

Lower Income Voucher Equity Program L.I.V.E. Denver

A Pilot Program to expand housing affordability to working families

A public-private-partnership among Foundations, Employers, City of Denver, and Property Owners

National Context

Rental Unit Growth

- Total number of rental units increased by 7.2 Million between 2006 and 2016

Vacancy Rate

- 7.2% nationally at the 3rd Quarter of 2017
- Softening concentrated in Class A and B units

Households Renting

- 10 million more households are renting in 2016 than in 2004
- 43 million households are renting

Source: Harvard University - JCHS

Local

Rate of Vacancy

- Nearly 10.5% vacancy at the premium Tier 1 and Tier 2 rental units
- New construction and Rehabbed apartments in LoDo, Union Station, Ball Park, etc.

Estimated Units

- Over 2,000 Units are currently vacant
- Across the City of Denver
- In neighborhoods with accessible to transit, jobs, healthcare, etc.

More Underway

- **31,000 Units @ 131 Building** – in the metro area currently under construction (coming into market in the next two years)
- **81 properties** – in the metro region are currently in initial lease up, with an average occupancy rate of just over 58%
- Overall 10.5% vacant
- Absorbed 8000 units in the market in 2017



Local Landscape

- **108,000 People** - Denver's population grows an average rate of 1,000 people per month from 2007 to 2017 the population grew by 108,000 people
- **Over 5,600** rental housing units came online in 2016 (a record high), and over 2,000 more will come online by the end of 2017 - over 80% of these units are for high income families and individuals
- **21,000** - Denver's need, at a minimum, of affordable rental housing units for Middle Class families and individuals
- **Lack of affordable housing impacts our workforce**
 - Industries ranging from the customer service and hospitality industry, to nurses in our hospitals and care centers, to teachers and first-year tech employees, leading to difficulty in obtain employees, and high rates of employee turnover

Two Market Forces

Labor Market

- 2.3% - Denver Metro Unemployment Rate
- Wage increases average 3% or less
- Over 5 Years, that is a 15% or less increase in wages

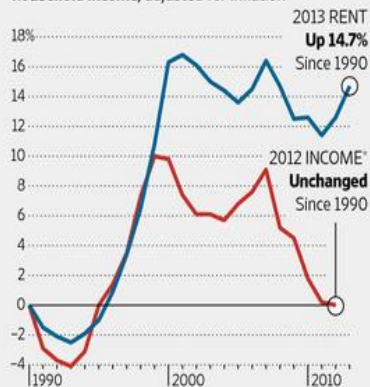
Housing Market

- 9% - cost of living increase in 2017
- Over 30% - increase in the cost of housing over the past 5 years

Moving on Up

Growth in rents has outpaced gains in incomes, a potential problem in cities where costs have climbed fastest.

Change since 1990 in asking rent and median household income, adjusted for inflation



Most recent available data. Note: Top 10 based on 79 metropolitan areas. Source: Reis (rent prices); Commerce Department (income); Labor Department (inflation adjustment using CPI-U-RS)

The Wall Street Journal

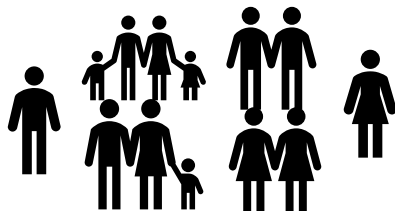
Rental markets where prices are growing fastest
Percentage change in asking rent over the past year

San Francisco	6.7%
San Jose, Calif.	6.2%
Seattle	6.2%
Charleston, S.C.	5.9%
Oakland/East Bay, Calif.	4.6%
Palm Beach, Fla.	4.5%
Denver	4.5%
Nashville, Tenn.	4.4%
Houston	4.4%
Minneapolis	4.0%

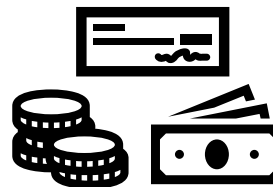
The LIVE Solution



Vacant
Rental Units



Middle Class
Families &
Individuals



Multiple
Funding
Sources



Immediate
Housing
Affordability

LIVE Overview

- **Program:** A pilot program to increase housing affordability by connecting Denver's middle class families to current vacant rental units
- **Equity:** Set aside 5% of the monthly rent into a savings account, and at program exit (end Year 2) provide the accumulated savings to the household
- **Financial Coaching:** Provide all participants access to a Financial Empowerment curriculum

Supporting The Middle Class

Targets

- Teachers
- Nurses
- Service Sector
- Tech Sector
- General Public

Household Income

40% AMI to 80% AMI:

- **40% AMI:** An individual making \$23,520 or a family of four earning \$33,560 annually
- **60% AMI:** An individual making \$35,280 or a family of four earning \$50,340 annually
- **80% AMI:** An individual making \$47,040 or a family of four earning \$67,120 annually

Sourcing Partners

- Employers (*funding provided to target selected employees*)
- Denver Public Schools
- Hospitals (*funding provided to target selected employees*)
- Denver Housing Authority

Partners Are the Key

AAMD

- Connect to property owners and managers
- Promote the program

Downtown Denver Partnership

- Connect to Employers large and small
- Promote the program

Denver Housing Authority

- Experience executing a voucher program
- Backend Administration

Foundations

- Equity – nearly \$200,000 contributed
- Program Evaluation

Employers

- Connect to property owners and managers
- Promote the program



Household of 4
70% AMI (\$55,124)

Monthly
Income
\$4,593



Household
Contribution
\$1,837

35% of AGI

\$1,837=
\$1,607 to housing
\$230 to savings



\$2,000
rent

Household
Rent
Contribution
\$1,607



Subject
Property
Rent
\$2,244



RMR
\$2,000



City determines RMR
via comparable analysis

RMR based on RFP
bids & other factors
subject to change

LIVE Rent
Buy-Down
\$393