



Housing Colorado

Voice and action for affordable housing.

Housing Colorado
1981 Blake Street
Denver, CO 80202
(303) 863-0123
www.HousingColorado.org

Housing Colorado supports the Governor's budget request for continuation of \$8.2 million from the General Fund and \$15.3 million from the Marijuana Tax Cash Fund allocated to the Division of Housing within the Department of Local Affairs (DOLA).

HOW DOES DIVISION OF HOUSING LEVERAGE THESE RESOURCES?

The Division of Housing helps local communities provide housing to the many residents who cannot afford market rate housing in that community. This could include the elderly, the disabled, veterans, the formerly homeless, or essential workers who live in communities where housing costs far exceed the average wage. Housing Development Grant (HDG) funding had been cut dramatically during the economic recession, but, as a result of the \$15.3 million from the Marijuana Tax Cash Fund, has increased to exceed pre-recession levels.

However, funding for federal housing programs has either decreased or remained stagnant for the past several years, leaving the state to backfill those resources with state funds. Two of the most important federal funding sources for affordable housing, HOME and Community Development Block Grants (CDBG) programs have been cut by more than 50% and 30% respectively in recent years. The Governor has proposed a continuation level of funding of \$8.2 million from the General Fund and \$15.3 million from the Marijuana Tax Cash Fund.

- The state uses the grant line to leverage additional funds up to \$23 for every one dollar granted by the state in order to preserve or expand the supply of affordable housing in Colorado. Adding to this fund will only increase the positive economic impact.
- The Division of Housing awarded over \$7.95 million of HDG funds from the FY15-16 appropriation resulting in fifteen new housing construction and rehabilitation projects and three additional programs including a mobile home improvement program, an emergency shelter, and a landlord and tenant counseling program. The fifteen new construction and rehabilitation projects created 936 affordable units at a cost of \$187,000 per unit of which the HDG funded an average of \$7,900 per unit.
- Research on the economic effect of housing development in our communities shows an economic multiplier effect of at least 5 to 1 with consideration of the construction activity itself as well as the jobs supported, income generated and ongoing reinvestment.
- As the federal government manages its own budget shortfalls and proposed cuts to programs affecting low-income households, it is vital to provide safe and economical living arrangements to Colorado's neediest individuals.
- The Housing Development Grant Fund is currently the only state source for affordable housing development grants – critical gap funding that often makes projects financially feasible. While there are federal funds for housing, these resources have significantly diminished in recent years and often come with restrictions.



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WHY IS HOUSING FUNDING SO CRITICAL IN COLORADO?

- The affordable housing gap continues to widen, driven by stagnant income, a decreasing availability of rental housing, increased prevalence of gentrification and increased housing costs. For households earning 30% Area Median Income (AMI) or lower, six households compete for every affordable unit available.
- Presently, over one third of all Colorado wage earners make an average of \$22,165 per year. In FY2018-19, the Division of Housing's goal for production of affordable housing units targeting high needs households is 3,700 new affordable housing opportunities and providing an additional 1,500 individuals or families with stable housing.
- Over 272,000 low-income households in Colorado are in crisis, spending more than 50% of their income on housing costs. If this funding is not continued, the level of federal and state grants available will be insufficient to meet the present need for affordable housing units, resulting in a larger number of rent-burdened households and homeless individuals. Social costs associated with transient and homeless individuals or families will increase.
- Chronically homeless individuals without housing have an average annual health care cost alone of over \$28,000, compared to only \$6,000 for their housed peers. Housing this population alone would save the state as much as \$50 million annually in medical expenditures through the state Medicaid budget.
- Colorado's populations aged 65 to 74 are expected to double the national average by 2020. 31,885 Colorado seniors earn less than 30% AMI and spend at least 50% of their income on housing. Without adequate affordable housing, rent burdened populations like seniors become at risk of homelessness, which brings with it significant costs to the public through incarceration, hospital care, and emergency responses.

About Housing Colorado:

Housing Colorado is a comprehensive, nonpartisan industry association that is dedicated to serving professionals who serve our communities by designing, developing and increasing support for affordable housing in Colorado. Our diverse membership represents construction, design, real estate development, engineering, finance, law, property management, social and supportive services.

For more information on our policy priorities and research, please contact Sara Reynolds, executive director, at sara@housingcolorado.org or 303-863-0124.