

Expanding Housing Affordability

*INC ZAP Meeting
October 22, 2021*





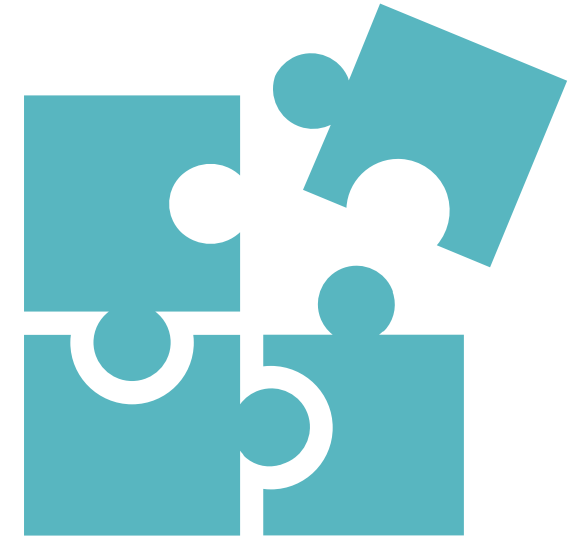
The city is proposing a new requirement that would ensure that **as new housing is build, new affordable housing is created.**

This will be done through the creation of **Mandatory Housing Program** and **Linkage Fee** update

Part of a Larger Housing Strategy

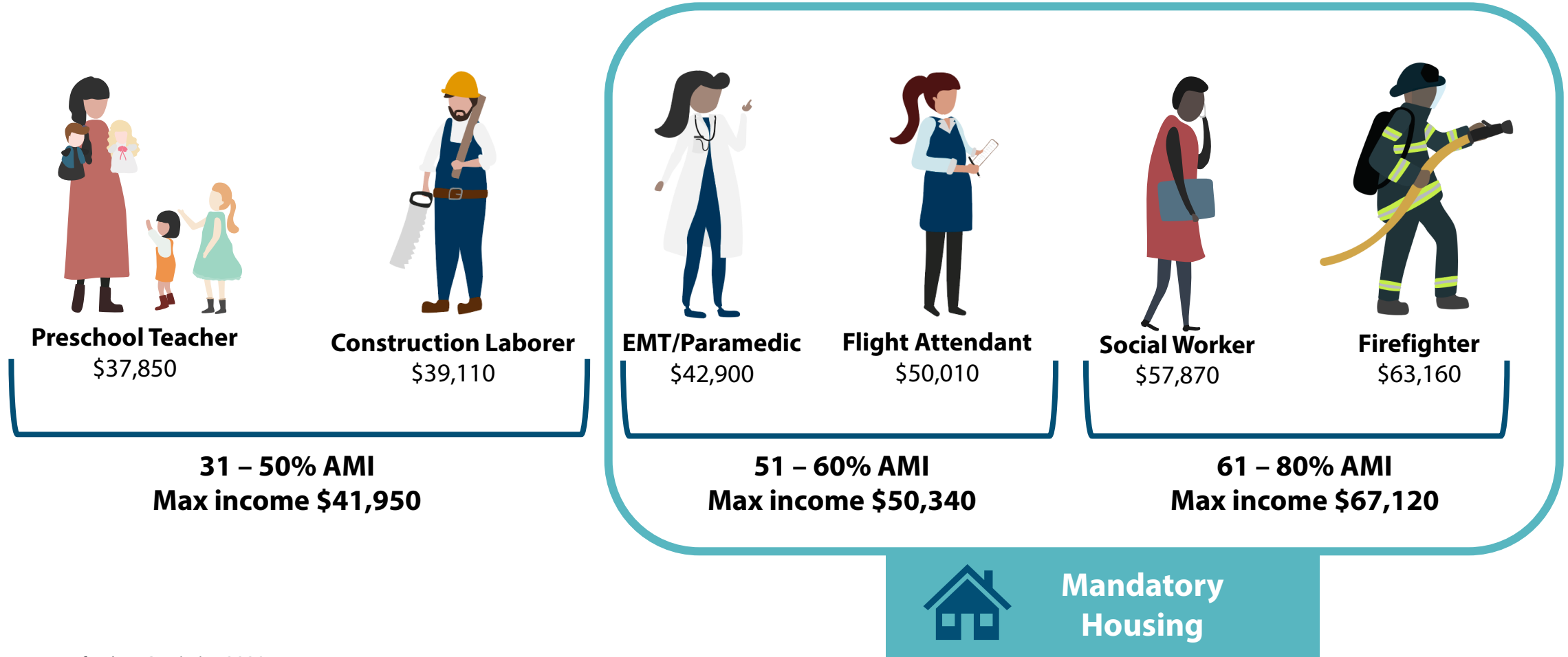
Department of Housing Stability (HOST)

- Stabilizing people at risk of involuntary displacement and connecting them to housing resources
- Supporting people experiencing a crisis and connecting them to shelter services and short-term and permanent housing
- **Creating** and preserving existing affordable housing
- Connecting residents at any income level to new housing opportunities



[HOST 5-Year Strategic Plan](#) *(planned for council adoption in November)*

Who needs affordable housing?



Source: Bureau of Labor Statistics 2020;
Assumes a single-earning individual
2021 HUD Income Limits 2-person Household

Why is the city proposing these changes?

- Housing needs are growing
 - Cost burden is rising
 - Wage growth is not keeping pace with incomes
 - There is a growing gap of approximately 50,000 units for lower income (below 60% AMI) renters
- New housing continues to serve higher income households
 - above 80% AMI renters and 120% AMI owners
- New mandatory affordable housing tools are possible given state law changes via HB21-1117
- Implementing our plans to create an equitable, affordable and inclusive Denver

Proposal Overview



**Mandatory
Housing**

Mandatory (Inclusionary) Housing: Requires a portion of new housing units to be affordable and provides incentives.




**Linkage
Fee per/sf**

Linkage Fee: Ties 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.

Program Applicability

New Construction of...

 **1-7** Units



Linkage Fee
\$4 – 6 per/sf

 **8+** Units



Mandatory Housing
8-15% of units affordable

Enabling for
Alternative Compliance

And providing
Incentives



Office
Retail
Industrial



Linkage Fee
\$4 – 8 per/sf

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

Mandatory Housing: On-Site (rental)



Requires **8%** rental units to be **affordable** to households earning less than **\$50,304** a year (60%AMI)

or



Requires **12%** of rental units to be **affordable** to households earning less than **\$50,304** and **\$63,950** a year (6% at **60% AMI** and 6% at **80% AMI**)

Mandatory Housing: On-Site (ownership)



Requires **10%** of homes to be **affordable** to households earning less than **\$63,950** a year (80% AMI)

or



Requires **15%** of homes to be **affordable** to households earning less than **\$63,950** and **\$83,840** a year (15% of total units 7% at **80% AMI** and 6% at **100% AMI**)

Mandatory Housing: Alternative Compliance

State law requires at least one alternative to building affordable units on-site. Therefore, the developer may instead:



Pay a **fee-in-lieu** (\$268,000 - \$478,000) per affordable unit required to fund affordable housing.

or



Negotiate an alternative affordable housing plan. These include:

- Family friendly housing and amenities
- Homes serving households with lower incomes
- Land dedication for affordable housing

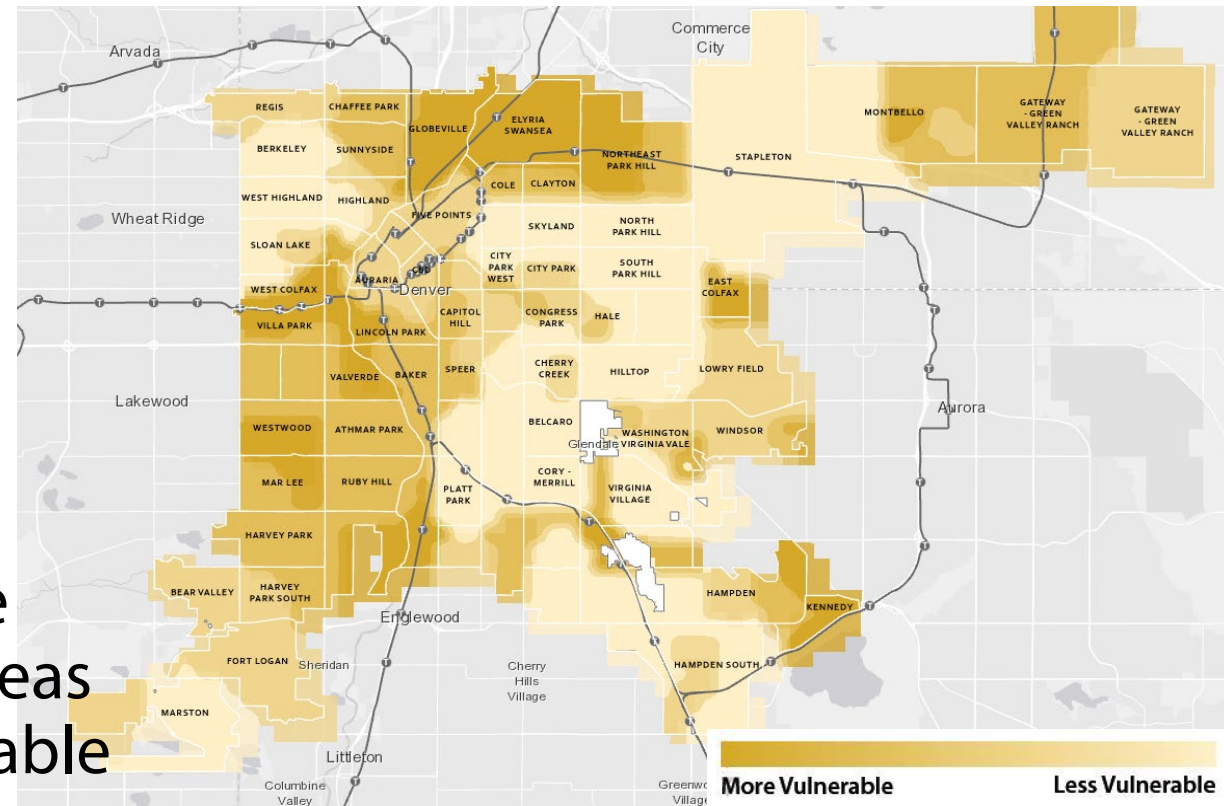
Mandatory Housing: Addressing Areas Vulnerable to Displacement

Alignment w/ HOST Prioritization Policy
(in development):

- Affirmative marketing requirements
- Potential set-aside for a portion of affordable units

Exploring additional opportunities:

- Potential set-aside of some/all linkage fees and/or fees-in-lieu collected in areas vulnerable to displacement for affordable housing investments in those same areas.



Mandatory Housing: Incentives

Incentives are designed to **promote the creation of affordable housing** and **create more housing overall**

**Build
Affordable
Units
On-Site**

Plus

**Baseline
Incentives**

 **Parking
Reduction**

and

 **Permit Fee
Reduction**

 **Fee-In-Lieu**

X No Incentives

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

**Enhanced
Incentives**

 **Parking
Exemption**

and

 **Height
Increase**

and

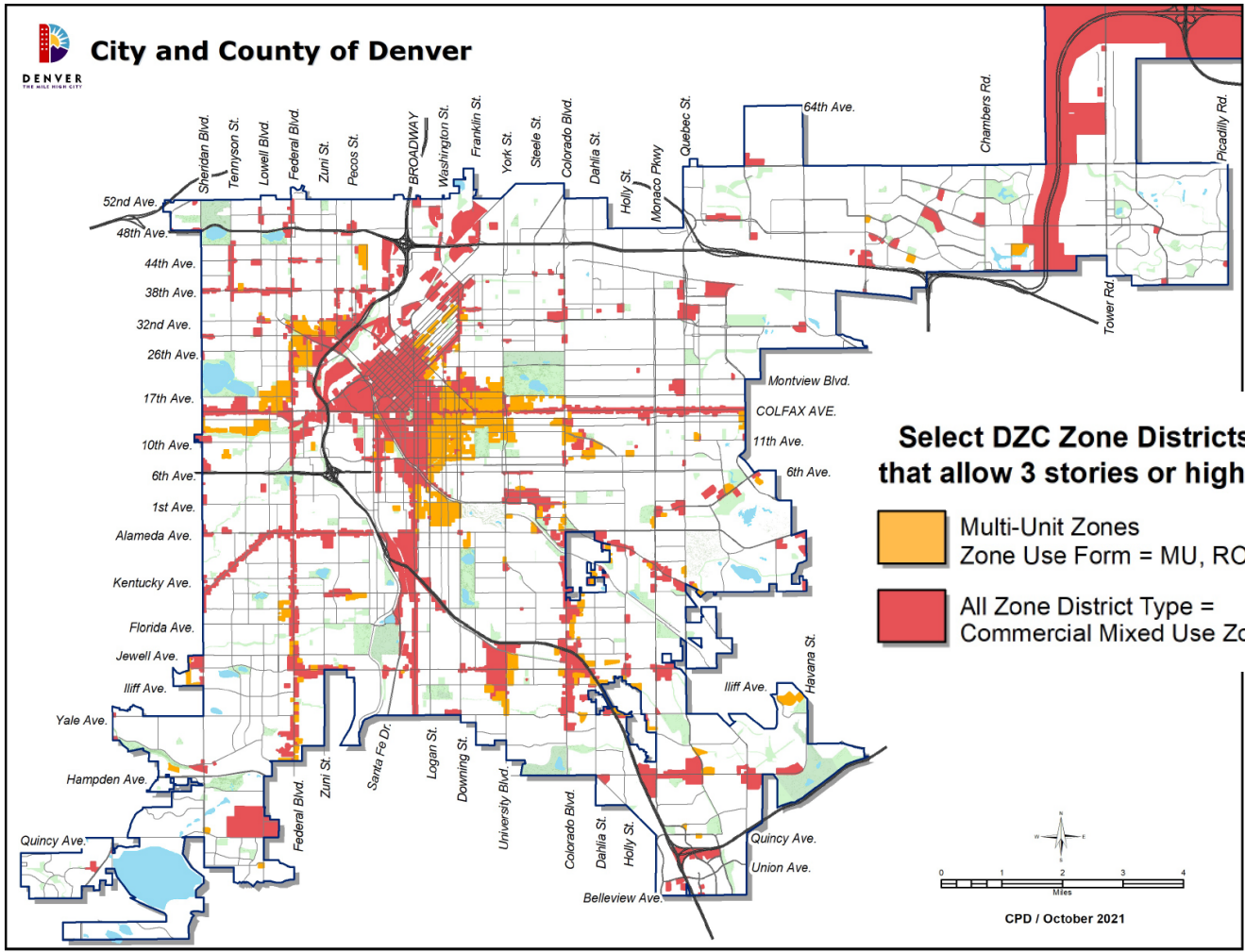
**Affordable Housing
Review Team***



Enhanced Incentives: Height Increase

Applicability: Available in DZC
Commercial Mixed Use or **Multi
Unit Zone Districts** of 3+ stories

Existing Height	Incentive Height	Height with Incentive
3	1	4
5	2	7
8	4	12
12	4	16
16	6	22
20	10	30



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.*

Next Steps

- Q&A and Initial Feedback
- **Upcoming Engagement Opportunities**
- **Virtual Open House**
5:30-7 p.m., Thursday, November 4, 2021
[Visit event page for complete details](#)
- **Virtual Community Office Hours**
October 28 and November 9, 2021
[Visit event page for complete details](#)
- Feedback can be submitted online:
www.denvergov.org/affordabilityincentive

Additional Resources:

[Background Report](#)

[Financial Feasibility](#)

[Draft Policy Recommendation](#)

[Summary of Draft Policy Recommendation](#)