



Living in Denver: *Can Working People Afford It?*

Unaffordable Rents, Unaffordable Mortgages

There's little doubt about it — Denver is a great place to live. From 2010 to 2012, the population of Denver County increased by over 34,000 people or 5.7%, compared with 3.1% increase for Colorado and a 1.7% for the nation's population overall.¹

Unfortunately, as people continue to move to the Mile High City, it has become increasingly difficult to make a home here. According to the American Housing Survey, the average mortgage payment in Denver County was \$1266 in 2011². In July 2013, the median home sales price was \$315,150 and has hovered around \$300,000 for most of 2013.³ At the same time, rents are rising. The average apartment rent in Denver in the second quarter of 2013 was approximately \$1025.98, compared with \$841.23 in 2007, a 22% increase.⁴ The supply of affordable housing has not met the need. Colorado Department of Local Affairs research indicates that nearly 37,000 families in metro Denver are on waitlists for affordable housing units, with an average wait time between 2 and 5 years.⁵ In 2012, BBC Consulting found there was a rental gap of 27,000 units for households in Denver earning less than \$20,000.⁶



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Increasingly, a house or an apartment isn't just out of reach for low and moderate income families, but young professionals as well. When a household dedicates more than 30% of its income to housing, it is termed "cost-burdened," with 30 – 49.9% moderately burdened and over 50% severely cost burdened. Given the average housing costs in metro Denver, residents in occupations such as preschool teacher, nursing assistant and security guard would be moderately cost-burdened.⁷ A family with two minimum wage earners would be severely cost burdened, dedicating over 50% of their income to housing.

Access to housing in Denver is particularly challenging for people of color families, who make significantly less than white households in Denver. While the average median

¹ Denver County, Colorado. U.S. Census Bureau: State and County QuickFacts. <<http://quickfacts.census.gov/qfdstates/08/08031.html>>. Accessed 18 September 2013

² 2011 Housing Profile: Denver, CO. American Housing Survey Factsheets. 11 July 2013. AHS 11-11. p. 2

³ Local Resource Reports Denver Market Finding Equilibrium. 5 August 2013. Metrolist, Inc. <<http://www.recolorado.com/pages/denver-housing-market-finding-equilibrium>>. Accessed 18 September 2013.

⁴ Denver Area Apartment Vacancy and Rent Survey. Troupe, Ron L. and Jennifer L. Von Stroh. 2013.

⁵ Did you know... <<http://www.denverhyp.org/index.php/advocate>>. Accessed 18 September 2013.

⁶ BBC Research and Consulting. Denver Housing Policy Recommendations: Mayor's Housing Task Force. September 30, 2012.

⁷ Salaries obtained from May 2012 Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates for Denver-Aurora-Broomfield CO MSA. Calculations of cost burden done by author.

income (AMI) in 2012 was \$54,448 for white families, it was \$34,973 for Hispanic households and \$31,329 for African American families, meaning whites make 56% more than Hispanics and a staggering 68% more than African-Americans. These statistics highlight the disproportionate financial burden the average Hispanic and African American households shoulder as housing costs rise in Denver.

DENVER HOUSING BY THE NUMBERS:

50.9% renter
137,800 renter households

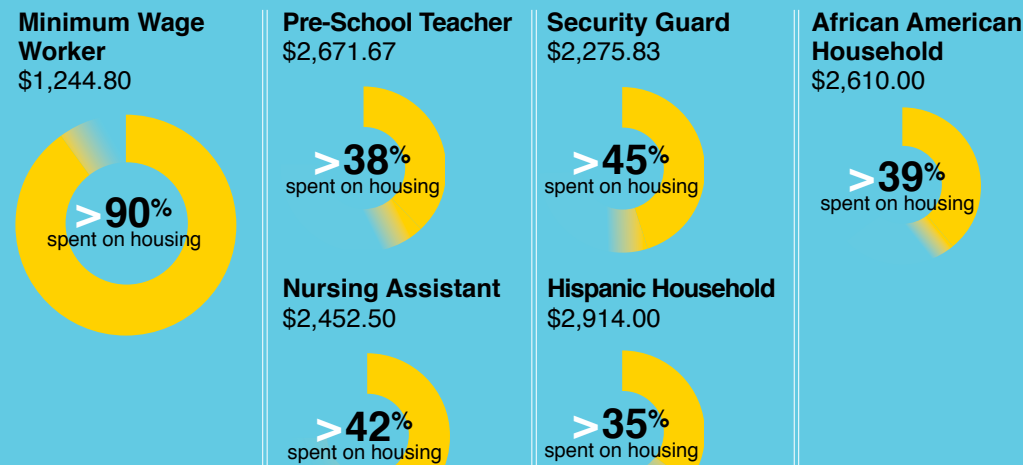
Rental Units
2012 – 2015
Demand:
9,450

Under construction:
1,800

Average Rent
Second Quarter 2013:
\$1,026.00

Average Mortgage
Metro area, 2011:
\$1,266.00

HOUSING COSTS AS PART OF MONTHLY WAGE FOR FULL TIME WORK:



Moving in the Right Direction

The Denver City Council enacted the city's Inclusionary Housing Ordinance (IHO) in 2002. The IHO requires that 10% of the housing units constructed in every new development over 30 units are affordable. The ordinance defines "affordable" for residents who earn 80% to 95% of the area median income (AMI).⁸

While an important step for affordability in Denver, the IHO has shortfalls. Developers have the option of "opting out" of each affordable unit's sale price and instead making a payment to the city. This clause has incentivized developers not to build affordable units, since opting out of the IHO is often cheaper.

The IHO also only targets for sale properties, leaving out the overpriced rental market. While the IHO has moved Denver forward, making it more flexible and responsive to where affordable units are needed is essential to make the city accessible to all its residents. The city's leadership must face a critical challenge — incentivizing developers to build affordable homes in a tightening housing market that is driving working families to move outside the city limits.

► *Housing is the bedrock on which a global city is built.* ◀

The Human Cost of the Housing Crisis

This crisis has a real human impact on residents in Denver. Hatrpat Kaur, a recent college graduate, is a good example of this. She works as a mortgage loan processor in Denver. Ironically, she cannot afford housing herself. As a young professional working her way up, she has been forced to move back home with her parents to make ends meet. She faces a forty minute commute to her job every day, increasing her transportation costs and moving her further from self-sufficiency.

As a child, Hatrpat recalls how tirelessly her immigrant parents worked to afford their city town home. She wants what many young college graduates do — to be able to afford a decent house near her job and remain in her community. Hatrpat is frustrated because housing is a barrier to achieving the American dream she believed in so strongly — that a good education would enable her to afford a home of her own.

Another long time Denver resident, Michelle Gutierrez, grew up in Swansea. She and her siblings have lived in the neighborhood their whole lives and she feels fortunate she can still call Swansea home. As a disabled single mom raising her children on fixed income, Michelle is scared soon she won't be able to afford to raise her kids in this community.

"34 years is how long I have lived in Swansea and now I don't think I will be able to," she says. "I would like to raise my children where I grew up but I don't know how long we can go." Michelle talks about how there used to be many Hispanic residents and people of color in her neighborhood, but how, throughout the years, this has changed. She has noticed that rent just keeps going up. "Many elderly folks can't afford the rent around here and no one seems to notice," she explains. While she has repeatedly applied for affordable housing, year after year her need is not met.

Unfortunately, Michelle's and Hatrpat's experiences are not unique, but a microcosm of the housing problem Denver faces.

Building a Diverse, Global City

Reasonably priced housing is important for those who live in the homes it provides, and it benefits everyone. When people can afford to live near their job or a transit station, it helps the environment by decreasing commute times and encouraging people to step out of their cars and onto the bus or a train. Businesses locate and stay in cities where their employees can afford to live. Families who aren't priced out of good neighborhoods raise children in a stable home. Their kids have access to good schools where they are more likely to succeed. Residents from diverse backgrounds can live in the same neighborhoods and a global metropolitan setting can grow and flourish. Housing is the bedrock on which a global city is built.

We All Deserve a Place to Call Home

In his State of the City speech, Mayor Hancock challenged nonprofits, businesses and banks to help the city build, rehab or preserve at least 3,000 affordable units in the next five years. Yet, there was a rental gap of over 27,000 in 2012. Denver needs action to address the housing crisis families are confronting. Mayor Hancock stated, "I have the

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— Michelle Gutierrez, lifelong Swansea resident

“I have the audacity to believe that anyone who wants to live in the city should not be forced out because of cost.”

— Denver Mayor Michael Hancock
State of the City Address,
July 2013

audacity to believe that anyone who wants to live in the city should not be forced out because of cost.” He’s right – money should not be the most important determinant in deciding whether to live in Denver.



Unfortunately, that’s not the reality that working folks, and minority communities are facing. Right now, thousands of Denver residents are making an impossible choice – either pay so much for housing they don’t have enough for other essential needs or move out of the city, away from the communities they grew up in and the places they work. The tragic result is a less diverse, increasingly inaccessible city where the work force that cleans Denver’s streets, guards its buildings, teaches its children, cooks and serves its food and runs its airport can’t afford to live here.

COMMUNITY PARTNERS

Denver needs to change that reality. The city is at a tipping point. The Regional Transportation District is set to open dozens of new passenger train stations in Denver by the end of 2016. The new development anticipated around these stations has the potential to provide economic development for some of the most impoverished areas in the city. But that transformation hinges on low and moderate income working people being able to afford to live in those neighborhoods.

The City of Denver needs a housing plan that makes a real commitment to addressing this issue head on. The plan should:

- Define affordable in a way that matches what working people make in Denver
- Commit to building or preserving more homes, particularly rental, that are affordable – 3,000 doesn’t come close to meeting the need
- Ensure there is affordable housing in places people want to call home, i.e. in neighborhoods that have:
 - Train or frequent bus service
 - Access to grocery stores, medical care, parks and libraries
 - Adequate infrastructure, including sidewalks, lighting and safe roads
 - Good schools
- Make a strong funding commitment to building and preserving affordable homes
 - Identify a reliable, substantial local revenue source
- Minimize displacement of minority and low income families, especially in neighborhoods near transit and employment opportunities




It won’t be easy, but the community stands ready to work with its leadership to make the dream of an accessible, diverse and inclusive Denver a reality. Let’s create a plan to make it happen.



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