

MEETING SUMMARY

GOLDEN TRIANGLE REGULATORY IMPLEMENTATION

Date: March 26, 2020
Meeting Info: March 19, 2020, 3:00-5:00 pm, virtual meeting
Subject: Advisory Committee Meeting #6

Attendance

- **Advisory Committee**
 - Present: Kristy Bassuener, Chris Carvell, Pete Dikeou, CM Chris Hinds, Charlie Hunt, Scott Johnson (listening), Anne Lindsey, Laura Liska, Adam Perkins, Cherry Rohe, Jeff Samet, Susan Stanton, Byron Zick, Liz Zukowski
 - Not present: Rhonda Knop, Chris Parezo, Brent Snyder
- **City Staff**
 - CPD – Abe Barge, Lilly Djanians, Kristofer Johnson, Krystal Marquez, Fran Penafiel, Bridget Rassbach

Meeting Summary

1. **Introduction to CPD/HOST Citywide Affordable Housing Zoning Incentive Project**
 - Analiese Hock (CPD Planning Services), Debra Bustos-Giron and Melissa Thate (Dept. of Housing Stability, HOST) introduced a recently initiated project to establish a system for affordable housing zoning incentives across the city, primarily for higher intensity mixed-use and Transit-Oriented locations
 - Melissa reviewed the need for affordable housing
 - Adopted plans that are guiding the process include Housing an Inclusive Denver, Blueprint Denver, and Comprehensive Plan 2040
 - There is an enormous need across the city for income restricted affordable units
 - There are four times as many cost-burdened households than there are available affordable units
 - The greatest need is at lower Average Median Income (AMI) levels (i.e., below 50% AMI)
 - Analiese explained the approach to the citywide project
 - The project will focus on creating units in vulnerable areas and areas of opportunity (higher density mixed use and transit locations), and also on promoting affordable housing through program investment and policy changes
 - Project purpose: To encourage the creation of affordable and mixed-income housing, especially in transit rich areas.
 - The goal is to better leverage our existing land use and zoning policies
 - Begin by evaluating our own systems and learning from peer cities, evaluating initial alternatives through the summer, confirm a strategy, and then begin writing zoning code changes in the winter. Target completion is Spring 2021
 - *Q: Is this intended to be consistently applied throughout the city or as custom approaches like what we see today?*
 - The outcome is intended to be consistent and level the playing field citywide, but may include flexibility/scalability for vulnerable areas or those that need special consideration
 - *Q: Will this be voluntary or required?*

- State law does not allow inclusionary zoning which would require units on all projects, so this will be a voluntary incentive-based program
- May need to recalibrate or make adjustments to the allowed level of base entitlement to make the incentives viable

2. Preliminary Preferred Alternative and Incentive Framework

- Creating a 3-tier system - Narrow lot (75 ft or less), Standard lot (75-150 ft), Wide lot (more than 150 ft)
 - Point Tower is introduced in the Wide lots
 - Wider lots are regulated by additional standards for massing and at the street level
- Increasing the overall FAR max to be higher than what it is today but keeping the base FAR max at 4.0
 - Recognize the opportunity to leverage new development to make a stronger commitment to neighborhood priorities (through incentives)
 - Eliminating parking requirements and hoping to take advantage of neighborhood's access to transit, jobs, etc. to help adjust for keeping Base at 4.0
- Live work and other use-based incentives – is challenging to implement with staffing and inspections to monitor how the spaces are used into the future. Can't take back floor area that has been granted if the use changes down the road.
 - Additional avenues can be explored but incentive system may not be the right tool

3. Proposed Housing Affordability Incentive

- Base maximum floor area that can be achieved by right
 - Once you go above the base, a housing affordability commitment would apply
 - Affordable housing incentive automatically qualifies for full FAR overall maximum
 - Can use other incentives in combination with required housing affordability commitment
 - There is no requirement to build to the FAR maximum, even if it is granted via the housing affordability commitment
- We are currently ahead of the citywide affordably housing initiative by about 12 months, - what we know is that affordable housing is at the top of priority of city officials.
 - It would be challenging for City Council to approve the project if it does not include some sort of affordable housing agreement
 - Recommended that we use individual negotiated agreements for each project as an interim solution
 - This can be used to create a relatively simple calculation that can easily be replaced by the city-wide initiative in the future
- Initial ideas for minimum guardrails for the agreements
 - Target of 15% of residential units at 80% AMI – which is consistent with current city trends
 - Could be adjusted based on housing unit types, lower or higher AMI levels, etc.
 - Can also be adjusted accordingly based on other incentives provided like public art, or preservation of character buildings, but these would not eliminate affordable housing requirement altogether

4. Proposed Neighborhood Character and Public Art Incentives

- Protected character building – voluntarily registered with the city
 - This is not a substitute to landmark designation but is intended to create alternative pathways that is more moderate

- Any future design modification will be reviewed by staff, not the Landmark Preservation Commission
- No age requirement because we want not only buildings of historic character but also newer buildings like the Kirkland Museum to be eligible
- Need to have distinctive architectural features, massing, and/or roof forms,
- Need to meet a minimum level of quality and integrity
- Landmark is proposed to give 1.0 FAR bonus in addition to 1:1 FAR match for rehabilitation of the structure. Able to transfer an unlimited amount of unused floor area, bonus FAR, and/or match FAR.
- Protected character buildings would yield a 1.0 FAR bonus, but this would be required to be used on site to support the goal of adaptive reuse. Able to transfer up to 3.0 FAR of unused floor area only.
- Public art – existing incentive that is unfortunately underutilized
 - Proposing to increase the current incentive from 0.25 FAR to 0.5 FAR
 - Also allow no maximum so project could get credit for multiple art installations

5. Questions and Answers

- *Q: Is 4.0 FAR the right base to start with? Keeping the base FAR at 4.0 is a substantive change from existing since we are now including parking in the FAR calculation.*
 - There is much more emphasis citywide on larger projects providing neighborhood benefits beyond simply new construction. Keeping the Base at 4.0 supports this.
 - By also eliminating minimum parking requirements, there are now opportunities to utilize the 4.0 FAR in other ways than before
- *Q: How are the incentives supporting museums and creative industries?*
 - Using public art to support the neighborhood image as a place of art and cultural identity
 - Committee commented to continue to consider a potential incentive of art gallery spaces at ground floor
- *Q: Entering a difficult economic climate for new projects to get built. By requiring affordability on all larger projects and the value of other incentives, I worry that we may only get Base height developments that are underutilizing the opportunity.*
 - If you exceed the base FAR and commit to the minimum affordable housing commitment, you will be qualified to reach the maximum overall FAR
 - You can also support the other priorities and adjust the affordable housing contribution
 - The incentive system and negotiated agreements approach is intended to developers flexibility in achieving maximum FAR
 - We can continue to work on calibration of the FAR bonuses, and housing incentives to make sure that they are valuable enough that developers are encouraged to fully utilize them
 - This is also importantly why we need to be cautious of making the Base FAR too high. If it is too high, then we may likely see projects only built to the Base. At the same time, we don't want to make it too low where it's not financially feasible
- *Q: Individual negotiations will stop development altogether. Between this uncertainty and recovering economically from COVID you may not see any development at all.*
 - COVID certainly will affect things short term, but feel that negotiated agreements are a flexible approach for a temporary period
 - We need to make sure that the negotiations are transparent and predictable to all parties
 - Establishing minimum parameters should help with transparency to neighborhood, additional negotiations become attorney & client privilege
 - It is likely that only a few projects would fall into the time period where the negotiated agreements apply and before a citywide approach is in place

- Q: *What is the timeline for changes at the state level on the Telluride decision?*
 - Uncertain on Telluride decision timing. Regardless, it will take a while for the City to explore potential regulations that could be enabled.
 - Even if Telluride is modified, we would still likely explore a system where all development had a minimum requirement and development would be incentivized to meet even higher requirements (so discussion of incentive systems for housing would still be relevant).
- Q: *The neighborhood has been evolving with lots of residential, but the mixed-use aspect or live-work aspect is still missing to create a truly mixed-use community*
 - Agreed. We are proposing that a portion of frontage on larger projects be required to be occupied by non-residential use, in order to promote that mixed-use character on the ground floor
 - We are also removing the subsidies for specific uses (ie, market rate residential) that exist in the current incentive system to level the playing field for mixed-use and office development
 - Adam: When we were in LA, we saw how in the Arts District they required the ground floor ceiling heights to be increased in order to allow for conversion to studio or commercial space.
 - Abe: We have minimum street level height requirements in some newer zoning in Denver including River North Design Overlay (DO-7) and D-CPV- Zone Districts, which would likely be included in D-GT as well. Intent is to ensure that space is flexible for later conversion.
- Q: *Can you clarify how the 1:1 match for landmark works?*
 - For example, you have a 10,000 SF landmark building, but it is rundown and needs to be rehabilitated. By doing so, you generate a 1:1 to match or 10,000 sf, that you can either utilize on site or you can transfer that off. Any unused FAR can also be transferred.
 - Unused floor area is the difference of floor area in the building compared to Base FAR maximum (not based on the overall FAR maximum)
 - Committee commented that the landmark/character building bonuses seem pretty low to be a true incentive. Same with art, the FAR is too low to be an incentive.
 - Art could potentially be provided in the public right-of-way rather than on private property
- Q: *How do you define the minimum rehabilitation?*
 - The building would need to be rehabilitated to the standards to the Secretary of Interior standards for National Historic Landmarks. The rehabilitation is evaluated by the City's Landmark team
- Q: *Can we take a poll on the incentive framework and schedule for the project?*
 - Yes, staff will prepare an online survey for the Committee to provide anonymous feedback
- Links provided via Chat:
 - <https://www.denvergov.org/content/dam/denvergov/Portals/690/Housing/Income%20Verification/2019%20AMI%20051319.jpg>
 - <http://leg.colorado.gov/bills/hb20-1351>

6. Next Steps

- Planning Board Information Item – April 15
- Interim Report #3 – Preferred Strategy – late April
- Advisory Committee Meeting #7 – Thursday, May 21, 3:00-5:00 pm, location tbd

Action Items

1. Staff to send follow-up survey to committee members
2. Staff to post online public open house and online survey to website
3. Staff to continue to test incentive values and approach to housing based on meeting discussion