



# Housing That Lasts: Why Preserving Affordability Matters for Colorado

**Preservation of affordable rental housing means securing the long-term affordability and habitability of multifamily properties with the goals of preventing displacement, enabling residents with low-to-moderate incomes to voluntarily stay in their homes, and maintaining adequate affordable housing options in a given community over time.**

## Colorado's Need to Preserve Affordable Housing

Ensuring the long-term affordability of Colorado's existing affordable rental housing will require large-scale intervention, and is necessary for the state to realize a meaningful increase in overall affordable rental supply. Otherwise, new construction will continue to be undercut by pre-existing affordable rents converting to market-rate rentals. Colorado is in a race against time—and private investors unconcerned with keeping rents down or residents in place—to safeguard existing affordability.

Although population growth has slowed and housing production has increased,<sup>1</sup> Colorado continues to have an undersupply of affordable homes, particularly for people living on low- to moderate incomes.<sup>2</sup> More recently, state resources have often prioritized new construction over preservation efforts and communities are rapidly losing affordable homes as they wait for new ones to become available.

**Affordable multifamily properties include those with existing income restrictions, those without formal restrictions renting below market rate and at risk of rent increases, and underutilized communal living buildings that can be converted into long-term housing. Preservation investments can include:**

- extending existing or securing new affordability restrictions;
- acquiring properties to stabilize rents and ensure long-term affordability;
- renovating and improving buildings, including those with deferred maintenance needs or chronic habitability issues and those in need of more responsive ownership;
- stabilizing properties' operational sustainability; and
- adapting community assets and buildings built as temporary housing or lodging to affordable long-term housing.

Aging affordable stock is also in need of new investment. The federal Low-Income Housing Tax Credit (LIHTC) program — the main driver of affordable rental development — began in 1987, and many unrestricted properties are typically more affordable in part because of their older age. Meanwhile, housing costs far out-pace wages,<sup>3</sup> with people living on lower incomes facing the greatest shortage of available, affordable housing.

- Colorado is the 10th least affordable state for renters, with the most significant gaps in homes available to low-income residents.<sup>4,5</sup>
- Nearly 7 in 10 (68%) of Colorado renters living at or below 80% area median income (AMI) have to put at least 30% of their income to housing costs, and just over half of those households (51%) are putting more than half their income toward housing.<sup>6</sup>
- From 2011 to 2021, Colorado saw a nearly 60% drop in rentals available at \$1,000 or less a month, a loss of more than 250,000 units.<sup>7</sup>
- According to the Colorado Housing and Finance Authority, there are an estimated 107,280 rental units with income-based affordability restrictions in Colorado. An analysis of properties currently in the Colorado Affordable Housing Database shows that in the next 15 years, restrictions on approximately 23,080 of these homes across an estimated 337 properties may expire, meaning they may be acquired and rents increased to market-rate.<sup>8</sup>
- Unrestricted affordability often occurs in properties with fewer than 50 units because of their typically older age, limited amenities, and owner-operated nature. Such properties account for 46% of Colorado’s rental stock, and two-thirds of these homes’ residents live on less than \$75,000 annually.<sup>9,10</sup>

**Rental units with affordability restrictions due to expire in the next:**

**2 YEARS**

2,284 units across 46 properties

**5 YEARS**

6,462 units across 114 properties

**10 YEARS**

14,764 units across 215 properties

**15 YEARS**

23,635 units across 348 properties

*Analysis of properties currently in the Colorado Affordable Housing Database, all data are approximate.*

**Colorado only has a fraction of the affordable rental homes residents need**

**26 HOMES** affordable and available for every 100 renter households  $\leq 30\%$  AMI

**42 HOMES** for every 100 renter households  $\leq 50\%$  AMI

**89 HOMES** for every 100 renter households  $\leq 80\%$  AMI

*National Low-Income Housing Coalition, The Gap: A Shortage of Affordable Homes, March 2025.*

## Benefits of Preservation

Directing resources to safeguard existing affordability yields wide-ranging benefits to residents, communities, and public systems.

- **Sustaining affordable housing is time- and cost-effective.** Preserving affordable housing maximizes the impact of public and private investment, costing as much as 30-50% less than new construction. For example, a recent analysis of properties in the Enterprise Credit Investment Portfolio nationwide shows the median cost of preservation projects is \$150,000 less per unit compared to the median cost of new construction.<sup>11</sup> Existing buildings leverage established infrastructure, don't require increasingly expensive land buys, and often don't have to go through lengthy and costly permitting and zoning processes. Investing in energy efficient upgrades to older buildings can lead to reduced long-term utility and maintenance costs for owners and residents. And no building is more "shovel-ready" than the one already standing.
- **Investing to extend affordability stretches public dollars further.** Because of the lower cost basis, preservation projects typically need a lower total per-unit subsidy to support long-term affordability than new construction. Particularly in tight state and local budget cycles when federal emergency rental assistance and homelessness service funds are disappearing and service providers are stretched thin, stabilizing lower-income renters in their homes saves higher public expenditures than would otherwise be needed to serve those same people were they priced out of home and into homelessness.
- **Preserving affordable housing boosts local economies.** Housing stability promotes health and wellbeing, economic mobility, and educational and skills attainment, all of which benefit local economies. A national analysis of data from affordable homes preserved with federal LIHTC dollars estimates that every 100 renovated homes financed by the Housing Credit supports 131 jobs and

generates \$5.1 million in public revenue plus \$14.5 million in wages and business income.<sup>12</sup> Conversely, to lose affordable housing is to force essential workers out of communities where their jobs, spending, and tax dollars reside. These individuals and their families may well have to move so far away they ultimately leave their jobs, challenging large employers like health and education systems and small, local businesses to sustainably fill low- and moderate wage paying positions. Maintaining affordable housing also anchors broader neighborhood stability as residents continue to frequent local businesses, visit public amenities, participate in local decision-making, and connect with each other.





- **Mitigating displacement keeps Coloradans connected to resources.** Affordable housing preservation helps combat the enduring effects of redlining by keeping affordable homes in neighborhoods where such affordability would be extremely difficult to build today due to market values, land prices, construction costs, and neighbor objections. Safeguarding existing affordability and residents is particularly important for new infill development near public transit and resource-rich urban cores; even “no net loss” policies promoting mixed-income communities can’t keep current residents from having to relocate. And mission-driven, preservation-capable owners can be responsive to and accountable for resident needs.
- **Maintaining and rehabilitating healthy affordable homes lessens environmental impact.** Preserving existing structures has a substantially smaller carbon footprint than dismantling and discarding buildings and constructing new ones. Keeping local workforce local mitigates emissions that would otherwise result from workers priced out of their communities commuting in. And investing in building energy efficient upgrades for older buildings can decrease costs for property owners and residents alike, while improving residents’

quality of life — and will be most feasible with public funding and regulatory flexibility for adapting older buildings.

### Factors Stymying Preservation

Despite myriad benefits, preservation projects are not happening at nearly the pace or scale to meet the demand among communities and mission-driven developers.

#### **Mission-driven buyers are at a disadvantage.**

Developers motivated to preserve affordability and invest in residents’ welfare often rely on public funds and tax credits, which work on long timelines. In contrast, private real estate investors not focused on affordability or community needs can deploy significant resources and capital to identify and quickly act on an opportunity to purchase an affordable property from which they can turn a sizable profit. Sale prices can be inflated based on assumptions that maximize net income by increasing rents to (or past) market rates while minimizing operational expenses and capital improvements. This makes preserving affordability even more costly and causes buildings to fall into cycles of neglect. Well-resourced private investors can also exert significant influence in public policy and funding decisions.

- **Existing funding isn't effectively flowing to affordable housing acquisitions and renovations.** Although several state programs allow for grants and loans to be used for preservation, these resources are currently prioritized to new construction deals over preservation opportunities and are in very high demand. Once-promising federal funding for energy efficient upgrades is gone. Lenders do not have enough capital to keep up with the demand for preservation projects. Moreover, available public and private capital largely does not work for the wide variety of preservation deals that exist, with variables including project size, building condition and rehabilitation needs, pre-existing affordability requirements, and feasible pay-back periods (see [Housing That Lasts: Capital Tools and Processes Needed to Preserve Affordability](#)).
- **Preservation isn't a commonplace concept or especially eye-catching.** The complex nature of affordable housing preservation and its understated outcomes make it difficult to gain traction in public conversation. For instance, while a new housing development provides an opportunity for ceremony and media attention, there is no groundbreaking or ribbon-cutting for securing the habitability and long-term affordability of a rental property. Public-

facing officials often prioritize creating something new and visible over the purchase and renovation of an existing building.

Overcoming these barriers to advance affordable housing preservation in Colorado could take many forms, including: working in collaboration with statewide and local agencies to appropriately re-exist resources and create new financing tools, public policies like property tax incentives to make preservation deals more financially feasible, consistent enforcement of and investment in public health and safety codes to stabilize older properties, local governments' use of the state's right of first refusal law as capital allows, or advisory bodies of decisionmakers to drive new strategies and implementation.

**One thing is for sure: A successful path forward to realizing affordable homes for all Coloradans simply must include both new production and preservation.**

*This brief was collaboratively developed by organizations committed to preserving affordable rental housing across Colorado.*

<sup>1</sup> Colorado Department of Local Affairs, State Demography Office. (September 2025). *Colorado's Housing Shortfall: An Estimate and Review of Existing Studies*. <https://demography.dola.colorado.gov/assets/html/researchbriefs.html>

<sup>2</sup> National Low-Income Housing Coalition. (March 2025). *The Gap: A Shortage of Affordable Homes*. <https://nlihc.org/gap/state/co>

<sup>3</sup> Colorado Department of Local Affairs, State Demography Office. (September 2025). *Colorado's Housing Shortfall: An Estimate and Review of Existing Studies*. <https://demography.dola.colorado.gov/assets/html/researchbriefs.html>

<sup>4</sup> National Low-Income Housing Coalition. (July 2025). *Out of Reach: The High Cost of Housing*. <https://nlihc.org/oor>

<sup>5</sup> National Low-Income Housing Coalition. (March 2025). *The Gap: A Shortage of Affordable Homes*. <https://nlihc.org/gap/state/co>

<sup>6</sup> Colorado Housing and Finance Authority. (April 2024). *The Housing Continuum*. <https://www.chfainfo.com/getattachment/a7f4be85-7a8e-4783-b5f4-d4d48763761a/WP-HousingContinuum.pdf>

<sup>7</sup> Harvard University Joint Center for Housing Studies. (July 2023). *Low-Cost Rentals Have Decreased in Every State*. <https://www.jchs.harvard.edu/blog/low-cost-rentals-have-decreased-every-state>

<sup>8</sup> Analysis of properties currently in the Colorado Affordable Housing Database hosted by the Colorado Housing and Finance Authority, November 2025

<sup>9</sup> 2023 American Community Survey 5-year Estimates (U.S. Census)

<sup>10</sup> Guglielmo, M. and Newcomer, J. (December 2024). *Leveraging Data for the Strategic Preservation of Affordable Housing*. <https://www.enterprisecommunity.org/learning-center/resources/leveraging-data-strategic-preservation-affordable-housing>

<sup>11</sup> Enterprise tabulation of 2022-2025 Enterprise Credit Investment Portfolio

<sup>12</sup> Calculated using 2023 NCSHA Factbook data and a NAHB impact multiplier commissioned by Enterprise in 2023 based on historic Low-Income Housing Tax Credit (Housing Credit) investment data



## Endorsing Organizations

- Archway Communities
- Aurora Housing Authority
- Colorado Coalition for the Homeless
- Colorado Housing Accelerator Initiative (CHAI Funds)
- East Colfax Community Collective
- Enterprise Community Partners
- Foothills Regional Housing
- Home Trust of Ouray County
- Housing Colorado
- Impact Development Fund
- Kaiser Permanente
- Mercy Community Capital
- Mercy Housing
- Total Concept
- Ulysses Development Group