BOUNCE FORWARD
BUILDING THRIVING, HEALTHY, & EQUITABLE COMMUNITIES
MARCH 4 & 5, 12, 19, 25 & 26
Ahmad Abu-Khalaf, Senior Research Analyst, Enterprise Community Partner
Renee Martinez Stone, Director, West Denver Renaissance Collaborative
Councilwoman Amanda Sandoval, Denver City Council
Bringing ADU Development to Scale

Ahmad Abu-Khalaf, Senior Research Analyst
Enterprise Community Partners

Thursday, March 25, 2021
Accessory dwelling unit (ADU) is a broad term that refers to a smaller, self-contained residential dwelling that is located on the same parcel as a primary, larger residential dwelling, typically a single-family home.

ADU development is the low end of the gentle density (missing middle housing) spectrum. Permitting ADU development in single-family zoned areas is the first step toward supporting gentle density.
POLICY GOALS

- Allowing for ADU development typically requires a low regulatory lift that does not induce heavy local opposition.

- Permitting rental ADUs can boost the diversity of housing types in single-family zoned areas.

- ADU development can support aging in place and multigenerational housing strategies.

- Rental ADUs can be utilized to generate additional income and build wealth for low- and moderate-income homeowners.
REGULATORY BARRIERS TO ADU DEVELOPMENT

- At a minimum, municipal governments must permit ADU development in some/all single-family zones to support ADU development.

- In many jurisdictions where ADU development is permitted, there are zoning provisions that can create regulatory barriers to ADU development.

- These regulatory barriers can result in complex, lengthy permitting processes; reduce the feasibility of creating ADUs; and discourage homeowners from pursuing ADU development.
REGULATORY BARRIERS TO ADU DEVELOPMENT

- Discretionary review processes
- Owner-occupancy requirements
- Off-street parking requirements
- Minimum lot size requirements and large setbacks
REGULATORY BARRIERS TO ADU DEVELOPMENT

- Restrictive size and height caps
- Prescriptive design standards
- Impact fees and utility connections cost burdens
BARRIERS TO FINANCING ADU DEVELOPMENT

There are persisting barriers to financing ADU development, especially for lower- and moderate-income homeowners.

The scarcity of lending products tailored for ADU financing has made tapping into homeowners’ cash savings or home equity the most common path for financing ADU development.

Lower- and moderate-income homeowners are less likely to be able to use these financing mechanisms. In addition, there are challenges in using these lending products to finance ADU development.
Federal agencies that back mortgages and private lenders can explore creating lending products tailored for ADU development. These products would:

- Enable low- and moderate-income homeowners to finance and develop ADUs on their lots
- Offer favorable loan terms and interest rates
- Include the projected rental income from the ADU in calculating the Debt-To-Income ratio and appraised value
- Provide for a loan underwriting process tailored for the population in need of ADU financing

Federal, state and local agencies, as well as private and philanthropic partners can also support ADU development through offering financial support to low- and moderate-income homeowners.
For additional information:

Website: bit.ly/PDR_Reports

Email: aabukhalaf@enterprisecommunity.org
Mission
The mission of the West Denver Renaissance Collaborative (WDRC) is to facilitate the revitalization of West Denver in an equitable fashion improving the livelihood of existing residents’ and working to preserve and amplify the rich multicultural character.

March 2021

Who we serve
- 9 neighborhoods
- 6400 acres
- 65,000 residents
- 25,000 households
- 3 Council districts
Displacement in west Denver (pre COVID-19)

2015-2018 there were 3,900 low income households displaced, including 5,800 kids below age of 18

20K Households (83%) Vulnerable* or Experiencing Gentrification**

*Tracts with the majority of households earning <60% AMI  **Tracts that were vulnerable in the base year and experienced both: above average increase in educational attainment and above average increase in either median rent, or median value

Where displaced families went around Denver metro?
Goals

1. Stabilize Homeowners to minimize involuntary displacement
2. Provide wealth building opportunity
3. Create new long term affordable units
4. Promote equitable access to ADU zoning & development

Partners & Funders
Denver Housing Authority (DHA), Habitat for Humanity Metro Denver, Fannie Mae, First Bank, City and County of Denver (HOST, NEST, CPD), SPARCC (Mile High Connects, Enterprise Community Partners), Colorado Housing & Finance Authority (CHFA)
Program Services

- Outreach & Education
- Qualification & project feasibility
- Custom housing counseling
- Connection to ADU lending/financing options
- Project cost-estimating
- Site predevelopment services/bridge costs
- Design & Engineering
- Permitting with the City
- ADU construction
- Property management training
ADU Benefits

- Add living space for family
- Stay in place w/ADU and primary home
- Economic resilience with an income generating asset
- Build/stabilize inter-generational wealth
- Provide affordable rental housing in scale & character with neighborhood
- Help prevent displacement
- Activate alleys

Having the option of building an ADU can provide homeowners the ability to stay, invest, generate income and to further grow their home equity over time.
WDSF+ ADU Pilot Program

Design

• Quality Design
• 7 Models pre-designed and pre-reviewed by the City
• Designed with input from AIA housing subcommittee and area ADU Builders
• Hybrid construction: manufactured core and built on site

Costs

Estimated prices included site costs, construction, materials, professional fees and predevelopment soft costs. Average estimated site specific costs $25,000, but vary by site (tree removal, sidewalks, etc).

<table>
<thead>
<tr>
<th></th>
<th>Studio</th>
<th>1 Bedroom</th>
<th>2 Bedroom LARGE</th>
<th>3 Bedroom</th>
</tr>
</thead>
<tbody>
<tr>
<td>CORE</td>
<td>432 SF</td>
<td>576 SF</td>
<td>864 SF</td>
<td>864 SF</td>
</tr>
<tr>
<td>BR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AT GRADE or above new garage</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CORE + BEDROOMS</td>
<td>$121,000</td>
<td>$140,000</td>
<td>$142,000 To $216,000</td>
<td>$172,000 To $218,000</td>
</tr>
<tr>
<td>BR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BR</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>BR</td>
<td></td>
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</tr>
</tbody>
</table>
Barriers for ADUs

1. ADUs as an impactful housing tool – making the case
2. Competing needs & priorities for housing/development review
3. History and systems that result in barriers and ‘inherited geographies’
4. Policy/systems for current issues: stay in place, displacement, a broader range of affordable/restricted options
   - More zoning & overly complex design standards – increases cost
   - Development fee differentiation – small/infill development less feasible
   - Tools & resources for equitable access - barriers for most
5. Impacts of 2020 – cut hours, loan criteria, uncertainty
6. ADU misperceptions / technical support
7. Community asking for local solutions, seeking zoning
   - knowledge/trust, connections, time, cash and/or access to financing
Visit MyWDRC.org for more info

1. Fill out the ADU readiness checklist
2. Read more about the program and ask questions
3. Complete a Pre-Qualification Application!
Contents

1. ADUs in Denver
2. District 1 Rezoning Efforts
3. Survey feedback, concerns & research
ADUs IN DENVER

- The Denver Zoning Code (2010) has specific zone districts that allow ADUs.
- ADUs are allowed by default two-unit or multi-unit zones.
- Most property owners in single-unit areas must rezone to allow ADUs.
- Nearly 30% of the city allows ADUs currently.

All areas in color allow ADUs:
District 1 Rezonings

Total: 9,819 out of 25,375 properties (39%)

ADUs Prohibited or Limited:
- E-SU-B
- E-SU-D
- E-SU-DX
- S-SU-D
- U-SU-A
- U-SU-B
- U-SU-C
- U-SU-C2
District 1 Rezonings

1. Chaffee Park Neighborhood
   (completed, 1,410 properties)

2. Sloan’s Lake Neighborhood
   (in progress, 1,742 properties)

3. West Colfax Neighborhood
   (in progress, 227 properties)
Community Outreach

- Town Halls
- Owner mailings
- Door flyers
- Surveys
- Neighborhood organization presentations
- Multilingual outreach
Survey Results from 720 Responses

Do You Support Rezoning to Allow ADUs?

- Yes: 503 (70%)
- No: 128 (18%)
- Undecided: 89 (12%)
If the rezoning goes through, would you build an ADU?

- Yes, immediately!: 108 responses
- No: 152 responses
- Maybe in the next 3-7 years: 267 responses
What is your PRIMARY reason for wanting to build an ADU?

- Guest house: 35%
- I do not plan to build an ADU: 32%
- Studio or office: 27%
- To house a family member: 26%
- Long-term tenant: 22%
- Short-term rental: 8%
- Other: 6%

*Multiple uses often chosen. For example, short term would be to rent to recoup costs, long term would be for family.
Inclusionary Housing
Panelists:

Anamaria Hazard, Dentons, Atlanta
Stephanie Hawkinson, Affordable Housing Manager, Edina MN
Alex Radtke, Senior Planner, Austin
Analiese Hock, Principal City Planner, Denver
Inclusionary Zoning
Legal Overview and a closer look at the City of Atlanta, Georgia’s Policy

March 25, 2021
What is Inclusionary Zoning?

• Requires developers to set aside a certain percentage of dwelling units at below market rates for moderate to low-income residents
  • mandatory or voluntary
  • Some jurisdictions allow developers to pay an in-lieu fee to build affordable housing
  • For sale or rental units
• Municipalities often provide incentives to developers for building affordable units
• Due to state and local law restrictions and limitations, the specifics of inclusionary zoning varies across the country
Policy Considerations

• Alleviate concentrations of poverty and wealth
• Greater access to affordable housing for those who need it
  • Often provides housing for moderate income individuals (police, city employees, healthcare workers) who cannot afford market rate units and do not qualify for low-income assistance
• Critiques
  • Does not help those most in need
  • Decreases housing stock in jurisdictions with inclusionary zoning policies
  • Does not create equity for participants
Key Factors for a Successful Inclusionary Zoning Program

- Strong housing market
- Mandatory
- Incentives
- Clear guidelines
- Flexible

State Law and Broader Context

- Rent Control
- 20 year restrictions on covenants
- The right to zone is a “police power” given to municipalities by the State with little constraint
  - State regulates zoning procedure
  - Requires a comprehensive plan
- Atlanta Housing Authority provides subsidies and vouchers for low-income residents
- Invest Atlanta (Development Authority) provides tax incentives and bonds for affordable housing
- State Fair Housing Act does not allow for expansion
- Cannot waive impact fees for affordable housing unless it is replenished by general fund
Atlanta’s Inclusionary Zoning Policy*

- Implemented January 2018
- Applies only to the BeltLine and Westside Overlay districts
- Triggers
  - Any improvement of real property
  - 10 or more new residential dwelling units offered for rent
- All affordable units must be substantially similar in appearance and construction, proportionate in number and not isolated
- Affordable units must be “actively marketed”

* All pictures and data were taken from The City of Atlanta Inclusionary Zoning Report which can be accessed at www.atlantaga.gov/iz
Atlanta’s Inclusionary Zoning Policy*

- On-site Requirement
  - 15% of units at 80% AMI
  - 10% of units at 60% AMI

- In lieu fee
  - Contribute to the affordable workforce housing trust fund
  - Assessed per BeltLine subarea
  - Calculated yearly to reflect current market

- 20 year affordability period enforced by a LURA

- Parking, density, and application review incentives

* All pictures and data were taken from The City of Atlanta Inclusionary Zoning Report which can be accessed at www.atlantaga.gov/iz
**Outcomes**

**TOTAL AFFORDABLE UNITS IN PIPELINE:**

**362 (as of December 2020)**

### TABLE 2: IZ DEVELOPMENTS AND RENT-BURDENED HOUSEHOLDS BY NSA, 2018-2020

<table>
<thead>
<tr>
<th>NSA</th>
<th>Number of Projects</th>
<th>Number of IZ Units</th>
<th>Rent-Burdened Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bankhead/Washington Park</td>
<td>2</td>
<td>34</td>
<td>457</td>
</tr>
<tr>
<td>Knight Park/Howell Station</td>
<td>1</td>
<td>26</td>
<td>74</td>
</tr>
<tr>
<td>Adair Park/Pittsburgh</td>
<td>2</td>
<td>13</td>
<td>725</td>
</tr>
<tr>
<td>Peoplestown</td>
<td>2</td>
<td>88</td>
<td>428</td>
</tr>
<tr>
<td>Choosewood Park/Englewood Manor</td>
<td>2</td>
<td>54</td>
<td>220</td>
</tr>
<tr>
<td>Ormewood Park</td>
<td>1</td>
<td>6</td>
<td>345</td>
</tr>
<tr>
<td>Old Fourth Ward/Sweet Auburn</td>
<td>2</td>
<td>14</td>
<td>2,488</td>
</tr>
<tr>
<td>Cabbagetown/Reynoldstown</td>
<td>2</td>
<td>67</td>
<td>462</td>
</tr>
<tr>
<td>English Avenue</td>
<td>1</td>
<td>21</td>
<td>543</td>
</tr>
<tr>
<td>Benteen Park/Blvd Heights</td>
<td>1</td>
<td>39</td>
<td>228</td>
</tr>
</tbody>
</table>

*Source: ARC ACS 5-year estimates, 2014–2018.*
Outcomes

- Inclusionary zoning did not result in reduced multi-family development in Atlanta

Residents of inclusionary zoning developments had more access to recreation centers and parks but less access to MARTA and grocery stores.

### TABLE 6: Multifamily Project Permits Issued for Multifamily Developments in the City of Atlanta, 2015-2020

<table>
<thead>
<tr>
<th></th>
<th>Inside the BeltLine</th>
<th>Outside the BeltLine</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015–2017</td>
<td>12</td>
<td>53</td>
<td>65</td>
</tr>
<tr>
<td>2018–2020</td>
<td>20</td>
<td>87</td>
<td>107</td>
</tr>
<tr>
<td>Total 2015–2020</td>
<td>32</td>
<td>140</td>
<td>172</td>
</tr>
<tr>
<td>%Change 2015–2020</td>
<td>+66.7%</td>
<td>+64.2%</td>
<td>+64.6%</td>
</tr>
</tbody>
</table>

Source: City of Atlanta Office of Buildings. Multifamily is defined as a building with 10 or more units, with rental or for sale product. There were three condominiums permitted from 2018–2020 that are included in Table 6.

### TABLE 5: Access to Public and Private Amenities for the Average NSA, 2019

<table>
<thead>
<tr>
<th></th>
<th>Atlanta NSAs</th>
<th>IZ Development NSAs</th>
<th>Potential IZ Development NSAs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population Density (per sq mi)</td>
<td>4,351</td>
<td>5,055</td>
<td>5,608</td>
</tr>
<tr>
<td>COA Recreation Centers</td>
<td>0.49</td>
<td>0.90</td>
<td>0.45</td>
</tr>
<tr>
<td>Park Acres</td>
<td>55.68</td>
<td>25.8</td>
<td>42.7</td>
</tr>
<tr>
<td>Grocery Stores</td>
<td>0.78</td>
<td>0.90</td>
<td>1.15</td>
</tr>
<tr>
<td>Bus Stops</td>
<td>39</td>
<td>45</td>
<td>44</td>
</tr>
<tr>
<td>MARTA Stations</td>
<td>0.24</td>
<td>0.20</td>
<td>0.40</td>
</tr>
<tr>
<td>Average Number of Businesses</td>
<td>334</td>
<td>199</td>
<td>528</td>
</tr>
</tbody>
</table>

Source: City of Atlanta Department of City Planning; City of Atlanta Business License data, 2018.
Lessons Learned

- Still not significant investment in low-poverty neighborhoods
- Consider neighborhood and community needs
- Require affordable housing around MARTA stations
- Consider policies that address layering of subsidies
- Expand program to capture for sale units
New Multi-Family Affordable Housing Policy and Ordinance

Edina, Minnesota
Broader Context

- State of Minnesota does not regulate whether a City adopts an Affordable Housing Policy or Inclusionary Zoning Ordinance.
- Edina is Statutory City meaning only allowed to pass ordinances that are specifically allowed in State statute.
- Bill proposed to limited City’s ability to use PUDs.
- Metropolitan Council requires the production of new affordable housing be included in Comprehensive Plans.
Need For Affordable Housing

- **Citizen Driven** — Vision Edina and Quality of Life Surveys.

- **Data Driven** —
  - 40,000 employees drive into Edina from elsewhere each day.
  - Increase cost of housing has outpaced increases in income.
  - 40% of Edina renters are cost burdened

- **Mandate Driven** — the Metropolitan Council established an affordable housing goal of 212 new affordable housing units by the year 2020. Between 2008 and 2015 none of those units were built. The goal for 2030 is 1,804 new units.
Demonstration of Need

Minimum Wage Vs. Wage Required to Acquire an Average Priced House in Edina

30% Average Wages in Growth Industries Vs. Average Mortgage Payment
2018 Affordable Housing Policy

What Triggers Policy:
1. 20 units or more.
2. Requires rezoning or Comprehensive Plan amendment OR in commercial district.
3. Receives financial assistance.
4. Developed on property owned by City.

Requirements:
- 10% of units at 50% AMI or 20% of units at 60% AMI
- Unit mix proportional to Market Rate units mix
- Affordable period of at least 20-years (rental) or 30-years (ownership).
- Non-discrimination of Housing Choice Vouchers.
- Must submit Affirmative Fair housing Marketing Plan.
- OR Payment in Lieu - $100,000 per 10% of units.

Offsets:
- Density bonuses
- TIF/abatements
- Loans
Outcomes

Between 2010-2018:
• 1,831 multifamily units approved
• 78 (4.3%) units are affordable

Since 2018:
• 658 multifamily units developed
• 192 (29.2%) are affordable
Lessons Learned

• CONFIRM and VERIFY that developments that were to have affordable housing units have them and these units are serving the intended tenants.

• Early agreements were not prescriptive. Agreements have become increasingly defined and prescription over time.

• Add: Compliance period commences when all required units are in compliance for both rent and income.
CITY OF AUSTIN
HOUSING AND PLANNING DEPARTMENT
AFFORDABILITY UNLOCKED PROGRAM

RMLUI – Inclusionary Zoning Panel
Alex Radtke, Senior Planner
alex.radtke@austintexas.gov
March 25, 2021
• Texas’ Local Government Code bans mandatory inclusionary zoning with exceptions allowed for voluntary density bonus programs and homestead preservation districts

• In 2017, the state legislature also banned linkage fees as a tool to support affordable housing

• Voluntary density bonus programs are consequentially an important tool for addressing affordable housing in Austin
**PROGRAM HISTORY**

*Affordability Unlocked’s City Council Resolution was Unanimously approved by City Council on May 9, 2019*

**Purpose:** To increase the number of affordable units and most effectively utilize 2018 Affordable Housing Bonds and other public funds and resources

- Initiated amendments to create a citywide affordable housing program – applies in all commercial & residential zones, overlays, and regulating plan areas

- Included very specific direction on affordability requirements, tenant protections, redevelopment limitations, development bonuses/waivers
WHAT IS AFFORDABILITY UNLOCKED?

• A development bonus program for housing providers.
• Offers substantial waivers of development regulations in exchange for high percentages of affordable units
• Can be paired with gap financing or other density bonuses
• Developments that meet the requirements of the Affordability Unlocked Program can be built as a permitted use on any site that is in:
  • A residential base zoning district
  • A commercial base zoning district
  • A special purpose base zoning district, except on a site designated agricultural (AG) or aviation (AV), and/or
  • A combining and overlay district.
PROGRAM REQUIREMENTS

Type 1 Bonus:

• **Rental Units:** Average of 60% MFI or below for 40 years
  • 20% of all units must serve 50% MFI or below
• **Owner Units:** Average of 80% MFI or below
• **Unit Size:** 25% of affordable units must have 2+ bedrooms or be used as senior or supportive housing
• **Tenant Protections:** Provide just cause eviction, tenant right to organize & SOI protections

Type 2 Bonus: Meets Type 1 requirements and one or more of the following:

• **At least 75% of units** must be affordable
• **At least 10% of the affordable units** are deeply affordable (30% MFI = $29,300 for a 4-person household)
• **At least 50% of affordable units** have 2+ bedrooms
• Located **within ¼-mile of Imagine Austin Corridor with transit**
## DEVELOPMENT BONUSES

### Waivers:

<table>
<thead>
<tr>
<th>Development Regulation Waived</th>
<th>City Code Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compatibility height and setback requirements (note that side setbacks required by the base zoning district are not waived)</td>
<td>Article 10 (Compatibility Standards) and Subchapter F (Residential Design &amp; Compatibility Standards)</td>
</tr>
<tr>
<td>Floor-to-Area Ratio (FAR) limits of the base zoning district</td>
<td>Section 25-2-492 (Site Development Regulations)</td>
</tr>
<tr>
<td>Duplex regulations</td>
<td>Section 25-2-773</td>
</tr>
<tr>
<td>Minimum site area requirements of the base zoning district</td>
<td>multiple sections</td>
</tr>
<tr>
<td>Dwelling unit occupancy limits</td>
<td>Section 25-2-511</td>
</tr>
</tbody>
</table>
Applications Received *As of 9/3/2020

| Certified | 26 |
| Cancelled/No response | 5 |
| Certified Type 1 | 10 |
| Certified Type 2 | 16 |
| Certified Ownership % (# of units) | 31% (8) |
| Certified Rental % (# of units) | 69% (18) |
| Total # Certified Units (affordable / market) | 2,721 (2,337 / 384) |

70% of certified project applications indicated participation in LIHTC or RHDA/OHDA programs for funding.

65% of certified projects are also SMART – certified.

The A on Lamppost became the first certified project to break ground on July 22nd, 2020.

District | # of Certified Projects | %
---|---|---
1 | 5 | 19%
2 | 3 | 12%
3 | 6 | 23%
4 | 5 | 19%
5 | 3 | 12%
6 | 0 | 0%
7 | 2 | 8%
8 | 0 | 0%
9 | 1 | 4%
10 | 1 | 4%
Denver’s Inclusionary and Related Programs

RMULI – 3/25/2021
The Colorado Legal Context

1981 Colorado Ban on Rent Control
- Barred municipalities from “enacting any resolution or ordinance that would control rent on private residential real property or private residential housing units” via CRS § 38-12-301

2000 Telluride Decision
- Determined that inclusionary housing/zoning policies on rental housing would be considered a form of rent control. Therefore, inclusionary policies can only apply to for-sale housing.

2021 HB-1117 Local Government Authority Promote Affordable Housing Units
- Would enable for inclusionary housing polices to apply to rental housing
History of Inclusionary Policies in Denver

2000 - 2001  Site specific negotiated outcomes (interim tool)

2001 – 2002  Inclusionary Housing Ordinance

2017 - Current  Linkage Fee

2018 - Current  Incentive Pilot Programs

2019 - Current  Negotiated Voluntary Housing Agreements

2021 – Current  Expanding Housing Affordability
Inclusionary Housing Ordinance (IHO)

2002 - 2016 IHO was the primary tool to providing affordable home ownership in Denver

- **Standard Requirements**
  - Limited Flexibility
  - Industry Pushback

- **Negotiated Site Specific Outcomes**
  - Greater Flexibility
  - Burdensome Staffing
Inclusionary Housing Ordinance (IHO)

• **Trigger:** For-sale housing of 30 units or more

• **Requirements:**
  - High-Cost Structures: 10% of total units, serving households earning 50% to 95% AMI, 30-year affordability
  - Standard Structures: 10% of total units, serving households earning 50% to 80% AMI, 30-year affordability
Inclusionary Housing Ordinance (IHO)

• **Alternative Compliance:**
  - Building additional units at one or more sites in the same or an adjoining statistical neighborhood
  - Building additional units at one or more sites within five-tenths (.5) miles of a light rail or commuter rail station
  - Contributing to the Special Revenue Fund an amount equal to fifty percent (50%) of the price per affordable unit not provided
Inclusionary Housing Ordinance (IHO)

- Rebates/Incentives for On-Site Development
  - $5,000 per unit up to $250,000 per development, per year
  - Funded through projects subject to the ordinance that paid the fee-in-lieu
  - Density incentives (very minimal, e.g., Downtown 0.4 FAR)
  - Parking Reduction of 20%
Inclusionary Housing Ordinance (IHO)

Outcomes:

- **2,028** for sale units
- **$7.6M** from Cash-In-Lieu
Inclusionary Housing Ordinance (IHO)

Shortcomings:

• Low production rates compared to overall city growth
  • Impacts of the great recession
  • Construction defects legislation
  • Applicability size 30+ units

• 185 foreclosures
  • Response and changes to the ordinance in 2013/2014 included:
    • Required Homeownership Counseling
    • Expanded Income Eligibility
    • Hardship exemptions changed enabling more flexibility for people to rent the unit if needed (e.g., military service, divorce, job lay-offs, etc.)
IHO: Enforcement and Compliance

2018 Auditor Report

• Headline: “The Office of Economic Development’s Lack of Proper Implementation and Enforcement of Regulations Is Not Ensuring Affordability of Housing”
  • Incorrect calculations of resale prices
  • Income eligibility is property verified to ensure monthly housing payments are affordable.
  • Inaccurate collection of fees from developers and over dispersion of incentive payments
  • Inaccurate data in compliance tracking
Linkage Fee

Pivot in City policy/priority from **unit production** to **fee generation** that applies to all new development

Nexus study (legally justified fee) **$9 – 119** per/sf

Financial feasibility study found **$7** per/sf was financially feasible

Current fees **$0.43 to $1.83** per/sf
38th and Blake Incentive Pilot Program

TOD Area with strong market demand
Adopted in 2018
Established base (3-8 stories) and incentive heights (6-16 stories)
7 developments used the height incentive
Produced 95 affordable units and 1,843 market rate units
Lessons Learned

- **Compliance** is critical
- Citywide programs need to be **calibrated to sub-market costs** (e.g., land values, zoning entitlement, housing need)
- **Fees-in-lieu** ought to reflect the cost of developing affordable units
- A **variety of incentives** are offered and complementary to mandatory requirements to achieve greater levels of affordability
  - Incentives need to align with market demand
- **Affordability** **longevity is key**
  - Citywide policy now 60-years (2019)
  - Preservation ordinance (2019)
- **Clarity and predictability** is necessary for both the development industry and residents
Looking Forward

• Housing needs are growing
  • Housing costs are rising at 2X the rate of wages
  • Low-income and communities of color are being displaced

• Existing tools are leading to gaps in housing affordability for moderate wage households and employment sectors
  • Public funds prioritize 0-60% AMI
  • Market-rate housing provides 120% AMI +

• Implementing our citywide plans to create an equitable, affordable and inclusive Denver
Looking Forward

• **Expanding Housing Affordability** Project will now involve:
  • a citywide zoning incentive for affordable housing
  • an update to the city's linkage fee
  • preparation for potential changes to state law on inclusionary housing

More details and resources online at:
www.denvergov.org/affordabilityincentive
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