

INNOVATIONS IN AFFORDABLE HOUSING FINANCE: CASE STUDIES

Rick Padilla, Director of Housing Development, City and County of Denver
@DenverOED



DENVER

THE MILE HIGH CITY

Denver is one of the fastest-growing cities in the country

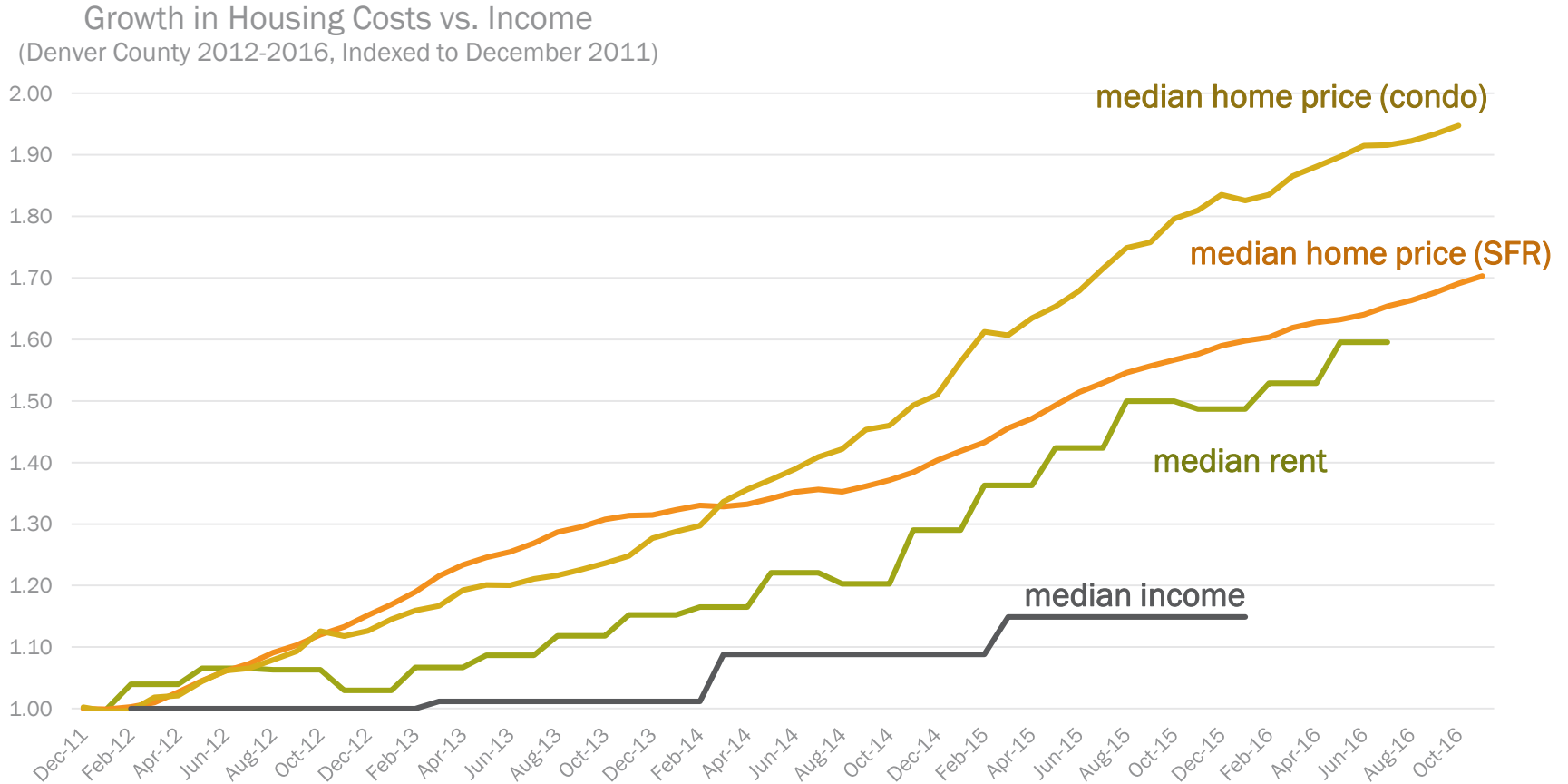


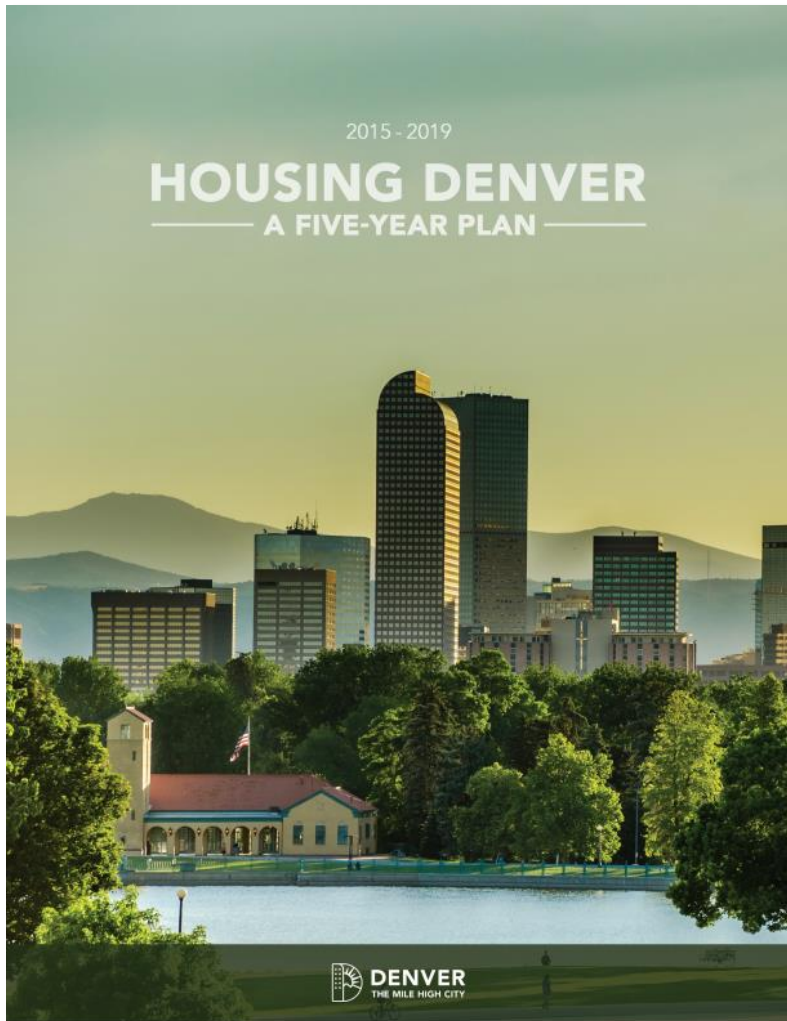
+18,000 new residents per year
(Denver County alone)

+8,000 new residential units
per year

Source: Colorado State Demography Office, 2016 Population and Economic Overview; US Bureau of the Census, Building Permit Estimates

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Housing Denver At-A-Glance	
Priority 1	Increase Housing Resources
Priority 2	Revise and Articulate City Funding Process
Priority 3	Reduce Regulatory Burden of Subsidized Housing Development
Priority 4	Provide Additional Critical Needs and Homeless Housing
Priority 5	Increase Housing Diversity
Priority 6	Preserve Workforce and Critical Needs Housing
Priority 7	Provide Greater Home Ownership Opportunities
Priority 8	Encourage Sustainable Housing Development

Find the full *Housing Denver* plan at www.denvergov.org/housing on the top right.

- Established Dedicated Fund Working Group in early 2015
- Significant financial modeling by BMO and consultant
 - Led to \$15M/year and 6,000-unit goals
- Rigorous vetting of a dozen funding sources
 - Led to two preferred options: property tax and development fee
- Numerous one-on-one and small group meetings
- Significant media coverage
- Monthly Stakeholder Committee meetings starting in Sept 2015
 - Developers, service providers, finance experts and many others
- 5 Informational presentations to Council Committee
- 2 public meetings with more than 300 attendees each

- **Property Tax***

- 0.5 mill for year one
- \$6.5 million in year one

** Adjustable mill in year two and beyond (as with other mills). Tax revenue is expected to grow gradually over time.*

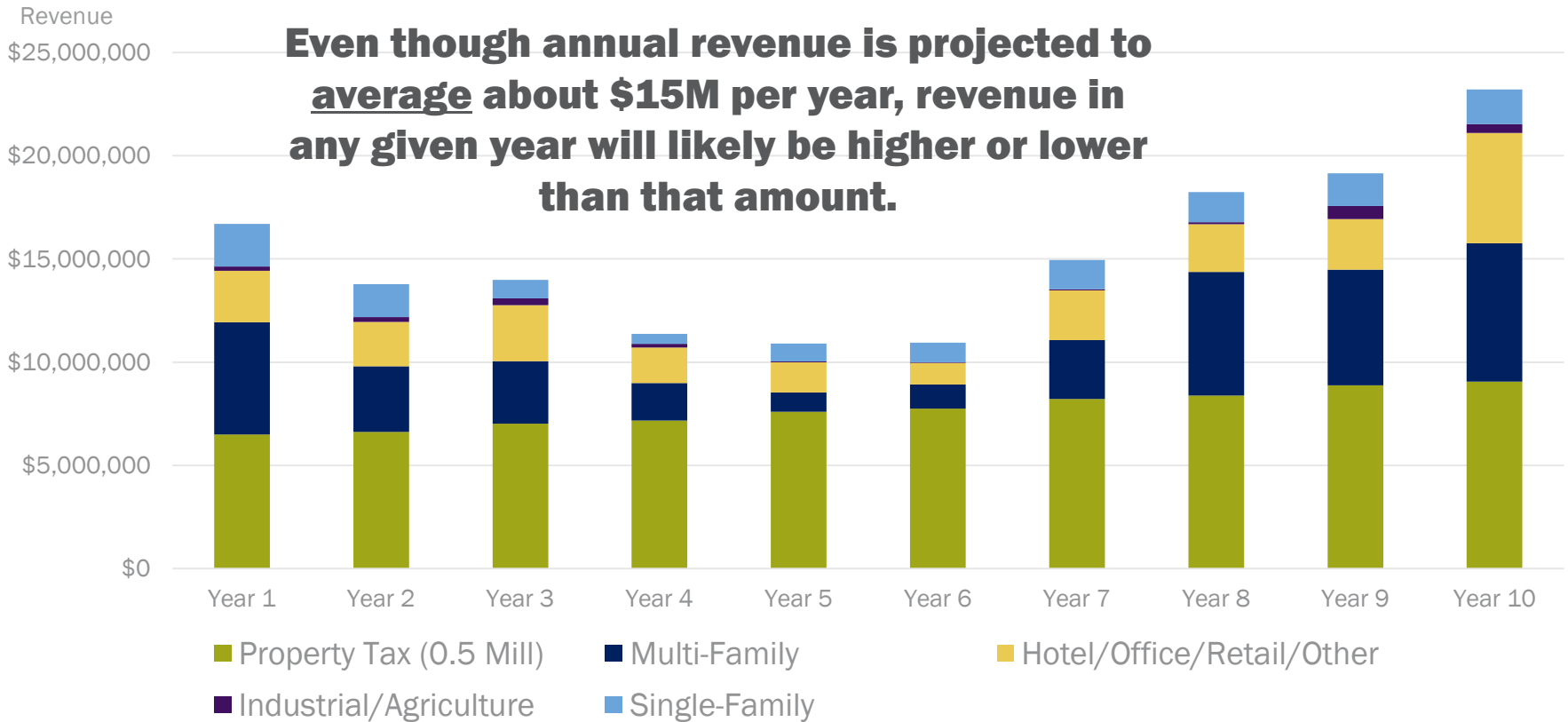
- **Development Fee**

- | | | |
|---------------|---------------------------|--------------|
| – Residential | Single-Family/Duplex | \$0.60/sq ft |
| – Residential | Multi-Family | \$1.50/sq ft |
| – Commercial | Hotel/Office/Retail/Other | \$1.70/sq ft |
| – Commercial | Industrial/Agricultural | \$0.40/sq ft |

Development fees

- Charged per square foot on new construction/additions of square footage
- Used to help meet demand for new affordable housing needed due to new permanent jobs in new commercial & induced by residential
- Payable at issuance of Building Permit
- **Replaces the existing Inclusionary Housing Ordinance – costing condo developers 1/4 to 1/10 less through a more equitable program across development types**

What Might Permanent Affordable Housing Fund Revenue Look Like?



Note: Hypothetical based on historic 2006–2015 new construction (assuming 20% of Single-Family and Multi-Family development is exempt and 10% of Hotel/Office/Retail/Other and Industrial/Agriculture development is exempt). Property tax is assumed to be \$6.5M in year 1 growing at 2% in non-reassessment years and 6% in reassessment years.

- Dedicated Fund will primarily create, preserve and rehab affordable housing
- Flexible to respond to changing market conditions in rental, homeownership, and real-estate
- Income Limits
 - Rental Housing: Up to 80% AMI (\$64,100 for family of four)
 - For-Sale Housing: Up to 100% AMI (\$80,100 for family of four)
 - Homeownership: Up to 120% AMI (\$96,120 for family of four)
 - Programs like down-payment or mortgage assistance
- Other
 - 8% administrative cost cap
 - 10% cap on property tax for supportive services linked to housing

Housing Advisory Committee

- 23 people, diverse, representative (inc. private)
- Recommend goals, policies and strategic plans, including:
 - Income ranges for new/rehabbed housing
 - Rental and homeownership goals
 - Land banking
 - Homeowner assistance
- Review semi-annual and annual performance