

Racking the Weight

**A Nonprofits' Guide to Lifting a Community's Affordable
Housing Stock**

By

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For

**Hope Communities
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Executive Summary

Due to a variety of economic, social, technological, and ecological reasons, cities like Austin, Miami, Seattle, and Denver are continuing to see steady increases in their population year over year. This increase in demand is leading to a shortage of available housing and is shifting the rental and homeownership prices upward. These costs of living increases are an especially dire concern for individuals and families that are earning less income per capita than their neighbors. As the rent-to-income ratio increases, cities are finding that more of their populations are qualifying for affordable housing programs. However, the existing stock of affordable housing units cannot keep up with the current and growing demand.

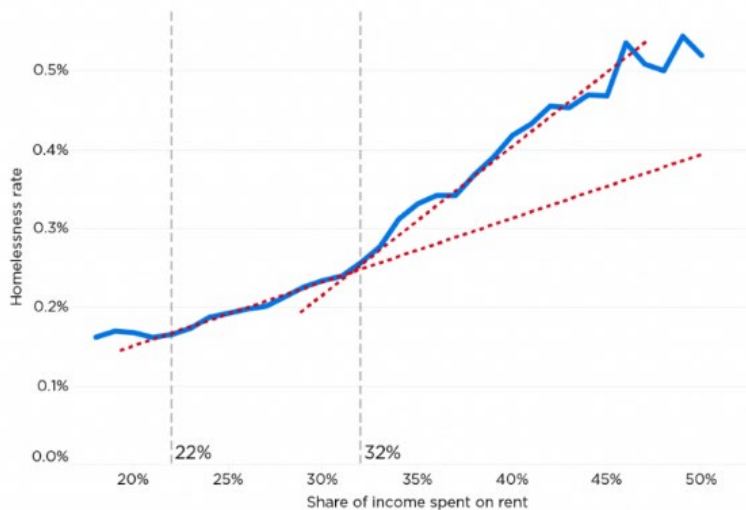
This topic is concerning as research (Glynn & Byrne, 2018; Glynn & Casey, 2018) identifies that communities where households, on average, spend more than 32% of their income on rent, shortly become areas that see a sharp increase in homelessness.

Hope Communities, a 501(c)(3) located in Denver, Colorado, that is actively serving an affordable housing population, is exploring options as to how nonprofits can build capacity in the affordable housing space.

Summary Figure 1. Homelessness climbs faster when rent affordability reaches 22% and 32% thresholds

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An uptick in rent affordability beyond 22 percent translates into more people experiencing homelessness. Beyond 32 percent means a faster-rising rate of homelessness — which could mean a homelessness crisis, unless there are mitigating factors within a community.



Before an organization can explore how to build capacity, an organization needs to take the necessary and appropriate time to understand themselves. The understanding yourselves process includes two significant steps. The first step is to ensure the foundational documents are aligning with the organization's mission, vision, and ethos. This step provides an opportunity for organizations that might not have a shared understanding of affordable housing or looking to break into that niche. Organizations that already service an affordable housing population can use this opportunity to understand the development process and the real estate market. The purpose of this process is to ensure all members of the staff and the board of directors have a consistent understanding of affordability and a dedicated commitment to providing the permanence of affordable housing units.

The second step for an organization to better understand itself is to strengthen its board of directors. Step one may have provided the opportunity for an organization to recognize gaps in their existing knowledge base. This step encourages organizations to reach out to community stewards who share a like-minded view of affordable housing and have experience in the development realm to join your organization. These new board members might help provide a clear understanding of the planning, development, construction, and property management aspects of your future projects. By having a diverse board, a nonprofit is improving its chances for success by actively mitigating issues before the development process begins.

Not every organization has the same capacity to provide affordable housing to their community, and that is perfectly fine! This guide breaks down the impact you can have on your community's affordable housing stock in terms of the intensiveness of the "lift."

Lift 1 is resource-intensive and takes on the challenge of physically constructing new affordable housing units into the community. A critical aspect of this approach is the relationships between nonprofits and their partners and the importance of utilizing wrap-around services to build a sustainable and comprehensive affordable housing solution.

Organizations that are looking to develop new affordable housing units/ build an affordable housing community should understand that to be successful, organizations do more than provide a home. In many cases, nonprofit organizations' development services include pre- and post-home assistance. Look to examples of organizations and partnerships that are collaborating to not only provide affordable housing for residents but also providing services to help residents become more fiscally stable. Many times, these services focus to some degree on case management, career development, educational programming, community engagement, and involvement services, as well as mental and physical health care availability.

Lift 2 is also resource-intensive in that it potentially requires organizations to have the experience to manage or to renovate an existing housing development. By utilizing existing infrastructure, development projects are less resource-intensive but can still permanently increase the number of affordable housing units. Organizations can also make this lift less resource-intensive by educating residents in their community about alternative ownership models. Alternative ownership models represent homeownership techniques that do not require the resident to take on the full risk of homeownership as a cost of full ownership of

their property. This guide provides an example of how a community converted older condo units into permanently affordable housing units.

The adaptive reuse section explores how organizations can gather city and state support for an affordable housing development program by repurposing a vacant old building. Nonprofits have come to understand that there are alternative models to "homeownership." By utilizing these alternative avenues, nonprofits can not only help people in nontraditional situations find affordable housing but can also help to increase the permanent supportive housing for generations to come. Finally, the guide looks at an innovative solution from LEAP communities that repurposed shipping containers atop of land owned by resident-owned communities to provide affordable housing units to their residents.

Lift 3: While building additional affordable housing units can directly combat the problem of limited housing supply, it is not the only way to help improve your community's affordable housing situation. For those nonprofits who discover that their organization does not currently have the staff, goals, board experience or capacity for home development, they can still have a substantial impact on the community they serve, by acting in a liaison role.

Hawaii State Teachers Association, an organization that is intimately involved with Hawaii's teacher shortage, recognized the extreme need of the community and suggested the state fund a program to help mitigate the income and rent disparity for teachers. While the strategy never came to fruition, the attention brought about from the proposal encourages state governments to find and fund unique ways to address this imbalance

There is no one-size-fits-all solution in the affordable housing world. Each community has its own set of unique strengths, weaknesses, opportunities, and concerns. While some of the most publicized success of housing development projects may fit the parameters of Lift 1 or Lift 2, it is far more critical for a nonprofit to be consistent and long-lasting than it is to develop new affordable housing units. Over time, a nonprofit can grow, scale, or and partner to meet the needs of their community. By understanding yourself, your organization will be in the best position to recognize when those opportunities arise and how to capitalize on them