



*Our vision: A world where everyone has a decent place to live.*

## Flatirons Habitat for Humanity - Article Series

### Addressing the Growing Disparity of Affordable Housing Supply vs. Increasing AMI in Boulder County

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#### Executive Summary

*Boulder County has become a magnet for both intellectual and technology incubation, a city of global thought leadership. As such, the city has seen both its home valuations and Area Median Income (AMI) mirror these trends. In 2012, the Office of the Comptroller of the Currency reported Boulder County median family income at \$93,800, one of the highest in the nation. There has been a counter effect to this growth experienced by many lower-to-middle AMI earners that now find any opportunity to live in the City of Boulder cost prohibitive. To address the diminishing supply of affordable housing in the region, organizations are addressing the housing disparity through key partnerships.*

- Boulder County's Area Median Income (AMI) of \$93,800 (2012) is one of the highest in the nation.
- Supply of affordable housing units in Boulder County is very low.
- High-end new construction and Municipal enhancement initiatives are increasing home valuations in Boulder County.
- To many who work in the City of Boulder, living there is cost prohibitive.
- Housing options to those who need them, are "drastically insufficient."

#### What is Affordable Housing?

Housing is deemed "affordable" if no more than 30% of a household's monthly income is needed for rent or mortgage payments, plus utilities. According to Housing Colorado, the availability of housing options in Colorado is drastically insufficient. Affordable housing is typically defined as paying no more than 30% of gross income for housing, including utilities; paying more than that is considered "rent burdened households" and paying more than 50% on housing is considered severely cost-burdened. In 2010, 24% of Colorado renters paid more than 50% of their income on housing and nearly 40% paid more than 30% of their income on housing.

Most Affordable Housing programs are designed for families at or below 80% Area Median Income (AMI). Area Median Income, as set by the United States Department of Housing and Urban Development for each Metropolitan Statistical Area (MSA).

**Moderate income** = 50%-80% AMI.

**Low income** = 30%-50% AMI

**Very-Low income** = not over 50% AMI

**Extremely Low Income** = 0-30% AMI

#### Demand for Boulder Housing is High, Supply is Short

The City of Boulder and its surrounding area is no stranger to attention. With its annual recognitions coming from top national magazines ranking Boulder as one of the best cities to live in, a thriving cultural scene, stunning climate, endless outdoor activities and anchored by one of the nation's top universities, Boulder has become more than a destination. The area has become a magnet for both intellectual and technology incubation, a city of global thought leadership. As such, the city has seen both its home valuations and Area Median Income (AMI) mirror these trends. In 2012, the Office of the Comptroller of the Currency reported Boulder County median family income at \$93,800, one of the highest in the nation.

While the national visibility of the area has been fruitful for many, there has been a counter effect to this growth experienced by many lower-to-middle AMI earners that now find any opportunity to live in the City of Boulder cost prohibitive.

So what housing options are available for families and individuals who work in critical support industries? Due to the lack of available subsidized housing in the region, our teachers, our municipal servers and emergency first responders are forced to live

in adjacent cities and townships. And it is here too, that resources lack as well. The city of Broomfield, attractively situated at the mid-way point to both Denver and Boulder are recruiting higher-earning professionals and families to their higher end construction projects and still lack a cogent vision or plan to address the lower earning AMI housing disparities. The Boulder 36 Turnpike initiative alone is expected to have a long term effect on the increase of home valuations thus increasing the “cost to entry” for Boulder. The new highway system is expected to lower commute times thus incentivizing new companies to base operations in the City of Boulder and it's surrounding areas. As such, the demand to live in a city even closer to employment and supported by award winning feeder school systems will further inflate housing prices thus putting additional pricing restrictions on low-to-middle earning families.

In July 2014, Boulder Housing Partners reported there were only two openings in their 400-plus affordable housing program. Boulder Housing Partners also reported in 2014 that in the last 12 years, Boulder has lost an average of 471 units of market affordable rental housing each year. Since 2000, there has been a 71% decline in the number of rentals valued under \$1,000 in monthly rent.

According to the 2013 Boulder County Trends Report through the American Community Survey data 59% of Boulder County residents and 65% City of Boulder residents are paying more than 30% of their monthly income on rent. According to the 2014 National Low Income Housing Coalition's Out Reach Study, a single parent would need 2.8 full-time jobs earning a minimum wage to afford a modest two-bedroom rental home in Boulder. 54% of Flatirons Habitat's current homeowners are single parents.

### **Addressing the Housing Disparity Through Partnerships**

In their 2014 Brighter Boulder County Strategic Priorities report, Boulder County stated; “Access to safe and stable housing provides the framework within which all successful evidence-based practices for human development can prosper.”

Understanding both the psychological and economic benefits of homeownership to local and regional economies is the beginning - its about enhancing awareness and igniting those individuals and institutions to work in concert to provide the resources, literacy and skill-sets that empower families to thrive and succeed within the communities they live.

Flatirons Habitat for Humanity, having provided 87 Boulder and Broomfield County families with affordable homes is enhancing its reach towards empowering even more families through such strategic partners as Boulder Housing Partners, the City of Boulder Housing Division, Broomfield Housing Dept., and the strong network of non-profit human service organizations throughout Boulder County and Broomfield. FHFH's Family Services program also aims to align with financial institutions to both intersect community affordable housing needs by providing critical financial sponsorship of Habitat educational resources and thus assisting those same financial companies with the increasing mandates to enhance their respective Community Reinvestment Act requirements being placed on them by federal regulators.

As emerging key growth markets come to expect increased social responsibility from banks, banks are seeking to meet these transparency demands by partnering with Flatirons Habitat for Humanity who stewards the homeownership acquisition process and family relationship. A proverbial “win-win” for all strategic partners.

Bank of America and its relationship with Mile High Community Loan Fund (MHCLF) is an example of public-private partnership with productive economic impact. Bank of America has invested \$1 million in MHCLF to help finance affordable multifamily rental-property development for seniors, veterans and low-income households throughout metro Denver. MHCLF's loans to affordable-housing developers and other non-profit facilities developers fill financing gaps for project development. The predevelopment, acquisition, construction and mini-perm loans contributed to the development and preservation of 787 affordable rental units and nearly 27,000 square feet of community facility space in 2012, according to the Denver Business Journal.

It is public-private partnerships like this one that are hugely important in facilitating the work that Flatirons Habitat for Humanity does in Boulder and Broomfield Counties. It is such a benefit to the community when small business owners like, Helen and Stephen, can now live in the community in which they have their business!