



# Housing Working Group

AUGUST 22, 2022

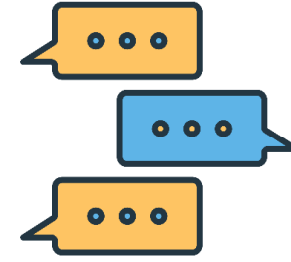
# Today's Meeting

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- Strategy Discussion
  - Inclusionary Zoning
  - Land Acquisition/Banking
  - Application Fee Reductions
  - Dedicated Infrastructure Funding Source
  - Incentivize landlords to lower current rental rates
- Potential Survey Questions
- Community Outreach Update
- City Council/P&Z Update
- HNA Comment Version
- Working Group Messaging



Thanks for being here!



# Working Group Ground Rules

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1. Meetings will begin and end on time.
2. Come to meetings prepared.
3. Be engaged and fully present.
4. Treat co-group members ideas and suggestions with respect.
5. Be attentive to the speaker and let others finish before you start talking.
6. Raise your hand to speak.
7. Everyone will have an opportunity to speak.
8. Practice being open-minded to a range of housing ideas.
9. Strive for consensus.
10. Ask questions. There is no wrong answer - City staff and the consultant team are here to help.
11. Act as an ambassador of the overall group, not a specific interest.
12. External communications about the working group activities shall not be different from what was discussed in the working group.



# Role of the Working Group

- Discuss policy options
  - Before they are rolled out to the broader public
  - Explore how they should be shared with the community
- Provide feedback on proposed revisions to the Land Development Code
- Promote awareness and understanding of proposals that emerge from the process
- Communicate the Housing Study process and work to stakeholders

# August Strategies

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INCLUSIONARY ZONING | LAND BANKING | FEE REDUCTIONS |  
INFRASTRUCTURE FUNDING | LANDLORD INCENTIVES

# Inclusionary Zoning

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# Programs that Leverage Private Development to Create Affordable Housing Options

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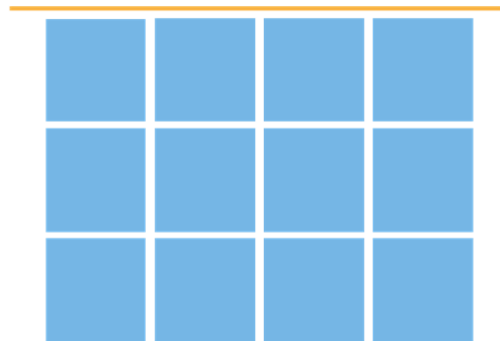
## Inclusionary



**3 Story Base**

■ affordable unit

## Linkage Fee



**3 Story Base**

■ affordable unit

## Incentive



**3 Story Base**

■ affordable unit

# What is feasibility? Why is it important?

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- Applies to both IZ and Incentive based systems
- Uses real estate proformas to determine changes in financial viability of development projects with IZ requirements and/or incentive packages
- These are “**market-driven**” programs—it leverages new development to create affordable units that meet the community’s needs. Without the creation of new market-rate housing, the inclusionary/incentive programs won’t create any new affordable units.



# Key Considerations in Program Design

- What household AMI levels should the program target? [Housing needs analysis](#)
- Should units have the same finishings as market rate units? [Policy call](#)
- The same unit size distribution? [Housing needs analysis and policy call](#)
- Should developers be allowed to develop units offsite? Should the program be structured to require a higher requirement for offsite units? [Housing needs analysis and policy call](#)

# Key Considerations in Program Design

- What proportion of units should be affordable?  
Economic feasibility analysis
- Should the program allow flexibility in AMI levels and unit proportions? Policy call and economic feasibility analysis
- What should the affordability term be?  
Alignment with other programs, economic feasibility, policy call
- Should developers be allowed to pay a fee in lieu of building units? What should that fee be?  
Policy call, desire to build housing trust fund, and economic feasibility analysis

# Key Considerations in Program Design

- What incentives should be offered to offset the cost of the program? [Economic feasibility analysis, policy call, new HB1117 guidance](#)
- How can we ensure that units are occupied by those who need them the most? [Good program design and affirmative marketing](#)
- How should the program be administered? [Consult peer cities with successful programs; consider nonprofit and housing authority partnerships](#)

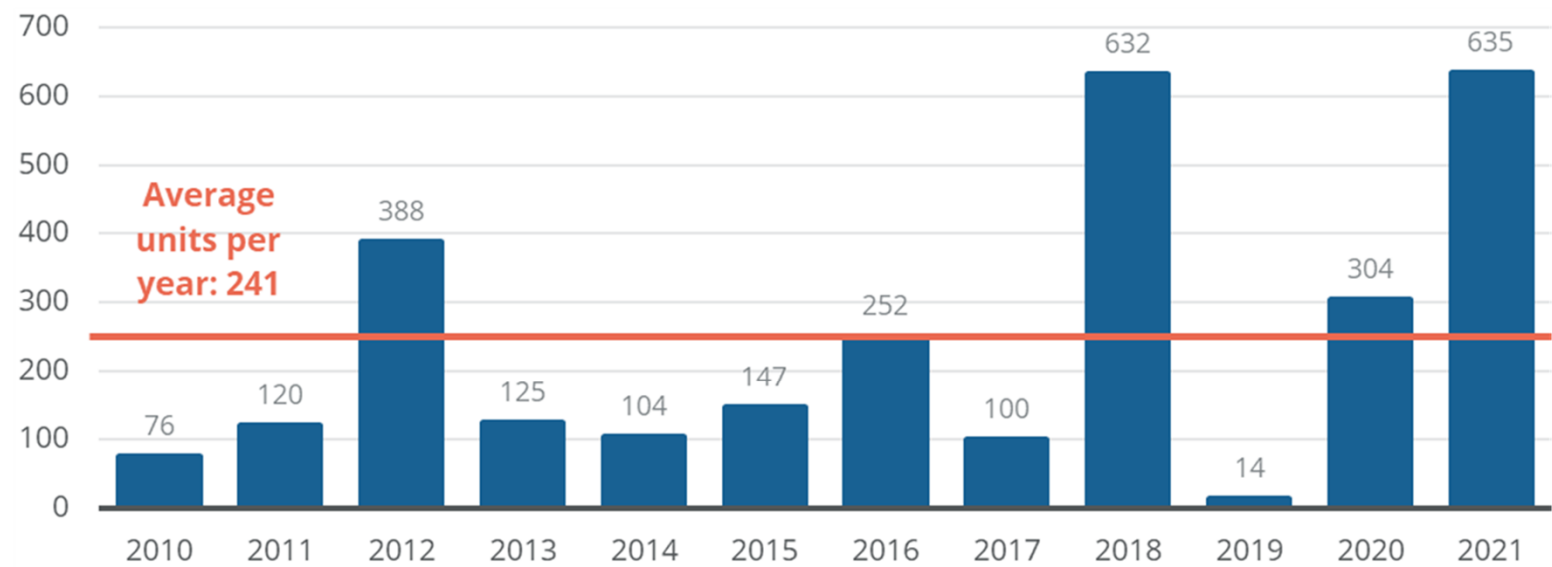
# Inclusionary Potential in Centennial

Inclusionary Housing is Successful  
When:

- Communities are experiencing (or expecting) strong residential growth. Centennial has a limited capacity for new residential development, other than infill or redevelopment potential. However, the City of Centennial has experienced an influx of residential production in recent years.
- Relative market strength of prices in the community compared to peers. Centennial is roughly average compared to peer communities.

# Inclusionary Potential in Centennial

Total New Residential Units Permitted, Centennial, 2010-2021

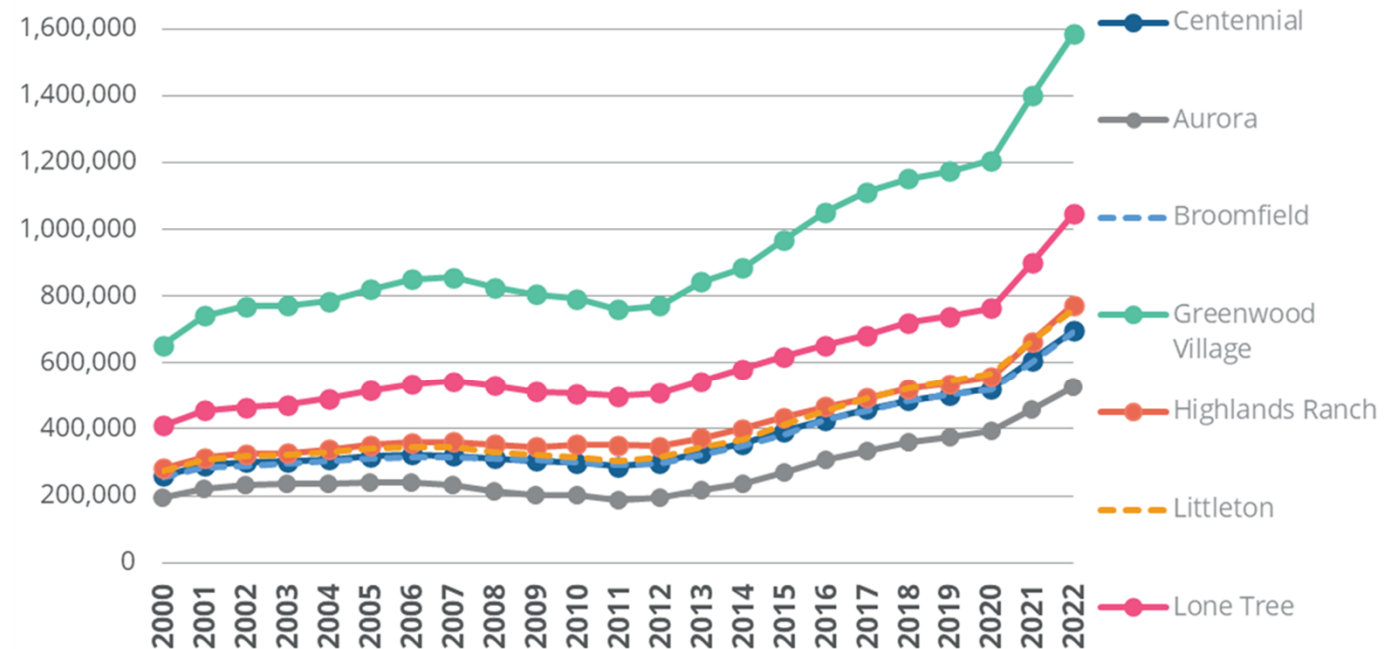


Possible Annual Affordable Units Under 5% and 10% Inclusionary Policy

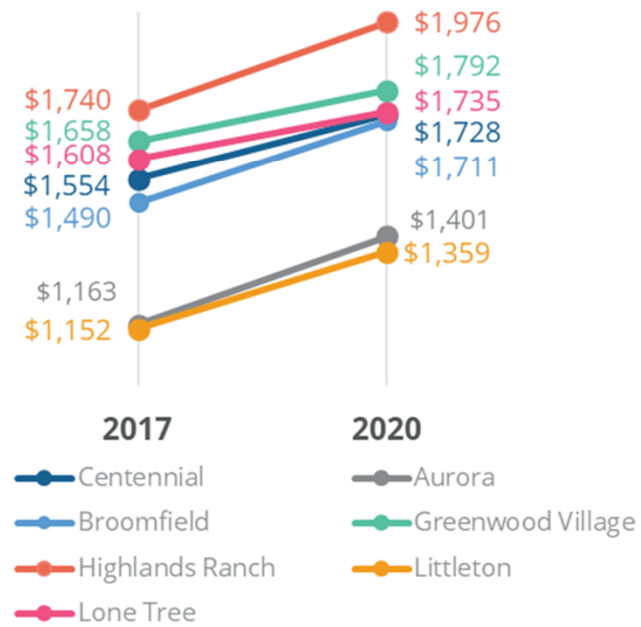
Development Type	Average # of Units Approved Annually by Type (2010-2021)	Possible Affordable Units under 5% and 10% Inclusionary Policy	
		5% set-aside	10% set-aside
Detached	31	2	3
Attached	23	1	2
Live/Work	6	0	1
Mixed Residential	1	0	0
Multifamily or Mixed Use	156	8	16
Average Annual Total	218	11	22

# Relative Market Strength

Home Value Index, Centennial and Peer Communities, 2000-2022



Median Gross Rent, Centennial and Peer Communities, 2017-2020



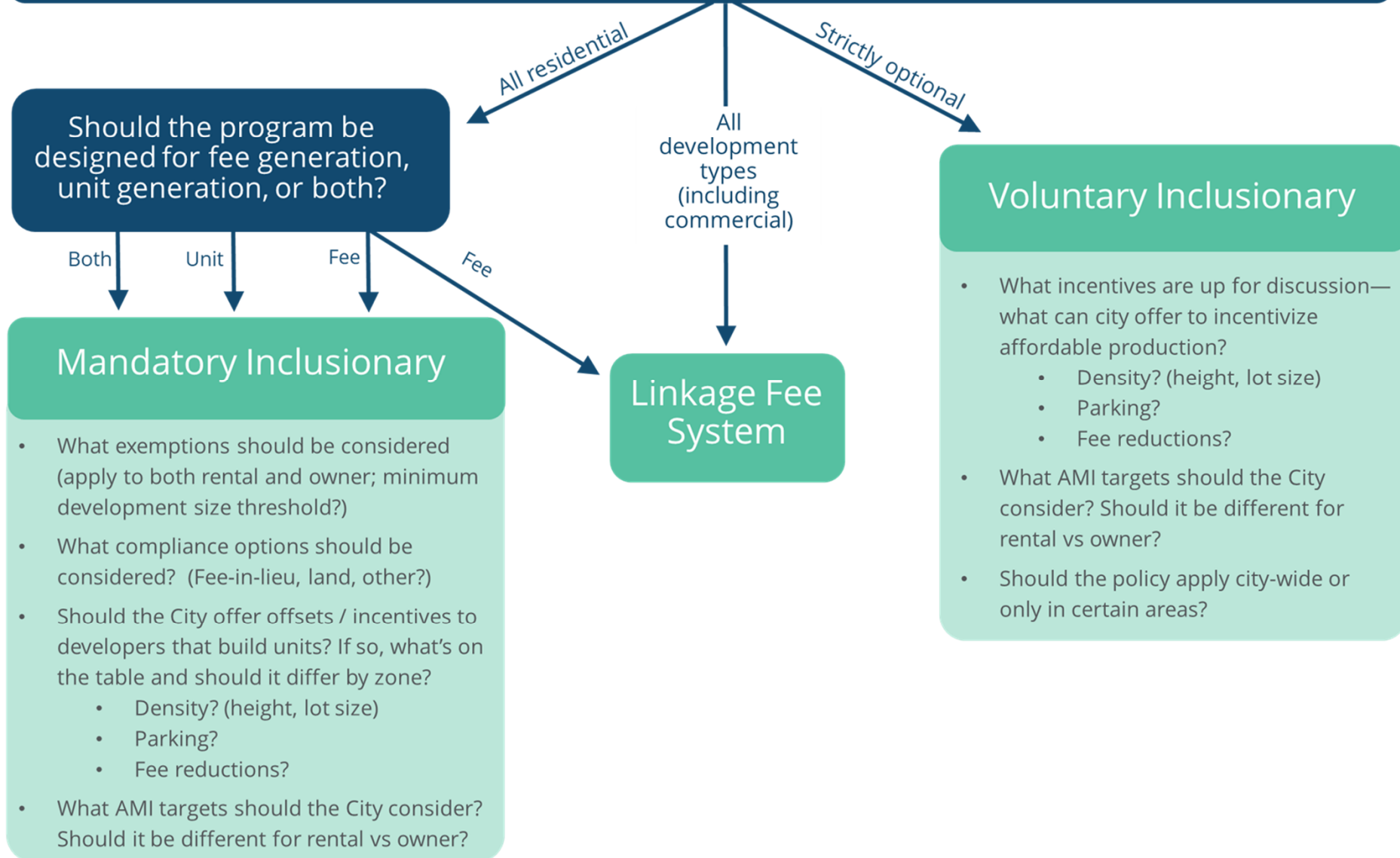
# Key Decision Points for Policy Selection and Potential Feasibility Analysis

- Are the market conditions conducive to a successful inclusionary program?
- Key discussion/decision points include:
  - **Mandatory or voluntary.** Should the program be strictly optional or apply to all residential development that meets a minimum development size threshold?
  - **Incentives and options.** What incentives or cost offsets are “on the table” and what compliance options should be considered?
  - **Fee-based, production based, or combination.** Should the program be designed for fee generation, unit generation, or both?
  - **Income targets.** What affordability level should be prioritized (for rental/owner)?

# IHO and Linkage Programs in the Metro

- **Denver:** commercial linkage and proposed mandatory IHO of **8% of units at 60% AMI (rental) or 80% AMI (for-sale)**. Fee in lieu option and offsets/incentives for on-site build.
- **Broomfield:** **10% of for-sale units and 20% of rental units** in developments exceeding 25 total units affordable to **80% AMI**. Fee in lieu and land donation options and offsets/incentives for on-site build (fee waivers and tax rebates).
- **Boulder:** commercial linkage and mandatory inclusionary requiring **25% of units** affordable (primarily **to 80% AMI**). Fee-in-lieu and other options case-by-case.
- **Longmont:** mandatory inclusionary requires **12% of units (rental at 50% AMI and for-sale at 80%)**. Fee-in-lieu, off-site build, and land donation options.
- **Superior:** inclusionary requiring developments with 10+ units dedicate **15% of all units to 80% AMI households**. Developments under 10 units may pay a fee-in-lieu.

# Should the program apply to all qualifying development or be strictly optional?



*Public support  
needed for  
housing*

*Private Market  
Provides  
Housing*

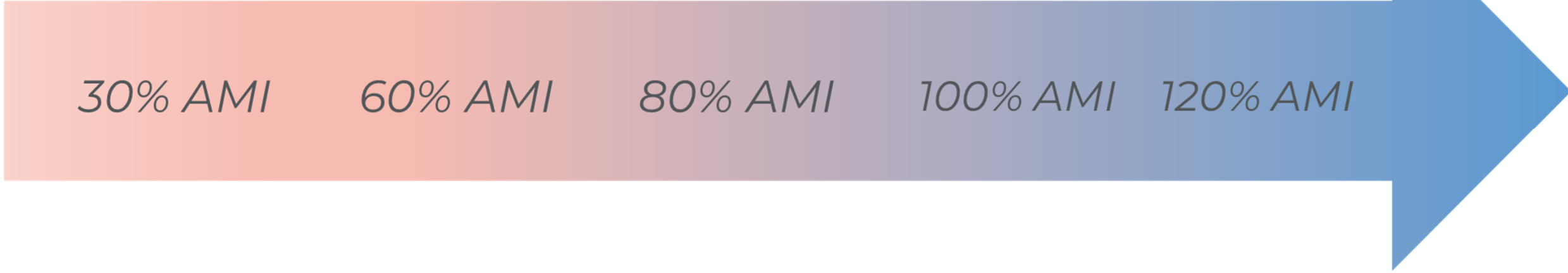
*30% AMI*

*60% AMI*

*80% AMI*

*100% AMI*

*120% AMI*





# Land Banking

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# 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.

# Land Banking Strategy Review Criteria Summary

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Strategy Review Criteria	Yes	No	Comment
Implement Centennial NEXT?	X		Yes, and can help implement other strategies
Technical Feasibility, current programs		X	Dedicated land bank needed
Administrative Feasibility, current staff		X*	Staff with land bank experience needed (*need to ask staff, training possible)
Diversity and Equity	X		Flexible tool that can help accomplish diversity and equity goals
Impact and Effectiveness	X		Will probably work best over the long term
Housing Development Community opinion			TBD
Extraordinary Costs	X		Costs to establish and administer land bank/funding for property purchase
Benefits of Implementing Strategy	X		Flexibility outside of normal City processes

# Potential Survey Questions

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Should Centennial establish a public land bank (a City entity that can buy land or accept land donations) with the authority to purchase existing vacant or abandoned properties that are tax delinquent, and then clean-up and hold those properties for later development of affordable housing?

1. Yes
2. Yes, but only in areas that are mostly multifamily
3. Yes, for commercial properties only
4. Yes, in certain circumstances (please describe below)
5. No
6. [Comment]

Should Centennial establish a public land bank with the authority to purchase any property to hold for future affordable housing development?

1. Yes
2. Yes, but only in areas that are mostly multifamily
3. Yes, for commercial properties only
4. Yes, in certain circumstances (please describe below)
5. No
6. [Comment]

## Development Review (Application) Fee Reduction or Subsidies

# Understanding the Strategy

**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.

**Is there a partner strategy:** Yes, fee reductions are commonly used in conjunction with Expedited Approvals.

Development Type	Avg. Planning Fee [1]	Average Impact Fees		
		RTIF Regional Transport. Infrastr. Fee [2]	Schools, Parks, Other Purposes	CCBWQA Cherry Creek Basin Water Quality Auth. [3]
<b>Single Family Home</b> (new home on NC/NI lot)	No additional fees [4]	2 car garage: \$990 3 car garage: \$1287		\$60
<b>Single Family Home</b> within a development that requires a Site Plan process [100 units on 17 acres]	\$16,500	2 car garage: \$990 3 car garage: \$1287	\$154,600	\$60
<b>Townhome/duplex</b> within a development that required a Site Plan Process [36 units on 1.61 acres]	\$10,500	2 car garage: \$990 3 car garage: \$1287	\$23,140	\$60
<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	Per multifamily unit: \$600	\$93,000	\$2582 [5]
<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	Per multifamily unit: \$600	\$138,202	\$2600 [4]
<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	Per multifamily unit: \$600	\$154,272	\$2720 [4]
<b>12 story rental residential</b> within a development [70,000-sf building footprint, 340 dwelling units on 3 acres]	\$10,500	Per multifamily unit: \$600	\$218,552	\$2800 [4]

### Notes:

[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

# Fee Reduction/Waiver Strategy Review Criteria Summary

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Strategy Review Criteria	Yes	TBD	No	Comment
Implement Centennial NEXT?	X			
Technical Feasibility, current programs	X			City fees implemented through LDC
Administrative Feasibility, current staff	X			City fees implemented through LDC
Diversity and Equity		X		May incentivize creation of affordable housing
Impact and Effectiveness		X		May make a difference for affordable housing projects
Housing Development Community opinion				TBD
Extraordinary Costs		X		City will need to decide whether to provide funding to fill fee gaps
Benefits of Implementing Strategy	X			Saved costs to AH projects, additional tool for City

# Potential Survey Questions

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Should Centennial reduce or waive the payment of **development review or permit fees** (fees paid to the City to help defray the cost of staff review of development applications) for residential housing developments that include some affordable housing?

1. Yes, for all projects that include any affordable housing
2. Yes, for any project that includes a specific number or percentage of affordable housing units
3. Yes, for projects that include only affordable housing
4. No
5. Not sure/no opinion
6. Other (please specify): \_\_\_\_\_

Should Centennial reduce or waive the requirement that affordable housing pay a **fee for schools, parks, and other purposes**? These fees are described in detail in the Centennial Land Development Code, accessible [here](#).

1. Yes, this fee should be waived or reduced
2. Yes, this fee should be waived or reduced as applied to the number of affordable housing units included in the project
3. Yes, this fee should be waived or reduced for projects that only include affordable housing
4. No, this fee should not be reduced or waived
5. Not sure/no opinion
6. Other (please specify): \_\_\_\_\_

# Potential Survey Questions

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For projects with affordable housing, should Centennial pay for or subsidize **fees charged by agencies outside of the City**? For example (this situation is imaginary and just intended to help explain the question), if Arapahoe County decided to impose a fairground fee for all new housing to help pay for fairground improvements, should Centennial pay that fee for new affordable housing?

1. Yes, Centennial should pay for or help pay for fees from agencies outside of the City
2. No, Centennial should not pay for or help pay for fees from agencies outside of the City
3. Not sure/no opinion
4. Other (please specify):

# Infrastructure Funding: Understanding the Strategy

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**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.

**Does it implement Centennial NEXT?** This strategy can help indirectly implement the comprehensive plan.



## 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).

# Infrastructure Funding: WG Discussion

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- Initial perceptions?
- What is the cost upside of this Strategy to applicants?
- What is needed to make this Strategy work?
- What would make this Strategy fail?
- How do we think the community would respond?



# 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.

**Does the proposed strategy help implement Centennial NEXT? If so, how?**

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.

This strategy does not, however, appear to be a long-term solution and may not help implement Centennial NEXT.

# Potential Survey Questions

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Should Centennial create and fund a program to make direct payments to landlords to reduce rental unit costs to help residents with short-term housing problems?

1. Yes
2. Yes, but only for a limited period of time, such as a year or two
3. Yes, but there should be a limit on how much rent the City will help pay for
4. No, this is not a good use of public funds
5. No, this is not a long-term housing solution
6. Not sure/no opinion
7. Other (please specify): \_\_\_\_\_

# City Council & P&Z Joint Meeting

## August 17

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- Overview of DOLA Strategies reviewed so far
- Summary of current community input
- Discussion about setting an affordable housing goal for Centennial, range of thoughts:
  - Set a manageable goal with potential for growth over time
  - Show accomplishment without a specific goal
  - Set a goal and determine which incentives are meaningful to help incentivize developers
  - A goal is needed to help with state and federal funding requests
  - Split the approach for rental units vs. sale units

### **Centennial Considerations**

- Consider terminology and potential for stigma
- Look into range of goals, such as:
  - Cost-reduction
  - Winning x amount of federal funds
- How do we make sure we are helping people in the community?
- How can the City make sure residents are able to take advantage of programs?
- What can these changes do for redevelopment?

# Project Messaging

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- What are the groups key takeaways from today?
- Is there anything you would like to share?

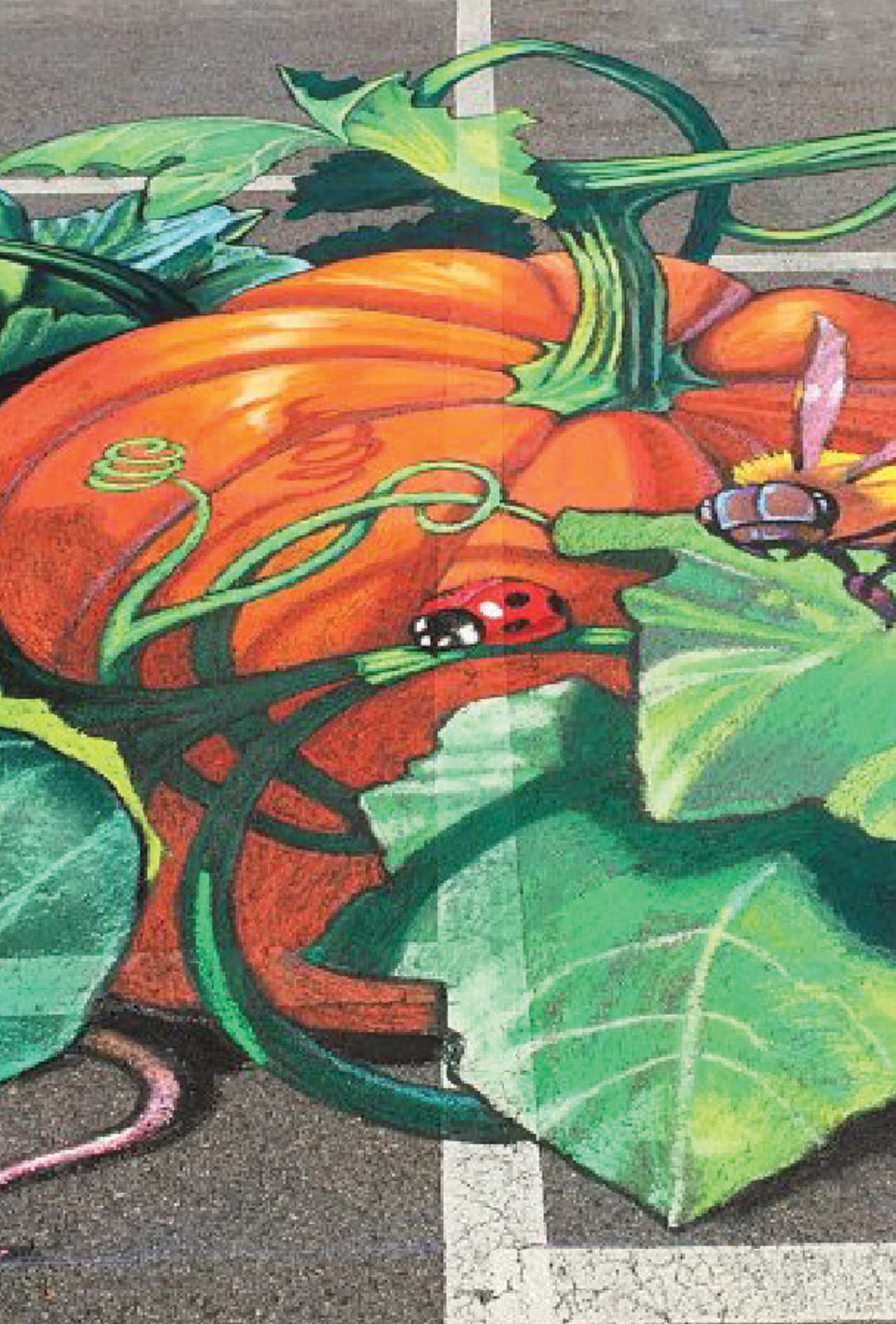
# Working Group Next Steps: September - October

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- Additional discussion about any strategies?
- Schedule housing developer round table
- Deep dive into community comments?
- Any additional outreach?
- Compile and discuss a high-level strategy scorecard
- Review Batch 1 Strategies draft report
- Review Batch 2 Strategies draft report



- Do we need extra time at the next few meetings?
- Do we need extra meetings in the next few months?



# Next Steps

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- **September 24:** Centennial Chalk Art Festival – Streets at SouthGlenn
- **September 26:** Next Working Group Meeting
- **October 4:** Housing Workshop #3 – Newton Middle School
- **October 22:** Whiskey Warmer – Centennial Center Park
- Keep an eye on the project website for updates: [centennialco.gov/housing](http://centennialco.gov/housing)



**Thank you for your time & input!**

NEXT WORKING GROUP MEETING: SEPTEMBER 26