



# **Innovative Housing Strategies**

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NOVEMBER 14, 2022

# Tonight's Meeting

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- Overview of DOLA Strategies
- Input from the Working Group
- Community Outreach Summary
- Strategy Review and Prioritization
- Next Steps: Planning Commission Meeting, December 7



Thanks for being here!

# Council Consideration – Narrowing the Strategies

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The Housing Study and Policy Development project goal for this phase is to take four strategies forward for further consideration.

The question for tonight is:

1. Are there any strategies that won't work for Centennial and should be paused at this point?

We will be back in January to discuss:

1. Which strategies should be carried forward to become fully-drafted policies?
2. Which strategies should be put on the back burner for now?



# Meet the Working Group

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- Don Sheehan – Council Member
- Christine Sweetland - Council Member
- John Scales - Planning and Zoning Commission Member
- Andrew Spaulding - Centennial Resident
- Corey Reitz - South Metro Housing Options
- Shelby Foster - South Metro Denver Realtor Association, Government Affairs Committee
- Liana Escott - Arapahoe County Housing and Community Development/Arapahoe/Douglas Works!
- Tom Brook - Denver South

Monthly meetings from April to November 2022

Topics covered:

- Housing Needs Assessment
- All 9 DOLA Strategies
- Community Survey Questions
- Overview of Community Feedback
- Input from Affordable Housing Developers
- Summary Information to City Council and Planning Commission



# Overview of Strategies

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# Expedited Review of Affordable Housing: Understanding the Strategies

## This strategy is intended to:

Allow affordable housing development applications to be processed faster to help minimize project delays and costs.

## It works by:

- Create an administrative review process, switch from public hearings to public information, and allowing affordable housing projects to be approved quickly with less negotiation and more predictability,
- Fast-track (moving to the front of the application line) affordable housing project applications, and/or
- Assign a City staff member as a project advocate/expediter.

## It works with:

Expedited review is often used together with application fee waivers.

# Expedited Review Commercial Conversion

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## **La Placito Cinco, Santa Ana, California**

2.25 acres, former strip mall, gas station, and parking lot

Rebuilt with 51 apartments in 3-4 story buildings

Existing retail businesses stayed

Total cost: \$31.4 million dollar project

City provided:

- \$6 million dollar grant, 9.4% tax credit award
- Rezone from commercial to mixed-use
- Assistance with community approval process

Wells Fargo provided a grant to help rebrand existing small businesses



# Subsidize/Reduce Application Fees

## This strategy is intended to:

Reduce some of the application costs associated with an affordable housing project.

## It works by:

Identifying the required fees across the various review points in a development application (e.g., rezoning approvals, building permit, construction drawings) and reducing or eliminating some of those fees.

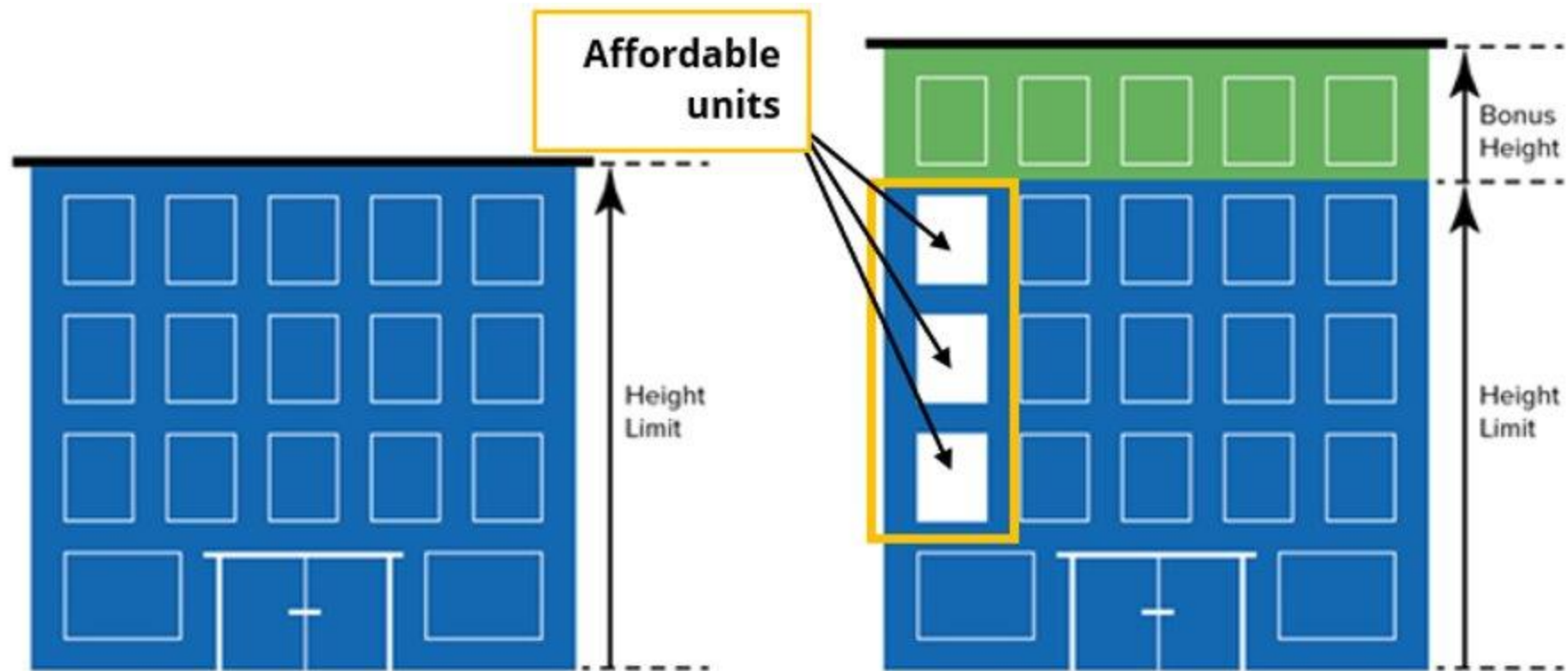
## It works with:

Fee reductions are commonly used in conjunction with Expedited Approvals.

Development Type	Avg. Planning Fee [1]	Average Impact Fees
		Schools, Parks, Other Purposes
<b>Single Family Home</b> (new home on NC/NI lot)	No additional fees [4]	
<b>Single Family Home</b> within a development that requires a Site Plan process [100 units on 17 acres)	\$16,500	\$154,600
<b>Townhome/duplex</b> within a development that required a Site Plan Process [36 units on 1.61 acres	\$10,500	\$23,140
<b>3 story rental residential</b> within a development (sample Villas At Holly) [64,560-sf building footprint, 144 dwelling units on 8.6-ac]	\$10,500	\$93,000
<b>5 story rental residential</b> within a development (sample Doran MF) [65,000-sf building footprint, 215 dwelling units on 2.48 acres]	\$10,500	\$138,202
<b>8 story rental residential</b> within a development (sample Jones) [68,000-sf building footprint, 240 dwelling units on 2.8 acres]	\$10,500	\$154,272
<b>12 story rental residential</b> within a development [70,000-sf building footprint, 340 dwelling units on 3 acres]	\$10,500	\$218,552
<b>Notes:</b> [1] Not including construction documents based on acreage [2] East side of Parker Road [3] Roughly east side of I-25 [4] There are other fees that are outside of the City's control. [5] \$.04/sf building footprint		

# Density Bonus Program

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# Density Bonus: Understanding the Strategy

## This strategy is intended to:

Allow more housing on a lot that would be allowed by the current regulations

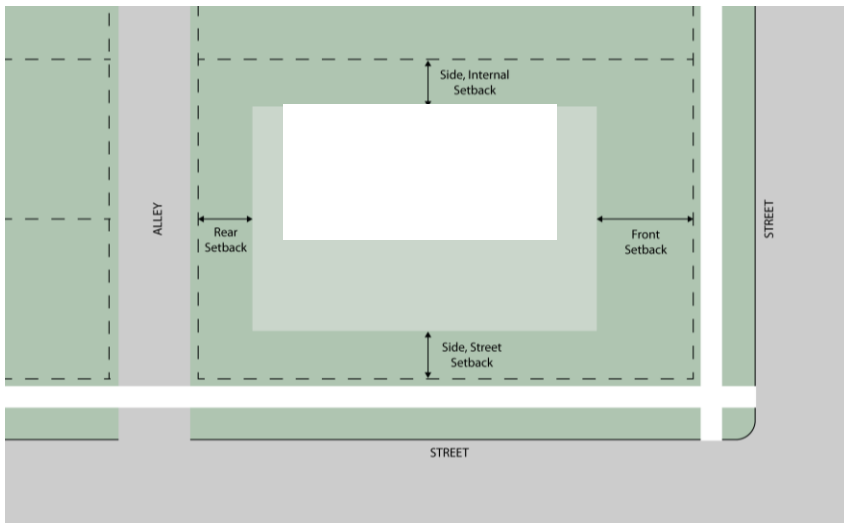
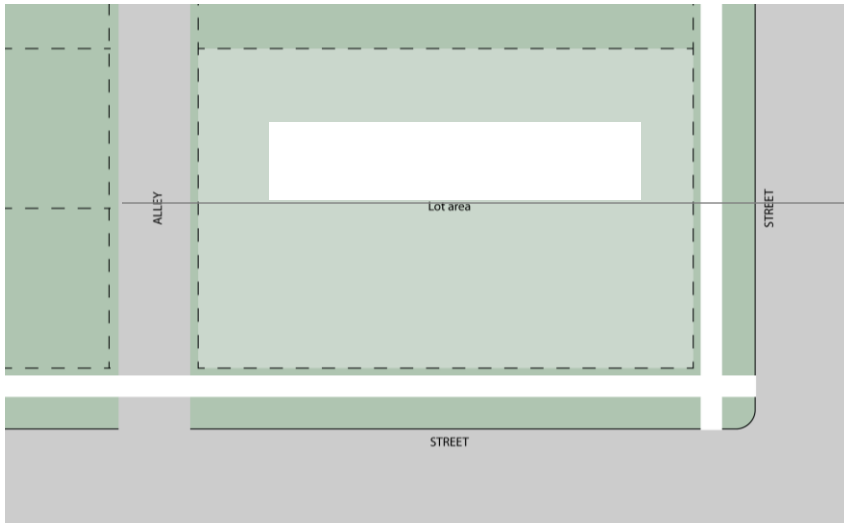
## It works by:

Changing required zoning standards in a manner that allows the construction of more building area. Bonuses could include:

- Relaxing dimensional standards such as minimum lot size, lot coverage, or setbacks
- Permitting a larger number of dwelling units in a building or development site
- Providing a bonus height allowance or exemption from height restrictions that allows for construction of additional stories
- Reducing the amount of open space required on a development site
- Reducing the required number of parking spaces

## It works with:

Density bonus is often used in conjunction with inclusionary zoning.





# Inclusionary Zoning: Understanding the Strategy

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## **This strategy is intended to:**

1. Create mixed-income communities
2. Increase the amount of affordable housing
3. Leverage private-sector development

## **It works by:**

Requiring the provision of a specified percentage of affordable housing as a part of any residential development project of a certain size.

## **It works with:**

- Fee waivers
- Bonus density
- Expedited approval
- Parking reductions (not included in strategy list)

# Accessory Dwelling Units

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▲ Accessory dwelling units (or ADUs) come in many shapes and styles.

# Accessory Dwelling Units: Understanding the Strategy



## This strategy is intended to:

1. Add housing to the community
2. Allow “gentle” infill that can maintain neighborhood character
3. Housing option for immediate family or small household

## It works by:

1. Changing the land development code to allow ADUs as an accessory use on a lot
2. Usually allowed without rezoning, may require development permit, will require building permit

## Centennial NEXT:

**Places 4.** Provide opportunities for new housing options that meet market trends and the evolving needs of current residents.

**4e.** Explore the allowance for Accessory Dwelling Units (ADUs) within residential areas, subject to operation and design guidelines that respect the character and context of the City’s various neighborhoods and zone districts.



# Land Banking: Understanding the Strategy

## This strategy is intended to:

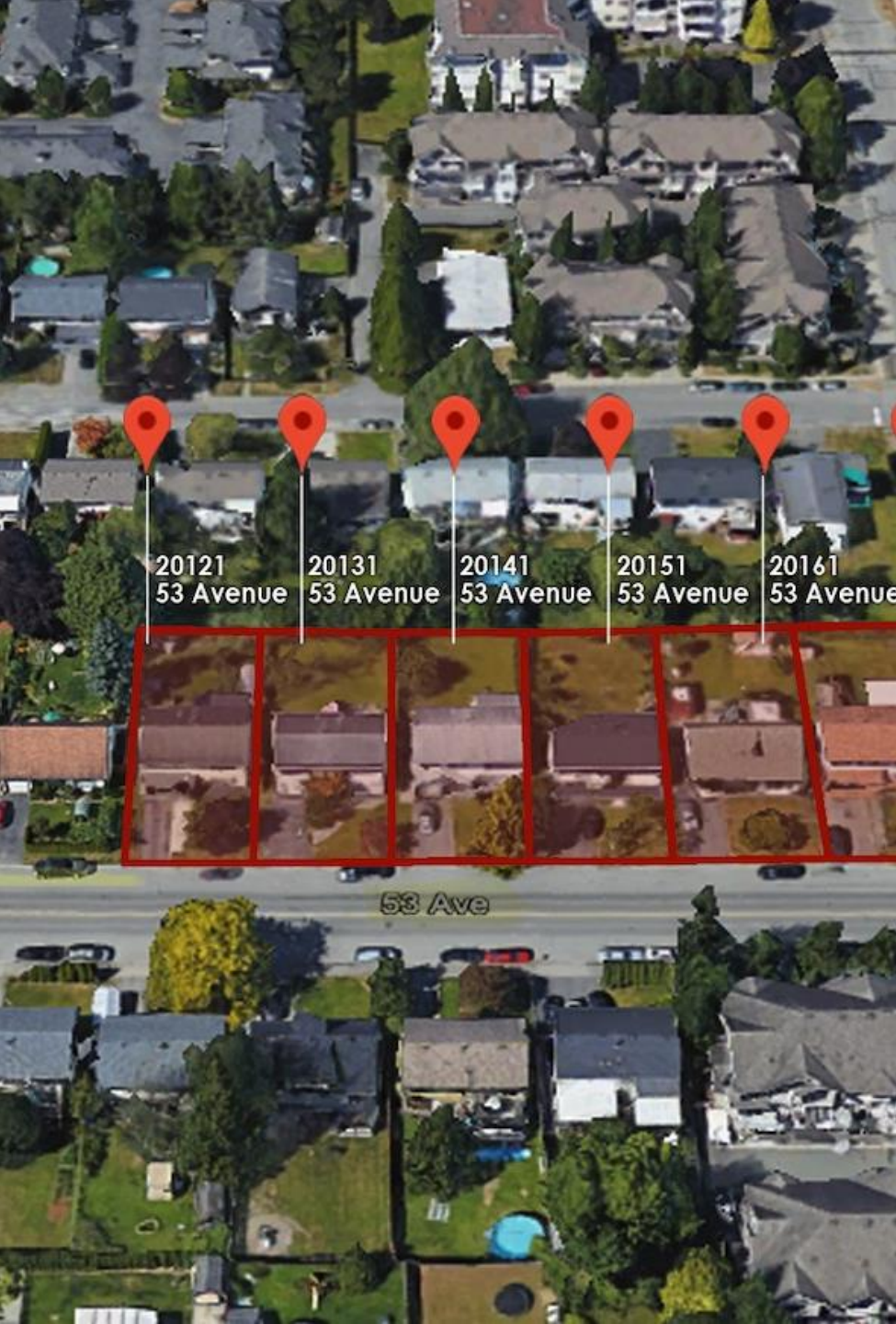
Establish a local government program that can buy, acquire, and hold land for later development as affordable housing.

## It works by:

- Acquiring, assembling, and holding land to be used for affordable housing
- Reducing land ownership holding costs for affordable housing developers
- Maintaining the property owned by the bank
- Negotiating the sale or donation of the property.

## It works with:

Land banking can support a variety of other housing strategies.



# Infrastructure Funding: Understanding the Strategy

**This strategy is intended to:** Offset or defray some of the infrastructure costs associated with an affordable housing project

**It works by:** Identifying a non-applicant funding source for infrastructure. This could be through the adoption of a local tax or fee or allocation of state or federal funding sources

**It works with:** Other fee/cost reduction strategies:

- City application fees
- Land acquisition/banking



## Potential Funding Sources

- Commercial and residential development linkage fees
- Optional fees-in-lieu from inclusionary housing programs
- Excise taxes on luxury homes
- Vacation home/short term rental fees
- Taxes on marijuana and similar goods ("sin" taxes)
- ~~Real estate transfer tax (in communities in which they have been grandfathered)~~
- Dedicated mill levies in property taxes
- Document recording fee
- Demolition taxes (where teardowns are common)
- State and federal sources (e.g., Community Development Block Grant).



# Landlord Incentives: Understanding the Strategy

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**This strategy is intended to:** Encourage landlords to lower rents on existing units.

**It works by:** Direct payment to the landlord.

**It works with:** Stand alone from other strategies

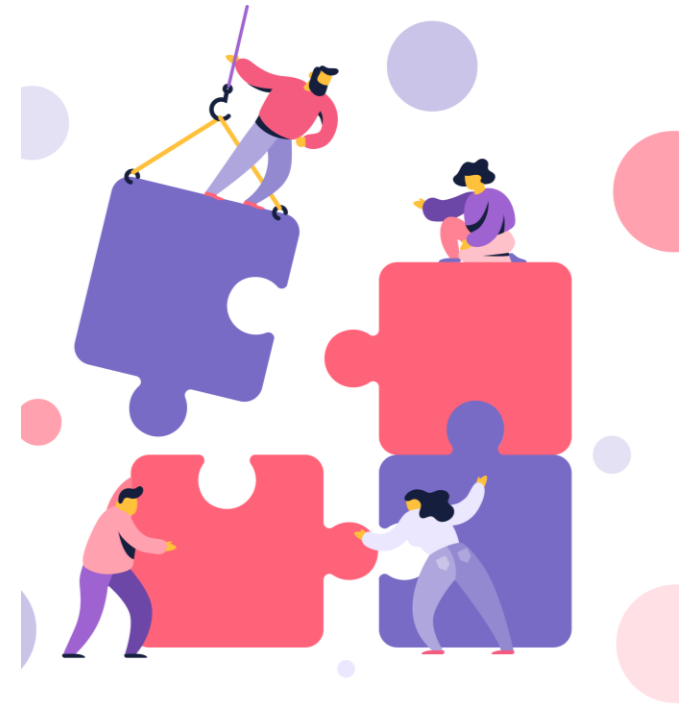
Landlord incentives could make some rental units affordable for current residents. This may be able to produce short-term impacts for families in need, as many strategies being considered have long lead-times.

**Working Group Input:** Reorient this topic to create an educational program that helps residents access state and federal emergency funds

# Working Group: Additional Considerations

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1. Some of the strategies are more effective when grouped
  - Fee waiver and expedited review of affordable housing
  - Inclusionary zoning, density bonus, expedited review, and parking reductions
2. Some of the strategies may be more effective in specific locations
  - Expedited review of commercial conversion near arterials/transportation facilities
  - Accessory dwelling units based on neighborhood preference
3. The Working Group recommended two alternative strategies:
  - Site design flexibility instead of public payment for infrastructure
  - Educational assistance instead of subsidies to landlords to reduce rent







# Prop. 123, Dedicate State Income Tax Revenue to Funding Housing Projects

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A "yes" vote supported creating the State Affordable Housing Fund and dedicating one-tenth of one percent (0.1%) of state income tax revenue to fund housing programs, including:

- Providing grants to [local governments](#) and loans to nonprofit organizations to [acquire and maintain land](#) for the development of affordable housing;
- Creating an affordable housing equity program to make [equity investments in multi-family rental units](#) to ensure that rent is no more than 30% of a household's income;
- Creating a concessionary debt program to provide [debt financing](#) for low- and middle-income multi-family rental developments and existing affordable housing projects;
- Creating an affordable home ownership program providing [down-payment assistance](#) for homebuyers meeting certain income requirements;
- Creating a grant program for [local governments to increase capacity to process land use, permitting, and zoning applications](#) for housing projects; and
- Creating a program to provide [rental assistance](#), housing vouchers, and other case management for persons experiencing homelessness.



# Prop. 123

## Impact on Local Governments

- Local government opt in by November 2023
- Must commit to increasing affordable housing within city boundaries by 3% (over baseline number) every year
- Funds for land banking
- Funds for expedited development review

**LIVE** Last updated 12:14 p.m. E.T.

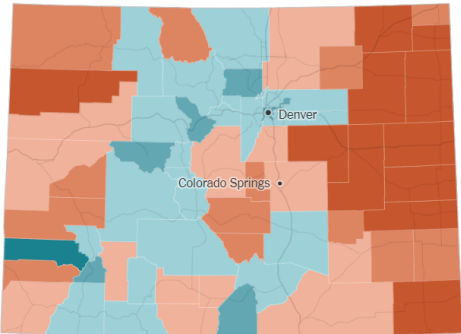
## Colorado Proposition 123 Election Results: Establish State Affordable Housing Fund

[See all Colorado state results](#)

Latest results from 38m ago		>95% OF VOTES IN <div></div>	
Answer	Votes	Pct.	
<input checked="" type="checkbox"/> Yes	1,211,454	52.1%	<div></div>
<input type="checkbox"/> No	1,114,794	47.9	<div></div>
Total reported	2,326,248		

### Results by county




















County	Yes	No	Total votes	% In
Jefferson	52%	48%	287,504	>95%
El Paso	46	54	273,861	>95%
Denver	70	30	240,338	87%
Arapahoe	55	45	230,622	93%
Douglas	41	59	179,001	>95%
Larimer	54	46	170,233	>95%
<a href="#">+ View all</a>				



Yes  No

Vote share      Size of lead

# INNOVATIVE HOUSING STRATEGIES SUPPORT

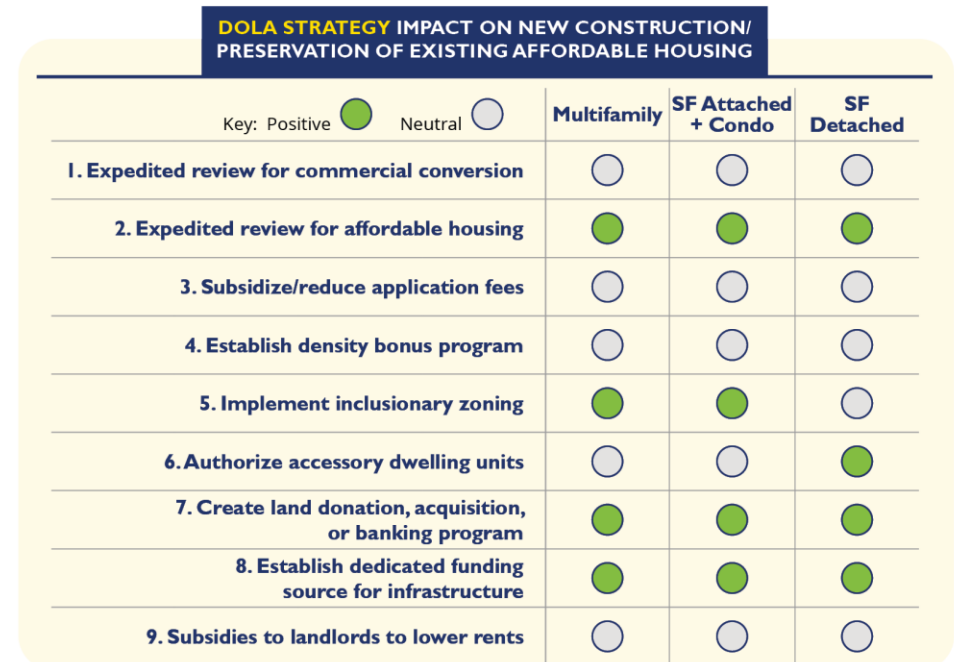
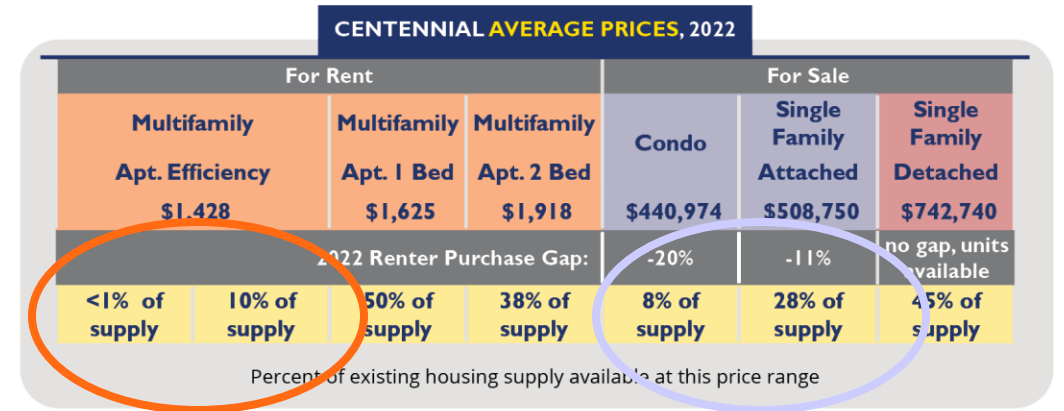
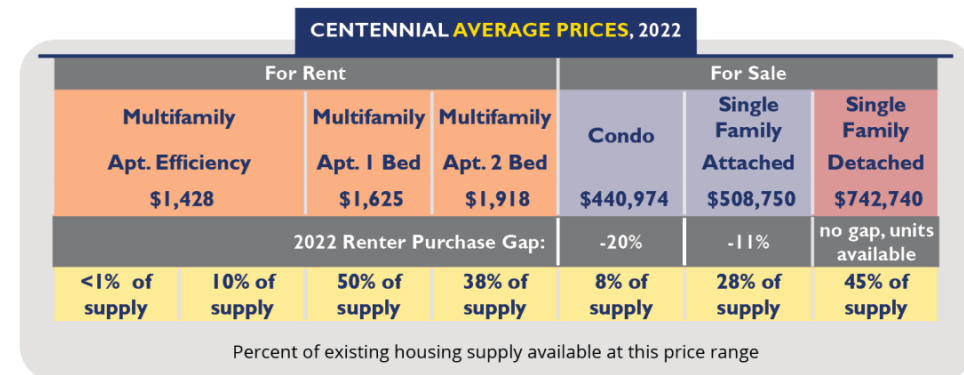
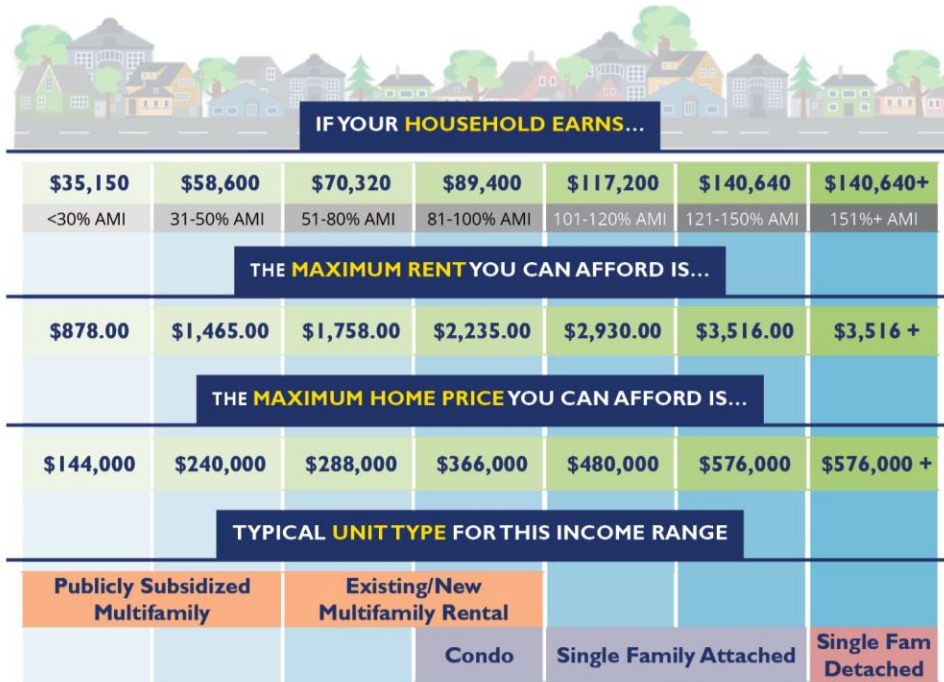
	1 Remove Procedural Barriers and Reduce Costs (Land Development Code Administration)			2 New Allowances and Requirements (Land Development Code Regulations)			3 Funding Mechanisms (City Budget, Partner Agencies, Potential New Function)		
STRATEGY	Expedited development review for affordable housing	Expedited development review for converting underutilized commercial/office property to housing	Subsidize or reduce development fees for affordable housing	Establish a density bonus program	Implement an inclusionary zoning policy	Authorize Accessory Dwelling Units (ADUs)	Create a land donation or land banking program	Incentivize current landlords to lower prices of existing units	Establish a dedicated funding source to subsidize infrastructure costs
WORKING GROUP FEEDBACK	 <b>Support</b> short-term action (2023)	 <b>Support</b> mid-term action (2-3 years)	 <b>Support</b> mid-term action (2-3 years)	 <b>Support</b> mid-term action (2-3 years)	 <b>Support (voluntary)</b> mid-term action (2-3 years)	 <b>Support</b> mid-term action (2-3 years)	 <b>Support</b> mid-term action (2-3 years)	 <b>Does not support</b> prefer alternative approach	 <b>Does not support</b> prefer alternative approach
COMMUNITY FEEDBACK	<u>Mixed</u> 	<u>Mixed</u> 	<b>Support</b>  for City fees only 	<u>Mixed</u> 	<u>Support</u> 	<u>Support</u> 	<u>Support</u> 	<u>Support</u> 	<u>Mixed</u> 

## Working Group and Community Feedback Overview



# Making the Connections

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# Public Outreach Summary

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# Total Feedback Collected

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- In-Person Engagement: 8 Summer/Fall event booths and 3 Housing Needs Workshops
  - 846 votes and comments at events
- Online Engagement: 14 Online Questions of the Week (April through October 2022)
  - 471 total responses
- Social Media: 30 Facebook Posts reached over 8,034 followers\*
  - *\***Reach** is the total number of people who saw the content.*
- Social Media: 30 NextDoor posts totaled 60,688 impressions with neighbors\*
  - ***Impressions** are the number of times your content is displayed.*
- Unique Pageviews to Housing webpage: 1,574
- Developer Surveys: Clarion reached out to 21 affordable and market rate housing developers and interviewed 10.



# Feedback Comparison

Plan	Responses	Reach
Housing Study (2022)	1,317 online surveys and in-person votes/comments	1,574 unique pageviews 68,722 reached on social media
Transportation Master Plan (2021-2022)	252 comments and surveys 150+ people engaged in-person	908 unique pageviews 213 plan downloads
Centennial Next (2016-2018)	2,240 respondents	75,688 reached

## INNOVATIVE HOUSING STRATEGIES SUPPORT

	1 Remove Procedural Barriers and Reduce Costs (Land Development Code Administration)			2 New Allowances and Requirements (Land Development Code Regulations)			3 Funding Mechanisms (City Budget, Partner Agencies, Potential New Function)		
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## Working Group and Community Feedback Overview



# Project Next Steps

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- November 14 (Monday)
  - WG presentation to City Council
  - City Council will strike strategies not suited to Centennial
- December 7 (Wednesday, special meeting date)
  - WG presentation to Planning & Zoning Commission (P&Z)
  - P&Z will review and make recommendations on strategies
- January 17 (Tuesday)
  - P&Z dialogue presented to City Council
  - City Council discussion of goals and prioritization of strategies



**Thank you!**

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NEXT PROJECT MEETING: PLANNING COMMISSION, DECEMBER 7