EXPANDING HOUSING AFFORDABILITY
Through Market-Based Tools

To: Denver Planning Board
From: Analiese Hock, CPD-Planning Services
RE: Expanding Housing Affordability (EHA) – Citywide regulatory project in partnership with the Department of Housing Stability (HOST)
Date: 3/10/2021

Context:
In Denver and the region, we have an immediate and growing need for housing. As costs go up, more families are spending more on housing, and many are being priced out of the neighborhoods they grew up in. To address that need, the city is working to create more options for everybody. This particular project, Expanding Housing Affordability, will develop tools to encourage the construction of affordable and mixed-income housing across the city. New housing where people can live near jobs, transit and the services they need will help address housing demands and create a more sustainable Denver.

The project initially launched in 2020 with a focus on a citywide zoning incentive. It has expanded to include an update to the city’s linkage fee and to address potential changes to state law, which currently limits what Denver can require for affordable housing. Specifically, this project will look at:

• a citywide zoning incentive that would allow projects to build taller buildings if more affordable units are included,
• an update to the city’s linkage fee, which requires all new development to either include affordable housing or pay a fee that supports Denver’s affordable housing fund, and
• potential changes to state law on “inclusionary housing,” which refers to requirements that cities can establish for new for-sale or for-rent developments. Currently, state law puts strict limits on what Denver and other cities statewide can require.

The project is part of Community Planning and Development’s efforts to fulfill Comprehensive Plan 2040’s vision for an inclusive, connected and healthy city. It will also implement recommendations from Blueprint Denver that address the community’s strong desire for more affordable housing options.

Project Objective: To establish market-based programs for new development that complement existing tools and resources, enabling the city to address housing needs for households in every neighborhood.

Guiding Principles:
• An equitable program that addresses housing needs for residents and families with low and moderate incomes in every Denver neighborhood.
• A predictable program with clear and transparent processes, requirements, and outcomes.
• A market-based program that responds to varied market conditions. The intent of these tools is to use the private development market to produce and fund affordable housing. To do so, they must respond to market demands and remain financially feasible. Therefore, the project will include financial analysis and outreach to determine program requirements.

For those interested in learning more about this effort, a significant amount of resources and research are found online at the project website:

• project overview
• common questions and responses
• informational videos: Affordable Housing Explainer, Project Overview, Peer City Research, Denver Changing Housing Market
• background report: details project process, tools explored, Denver outcomes specific to each tool, and peer city research.
Additional Context.
The information item will be specific to the effort, Expanding Housing Affordability (EHA) and the three interrelated tools (Linkage Fee, Incentive Zoning and Inclusionary Housing). For those interested in learning more about HOSTs strategic planning and other tools/programs to address Denver’s housing needs, HOST is actively engaging stakeholders and the community in providing input and recommendations for how to prioritize and invest our resources, both human and capital, for the next five years. To learn more about HOST’s current work and strategic planning process, please sign up for our newsletter at www.denvergov.org/housing.