Expanding Housing Affordability

Open House
February 17, 2022
Agenda
5:30 – 7 p.m.

• Welcome

• Brief staff presentation with Menti questions

• Responses to pre-submitted questions

• Live question and answer via Zoom’s “Q&A” box
For Spanish interpretation: Click the globe on the bottom of your screen and select language of choice.

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We will leave time at the end for people on the phone to ask questions.
Menti Logistics

On your phone or computer, go to menti.com
Enter code: 6474 1746

Please enter the code

6474 1746

Submit

The code is found on the screen in front of you
Do you think housing in Denver is too expensive?

0 Yes
0 No
0 Unsure
Looking back in time

In 2000...

- Median household income: $40,000
- Median home price: $165,800
  ~$840 monthly mortgage
- Median rent: $630/month
Looking back in time

In 2000...
Household incomes kept pace with housing costs

EXPANDING HOUSING AFFORDABILITY
Through Market-Based Tools
Denver Today

In 2022...

Median household income $84,000

110% increase in income

Median home price $525,000
~$2,400 monthly mortgage

218% increase in housing costs

Median rent $1,870/month

Photo by: Eric English/Denver7
Incomes have not kept pace with housing costs

Housing costs have increased at \(2x\) the rate of incomes
Are you, a friend or family member struggling to afford housing in Denver?
Denver Today

In 2022...
Households are spending much more on housing

Today, more than 115,000 households – or 35% of our population – are housing cost burdened.
Denver Among Top 10 U.S. Cities With Highest Income Needed To Pay Rent

Almost half of Denver area renters are cost burdened and other depressing stats from a new national housing report

As the cost of Colorado housing increases, so does homelessness

About 51% of renter households are "cost burdened" in Colorado, which has some of the highest housing costs of landlocked states, comparable to urbanized coastal regions.

Denver Housing Affordability Index Hits All-Time Low
What happens in our society when housing is unaffordable?

Greater inequities between income levels

Inability to find workers means slower economic growth overall

 Longer commutes from homes to jobs means more traffic and carbon emissions
Work to address housing needs

• Over 8,000 new affordable homes created in the last decade - 6,000 of which were city funded
• 2,000 more in progress now
• Goal is for 7,000 more in the next five years
This is where this project fits in.

We need everyone, including the development industry, to be a part of the solution to create more affordable housing.

Preschool Teacher  
$37,850

Construction Laborer  
$39,110

EMT/Paramedic  
$42,900

Flight Attendant  
$50,010

Social Worker  
$57,870

Firefighter  
$63,160
The city is proposing a new requirement that would ensure that as new housing is built, new affordable housing is created too.

This will be done through the creation of a Mandatory Housing Program with Incentives and a Linkage Fee update.
New Construction of:

1-9 Residential Units

Linkage Fee

10+ Residential Units

Mandatory Housing
To build affordable units onsite

Enabling for
Alternative Compliance

And providing
Incentives

NEW TOOL we can use because state law changed last year

All new development contributes to creating more affordable housing

Office
Retail
Industrial
Hotel

Linkage Fee

EXPANDING HOUSING AFFORDABILITY
Through Market-Based Tools
Creating New Tools

The city is proposing policies to ensure that, as new housing is built, new affordable housing is created too.
New Housing Development

James, the developer, is going to build **200 new rental units** in Denver. Under the proposal, he has three options:

1. Options to build affordable on-site and deliver mixed-income housing
2. Pay Fee-in-Lieu
New Housing Development: Option #1

Build **16** rental units to be **affordable** to a two-person household earning less than ~**$50,000** a year

This will provide the Jones family with an affordable home if they make less than **$56,000** a year

* Option 1: 8% of units at 60% AMI

* In areas like downtown, more affordable units are required.
Area Median Income (AMI)

- Food Service: $27,530
- Early Childhood Teacher: $37,850
- Construction: $44,170
- Social Worker: $57,870
- Nurse: $77,870

AMI Levels:
- 30%: $22,050
- 50%: $36,700
- 60%: $44,160
- 80%: $55,950
- 100%: $73,360
- 120%: $84,032

EXPANDING HOUSING AFFORDABILITY Through Market-Based Tools
New Housing Development: Option #2

Build **24** rental units to be **affordable** to two-person households earning a range of incomes up to $\sim 63,000$ a year.

**Option 2:**
12% of units at an average of 70% AMI

This will provide the Smith family an affordable home if they make less than $79,000 a year.

* In areas like downtown, more affordable units are required.
New Housing Development: Option #2

Build 24 rental units to be affordable to two-person households earning a range of incomes up to $63,000 a year.

This could provide the Grey couple with an affordable home if they make less than $31,000 a year.

Option 2 continued:
12% of units at an average of 70% AMI

* In areas like downtown, more affordable units are required.
Using Incentives to Create More Housing

James can use incentives to reduce permit fees, parking and build a slightly taller building to create **more housing overall**.

This would **also increase** the required number of affordable units.
New Housing Development: Fee-In-Lieu

State law requires an alternative to building on site.

Instead of building his required 16-24 units, James could pay **$4 million** dollars to fund affordable housing.
Go to www.menti.com and use the code 6574 1746

Requiring affordable workforce housing

When new housing is built, a portion of the units should be affordable to the workforce.
Providing Incentives

Incentives should be provided to support the creation of more housing in Denver, including more affordable housing.
Go to www.menti.com and use the code 6574 1746

Addressing housing needs

Denver should do more to create affordable housing

Strongly disagree

Strongly agree
What best describes your interest in this project?

- Development Industry Member – Affordable or Mixed-Income
- Development Industry Member – Market Rate
- Housing Advocate
- Community Member
- City Employee
- Other
Go to www.menti.com and use the code 6574 1746

What Denver neighborhood do you live in?
Summary of Proposal

Creates more affordable housing options and increases funding for Denver's Affordable Housing Fund

If adopted,

1. **New residential development of 10 units or more** must designate 8%-12% of new units as affordable. In higher-cost areas like downtown, developers would need to make 12%-15% of units affordable.

2. Gradual increase to the linkage fee, which is a fee on other development types that goes to Denver's Affordable Housing Fund

3. Incentives, such as flexible parking requirements, height incentives, or permit fee reductions
What’s next for the Expanding Housing Affordability proposal?

The first draft of the proposal was released last year. We heard from several community groups, and this revised proposal is stronger for this feedback.

Community weighs in on revised proposal through **March 14**

Legislative review process, which includes public hearing before City Council and Planning Board (April – June)

Denver City Council considers the proposal for adoption (June 2022)
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*9 to raise hand, *6 to mute/unmute
Thank You

Share your voice: denvergov.org/affordabilityincentive