

Preserving Affordable Housing: Colorado's Housing Preservation Network

Denver Regional Council of Governments

Holding the Line: Preserving Attainable Housing in a Strong Market

December 13, 2016



MileHighConnects

Opportunity for all through transit



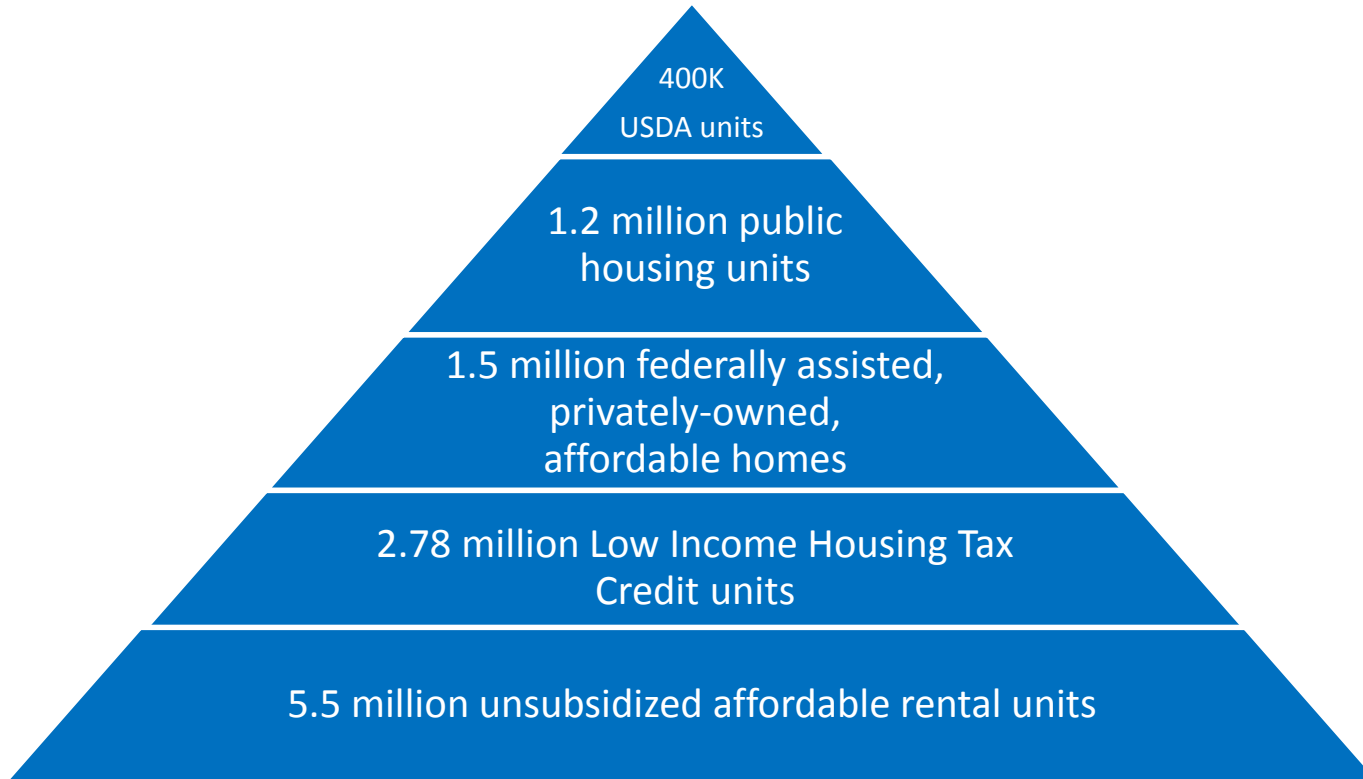
chfa[®]

*financing the places where
people live and work*

Background

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

Affordable Housing Stock



Subsidized Affordable Housing Stock

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

Naturally Occurring Affordable Housing

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

Affordable Housing Pressures

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

Preservation

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

Preservation Benefits

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

Colorado's Preservation Initiative

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

Colorado's Preservation Initiative

■ Solution:

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

Housing Preservation Network – Strategic Plan

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

Colorado's Preservation Database

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



Colorado's Preservation Database

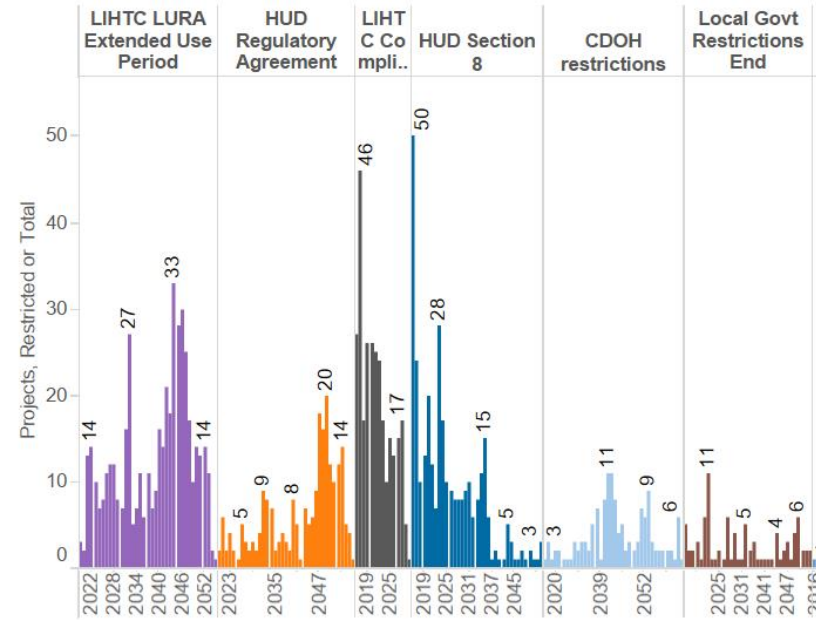
- Information on 1,275 multifamily properties and ~ 65,000 subsidized units
 - Expiring by year
 - Sources of restrictions
 - Property and owner information
- Affordability periods for 150 properties w/5,900 units are expiring over the next three years in Colorado

Units Expiring by Year and Location

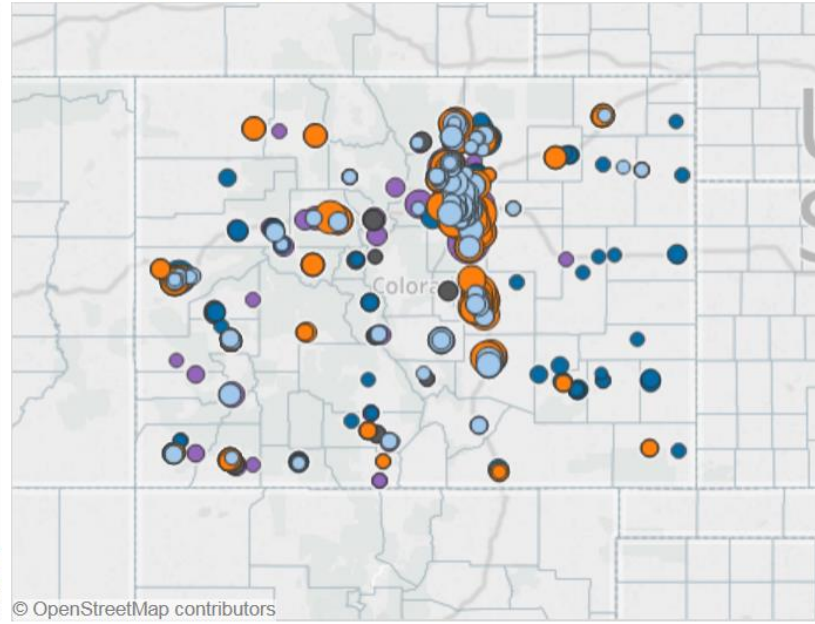
Select Projects, Total Units... *Select timeframe and expiration type on the upper right or Restricted Units

Projects

Projects Expiring by Year



Map of Expiring Projects



Expiration Type

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

Expiration Date

Next 125 years

TotalNumberofUnits (fa...)

- 200
- 400
- 600
- 844

Expiration Type

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

Expiring Projects

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

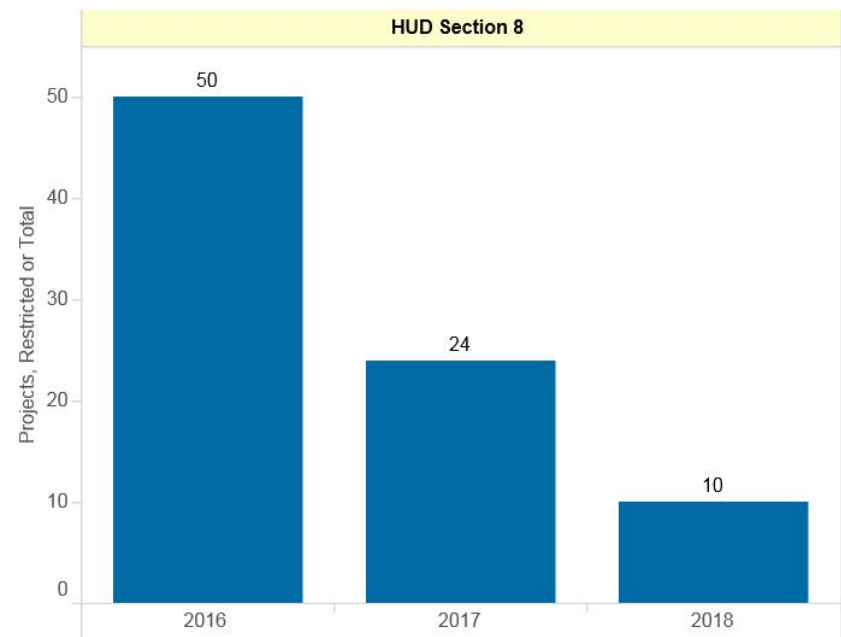


Units Expiring by Year and Location

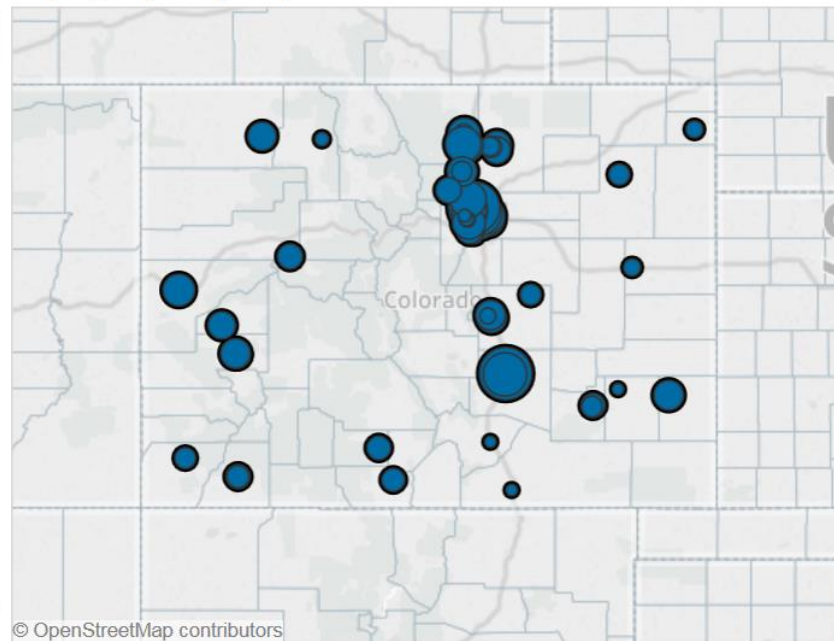
Select Projects, Total Units or Restricted Units *Select timeframe and expiration type on the upper right

Projects ▼

Projects Expiring by Year



Map of Expiring Projects



Expiration Type

- (All)
- HUD Section 8

Expiration Date

Next 3 years

Total Number of Units

- 4
- 50
- 100
- 150
- 202

Expiration Type

HUD Section 8

Expiring Projects

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



Housing Preservation Network – Strategic Plan

- Collaboration and Engagement
 - Partner with owners and housing stakeholders to collaborate on preservation efforts
 - Provide technical assistance to owners, potential owners and managers of at-risk properties
 - Owner toolkit
- Policy Development
 - Identify best practices and emerging trends and adapt and adopt as appropriate for implementation at the local level
 - Jurisdiction toolkit
 - Priority Preservation Properties
- C-PACE pilot program





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



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



ADDRESSING DISPLACEMENT
& GENTRIFICATION THROUGH

HOUSING



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

Housing Preservation Network – Strategic Plan

■ Resources

- Maximize use of existing financing products for affordable housing preservation
- Increase resources available for preservation
- Access loans or grants available for increasing energy efficiency
- Support mission-driven purchasers in opportunity areas
- Readily available capital essential

Capital Absorption Effort



Effective community investment systems have 3 key components.

Strategic
Priorities

Project
Pipeline

Enabling
Environment



MileHighConnects
Opportunity for all through transit



Community Investment System

Building sustainable systems + structures



To deploy public + private capital into strategic projects



To create and preserve . . .

- Affordable housing
- Community-serving commercial facilities
- Mixed-use developments

. . . in low-income communities near transit



MileHighConnects
Opportunity for all through transit.



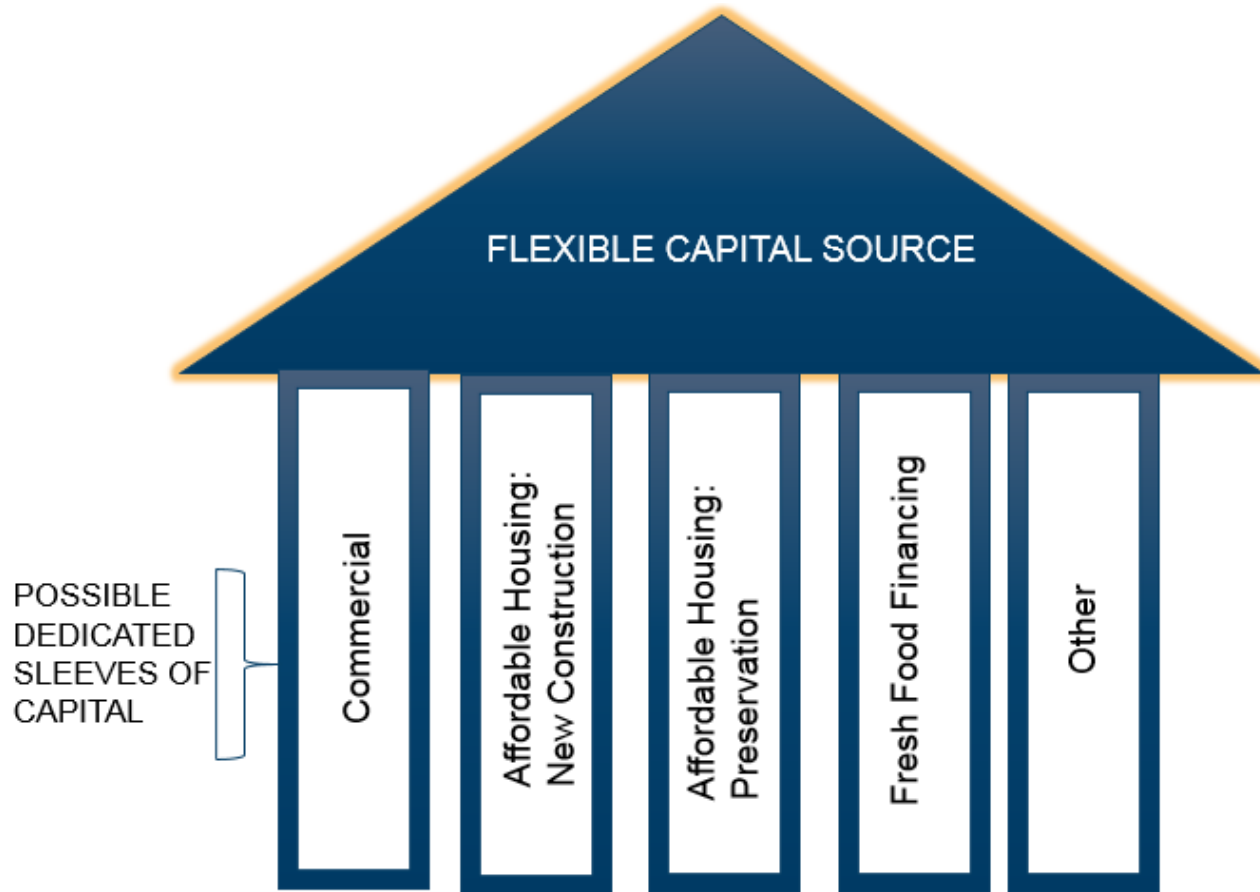
Community Investment Platform

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

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



Community Investment Platform



Questions?

Beth Truby

Preservation Program Manager

Colorado Housing and
Finance Authority

btruby@chfainfo.com

303.297.7390

Dace West

Executive Director

Mile High Connects

dwest@denverfoundation.org

303.865.4609



MileHighConnects

Opportunity for all through transit



*financing the places where
people live and work*