

ADVISORY COMMITTEE SUMMARY

for Tuesday, February 25, 2020

Meeting Highlights

The primary purpose of this meeting was to ensure Advisory Committee members understand the purpose of the Affordable Housing Incentive (AHZI) project and their role and to introduce the 38th and Blake Street overlay incentive. The following materials were shared in advance of the meeting and provided as handouts: agenda, AHZI fact sheet, AHZI interim background report, draft charter, and membership list.

Next Meeting – Tuesday, March 24, 3-6 pm - 201 West Colfax - 4th Floor 4.G.2

The next meeting will focus on the following topics. Advisory Committee members are encouraged to submit relevant questions and comments in advance of the meeting to Analiese Hock, CPD Project Manager (720-865-2926, analiese.hock@denvergov.org).

- Review and refine draft criteria for successful solutions, which will be used to evaluate incentive ideas during future meetings.
- Discuss best practice research from peer cities

AHZI materials are available on the project website: https://www.denvergov.org/content/denvergov/en/community-planning-and-development/zoning/text-amendments/Affordable_Housing_Zoning_Incentive.html

Welcome and Introductions

Laura Aldrete, Executive Director of Community Planning and Development (CPD) and Britta Fisher, Executive Director of the Department of Housing Stability (HOST) welcomed the Advisory Committee and highlighted the importance of this effort. Advisory Committee members introduced themselves and shared a brief response to the question - why is this project and/or affordable housing important to you? Themes included:

- To thrive as a city, Denver needs to find ways to increase affordable housing. Key values include promoting diversity in our communities, ensuring people can afford housing so they aren't getting pushed out, and integrating equity in all city decisions.
- AHZI is an opportunity to do creative problem solving on a very complex and important issue. This is an opportunity to inform policy and provide practical solutions at a systematic scale, and to be an example for other cities.
- AHZI is an opportunity to enhance buy-in from the community, including building partnerships with the private sector.

Project Overview

Analiese Hock, CPD Principal Planner, provided an overview of the project purpose - to encourage the creation of affordable and mixed-income housing, especially in transit-rich areas, primarily through citywide zoning incentives and other regulatory tools. She described how zoning incentives fit into a range of complementary tools that support affordable housing, the anticipated AHZI process and timeline, draft criteria for successful solutions to inform the evaluation of incentive ideas during future meetings, and the broader engagement approach.

Questions

How much do incentives need to focus on transit-oriented development (TOD) and other high-density areas? How do we maintain what we have already, in addition to providing incentives for new development? The primary goal is to focus incentives on areas that adopted plans have identified as opportunities for growth, whether that is a TOD area (including transit stops and key bus routes) or a commercial corridor. CPD will soon initiate a separate Residential Infill project focused on how to preserve existing affordable housing and encourage new affordable housing in medium and medium-low density residential areas. It will likely include discussions on accessory dwelling units (ADUs), compatibility of

AFFORDABLE HOUSING ZONING INCENTIVE

infill design and other issues. *Action: CPD review overview fact sheet; current language may be interpreted as too narrowly-focused.*

How does this project relate to the Neighborhood Planning Initiative (NPI) process? NPIs will continue in parallel to the AHZI process and may inform the AHZI process. CPD acknowledged that there are some awkward timing issues. For example, the East Central and East NPI plans will be finishing their processes before the AHZI process is completed. However, the guidance provided from the NPI plans will be well-timed to inform AHZI citywide approaches. CPD staff meet bi-weekly to ensure parallel efforts are coordinating as well as they can.

How do we address the fact that the “community” is varied based on different neighborhoods’ needs and other factors? The goal is to reach different sectors of the community through focus groups. This will allow CPD to customize the conversation based on the group’s experience and expertise. CPD acknowledged that while the goal is to develop incentives that can be used citywide, these incentives need to be able to respond to different communities’ needs.

Advisory Committee Feedback

Criteria for Successful Solutions: Suggest adding criteria related to innovation to encourage ideas that are bold and to ensure we don’t end up with mediocre outcomes.

Community Engagement: Community members may have meeting fatigue as they are often asked to share feedback for city-led efforts. City staff should coordinate feedback requests as much as possible and share relevant feedback across projects. CPD is committed to building off of previous outreach efforts as much as possible (e.g., Blueprint Denver), not asking the same questions unless it's summarizing previous input and asking if anything has changed, and doing its best to coordinate across city-led efforts.

Background Questions

Members shared questions, based on their review of pre-meeting materials. Analiese Hock and other CPD and HOST staff responded.

Linkage Fee Questions:

- **Is the city required to do a feasibility study now that it's 2020?** The linkage fee ordinance specified that the city could not study or increase the linkage fee until 2020. The city has hired a consultant to review the linkage fee and conduct an updated financial feasibility study as part of this project. HOST will likely request feedback from the AHZI Advisory Committee as the linkage fee is evaluated.
- **What are the exemptions to paying the linkage fee?** The majority of the exceptions were based on the “grandfathering” approach. The linkage fee was not required for projects that submitted a concept plan (not a formal Site Development Plan) before December 30, 2016. Other lesser-used exemptions include those developing with a previously agreed upon affordable housing agreement or plan, or those that are building the units through a build alternative plan (BAP) instead of paying the fee. A complete list of exemptions can be found on the [Affordable Housing Fee website](#).
- **What are the guidelines for large redevelopment projects and the linkage fee?** Currently, large redevelopment areas are individually negotiated based on area plans and tools utilized at each site. HOST is developing clearer expectations for projects that will require a negotiated agreement (e.g. size, tax increment financing (TIF), city subsidy, rezoning) and the baseline expectations for housing commitments.
- **Do we have the data for 2020 linkage fee projections?** The City’s budget book projects collection of approximately \$10M in linkage fee revenue in 2020.

Why did Denver move away from inclusionary housing? City leaders replaced the Inclusionary Housing Ordinance (IHO) with a more broadly applicable linkage fee in 2016. Where the IHO only apply to for-sale developments over 30 units, the linkage fee applies to all development types including all residential development, commercial and industrial development.

What incentives is Denver currently offering?

AFFORDABLE HOUSING ZONING INCENTIVE

- Height incentives for individual sites are available at 38th and Blake and Central Platte Valley (CPV)/Auraria. CPV-Auraria's incentive includes a provision that requires large developments to negotiate an affordable housing plan covering their entire site. The date, one affordable housing plan for a large development area has been approved at CPV – Auraria, but no individual sites have utilized the incentive.
- Most downtown zone districts with floor area ratio (FAR) zoning include incentives, however since the incentives for affordable housing are not well-calibrated, they have never been leveraged. These systems will be reevaluated as a part of this project.
- Reductions in parking requirements are currently limited to a small number of zone districts (Main Street) and at 60% AMI. This approach will be reevaluated as part of this project.
- HOST provides gap financing for projects that include affordable housing. Such funding is primarily leveraged for projects that contain a majority of the units as affordable, but can also be used for large development areas as well.

Committee Charter

Laura Sneeringer, the facilitator, reviewed key elements of the draft Charter. Advisory Committee members committed to the outlined expectations.

Existing Incentive Evaluation

Analiene Hock provided an overview of the 38th and Blake incentive overlay and described benefits, drawbacks, and considerations for a citywide system, based on CPD's experience and feedback from developers and community members.

Questions

How does using the 38th and Blake overlay impact the preservation ordinance? Units have to remain affordable for 60 years with the right of first refusal (ROFR) to the city. Otherwise, owners must commit to perpetual affordability.

Advisory Committee Feedback

These considerations and questions will be discussed in greater depth at future meetings.

- We need to consider how important rail will be in the future. If we don't have high-density at light rail stops, it's a missed opportunity. The land-use context of stations can vary significantly and not all stations may make sense for high density.
- Infrastructure (e.g., transportation) may not be sufficient to support high density in some areas. Additional coordination with the Denver Department of Transportation and Infrastructure (DOTI) may be needed.
- **We need to ensure incentives truly increase affordable housing. Incentivizing high-density buildings may not be incentivizing affordable housing, and could have the consequence of increased displacement in surrounding neighborhoods. Is there a way to better understand how much existing affordable housing is lost through gentrification?**
- A package of incentives related to parking, density, and finances would be meaningful to developers.
- It would be helpful to develop a specific goal so we can understand the gap to achieve it and more easily problem solve and identify solutions. For example, what would the outcome be if there was high-density development at all light rail stops and key bus stops? Would this be enough to address the gap/ need?
- We need to consider the type of units, not just the number of units. Different neighborhoods will have different needs (e.g., studios will not work for families).
- For this type of incentive to be meaningful, it's critical to have appropriate base heights.

Bike Rack Issues

The following comments or topics have been identified as relevant to the project and identified for city response or additional discussion at an upcoming meeting.

Future AHZI Conversations

- Clarify how zoning can work as a tool – what zoning can and cannot do

Coordination with Other City Efforts

- Can HOST start to project the linkage fee from concept data? This would provide more meaningful projections.
- Are there more effective ways to understand the effectiveness of the linkage fee?
- Are there ways to increase the linkage fee? For example, can the linkage fee be higher in certain areas?

Participants

Advisory Committee Members

City Council, At Large - Robin Kniech
City Council, District 1 - Amanda Sandoval
Denver East Neighborhoods First - Caroline Carolan
Denver Planning Board Member, Urban Land Conservancy - Erin Clark
Denver Urban Renewal Authority - Tracy Huggins
Enterprise Community Partners - Jennie Rodgers
GES Coalition - Nola Miguel
McWhinney - David Jaudes
Northeast Denver Housing Center - Dominique L. Acevedo (Alternate)
Palisade Partners - Paul Books
Revesco Properties - Rhys Duggan
Shames-Makovsky - Dorit Fisher
Shears Adkins Rockmore - Jessie Adkins
Urban Ventures - Susan Powers
Wells Fargo - Shelley Marquez
West Colfax RNO - Jessica Dominguez
West Wash Park RNO - Sherri Way
Urbina Strategies - Molly Urbina

City Staff

Analiese Hock, Project Manager
Brandon Shaver, Project Team
Israel Cruz, Project Team
Melissa Thate, Housing Policy Officer
Sarah Showalter, Citywide Planning Manager, Interim Director

Consultant Team

Consensus Building Institute: Laura Sneeringer
Root Policy: Heidi Aggler