

Proposal Overview – Updated February 2022

This proposal is the result of over a year of work balancing the perspectives of industry and neighborhood stakeholders, identifying current and future housing needs, studying comparable programs in other cities, and developing a detailed financial feasibility analysis using real building costs, operating costs, rents and sales prices from local projects. It will help create new, mixed-income communities in Denver with housing options priced within reach of our workforce—teachers, firefighters, restaurant workers, and everyone else who helps make our city great. If adopted, this policy will ensure that as new homes are built in Denver, more affordable homes are built too.

The proposal includes provisions for mandatory affordable housing and an update to the existing linkage fee.

- **Mandatory affordable housing** ties the creation of new market-rate housing (commonly serving higher-income households) to the creation of affordable housing, resulting in mixed-income developments and neighborhoods citywide. Understanding that these policies will have an impact on home builders, the proposal includes **zoning and financial incentives** to increase the supply of housing and mitigate costs.
- **Linkage fees** tie the impacts of new development to the need for affordable housing. These fees play a critical role in funding new affordable housing throughout the city. Under this proposal, residential projects that build affordable units as part of the development would not pay linkage fees.

How will this address housing affordability?

Under the city’s proposal, all new residential buildings of 10 or more units would create the amount of affordable housing specified in option 1 or option 2 of the below table.

AMI = [Area Median Income](#)

Options for Building Affordable Homes On-site			
		High-Cost Markets	Typical Markets
Option 1	Rental housing	10% of total units at 60% Area Median Income (AMI)	8% of total units at 60% AMI
	Ownership housing	10% of total units at 80% AMI	8% of total units at 80% AMI
Option 2	Rental housing	15% of total units serving an effective average of 70% AMI	12% of total units serving an effective average of 70% AMI
	Ownership housing	15% of total units serving an effective average of 90% AMI	12% of total units serving an effective average of 90% AMI
Base Incentives Available		Parking reduction of 0.5 parking spaces; Permit fee reduction of \$10,000 per affordable unit	Parking reduction of 0.5 parking spaces; Permit fee reduction of \$6,500 per affordable unit

Projects that exceed the requirements in the above table may be eligible for additional incentives, such as

- Height increases in mixed-use and multi-unit zone districts that allow three or more stories,
- Parking exemptions in transit-rich areas, and
- Permit review through a dedicated affordable housing team (subject to staffing capacity).

To align with state law, which requires alternatives to the mandatory requirement, the proposal also includes alternative compliance options that would still help meet affordable housing needs. These include:

- A **fee in-lieu** of the affordable units required. Fees range from \$250,000 - \$478,000 and would vary by tenure (rental/ownership) and market area (typical/high).
- Or **discretionary agreements** that allow for flexibility and benefit the community in alignment with city housing goals. These could include land dedication for new affordable housing development; fewer units but restricted at a greater depth of affordability; developments providing larger layouts, more bedrooms, and family-friendly amenities; or concurrent off-site development of affordable housing.

Linkage Fee for Other Development Types

The linkage fee supports the city’s Affordable Housing Fund, which is a critical source of funding for deeply affordable homes. This increase to Denver’s linkage fee will bring Denver more in line with other cities nationally. Under the city’s current proposal, the linkage fee will only apply to residential developments of nine units or fewer and non-residential uses (commercial, office, retail, industrial, etc.), and the proposed fee increase will occur gradually over three years.

Development Type	Current Fees per sf	Effective 7/1/22	Effective 7/1/23	Effective 7/1/24
Single Unit, Two Unit, or Multi Unit of 9 units or fewer AND 1,600 square feet (sf) or less per unit	\$0.66/sf or \$1.64/sf	\$1.77/sf	\$2.88/sf	\$4.00/sf
Single Unit, Two Unit, or Multi Unit of 9 units or fewer AND more than 1,600 sf per unit	\$0.66 or \$1.64	\$2.77	\$4.88	\$7.00
Other residential that is not providing affordable housing	\$0.66 or \$1.64	\$2.44	\$4.22	\$6.00
Commercial, Office, Sales Services & Repair – Typical Markets	\$1.86	\$3.24	\$4.62	\$6.00
Commercial, Office, Sales Services & Repair – High Cost Markets	\$1.86	\$3.90	\$5.95	\$8.00
Industrial, Manufacturing, Wholesale and Agricultural	\$0.44	\$0.96	\$1.48	\$2.00

Effective Dates

When considering effective dates, the city balances the immediate need for affordable units with the need to provide adequate time for existing projects to receive approval under current regulations or design for new regulations. If approved by Denver City Council, the city anticipates the following effective dates:

Projects under **Site Development Plan (SDP) review** could continue under existing rules if they have a:

- concept SDP submitted by June 30, 2022; AND
- final SDP approved by August 30, 2023 (14-month window).¹

Projects under **residential review** could continue under existing rules if they have a:

- building permit submitted by June 30, 2022, and all applicable plan review fees paid; AND
- building permit approved and issued by December 30, 2022 (6-month window).

These programs are intended to complement Denver’s existing housing programs, all of which are critical to addressing the spectrum of housing need. To learn more about Denver’s housing programs, please visit the Department of Housing Stability’s [5-Year Strategic Plan](#) and the [Denver Affordable Housing Dashboard](#).

¹ Additional time will be provided for projects under LDR or subdivision review.