Missing the Target:
How Denver’s Inclusionary Housing Ordinance & Urban Renewal Policy Could Better Meet Denver’s Housing Needs

Source: Denver Metro Apartment Association Vacancy and Rent Surveys

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### About the Front Range Economic Strategy Center

The Front Range Economic Strategy Center (FRESC) is a research, policy-development, and public-interest organizing entity devoted to building, fueling, and sustaining a long-term strategic partnership between Colorado labor unions and the region’s progressive community. Our goals are to promote responsible, community-centered development that creates strong economic opportunities and broad ramps to training and advancement for all working people on the Front Range, union and non-union alike.
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Executive Summary

Denver’s moderate income workers and low-income residents are facing a profound housing crisis. Recent data released by the Bell Policy Center shows that the percentage of low-income Coloradans facing unaffordable rent burdens is the highest in the nation. Average rents for a two-bedroom apartment are now about $865 a month, which puts these apartments out of reach for 40% of Denver residents.\(^1\)

Despite a slight cooling in the Denver housing market in recent years, Denver’s moderate and low-income residents continue to experience a serious affordable housing crisis. A wide range of housing studies, and the data compiled in this study, point to the same conclusion:

* Denver’s housing crisis is most severe (and is growing) among households earning less than 50% of Area Median Income (AMI). Over 40% of all Denver households – a core component of Denver’s workforce – fall into this income range.\(^2\)

Thus, housing stimulus programs that target households at 60-80% of AMI (such as Denver’s Inclusionary Housing Ordinance [IHO]) do not meet the need of most Denver workers. At the same time, official urban redevelopment strategies, however successful on other dimensions, are fostering gentrification and displacement, and thus exacerbating the crisis faced by households earning less than 50% of AMI.

To respond to the documented needs of Denver’s low- and moderate-income workforce, we need to adopt policy innovations that target new housing programs at the income level with the greatest documented need, and expand the range of affordable housing at any housing development receiving substantial public subsidies. Denver should avoid building a polarized society, where lower-income and working class residents are de-coupled from Denver’s economic success, at risk of homelessness, and unable to afford to live in their own city. Innovative public policies can change this dynamic, but we must begin with an honest recognition of the nature of Denver’s housing problem.

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Key Findings

- **Workforce Housing Plans Targeting Households from 60-80% of AMI (such as Denver’s IHO) Target a Small and Shrinking Portion of the Denver Workforce.**

  The Denver region has experienced substantial income polarization as upper-income residents find their incomes growing more rapidly than moderate income residents. This income polarization has resulted in a large proportion of Denver households earning over 80% of AMI, and a large proportion earning below 50% of AMI. Only about 10% of Denver workers live in households earning between 60-80% of AMI (the common target of Denver’s workforce housing plans). Moreover, future workforce trends indicate the number of Denver


\(^2\) Income data derived from 2003 American Community Survey of the U.S. Census Bureau.
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households earning below 50\% of AMI will grow, while the number between 60\% and 80\% of AMI will continue to shrink.

- **Use of Regional AMI Figures Skews Denver’s Affordable Housing Response Well Above the Income Levels of Denver’s Local Workforce.**

  Denver’s workforce housing plan currently seeks to stimulate housing for households between 60\% and 95\% of *area* median income (currently up to $66,500 in annual income). But *area* median income calculations includes suburban communities, many of which have exploded with wealthy new residents. While *area* median income has thus been driven up, *Denver* median income levels remain moderate. Tying Denver’s workforce housing targets to an escalating area median income therefore misses much of the lower-income Denver workforce. Missing the mark, Denver’s affordable workforce housing efforts are now focused on households earning *greater* than the Denver median income, when the city’s true housing crisis is found not at 60\%-95\% of AMI, but below 50\% of AMI.

- **Denver Urban Renewal Efforts Exacerbate Denver’s Housing Crisis.**

  These troubling housing dynamics have been exacerbated by the massive investment of Denver urban renewal dollars in high-end core-city projects. Denver’s “Downtown Agenda” has succeeded in revitalizing a once moribund downtown economy. But even while some subsidized projects have included significant affordable housing components, an unfortunate overall consequence has been the disappearance of low-income housing units in areas targeted for publicly financed or subsidized urban renewal. Without a plan or commitment to preserve or replace affordable housing in Denver’s core areas, displacement of long-time neighborhood residents and communities of color, and rising levels of rent-burdened households, are now correlated with the investment of Denver urban renewal dollars. At Denver’s next major publicly subsidized redevelopment, the Cherokee/Gates project at I-25 and Broadway, the lack of a solid workforce housing component is likely to replicate the same displacement and gentrification effects.

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**Recommendations**

**Amend the Inclusionary Housing Ordinance: Lower the Income Targets**

The Inclusionary Housing Ordinance currently targets households earning 60\% - 80\% of Area Median Income (AMI), and sometimes as high as 95\% of AMI – currently $66,400. But *Area* Median Income figures include the high incomes of suburban households and are much higher than median income figures for *Denver* alone. Consequently, Denver’s affordable workforce housing efforts miss most of Denver’s workforce. In fact, more than half of all Denver workers live in households earning *below* 60\% of AMI, and that number is expected to grow. Only a small percentage of the Denver workforce lies between 60\% and 80\% of AMI, and evidence indicates that these households are not experiencing a deep housing crisis. The 60-80\% targets are particularly badly distorted for affordable rental housing efforts, focusing subsidies on the high end of the Denver rental market and on housing that is already being produced by the private market. Instead, the real housing crisis is for households below 50\% of AMI. The IHO income targets, as well as those for other workforce housing plans, should be aimed at these households facing the greatest need.
Create Real Workforce Housing at Denver Transit Oriented Developments

With the build out of FasTracks, and consistent with the goals of Blueprint Denver, Denver will see a burst of development along transit corridors in the coming years. A substantial component of this development will be directly or indirectly subsidized by tax dollars and public spending. This new transit oriented development (TOD) constitutes a rare opportunity for Denver to build more workforce housing in the urban core and improve the mobility – and hence employability – of Denver’s low-income workforce. We strongly support the proposals of the Denver Commission to End Homelessness in this regard, particularly the proposal to expand low-income housing along public transportation lines, and in other core-city “opportunity zones.”

Support Denver’s Community Benefits Movement: Require a Better Workforce Housing Mix When Developers Receive Large Tax-Funded Subsidies

Across the nation, a growing number of jurisdictions are raising expectations for the community benefits they expect from tax-funded subsidies to developers. Instead of subsidizing large projects with the simple hope that these developments will improve the quality of life for average residents, a growing number of cities are encoding specific community benefit expectations into their development subsidy packages. Living wage jobs with health care and more affordable housing are being required as a condition of subsidies in cities from Los Angeles to Minneapolis, Portland to Chicago. Denver should join this movement, especially since the Denver Commission to End Homelessness already highlights jobs, wages, and health care – as well as housing affordability – as key components of an effective low-income housing strategy. Given the scale of Denver’s investments in development subsidies – over half a billion dollars over the preceding decade or more and growing rapidly – Denver is in an excellent position to show leadership in this area.

Establish Workforce Housing Expectations for the Cherokee/Gates Redevelopment Project that Meet the Documented Housing Needs of Denver’s Lower-Income Families.

The 50+ acre Cherokee/Gates redevelopment at I-25 and Broadway has plans for upwards of 2,500 new housing units and several million square feet of new commercial space. It is also an anchor TOD that will help set the standard for the FasTracks TOD’s poised to multiply across the region over the coming years. This project is seeking substantial subsidies through tax-increment financing and other tax-funded financing instruments. As a condition of the public’s substantial investment in this project, Denver should expect a serious commitment to affordable housing. This will both help mitigate negative consequences of gentrification-inducing development, as well as help address Denver’s documented housing needs. Currently, a vigorous community-based movement, the Campaign for Responsible Development, is working with the developer, community groups, and Denver’s political leadership, to establish an innovative “community benefits agreement” for the project – an agreement that would include a substantial affordable housing component targeted to households earning below 50% of AMI.
Part I - Missed Targets of Current Workforce Housing Policy: Most Workers and Deepest Housing Needs Overlooked

In 2002, amid official concern over an escalating housing crisis for both low- and moderate-income Denver workers, and following widespread community organizing around affordable housing issues, Denver passed the Inclusionary Housing Ordinance (IHO). Today, city officials describe this ordinance as “a landmark event for the Citizens of Denver,” and note that “the IHO is potentially the primary vehicle for the delivery of workforce housing in Denver.”

Passage of the IHO shows there is widespread agreement across the Denver community that Denver’s housing market inadequately serves moderate income households and that there is a role for public policy to stimulate affordable “workforce housing” production in order “to serve households who are in the workforce and have moderate incomes.”

The IHO: Establishing Workforce Housing Targets

As described in the IHO 2004 Annual Report, the heart of the IHO requires developers of housing projects with at least 30 units to provide at least 10% of for-sale units as “workforce housing,” targeted to families earning between 60% and 95% of AMI ($41,900-$66,500 in 2004). Colorado’s constitutional restrictions on rent control mean that the provisions apply only to for-sale units, although incentives are provided to stimulate voluntary workforce rental unit production for households generally between 60% and 80% of AMI. Unique, large developments, such as Stapleton or the upcoming Cherokee/Gates project at I-25 and Broadway (involving around 2,500 housing units) fall under a special category, and must draft project-specific affordable housing plans for city approval. This plan may vary from the formulas the IHO applies to smaller developers, though it can be expected that these plans will generally parallel the workforce housing expectations for smaller developers.

DENVER’S INCLUSIONARY HOUSING ORDINANCE

- Passed in 2002 to address Denver’s moderate income “workforce housing” needs.
- Requires for-sale housing developers of 30 units or more to provide 10% of units to households earning up to 80% of AMI ($55,600), or 95% of AMI ($66,405) in buildings with elevators. Provides incentives for rental developers to target households earning up to 65% of AMI, or 80% of AMI in buildings with elevators.
- Delivers incentives to developers meeting requirements and goals, including $5,000 per housing unit (up to $250,000 per year), parking reductions, and density bonuses.
- Developers of unique, large projects (e.g., Stapleton), required to craft unique “affordable housing plans” that may vary from standard IHO formulas. Developers remain eligible for IHO incentives.

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4 Ibid., p. 27.
5 Ibid., p. 27. Developers are also allowed a “cash-in-lieu” opt-out alternative. Instead of directly constructing workforce housing units, developers may contribute cash to a city housing fund in an amount necessary to leverage the construction of the number of workforce housing units otherwise required by the developer. There is also an option for a developer to build required workforce housing units off-site, at a different project controlled by the developer.
Missing the Target

Since the IHO is regarded as Denver’s primary vehicle for addressing workforce housing needs, it is important to carefully evaluate how well that ordinance, or any similar affordable housing strategy, actually addresses the documented housing needs of Denver’s workforce. Indeed, the last IHO Annual Report by Denver’s Department of Housing and Neighborhood Development noted that there is a need to conduct studies to “[ensure] that unit production assisted by the IHO program is consistent with the targeted needs of workforce housing.”

This evaluation is doubly important in light of the fact that city officials and private developers generally look to the IHO to set the parameters of what a good affordable housing plan at any given development should look like, and considering that developers receive a variety of incentives for producing units in accordance with this plan (e.g., they commonly receive $5,000 in subsidy per unit produced, and receive density bonuses and parking requirement reductions).

For example, it is very likely that the developer of the upcoming Gates redevelopment project at I-25 and Broadway (which will include around 2,500 new housing units and be subsidized with tens of millions in tax increment financing subsidies) will look towards the IHO for guidance in terms of what kind of affordable housing package the Gates project should offer to the citizens of Denver. Since developers are commonly awarded a $5,000 cash incentive by the city of Denver for every workforce housing unit they produce under the terms of the IHO, it is also possible that the Gates developer will receive upwards of $1,250,000 in additional public subsidies beyond the TIF money for providing “workforce housing” units ($5,000 per unit X 250 affordable workforce units, which would be 10% of 2,500 possible total housing units).

Such a significant public investment should lead us to ask: Are the workforce housing goals of the IHO hitting their target?

Evaluating the IHO: Two Missed Targets

How well does the IHO meet the needs of Denver’s workforce? Unfortunately, the data suggests two problems in relying on the IHO to set Denver’s workforce housing targets.

• First, Denver’s income distribution pattern means that targeting “workforce” housing at 60-80% of AMI households (and sometimes as high as 95% of AMI) is a skewed strategy that targets only a small (and shrinking) portion of the Denver workforce. More than half of all Denver workers are in households below 60% of AMI, and that number is expected to grow. Targeting “workforce” rental housing at households up to 80% of AMI is an especially distorted policy that targets the very top of the Denver rental market for subsidized “workforce” housing, and that produces new “workforce” units that compete with non-subsidized rental units already being produced by the private market.

  Bottom Line: The IHO income formulas target the higher-end of Denver wage-earners, which is a small portion of the Denver workforce.

• Second, many housing studies document that Denver’s ongoing mismatch between income and housing prices most dramatically effects those households below 50% of AMI—not between 60-95% of AMI. While the percent of Denver’s workforce existing under 50% of AMI is growing, the number of housing units available at this income range is shrinking. As a result, households at this income level face Denver’s most severe housing burdens. On the other hand, households between 60-95% of AMI (the

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6 Ibid., p. 40.
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households identified by the IHO as being the most “neglected” and in-need have actually experienced substantial improvements in their housing situation in recent years.

**Bottom Line:** The IHO targets an income range that is not experiencing a severe housing crisis, and ignores the income range with the most severe housing burdens.

**Missing the Target I:**

IHO Income Formulas Target High End Denver Wage-Earners, which is a Small Portion of Denver’s Workforce

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**The $66,000 Dollar Question**

Escalating regional AMI levels have led to the following “workforce housing targets” for Denver’s IHO, as noted in the 2004 IHO Annual Report (p. 27):

“the incomes of households targeted for workforce housing range from upwards of 60% to 95% of AMI, which is $41,900 to $66,405 for a four-person household.”

When Denver’s moderate income “workforce housing” program is targeting households at incomes up to $66,405, it should raise questions as to whether we are truly reaching “the targeted needs of workforce households.”

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**AMI vs. Denver Median Income**

*Area Median Income* (AMI) is determined by calculating the midpoint between incomes across the Denver region, including the affluent suburbs. Because the AMI calculation includes a large number of wealthy suburban households, it is higher than the *Denver median income* level, which is the income midpoint of only Denver households. Because the IHO sets its income targets as high as 95% of AMI (for for-sale units) and 80% of AMI (for rentals), the ordinance targets the high end of Denver’s income levels, which are much lower than regional AMI levels.

Denver’s IHO ties workforce housing targets to a high percentage of regionally determined *area* median income levels. For-sale units can be priced as high as 95% of AMI (in developments with elevators), and rental units can be priced as high as 80% of AMI (in developments with elevators). For 1 or 2 story projects without elevators, the ceilings are 80% of AMI (for-sale) and 65% of AMI (rental). These AMI levels are so high that they miss most of Denver’s workforce. Dramatically rising incomes among top wage earners across the Denver region have so inflated Denver’s “area median income” (AMI) figures that affordable housing policies pegged to upper-range AMI levels are inevitably miss the average Denver worker.

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**Current AMI formulas Target the High-End Denver Workforce**

Although Denver’s regionally determined area median income has risen to about $70,000, much of the Denver-specific workforce, and especially Denver’s rental workforce, is far below this regional median point. As a result, the income level targeted by the IHO for workforce rental units in large developments (upwards of $55,900) is 78% higher than the median income of

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7 Ibid., pp. 9, 17.
Missing the Target

Denver’s workforce rental household in 2004 ($31,462).\(^8\) Though workforce rental units marketed to households between 65% and 80% of AMI will actually target the higher end of Denver’s rental households (only the top third of renters earn 65% of AMI or higher), developers of such units are nevertheless eligible for a $5,000 subsidy per unit, since they ostensibly serve Denver’s moderate income workforce.

Source: Renter Median Income from 2004 American Housing Survey; Denver Median Income from 2003 American Community Survey. IHO income targets from 2004 IHO Annual Report, and assume project is at least a 3 story building with an elevator, such as is likely at the Gates redevelopment project.

Polarizing Incomes and the Shrinking IHO Workforce

The fundamental trouble with the IHO’s workforce housing formula is that it defines the target workforce not by referring to the documented needs of Denver’s actual workforce, but by linking these prices to a percent of regional AMI levels. These regional AMI figures, however, are driven by the regional growth of high-wage earning households and have little to do with the real condition of Denver’s average worker.

The fact is that much of Denver’s workforce remains far below the inflated income levels targeted by workforce housing programs. As Denver’s regional economy has boomed in the last decade, fostering high-wage jobs in the high-tech, management, and financial sectors, other job sectors (blue collar, service workers, and moderate income professionals such as teachers and police officers) have seen their wages stagnate. Tying workforce housing programs to regional median income levels distorts housing policy by linking it to wage gains at higher income levels and detaching it from the reality of continued wage stagnation at the lower levels.

Our workforce housing policies and redevelopment strategies should not remain ignorant of this growing wage inequality. As the following charts show, this inequality is evidenced in income polarization, both within Denver itself (between wealthy and low-income families) and regionally (between Denver and its suburbs).

![Denver's Polarizing Median Incomes](image)

Source: U.S. Census Income Data

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9 The Colorado Fiscal Policy Institute has documented moderate income wage stagnation and higher income wage growth, a trend that distorts housing policy linked to regional AMI levels as high as 95%: “In Colorado, those earning high wages experienced not only higher pay than low and median wage earners, they also experienced a greater increase in their wages over time. . .Between 1979 to 2001, low wage earners saw a $1.16 average hourly wage increase in 2001 dollars, middle wage earners experienced a $1.38 average hourly wage increase, while during that same period, high wage earners saw a $3.50 average hourly wage increase.” The State of Working Colorado 2002: Troubling Trends (Denver: COFPI, 2002), p. 12. Downloaded from [www.cclponline.org/whatsnew/SWCO2002.pdf](http://www.cclponline.org/whatsnew/SWCO2002.pdf). On September 8, 2005.
This income polarization means that low and moderate income households continue to be a substantial portion of Denver’s workforce, even as rising regional AMI levels lead the IHO’s annual report to misleadingly conclude that the workforce is commonly earning $42,000-$66,000 a year. In fact, these higher-income households are not the largest elements of Denver’s true, moderate-income workforce.

These moderate income workers are Denver’s salespeople, teachers, service-workers and office assistants—and there is no indication that these kind of moderate-wage workers will experience large wage gains in the future, nor that they will shrink as a percentage of Denver’s workforce. In fact, the opposite is true. Workforce trends suggest that lower-wage workers will actually grow as a percentage of Denver’s workforce, which will only intensify the current distortions of pegging workforce housing requirements at 60% to 80% (or even as high as 95%) of regional AMI levels.

For example, National Priorities Project data shows that 81% of all new jobs in Colorado in the 1990s paid less than a living wage. Bell Policy research on the state of working families in Colorado shows that although Colorado has entered economic recovery in recent years, much of the job growth has occurred in low-wage sectors, forcing more people into contingent jobs, double jobs, and jobs without health care.

These trends look to continue. In December of 2004, Development Research Partners prepared a Metro Workforce Gap Analysis for Denver’s Office of Economic Development to

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determine which occupational categories were likely to grow, and which were currently under- and over-supplied with labor resources. The results provide a picture of Denver trends that include constricting labor markets for higher-wage jobs such as architecture, law, and financial services, and a growing labor market for lower-wage jobs like administrative support, food services, and building maintenance.\textsuperscript{12}

The following chart breaks down the top job categories that are currently over-supplied (suggesting shrinking job opportunities) and the top job categories that are undersupplied (suggesting growing job opportunities). It provides evidence that the “true” Denver workforce is growing at wage levels below the 60-95% of AMI “workforce” targets of the IHO.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{chart.png}
\caption{Denver Over- and Under-Supply of Labor, by Hourly Wage Level (Job opportunities more difficult in black shaded areas; Growing job opportunities for jobs in white)}
\end{figure}

\textbf{Source: “Denver Metro Workforce Gap Analysis,” Mayor’s Office of Workforce Development}

Because the Denver region has a host of both high-wage and low-wage jobs, the “mid-range” workforce between 60-80% of AMI is actually a very small portion of Denver’s workforce. In fact, only about 10% of all Denver households earn between 60-80% of AMI, the range often targeted by Denver’s IHO and the general target of “workforce” housing plans at large new developments such as Stapleton or Gates.

This troubling consequence results from tying housing subsidy programs and affordable housing requirements are tied to 60%-80% of regional AMI levels, without attention to how many households actually earn that that AMI level. Such a strategy works when the income

distribution is bell curved, so that most incomes fall near the mid-point of the income distribution. But when income distribution is polarized, most incomes are either at the high or low end, and few households exist near the midpoint, at the 60-80% of AMI level.  

Unfortunately, because Denver has experienced polarized regional income growth, the AMI distribution looks dumbbell-shaped rather than bell-shaped (with the largest side of the dumbbell being lower income workers). Hence only 11% of all Denver families are in a position to benefit from housing programs targeting 60-80% of AMI.

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\[\text{Lawler, K. and M. Scott Ball, } \textit{Whose Housing is Subsidized? An Examination of the Area Median Income and its use in Federal Housing Policy} (Atlanta: Community Resource Center, 2001) p. 5.\]
“Denver’s [IHO] ordinance is a commendable first step into inclusionary zoning for the Greater Denver region. It is, however, targeted very narrowly... With an eligibility ceiling of 80 percent (or even 95 percent) of AMI, it will assist middle-level workers... But in the absence of lower income targets or any policy for direct acquisition of MPDUs by the Denver Housing Authority ... it will help few (if any) very low-income working families.”

-- David Rusk, “Denver Divided”

Missing the Target II: Denver’s Most Severe Housing Crisis is Experienced by Families Below 50% of AMI

The second way in which Denver’s IHO, and similar “workforce housing” income formulas, miss the housing target is the fact that they aim at incomes around 60-80% of AMI, even though the evidence shows that Denver’s housing crisis is most severe for households under 50% of AMI.14

Studies Show Most Severe Burden for Families Below 50% of AMI

While a variety of housing studies show Denver’s housing crisis to be severe for families below 50% of AMI, The Mayor’s recent blue-ribbon Homeless Commission report show that the crisis becomes even worse for households under 30% of AMI, which have the fewest housing options, face the worst affordable housing crisis, and are in greatest need of new housing resources. The report reveals that while Denver has need for 31,377 housing units for households under 30% of AMI, the city only has an existing stock of 20,268 units for those households (and that includes shelter beds and temporary transitional housing units).15

A 2000 housing study by the Center for Affordable Housing and Educational Quality, commissioned by Denver City Council, similarly found that housing problems are especially pronounced for Denver’s lowest-income renters (with 57% paying more than 50% of their income for rent—which is officially considered a severe rent burden), while households around 80% of AMI have generally kept up with housing price increases.16 Data from the 1999 Denver Housing Plan (Denver’s most recent housing plan) reveal that a housing gap exists for those earning under 60% of AMI, with the most severe needs existing at the 30% AMI level and below.17 Finally, data compiled by the National Low Income Housing Coalition reports that housing needs are greatest among low income households: 95% of all households with a severe housing burden earn below 50% of AMI.18

The data is clear: economic and housing market trends have most negatively impacted Denver’s low-income workforce, yet that is NOT the segment of the workforce targeted by IHO-style income formulas. The next section of this report examines these facts in more detail.

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14 See, for example, the city’s official findings in Division of Housing and Neighborhood Development, Providing Workforce Housing in Denver: Annual Report to City Council (Denver: Office of Economic Development, 2004), p. 6; Denver Commission to End Homelessness, Ten Year Plan to End Homelessness (2005), pp. I-10-11. Downloaded from http://www.denvergov.org/Homelessness/template320225.asp on September 21, 2005.
16 Center for Affordable Housing and Educational Quality, Housing Conditions in Denver (2000), p. 20. The Colorado Division of Housing reports similar findings that, in the last decade, households around 80% of AMI have actually found their housing situation improving, since home mortgage interest rates have fallen, helping them to buy homes, and since regional income growth has inflated the “80% of AMI” figure to include more wealthy households. While in 1983, households at 80% of AMI could only afford 60% of average home prices in the Denver area, by 1998 they could afford 94% of the average home sales price. Purchasing power has continued to grow between 1999 and 2000. Colorado Division of Housing, Housing Colorado: The Challenge for a Growing State (1999 and 2002 versions). Downloaded from www.dola.state.co.us/doh/Documents/HousingColo99/Tab3section2.htm on July 21, 2005.
How Denver’s Inclusionary Housing Ordinance and Urban Renewal Policy Could Better Meet Denver’s Housing Needs

Bell Policy Center data shows that, in 2004, 90% of impoverished, working Colorado families and 73% of low-income families (living below 200% of the poverty line) pay more than 30% of their income for rent.

This is an increase of about 10% in both categories, and places Colorado dead last among all states in the nation for housing affordability.

“...Economic trends have resulted in a gap between housing costs and wages that lower income workers cannot overcome.”

-- Denver Commission to End Homelessness

Existing Housing Stock Unaffordable to Moderate-Income Renters

Across Colorado, and in Denver specifically, there are not enough low-income housing units to house our lower income families. Even worse, the number of available low-income housing units is rapidly declining. These troubling dynamics are most harmful to households below 50% of AMI. Once the 50% of AMI threshold is crossed, available housing units, and new housing construction, begins to match the demand for housing.

National HUD data and local Colorado Division of Housing data show that there are twice as many households earning less than $20,000 a year than there are affordable units to house them. The affordable unit count begins to approach the housing demand only after household incomes cross $20,000 a year. Households earning $35,000 a year are essentially equal to the available housing units.

*Denver County*

![Affordable Rental Units by Income Range: 2003](chart.png)

Colorado Renter Housing Mismatch 1999\textsuperscript{19}

Number of Affordable Rental Units Per 100 Renter Households

<table>
<thead>
<tr>
<th>Household Incomes</th>
<th>0 - 30% AMI</th>
<th>31% - 60% AMI</th>
<th>61% - 80% AMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable Rental Units per 100 Households</td>
<td>46</td>
<td>55</td>
<td>117</td>
</tr>
<tr>
<td>Unit Deficit or Surplus per 100 Households</td>
<td>54 Unit Deficit</td>
<td>45 Unit Deficit</td>
<td>17 Unit Surplus</td>
</tr>
</tbody>
</table>

Rent Burdened Households Concentrated Below 50\% of AMI

The lack of adequate affordable units for households below 50\% of AMI means that a substantial percentage of households below 50\% of AMI are rent-burdened—paying more than 30\% of their income in rent. Once the 50\% AMI threshold is crossed (roughly, those households over $35,000 annual income), the percent of rent-burdened households drops dramatically.

Number of Rent Burdened Denver Households: 2004

Source: Colorado Division of Housing, “Cost Burdened Rental Households” dola.colorado.gov/housing/HUDLim2.cfm

\textsuperscript{19}Information downloaded from http://www.dola.state.co.us/doh/Documents/HousingColo99/Tab3section2.htm on July 26, 2005.
New Construction Further Distorting Denver Housing Market

Unfortunately, new construction of housing units is doing little to address the existing imbalance between low-income households and low-income housing units. In fact, current market construction of housing units in Denver is significantly tilted towards upper-income residents: the higher the income level, the more units are being produced. This pattern is to be expected, as market forces naturally lead developers to build housing units for upper-end (profitable) segments of the Denver market, and to avoid building lower-income housing units that will reduce their overall profit margins. The very point of public housing policy such as the IHO is to address market-failures like the natural tendency to neglect the lower income portion of the Denver housing market—for example, by requiring developers to shoulder some of the public burden, and by delivering public subsidies to incentivize their compliance. A well constructed public workforce housing policy, therefore, would focus on the documented market failures—the income levels of the Denver community most neglected by natural market forces. Again, the evidence clearly indicates that those neglected income levels fall well below 60% of AMI.

Denver's 2003 Inclusionary Housing Ordinance Report documents the annual construction rate of new, non-subsidized for-sale and rental housing. The construction rate for incomes under 80% is low, but the private housing market almost entirely ignores the 40% of Denver households living below 60% of AMI.
A recent study commissioned by the Colorado Housing Finance Authority (CHFA) finds similar data that the Denver housing market is distorted towards the higher end of the income scale, with every income range above 60% receiving a disproportionate share of housing starts.\footnote{James Coil Research and Consulting, LLC, An Analysis of the Downtown Denver, Colorado Rental Housing Market, Prepared for Colorado Housing and Finance Authority (2005).}

The preceding chart considers only new non-subsidized housing construction. There is, however, a smaller number of subsidized new housing starts also to consider. Most of this subsidized new housing construction involves the use of Low Income Housing Tax Credits (LIHTC). Consequently, by considering all new housing built in Denver, including housing that involves LIHTC financing, we are considering the vast majority of housing starts—both with and without subsidies. Including LIHTC units in the analysis mitigates the imbalance presented in the preceding chart, but not substantially. The picture is still one of a housing market heavily tilted to households above 60% of AMI.

\begin{table}[h]
\centering
\begin{tabular}{|l|c|c|}
\hline
 & 60-80\% AMI & Below 60\% AMI \\
\hline
Denver Residents & 27,103 & 105,144 \\
Annual New Units Constructed & 593 & 13 \\
\hline
\end{tabular}
\caption{Residents vs. Unit Count: New Construction}
\end{table}
This evidence clearly shows that the failure of the existing housing market is experienced mostly by families below 60% of AMI. Although there is an important government housing subsidy program (LIHTC) to address that market failure by stimulating new housing mostly below 60% of AMI, the relatively few housing units catalyzed by this program barely make a dent in the existing imbalance. When additional workforce housing programs are designed at the local level to address market failures, they should be crafted with this evidence in mind.

Unfortunately, Denver's IHO does not address the market imbalance below 60% of AMI, and in fact, may be exacerbating the possible over-production of housing units above 60% of AMI, an income level that the existing market is already well serving. The aforementioned 2005 housing study commissioned by the Colorado Housing and Finance Authority (CHFA) found that Denver's emphasis on housing production at 60% of AMI and above had actually created a soft market for housing above the 60% level, resulting in higher vacancy rates and the frequent use of concessions (e.g., several free months of rent) in order to fill those apartments.

Concessions in the 50% AMI level rental market and below, however, were non-existent. The study cites the "adverse market effects of this emphasis on 60 percent units," including "an under production of 40 and 50 percent units in both the city of Denver and the metro area."

The study concludes that in Denver, the market for 60% AMI units and above will remain soft at least for the next few years; however, "the virtual absence of concessions on 40 and 50% units..."
Missing the Target

reflect the fact that these market segments have been underserved and that additional production of these units could be supported.\textsuperscript{22}

Vanishing Hard Stock of Lower-Income Housing Units

Denver’s decade of income polarization, coupled with imbalanced housing construction patterns, has reduced the hard stock of housing units available for lower-income households. An excellent way to track the disappearance of low-income housing units in Denver and across the region is to analyze the vacancy and rent survey reports of the Apartment Association of Metro Denver over the last 15 years.\textsuperscript{23} These Apartment Association surveys are produced quarterly, and they provide a hard count of the precise number of available apartment units across the Denver region, broken down by price level. Correlating this data with Area Median Income data allows a count of exactly how many apartment units are affordable to households at different income levels.\textsuperscript{24} Though this apartment data does not account for rental houses across the region, it gives a good picture of what is happening in the general rental market.

The following charts, based on this Apartment Association data, show the rapid vanishing of low-income rental units for households at 30\% and 50\% of AMI. The appendix presents more complete worksheets based on this Apartment Association data, broken down by area, and includes information regarding what areas in the Metro region are experiencing the worst losses. The data reveals that following pattern for affordable rental units in Denver between 1992 and 2005:

- Affordable units \textbf{GREW 13\%} for households at 80\% of AMI and below.
- Affordable units \textbf{DECREASED 12\%} for households at 50\% of AMI and below.
- Affordable units \textbf{DECREASED 71\%} for households at 30\% of AMI and below.\textsuperscript{25}

\begin{center}
\begin{tabular}{|l|c|c|c|c|c|}
\hline
 & \textbf{80\% of AMI} & \textbf{50\% of AMI} & \textbf{30\% of AMI} \\
\hline
\hline
 & 90\% & 92\% & 80\% & 62\% & 36\% & 12\% \\
\hline
\textbf{Denver Suburbs} & 95\% & 94\% & 73\% & 48\% & 21\% & 8\% \\
\hline
\end{tabular}
\end{center}

\textsuperscript{23} Gordon Von Stroh, \textit{Denver Metro Area Apartment Vacancy and Rent Study} (Denver: Apartment Association of Metro Denver). Rental Data for this study extracted from the following dates: Fourth Quarter (1992), Fourth Quarter (2001), First Quarter (2005).

\textsuperscript{24} As defined by HUD, “affordable” means a household pays no more than 30\% of its income in gross rent. In considering this apartment association data, we calculated that a household should pay no more than 25\% of its income for rent alone, since “gross rent” costs are meant by HUD to include costs for utilities, which we conservatively calculated as costing 5\% of a moderate family’s income. In fact, data shows that most Colorado lower income families pay between 10-40\% of their gross income for utilities. See Colorado Energy Assistance Foundation, \textit{Keeping Coloradans Warm} (2004). Downloaded from www.ceaf.org/CMSDocs/Stateofthestate2002.pdf on July 28, 2005.

\textsuperscript{25} The pattern is even more dramatic when examining the 1992-2001 data, just before the recent softening of the Denver housing market. Data from this period shows affordable housing units at 30\% of AMI nearly disappearing altogether, shrinking from 6059 available units in 1992 to only 356 available units in 2001.
How Denver’s Inclusionary Housing Ordinance and Urban Renewal Policy Could Better Meet Denver’s Housing Needs

Affordable Denver Rental Units by AMI Level: 1992-2005

Number of Affordable Denver Rental Units Gained or Lost by AMI level: 1992-2005

Inclusionary Housing Ordinance Misses Denver’s Workforce

Denver’s continued reliance on the 60-80% of AMI formula (and even as high as 95% of AMI) for the targeted range of “workforce housing” that the city seeks to stimulate distorts policy away from its intended aim to benefit moderate income workers. Income polarization across the Denver region means that targeting “workforce housing” at this income level inevitably targets housing production at higher income levels that increasingly do not represent average workers. Furthermore, the best housing data shows that Denver’s housing crisis exists for households below 50% of AMI, not between 60-80% (or even 95% of AMI).

To accurately respond to Denver’s most vital workforce housing needs, Denver policy makers must shed themselves of the illusion that the “neglected” portion of Denver’s workforce is in the 60-80% of AMI range. Unfortunately, the 2004 Annual Workforce Housing Report of Denver’s Division of Housing Neighborhood Development repeats the incorrect analysis that rental housing for low-income populations was being well provided for by existing subsidy programs, while the private market steered private developers towards high-end projects. “Consequently,” the report concludes, “housing development in the 60-80% AMI price range was neglected.” Simply put, the data cannot support this conclusion.

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26 Division of Housing and Neighborhood Development, Providing Workforce Housing in Denver: Annual Report to City Council (Office of Economic Development: Denver, 2004), p. 17.
Part II – The Housing Hot Zone: A Growing Affordable Housing Crisis in Areas Targeted by Urban Renewal Dollars

For the last decade, Denver has put particular effort into transforming core-city neighborhoods, such as Five Points, La Alma/Lincoln Park, and Curtis Park, traditionally home to lower-income communities and residents of color. Because these areas suffered from capital disinvestment, high crime rates, and sinking property values in the 1970s and 1980s, they were seen as a drain on Denver’s economy and became the focus of Denver’s “Downtown Agenda” in the mid-1990s. That “Downtown Agenda” has had great success in attracting new investment in Denver’s core-city hot-zone, using such subsidy tools as Tax Increment Financing (TIF) subsidies for projects such as Larimer Square, Denver Pavilions, and Mercantile Square. An unfortunate collateral consequence, however, has been to eliminate low-income housing units, displace moderate income renters, and intensify Denver’s workforce housing crisis.
Denver has, in many ways, become former Denver Mayor Federico Pena’s imagined “great city” from its years of explosive growth. But at the same time, rental rates and housing prices are rising so quickly that Denver has become one of America’s least affordable cities, especially for average workers. This low-income housing crunch is partly the consequence of Denver’s official development strategy, a strategy that has been described as “The Downtown Agenda” by one of its former architects, Denver Planning Director, Jennifer Moulton.  

This strategy has sought to make Denver an “efficient economic machine,” to transform lower-income areas into “investor quality downtown residential neighborhoods,” and to attract “people with money to spend on housing.” The strategy was designed to address problems of the 1970s and 1980s, when upper classes fled Denver, and “just about the only downtown residents left were those who were unwanted as neighbors anywhere else.”

To address the problem, Denver planners have sought over the last decade to create an environment where investors and homebuyers could have confidence that property values would rise. Signs of this redevelopment planning include roughly a billion dollars of public subsidies and direct public expenditures for downtown projects: the Central Platte Valley residential projects, two sports stadiums, loft projects in LoDo, the Denver Pavilions, the Adams’ Mark renovation and expansion, and the new Convention Center and Convention Center Hotel.

Under this development model, low-income downtown neighborhoods are called by the former Planning director “an intimidating moat that makes getting to downtown an unappealing trip.” Officials seek to make these communities “attractive to private sector investment in market housing,” by marketing them as redevelopment centers, full of “raw ground” ripe for upward development.

This upscale renewal strategy has been called the “Downtown Agenda,” and Moulton is clear that, in the last decade, this agenda drove Denver’s planning efforts: “there was no diversion of resources, no second thinking of priorities,” she says. Over this decade, a good deal of official attention was dedicated to attracting the affluent “creative class” to core-city Denver.

Though such planning strategies energize Denver’s downtown economy, the fact persists that much of Denver lives on a moderate income and cannot keep up with rising housing prices. Instead of high-income gains across the community, Denver’s income levels are dramatically polarizing, creating a well-paid class of top managers and other “creative classers” who are pulling away from the incomes and life-prospects of moderate income residents.

In this way, the Downtown Agenda has contributed to dwindling low-income housing, gentrifying neighborhoods, escalating rents, and a housing crisis for Denver’s workforce. Though Moulton calls such inner-city gentrification a “benchmark of success,” she recognizes the potential of redevelopment-induced gentrification to “suffocate” traditional low-income neighborhoods, and urges the development of taxing and finance tools to help lower-income people remain in the downtown area.

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28 Ibid., p. 11-12, 14.
29 Ibid., p. 7.
30 Ibid., p. 19.
31 Ibid., p. 12.
32 Ibid., p. 20.
How Denver’s Inclusionary Housing Ordinance and Urban Renewal Policy Could Better Meet Denver’s Housing Needs

Subsidizing the Downtown Agenda, Transforming Inner-City Denver

One of the key strategies of Denver’s official urban reinvestment efforts over the last decade has been to transform previously low-income core-city communities into areas of profitable investment opportunities, rising property values, and a new demographic of affluent citizens. The trick for catalyzing upscale renewal in low-income core-city areas, however, is always the “first-mover” problem: few affluent property owners, much less investors, want to be the first to move to a low-income community and risk their capital against declining property values, crime, de-population, poor commercial traffic, and the other ills of a downtown in decline.

As a key player in the city’s urban renewal efforts, the Denver Urban Renewal Authority (DURA) is able to address the “first mover” problem by using tax-funded subsidies to help finance upscale new developments in targeted “blighted” areas, thereby reducing the developer’s risk – and potential new resident’s qualms – with a substantial public investment. These new developments are meant to raise property values and introduce a new “creative class” demographic into the previously low-income area, and thereby spur further private investment and property-seeking new residents. Indeed, the guru of the “creative cities” movement (Richard Florida), describes how newly arriving creative class residents are often “harbingers of redevelopment and gentrification in distressed urban neighborhoods”.

While many of the downtown residential projects directly subsidized through DURA have incorporated a significant affordable housing component, this has generally not been targeted to the low-income levels identified in this study as the most in need (below 50% of AMI). Moreover, the predictable result of the very success of these redevelopment projects has been to catalyze the gentrification of surrounding communities, with lower-income uses and residents displaced in favor of the high end and the more affluent.

Indeed, this exact pattern was recently identified by the Denver Commission to End Homelessness when describing overall downtown redevelopment trends:

“Many low income residents were displaced by condo conversion, redevelopment of affordable properties into luxury high rises and the demolition and redevelopment of some deeply subsidized affordable rental housing projects. Since 1974, Denver has lost almost 3,000 single room occupancy (SRO) units to redevelopment.”

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35 Indeed, this impact has generally been assumed, although DURA has recently sought to quantify it. See a recent analysis by DURA staff and presented to the Denver Planning Board in 2005, showing that urban renewal efforts in the Highlands Garden Village project (the old Elitch’s site North of Sloan’s Lake) can be directly credited with a significant portion of the rising property values and housing prices in that area of Denver.

**Missing the Target**

Even at TIF-subsidized projects that include affordable housing, the substantial majority of new housing units are high-end market rate. The following chart shows eight core-city TIF projects that are highlighted in the aforementioned CHFA downtown market study. Of the 1387 units created at these projects, 320 (23%) are affordable to households below 60% of AMI, but less than half of those – only 10% of the total – are affordable to households below 50% of AMI, and none are affordable to households under 30% of AMI. While these figures are substantially better than what is required under the IHO, it must also be pointed out that the developers of these projects also received almost $30 million in tax-funded subsidies.

**Core-City TIF-Subsidized Housing Units: By Project and By Income-Restricted Units Affordable to Various AMI Levels**

<table>
<thead>
<tr>
<th>AMI Level</th>
<th>30%</th>
<th>40%</th>
<th>50%</th>
<th>60%</th>
<th>80%</th>
<th>Market-Rate</th>
<th>Total Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Lofts</td>
<td>50</td>
<td>67</td>
<td>117</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boston Lofts</td>
<td>33</td>
<td>125</td>
<td>158</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clyburne Village</td>
<td>8</td>
<td>41</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Denver Dry</td>
<td>38</td>
<td>79</td>
<td>117</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mercantile Square</td>
<td>45</td>
<td>30</td>
<td>19</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Point</td>
<td>12</td>
<td>6</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post Uptown Square</td>
<td>696</td>
<td>696</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rio Grande</td>
<td>54</td>
<td>66</td>
<td>120</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Units Per Income Level</strong></td>
<td><strong>0</strong></td>
<td><strong>20</strong></td>
<td><strong>125</strong></td>
<td><strong>175</strong></td>
<td><strong>0</strong></td>
<td><strong>1067</strong></td>
<td><strong>1387</strong></td>
</tr>
</tbody>
</table>

Source: Worksheet and chart drawn from James Coil Research & Consulting, LLC

*An Analysis of the Downtown Denver, Colorado Rental Housing Market (2005)*

Concentrating immense public redevelopment resources into a defined area, and focusing these on mostly high-end housing, upscale hotels, and entertainment venues, has a measurable
How Denver’s Inclusionary Housing Ordinance and Urban Renewal Policy Could Better Meet Denver’s Housing Needs

impact on core-city communities that have traditionally housed lower-income Denver households.

A map of Denver TIF projects shows them concentrated in the core-city “hot-zone,” a belt of traditionally lower-income communities running in a horseshoe shape around the western and northern rim of the downtown business district. Neighborhoods such as Baker, La Alma/Lincoln Park, LoDo, Highland, Curtis Park and Five Points are the heart of this urban renewal hot-zone.

Further, these areas will continue to attract much of the city’s urban redevelopment energies as they are the heart of the targeted “Areas of Change” highlighted in Blueprint Denver and also lie along the routes planned for the transit-oriented development (TOD) coming with the build-out of FasTracks. Emblematic of this is the massive Gates/Cherokee TOD that will anchor the southern end of the projected transit oriented transformation of inner-city Denver.

Denver has targeted these core-city areas for transformation, and supported its efforts with millions of urban renewal dollars targeting mostly upper-income housing and higher end retail and tourist destinations, such as the convention center hotel, the sports stadiums, and the Denver Pavilions. These efforts have substantially improved large areas of core-city Denver, but a troubling consequence has been a growing housing gap between upper-income residents directly benefiting from Denver’s urban renewal activities, and lower-income residents being displaced from their old communities. The result is transforming historic communities, making it harder for long-time residents (especially renters) to remain in their homes, and making it difficult for moderate-income core city workers to live in the city, thus contributing to urban sprawl and longer commuting times.

Vanishing Units, Gilded Ghettos, Bleached Barrios, & Displaced Downtowners

A clear way to view Denver’s gentrification and displacement patterns is to map them, using various economic and demographic indicators, including low-income housing disappearance, the geography of property value changes, racial change, and length of tenure patterns. The following maps provide a visual of these changes in Denver.37

- **Vanishing Units.** The first map reveals which areas of Denver are losing the most units of low-income housing, and correlates that loss with official urban renewal efforts. Census data shows that across much of Denver in the last decade, low-income housing units have either grown or decreased slightly. However, there are some areas of Denver that have experienced a dramatic loss of low-income housing units, and they are correlated with areas where Denver invests substantial TIF resources.

- **Gilded Ghettos.** The second map shows the geography of changing property values across Denver, and shows that property values are escalating most rapidly in areas targeted by TIF subsidies and other urban renewal efforts. Escalating property values are a goal of Denver’s renewal efforts, and are generally a public good. However, without policies to mitigate associated gentrification and maintain moderate income

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37 The TIF investment patterns included on these maps do not include the Stapleton development project. The census data that is included on these maps is from 1990-2000, so these maps only analyze TIF projects that broke ground in 2000 or earlier.
housing opportunities, escalating property values are often associated with the displacement of traditional communities, including communities of color.

- **Bleached Barrios.** The third map reveals Denver's pattern of displacement and demographic transformation. This map shows that although most of Denver is becoming more racially diverse, there is a small group of neighborhoods where white residents are growing as a percentage of the population. These increasingly “bleached” communities are the traditional heart of African-American Denver (e.g., Five Points) and Latino Denver (e.g., Baker and La Alma/Lincoln Park). They are also communities targeted by substantial urban redevelopment efforts. Such racial transformation raises questions as to who is benefiting from the new housing market catalyzed by urban renewal.

- **Displaced Downtowners.** One way to examine what has actually become of a neighborhood’s residents is to look at tenure data for owner occupied housing. In 1990 74% of residents in downtown core tracts had lived there for more than 5 years. In 2000 only 53% of residents had lived there for more than 5 years, representing a decline of 21%. Over the same period of time, the percentage of homeowners living in the same place for more than 5 years in Denver County as a whole decreased only 10%, from 69% to 59%. Whereas core-city Denver once boasted longer tenure patterns than Denver as whole, suggesting established lower-income neighborhoods, these areas of town now have the shortest tenure records, suggesting rapid neighborhood transformation.
Vanishing Units

Loss of Rental Units Affordable to Households at 30% of AMI, Correlated with TIF Investment (1990-2000)

<table>
<thead>
<tr>
<th>TIF Investment</th>
<th>Rental Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>$200,000 - $4,700,000</td>
<td>Lost &lt;100 units, or Gained</td>
</tr>
<tr>
<td>$4,700,001 - $9,000,000</td>
<td>101 - 250 Unit Loss</td>
</tr>
<tr>
<td>$9,000,001 - $16,740,000</td>
<td>251 - 500 Unit Loss</td>
</tr>
<tr>
<td>$16,740,001 - $53,199,000</td>
<td>501 - 830 Unit Loss</td>
</tr>
<tr>
<td>$53,199,001 - $85,944,000</td>
<td>1001+ Unit Loss</td>
</tr>
</tbody>
</table>
Gilded Ghettos

Rising Property Values Correlated with Substantial TIF Investment

Legend

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$200,000 - $4,700,000</td>
<td>82% - 140%</td>
</tr>
<tr>
<td>$4,700,001 - $9,000,000</td>
<td>150% - 190%</td>
</tr>
<tr>
<td>$9,000,001 - $16,740,000</td>
<td>191% - 275%</td>
</tr>
<tr>
<td>$18,740,001 - $53,199,000</td>
<td>276% - 300%</td>
</tr>
<tr>
<td>$53,199,001 - $65,944,000</td>
<td>Over 300%</td>
</tr>
</tbody>
</table>
How Denver’s Inclusionary Housing Ordinance and Urban Renewal Policy Could Better Meet Denver’s Housing Needs

Bleached Barrios

Growing Core-City White Population Correlated with Substantial TIF Investment

TIF Investment

- $200,000 - $4,700,000
- $4,700,001 - $9,000,000
- $9,000,001 - $16,740,000
- $16,740,001 - $53,199,000
- $53,199,001 - $85,944,000

Change in White % of Pop

- 15% - 73% Decline
- 5% - 14% Decline
- 0% - 4% Decline
- 1 - 5% Growth
- 6% - 26% Growth
Displaced Downtowners

Shrinking Percentage of Long-Term Residents in Core-City Denver: 1990-2000

Percent of Residents Living in Tract Less than 6 Years
Part III – Adjusting Our Aim: How to Better Meet Workforce Housing Needs

Denver’s housing crisis is severe and growing, especially at income levels below 50% of AMI. As regional income levels polarize, Denver’s true workforce housing crisis exists for the 40% of Denver residents living in households under 50% of AMI; the crisis is even greater at the 30% AMI level. Affordable housing units for these families are rapidly shrinking across the city, and traditional neighborhoods where these lower-income people used to live are gentrifying and becoming more white, displacing long-term residents in the process. Regardless of their success on other dimensions, Denver’s official redevelopment policies are exacerbating these negative trends.

Fortunately, there are strategies Denver could adopt to address these problems.

Amend the Inclusionary Housing Ordinance: Lower the Income Targets

The IHO targets an income range (60% - 80% of AMI; in some cases as high as 95% of AMI) that is NOT the most in-need segment of Denver’s workforce. There has been some official recognition of the possibility that using the targets of 60%-95% of AMI “overstates the affordability of IHO units.” As a response to this concern, Denver Housing and Neighborhood Development (DHND) recently researched the possibility of developing a DENVER-based median income formula (as opposed to AREA median income formulas) so that escalating Area Median Incomes did not distort the “affordable” housing prices targeted for Denver residents. DHND staff concluded that such a Denver median income formula was impractical, for technical reasons related to the fact that there is no governmental entity that regularly provides Denver-specific income data and most federal programs tie their money to HUD-published AMI standards.

The objections of DHND staff to using a lower Denver area median income target are technical in nature, although they do not deny that area median income figures are distorted by rapidly inflating area income levels. A proper response to this problem would be still to use HUD AMI data to set target housing goals, but to lower Denver’s AMI “workforce housing” targets from 60-95% of AMI and instead to focus our workforce housing targets on households below 50% of AMI. It is clearly reasonable to drop the IHO’s income targets for rental units (which currently range as high as 65% or even 80% of AMI—incomes near the top of the Denver’s rental market). The for-sale market is more difficult to address at levels below 50% of AMI, but adjusted for-sale income targets might at least target 50%-80% of AMI, as opposed to 60%-95% of AMI.

As a response to this suggestion to lower targeted AMI levels, it is commonly argued that these lower targets are impossible to meet and would threaten new development in Denver. This argument is not necessarily true. Denver’s Annual Workforce Housing report (Ibid., p. 35) recently surveyed 128 jurisdictions across the country with inclusionary housing rules, and found that although the majority adopted income targets similar to Denver’s IHO, a full 24% of the programs used income targets below 50% of AMI. While lower income targets are not the rule, they are used in a large number of jurisdictions.

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38 Division of Housing and Neighborhood Development, Providing Workforce Housing in Denver: Annual Report to City Council, (Denver: Office of Economic Development, 2004), p. 34.
39 As a response to this suggestion to lower targeted AMI levels, it is commonly argued that these lower targets are impossible to meet and would threaten new development in Denver. This argument is not necessarily true. Denver’s Annual Workforce Housing report (Ibid., p. 35) recently surveyed 128 jurisdictions across the country with inclusionary housing rules, and found that although the majority adopted income targets similar to Denver’s IHO, a full 24% of the programs used income targets below 50% of AMI. While lower income targets are not the rule, they are used in a large number of jurisdictions.
**Missing the Target**

Such a strategy would respond to the overwhelming consensus among housing studies that lower AMI levels show the greatest housing need, and would tie workforce housing expectations to the actual majority of Denver’s workforce, instead of celebrating “affordable housing” components that are actually marketed to the upper levels of Denver’s workforce.

**Create Real Workforce Housing at Denver TODs**

Some official Denver efforts are already recognizing the need for a lower-income workforce housing component at new Transit-Oriented Developments (TODs) as Denver builds out FasTracks and fulfills the vision of Blueprint Denver to attract new development to Denver’s core transit corridors.

Denver’s Commission to End Homelessness recently released final recommendations, including proposals to focus our efforts on providing more affordable housing and to expand this housing in TODs. The report noted a compelling need to “develop adequate permanent and transitional housing opportunities to meet the needs of people at 0-30% of Area Median Income (AMI), or less than $15,050 a year.”

The Commission documented how transportation costs are part of the immense housing burden facing low income families, and concluded that Denver officials must locate new “opportunity zones for the placement of affordable housing,” and “encourage the development of new affordable housing along public transportation lines.”

It is important that officials take these proactive recommendations seriously, and that they take advantage of urban infill opportunities (such as the Cherokee/Gates project at I-25 and Broadway) to implement the vision of the Commission. As Denver officials design master plans and reform zoning codes to facilitate new development along transit corridors (e.g., Blueprint Denver and the Colfax development plan), it is critical they craft accurate workforce and low-income housing goals that target families of greatest need – those below 50% and 30% of AMI.

**The Community Benefits Movement: Require a Better Workforce Housing Mix When Developers Receive Tax Subsidies**

Across the nation, a growing number of jurisdictions are raising their expectations of the kinds of community benefits they expect as a condition of granting large tax subsidies to developers. Instead of simply subsidizing large projects with few strings attached, and hoping that these developments naturally improve the quality of life for average residents, a growing number of cities are encoding specific community benefit expectations into their development subsidy packages. Living wage jobs, and more affordable housing, as well as other benefits needed by

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41 Ibid., pp. 40, 59.
the community, are all being required as a condition of subsidies in cities from Los Angeles to Minneapolis, Portland to Chicago.\textsuperscript{42}

Denver should join this movement. Given the growing scale of Denver’s investments in development subsidies, our city officials are in an excellent position to show leadership in this area. Over the last decade, through the single instrument of tax increment financing (TIF), Denver leaders have committed over half a billion dollars in taxpayer subsidies to more than twenty private development projects, including the Adams Mark hotel, the Denver Pavilions, Broadway Marketplace, many of LoDo’s loft projects, and the Stapleton redevelopment – the largest urban infill project in the nation.\textsuperscript{43}

None of these projects included a specific community benefits agreement, although the Stapleton project approached this kind of agreement since the developer was required to contribute substantial open space and pay for new schools in the Stapleton area. In future tax-payer subsidized developments (such as the Cherokee/Gates project at I-25 and Broadway), our leaders should build on the Stapleton model and follow the lead of other cities across the nation and require a specific set of community benefits – beginning with a substantial component of low-income workforce housing – before approving subsidies to the developer.

The Community Benefits Movement

“In the regions where the movement has taken root, the community benefits movement is reframing the public discourse on economic development. No longer limited to narrow discussions of tax revenue, the dialogue on development policy is now commonly characterized by spirited debates over living wage jobs, park space, affordable housing and proximity to transit corridors.

“For the first time in a generation, this movement has caused a broad range of public officials, planners, and community-based organizations to recognize the need to play a leadership role in land use planning, and to use public dollars and land use authority in strategic ways to improve job opportunities and the quality of life for low income communities. As a result, this movement is promoting democratic civic participation among populations and constituencies [not] usually engaged in land-use and economic development decisions...

“Most importantly, the community benefits movement is measurably improving people’s lives. [Community Benefits Agreements] are now in place for major developments in several cities, as described in this publication. These agreements guarantee thousands of new quality jobs, training opportunities, increased numbers of affordable housing units, green building practices, parks, child-care centers, and numerous other benefits.”

-- Julian Gross, et. al., “Community Benefits Agreements”

Such innovations are commonly resisted as impractical or dangerous to the economic development climate, but the fact is that an increasing number of cities are encoding significant community benefits expectations, including lower-income housing, into their subsidized urban redevelopment projects. By following this lead, Denver would be joining a well-established, national “Smart Growth” movement. Consider the following two examples of successful Smart Growth with Community Benefits, from Contra Costa County and San Francisco, California.\textsuperscript{44}


\textsuperscript{43} Tony Robinson and Chris Nevitt, with Nate Stone, \textit{Are We Getting Our Money’s Worth? Tax Increment Financing and Urban Redevelopment in Denver, Part I} (Front Range Economic Strategy Center: Denver, 2005).

\textsuperscript{44} For other examples of how the Community Benefits movement has been successful in other cities without “killing development,” see Julian Gross, with Greg LeRoy and Madeline Janis-Aparicio, \textit{Community Benefits Agreements: Making Development Projects Accountable}, (Washington, D.C.: Good Jobs First, 2005).
Lofts Plus Affordable Housing Equals a Successful Urban Transit Village

by Gus Koehler
Research Consultant, Time Structures

The Coggin Square Apartments and Iron Horse Lofts near the Pleasant Hill BART Station are a good example of how a redevelopment agency can overcome significant barriers to create transit-oriented redevelopment along a suburban rail line. The near 4-acre site offers many community amenities such as landscaping, a swimming pool, a children’s play area, guest parking, shared open space and, of course, access to BART.

The Coggin Square Apartments/Iron Horse Lofts Project is an innovative partnership between a successful nonprofit affordable housing developer, a leading market-rate loft developer, and a redevelopment agency. A task force consisting of area residents and commercial property owners participated in every aspect of the project from selecting the architectural designs through land use approval and construction.

The Coggin Square site was initially the subject of a Disposition and Development Agreement to assemble eleven parcels for high-density residential housing. Early on, the private developer, who had partnered with a savings and loan institution, could only achieve partial land assemblage. Exercise of eminent domain by the redevelopment agency was necessary to acquire the remaining four parcels. Then, in the middle of the eminent domain proceedings the savings and loan partner backed out, leaving the developer without funds to complete property acquisition. The Agency stepped up with its own funds to complete the purchase of the four pending parcels. It also worked out a deal to purchase the seven parcels owned by the savings and loan institution. The Agency then moved forward to complete site acquisition, to relocate residents, and to clear the site for new construction.

Arranging the $35 million in financing for the apartment portion of the project was very challenging. Typically, the preferred plan is to utilize the State’s 9% Low Income Housing Tax Credit program combined with supplementary funding from a county (CDBG & HOME) and a redevelopment agency. In this case, the Pleasant Hill Redevelopment Agency could not win out over the competition for elements of the financing package. The Agency then turned to a private placement structure with Wells Fargo Bank. A tax-exempt multi-family bond was issued in November 1998 to fund the project. This financing package permitted Coggin to serve a large number of very low-income families, with rents lower than similar projects.

Iron Horse Lofts was financed entirely with private capital. The 54 loft units were developed at an average cost of $320,000, and sold for an average price in excess of $410,000. The Iron Horse Lofts experience confirms that upscale urban housing can be co-located with affordable housing and still perform well in a suburban marketplace.

The quick, knowledgeable and highly focused response of the agency, its partners, and the community to address serious land assembly and funding problems that could have derailed the project produced an innovative CRA award winning development.

San Francisco Redevelopment Authority Supports Low-Income Housing with TIF

The Redevelopment Agency's Citywide Tax Increment Housing Program dedicates a portion of the tax increment generated through the Agency's real estate activities to the development of affordable housing. The Program has been in place since 1990. During the last decade, over $225 million has been committed to creating housing for low- and moderate-income families and individuals throughout San Francisco.

Through the Program, tax increment funds are committed as grants and loans to non-profit housing organizations for the development of a range of affordable housing. Funds are committed at all stages of project development, for predevelopment, acquisition, new construction and rehabilitation, and permanent financing.

From 1990 through 2002, the Housing Program had committed $225,036,091 in tax increment funding to the development of 8,216 housing units. The total development cost of these projects is estimated at $933,867,831; every dollar the San Francisco Redevelopment Authority (SFRA) invested resulted in over $4.14 in additional investment from other sources, including federal tax credit equity, banks, foundations, and other public programs... Over 60% of the produced units are family apartments and single room occupancy residential hotels; the remainder is special needs housing and emergency shelters, and transitional facilities.

Since 1997, a major focus of the Housing Program has been the preservation of rental housing funded under the federal mortgage insurance programs with project-based rental assistance contracts. To date the SFRA has funded seven resident capacity grants that enable resident associations of at-risk buildings to organize tenants and prepare for the potential changes at their sites including conversion to market rate housing. The SFRA has successfully assisted one resident group, working with a local nonprofit organization, to acquire and preserve as affordable housing a 52-unit development.

The SFRA funding for the Housing Program has far exceeded the statutory 20% that, under State law, must be used for housing. On a cumulative basis, nearly 50% of tax increments generated since 1990 have been devoted to housing.

Source: San Francisco Redevelopment Authority website. Downloaded from www.sfgov.org/site/sfra_index.asp?id=5098 on September 14, 2005.
Part IV – Making the Vision Real: Workforce Housing at the Cherokee/Gates Project

The broad policy recommendations made in the previous section are not just abstract suggestions, to be pursued at some indefinite point in the future. At this very moment, the Denver community is considering the parameters of a signature, precedent-setting redevelopment project—an excellent opportunity for Denver to require a substantial low-income and workforce housing component as a condition of receiving public subsidy.

The 50-acre Cherokee-Gates redevelopment at I-25 and Broadway is slated to include upwards of 2,500 new housing units and several million new commercial square feet. It is located within Denver’s hot-zone of disappearing low-income housing and gentrifying communities, and is the gateway transit-oriented development project that will set the standard for FasTracks TOD’s across the region for years to come. This project is expected to include substantial tax increment financing and other tax subsidies, anywhere from $50 million to $150 million in public support.

As a signature project in core-city Denver that will serve as the model for many TODs to come, and a project involving millions in public investment, it is vital that the housing component is designed in such a way as to make a fair profit for the developer, but also serve the documented housing needs of the Denver community. It is especially important that Cherokee/Gates address the housing needs in the neighborhoods bordering the project.

The proceeding maps in this report (Part II) show that the Cherokee/Gates project at I-25 and Broadway sits with the hot-zone of Denver communities that are experiencing gentrification, disappearing low-income units, and displacement of non-whites. The expansion of affordable housing opportunities is needed throughout that area. The Denver Comprehensive Plan, the Denver Housing Plan, Blueprint Denver, and the Commission to End Homelessness all argue for more affordable housing along transit corridors such as the Gates site.

"The additional public subsidy represented by TIF carries with it an additional responsibility to maximize the public benefit of a project."

"Because large-scale redevelopment projects are, at heart, economic development projects—and affordable housing and economic development are inextricably linked—it seems logical to look to redevelopment areas for new opportunities to expand Denver’s affordable housing options."

-- Housing Denver, “A Place to Call Home,” p. 18

We can look at the neighborhoods immediately bordering the Cherokee/Gates project to gain an even finer-grained understanding of the housing needs there. Census data from 2000 show that 3,327 households living in census tracts bordering the Gates site, and that 36% of these households earn less than $35,000 a year (roughly 50% of AMI) and pay more than 30% of their income for rent. In other words, more than a third of all the households near the Cherokee/Gates project are low-income households with unaffordable rent burdens. Between 1990 and 2000, census data shows that in the block groups immediately bordering the project, households below 30% of AMI grew 10%, while housing units affordable to those families

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45 U.S. Census Bureau. Gross Rent as a Percentage of Household Income in 1999, Census Tracts 13.02, 14.01, 14.03, 18, 19, 20, 21, 28.02, 29.01, 30.01, available at www.census.gov.
shrunk by about 22%. The data suggests a need for low-income housing across Denver and in the Gates area specifically. The fact that the Cherokee/Gates developer will be applying for millions in public subsidies gives Denver residents the right to expect an innovative affordable housing plan. This affordable housing plan should go beyond the minimal expectations of the IHO in two ways. First, the IHO only requires developers to provide 10% of their housing units as affordable workforce units – but this requirement is expected of all developers, even those receiving no subsidy. The Cherokee/Gates developer will receive a large public subsidy, and in exchange, the workforce housing expectations must be higher than what is expected of developers receiving no tax subsidy. Second, the IHO targets the wrong income levels, as this report shows. The Cherokee/Gates affordable housing plan needs to address housing needs for the workforce below 50% of AMI, where the deepest housing needs exist.

The Cherokee/Gates affordable housing plan has yet to be developed, but there is some data to suggest that a good deal of the housing at Cherokee-Gates will be marketed to the very top-end of the housing market. The Executive Summary of the Cherokee-Gates housing market analysis that was prepared for Cherokee, Denver LLC predicts that Cherokee rental housing will be priced substantially above Denver averages, and that for-sale prices will place the development among the priciest of Denver communities. The following chart provides price per square foot data on all Denver neighborhoods; the Gates site and the neighborhoods surrounding Gates are highlighted in bold.46

<table>
<thead>
<tr>
<th>Predicted Cherokee/Gates Rent Levels and For-Sale Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td></td>
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<tr>
<td>Denver</td>
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<td>--------</td>
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<tr>
<td>Average Rents (2004)</td>
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<tr>
<td>rents per square foot</td>
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<tr>
<td>For-Sale Price Per Sq. Ft.</td>
</tr>
<tr>
<td>Polo Grounds</td>
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<tr>
<td>Country Club</td>
</tr>
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<td>Gates Site (Predicted)</td>
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<tr>
<td>Bonnie Brae</td>
</tr>
<tr>
<td>Belcaro</td>
</tr>
<tr>
<td>Hilltop</td>
</tr>
<tr>
<td>Platte Park</td>
</tr>
<tr>
<td>Wash Park West</td>
</tr>
<tr>
<td>Cherry Creek</td>
</tr>
<tr>
<td>Wellshire</td>
</tr>
<tr>
<td>Congress Park</td>
</tr>
<tr>
<td>Sloan’s Lake</td>
</tr>
<tr>
<td>North Park Hill</td>
</tr>
<tr>
<td>Chessman Park</td>
</tr>
<tr>
<td>Ruby Hill</td>
</tr>
<tr>
<td>Capitol Hill</td>
</tr>
<tr>
<td>Valverde</td>
</tr>
<tr>
<td>Athmar Park</td>
</tr>
<tr>
<td>Baker</td>
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<tr>
<td>Overland</td>
</tr>
<tr>
<td>Jefferson Park</td>
</tr>
<tr>
<td>Five Points</td>
</tr>
<tr>
<td>La Alma/Lincoln Park</td>
</tr>
<tr>
<td>Civic Center</td>
</tr>
</tbody>
</table>

As a condition of their public investment in the Cherokee/Gates site, Denver residents can rightfully expect a serious affordable housing component at the Gates project, so as to mitigate negative consequences of gentrification-inducing development, and to address Denver’s documented housing needs. In fact, there is a community-based movement (The Campaign for Responsible Development—CRD) that is organizing to require an innovative

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“community benefits agreement” for the project - an agreement that includes a substantial affordable housing component. The current Community Benefits Agreement proposal by the CRD is to require 10% of the rental units on that site to be affordable to families earning less than 45% of AMI, and 10% of the rental units to be affordable to families earning less than 30% of AMI.

This proposal meets the documented housing needs of Denver’s workforce and lower-income families, and is not unrealistic to expect 20% of 2,500 upscale new housing units to be affordable to average Denver families. In fact, there are a broad range of public funds available to support affordable housing on a site such as Cherokee/Gates, including: Federal New Market Tax Credits, State Enterprise Zone tax incentives, State Transit-Oriented Development Bonds, Federal Low Income Housing Tax Credits, CDBG funds, Brownfield grants, Denver’s Home Investment Partnership Program, HOPWA/Ryan White funds for those living with HIV/AIDS, and Affordable Housing Program money administrated by the Federal Home Loan Bank system. There are also many Denver-area non-profit housing developers with access to public funds, and who can partner with innovative national technical assistance and funding networks, such as the Housing Partnership Network, various community development financial institutions, and local and national foundations that often provide grants, loans or equity investment in affordable housing projects. These non-profits could be relied on as vertical developers of lower-income housing parcels at the project.

Subsidizing high-end housing in a historically low-income area that is already beginning to gentrify can be expected to exacerbate the low-income housing crisis and gentrification trend.

Conclusion: Bringing it all Together at Cherokee/Gates

All the best data indicates that the majority of Denver’s workforce, and the families experiencing Denver’s greatest housing crisis, earn less than 50% of AMI. It is time for our workforce housing policies, especially when targeting new rental housing, to respond to this reality. Data also shows that Denver’s recent urban renewal strategies have had great success in invigorating the Downtown economy, but that they have also been correlated with shrinking low-income housing units, gentrification, and the displacement of traditional low-income communities. Across the nation, solutions to these kinds of problems have been implemented through strategies such as lowering inclusionary housing income targets and implementing community benefits agreements for subsidized developments. In Denver, a community based movement (the Campaign for Responsible Development) has brought exactly these policy suggestions before our city’s leaders. The Gates redevelopment project, at I-25 and Broadway, is an excellent place for Denver to begin to join the national community benefits movement and to address real workforce housing needs.

If not at Cherokee/Gates, where?

47 For more detail on these programs, see Front Range Economic Strategy Center, The Opportunity for Affordable Housing at the Cherokee-Gates Redevelopment Project: An Issue Brief from the Campaign for Responsible Development (2005).
48 For information on community financial development institutions, see: www.cdfi.org . For information on the National Housing Partnership, see: www.housingpartnership.net.
How Denver’s Inclusionary Housing Ordinance and Urban Renewal Policy Could Better Meet Denver’s Housing Needs
Appendix

Private Market Affordable Rental Housing Stock
By AMI Level: 1992-2005

Data compiled from:

Apartment Association of Metro Denver’s
Denver Area Apartment Vacancy and Rent Surveys
(Fourth Quarter 1992, Fourth Quarter 2001, First Quarter 2005)
Authored by Gordon E. Von Stroh
How Denver's Inclusionary Housing Ordinance and Urban Renewal Policy Could Better Meet Denver's Housing Needs

<table>
<thead>
<tr>
<th></th>
<th># of Affordable Units @ 1992 AMI Levels</th>
<th># of Affordable Units @ 2001 AMI Levels</th>
<th># of Affordable Units @ 2005 AMI Levels</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Total Units</td>
<td>80%</td>
<td>50%</td>
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<tr>
<td>Arapahoe South</td>
<td>1636</td>
<td>1308</td>
<td>323</td>
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<tr>
<td>Arvada</td>
<td>1839</td>
<td>1733</td>
<td>1165</td>
</tr>
<tr>
<td>Aurora Central</td>
<td>11116</td>
<td>11069</td>
<td>8748</td>
</tr>
<tr>
<td>Aurora North</td>
<td>1252</td>
<td>1252</td>
<td>1007</td>
</tr>
<tr>
<td>Aurora South</td>
<td>5062</td>
<td>4524</td>
<td>2513</td>
</tr>
<tr>
<td>Commerce City</td>
<td>69</td>
<td>69</td>
<td>69</td>
</tr>
<tr>
<td>Englewd/ Sheridan</td>
<td>2232</td>
<td>1978</td>
<td>1421</td>
</tr>
<tr>
<td>Glendale</td>
<td>1950</td>
<td>1950</td>
<td>1869</td>
</tr>
<tr>
<td>Lakewood North</td>
<td>2658</td>
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</tr>
<tr>
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<td>4090</td>
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<td>2680</td>
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<tr>
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<td>1503</td>
<td>1483</td>
<td>969</td>
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<td>Northglen/ Thornton</td>
<td>3548</td>
<td>3477</td>
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<tr>
<td>Westminster</td>
<td>6182</td>
<td>5715</td>
<td>4305</td>
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<tr>
<td>Wheatridge</td>
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<td>1069</td>
<td>1007</td>
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<td><strong>TOTAL</strong></td>
<td><strong>44207</strong></td>
<td><strong>42087</strong></td>
<td><strong>30910</strong></td>
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</tbody>
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Denver Central         | 3850        | 3711 | 3390| 2432| 3545        | 3339 | 1949| 146| 3196        | 3167 | 2511| 622 |
<p>| Denver Downtown        | 1830        | 1369 | 349 | 0   | 1641        | 1117 | 341 | 6   | 3330        | 2253 | 252 | 35  |
| Denver East            | 2407        | 1924 | 1747| 852 | 2031        | 1745 | 813 | 49  | 661         | 661  | 343 | 30  |
| Denver N. Central      | 263         | 263  | 263 | 287 | 276         | 271  | 249 | 15  | 386         | 384  | 361 | 111 |
| Denver Northeast       | 1068        | 1068 | 985 | 647 | 2028        | 1888 | 917 | 21  | 2188        | 2036 | 1012| 258 |
| Denver Northwest       | 369         | 369  | 369 | 323 | 473         | 473  | 369 | 22  | 306         | 306  | 224 | 68  |
| Denver South Central   | 1373        | 1328 | 1128| 529 | 621         | 592  | 325 | 25  | 692         | 683  | 542 | 49  |
| Denver Southeast       | 4550        | 4080 | 3309| 429 | 5844        | 4904 | 1550| 20  | 6025        | 5148 | 3338| 346 |
| Denver Far Southeast   | 4578        | 4063 | 3361| 198 | 5029        | 4791 | 2473| 4   | 6749        | 6715 | 4833| 94  |
| Denver Southwest       | 2959        | 2826 | 1797| 362 | 2629        | 2628 | 1131| 48  | 2373        | 2373 | 1212| 126 |</p>
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<th>1992 % Affordable at 30% AMI</th>
<th>1992 % Affordable At 30% AMI</th>
<th>2005 # Total Units</th>
<th>2005 % Affordable at 30% AMI</th>
<th>2005 % Affordable At 30% AMI</th>
<th>1992-2005 # Change: Low-Income Units</th>
<th>1992-2005 % of Low-Income Units Lost</th>
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<td>0.0%</td>
<td>-27</td>
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<td>107</td>
<td>5.8%</td>
<td>1787</td>
<td>73</td>
<td>4.1%</td>
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<td>1980</td>
<td>17.8%</td>
<td>12513</td>
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<td>5.8%</td>
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<td>686</td>
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<td>34.3%</td>
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<td>36</td>
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<td>5227</td>
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<td>-36</td>
<td>100.0%</td>
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<td>Commerce City</td>
<td>69</td>
<td>63</td>
<td>91.3%</td>
<td>800</td>
<td>128</td>
<td>16.0%</td>
<td>65</td>
<td>GAIN</td>
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<tr>
<td>Englewd/ Sheridan</td>
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<td>498</td>
<td>22.3%</td>
<td>2853</td>
<td>239</td>
<td>8.4%</td>
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<td>52.0%</td>
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<tr>
<td>Glendale</td>
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<td>43.6%</td>
<td>2167</td>
<td>2</td>
<td>0.1%</td>
<td>-848</td>
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<tr>
<td>Lakewood South</td>
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<td>197</td>
<td>4.8%</td>
<td>9161</td>
<td>57</td>
<td>0.6%</td>
<td>-140</td>
<td>71.1%</td>
</tr>
<tr>
<td>Littleton</td>
<td>1503</td>
<td>323</td>
<td>21.5%</td>
<td>2588</td>
<td>110</td>
<td>4.3%</td>
<td>-213</td>
<td>65.9%</td>
</tr>
<tr>
<td>Northglen/ Thornton</td>
<td>3548</td>
<td>624</td>
<td>17.6%</td>
<td>5608</td>
<td>21</td>
<td>0.4%</td>
<td>-603</td>
<td>96.6%</td>
</tr>
<tr>
<td>Westminster</td>
<td>6182</td>
<td>645</td>
<td>10.4%</td>
<td>6186</td>
<td>257</td>
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<td>-388</td>
<td>60.2%</td>
</tr>
<tr>
<td>Wheatridge</td>
<td>1070</td>
<td>251</td>
<td>23.5%</td>
<td>1292</td>
<td>82</td>
<td>6.3%</td>
<td>-169</td>
<td>67.3%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>44207</strong></td>
<td><strong>6627</strong></td>
<td><strong>15.0%</strong></td>
<td><strong>56723</strong></td>
<td><strong>2001</strong></td>
<td><strong>3.5%</strong></td>
<td><strong>-4626</strong></td>
<td><strong>69.8%</strong></td>
</tr>
<tr>
<td>Denver Central</td>
<td>3850</td>
<td>2432</td>
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<td>3196</td>
<td>622</td>
<td>19.5%</td>
<td>-1810</td>
<td>74.4%</td>
</tr>
<tr>
<td>Denver Downtown</td>
<td>1830</td>
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<td>0.0%</td>
<td>3330</td>
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<td>1.1%</td>
<td>35</td>
<td>GAIN</td>
</tr>
<tr>
<td>Denver East</td>
<td>2407</td>
<td>852</td>
<td>35.4%</td>
<td>661</td>
<td>30</td>
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<td>-822</td>
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</tr>
<tr>
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<td>263</td>
<td>287</td>
<td>109.1%</td>
<td>386</td>
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</tr>
<tr>
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<td>2188</td>
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</tr>
<tr>
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<td>369</td>
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<td>306</td>
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</tr>
<tr>
<td>Denver South Central</td>
<td>1373</td>
<td>529</td>
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<td>-480</td>
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</tr>
<tr>
<td>Denver Southeast</td>
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<td>429</td>
<td>9.4%</td>
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</tr>
<tr>
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<td>198</td>
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<td>6749</td>
<td>94</td>
<td>1.4%</td>
<td>-104</td>
<td>52.5%</td>
</tr>
<tr>
<td>Denver Southwest</td>
<td>2959</td>
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<td>12.2%</td>
<td>2373</td>
<td>126</td>
<td>5.3%</td>
<td>-236</td>
<td>65.2%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>23247</strong></td>
<td><strong>6059</strong></td>
<td><strong>26.1%</strong></td>
<td><strong>25906</strong></td>
<td><strong>1739</strong></td>
<td><strong>6.7%</strong></td>
<td><strong>-4320</strong></td>
<td><strong>71.3%</strong></td>
</tr>
</tbody>
</table>

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How Denver’s Inclusionary Housing Ordinance and Urban Renewal Policy Could Better Meet Denver’s Housing Needs