

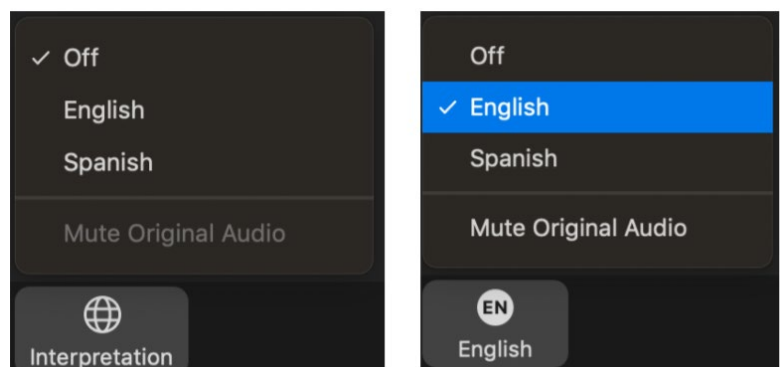
Expanding Housing Affordability

*Advisory Committee Meeting
November 15, 2021*



Zoom Logistics

Interpretation will be provided. Click the globe on the bottom of your screen and select language of choice



Chat should only be used for technical needs

Raise hand to participate in conversation

Stay on **mute** when not actively talking

If possible, keep your **camera on**

Land Acknowledgement

We honor Elders past, present, and future, and those who have stewarded this land throughout generations. We also recognize that government, academic and cultural institutions were founded upon and continue to enact exclusions and erasures of Indigenous Peoples. May this acknowledgment demonstrate a commitment to working to dismantle ongoing legacies of oppression and inequities and recognize the current and future contributions of Indigenous communities in Denver.

Meeting Objectives

- Reminder of DRAFT Proposed Policy Approach
- **Gain understanding of feedback received to date**
- **Identify areas of consensus and areas of additional input**

Meeting Norms

- Remain open-minded and avoid judging ideas prematurely.
- Be open and candid with ideas, needs, and concerns.
- Encourage participation from all members.
- Be concise and speak to the point. Encourage others to contribute.
- Listen to understand.
- Be respectful. Avoid side conversations. Refrain from interrupting.
- Be future-focused. Do not reopen previous discussions unless the information and circumstances have substantially changed.
- Be present during discussions.

Advisory Committee Role

- The EHA Advisory Committee will provide input throughout the process to ensure key issues and interests are considered and to promote buy-in from a wide range of stakeholders on the proposed approach.
- Reminder:
 - This is a diverse group with various lived and learned experiences and perspectives on this topic.
 - The role of this group is to find areas of compromise to end with a balanced proposal that everyone can “live with.”

Context Setting



Program Priorities

Create a clear and predictable program to promote...

- **On-site unit creation:** generate mixed-income housing on-site with new residential development, both rental and for-sale.
- **Increased funding:** increased generation of fees through increased linkage fees on low density residential and non-residential development.

Creating a **Balanced** Proposal




- The proposed policy recommendation seeks to balance:
- Current and future housing needs
 - Analysis of other cities programs and successes
 - Past/current Denver program lessons learned
 - Financial feasibility
 - Extensive stakeholder feedback

Overview of Draft Policy Recommendation for a Mandatory (Inclusionary) Program

Released October 1, 2021

Program Applicability

New Construction of...

 **1-7** Units



Linkage Fee

 **8+** Units



Mandatory Housing
affordable

Enabling for
Alternative Compliance

And providing
Incentives



Office
Retail
Industrial



Linkage Fee

Proposed Build On-Site Requirements

		High-Cost Markets (Downtown, Golden Triangle, Cherry Creek)	Typical Markets (all other areas of the city)
Build Onsite Option #1	On-Site Rental	10% of total units at 60% AMI	8% of total units at 60% AMI
	On-Site Ownership	12% of total units at 80% AMI	10% of total units at 80% AMI
Build Onsite Option #2	On-Site Rental	8% of total units at 60% AMI and 7% of total units at 80% AMI (15% total)	6% of total units at 60% AMI and 6% of total units at 80% AMI (12% total)
	On-Site Ownership	9% of total units at 80% AMI 9% of total units at 100% AMI (18% total)	8% of total units at 80% AMI 7% of total units at 100% AMI (15% total)

Mandatory Housing Summary


Build On-Site

 High-cost market: Build On-Site Option #1 or #2

 Typical-cost market: Build On-Site Option #1 or #2

or

Alternative Compliance

 **Fee per affordable unit required**

or

Negotiate Alternatives
(land dedication, family housing, lower AMI)

&

Baseline Incentives

 **Parking Reduction**


and

 **Permit Fee Reduction**


&

Increased Affordability
Increased affordability contribution
(2-3% more affordable units)

Enhanced Incentives

 **Parking Exemption**

and

 **Height Increase**

and

Affordable Housing Review Team*

Enhanced incentives subject to geographic applicability

Key Feedback Received on Mandatory (Inclusionary) program

Project Outreach: July – November

1 Open House

2 Council Meetings

2 Planning Board Meetings

18 Community groups or industry organization presentations & discussion

3 Community Office Hours

8 Focus Groups

... And more planned in December



Feedback Received: Generally

Many **community members expressed support** for the draft proposal and want to see more affordable housing options in the city.

Many **development industry members** shared **concerns** that these programs would only add cost and make the housing market worse.

Feedback Received: Level of Affordability

(AMI levels)

Many **community members** wanted **deeper affordability** (50% AMI or below). Other members simply wanted to see a **greater mix of incomes** and households served.

Many **development industry members** wanted to see higher levels of affordability (100 - 140% AMI), especially for ownership homes.

Feedback Received: Incentives Provided

Development industry members and some community members noted **significant value to by-right incentives** for increased height and permit fee reductions.

Some community members expressed **concern that the rules (parking and height) may change** without a site-specific process for each development site.

Many development industry members cited **challenges with current process delays** and wanted to see more improvements by the City.

Overall, the development industry wanted to see **a more robust incentive** package that came closer to off-setting the cost to provide affordable units.

Feedback Received: Anti-Displacement

Some community members wanted to see **higher affordability requirements** (greater percent of units and deeper affordability) and standards to **slow development pressures** to these areas.

Some community members felt that the **proposal did not go far enough to address displacement** and feared **the program may lead to additional development pressures** to these areas.

Feedback Received: Incentives Provided

Development industry members and some community members noted **significant value to by-right incentives** for increased height and permit fee reductions.

Some community members expressed **concern that the rules (parking and height) may change** without a site-specific process for each development site.

Many development industry members cited **challenges with current process delays** and wanted to see more improvements by the City.

Overall, the development industry wanted to see **a more robust incentive** package that came closer to off-setting the cost to provide affordable units.

Feedback Received: Different Impacts by Development Size

Some developers noted that smaller townhome type projects may not be able to leverage the more meaningful incentives such as increased height or parking reductions.

Some community members and developers noted concerns around impacts to small scale developments of 8 – 30 which are disproportionately impacted by these requirements. This may restrict the ability for more attainable housing types such as townhomes from being delivered to the market.

Advisory Committee Report Out (20min)

Keep to ~3min (want to hear from as many committee members as possible)

- What different perspectives and feedback did you hear?
- What did these groups think the draft policy did well?
- What did these stakeholders want to see changed?

Groups/events to report out

Focus Groups

Open House

INC ZAP

ADPN

City Council B&P

Planning Board

Downtown Denver Partnership

And Others . . .

Discussion (20 min)

- Where does the draft proposal strike a balance of the feedback that you heard?
- What are some specific recommendations on how to bridge the gap and have a policy we can live with?

Linkage Fee

Linkage Fee



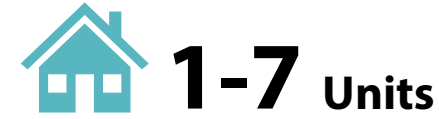
Proposed to increase fees to support the creation of more affordable housing when new housing (1-7 units) or new commercial, retail, office, or industrial are built.

Current fees **\$0.43** to **\$1.83** per/sf use depending

Proposed fees **\$4.00** to **\$8.00** per/sf use & location deepening

*The fee **does not apply** to ADUs, small additions, renovations or tenant finishes.*

Linkage Fee



Office
Retail
Industrial

	2016 Linkage Fee Study		2021 Feasibility Study		Recommendation
	Nexus Max Fee (2016)	Prior Financial Feasibility (2016)	Typical Market	High-Cost Market	
Single Unit, Two-Unit, or Multi-Unit - Less than 1,400 sf per unit	\$9.60 per/sf	\$6 per/sf	\$9.6 - \$14 per/sf	N/A	\$4 per/sf
Single Unit, Two-Unit, or Multi-Unit - More than 1,400 sf per unit	\$9.60 per/sf	\$6 per/sf	\$9.6 - \$14 per/sf	N/A	\$6 per/sf
Commercial, Office, Sales Services & Repair	\$56.74-119.29 per/sf	\$7 per/sf	\$7-9 per/sf	\$10	Typical Cost: \$6 per/sf High Cost: \$8 per/sf
Industrial, Manufacturing, Wholesale & Agricultural	\$28.51 per/sf	\$7 per/sf	\$6 per/sf	N/A	\$4 per/sf
<p>Note: Not Applicable (N/A) is indicated for most uses in high-cost markets as these development types will not occur in these high-cost markets and therefore feasibility was not evaluated.</p>					

Feedback Received: Linkage Fee

Some community members wanted to see the **linkage fee amounts increased** to be closer to the legally justifiable fee amounts and not below financial feasibility.

Some development industry members expressed **concern the increase of fees** given the impacts of COVID and that any **additional costs will be passed along to tenants**, reducing the level of affordability for commercial and retail spaces to support locally owned small businesses.

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Public Comment (15 min)

Use raise hand feature and staff will promote you to speak.

Next Steps

Project Timeline



Next Steps

2021

- All comments on the draft policy proposal to be provided by the end of the year (2021)
- Continue to invite staff to participate in conversations with community and industry groups

2022

- Revised draft (including zoning, DRMC, and R&R changes) in early next year.
- Next Advisory Committee Meeting in February