homelessness and make those options available to shelter providers, 2) build housing capacity through policy and funding alignment, and 3) prioritize supportive services "gap" funding for approved supportive housing projects.

Expand investments in housing options for residents experiencing homelessness and integrate providers across the housing continuum.

GOALS: Create Affordability, Promote Access to Housing

To approach housing across the continuum from homelessness to homeownership, the City will better connect housing options to shelter providers to transition more people from to homelessness to housing, divert more people away from shelters to rapid rehousing programs, and through the Denver Street Outreach Collaborative continue to transition people who are not accessing shelters to housing options.

A key element to this strategy is prioritizing the households with the highest level of need for the right housing intervention to reduce demand on the front-end of the system. For example, when households that need PSH can access a unit, rather than being placed into a RRS unit that could be used for a household able to resolve their homelessness more quickly, the City and its partners are better able to provide the right service at the right time to meet individual needs.

To effectively target housing resources, Denver needs to continue its efforts alongside the Metro Denver Homeless Initiative (MDHI), the regional Continuum of Care entity, to establish a well-designed regional Coordinated Entry Systems (CES). The CES will identify, assess and prioritize homeless individuals and families for housing and services based on vulnerability and severity of need. This ensures that people who need assistance the most can receive it in a timely manner.

MDHI, the Denver's Road Home Division of DHS, and homeless service providers across the region have worked together over the past four years to establish policies and procedures for their CES, OneHome, and identify access points to house Denver's most vulnerable households.

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Key Actions:

- Fully implement and expand the Coordinated Entry Systems (CES) outside of Continuum of Care funded projects. CES simplifies the process by which residents experiencing homelessness access housing resources and helps to ensure the right housing intervention is paired with the most appropriate participant. This data-driven process allows communities to provide access to housing resources, to assess individuals or family who enters the homeless response system for their vulnerabilities and needs, to assign housing interventions based on client need, and to create a framework of accountability.
- Develop and align policies with MDHI, the organization currently overseeing OneHome, to ensure that City housing resources dedicated to serve residents experiencing homelessness are targeted appropriately.
- Employ shelter diversion strategies when people enter the system to help them identify immediate alternate housing arrangements. This could include connections to services or financial assistance to help them return to permanent housing quickly. This frees space in temporary housing shelters for those who do not have alternative options.

Build housing capacity through policy and funding alignment.

GOALS: Create Affordability, Promote Access to Housing

Denver has already taken steps to build housing capacity and leverage new resources for supportive housing development and services. In 2016 and 2017, the City invested in the Supportive Housing Toolkit alongside the Colorado Housing and Finance Authority and the State of Colorado to provide an intensive finance and development workshop for service providers interested in creating permanent supportive housing in Colorado. Several workshop participants have already received tax credits and are under construction or in the immediate housing pipeline, with some others continuing to look for land acquisition opportunities in Denver.

In addition to these efforts to enhance the ongoing supportive housing pipeline, the City and its partners developed an innovative approach to supportive service provision that is receiving national recognition for its "pay-for-success" approach. This Social Impact Bond (SIB) Initiative is helping to target supportive housing and services to chronically homeless individuals who also struggle with mental health and substance abuse issues. The City and its partners should evaluate the success of this pilot program and explore opportunities to expand the SIB program throughout Denver.

To harness resources and integrate investments across the housing continuum, the City and its partners can leverage and align more resources to develop more supportive housing. The City and its partners should collect and analyze the best practices for underwriting federal, state and local programs to connect these resources to housing options.

Key Actions:

- Develop criteria for providing operating subsidies from the dedicated affordable housing fund to create new supportive housing units.
- Leverage existing, funding streams for supportive housing such as Medicaid, Medicare, and TANF to create more streams of funding for on-site supportive services and operating services.
- Continue to implement and evaluate the success of the Social Impact Bond program and explore opportunities to expand the supportive service tool throughout Denver.
- Evaluate the performance of local projects (working with local partners also undertaking evaluation efforts, such as MDHI) to inform which opportunities resolve episodes of

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homelessness more quickly and expand the ability to serve additional households, as well as to increase rates of housing placement and stability.

- Complete a comprehensive financial modeling analysis that reviews costs, sources, and uses of the resources necessary for the creation of supportive housing including: capital, operating, rental assistance, and services. This analysis will highlight how resources can be used together effectively as well as provides more detail as to where the gaps in funding resources exists.

Prioritize supportive services "gap" funding for approved supportive housing projects.

GOALS: Promote Access to Housing

As part of a strategy aimed at creating and preserving quality supportive housing projects, the City and its partners should build a supportive serving funding program. This supportive service funding program should include a robust framework to evaluate prospective funding opportunities. This framework will need to include a project review process to ensure that the services provider is implementing the supportive housing model such that expected outcomes will be achieved. The Corporation for Supportive Housing (CSH) has established a framework to review a project's fidelity according to the supportive housing model known as "Dimensions of Quality Supportive Housing,"[xvii] which can be used as a guide to establish project review and award approval criteria as well tools to monitor ongoing project performance.

Key Actions:

- Prioritize funding for existing PSH projects, or those anticipated to come online in the next 12-24 months that do not have adequate services funding resources to deliver the intensive services needed to ensure high levels of housing stability for formerly homeless tenants.
- Establish a framework for how to review, rank, and award critical services funding to supportive housing projects in the pipeline.
- Establish a common outcomes framework across programs to evaluate their effectiveness. Recommendations for outcomes-tracking on the effectiveness of supportive housing include:
    - Annual rate of housing stability in project
    - Returns to homelessness

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Section 7. Affordable and Workforce Rental Housing

Rental housing development has dramatically outpaced for-sale home development in recent years, with more than 5,600 units built since 2010. Most the product built in the rental market in Denver in the last several years, like other major cities, are luxury units with prices that are far beyond reach for even Denver's middle-income earners. Neighborhoods with access to the light rail and near jobs in Downtown Denver command some of the City's highest rents. Low-income renters are at risk of being displaced from their homes, with few affordable options available within the City. As one survey respondent put it, "I don't believe we can afford anything else in Denver or near suburbs, so we are stuck."

Currently, Denver has approximately 140,000 total rental units[xviii] in the city's existing stock, including market rate and affordable units. Approximately 21,000 of these units have a restriction that keeps the unit affordable, or about 15% of the city's total rental housing stock. When the city, state, or federal government invests in affordable housing, an "income-restriction" is placed on the property to keep the price affordable for a low or moderate-income family for a specific time, usually between 20 to 30 years. In Denver, more than 2,200 affordable homes are at risk of becoming unaffordable over the next five years if the existing income-restrictions expire and owners can rent the units at market rate prices. The city could lose its existing affordable housing stock if income-restrictions expire, and families living in these affordable units are also at risk of displacement if the building converts to market rate pricing that is unaffordable to existing families.

Likewise, renters who live in unsubsidized affordable housing (housing that is affordable for low and moderate-income families but does not have an income-restriction) are vulnerable to rent increases that could become unaffordable and threaten to displace existing tenants. Feedback collected through the community engagement process for this plan indicated that many renters are living on month-to-month leases, that living conditions in some unsubsidized properties are substandard, and that evictions are becoming increasingly prevalent. While Colorado has made some changes at a state level to enhance notice to residents when they are required to vacate a rental property, many low and moderate-income families that receive such a notice are left with limited options.

While preservation of the city's existing affordable housing is a key strategy to stabilize renters, especially in neighborhoods of the city vulnerable to displacement, this report estimates that the City has a gap of nearly 15,500 units for extremely low-income renters (renters with household income at or below 30% of area median income). Higher income households occupying these rental units further exacerbate the availability of affordable rental units for low-income households and increases the gap among extremely low-income households to approximately 21,000 units, and 26,000 units among very low-income households.[xix]

Building new affordable rental housing can help provide expanded options for the low and moderate-income families across Denver that are currently cost-burdened or living without stable homes. Creating new affordable rental housing can also be a path to introducing a mix of housing options throughout the city, especially in opportunity-rich neighborhoods with access to transit, high-performing schools and job centers.

The City will pursue a dual rental strategy focused on 1) preserving the affordability of existing rental housing, and 2) increasing the production of new affordable and workforce rental housing. The following priority investment strategies were developed and informed by the Affordable and Workforce Rental Housing focus group convened during the planning process, and reflect community feedback collected from surveys and public meetings. See **Section 9** for more detailed implementation information.

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Preserve existing income-restricted affordable rental housing in vulnerable neighborhoods and near transit.

GOALS: Preserve Affordability, Stabilize Residents

Income-restricted housing plays a vital role in Denver's affordable housing supply. Developments with income-restricted units serve families, seniors, and persons with special needs, and many of these properties have project-based rental assistance contracts that make units affordable to households at or below 30% AMI. Their affordability provisions ensure predictable housing costs for residents relative to their incomes, even as market conditions change.

The City and its partners have taken several steps in the last several years to enhance efforts to preserve existing income-restricted housing stock. In 2015, City Council approved updates to the Preservation Ordinance to provide enhanced notice requirements when owners of a property with an existing income-restriction plan to sell, expanding the number and type of projects that are captured under the Ordinance and providing the City or its designee a right-of-first-refusal when a property might be at risk of converting to market rate. Strategies aimed at strengthening the existing Preservation Ordinance are outlined in **Section 4**.

In partnership with CHFA as the lead agency, the City is also part of the Housing Preservation Network (HPN), where local, state and federal partners are coordinating across Colorado to preserve existing affordable housing stock. As part of this partnership, the City and CHFA have developed an inventory of income-restricted housing, identified initial priority areas and property types for preservation efforts, and conducted outreach to owners of existing income-restricted properties.

These efforts are part of the City's effort to become more proactive in pursuing preservation strategies. The City provides financing for acquisition and rehabilitation of existing income-restricted properties, usually in partnership with 4% Low Income Housing Tax Credits (LIHTCs) administered by CHFA. These resources play a key role in extending the affordability of existing income-restricted properties, but costs have escalated in recent years, especially for prospective property acquisitions with affordability restrictions that are expiring soon. The City and its HPN partners have identified a need for new, creative sources of bridge capital that can help acquire affordable properties for long-term preservation.

NATIONAL CASE STUDIES:

*Peer cities, such as **San Francisco**, have developed bridge financing tools for acquiring existing affordable housing, including both large-scale properties and small-scale rental properties. Their "Housing Accelerator Fund" is a partnership between the City, local foundations, private lending institutions, and local corporations. It aims to strategically acquire properties to prevent families and seniors from being priced out of their homes or evicted while long-term city and state investments are assembled.*

Key Actions:

- Coordinate with Housing Preservation Network partners such as CHFA to leverage the existing inventory of income-restricted properties to develop and maintain a list of priority preservation projects based on expiring restrictions, income and population served, and proximity to transit.

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- Pursue proactive strategies to preserve priority preservation projects through acquisition and rehabilitation financing, leveraging 4% LITHCs, and other local incentives to promote long-term affordability of existing affordable housing stock.
- Develop a bridge finance tool that leverages public and private resources to strategically acquire affordable properties at risk of converting to market rate pricing while long term finance options can be assembled.

Income-restricted housing in Denver includes rental units financed through Section 8 and the Low-Income Housing Tax Credit, among other units owned by a variety of private and nonprofit entities; public housing units owned by the Denver Housing Authority (DHA); and for-sale units produced through local partners, such as Habitat for Humanity, Colorado Community Land Trust, and Northeast Denver Housing Center (NDHC).

Total income-restricted units (rental & for-sale)	20,898 units
Public housing units (owned by DHA)	3,951 units
Income-restricted properties serving seniors	95 properties
Income-restricted properties serving persons with disabilities	25 properties
Income-restricted properties serving persons experiencing homelessness	24 properties
Income-restricted properties serving "other special needs" populations	43 properties
Income-restricted units with expiring restrictions through 2022	2,288 total rental units

SOURCE: Denver Office of Economic Development Income-Restricted Database, May 2017; Housing Preservation Network, 2017

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Preserve affordability of unsubsidized large-scale affordable rental properties.

GOALS: Preserve Affordability, Stabilize Residents

Given the city's affordable housing gap for low and moderate-income households, the need to secure affordable rental housing options for these households is paramount, and one of the most efficient ways to secure affordable rental housing is to improve and preserve existing buildings. Denver has more than 130 unsubsidized large-scale affordable rental properties with more than 50 units that have rents at or below the Fair Market Rent. A majority (70%) of these unsubsidized properties are in areas of the city that are vulnerable to displacement. As Map 7.2 illustrates, there are clusters of unsubsidized large scale affordable rental properties located near transit stations throughout the city.

While the City's financing tools for acquisition and rehabilitation of affordable properties can be used for unsubsidized affordable housing, a limited number of projects have accessed city resources for this purpose in recent years. The City and its partners should pursue a more proactive approach to

identifying, acquiring, and rehabilitating existing unsubsidized large-scale rental properties. Like acquisition and rehabilitation of income-restricted properties, the City's financing tools for acquisition and rehabilitation could be leveraged with 4% LIHTCs to preserve these properties long-term.

Another local tool that could be leveraged as part of a financing package for preservation of existing affordable housing is the City's Property Assessed Clean Energy (PACE) program where eligible participants receive capital to finance eligible improvements that promote energy efficiency, renewable energy and water conservation improvements. While PACE investments alone do not come with a long-term income-restriction, the tool could be combined with other local incentives to secure affordability.

Key Actions:

- Develop and maintain an inventory of unsubsidized large-scale affordable housing projects in Denver.
- Educate existing owners about the creative finance tools available, including recently adopted PACE financing and other acquisition or rehabilitation resources.
- Support development partners to directly acquire and preserve affordability of existing unsubsidized large-scale affordable housing stock, utilizing new tools that provide bridge financing, City financing, and 4% LIHTCs.

Preserve affordability of unsubsidized small-scale affordable rental properties.

GOALS: Preserve Affordability, Stabilize Residents

While there are thousands of existing units in unsubsidized large-scale affordable rental properties across the city (many of them already housing low and moderate-income residents), many more families live in small or medium-scale affordable rental properties: a majority (78%) of the city's multi-family rental housing stock is between 2-49 units. Data sources that track the location, price, and ownership information of large-scale multi-family properties are more established, so determining this information for small and medium-scale rental housing is challenging.

Strategies to explore a rental registry as outlined in **Section 4** of this plan could help provide more comprehensive data on the city's existing small-scale affordable housing.

The current tools available for the preservation of unsubsidized small-scale affordable rental properties are limited in Denver. Leveraging 4% LIHTCs becomes more difficult at this scale due to the smaller number of units unless developers can manage a scattered site portfolio of several small developments. While challenges exist, some peer cities have developed special programs to address small-scale rental stock. For example, San Francisco's "Small Site Acquisition Program" funds acquisition and rehabilitation of multi-family rental buildings with 5-35 units. Under this program, properties where immediate risk of eviction of existing tenants due to a sale of the building are given priority for acquisition and rehabilitation resources.

Key Actions:

- Explore a package of finance tools to incent existing owners to preserve small-scale properties, including resources for rehabilitation and potential tax relief.
- Explore development of a finance tool that leverages public and private resources to strategically acquire small-scale unsubsidized rental housing, using San Francisco's Small Site Acquisition Program as a model.

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Promote programs that help families stay in their existing rental housing through comprehensive eviction assistance.

GOAL: Stabilize Residents

While investment into preserving existing income-restricted and unsubsidized housing stock can ensure long-term affordability for generations to come, short-term resources that are available to stabilize a renter in their existing home can help mitigate displacement and prevent a resident from becoming homeless.

The City has already taken steps to support renters experiencing a housing crisis by connecting rental assistance programs across the continuum of eviction assistance, especially in neighborhoods at risk of gentrification. These steps include supporting renters experiencing a housing crisis such as a notice of rent increase or sudden loss of income by providing direct financial assistance to help the family stabilize, with resources aimed at preventing eviction.

The City also funds programs aimed at providing tenant and landlord counseling, aimed at educating residents about their rights and obligations under Colorado Law. Recent efforts to educate residents on their legal rights as tenants include development of a Comprehensive Guide for Landlords and Tenants with information about lease provisions, circumstances of lease termination, and the rights during an eviction. With a focus on supporting residents who are experiencing an eviction, the Department of Human Services has also placed outreach workers in eviction court to provide direct assistance and resource information for residents facing an eviction.

Key Actions:

- Continue to support direct financing assistance programs aimed at stabilizing families experiencing a housing crisis across the eviction spectrum and in vulnerable neighborhoods.
- Continue collaborative efforts with public and private partners to educate residents in vulnerable neighborhoods about their rights as tenants.

Promote development of new affordable, mixed-income and mixed-use rental housing.

GOALS: Create Affordability, Promote Access to Housing

Given the gap in existing affordable options for low and moderate-income families in Denver, the City will focus on providing choices along the housing continuum via new affordable and mixed-income development. This includes creating new housing for residents experiencing homelessness requiring supportive services, low-income residents living on a fixed-income, and "missing middle" housing options for families and individuals.

The City provides financing for development of new affordable units, typically alongside Low Income Housing Tax Credits (LIHTC) administered by CHFA. While 9% LIHTCs are highly competitive, the Colorado state tax credit has been a key tool in jump starting the non-competitive 4% LIHTCs across the state. Opportunities to extend and enhance the state tax credit are outlined in Section 4.

The need for new affordable rental housing is great across Denver, and the City will continue to support development projects across all neighborhood types, but new development can act as a tool to bring affordability to areas near transit, job centers, and with high-performing schools. New development of affordable rental housing also provides an opportunity to address the unique

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challenges and provide housing for special populations such as seniors, people with disabilities, or residents experiencing homelessness. New construction can also provide opportunities to introduce unique design elements to serve specific populations, such as live-work units for artists.

And as demand for housing increases, the need for services increases–including transit access, retail and business services, as well as community facilities such as child care or outpatient health care. Mixed-use developments can bring life to neighborhoods lacking critical amenities such as grocery stores, incubator or worker space, or retail and increase access to opportunity throughout Denver neighborhoods.

Key Actions:

- Explore finance mechanisms to better support mixed-income development that includes "missing middle" housing products and related financing tools, including gap financing, bridge financing, and loan guarantees.
- Explore ways that the City's zoning code and financial mechanisms can support live-work units for artists, among other occupations, through targeted mixed-use developments and worker space.
- Expand partnerships with local employers to contribute to a housing fund to expand rental workforce housing.

Promote programs that help families access affordable rental housing.

GOAL: Promote Access to Housing

In 2016, more than 5,600 new rental units came online, a record high, and in 2017 over 2,000 more will be added. While the city's population has grown by over 100,000 over the last several years and the new rental development is helping to accommodate this surge in new residents, many new buildings throughout the city have above average vacancy rates, leaving hundreds of existing units empty. Elsewhere, low and moderate-income families are searching for affordable options in Denver and finding limited available options. Partnership with these market rate owners can help "buy down" the cost of vacant units to a price point that is affordable for working families to help connect residents searching for housing options with existing vacant units.

The City has already taken steps to develop a Lower Income Voucher Equity (LIVE) Denver program aimed at connecting working families with vacant units, focusing on bringing those new affordable opportunities into high opportunity areas with access to transit, job centers and high-performing schools. The LIVE Denver program is being developed in partnership with the Denver Housing Authority and can also act as a tool to connect residents with existing Housing Choice Vouchers (many of whom are struggling to find landlords that will accept HUD's Fair Market Rents due to rising market costs) to existing vacant units. The LIVE Denver program is an innovative opportunity to pilot a tool for developing mixed-income communities.

The City also provides direct financial assistance to residents to access existing housing units through the Tenant-Based Rental Assistance Program (TBRA). These resources act as a rapid re-housing tool to connect residents experiencing homelessness to bridge housing solutions for a period of 6-24 months. Additional investment strategies related to serving residents experiencing homelessness are outlined in **Section 6**. Assessment of TBRA as a tool for rapid re-housing of residents experiencing homelessness should be considered as part of the strategy to "right size" interventions appropriate for the individual household.

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As part of its homelessness strategies, the City will employ shelter diversion strategies when people enter the system to help them identify immediate alternate housing arrangements. This could include connections to services or financial assistance to help them return to permanent housing quickly. This will also limit the inflow of clients who enter the system in the first place and make more space available for those who do not have alternative options.

Key Actions:

- Implement and evaluate success of a proposed LIVE Denver program to buy down affordability of existing vacant rental units in high-opportunity areas of the city.
- Assess existing Tenant Based Rental Assistance investment as part of the continuum of financial assistance to help residents experiencing homelessness return to permanent housing, including how the tool can prioritize individuals with the greatest need from the Coordinated Entry System.

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Section 8. Attainable Homeownership

Like other high cost cities, low and moderate-income homeowners in Denver face a range of unique challenges with rising property values and upkeep associated with older homes that threatens to displace long-time neighborhood residents. Nearly 35,000 homeowners across the city are living in unaffordable situations and paying too much of their income on housing costs, including about 11,000 seniors.[xx] Many of these homeowners live in areas where property values increased significantly between 2015 and 2017 property assessment cycles.

But a significant barrier to homeownership is the current cost of for-sale homes. For-sale home values have increased by 30% since 2015, and residents interested in achieving homeownership are finding themselves priced out of the city, even in areas that have had historically more affordable options. Many comments in the online survey reinforced this finding, with residents noting that their housing was only affordable because "I bought my house in 1991. We could not afford to purchase a comparable home in our neighborhood today," or that "our same home would be 50% [more] if we tried to buy it now."

The City and its partners aim to support existing homeowners through several repair and relief programs, but is also focused on connecting low and moderate-income residents with wealth building potential through homeownership. While homeownership plays a key role in promoting economic mobility and opportunity for residents through wealth building, the City is also focused on the long-term affordability of existing for-sale housing stock and will explore strategies aimed at promoting long-term affordability such as through land trusts.

Promote programs that help families maintain their existing homes.

GOAL: Stabilize Residents

Nearly half of all cost-burdened homeowners live in vulnerable neighborhoods throughout the city. Property values are rising in these areas, and many families are struggling to keep up with the rising costs of taxes and the cost of critical home repairs. Partners like the Denver Urban Renewal Authority administer programs that offer rehabilitation resources for existing low and moderate-income homeowners, including the Single-Family Rehabilitation program, the Emergency Home Repair program, and the Rental Homeowner Access Modification program. These programs provide emergency home repair, accessibility modifications and substantial rehabilitation services for seniors and other low-income households to prevent displacement. The City and its partners should continue to support these programs, and target resources to serve families in neighborhoods with the highest home price appreciations where low and moderate-income residents are at risk of displacement.

With rising home values, the City and its partners should also work to promote existing property tax relief programs, focusing on reaching residents living on a fixed income, including seniors and those with a disability, in vulnerable neighborhoods. Property tax relief strategies are discussed in more detail in **Section 4**, including exploration of property tax relief programs that are more broadly aimed at stabilizing low-income homeowners.

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NATIONAL CASE STUDIES:

Portland, OR *has developed an Accessory Dwelling Unit Program aimed at helping low and moderate-income homeowners build wealth and stay in their communities. The City offers low cost capital for ADU construction, connects homeowners with qualified contractors in the area, has developed a training curriculum for homeowners on becoming a landlord, and is working to provide additional ongoing counseling for homeowners on the implications of the new rental income–such as increased property taxes, requirements to register as a local business, and how to file rental income on federal income taxes.*

While a limited proportion of parcels citywide are zoned appropriately and have the minimum lot size necessary to build an accessory dwelling unit or "ADU," some low- and moderate-income homeowners in vulnerable neighborhoods in West Denver and North Denver have the appropriate zoning and lot sizes to build such additional units. Across the country and in a limited number of circumstances in Denver, development of ADUs have been used as a tool to introduce new affordable rental stock into predominantly single-family neighborhoods. But ADUs can also provide a wealth-building tool (due to the rental income received over time) and support intergenerational households. Recognizing the potential for ADUs to stabilize low and moderate-income families at risk of becoming displaced from their existing homes due to rising prices, the City and partners are developing programs aimed at providing financial tools, streamlined permitting, and property management support to promote development of ADUs.

Alongside programs that focus on maintaining the physical structure and affordability for existing homeowners, a key component of homeownership success is ongoing financial assistance. The City and its partners should continue to promote financial literacy programs such as ongoing budget and credit counseling through nonprofit partners, banking institutions, and Denver's Financial Empowerment Centers.

Key Actions:

- Target existing homeowner rehabilitation programs to low and moderate-income homeowners in vulnerable neighborhoods throughout the city, such as the Denver Urban Renewal Authority's Single-Family Rehab and Emergency Home Repair programs.
- Promote ongoing education for existing homeowners through financial literacy, focusing on outreach to low and moderate-income residents in vulnerable neighborhoods.
- Promote development of accessory dwelling units as a wealth building tool for low and moderate-income homeowners in vulnerable neighborhoods and to support intergenerational households.

Promote development of new affordable and mixed-income homeownership stock.

GOALS: Create Affordability, Promote Access to Housing

One tool that some cities across the country use to develop affordable and mixed-income for-sale housing is "inclusionary zoning" or an "inclusionary housing ordinance." Denver originally adopted an Inclusionary Housing Ordinance (IHO) in 2002, requiring for-sale developers building more than 30 units to set aside 10% as affordable to moderate-income families. While the ordinance was modified several times since its adoption, the ordinance created a limited number of affordable homes, with many developers opting to pay "cash-in-lieu" of construction. The vast majority of affordable homes constructed were through large scale

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development agreements negotiated based on the sale of City-owned land (for example, from the former Stapleton airport) or with a large single developer (for example, Green Valley Ranch).

In 2016, the City replaced the IHO with a "housing linkage fee" that is more broadly applicable to new residential and commercial development. The housing linkage fee is structured in some ways as a reverse of the IHO, where developers of new residential and commercial buildings are required to pay a per square foot fee, but have the option to build affordable units instead. Strategies aimed at developing a package of incentives that encourage development of affordable units onsite are outlined in **Section 4**.

While the transition to a more broadly applicable housing linkage fee will provide new funding for the development and preservation of affordable housing, new and creative tools to create mixed-income homeownership stock should be explored. Some communities are supporting mixed-income condominiums through the development of cohousing where individual units are grouped together in a single building with shared amenities. Cohousing developments are often coupled with community based stewardship where residents share responsibility for maintenance of community space. Mixed-income cohousing development has been constructed in Denver as part of the Aria Denver community and could potentially be developed in other areas throughout the city.

To help spur condominium development more broadly, Denver adopted a local ordinance in 2015 that 1) limits using a violation of the Denver building code as the basis for a construction defects claim, 2) requires most homeowners' association (HOA) members to consent before an HOA can file a construction defects claim, and 3) promotes arbitration, not court, as the forum for a construction defects claim. Since condominiums can provide a path to more moderately priced attached housing, this ordinance unlocked the potential for development of more attainable options for moderate-income residents in Denver.

To further promote condominium development, the City and its partners are taking steps to pilot the development of mixed-income condos at the 29th and Welton, a transit-oriented development site at in the Five Points neighborhood, in partnership with the Regional Transportation District (RTD). The development will include at least 25% of the units as affordable and is intended to inspire creative ways to finance affordable homeownership options in partnership with the development community. Using the 29th and Welton project as a model, partnerships that support mixed-income condominium development can promote affordable housing options in high opportunity areas.

Key Actions:

- Explore creative tools to promote mixed-income homeownership development, including models such as cohousing development that are supported through strong community stewardship.
- Implement and evaluate success of the mixed-income condo pilot at 29th and Welton and explore how the approach can be expanded to other areas of the city, especially near transit.

Preserve affordability of existing income-restricted homeownership stock.

GOAL: Preserve Affordability

Nearly 2,000 for-sale homes in Denver are affordable due to an existing covenant that ensures the property is occupied and resold to an income qualified buyer over a specific period, usually between 15-30 years. Many of the homes were built under the City's Inclusionary Housing Ordinance or large-scale development agreements, and while the ordinance was replaced with a more broadly

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applicable housing linkage fee, homes under the old program continue to operate under existing covenants.

Most of the homes that were built under the IHO or similar development agreements have a shared equity model where proceeds from the sale of the property are shared between the City and the homeowner for a set period after the covenant expires. Typically, the covenants also include a right-of-first refusal for the City or a designee to acquire the property to sell to another income-restricted buyer. With limited affordable homeownership options available on the open market for low and moderate-income families, the City and its partners should focus on keeping these homes available as part of the existing income-restricted for-sale housing stock and promote long-term affordability. Additionally, since most homes built under the IHO or similar agreements are in mixed-income developments due to the structure of the original ordinance, many of these homes are in high opportunity areas.

For example, nearly 500 affordable homes have been constructed as part of the Stapleton development agreement, an area that now includes some of the city's most expensive housing stock and highest quality schools. Covenants on affordable units built at Stapleton will begin to expire in 2018 and 2019, approximately 15 years after the first units were built in this neighborhood. The City and its nonprofit and foundation partners are already taking steps to explore long-term preservation of these homes to ensure future income-qualified homeowners can purchase homes in these high opportunity areas.

In addition to partnerships aimed at *preserving* existing income-restricted housing, the City is also focused on continuing education for existing owners of affordable homes. As part of an effort to ensure compliance with the requirements of the City's existing covenants, the City should conduct regular outreach to existing owners about the requirements of their covenant, including 1) that owners occupy the unit as their primary residence, 2) that units are resold to an income-qualified buyer at an affordable price during the covenant period, and 3) how owners can access ongoing financial literacy and credit counseling even after purchasing an affordable unit.

Key Actions:

- Explore partnerships across key nonprofit and foundation partners to preserve existing affordable homes in high-opportunity areas, such as Stapleton, to resell to qualified buyers.
- Continue to educate existing homeowners about requirements of the City's affordable homeownership covenant as part of an ongoing compliance program.

Preserve affordability of existing unsubsidized affordable for-sale housing.

GOALS: Preserve Affordability, Stabilize Residents

Preservation of existing affordable homeownership opportunities for Denver residents is an important strategy to mitigate the displacement of residents due to rising home values. Between rental and conventional homeownership, shared equity ownership models ensure that homes remain affordable to low and moderate-income households long-term. Models that promote long-term affordability and shared equity include land trusts, which enable eligible households to purchase an affordable home and lease the land underneath it. Land trust models and other similar models such as a land lease are discussed in Section 5.

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In addition to exploration of a citywide land trust and land lease policies as outlined in **Section 5**, the City and its partners could explore other models for preservation such as through "shared appreciation loans." Shared appreciation loans are second mortgages that require no payment by an owner until a property is sold. At the time of the sale, a family is required to repay the original principal plus a share of the home price appreciation in lieu of interest. Typically, homes purchased under a shared appreciation loan and then resold to an income qualified homeowner to continue the long-term affordability.

Key Actions:

- Explore creative tools for acquisition of existing affordable homes, including models such as a "shared appreciation loan" that could help a moderate-income homebuyer purchase a home with a second mortgage payable at the time of sale to another income-qualified buyer.

Promote programs that help households access for-sale housing.

GOALS: Promote Access to Housing

While development and preservation of affordable homeownership units can help ensure that housing options are available for moderate-income residents long term, the City and its partners should also focus on support programs that help residents prepare to become homeowners. The City and its partners provide homebuyer counseling courses that integrate financial coaching with down payment assistance and education about overseeing home repairs.

The City and its partners could continue to support downpayment assistance programs such as the Metro Mortgage Assistance Plus Program. Through this program, the City works with lenders throughout the Denver metro area to offer qualifying first-time homebuyers with a grant to help with up to 4% of the purchase price of a home. Since 2013, this Metro Mortgage Assistance Plus Program has supported the home purchases of 1,277 households with $10.8 million in assistance. The City also supports downpayment assistance programs directly through nonprofit partners.

The City also took steps to extend the 2017 Mortgage Credit Certificate Program that allows qualifying borrowers to receive an annual federal income tax credit equal to 25% of the annual interest they pay on their mortgage loan up to a maximum $2,000 per year. The program, which can save a low or moderate-income family thousands over the life of a mortgage, extends through the end of 2019. As part of a strategy to promote programs that help residents access for-sale housing throughout Denver, the City and its partners should continue to support the Mortgage Credit Certificate program beyond the current program sunset.

In addition to supporting the city's existing programs for prospective homebuyers, the City and its partners should explore other creative tools to support homeownership. For example, the proposed LIVE Denver pilot is designed to support residents living in affordable rental housing by setting aside a portion of rent paid each month to contribute to an escrow account that can be accessed when the resident moves out of the affordable rental property. While this escrow account is not proposed to be *limited* to use for a future downpayment, this tool could be an effective method to help low and moderate-income residents to save for a down payment. The City and its partners should implement and evaluate the success of this pilot escrow model and explore how the approach can be expanded to other homeownership programs.

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Likewise, the City and its partners should explore other creative ways to help moderate-income residents achieve homeownership, including evaluating opportunities for lease-to-own programs or low-interest city loans that might allow a family to refinance their current mortgage and stay in a home they already own.

Key Actions:

- Continue to support existing down payment and homebuyer assistance programs such as the Metro Mortgage Assistance Plus programs that provides grants for low and moderate-income residents to purchase homes on the open market.
- Support an extension of the Metro Mortgage Credit Certificate to help low and moderate-income homeowners receive a federal income tax credit on their mortgage interest beyond the program's current expiration in 2019.
- Implement and evaluate success of a pilot escrow model as part of the LIVE Denver program where residents pay a portion of rent each month into a saving account that can be used for a down payment, and explore how the approach could be expanded to other housing programs.

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Section 9. Implementation

A central theme of *Housing an Inclusive Denver* is the need for the City to integrate its housing work across sectors, City departments, and with external partners. Implementing *Housing an Inclusive Denver* depends on the ability to maximize the impact of the City's housing investments by aligning and connecting them to other public investments in jobs, health, education, capital infrastructure and transportation. This plan lays the foundation for targeting the City's resources to address specific neighborhood conditions and challenges faced by Denver residents. The neighborhood opportunity typology developed to support this plan and target strategies to address specific neighborhood conditions can serve as a platform to build the necessary connections to opportunity for Denver residents.

Prioritization Along the Housing Continuum

Feedback received during the development of *Housing an Inclusive Denver* from members of the public, housing stakeholders and the city's Housing Advisory Committee focused on finding a balance of investment along the housing continuum. This feedback is a recognition that each segment of the housing continuum is connected. In addition, investments along the housing continuum are connected because resources are limited. Allocating more resources towards one part of the spectrum therefore diminishes resources available for the rest of the continuum. Further, the costs of development, preservation and programs vary along the continuum – for example, to develop a permanent supportive housing unit with wraparound services may cost more than the preservation of a moderate-income rental unit. Maximizing the impact of limited resources across the housing continuum requires an ongoing assessment of need, estimation of costs, and evaluation of available resources. For this reason, the target resource allocations in this plan are given as ranges that recognize the interplay of multiple factors that must be continually balanced to optimize results.

2017 Area Median Income Limits				
AMI Level	1 Person	2 Person	3 Person	4 Person
30% AMI	$17,650	$20,150	$22,650	$25,150
50% AMI	$29,400	$33,600	$37,800	$41,950
60% AMI	$35,280	$40,320	$45,360	$50,340
80% AMI	$47,000	$53,700	$60,400	$67,100
100% AMI	$58,800	$67,200	$75,600	$83,900

While investment along the housing continuum can help ensure there are options for each population, feedback received from the public, housing stakeholders and members of the Housing Advisory Committee indicated a need to target housing resources toward the most vulnerable residents in Denver experiencing homelessness and those earning below 30% AMI. Based on feedback received as part of the *Housing an Inclusive Denver* planning process, the following targets will be used to guide housing investments aligned with the values, goals and strategies included in this plan:

40 – 50% of housing resources will be invested to serve people earning below 30% of area median income (AMI) and those experiencing homelessness who are seeking to access or maintain rental housing, including:

- **20-25% of housing resources** to serve residents experiencing homelessness
- **20-25% of housing resources** to serve residents earning below 30% AMI

20 – 30% of housing resources will be invested to serve people earning 31% to 80% AMI who are seeking to access or maintain rental housing

20 – 30% of housing resources will be invested to serve residents seeking to become homeowners or remain in homes they already own

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Target Outcomes from Housing Investments

In total, the City's Office of Economic Development (OED) invests more than $20 million in federal and local resources into housing development, preservation and programs each year. However, federal resources have declined in recent years and are subject to annual appropriations from Congress. Find more detailed information about each federal and local resource available for housing investment in **Section 10: Key Supplemental Information.**

As outlined in this plan, *Housing an Inclusive Denver* includes four key goals:

GOAL: Create affordable housing in vulnerable areas AND in areas of opportunity by focusing on production that considers specific neighborhood conditions, including areas vulnerable to displacement and neighborhoods that have strong amenities such as transit, jobs, high quality education and health care.

> TARGET OUTCOMES: If local and federal resources remain consistent with current levels, **the City and its partners will aim to create at least 2,000 new affordable units by 2023. Of these new units, approximately 90% are expected to serve renters and 10% are expected to serve homeowners.**

GOAL: Preserve affordability and housing quality by investing to maintain affordability in non-subsidized units and preserving or continuing affordability of existing publicly subsidized affordable housing.

> TARGET OUTCOMES: If local and federal resources remain consistent with current levels, **the City and its partners will aim to preserve at least 1,000 existing affordable units by 2023. Of these new units, approximately 90% are expected to serve renters and 10% are expected to serve homeowners.**

GOAL: Promote equitable and accessible housing options by supporting programs and policies that help residents across the housing continuum access affordable housing.

> TARGET OUTCOMES: If local and federal resources remain consistent with current levels, **the City and its partners will aim to serve at least 20,000 households by 2023 with program resources such as homebuyer counseling, downpayment assistance, and supportive services.**

GOAL: Stabilize residents at risk of involuntary displacement by supporting programs and policies that help a resident maintain their existing housing or stay in their community.

> TARGET OUTCOMES: If local and federal resources remain consistent with current levels, **the City and its partners will aim to serve at least 10,000 households by 2023 through program investments such as tenant – landlord counseling, eviction assistance, and emergency home repair programs.**

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Expanding Denver's Existing Toolbox

This plan includes several innovative ideas for housing strategies, with programmatic and financing or subsidy implications. The City is committed to exploring these strategies in partnership with for-profit and nonprofit partners, other City departments and public agencies, and other key stakeholders. This plan introduces several new policies, programs or financing tools to support strategies and address neighborhood conditions.

Implemental and evaluate success of existing pilot programs:

- **Evaluate success of the current "tiny home" pilot program** and explore opportunities to expand the program throughout other areas of Denver.
- **Implement and evaluate success of a proposed incentive overlay** for building heights at the 38th and Blake transit station and explore expanding the program to other areas where increased density may be appropriate, such as near transit.
- **Implement and evaluate success of a proposed LIVE Denver program** to buy down affordability of existing vacant rental units in high-opportunity areas of the city.
- **Implement and evaluate success of a pilot escrow model** as part of the LIVE Denver Program where residents pay a portion of rent each month into a saving account that can be used for a downpayment, and explore how the approach could be expanded to other housing programs.
- **Implement and evaluate success of the mixed-income condo pilot** at 29th and Welton and explore how the approach can be expanded to other areas of the city, especially near transit.

Explore new or expanded tools for housing development, preservation and programs:

- **Create a package of incentives that provide value for a developer**, such as more clearly defined parking reductions, lower building permit fees, or special staff support to navigate the complex multi-agency permitting process, in exchange for a certain percentage of affordable units built onsite.
- **Develop clear guidelines for the circumstances when an affordable housing plan** (such as sites with a General Development Plan, Infrastructure Master Plan, or similar tool) **should be created for a major redevelopment site** and provide clear guidance on the process to develop and execute the plan
- **Explore creative uses of tax-increment financing** that can support low and moderate-income residents, including how TIF can be used to support the city's anti-displacement strategies, in close partnership with the Denver Urban Renewal Authority and Denver Public Schools.
- **Explore a rental registry to promote the safety and well-being of all renters**, requiring landlords to register their rental properties and participate in regular inspections for health and safety issues.
- **Explore additional local forms of tax relief for low- and moderate-income residents** struggling to keep up with rising property taxes, such as expanding the existing senior and disabled property tax relief program.
- **Explore framework and methodology used to develop and implement preference policies** in peer cities, evaluating whether and how a preference policy based on economic displacement could be implemented in Denver.
- **Explore property tax relief programs that support property owners of multi-unit buildings** who may not qualify for the existing nonprofit exemption to foster mixed-income developments.
- **Explore additional tools to expand and enhance the State Low Income Housing Tax Credit** to support rental housing projects in Denver, and other local jurisdictions, in close partnership with the Colorado Housing and Finance Authority and the Colorado Division of Housing.
- **Explore formal partnerships with public and quasi-public agencies** to prioritize and set specific standards for use of publicly owned land for affordable housing.

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- **Explore land trusts as a tool to preserve affordability citywide and in vulnerable neighborhoods,** including evaluating factors such as the upfront cost to invest in unit acquisition, ongoing cost of program administration, length of affordability, and community stewardship.
- **Explore other policy tools that promote long-term affordability** when land is directly acquired or used for affordable or mixed-income housing development, such as through a land-lease.
- **Develop a bridge finance tool** that leverages public and private resources to strategically acquire affordable rental properties at risk of converting to market rate housing.
- **Explore development of a finance tool to strategically acquire small-scale unsubsidized rental housing**, using San Francisco's Small Site Acquisition Program as a model.
- **Explore creative tools to promote mixed-income homeownership development**, including models such as cohousing development that are supported through strong community stewardship.

Implementing Proactive Investment Strategies

In addition to the implementation and evaluation of proposed pilot programs and the exploration of new or expanded housing tools, the City will implement recommendations from *Housing an Inclusive Denver* through proactive investment strategies, including:

1) **Targeting development solicitations to procure partners to build or preserve affordable housing consistent with the values, core goals and strategies outlined in this plan**. These targeted development solicitations, for example, could include development on land acquired directly for affordable housing or partners to serve as a designee to purchase a rental property under the City's Preservation Ordinance.

2) **Updating the City's competitive opportunities for housing program and service funding to** align with the values, core goals, and strategies outlined in this plan. These competitive opportunities, for example, should align with the City's Consolidated Plan for federal resources and future solicitations for program proposals through the City's Notice of Funding Availability (NOFA) for federal resources.

3) **Updating the City's financial products for housing development and preservation projects** to reflect the goals, strategies and actions outlined in this plan. These updated financial products, for example, could include specific tools to incentivize development of housing for the city's most vulnerable populations earning below 30% AMI, such as through performance based loans or higher per unit subsidies.

4) **Updating the City's application process for housing investments** to reflect the goals, strategies and actions outlined in this plan. These updated application processes, for example, could include specific location priorities for housing investments in vulnerable neighborhoods or in high opportunity areas. This plan recognizes that Denver's neighborhoods differ depending on location, neighborhood conditions, and access to opportunity.

Investment of local and federal resources for priority strategies outlined in *Housing an Inclusive Denver* will be informed by neighborhood data collected in this plan, as well as subsequent efforts to build on this framework to understand opportunity in Denver.

The City will prioritize strategies to mitigate displacement in vulnerable areas and create housing opportunities in neighborhoods currently out of reach of low-income households. The Annual Action Plan will further refine the targeting of strategies and related action by income and geography.

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Section 10. Key Supporting Information

Denver's Future Housing and Demographic Trends

Several long-term demographic trends could shape the city's housing market over the next five years and beyond: growth in Denver's senior population; smaller household sizes and fewer households with children; and growth in Hispanic households. These demographic trends may reshape Denver's for-sale market, create increased competition for smaller units and a greater understanding of the unique housing needs among Hispanic households.

Growth in Denver's senior population. Like much of the United States, Denver is growing older. Denver's senior population increased 35% between 2010 and 2017. Between 2017 and 2035, projections suggest that the number of seniors in Denver will increase by 52% between 2017 and 2035, representing the largest share of Denver's population growth over that time. The city's past and future growth in seniors age 65 and older will clearly drive the needs and considerations of developing and siting future housing. These needs and considerations include creating more income-restricted housing targeted for seniors, incorporating accessibility features in senior housing, promoting access to health services, and supporting local programming to help seniors successfully age in place. Less apparent is how this growing population will affect the city's overall housing supply. Depending on seniors' ability and willingness to find senior-friendly housing, seniors may stay in their current housing situations. If these seniors are over housed (meaning they live in larger units than may be appropriate), this could result in limited turnover in larger rental units or for-sale inventory, making it difficult for other households to access these products. Seniors also currently make up a growing number of the city's population experiencing homelessness with recent estimates showing nearly a quarter of the homeless in Denver are over age 55. This growth in homeless seniors places unique stressors on the City's current system for helping those without homes.

Smaller household sizes and fewer households with children. Today, most Denver's households do not have children, and projections suggest these households will increase by 29% between 2017 and 2035. Denver's households are already smaller than the national average household size (2.28 compared with 2.58 respectively) and average household size in Denver is expected to decrease over time. In terms of Denver's for-sale market, fewer households with children and smaller households could open more neighborhoods to new homebuyers, as considerations that have traditionally influenced home buying decisions like school quality and reputation, become less relevant to these households (at least in the short-term). Along with seniors, these households may seek smaller units (like one bedrooms), driving additional demand for smaller housing products. This demand could further constrain the city's existing supply of smaller rental units and drive up these housing costs. Currently, efficiencies and one-bedroom units' command rents 13–15% higher than Fair Market Rent (FMR). Asking rents above FMR suggests that households using rental assistance like Section 8 Housing Choice vouchers may already be having trouble accessing smaller units, and additional demand from smaller households could exacerbate this problem.

Growth in Hispanic households. Today, Hispanic households comprise 35% of all Denver households. It is estimated that 65% of Hispanic households qualify as low-income and make up a smaller share of new homeowners and home loan recipients than the city average. By 2030, Hispanic households will comprise 41% of all Denver households, representing the city's largest growth in households between 2017 and 2030. This growth suggests a need to consider housing needs among this population in greater detail. It's important to note to these households are not a homogeneous group and additional outreach and information-gathering may be necessary to understand the core housing needs for a range of lifestyles, ages, and income levels among Hispanics living in Denver. A few ways

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that these households could define Denver's housing market in the next several years is acting as new homebuyers, creating more demand for multigenerational housing products, and highlighting a need for more culturally competent housing-related programming and service delivery.

Investment in Public Infrastructure. Over the next three years, Denver will experience a wave of public investments valued at more than $4 billion. The projects include expansion of the city's Convention Center, the National Western Center Complex, Central I-70, the Great Hall of the Denver International Airport, and the projects in the proposed General Obligation Bond. The projects will create jobs, important infrastructure buildouts and community amenities. The investments may also put pressure on the city's housing market, as the need for additional skilled workforce for these projects could attract more residents to Denver.

Relationship to Other Local Planning Efforts

Housing an Inclusive Denver builds on and relates to several past and current planning efforts in the City of Denver. The goals and proposed strategies within *Housing an Inclusive Denver* aim to connect with the City's update to its land-use and mobility strategies (through Denveright), priorities related to its federal resources for housing and community development (through the 2018–2022 Consolidated Plan and Assessment of Fair Housing), and connections to jobs and health through the Mayor's Office of Housing and Opportunities for People Everywhere (HOPE). Each plan and their relationship to *Housing an Inclusive Denver* is summarized in more detail below.

Denveright. Through its extensive community-driven planning process, Denveright will chart a course for Denver's future through 2040. This effort integrates four plans: 1) *Blueprint Denver*, the City's existing land-use and transportation plan, which serves as the foundation for the Denveright process; 2) *Game Plan,* the citywide Parks and Recreation Plan, which provides quality open space and improved existing networks for people to walk, bike, relax and play; 3) *Denver Moves: Transit*, which creates a local transit vision to understand and improve the existing transit system; and 4) *Denver Moves: Pedestrian and Trails*, which helps make walking and using off-street trails a viable option for people to get around Denver.

Many of the proposed strategies within *Housing an Inclusive Denver* relate to the four focus areas within Denveright. The strategies adopted in this plan reinforce and help implement a key vision element from Denveright – creating "Equitable, Affordable and Inclusive" communities. Denveright aims to achieve this vision element by supporting community values such as diverse, friendly and open communities, promoting access to opportunity, and by fostering affordable housing and transportation choices. Through its focus on access to opportunity and promotion of affordable and mixed-income housing options, this plan supports the broader vision element of Denveright and provides the basis to achieve its community values through specific regulatory and investment strategies.

2018-2022 Consolidated Plan. The Consolidated Plan supports Denver's assessment of its affordable housing and community development needs and market conditions and creates a communitywide conversation to identify and align housing and community development priorities and allocate federal resources. Analysis and recommendations from *Housing an Inclusive Denver* will directly inform the City's affordable housing and community development needs and market conditions within the Consolidated Plan. Additionally, *Housing an Inclusive Denver* makes recommendations for the allocation of the City's federal and local resources.
Housing Denver. *Housing an Inclusive Denver* incorporates some of the foundational ideas outlined in Housing Denver, including the need for diverse and flexible funding tools, strategies that address the housing continuum, and a focus on production and preservation of affordable housing.

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Gentrification Study: Mitigating Involuntary Displacement. In May 2016, the City released the *Gentrification Study: Mitigating Involuntary Displacement,* to serve as a tool to guide future housing and economic development investments in Denver. The study aimed to identify the factors that cause residential displacement, identify neighborhoods where displacement is occurring, or could happen, and inform how the City and its partners promote equitable and inclusive neighborhoods. *Housing an Inclusive Denver* utilizes the information from this study to help identify neighborhood types and inform strategies, priorities, and key actions to mitigate involuntary displacement.

Assessment of Fair Housing (AFH). In July 2015, the U.S. Department of Housing and Urban Development (HUD) released a new rule on Affirmatively Furthering Fair Housing, or AFFH, that will guide municipalities' work to ensure that housing investments are aligned with fair housing principles. This fair housing rule embraces a "balanced approach" between place-based capital investments in low-income communities and strategies promoting mobility that allow low-income households to gain access to safe neighborhoods and high-performing schools. Under this rule, recipients of HUD resources are required to submit an Assessment of Fair Housing (AFH), a community-based plan that sets goals and priorities that addresses contributing factors to segregation and other fair housing issues to better address historical disinvestment and support racial equity. The City of Denver will participate in a regional AFH in 2018. *Housing an Inclusive Denver* describes and defines "racially or ethnically concentrated areas of poverty," "areas of low-income concentration," and "areas of minority concentration" in ways that set the stage for the region's AFH and aligns its strategies with broad fair housing goals.

Detailed List of Denver's Housing Resources

The Office of Economic Development (OED) invests federal and local resources into affordable housing development, preservation and programs that serve residents experiencing homelessness, extremely low-income residents living on a fixed income such as seniors or residents with a disability, working families, and residents interested in becoming homeowners.

Federal housing funds are allocated to the City and County of Denver through the U.S. Department of Housing and Urban Development (HUD). Federal funds have declined in recent years, but include:

- **Community Development Block Grant (CDBG)**— CDBG funds support small businesses, neighborhood revitalization, homeowner and rental repair, counseling and social service operations. The City typically receives between $6 and $8 million annually through the CDBG program, but these resources are invested across a variety of housing, neighborhood and business development programs. OED typically invests approximately $2 million annually in housing through the CDBG program.

- **HOME Investment Partnerships Program (HOME**)— HOME funds support a variety of affordable housing activities including new construction and preservation of rental and for-sale housing, and tenant based rental assistance. The City typically receives approximately $2.5 million annually through the HOME program.

- **Housing Opportunities for Persons with Aids (HOPWA)** – HOPWA funds are available to assist in the provision of affordable housing for persons with HIV/AIDS. The City typically receives approximately $1.7 million annually for the HOPWA program.

Local housing funds are appropriated to OED through the City's annual budget process:
In September 2016, Mayor Hancock and City Council partnered to create **Denver's first dedicated local fund for affordable housing.** The dedicated fund will generate an estimated **$150 million over 10**

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years to serve low and moderate-income families. Revenue for the dedicated fund will come from a portion of a property tax already approved by Denver voters in 2012 and a new, one-time "housing linkage fee" on commercial and residential development.

- The property tax component of the fund is stable and predictable, **generating an estimated $7 million in 2018**. This revenue will grow slowly and steadily over time.

- Revenue from the housing linkage fee will vary based on economic trends, bringing in more revenue during an economic upcycle and less revenue during an economic downturn. **On average, the linkage fee is expected to generate $7-8 million annually.**

Program income is also collected from historic investments where a private, quasi-public or nonprofit partner received an investment from OED and is paying that loan back over time. While program income is dependent on the number and type of investments made in each year, OED typically receives between $550,000 - $750,000 in program income from historic investments, primarily from federal funds.

Detailed List of Denver's Affordability Resources

While housing is a core component of the City's investments in promoting inclusive communities, addressing affordability takes more than just developing and preserving housing – it takes increasing access to higher paying wages, connecting residents to health and financial wellness and promoting equitable access to mobility opportunities. Combined, these investments across multiple agencies help work to maintain or expand affordability throughout Denver neighborhoods.

Several City agencies support programs that complement OED's investments into housing development, preservation and programs. These agencies invest resources into expanding housing options or reducing housing costs, including:

- **Department of Human Services** invests federal resources such as Emergency Solutions Grants (ESG) and other local resources in direct rental assistance, rapid re-housing vouchers and shelter diversion strategies for residents experiencing homelessness. Additionally, the Department of Human Services oversees the City's Senior and Disabled Property Tax Rebate program where low-income homeowners and renters can access an annual rebate to offset a portion of their property taxes.

- **Department of Finance** oversees use of Social Impact Bonds (SIB) to provide critical supportive services that primarily serve chronically homeless individuals in Denver. Additionally, the Department of Finance manages the City's Metro Mortgage Assistance Plus program, which provides down payment assistance grants for qualified prospective homebuyers, and the Metro Mortgage Credit Certificate Program, which provides tax credits for a portion of the annual interest paid on a qualified homeowner's mortgage loan.

- **Department of Human Rights and Community Partnerships** invests in a home weatherization program to help homeowners make upgrades to their home aimed at promoting energy efficiency.

- **Department of Environmental Health** invests in a program to help owners of residential properties that do not currently meet public health codes to bring their buildings into compliance with health and safety standards.

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- **Department of Public Works** invests in expanding the city's transit infrastructure in partnership with the Regional Transit District and the Colorado Department of Transportation through fixed-rail and high frequency bus networks, as well as first and last mile connections that support pedestrian and bike infrastructure throughout the city. In 2017, Denver released a "Mobility Action Plan" aimed at enhancing the city's multi-modal connections with a focus on creating equity in the city's transportation network.

Neighborhood Characteristics

As part of this plan, the City and its partners developed five neighborhoods types informed by Enterprise's Opportunity360 platform to align place-based strategies and assets related to housing, health, economic mobility, transportation, and education throughout Denver. These neighborhood types were developed to set a foundation and ensure that housing production and preservation strategies address the unique characteristics and housing opportunities within specific neighborhoods.

The neighborhood types developed as part of this planning process set a foundation for how the City and its partners will begin to consider opportunity as part of housing investment decisions, but additional steps are needed to continue to analyze Denver neighborhoods according to their unique characteristics.

Engage Public, Private and Nonprofit Partners to Define, Measure and Invest in Opportunity-Rich Neighborhoods in Denver.
As part of the implementation of this plan and Denver's upcoming Assessment of Fair Housing, the City and its partners should continue to conduct outreach with community members and housing stakeholders to refine how opportunity is defined for Denver residents and leaders.

Expand and Refine Existing Neighborhood Analysis with Additional Local Data.
In addition to the data collected as part of *Housing an Inclusive Denver,* the City and its partners should build upon the existing neighborhood characteristics to understand the location of physical assets within the neighborhood. These physical assets could include the location of high-performing schools, major hospitals and community health care facilities, and location of grocery stores.

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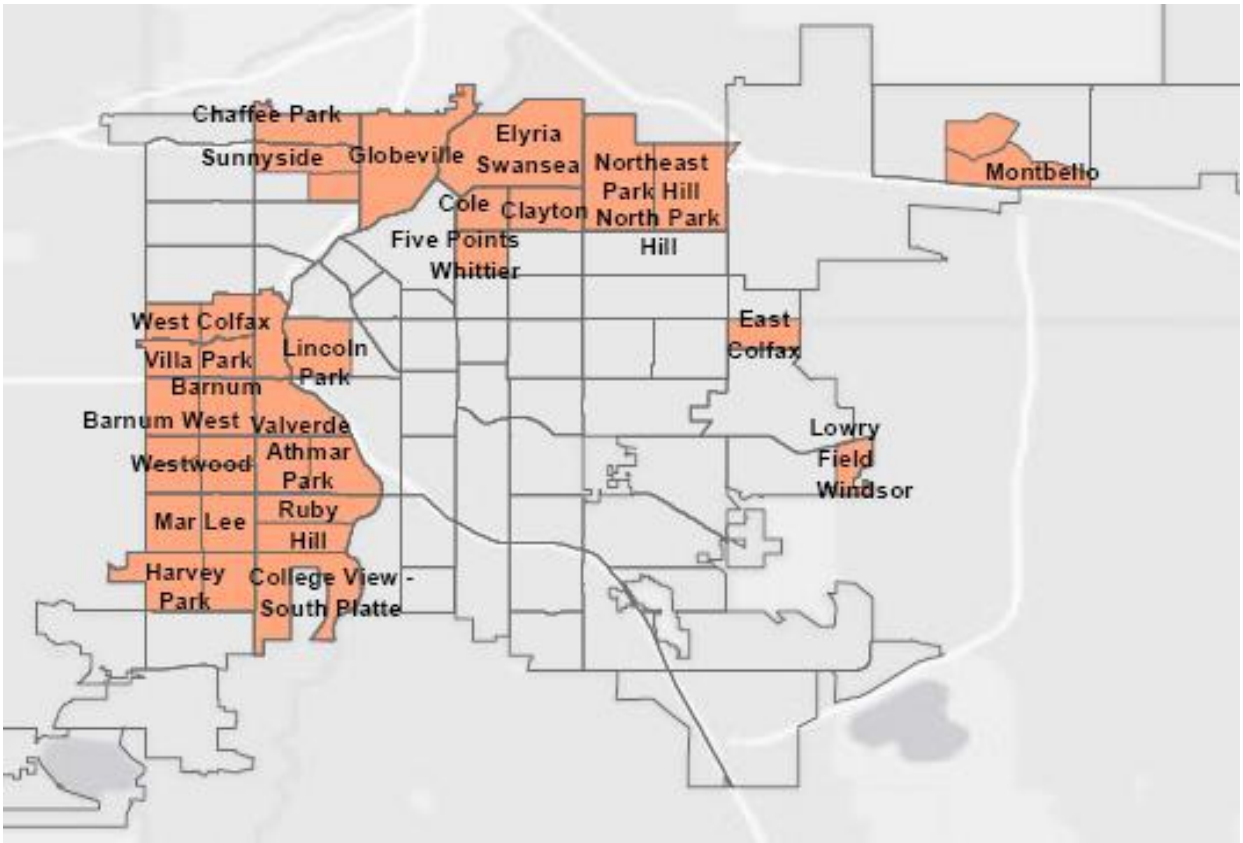
Map 2.6 | Type 1 Neighborhoods



Neighborhoods in **Type 1** offer the widest variety of culture and diversity in the Mile High City. Working families and individuals enjoy affordable, but older housing stock. However, both rents and home values have experienced sharp increases since 2015 and many residents within Type 1 are vulnerable to displacement. Opportunity can be more difficult to obtain in these neighborhoods with nine of Denver's ten R/ECAP areas fall within this type.

To increase opportunity, strategies to preserve cultural diversity and affordability while increasing access to health, education and jobs will be deployed. **For example**:

- Preserving affordability of existing income-restricted properties
- Promoting programs that help families stay in their existing unsubsidized rental housing
- Promoting programs that help families maintain their existing homes
- Promoting development of new mixed-income housing stock

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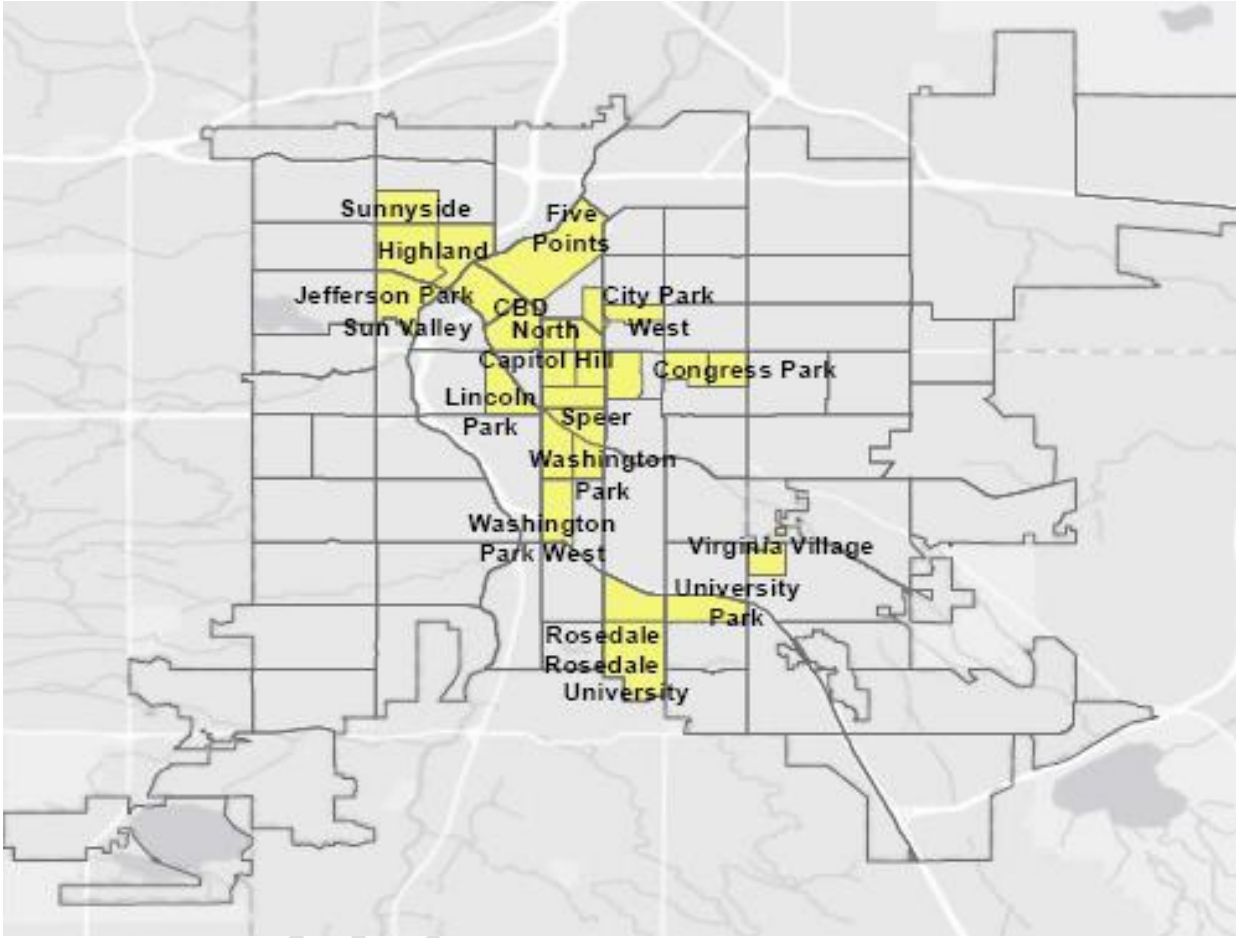
Map 2.7 | Type 2 Neighborhoods

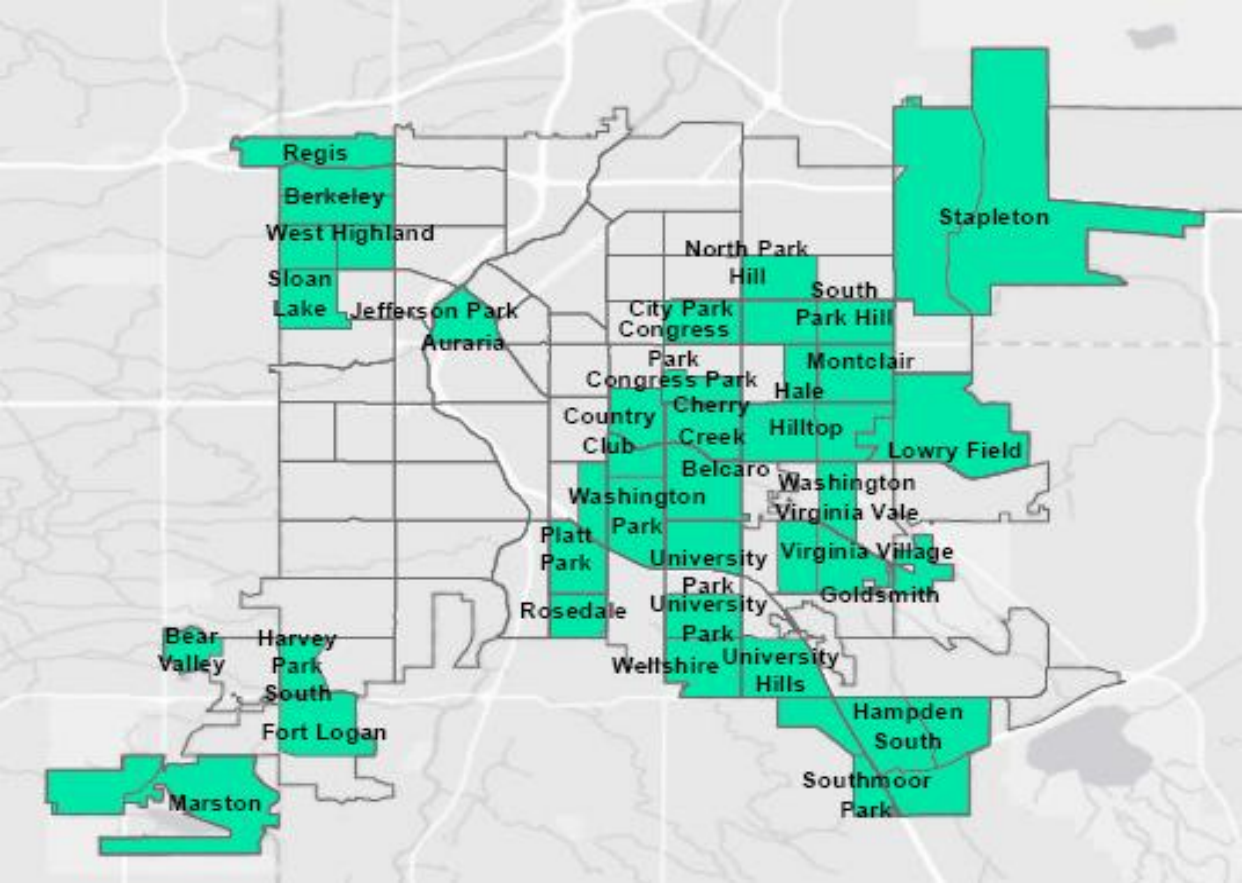


Walk, bike or ride your way through **Type 2** neighborhoods. These communities are generally closer to jobs and transit centers and about 1/3 of the City's unsubsidized affordable properties are located here. Residents in type 2 neighborhoods are highly engaged in the labor market, but median income is lower than in other areas of the City. Rent is lower but home purchase prices are higher than the citywide average in type 2.

For Type 2, strategies support maintaining affordable rents while encouraging more affordable for purchase homes:

- Preserving existing affordable housing near transit (prioritizing existing income-restricted properties)
- Preserving affordability of existing unsubsidized affordable housing
- Promoting development of new affordable, mixed-income and mixed-use housing stock
- Promoting programs that help households in these neighborhoods access affordable for-sale housing throughout Denver

Map 2.8 | Type 3 Neighborhoods

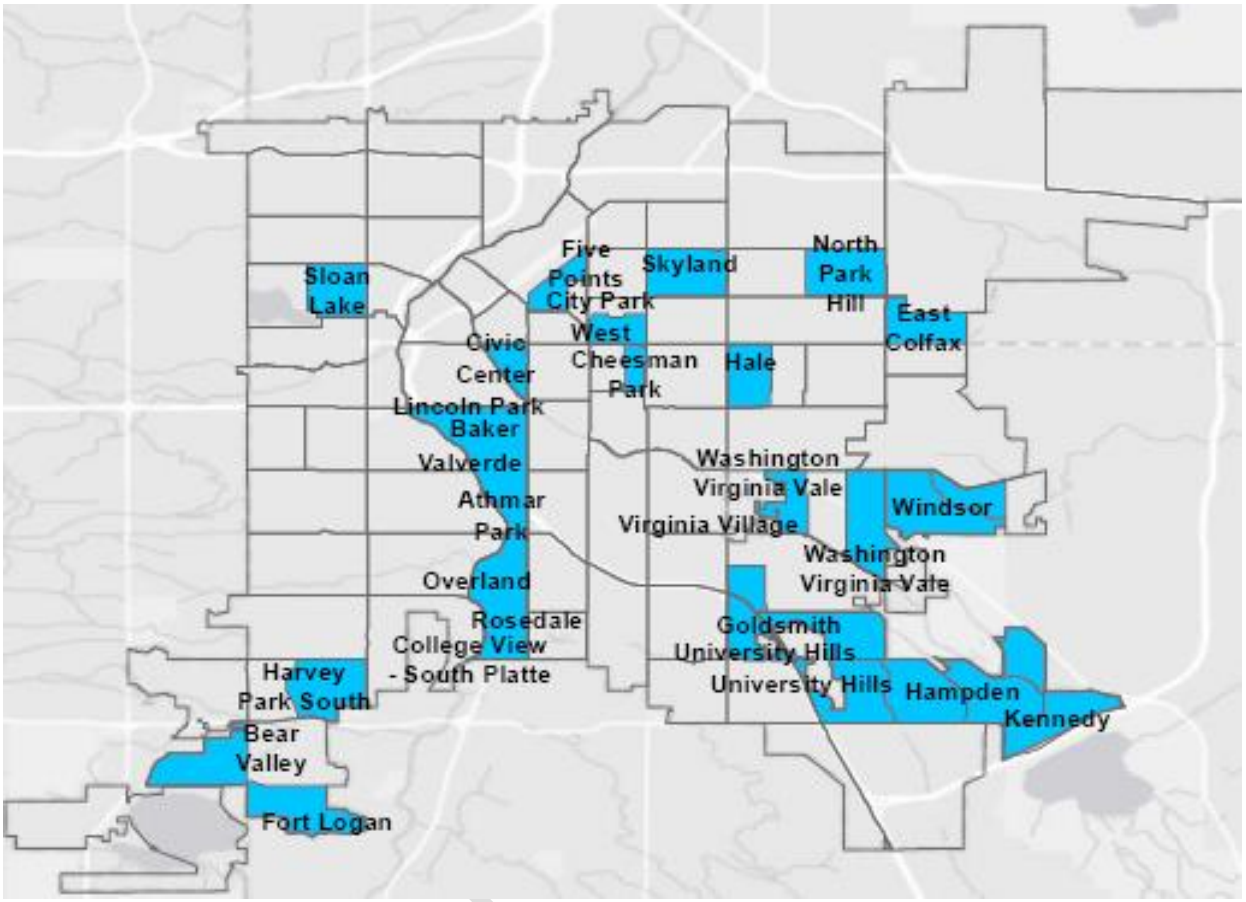


In **Type 3** neighborhoods, residents enjoy hip neighborhood restaurants and chic boutiques, new homes and classic Denver designs. Both rental and ownership housing tend to cost more than other areas of the city and residents generally exhibit better employment, health, and educational outcomes. Very few of these neighborhoods are considered vulnerable to displacement and a majority of publicly owned land that could be used for housing is within this type.

In Type 3, creation is key when it comes to affordable housing strategy:

- Leveraging publicly owned land for affordable housing development
- Promoting development of new affordable, mixed-income and mixed-use housing stock
- Promoting programs that help households access for-sale housing and affordable rental housing

Map 2.9 | Type 4 Neighborhoods

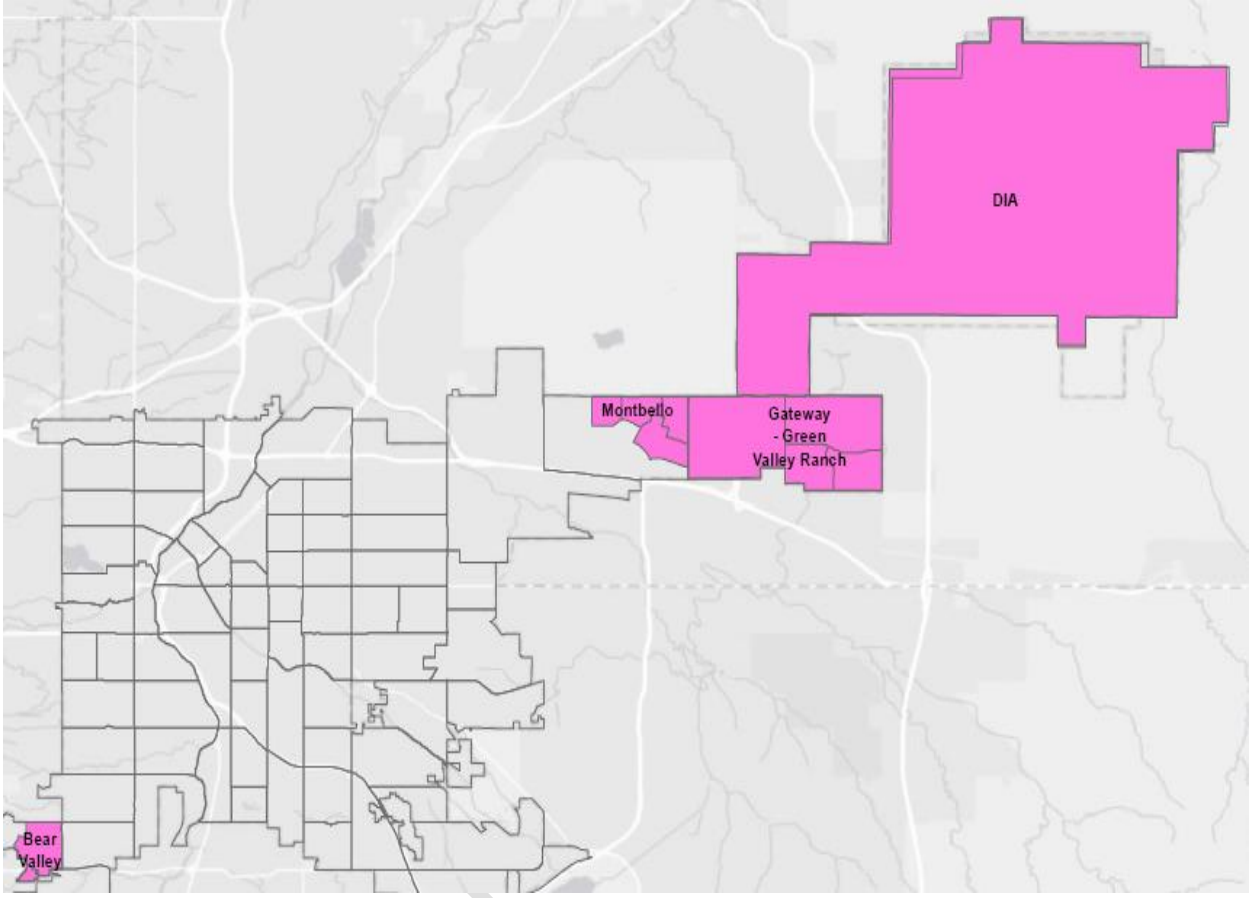


In **Type 4** neighborhoods, unemployment is low and housing is more affordable. Relative to other types, these neighborhoods have the largest share of residents who are 65 years or older. The housing stock, particularly rental properties, tends to command lower prices and 1/3 of the City's unsubsidized affordable properties are located within this type.

Strategies for Type 4 should focus on promoting overall quality and preserving affordability of existing housing and strengthening connections to health and employment opportunities:

- Preserving affordability of existing unsubsidized affordable housing
- Promoting programs that help households access affordable rental and for-sale housing
- Promoting programs that help families maintain their existing homes
- Preserving affordability of existing affordable rental housing near jobs/transit

Map 2.10 | Type 5 Neighborhoods



In **Type 5,** the rental market appears stronger than the homeownership market, commanding the highest average rent of all neighborhood types. More units are overcrowded than in other areas of the City and the housing stock is much newer. About half of the neighborhoods in this type have been identified as vulnerable to displacement, but recent housing market trends show that average rent is decreasing in several of these areas. **The City should consider diversifying housing options in this type, in terms of stock, cost, and responsiveness to demographic changes.**

The following housing investment strategies would be particularly applicable in Type 5 neighborhoods:

- Promoting development of new affordable, mixed-income and mixed-use housing
- Preserving affordability of existing income-restricted properties
- Promoting programs that help families access affordable rental housing
- Promoting programs that help families stay in their existing rental housing

Appendix 1. Supporting Tables

Throughout the appendices, tables are labeled using the following convention: TABLE #.##, where the first number is the section of the plan that references the table and the second number is the order in which the table falls among all tables in that section. Figures and maps are labeled using the same convention in subsequent appendices.

TABLE 1.1 | AVERAGE VALUES ON KEY INDICATORS FOR EACH NEIGHBORHOOD TYPE, COMPARED TO THE CITYWIDE AVERAGE

		Type 1	Type 2	Type 3	Type 4	Type 5	Citywide
Demographics	Non-white residents	77%	27%	23%	41%	78%	44%
	Residents who are 65+ years old	9%	8%	13%	17%	6%	11%
Housing	Median gross rent	$830	$948	$1,232	$880	$1,283	$1,019
	Median home value	$168,620	$310,738	$393,047	$254,892	$169,810	$281,833
	Median year built	1956	1960	1960	1968	1989	1962
	Owner units affordable to low-income households	44%	12%	8%	22%	43%	23%
	Rental units affordable to extremely low-income households	74%	39%	31%	56%	30%	48%
Health	Adults who reported poor health	21%	15%	13%	18%	14%	16%
	Adults who received a physical within the last year	58%	55%	61%	60%	58%	59%
	Adults who reported having asthma	9%	9%	8%	9%	8%	9%
	Adults who reported being obese	26%	24%	23%	25%	27%	24%
Jobs	Unemployment rate	12%	7%	5%	8%	9%	8%
	Labor Market Engagement Index	25	79	87	66	47	63
	Median household income	$35,916	$50,980	$82,096	$45,382	$56,707	$56,362
Transit	Transit access	49	60	47	45	33	49
Education	Percent of residents with less than a high school degree	35%	7%	5%	10%	25%	15%

Note: This tables is a selection of indicators and does not include all data used to calculate the neighborhood typology.

Source: Census ACS 5-Year Estimates (2010-2014), HUD Location Affordability Index (2013), CDC Behavioral Risk Factor Surveillance System survey (2013), PolicyMap, HUD Labor Market Engagement Index (2015), Walk Score (2016)

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TABLE 2.1 | AVERAGE RENT BY SUBMARKET (Q4 2011-Q4 2016), DENVER, CO

	Efficiency	1 Bed	2 Bed/1 B	2 Bed/2 B	3 Bed	Other	All
Market Area Totals							
Denver-Central/Capitol Hill	$1,065	$1,263	$1,583	$2,211	$2,669	$1,701	$1,380
Denver-Downtown	$1,285	$1,574	$1,734	$2,092	$2,978	$2,636	$1,699
Denver-East Central/Lowry	$1,029	$1,257	$1,338	$1,700	$1,913	$1,681	$1,417
Denver-Far SE	$996	$1,101	$1,176	$1,502	$1,646	$1,385	$1,213
Denver-N Central/City Park	$894	$1,425	$1,461	$2,208	$2,265	-	$1,627
Denver-Northeast	$1,012	$999	$1,030	$1,592	$1,491	$1,933	$1,199
Denver-Northwest	$1,371	$1,356	$1,378	$2,026	$1,483	$580	$1,473
Denver-S Central/Wash Park	$1,080	$1,284	$1,162	$1,911	$1,616	$756	$1,331
Denver-Southeast	$862	$1,060	$1,132	$1,433	$1,263	$1,123	$1,183
Denver-Southwest		$1,176	$1,396	$1,514	$1,823	$1,100	$1,338
Denver-West Central	$959	$1,132	$1,520	$1,089	$1,783	$2,405	$1,362
Denver County Average	**$1,140**	**$1,250**	**$1,287**	**$1,733**	**$1,803**	**$1,354**	**$1,376**
Denver County Average / SF	**$2.21**	**$1.75**	**$1.47**	**$1.55**	**$1.33**	**$1.69**	**$1.69**

Source: Denver Metro Apartment Vacancy and Rent Report 4Q 2016

TABLE 2.2 | HOME FOR-SALE MARKET INDICATORS (2012-2016), DENVER, CO

	2012	2013	2014	2015	2016
Detached					
Total Sales	8,694	9,748	8,690	8,381	8,593
Average Month's Inventory	5	3	1	1	1
Average Days on Market	67	42	33	27	30
Average Sales Price (Dec)	$335,482	$351,449	$398,366	$435,857	$467,498
Median Sales Price (Dec)	$263,800	$268,000	$314,738	$350,000	$378,000
Attached					
Total Sales	3,218	4,004	5,417	5,880	5,771
Average Month's Inventory	8	4	2	1	2
Average Days on Market	91	58	44	45	51
Average Sales Price (Dec)	$234,938	$265,562	$314,105	$365,467	$378,193
Median Sales Price (Dec)	$153,250	$177,000	$238,500	$261,000	$300,940

Source: 2016 Denver Multiple Listing Service (MLS) System

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TABLE 3.1 | HOMELESSNESS INTERVENTIONS VERSUS PROJECTED NEED

	PSH	OPH	Diversion	Totals
Individual Households	549	2,381	684	3,614
Family Households	444	272	107	823
Totals	658	2,921	858	4,437

Source: Corporation for Supportive Housing

TABLE 6.1 | SHARE OF RENTERS AND OWNERS BY NEIGHBORHOOD TYPE

	Type 1	Type 2	Type 3	Type 4	Type 5	Citywide
Percent owners	46%	31%	66%	41%	67%	49%
Percent renters	54%	69%	34%	59%	33%	51%

Source: Census ACS 5-Year Estimates (2011-2015)

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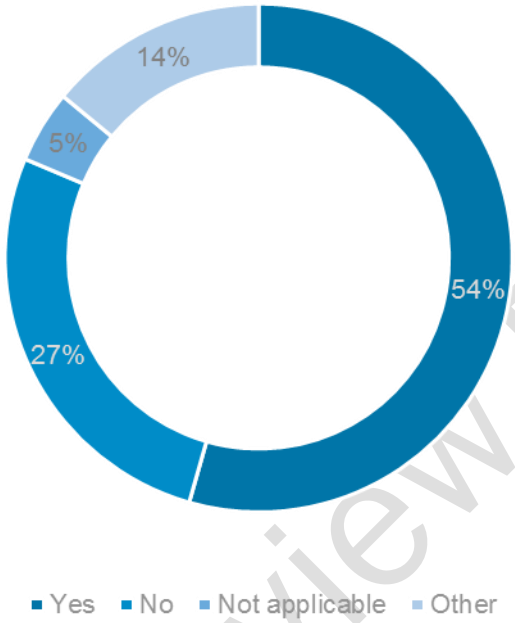
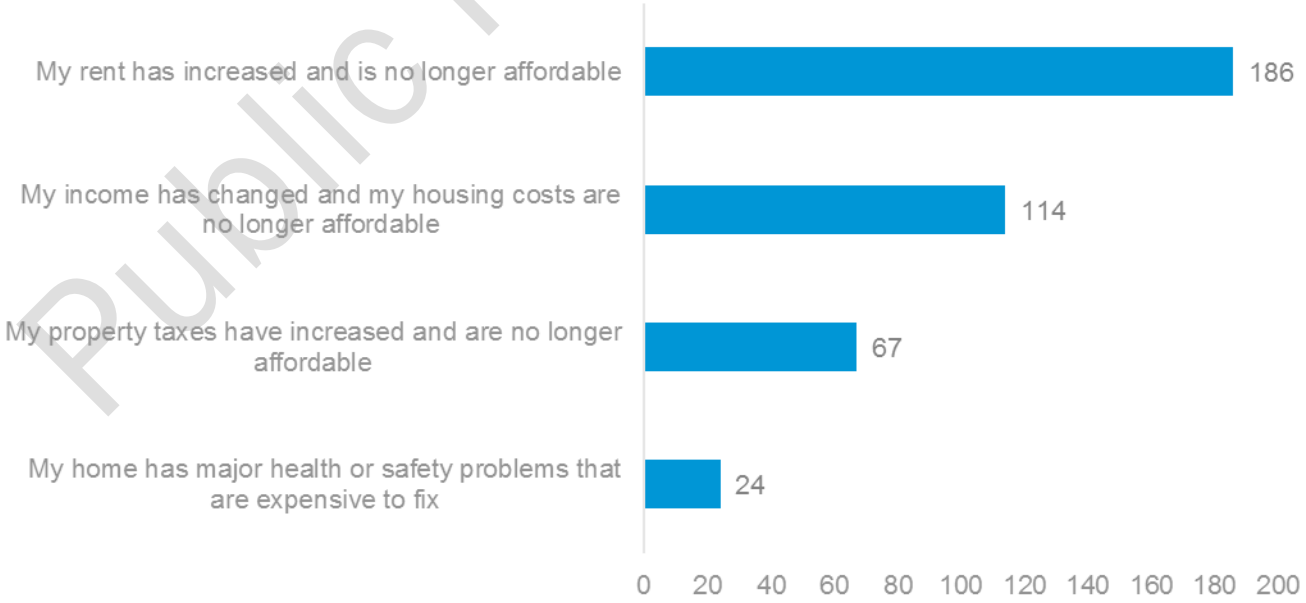
Appendix 2. Supporting Figures

FIGURE 1.1 | RESPONSES TO "IS YOUR CURRENT HOUSING SITUATION AFFORDABLE?" (N = 955)



Source: Housing an Inclusive Denver online public survey

FIGURE 1.2 | RESPONSES TO "WHAT ARE THE MAIN REASONS THAT ARE CAUSING YOUR HOUSING SITUATION TO BE UNAFFORDABLE?" (N = 340)



Source: Housing an Inclusive Denver online public survey

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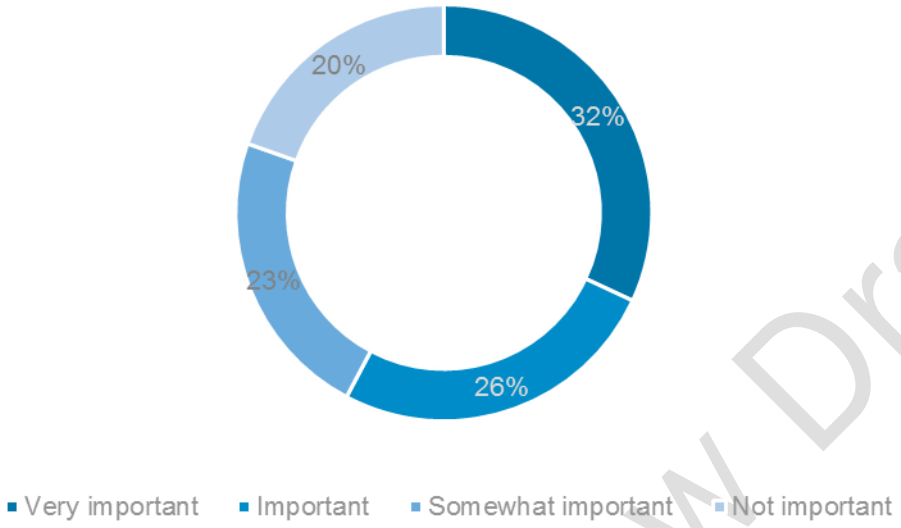
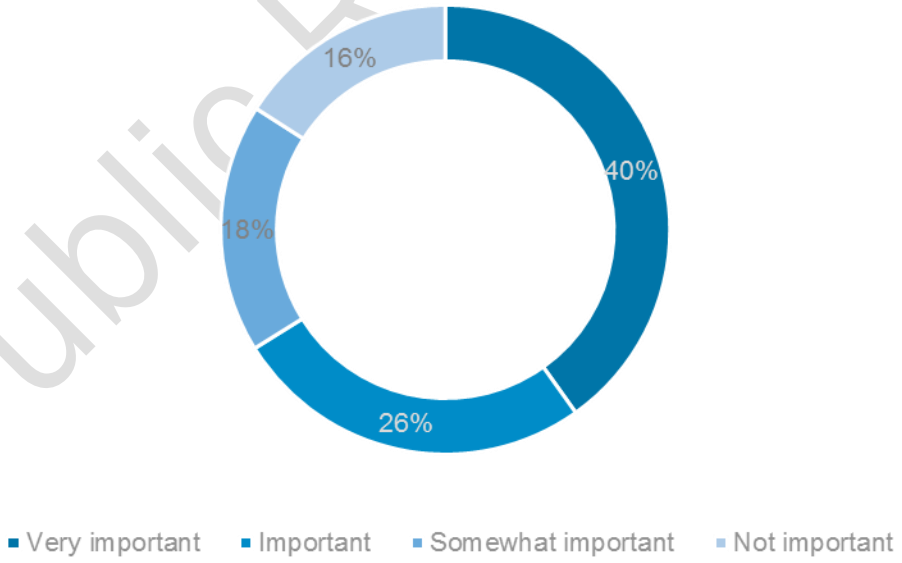
FIGURE 1.3 | RESPONSES TO "HOW IMPORTANT WOULD IT BE TO LIVE IN A NEIGHBORHOOD WITH FAMILIES AND INDIVIDUALS AT DIFFERENT INCOME LEVELS?" (N = 949)



Source: Housing an Inclusive Denver online public survey

FIGURE 1.4 | RESPONSES TO "HOW IMPORTANT WOULD IT BE TO LIVE IN A NEIGHBORHOOD WITH FAMILIES AND INDIVIDUALS OF DIFFERENT RACES AND ETHNICITIES?" (N = 954)



Source: Housing an Inclusive Denver online public survey

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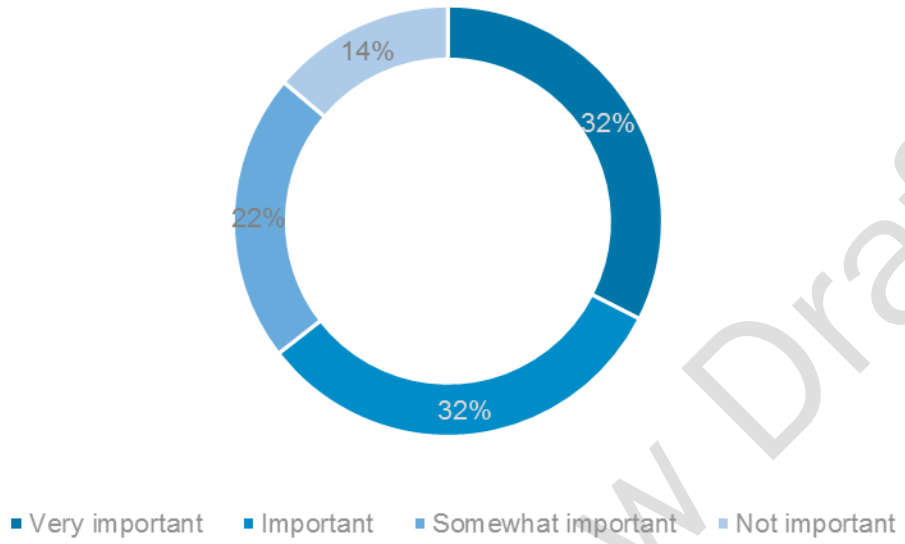
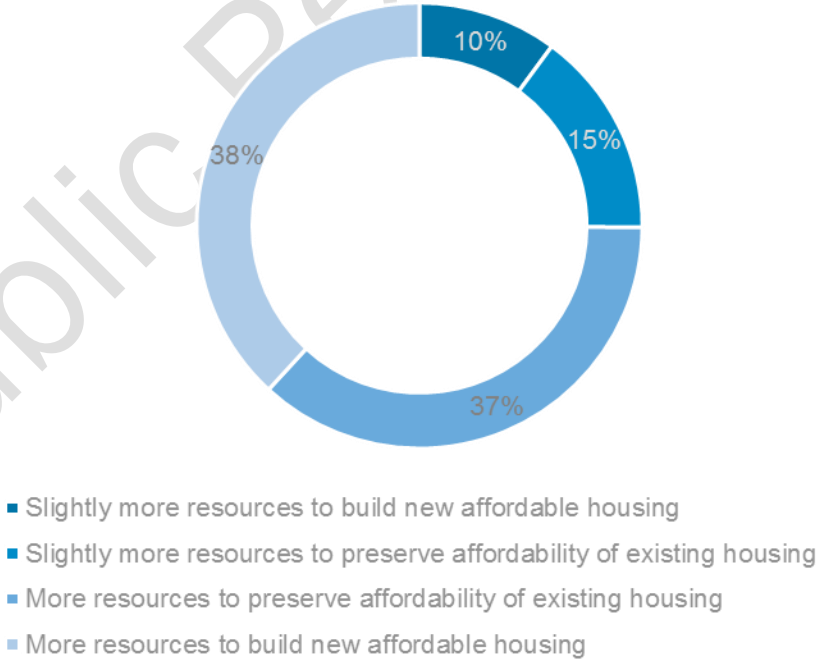
FIGURE 1.5 | RESPONSES TO "HOW IMPORTANT WOULD IT BE TO LIVE IN A NEIGHBORHOOD WITH PEOPLE OF DIFFERENT AGES AND LIFESTYLES?" (N = 954)



Source: Housing an Inclusive Denver online public survey

FIGURE 1.6 | RESPONSES TO "HOW SHOULD THE CITY BALANCE PRESERVING AFFORDABILITY OF EXISTING HOUSING WITH BUILDING NEW AFFORDABLE HOUSING?" (N = 899)



Source: Housing an Inclusive Denver online public survey

FIGURE 1.7 | RESPONSES TO "HOW SHOULD THE CITY BALANCE INVESTMENTS TO MAINTAIN AFFORDABILITY IN 'VULNERABLE NEIGHBORHOODS' WITH INVESTMENTS

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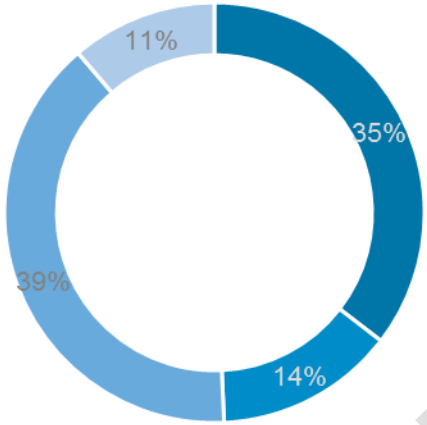
TO EXPAND AFFORDABLE HOUSING IN NEIGHBORHOODS WITH LIMITED OPTIONS FOR LOW AND MODERATE-INCOME FAMILIES?" (N = 889)



- More resources to stabilize housing in vulnerable neighborhoods
- Slightly more resources to stabilize housing in vulnerable neighborhoods
- More resources to expand affordable housing in neighborhoods with limited options for low and moderate income families
- Slightly more resources to expand affordable housing in neighborhoods with limited options for low and moderate income families

Source: Housing an Inclusive Denver online public survey

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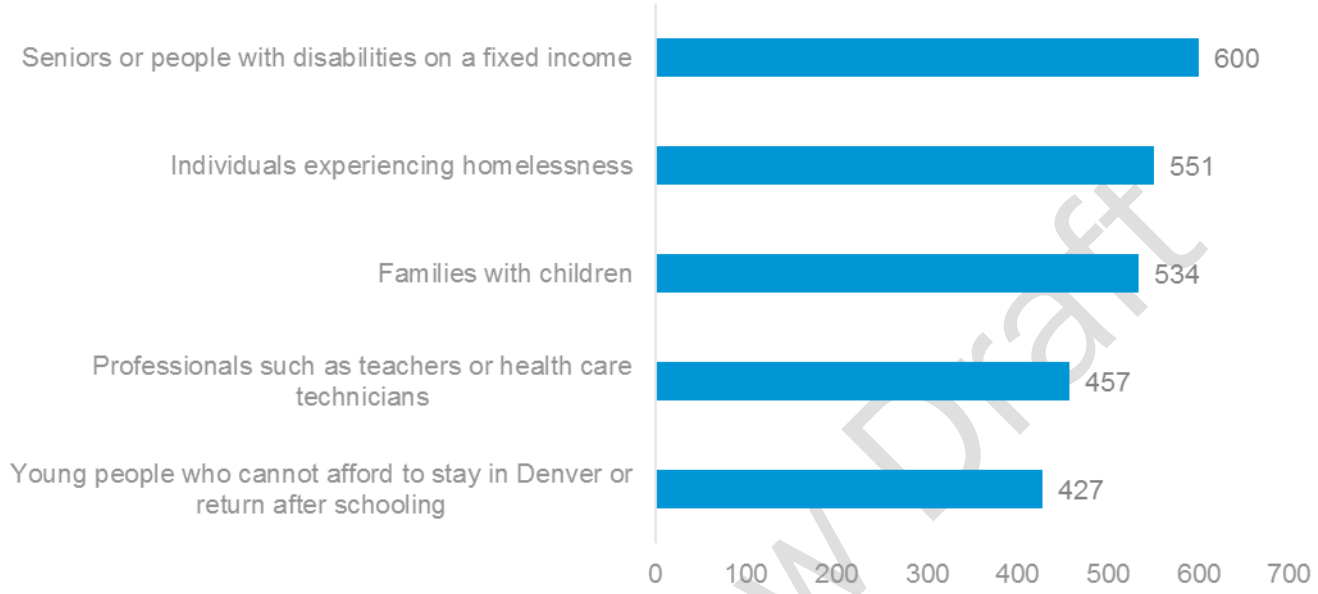
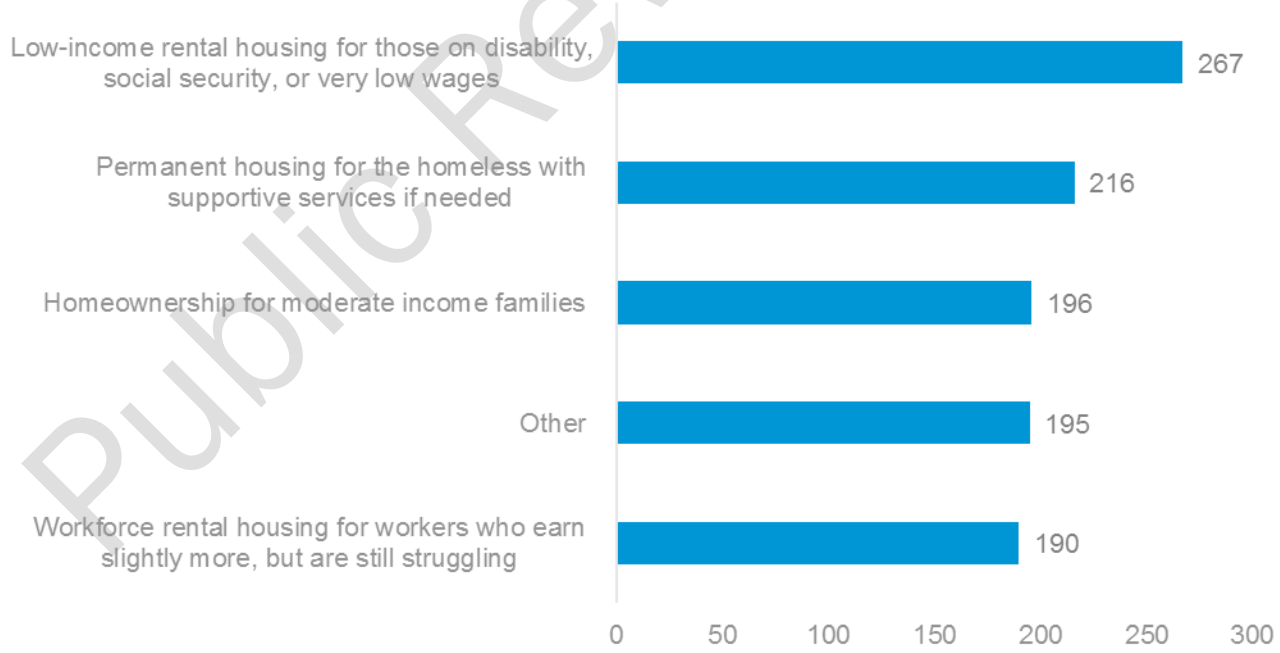
FIGURE 1.8 | RESPONSES TO "I AM MOST CONCERNED THAT THE CITY AND COUNTY OF DENVER DOES NOT HAVE ENOUGH AFFORDABLE HOUSING FOR…" (N = 982)



Source: Housing an Inclusive Denver online public survey

FIGURE 1.9 | TOP RANKED RESPONSES FOR "HOW SHOULD THE CITY BALANCE INVESTMENTS IN HOUSING FOR A VARIETY OF INCOME LEVELS?" (N = 923)



Source: Housing an Inclusive Denver online public survey

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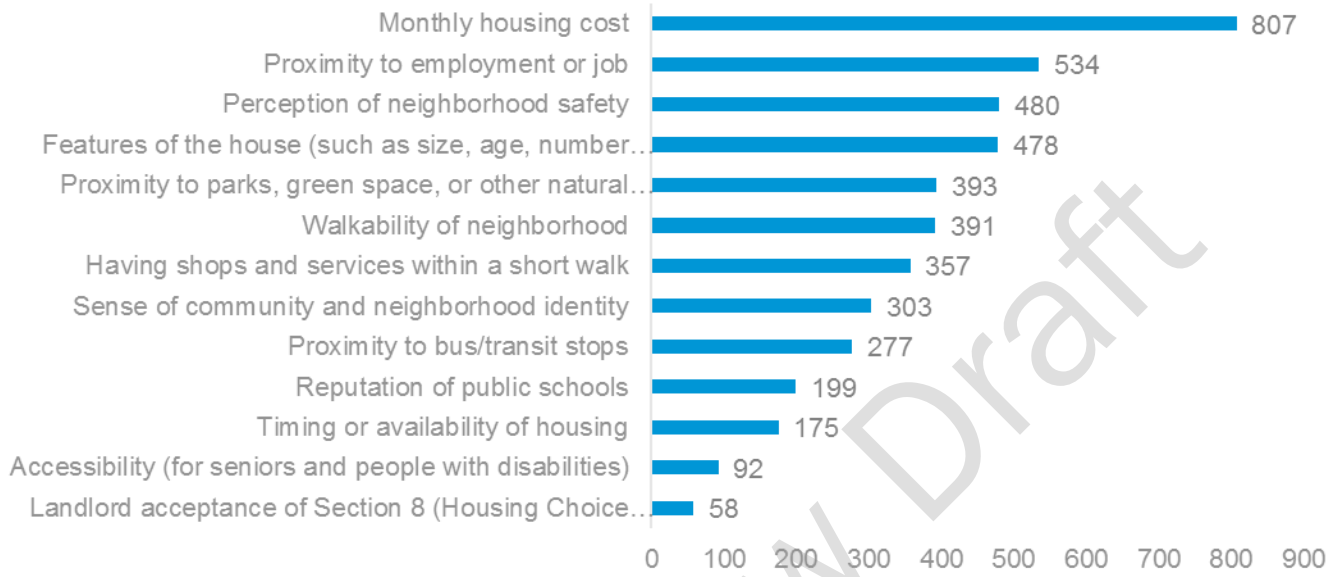
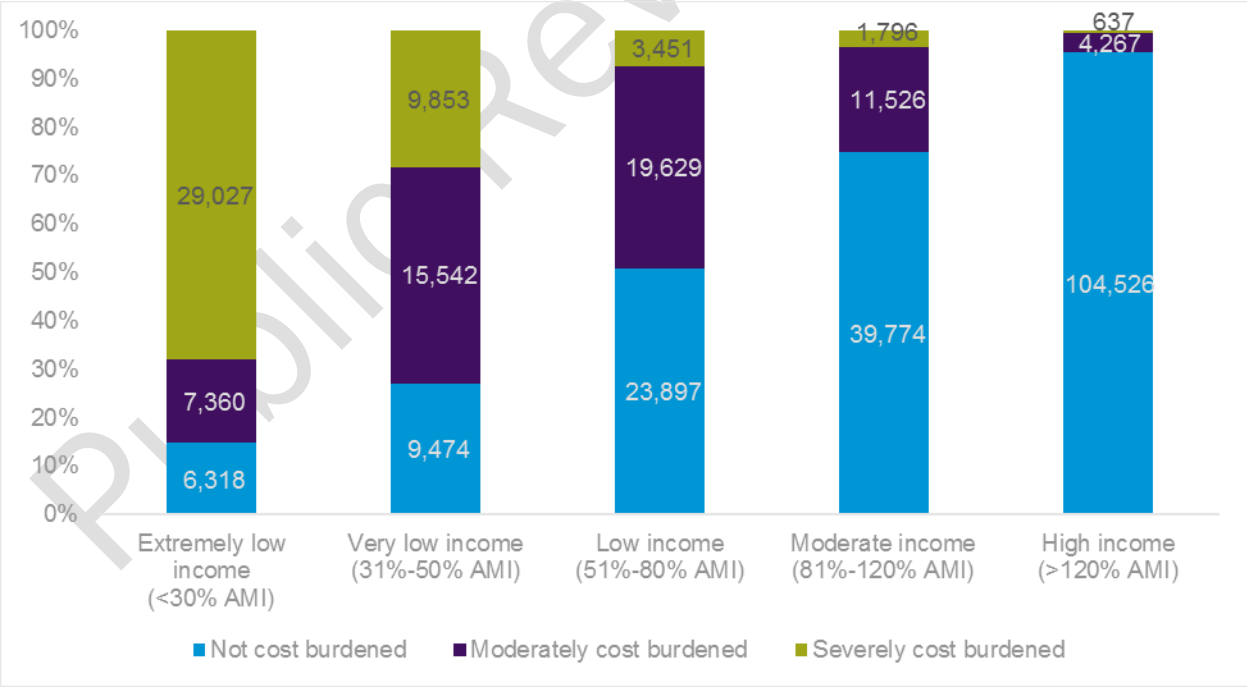
FIGURE 1.10 | RESPONSES FOR "WHAT FACTORS ARE MOST IMPORTANT TO YOU WHEN CHOOSING YOUR HOME?"



Source: Housing an Inclusive Denver online public survey

FIGURE 2.1 | NUMBER OF COST-BURDENED HOUSEHOLDS (2015), DENVER, CO



Source: 2015 American Community Survey Public Use Microdata Sample

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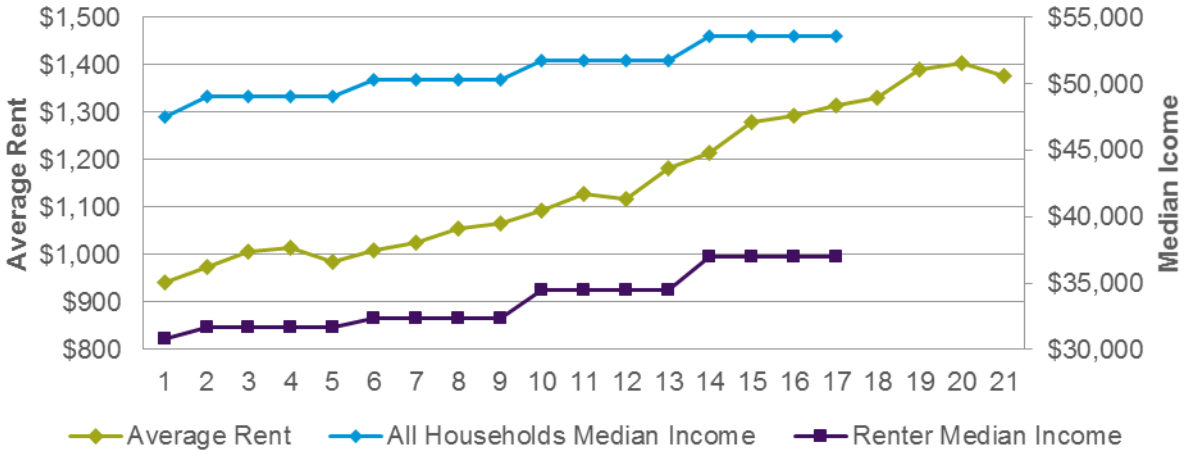
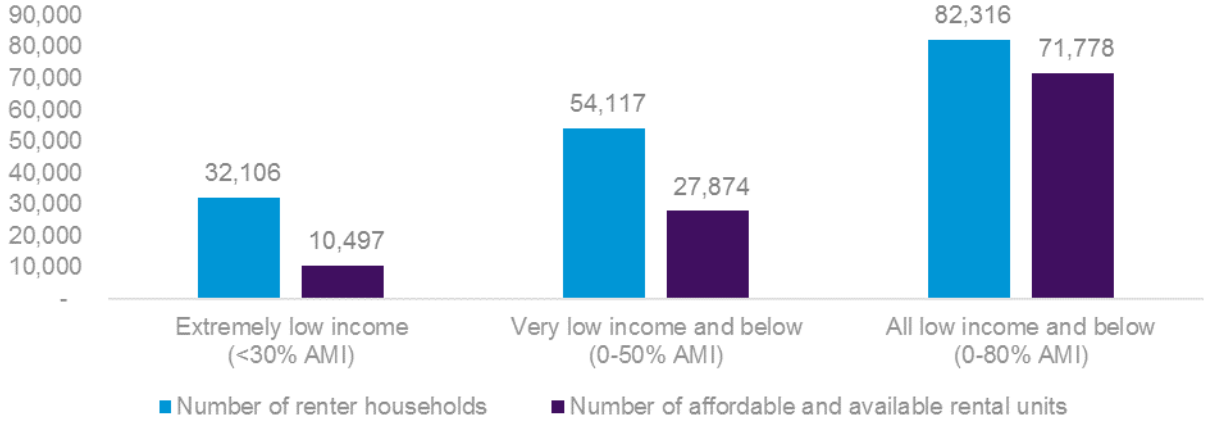
FIGURE 2.2 | AVERAGE RENT, DENVER, CO (Q4 2011-Q4 2016)



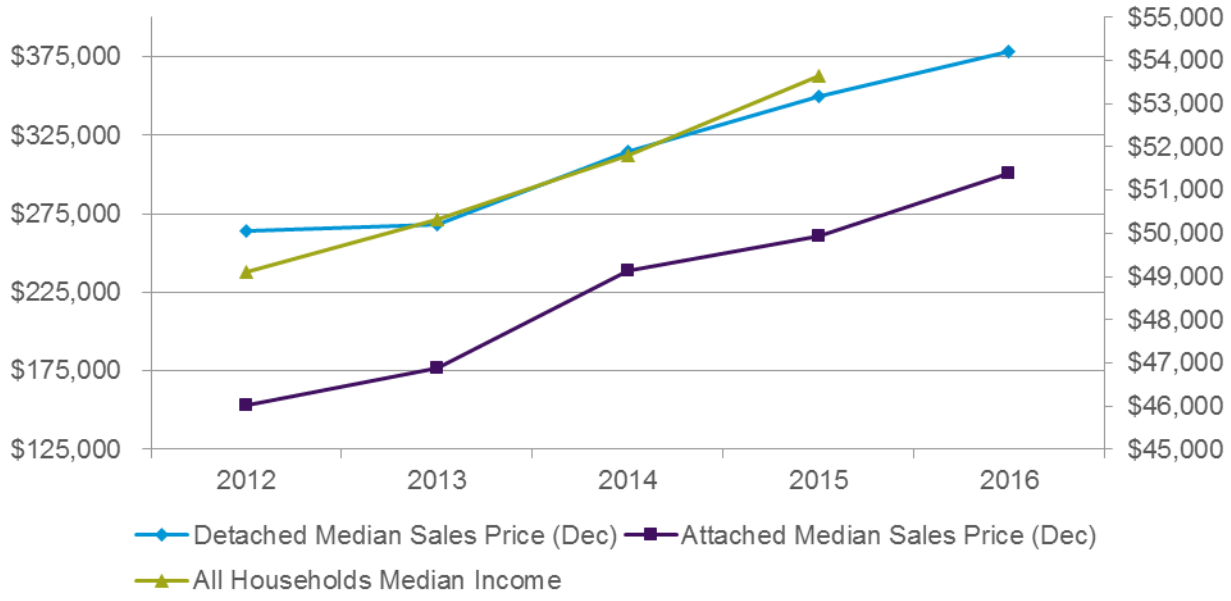
Source: Denver Metro Apartment Vacancy and Rent Report 4Q 2016

FIGURE 2.3 | TOTAL AFFORDABLE & AVAILABLE RENTAL UNITS BY INCOME LEVEL (2015), DENVER, CO



Source: 2015 American Community Survey Public Use Microdata Sample

FIGURE 2.4 | AVERAGE HOME SALE PRICE, DENVER, CO (2012-2016)



Source: Metro Denver Board of Realtors, 2012-2016.

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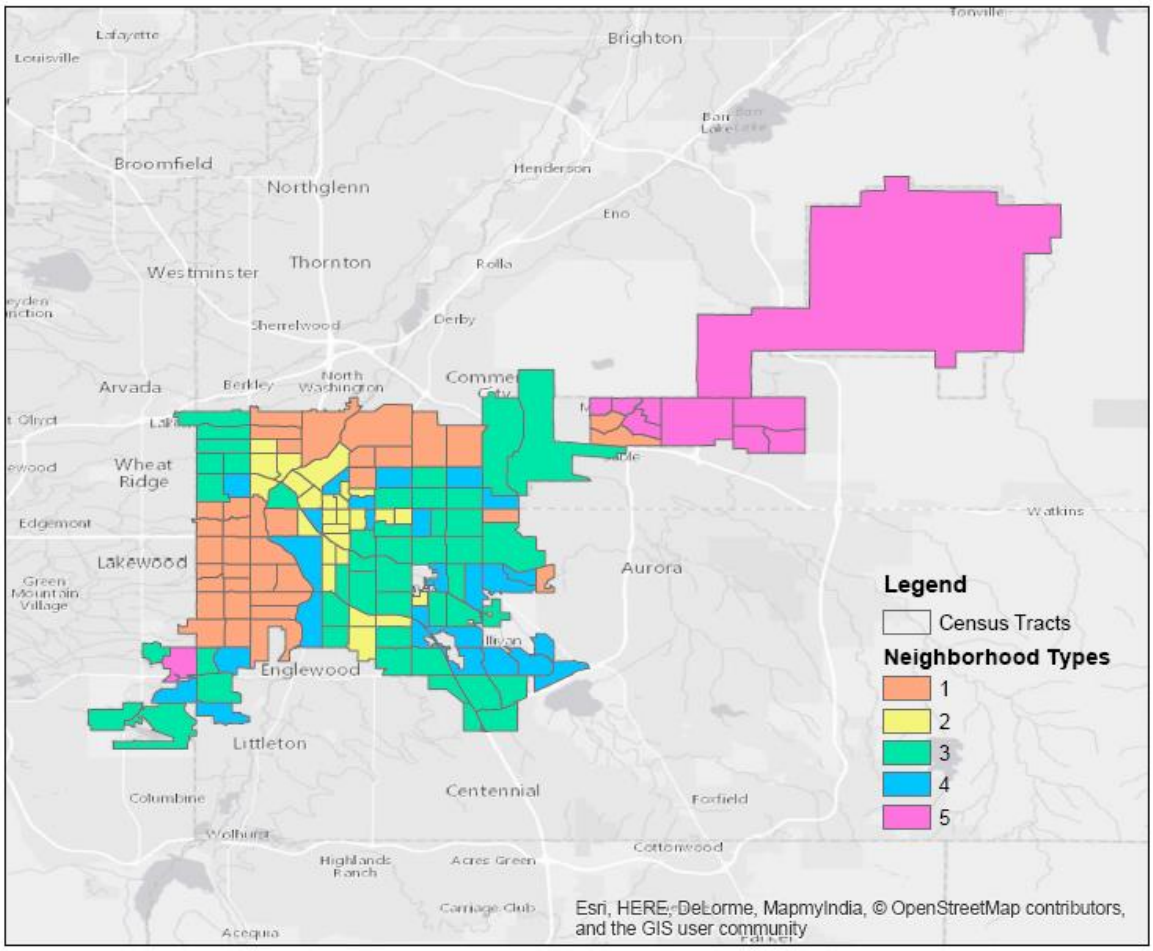
Appendix 3. Supporting Maps

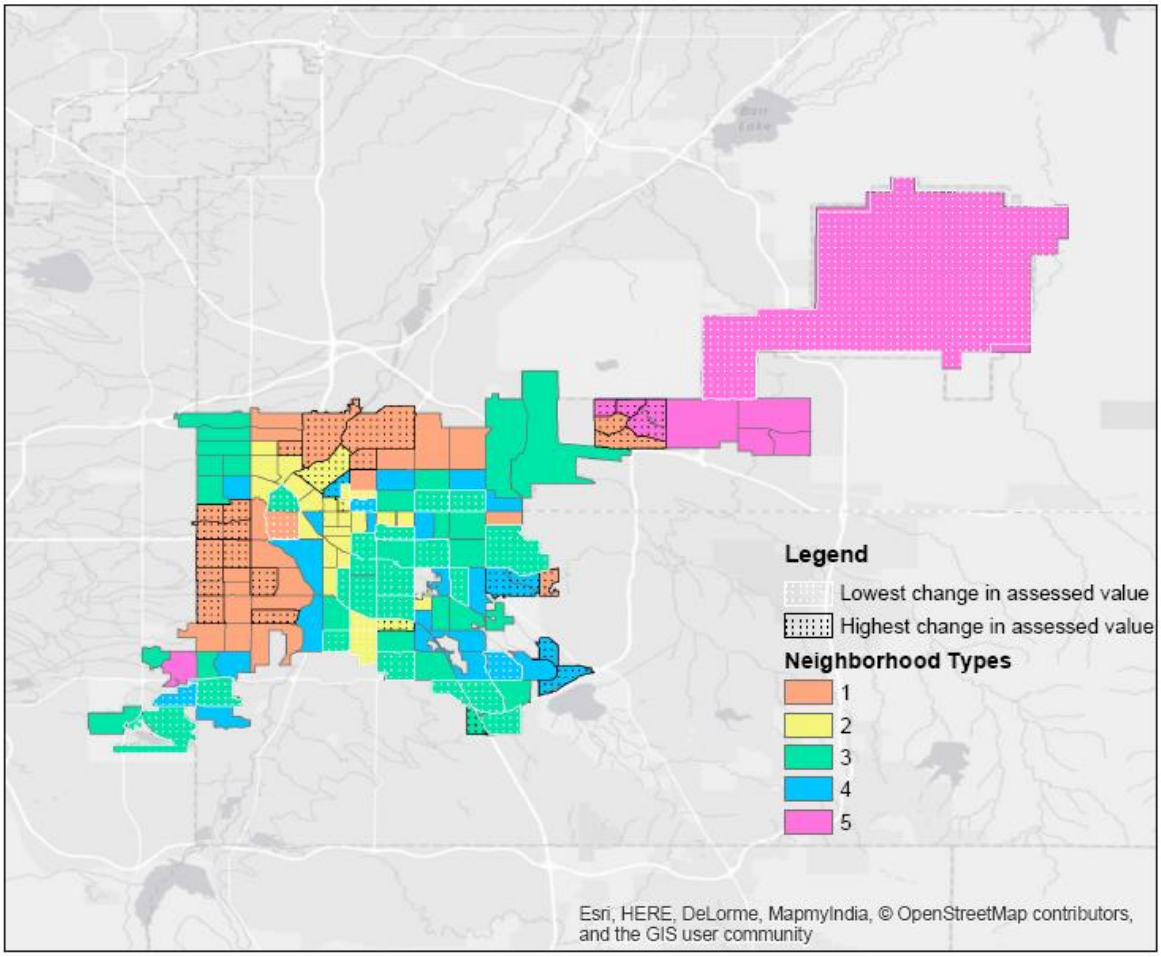
MAP 1.1 | DENVER NEIGHBORHOOD OPPORTUNITY TYPOLOGY



Source: See Appendix 5 for all data sources included in the neighborhood opportunity typology

Public

MAP 2.1 | HIGHEST AND LOWEST CHANGE IN ASSESSED VALUE (2015 TO 2017) RELATIVE TO NEIGHBORHOOD TYPES

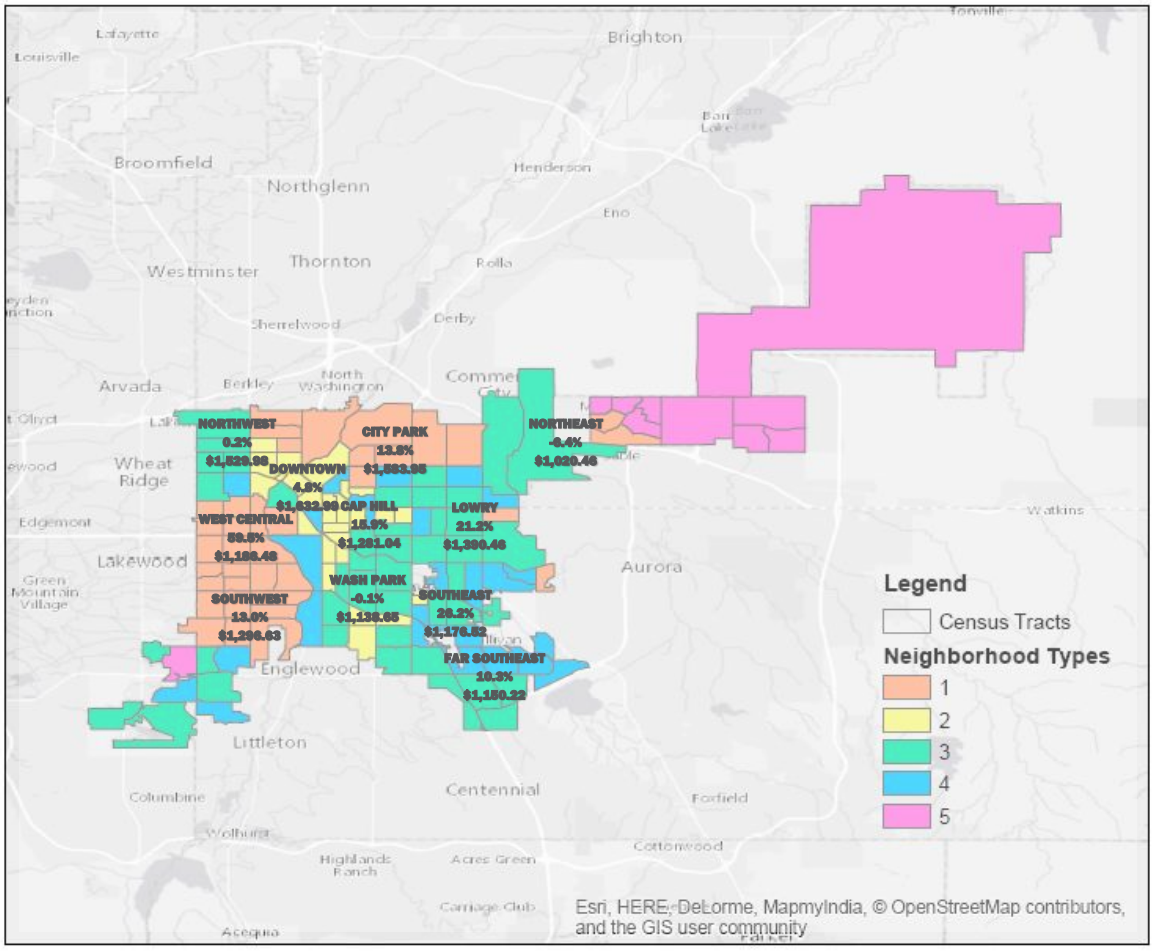


Note: Tracts exhibiting the highest change in assessed value experienced an increase of more than 51 percent, while Tracts exhibiting the highest change in assessed value experienced an increase of 9 percent or less.

Source: City and County of Denver Assessor's Office

Public

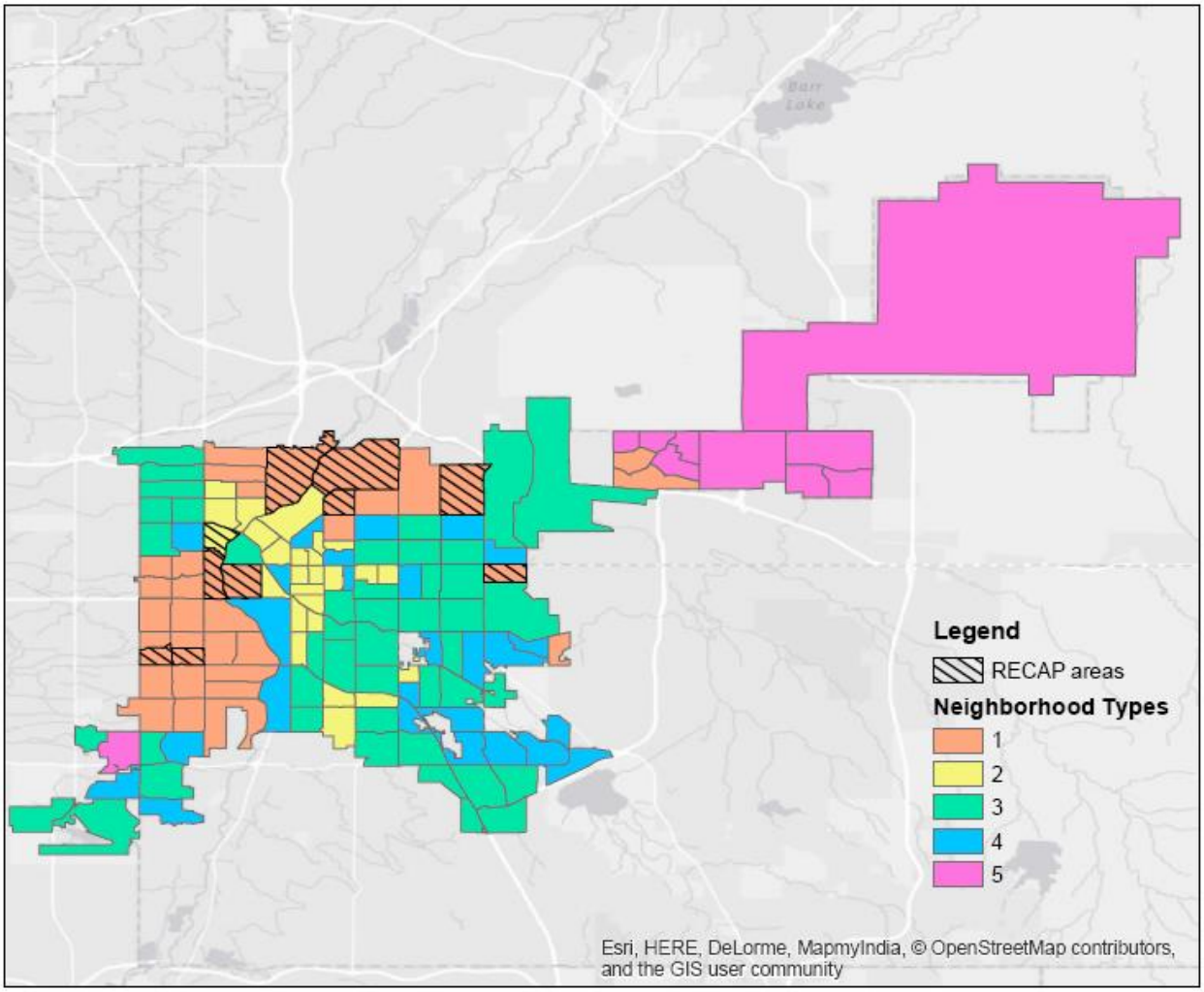
MAP 2.2 | RECENT CHANGE IN RENT BY SUBMARKET (Q1 2015 TO Q4 2016) RELATIVE TO NEIGHBORHOOD TYPES



Source: Denver Metro Rent and Vacancy Report from Q1 2015 and Q4 2016

Public

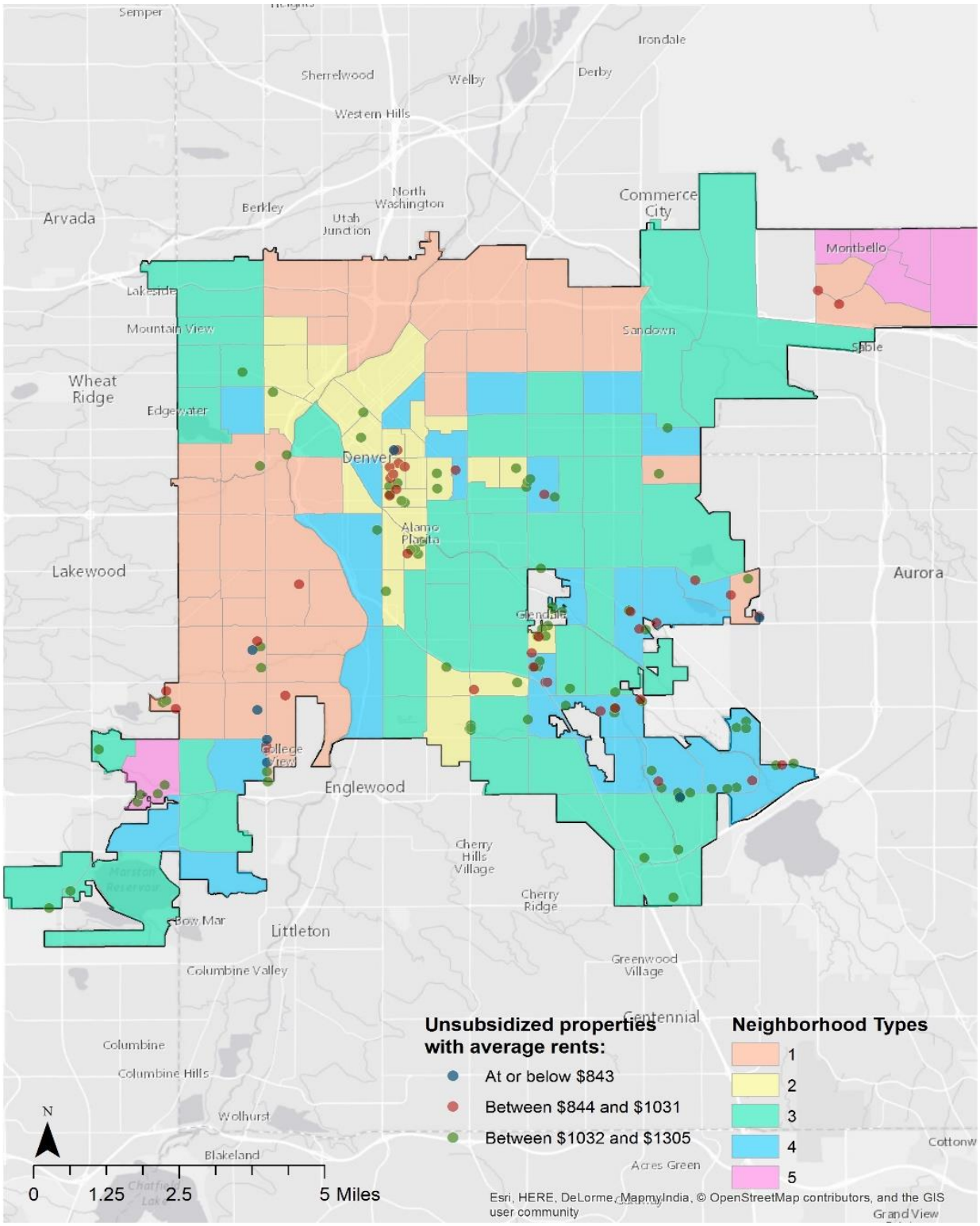
MAP 2.3 | RACIALLY AND ETHNICALLY CONCENTRATED AREAS OF POVERTY AREAS RELATIVE TO NEIGHBORHOOD TYPES



Source: HUD AFFH Data and Mapping Tool

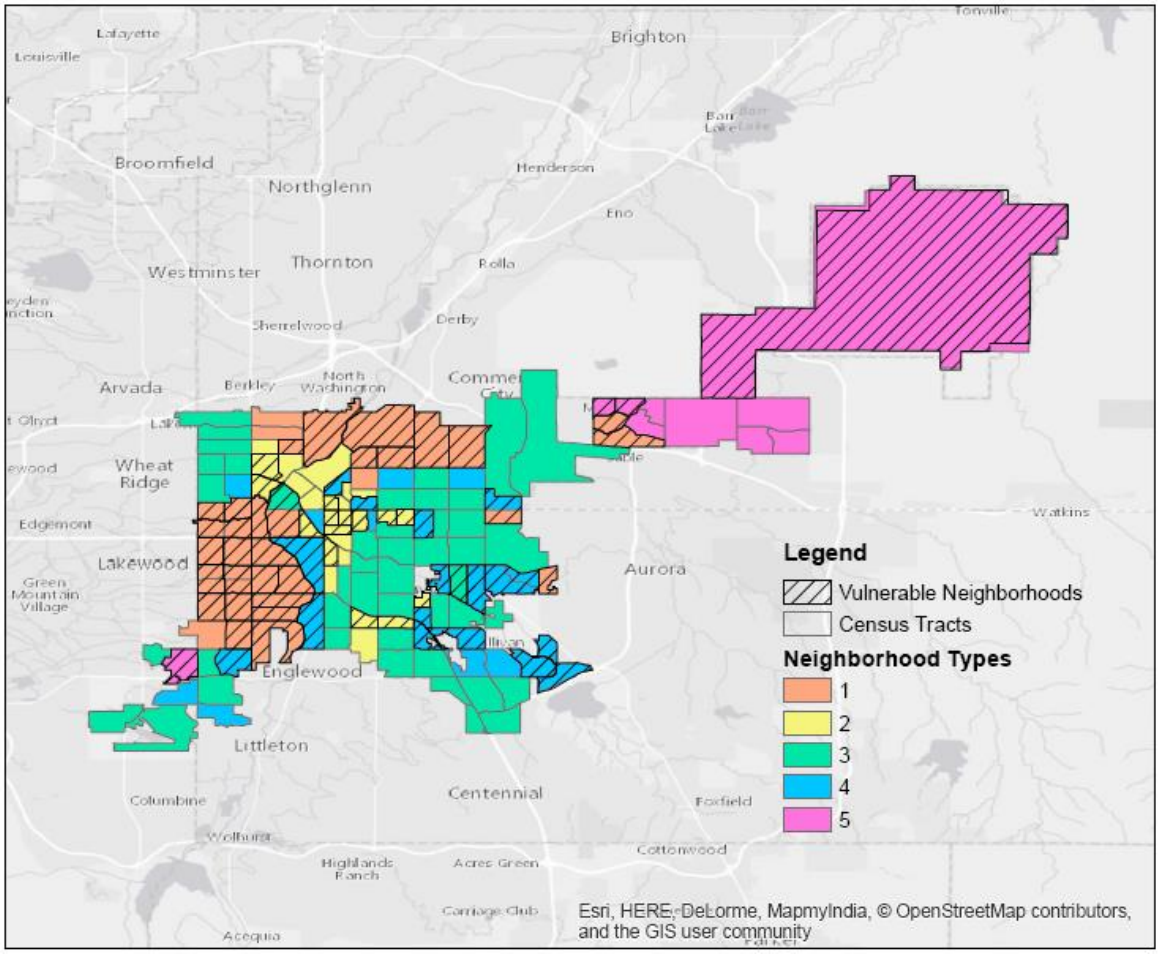
Public

MAP 2.4 | UNSUBSIDIZED PROPERTIES WITH AVERAGE RENTS AT OR BELOW FAIR MARKET RENT RELATIVE TO NEIGHBORHOOD TYPES



Source: Apartment Insights

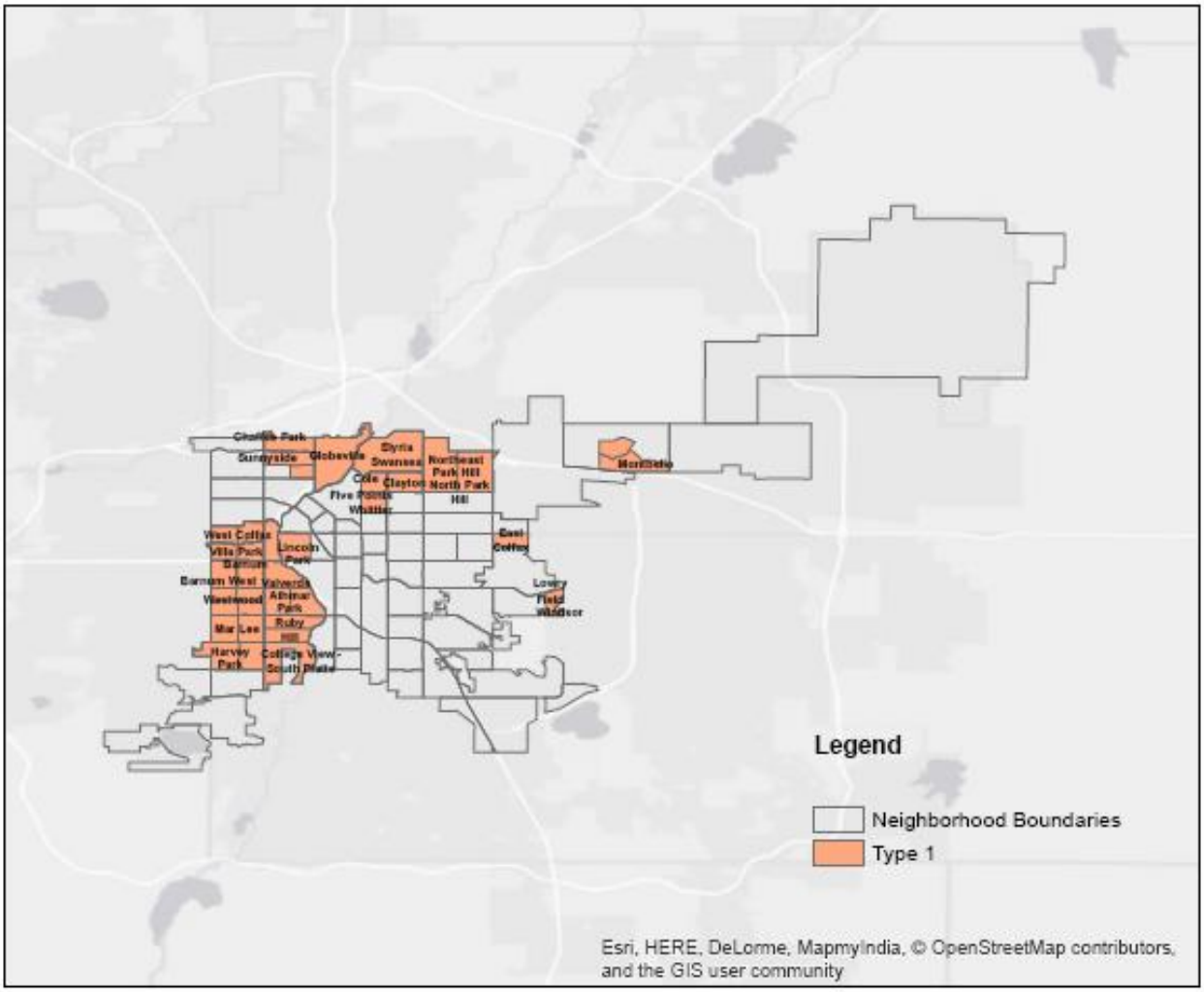
MAP 2.5 | AREAS VULNERABLE TO DISPLACEMENT RELATIVE TO NEIGHBORHOOD TYPES



Source: City and County of Denver, Office of Economic Development

Public

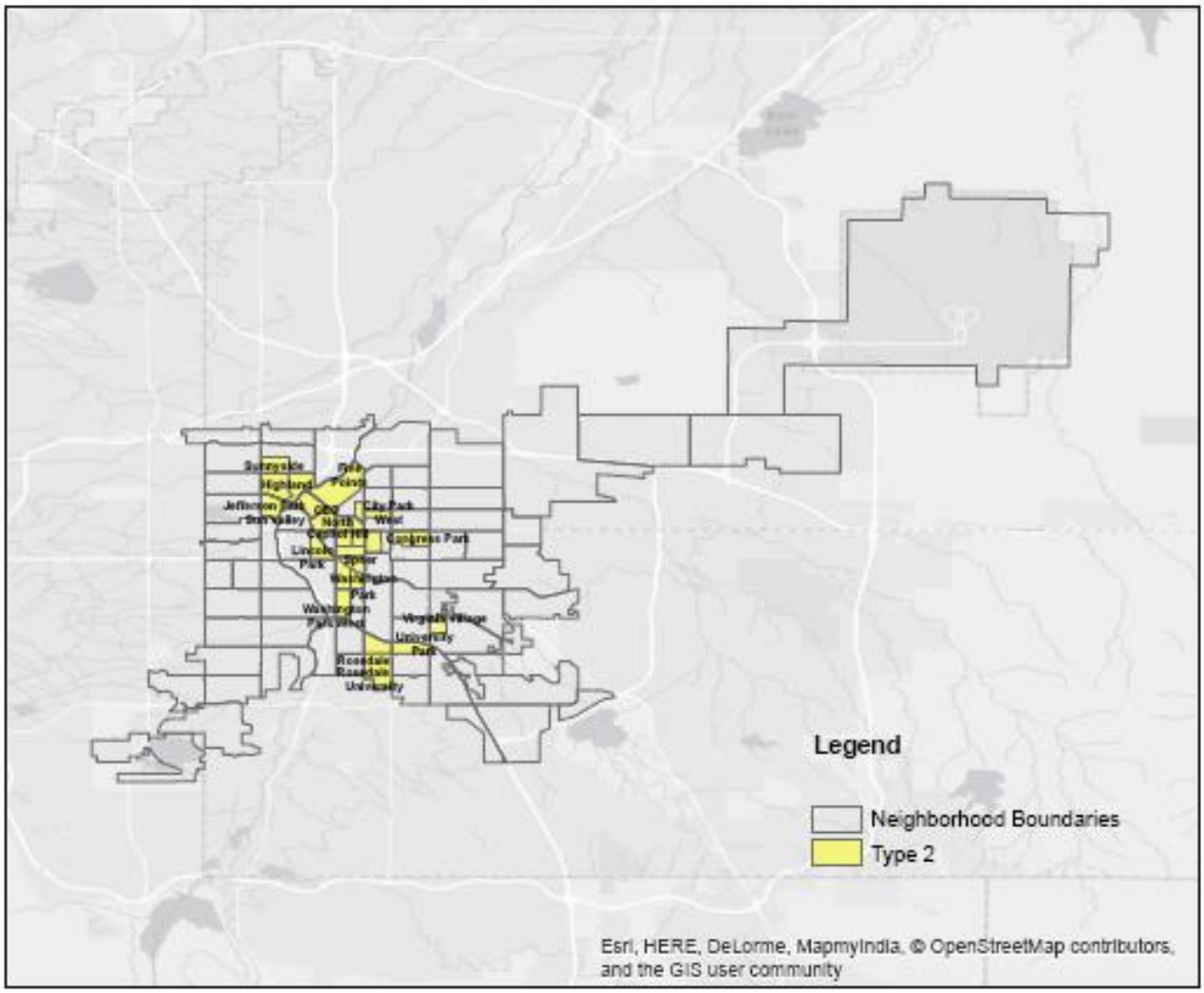
MAP 2.6 | NEIGHBORHOOD TYPE 1



Source: See Appendix 5 for all data sources included in the neighborhood opportunity typology

Public

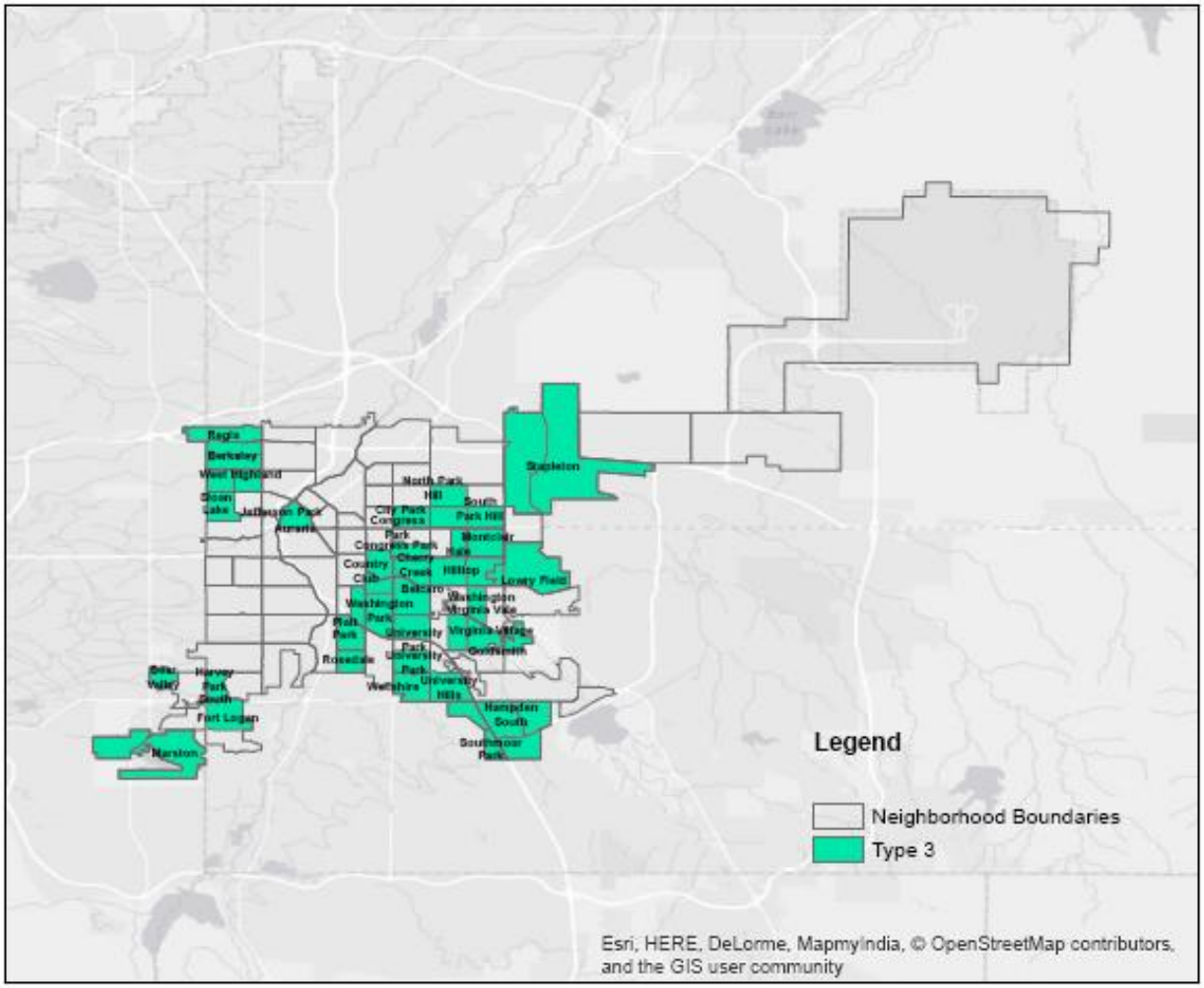
MAP 2.7 | NEIGHBORHOOD TYPE 2



Source: See Appendix 5 for all data sources included in the neighborhood opportunity typology

Public

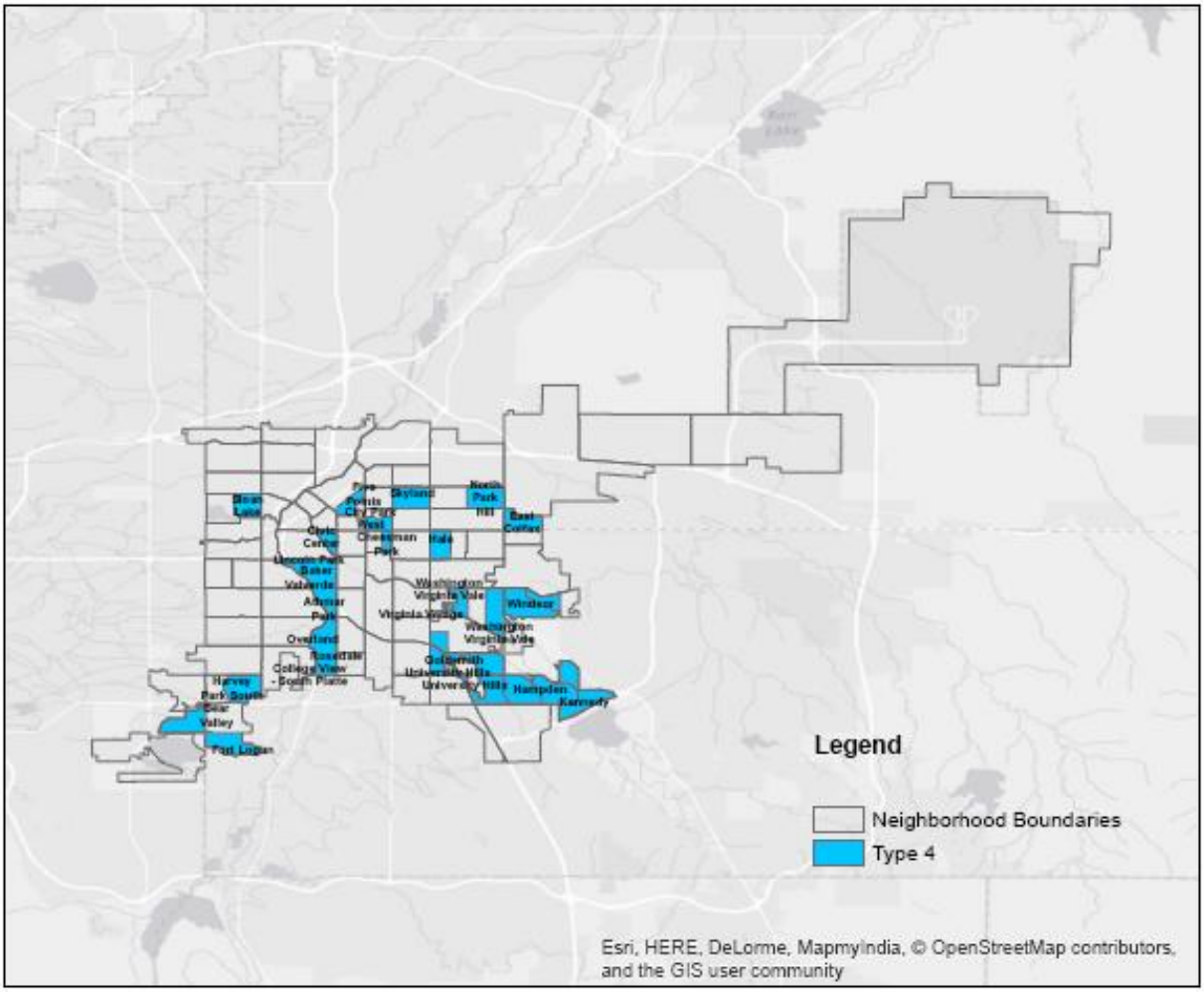
MAP 2.8 | NEIGHBORHOOD TYPE 3



Source: See Appendix 5 for all data sources included in the neighborhood opportunity typology

Public

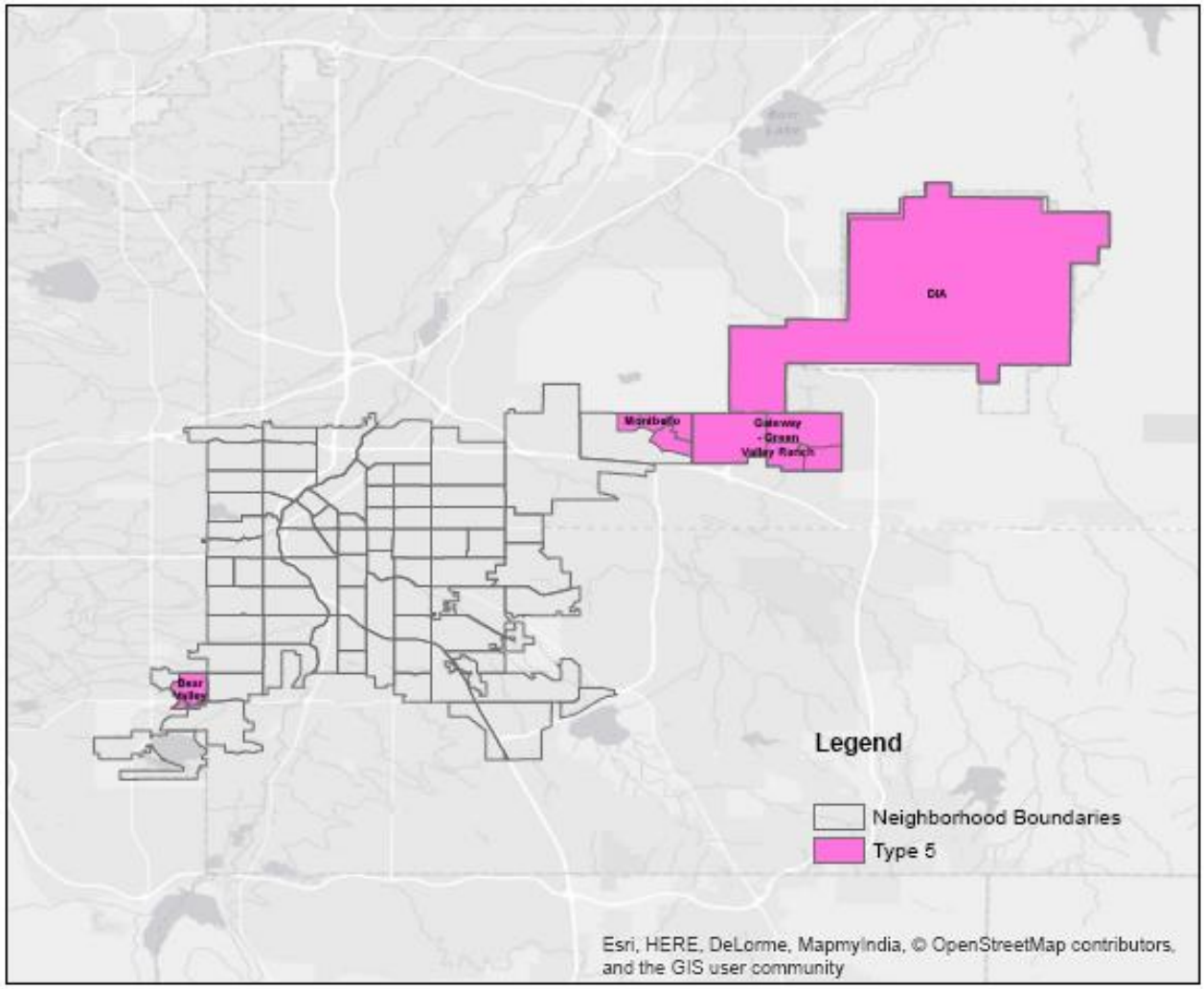
MAP 2.9 | NEIGHBORHOOD TYPE 4



Source: See Appendix 5 for all data sources included in the neighborhood opportunity typology

Public

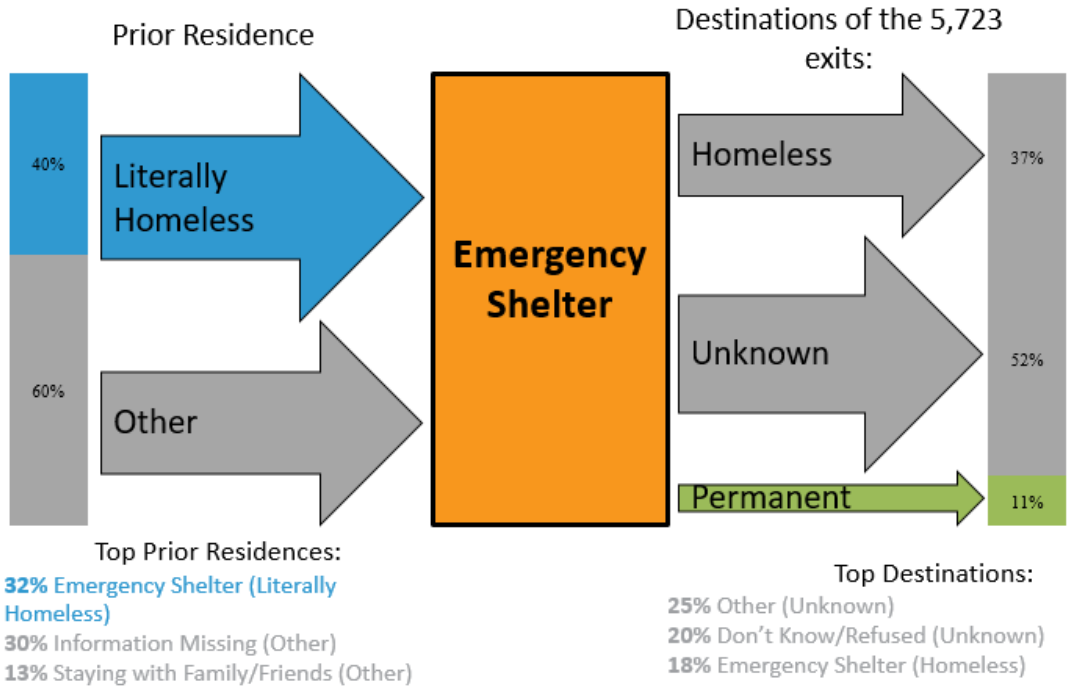
MAP 2.10 | NEIGHBORHOOD TYPE 5



Source: See Appendix 5 for all data sources included in the neighborhood opportunity typology

Public

Appendix 4. Homeless Services Map



Source: Corporation for Supportive Housing

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Appendix 5. Neighborhood Opportunity Typology Methods & Data Sources

In performing this analysis, we operated under the following definition of opportunity: a situation that places residents able to reach their highest potential. In this situation, residents can lead healthy lives, be secure in their homes, and are connected to good jobs, quality education and community services. From this definition, we identified five key opportunity outcomes: housing quality and security, education, health & wellness, economic mobility & security, and transit & connections.
We constructed a typology of Denver Census Tracts by performing a cluster analysis on 48 Tract-level variables that reflect those five opportunity outcomes. These data were collected from various federal sources such as the U.S. Census American Community Survey and the Environmental Protection Agency's "Smart Location Database" in addition to some proprietary data from national vendors, including Walkscore and Location Inc. A full list of the data included in this analysis and their sources are provided below.
From these data, the cluster analysis identified neighborhoods that share similar values along the various opportunity outcomes. Similar neighborhoods are then categorized into the same group representing a single neighborhood "type." In Denver, we identified five distinct neighborhood types. These types are not ordinal–there is no inherent hierarchy of one neighborhood type over another—but rather reflect different conditions of opportunity throughout the city.

OPPORTUNITY TYPOLOGY DATA SOURCES

Variable	Source	Indicator Definition	Data Year
Percent of Residents who are Non-White	Census ACS 5-Year	Percent of the Population that is Non-White and/or Hispanic/Latino	2010-2014
Percent of Population that is 65 years or Greater	Census ACS 5-Year	Percent of the Population That is age 65 or older.	2010-2014
Racial Diversity Index	Census ACS 5-Year	Probability that two Individuals Chosen at Random Would Be of Different Races or Ethnicities	2010-2014
Percent of the Population that has One or More Disabilities	Census ACS 5-Year	Percent of the Population that has One or More Disabilities	2010-2014
Percent of the Population that is Non-English Speaking	Census ACS 5-Year	Percent of the population (age 5 and older) speaking English less than "very well"	2010-2014
Percent of Civilians Age 18 Who Are Veterans	Census ACS 5-Year	Percent of Civilians Age 18 Who Are Veterans	2010-2014
Poverty Rate	Census ACS 5-Year	Poverty rate among individuals for whom poverty status is determined	2010-2014
Unemployment Rate	Census ACS 5-Year	The unemployment rate represents the number of unemployed people age 16 and older as a percent of people in the civilian labor force.	2010-2014
Total Crime Index	Location Inc.	Index of crime risk based on rank percent of total crime rate per 1,000 residents, where 50 = safer than 50% of locations in U.S. and 0 is safest	2016
Violent Crime Index	Location Inc.	Index of crime risk based on rank percent of violent crime rate per 1,000 residents, where 50 = safer	2016

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Variable	Source	Indicator Definition	Data Year
		than 50% of locations in U.S. and 0 is safest	
HUD Labor Market Engagement Index	U.S. Department of Housing and Urban Development	This index provides an indication of the relative intensity of labor market engagement and human capital in a neighborhood. It is based upon the level of employment, labor force participation and educational attainment in a census tract. Values are percentile ranked nationally and range from 0 to 100, with higher scores representing greater labor force participation and human capital in a neighborhood.	2015
Percent Free and Reduced Lunch Recipients	Common Core of Data, National Center for Educational Statistics (NCES)	Percent of Students That were Free and Reduced Lunch Recipients in the 2012-2013 school year	2012-2013
Percent of Residents with a Bachelor's Degree or Higher	Census ACS 5-Year	Percent of population 25 years and older with a Bachelor's degree or higher level of educational attainment	2010-2014
Percent of Residents with a High School Diploma or Higher	Census ACS 5-Year	Percent of population 25 years and older with a High School Diploma or higher level of educational attainment	2010-2014
School Quality Score	Location Inc.	Standardized test score rank percentile in the nation. 100 is best	2016
Percent of Residents with less than a High School Diploma	Census ACS 5-Year	Percent of population 25 years and older with less than a High School Diploma level of educational attainment	2010-2014
Percent of Adults Reporting to Have Asthma	CDC Behavioral Risk Factor Surveillance System survey & PolicyMap	Estimated percent of adults reporting to have asthma in 2013	2013
Percent of Adults Reporting to Have COPD	CDC Behavioral Risk Factor Surveillance System survey & PolicyMap	Estimated percent of adults ever diagnosed with chronic obstructive pulmonary disease, emphysema, or chronic bronchitis in 2013.	2013
Percent of Population Reporting to Have Diabetes	CDC Behavioral Risk Factor Surveillance System survey & PolicyMap	Estimated percent of adults ever diagnosed with diabetes in 2013.	2013

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Variable	Source	Indicator Definition	Data Year
Percent of Adults Reporting to be Obese	CDC Behavioral Risk Factor Surveillance System survey & PolicyMap	Estimated percent of adults reporting to be obese (a body mass index of 30 or greater) in 2013	2013
Percent of Adults Rating their Health as Poor	CDC Behavioral Risk Factor Surveillance System survey & PolicyMap	Estimated percent of adults reporting fair or poor health in the past 30 days	2013
Percent of Adults Reporting a Physical Checkup in the Past Year in this Tract	CDC Behavioral Risk Factor Surveillance System survey & PolicyMap	Estimated Percent of Adults Reporting a Physical Checkup in the Past Year in this Tract	2013
Percent of Adults Reporting to Have a Personal Doctor or Health Care Provider in this Tract	CDC Behavioral Risk Factor Surveillance System survey & PolicyMap	Estimated Percent of Adults Reporting to Have a Personal Doctor or Health Care Provider in this Tract	2013
Percent of Adults Reporting to Engage in Heavy Drinking (2013), Tract	CDC Behavioral Risk Factor Surveillance System survey & PolicyMap	Estimated Percent of Adults Reporting to Engage in Heavy Drinking (2013), Tract	2013
Estimated percent of adults reporting to eat less than 1 serving of fruit/vegetables per day in 2013	CDC Behavioral Risk Factor Surveillance System survey & PolicyMap	Estimated percent of adults reporting to eat less than 1 serving of fruit/vegetables per day in 2013	2013
Estimated percent of adults reporting to smoke cigarettes regularly in 2013	CDC Behavioral Risk Factor Surveillance System survey & PolicyMap	Estimated percent of adults reporting to smoke cigarettes regularly in 2013	2013
HUD Environmental Health Index	U.S. Department of Housing and Urban Development	This index summarizes potential exposure to harmful toxins at a neighborhood level. Values are inverted and percentile ranked nationally. The values range from 0 to 100, with the higher index values suggesting less exposure to toxins harmful to human health and, thus, better environmental quality in an area. HUD created this index using 2005 National Air Toxics Assessment data.	2015
Median Gross Rent	Census ACS 5-Year	Median Gross Rent	2010-2014

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Variable	Source	Indicator Definition	Data Year
Median Home Value	Census ACS 5-Year	Median Home Value	2010-2014
Median Household Income	Census ACS 5-Year	Median Household Income	2010-2014
Share of Owner Units that are Affordable at 80% of Area Median Income	HUD Location Affordability Index	Percent of all homes that are likely affordable for a 4-person family earning 80% of AMI in 2013	2013
Share of Rental Units that are Affordable at 50% of Area Median Income	HUD Location Affordability Index	Percent of two-bedroom renter-occupied housing units that are affordable to a 4-person family earning 50% of Area Median Income in 2013	2013
Percent of All Low-Income Households that are Extremely Cost Burdened	HUD - CHAS data	Percent of All Low-Income Households (those earning less than 80% of AMI) that are Extremely Cost Burdened (paying 50% or more of their income for housing expenses)	2012
Median Year Built	Census ACS 5-Year		2010-2014
Percent of Housing Units in Buildings with Three or More Units	Census ACS 5-Year		2010-2014
Percent of Households with Children	Decennial Census	Percent of Households with Children	2010
Percent of Households that have Multiple Families or Unrelated Individuals	Enterprise/Census ACS 5 Year	Percent of Households that have Multiple Families or Unrelated Individuals	2010-2014
Percent of Households Residing in Boats, Mobile Homes or RV's	Census ACS 5-Year		2010-2014
Percent of Renter Households Receiving Project Based Housing Choice Vouchers (2015), Tract	HUD - Picture of Subsidized Households	Percent of Renter Households Receiving Housing Choice Vouchers (2015), Tract	2015
Percent of Occupied Units that are Crowded or Overcrowded	Enterprise/Census ACS 5-Year	Percent of Occupied Housing Units that have more than one person per room living there	2010-2014
Estimated Percent of Income Spent on Housing and Transportation Costs by a Single Parent Family Household	HUD Location Affordability Index	Estimated Percent of Income Spent on Housing and Transportation Costs by a Single Parent Family Household	2013
Estimated Percent of Income Spent on Housing and Transportation Costs by a Working Individual Household	HUD Location Affordability Index	Estimated Percent of Income Spent on Housing and Transportation Costs by a Working Individual Household	2013
Transit Score	Walk Score	Transit Accessibility Ranking	2016
Walkscore	Walk Score	Walk Score Index of Location Walkability	2016

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Variable	Source	Indicator Definition	Data Year
Average Travel Time to Work	Census ACS 5-Year	Average Travel Time to Work	2010-2014
Percent of Households for Which no Vehicles are Available	Census ACS 5-Year	Percent of Households for Which no Vehicles are Available	2010-2014
Percent of Workers Who Commuted to Work Using Public Transit	Census ACS 5-Year	Percent of Workers Who Commuted to Work Using Public Transit	2010-2014

Appendix 6. Demographic forecasting methods

The Colorado Department of Local Affairs Demographic Estimates and Forecasts

The Colorado Department of Local Affairs created forecasts of population and household characteristics using multiple data sources. The overall set of population projections is produced in a series of stages which are carried out at the state, then region, and then county levels.

First, a draft state level economic forecast is prepared using a Center for Business and Economic Forecasting (CBEF) model of labor force demand. The model provides a forecast of employment (by industrial division at the state level only), employed persons, unemployed persons, persons in the labor force (demanded by the economy), and personal income. The model also forecasts approximate levels of net migration and population which are used internally to forecast activities in the construction and consumer service sectors of the economy.

The model is compared to a second forecast created by using U.S. Census civilian population data, projected age, and sex-specific labor force needs. The two estimates (one from using CBEF and one using U.S. Census) are compared and adjustments are made to create the final population forecasts by age and sex for the state, which are then used along with regional and economic forecasts and net migration forecasts to create regional and county population forecasts.

DOLA prepares household forecasts in three stages: First, household population was projected as the residual between the SDO's projections of total population minus projections of group quarters population. Second, household projections were then derived by applying age-gender specific (Under 24, 25-44, 45-64, 65+) householder proportions to the age-gender specific projections of household population. Third and finally, children, adults and elderly dependent non-householders were distributed into the households on the basis of sub-state region specific person per household rations (<17, 18-64, 65+). These projections are available by county and by age of householder.

[i] Based on the 2017 Point-In-Time (PIT) count for the County of Denver.
[ii] Denver Metro Apartment Vacancy and Rent Report 4Q 2016.
[iii] Denver Metro Apartment Vacancy and Rent Report 4Q 2016.
[iv] The rental supply gap was calculated using data from the American Community Survey Public Use Microsample 2015 One-Year Estimate. A unit is considered "affordable" if a household at given income level can afford the rent without being "cost-burdened" (or exceeding the U.S. Department of Housing and Urban Development's 30% affordability standard). A unit is considered "available" at a given level of income if it is both affordable at that level and occupied by a renter at that income level or a lower income level or is vacant

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These estimates are inclusive of lower income levels and units. This estimate does not account for persons experiencing homelessness, which would increase the overall need.

[v] Higher vacancy rates at new units may contribute the City's increased vacancy rate: Units built in 2010 or later had a vacancy rate of 15% while units constructed in 1979 or earlier had a vacancy rate of less than 5%.

[vi] Nine properties offer average rents at or below Fair Market Rents for a studio; 39 properties for a one-bedroom; and 82 properties for a two-bedroom.

[vii] These properties were identified using property-level data from Apartment Insights, a real-estate database that tracks financial and condition characteristics at properties with 50+ units. The analysis identified unsubsidized properties that offer average rents per unit at or below the following Fair Market Rents: studio: $844; one-bedroom: $1,031; and two-bedroom: $1,305. Fair Market Rents were based on FY17 Fair Market Rents via HUD User (www.huduser.gov/portal/datasets/fmr.html).

[viii] U.S. Census Bureau 2010 and American Community Survey 5-Year Estimates 2011-2015.

[ix] Between 2010 and 2017, growth in low-income households outpaced growth in low-income renter households. Extremely low-income owners increased by 172%; very low-income owners by 80%; and low-income owners by 47%. However, projections suggest that this trend will not continue over the next five years with Denver losing low-income owners between 2017 and 2021. Projections based on 2017 estimates from the Colorado Department of Local Affairs (DOLA). A full explanation of how DOLA creates these estimates can be found in Appendix 6.

[x] American Community Survey Public Use Microsample Data 2015 One-Year Estimate.

[xi] The median assessed value of residential property as recently as 2011 was largely stagnant, increasing 1% between 2011 and 2013. Beginning in 2013, assessed values of residential property significantly increased. The City's median assessed value increased by 30% between 2013 and 2015 and 26% between 2015 and 2017.

[xii] Metro Denver Board of Realtors, 2012-2016.

[xiii] Lincoln Land Institute and Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence. (May 2017). *50-State Property Tax Comparison Study*. Available at www.lincolninst.edu/sites/default/files/pubfiles/50-state-property-tax-comparison-for-2016-full.pdf.

[xiv] A preliminary inventory of publicly owned land suggests that the City-County of Denver controls the most land among other public entities, namely the Denver Housing Authority, Denver Public Schools, and Regional Transit District. Most publicly owned property is located within Neighborhood Type 3, with much of this land in these areas owned by the City-County of Denver. This inventory used property records from the City of Denver's Office of the Assessor to identify parcels with the following characteristics: 1) owned by either the City-County of Denver, Denver Housing Authority, Denver Public Schools, or Regional Transit District; 2) zoned for residential development (excepting land zoned for airport uses); 3) parcel size of at least 2,500 square feet; and 4) vacant or "underused" parcels where the land value exceeded the improvement value. This analysis is intended to act as a preliminary baseline for the City to refine and update over time. A more detailed review by City staff with local knowledge of recent development and real-world conditions will likely yield omissions, including parcels that have been redeveloped or located within the right-of-way. City staff plans to further refine this dataset as it considers the best ways to leverage publicly owned property for affordable housing.

[xv] Based on the 2017 Point-In-Time (PIT) count for the County of Denver.

[xvi] United States Interagency Council on Homelessness. (August 2011). *Closing the Front Door: Creating a Successful Diversion Program for Homeless Families.* Available at www.usich.gov/tools-for-action/closing-the-front-door

[xvii] Corporation for Supportive Housing. (2013). *Dimensions of Quality: Supportive Housing.* Available at www.csh.org/wp-content/uploads/2013/07/CSH_Dimensions_of_Quality_Supportive_Housing_guidebook.pdf

[xviii] American Community Survey Public Use Microsample Data 2015 One-Year Estimate.

[xix] American Community Survey Public Use Microsample Data 2015 One-Year Estimate.

[xx] American Community Survey Public Use Microsample Data 2015 One-Year Estimate.

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