

# Expanding Housing Affordability

*April 2022*

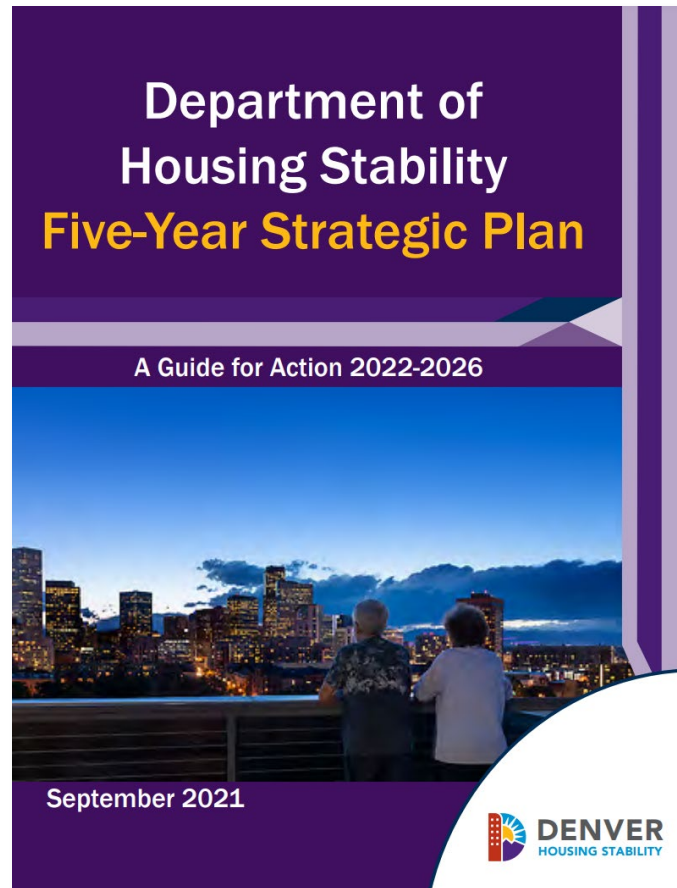




The city is proposing a new requirement that would ensure that **as new housing is built, new affordable housing is created too.**

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

This policy is part of a larger strategy to **create and preserve** affordable housing.



Currently, **873** city-funded affordable homes are under construction

And another **1,127** units are in the pipeline for creation or preservation via existing tools and programs

Since July 2011, we have created 8,231 affordable homes, with the City funding 6,018 of those

# 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

# Project Timeline

February 2020: Former Project Affordable Housing Zoning Incentive Launched

February 2021: Expanding Housing Affordability Project Launched

**Phase One:** Identification of Housing Needs, Denver Lessons Learned and Peer City Research

- Background report released on February 18, 2021

**Phase Two:** Financial Feasibility Analysis and Policy Development

- Financial feasibility results released on July 15, 2021 (revised October 1, 2021)
- Draft policy proposal released on October 1, 2021

**Phase 3:** Public Review

- Public review draft of the Denver Revised Municipal Code (DRMC), Denver Zoning Code (DZC), and an updated policy document released on February 1, 2022

Legislative Process (April – June)

# Outreach Summary

**43** Community groups or industry organization presentations & discussion

**13** Focus Groups with **330** participants

**6** City Council Committee Meetings

**4** Planning Board Informational Meetings

**6** Advisory Committee Meetings

**2** Open Houses

**8** Community Office Hours

**Over 265** different organizations engaged throughout the process.




# Proposal Overview



# Program Applicability

## New Construction of:

 **1-9** Units



**Linkage Fee**

 **10+** Units



**Mandatory Housing**  
To build affordable  
units onsite

Enabling for  
**Alternative Compliance**

And providing  
**Incentives**

All new development  
contributes to creating more  
affordable housing



**Office  
Retail  
Industrial**



**Linkage Fee**

Does NOT apply to tenant finishes,  
renovations, affordable housing projects  
or similar, small additions to SU/TU, or  
accessory dwelling units (ADUs).



# 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.**

# Proposed Linkage Fee

Use	Current Fees	Effective July 1, 2022	Effective July 1, 2023	Effective July 1, 2024	Effective July 1, 2025
1-9 units, up to 1,600 sf per unit	\$0.66	\$1.75	\$2.83	\$3.92	<b>\$5.00</b>
1-9 units, units more than 1,600 sf	\$0.66	\$2.50	\$4.33	\$6.17	<b>\$8.00</b>
Other residential uses (e.g., Congregate living)	\$0.66	\$2.25	\$3.83	\$5.42	<b>\$7.00</b>
Commercial, Sales, Service – Typical Market	\$1.86	\$2.90	\$3.93	\$4.97	<b>\$6.00</b>
Commercial, Sales, Service – High Market	\$1.86	\$3.65	\$5.43	\$7.22	<b>\$9.00</b>
Industrial, manufacturing, wholesale, agricultural.	\$0.44	\$0.96	\$1.47	\$1.99	<b>\$2.50</b>

Annual adjustments for inflation will resume in 2026

# Mandatory Affordable Housing



**10+** Units

As new housing is built, new affordable housing is built by...

- Creating mixed-income housing throughout the city
- Increasing funding to support the creation and preservation of affordable housing

Applies to new Development of 10 or more units

- Does not apply to...
  - renovations of existing developments,
  - areas with pre-existing housing agreements, or
  - or affordable housing projects

# Build On-Site Summary

 **10+** Units

Typical Markets (All Other Areas of the City)			High-Cost Markets (Downtown, Cherry Creek)
Build Onsite Option #1	On-Site <b>Rental</b>	<b>8%</b> of total units at <b>60% AMI</b>	<b>10%</b> of total units at <b>60% AMI</b>
	On-Site <b>Ownership</b>	<b>8%</b> of total units at <b>80% AMI</b>	<b>10%</b> of total units at <b>80% AMI</b>
Build Onsite Option #2	On-Site <b>Rental</b>	<b>12%</b> of total units averaging <b>70% AMI</b> serving households up to 80% AMI	<b>15%</b> of total units averaging <b>70% AMI</b> serving households up to 80% AMI
	On-Site <b>Ownership</b>	<b>12%</b> of total units averaging <b>90% AMI</b> serving households up to 100% AMI	<b>15%</b> of total units averaging <b>90% AMI</b> serving households up to 100% AMI

# Enhanced Incentive Requirements



Typical Markets (All Other Areas of the City)			High-Cost Markets (Downtown, Cherry Creek)
Build Onsite Option #1 Enhanced Incentives	On-Site <b>Rental</b>	<b>10%</b> of total units at <b>60% AMI</b> <i>(up from 8% at 60% AMI)</i>	<b>12%</b> of total units at <b>60% AMI</b> <i>(up from 10% at 60% AMI)</i>
	On-Site <b>Ownership</b>	<b>10%</b> of total units at <b>80% AMI</b> <i>(up from 8% at 80% AMI)</i>	<b>12%</b> of total units at <b>80% AMI</b> <i>(up from 10% at 80% AMI)</i>
Build Onsite Option #2 Enhanced Incentives	On-Site <b>Rental</b>	<b>15%</b> of total units averaging <b>70% AMI</b> serving households up to 80% AMI <i>(up from 12% at 70% AMI)</i>	<b>18%</b> of total units averaging <b>70% AMI</b> serving households up to 80% AMI <i>(up from 15% at 70% AMI)</i>
	On-Site <b>Ownership</b>	<b>15%</b> of total units averaging <b>90% AMI</b> serving households up to <b>100% AMI</b> <i>(up from 12% at 90% AMI)</i>	<b>18%</b> of total units averaging <b>90% AMI</b> serving households up to <b>100% AMI</b> <i>(up from 15% at 90% AMI)</i>

# Incentives

Incentives are designed to promote the creation of affordable housing and create more housing overall while providing moderate cost off-sets

Baseline Incentives – By-Right				Enhanced Incentives – By-Right In exchange for greater affordability (2-3% more)		
	<b>Fee Reduction</b> \$6.5 – 10K per affordable unit	<b>Linkage Fee Ground Floor Commercial Exemption</b>	<b>Parking Reduction</b> Reduction of 0.5 spaces per unit	<b>Incentive Height</b> Increased height ~25 – 50% increase	<b>Parking Exemption</b>	<b>Affordable Housing Review Team</b>
Applicability	Citywide	Citywide	Citywide	Specific Zone Districts	¼ mile from transit station	Citywide
Build On-Site	✓	✓	✓	✓	✓	✓
Fee In Lieu	✗	✗	✗	✗	✗	✗
Affordable Projects	✓	✓	✓	✓	✓	✓
✓ - Incentive available; ✗ - Incentive not available ✓ - incentive available based on capacity						

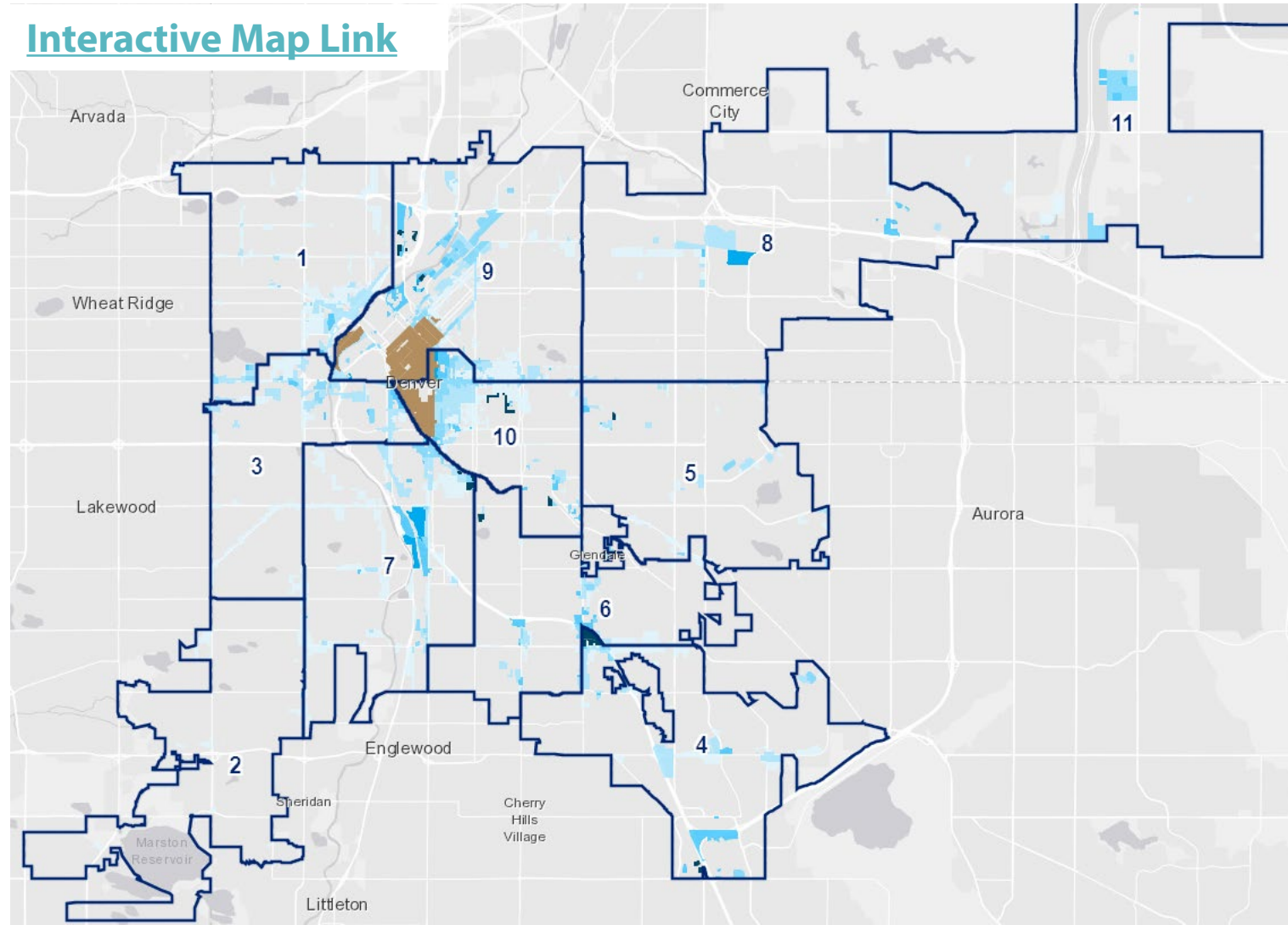
# Enhanced Incentives: Height Increase

Base Height	Incentive Height	New Height with Incentive
3	+1	4
5	+2	7*
8	+4	12*
12	+4	16*
16	+6	22*
20	+10	30*

Downtown FAR-based districts

\* Existing height limit of 75' (approx. 5 stories) within 175' of protected districts (SU, TU, RH) still applies.

[Interactive Map Link](#)





# An On-Site Base Example

**New 5-story residential building with 85 total units available for rent and 5,500 sf of retail**

**Option 1:** Build 8% of units at 60% AMI = **7 affordable units**

**Option 2:** Build 12% of units averaging 70% AMI = **10 affordable units**

## **Plus Base Incentives:**

- Exemption from Linkage Fee = \$33,000 value
- Permit Fee Reduction: up to \$65,000 (50% cap on commercial construction permit fee)
- Parking Reduction
  - 0.5 spaces for all units and 0.1 for units at 60%AMI or less: min. 43 spaces

**\$98,000 in financial incentives**  
**+ a parking reduction**



# An On-Site Enhanced Example

**New 7-story residential building with 130 total units available for rent and 5,500 sf of retail**

**Option 1:** Build 10% of units at 60% AMI = **13 affordable units**

**Option 2:** Build 15% of units averaging 70% AMI = **20 affordable units**

## **Plus Base Incentives:**

- Exemption from Linkage Fee = \$33,000 value
- Permit Fee Reduction: up to \$130,000 (50% cap on commercial construction permit fee)

## **AND Enhanced Incentives:**

- Additional 2-stories
- No parking minimum if  $\frac{1}{4}$  mile from transit station

*In exchange for more affordability*



# Overview of Proposed Regulatory Changes

- Text Amendment to the Denver Zoning Code
- Map Amendment (Rezoning) of the 38<sup>th</sup> and Blake Area (#2022I-00080)
- Amendments to Denver Revised Municipal Code, Chapter 27, Article V, VI & X

# Next Steps

April 19 – LUTI

June 6 – Public Hearing

Additional resources and information online

[www.denvergov.org/affordabilityincentive](http://www.denvergov.org/affordabilityincentive)