The Golden Triangle Neighborhood Plan, adopted by the Denver City Council in November 2014, recommends creation of zoning incentives that promote affordable housing and the protection of historic structures.

City Councilmember Chris Hinds, representing District 10, has proposed to implement this recommendation and many others from the Neighborhood Plan through a Denver Zoning Code (DZC) text amendment to update the rules that apply to the Downtown Golden Triangle (D-GT) zone district. Denver’s Department of Housing Stability (HOST) and Community Planning and Development Department (CPD) are sponsoring proposed companion legislation to update existing affordable housing incentives in Chapter 27 of the Denver Revised Municipal Code (DRMC) to apply to D-GT.

This document provides a summary of the proposed incentives that would allow more floor area in the D-GT zone district for development that provides increased affordable housing and/or preserves a Landmark designated historic structure. To obtain the right to build to incentive floor area ratio (FAR) limits, developers would have to provide affordable units or pay fees depending on the uses within the project. An historic preservation alternative for FAR that exceeds 12.0 is also available.

### Background: Development with Typical Linkage Fee or Build Alternative

The Denver City Council adopted the Affordable Housing Fee in 2016 with the goal of building a fund for affordable housing. All new development projects citywide must either pay this fee or select an option to construct a certain number of units affordable to households earning 80% Area Median Income (AMI). Required fees and/or units are based on the gross square footage (GSF) of a development and requirements vary depending on the type of development (e.g. commercial, residential, industrial, etc.). They are calculated as follows, according to formulas established in the ordinance:

**Fee:** Use-specific fee coefficient x GSF = X Total Fee

**Units:** Use-specific “Build Alternative” coefficient x GSF/1,000 = X units

(note: unit fractions above 0.5 are rounded to the next whole unit)

As described in the following pages, the proposed incentive FAR system for the D-GT zone districts is based on multiples of the formulas above. The example scenarios below show how the citywide fee works for a typical development anywhere in the city. This same system would apply to any development in the D-GT zone districts that does not propose to use incentive FAR.

### Implementation

The incentive system described in this document is proposed for implementation through a Denver Zoning Code text amendment, as well as a related amendment to the Denver Revised Municipal Code (DRMC) to establish affordable housing provisions for use of incentive floor area.

The Denver City Council must adopt all zoning code and DRMC amendments in public hearings.
### Example Residential Development That Does Not Use Incentive FAR

8.0 FAR or less Residential

- Total Floor Area: 140,000 GSF (not incl. parking)
- Approx. 140 total units in structure

**Fee:** $1.61\(^1\) X 140,000 square feet = $225,400

**Units:** 0.0168\(^2\) x (140,000/1,000) = 2 affordable units @ 80% AMI

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### Example Commercial Development That Does Not Use Incentive FAR

8.0 FAR or less Commercial

- Total Floor Area: 140,000 GSF (not incl. parking)

**Fee:** $1.83\(^3\) X 140,000 square feet = $256,200

**Units:** 0.0228\(^4\) x (140,000/1,000) = 3 affordable units @ 80% AMI

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1. $1.61 is the fee per square foot required of residential development per the Affordable Housing Fee Ordinance, adjusted for inflation as of July 2020
2. 0.0168 is the coefficient used to calculate Build Alternative unit requirements for residential development per the Affordable Housing Fee Ordinance
3. $1.83 is the fee per square foot required of commercial development per the Affordable Housing Fee Ordinance, adjusted for inflation as of July 2020
4. 0.0228 is the coefficient used to calculate Build Alternative unit requirements for commercial development per the Affordable Housing Fee Ordinance

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### Proposed System for Incentive FAR in D-GT

To implement neighborhood and citywide plan objectives, the proposed new D-GT districts set a 8.0 FAR base threshold (‘base FAR’) beyond which special affordable housing provisions would apply. Note that area dedicated to parking is included in the base and incentive FAR calculation, but not included in the affordable housing fee or unit calculations.

Development at or below the base FAR would be assessed according to the citywide system described above. Development above the base FAR (‘incentive FAR’) would be subject to additional affordable housing provisions. Projects could access incentive FAR by meeting formula-based affordable unit or fee requirements with a 4x multiple of citywide requirements applied to the gross square footage above the base FAR. In addition, rental units must be affordable to households earning 60% AMI and for sale units must be affordable to households earning 80% AMI. The requirements would apply up to the maximum incentive FAR proposed to be 15.0 FAR in the D-GT zone district. Options for meeting incentive requirements when developing a project would vary depending on whether the project includes primarily residential or nonresidential uses as summarized on the following pages.

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**Affordable Unit Requirements When Using the Proposed System for D-GT**

**Residential units provided to meet incentive FAR requirements must be:**
- Affordable to households earning 60% Area Median Income (Rental Units) or affordable to households earning 80% Area Median Income (For Sale Units)
- Similar in size and configuration to the market rate units that generated the requirement.
- Located within the development, or in the D-GT Zone District (may partner with other developers to provide units)
Residential/Mixed-Use Residential Structures Using Incentive FAR

When a residential structure (a structure with more than 50% of floor area devoted to residential uses) utilizes incentive FAR, the project would be required to integrate affordable residential units on the subject property or within the surrounding D-GT zone district. Residential structures would not be allowed to pay fees in lieu of producing affordable units. The number of units required for a structure to obtain incentive FAR is proposed to be four times what would be required by the “Build Alternative” section of the Affordable Housing Fee ordinance for square footage above the base FAR, plus the number of units that would be required based on the square footage of the entire structure.

**EXAMPLE SCENARIO: RESIDENTIAL STRUCTURE USING INCENTIVE FAR**

This example scenario shows a 15.0 FAR residential structure on a 25,000 square foot lot with a total square footage (GSF) of 262,500 square feet (excluding parking), or approximately 262 rental residential units. In this scenario, the first 8.0 FAR (base FAR) comprises 87,500 residential square feet (excluding parking), while the 7.0 FAR above (incentive FAR) represents an additional 175,000 residential square feet.

Using the proposed incentive system, the affordable unit requirement would be calculated in two steps using coefficients derived from the citywide Affordable Housing Fee Build Alternative. First, calculate the number of Build Alternative units required based on the total square footage of the structure. Next, calculate the additional number of units required above the base FAR, using the square footage that exceeds the base FAR and the standard Build Alternative coefficient (0.0168 for residential development) multiplied by four:

- **Citywide Required Units (Step 1):** \( \frac{\text{GSF of total structure}}{1,000} \times \text{Citywide "Build Alternative" coefficient} = X \text{ units} \)
- **Incentive Required Units (Step 2):** \( \frac{\text{GSF above Base FAR}}{1000} \times (\text{Citywide "Build Alternative" coefficient} \times 4) = Y \text{ units} \)

**Total Units Required** = \( X \text{ units} + Y \text{ units} \) (note: unit fractions above 0.5 are rounded to the next whole unit)

The unit requirement calculation for this example scenario is illustrated below.
Commercial/Mixed-Use Commercial Structures Using Incentive FAR

Commercial or mixed-use structures with less than 50% of their floor area devoted to residential uses would have two options to exceed the base FAR and build up to the maximum incentive FAR:

1. Payment of the citywide Affordable Housing Fee plus an additional incentive fee on square footage above the base FAR
2. Construction of affordable residential units (on- or off-site, but within the D-GT zone district)

EXAMPLE SCENARIO: COMMERCIAL STRUCTURE USING INCENTIVE FAR

This example scenario considers a 15.0 FAR commercial office building on a 25,000 square foot lot with a total square footage (GSF) of 262,500 square feet (excluding parking). In this scenario, the first 8.0 FAR (base FAR) comprises 87,500 square feet (excluding parking), while the 7.0 FAR above (incentive FAR) represents an additional 175,000 square feet of commercial floor area.

The fee and unit calculations applicable to this example commercial structure scenario are illustrated below.
EXAMPLE SCENARIO: MIXED-USE COMMERCIAL STRUCTURE USING INCENTIVE FAR

This example scenario considers a 15.0 FAR structure on a 50,000 square foot lot comprised of a hotel tower and a residential tower with for sale units. The total square footage (GSF) is 600,000 square feet (excluding parking) with 360,000 square feet of hotel and associated commercial uses and 240,000 feet of residential (about 240 for sale residential units). Because the structure contains more than 50% nonresidential square footage (the hotel) it would have the option to build units or pay an increased affordable housing fee. In this scenario, the first 8.0 FAR (base FAR) comprises 250,000 square feet (excluding parking) while the 7.0 FAR above (incentive FAR) represents an additional 350,000 square feet of commercial and residential floor area.

The fee and unit calculations applicable to this example mixed-use commercial structure are illustrated below.

### Mixed-Use Commercial Structure
**Fee Option**

**Citywide Required Fee**
(For Total Project GSF):

\[
240,000 \text{ sf (Residential)} \times \$1.61 +
360,000 \text{ sf (Hotel)} \times \$1.83 = \$1,045,200
\]

**Incentive Required Fee**
(For Incentive GSF):

\[
140,000 \text{ sf (Residential)} \times (\$1.61 \times 4) +
210,000 \text{ sf (Hotel)} \times (\$1.83 \times 4) = \$2,438,800
\]

**Total Fee** = $3,484,000

### Mixed-Use Commercial Structure
**Unit Option**

**Citywide Required Units**
(For Total Project GSF):

\[
(240,000 \text{ sf/1000 (Residential)}) \times 0.0168 +
(360,000 \text{ sf/1000 (Hotel)}) \times 0.0228 = 12 \text{ units}
\]

**Incentive Required Units**
(For Incentive GSF):

\[
(140,000 \text{ sf/1000 (Residential)}) \times (0.0168 \times 4) +
(210,000 \text{ sf/1000 (Hotel)}) \times (0.0228 \times 4) = 29 \text{ units}
\]

**Total For Sale Units at 80% AMI** = 41
Historic Preservation Alternative for Incentive FAR above 12.0

The historic character of the Golden Triangle is an important component of the vision for an eclectic, connected, creative, and livable community established by the Golden Triangle Neighborhood Plan. Accordingly, the proposed zoning update and incentive system includes an alternative to utilize floor area from historic preservation in lieu of affordable housing to qualify for incentive floor area above 12.0 and up to the maximum incentive FAR of 15.0.

Floor area for historic preservation may be undeveloped floor area from a designated Denver Landmark which is equal to the total amount of floor area allowed under the base FAR minus the amount of gross square footage in the structure. Additional historic floor area bonuses can also be generated by rehabilitating the exterior of a designated Denver Landmark. These two types of floor area for historic preservation can either be used on-site or transferred to another location within the D-GT zone district. The receiving site can accept up to 3.0 FAR in transfers from one or more historic properties in D-GT.

EXAMPLE SCENARIO: RESIDENTIAL STRUCTURE USING AFFORDABLE HOUSING AND HISTORIC PRESERVATION INCENTIVES

This example scenario shows a 15.0 FAR residential structure on a 25,000 square foot lot with a total square footage (GSF) of 262,500 square feet (excluding parking), or approximately 262 rental residential units. In this scenario, the first 8.0 FAR (base FAR) comprises 87,500 residential square feet (excluding parking), while the 7.0 FAR above (incentive FAR) represents an additional 175,000 residential square feet. The portion of the incentive FAR between 12.0 and 15.0 (75,000 square feet) has been enabled via historic preservation, so the affordable housing requirements only apply to the portion of incentive FAR between 8.0 and 12.0 (100,000 square feet).

The unit requirement calculation for this example scenario is illustrated below.