

Denver Metro Chamber of Commerce/Prosper CO Housing Position Paper

The Denver Metro Chamber of Commerce will take positions and support policy related to workforce housing, which we will define based on the Urban Land Institute range of 60-120% of Area Median Income (AMI). This paper will illuminate the urgency of the region’s housing needs and why the Chamber is poised to focus on workforce housing. Below you will find relevant data, short- and long-term policy criteria as well as some suggested programs that the business community can also support or utilize.

Regarding Homelessness

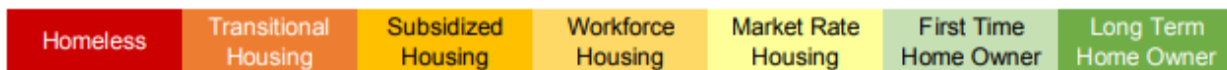
Homelessness is an already large, and growing issue in our region, with the 2021 Point in Time Survey, an unduplicated count on a single night of people experiencing homelessness, from the Metro Denver Homeless Initiative count being 6,104 (seven county Metro). This number includes families, those that are in shelters and those that are in encampments. This level of homelessness is both a public health issue and an economic issue. We value the lives of those 6,000+ experiencing homelessness and recognize the many other organizations work on this issue from many angles. For now, the Chamber guided by the Chamber board, agrees to work with and support the Downtown Denver Partnership’s efforts to combat homelessness as appropriate.

Housing affordability and homelessness are complex and challenging issues, so in order to bring a relevant voice to the table, the Chamber’s primary focus will be on increasing the supply of workforce housing (60-120% of AMI).

The case for prioritizing workforce housing

As one of the fastest-growing cities in the nation with growth that has been largely positive for the regions’ economies, that has simultaneously translated into higher housing costs for employees and their families. The Chamber is engaging in this critical issue to influence potential solutions so our region has a full spectrum of housing options. Without increased collaboration between government, private and nonprofit sectors, our community will continue to face real challenges related to attracting and retaining a diverse, young and qualified workforce and creating more inclusive growth.

Housing spectrum:



The Context:

- Market demand in the Denver metro area
- Record increases in rental prices and property values
- Shortage of affordable housing and rental units

Market demand in the Denver metro area

Between 2010 and 2020, Denver’s population grew by 115,364 people. (Source: U.S. Census) At the same time the region’s population is increasing, we are experiencing record increases in rental prices and property values.

In July of 2021 the median home price in the region hit \$542,000 – up more than \$120,000 in just 2 years. The area median-income in Denver is \$63,793 (Bureau of Economic Analysis, State and Local Area Personal Income Estimates, 2020) and \$80,597 (U.S. Census Bureau, American Community Survey, 2020) for a two-person household.

- Currently, a home in metro Denver costs \$192,000 more than the national median home price. (June – 2021, National Association of Realtors)
- The average wage grew 8% over those two years. Housing prices grew 23%.
- The household income to purchase the median priced home must make a combined income of between \$112,000 and \$124,000 to afford home ownership. In 2016, that same buyer would have needed an annual income of \$86,012 to afford the same home.

Rental burden is also an issue. The median rent for a one-bedroom apartment is \$1,387, for a two-bedroom unit, the average cost is \$1,700. (Source: *Apartment List National Rent Report 2021*)

Rank	Metro Area	# Severely Burdened Renters	Percentage severely burdened
1	Boulder	8,416	38.0%
2	Fort Collins	9,443	32.1%
3	Pueblo	5,472	30.0%
4	Colorado Springs	17,741	24.3%
5	Greeley	3,478	24.0%
6	Denver-Aurora-Lakewood	52,832	23.1%

Source: 2018 American Community Survey 5-year estimates - burdened is 30%, severely burdened is 50%

Our region needs to do more to keep up with housing supply that drives the cost.

For the Denver metro area, this is an issue of low supply and high demand. And those gaps are expected to continue to increase.

- According to the Colorado Department of Local Affairs, there is a shortfall of 26,735 rental units priced at an affordable level for households making less than 30% AMI in Denver.
- In 2020 of the 19,732 units under permit only 2% were for duplexes/triplexes/quadplexes, which many associate as being more affordable or “starter” homes.
- There is only one house for sale under \$350,000 for every five for sale over \$350,000

While there are a number of resources to incentivize the development of rental properties, there are fewer resources to incentivize and reduce the actual barriers to the development of affordable for-sale products from condominiums to single-family housing. For example, Denver has an inclusionary housing ordinance (“IHO”), which requires a percentage of units above a certain threshold be affordable. However, there is an opt-out fee that allows developers to pay in lieu of actually building these units. Most for-sale attached housing developers in the current market cycle are building properties with unit counts below the IHO threshold. This diminishes the potential for net-new affordable housing units or funds from opt-out fees for affordable housing.

THE SOLUTIONS

Solutions must be guided by the basic economic principle:

WE MUST INCREASE THE SUPPLY OF HOMES

Policy Objectives

The Chamber will prioritize housing policy that increases the supply of homes in Colorado. These efforts will focus on 60-120% AMI (workforce housing) for sale product and policies that increase home ownership, such as those that:

- Increase flexibility in zoning codes to allow for duplexes, triplexes and quads.
- Establish better incentives for developers to build affordable housing.
- Reduce costs of and burdens on development of affordable housing.
- Reduce time for permitting approval where needed.
- Address the lack of data and coordination through funding of regional approaches and more transparent data availability when possible.
- Accelerate the mapping and use of public or other available land for development.

Prosper CO is developing a set of tools that employers, individuals and local leaders can utilize to support flexible zoning and affordable housing.

Short term Recommendations for American Recovery Plan Act (ARPA) funds

Use ARPA funds to incentivize increase changes in housing zoning to allow for more flexible zoning.

Encourage housing partnerships to accelerate the funds getting to the entities (developers) that are ready to do the work instead of limiting funds to just municipalities.

Utilize funds to decrease entitlement costs of land.

The American Recovery Plan Act (ARPA) funds should be used to maximize those funds through leveraging the capital or that the capital is revolved.