



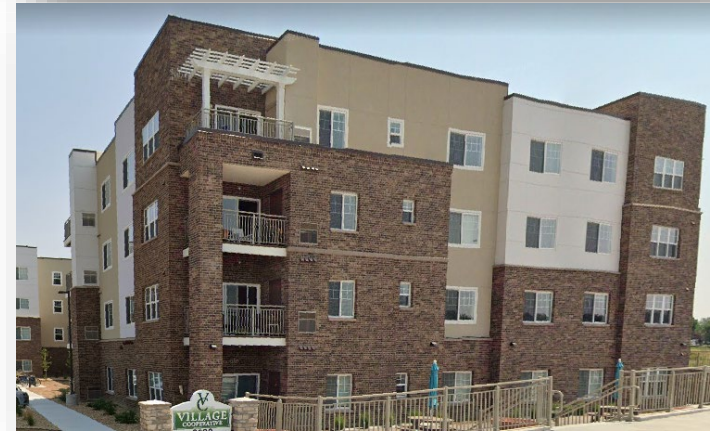
Innovative Housing Strategies Update

MAY 9, 2023



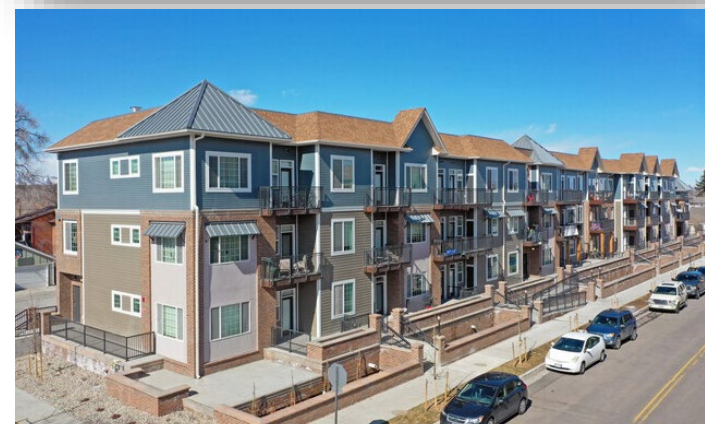
Agenda

- Project Process
- Housing Data Collected
- Proposition 123
- Strategy next steps:
 - ADU
 - Inclusionary Zoning
 - Land Banking



Housing Project Process

Task 1	Task 2	Task 3	Task 4	Task 5
March – June 2022	June – October 2022	Nov. 2022 to Jan. 2023	February 2023 to now	Late summer 2023
Identify Centennial Housing Needs	Review 9 strategies with Working Group	Prioritize strategies for drafting – 4 chosen	Draft 4 strategies for community consideration	Hearing and determination



Housing Data Collected in Centennial



2021 Centennial Resident Survey

Access to affordable quality housing is an area of opportunity for Centennial and residents identify potential gaps in the availability of certain types of housing in the community.

Less than one-quarter of residents gave positive marks to the availability of affordable quality housing in Centennial, rating it lower than the national benchmark, similar to the custom benchmark, and a significant decline from the 2016 results. When asked additional supplementary questions about housing needs in the community, residents identified a gap in available housing for certain categories of individuals. Nearly 95% of residents indicated they either strongly agree or somewhat agree that there is enough available housing for high-income households. Conversely, only 3 in 10 respondents said similarly for low-income households. Around half of respondents stated that there is available housing for residents working in fields including retail, office support, or construction, while about 6 in 10 stated similarly for residents working in fields like teaching, nursing, or law enforcement. The availability of housing for senior citizens to live independently, quality rental housing, and middle-income households received positive marks by at least 6 in 10 community members.

2022 UNC Intern Video Interviews



Erica: “Over the Past fifteen years while my income has possibly doubled, the cost of living here for me has more than tripled.”



MJ: “As an adult woman who owns a business and is doing progressive things with my life to only be able to afford like a bedroom in someone’s basement is a problem.”

Resident Feedback

- 14 Online Questions of the Week (April through October 2022)
 - 471 total responses
- 8 Summer/Fall event booths and 3 Housing Needs Workshops
 - 846 votes and comments at events
- 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.

Centennial Housing Needs Assessment (HNA)

Top Housing Needs Today

- **Increase housing production** to accommodate projected household and employment growth:
 - Past 10 years: 241 units/year
 - Keep up with household projections: 561+ units/year
- Accommodate **more missing middle housing types** for small-scale ownership opportunities
- **Address existing gap** for low-income renters (income < \$35,000)
 - Add rental units and/or subsidies to cover 896 units priced under \$875/month
- Target affordable homeownership and rental strategies toward **price points that Centennial workers can afford**

Impact Over Time

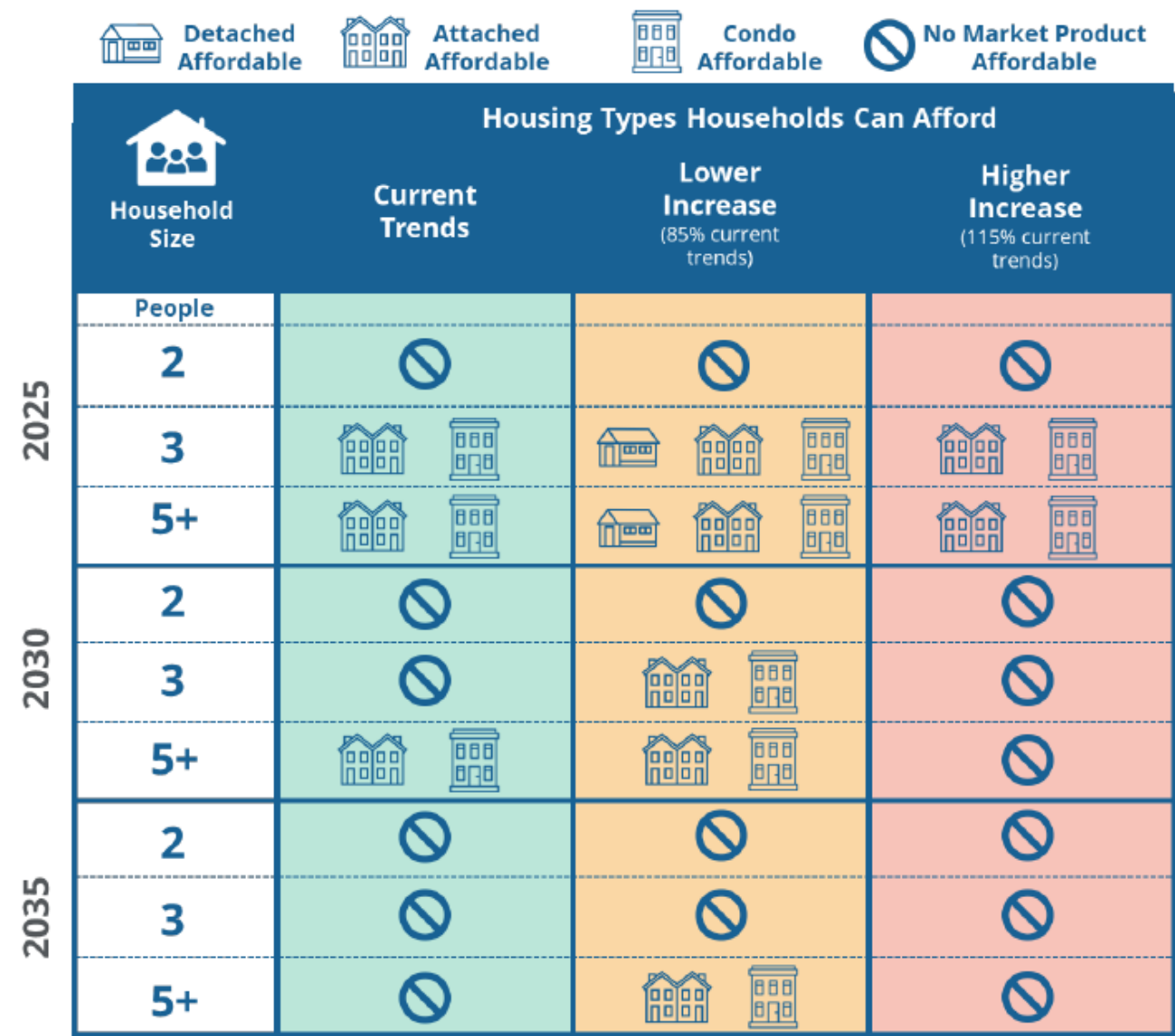
By 2025, an estimated 4,948 new worker households (8,321 workers) will work in the City and

- 519 could afford a median priced detached single-family home (\$823,688);
- 1,453 could afford to purchase a condo or attached home (\$780,000); and
- 2,189 households could afford the median rent (\$2,063).

Out of the 8,321 new workers in the city, 1,324 could not afford to live in the city and would be forced to in-commute to work.

Without an increase in ownership affordability in the next five years, the homeownership rate is estimated to decrease from 82% in 2020 to 77% in 2025.

Figure III-5.
Industry Workers can Afford, 2035

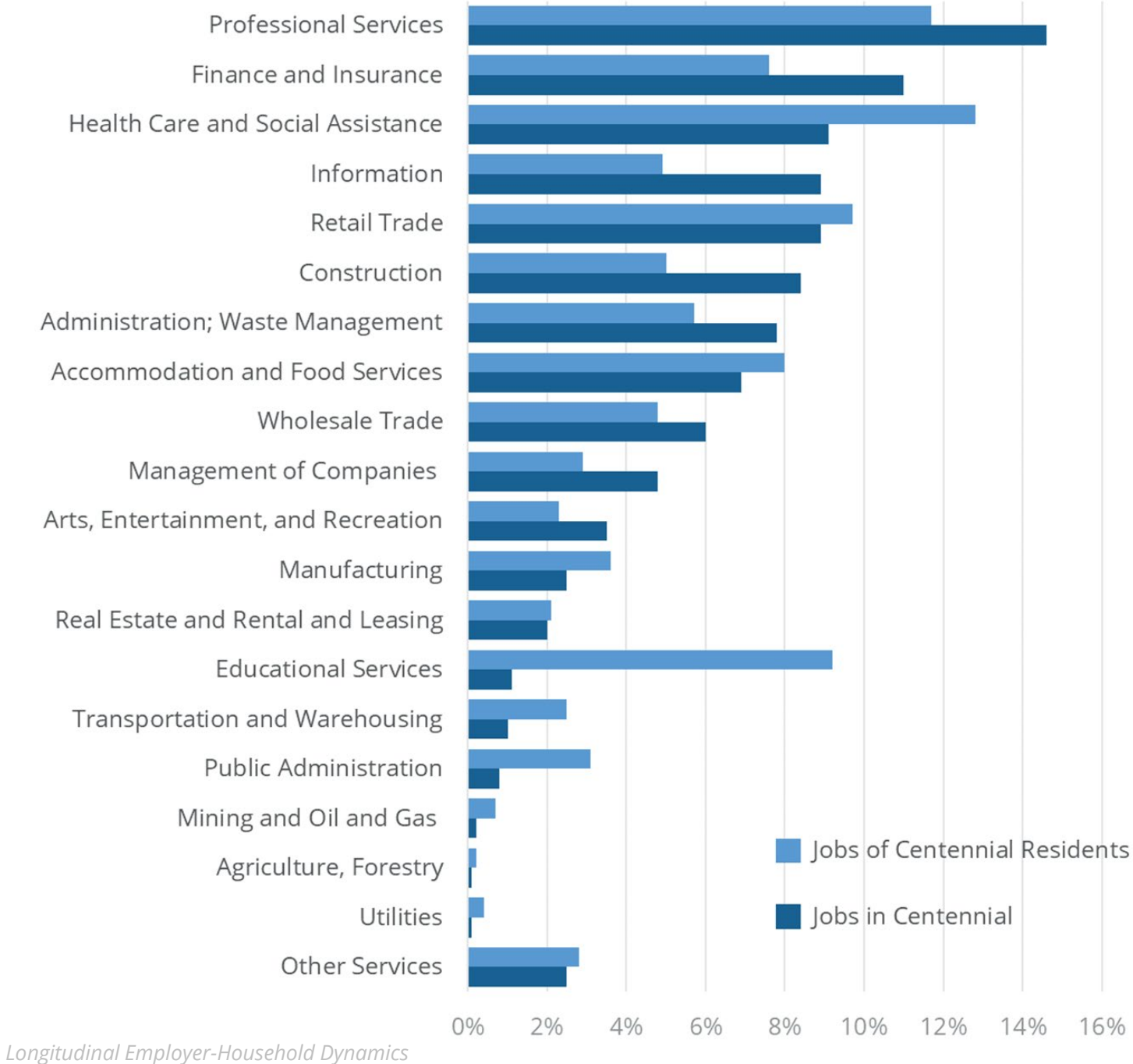


Note: Affordability based on median income by household size and 30% of monthly income on housing. Mortgage assumptions include 5.25% interest rate, 20% monthly payment to ownership costs (e.g., property taxes, utilities, and insurance), and 10% downpayment.

Source: QCEW, MLS, 2020 5-year ACS, and Root Policy Research.



Industry of Residents & Jobs



2022 Salary Ranges in Centennial

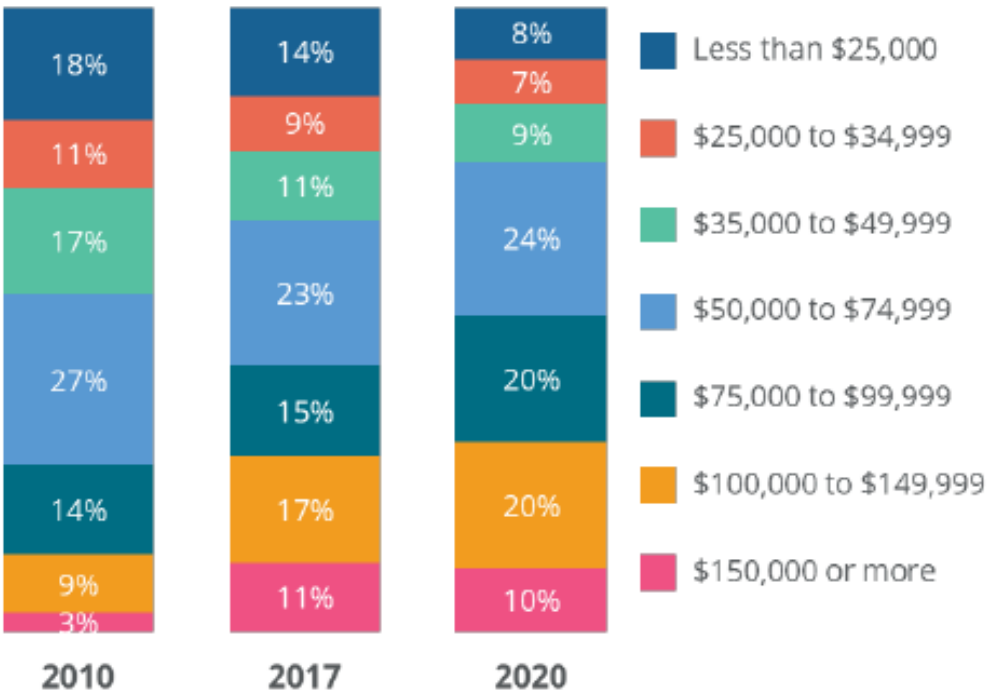
	Less than \$25,000	\$25,000 - \$34,999	\$35,000 - \$49,999	\$50,000 - \$74,999	\$75,000 - \$99,000	\$100,000+
Fire Fighter: \$55,000 – \$108,000						
Police Officer: \$47,987 - \$78,424						
Nurse: \$38,000 - \$84,000						
Teacher: \$38,000 - \$85,000						
Social Worker: \$33,000 - \$73,000						
Cleaning & Sanitation: \$22,593 - \$34,056						
Home Health Aide: \$21,000 - \$37,000						
Retail: \$20,000 – \$39,000						
Minimum Wage: \$19,593						

Household Income Distribution

Centennial median household income 2017- 2021 (in 2021 dollars): **\$114,375**
U.S. Census

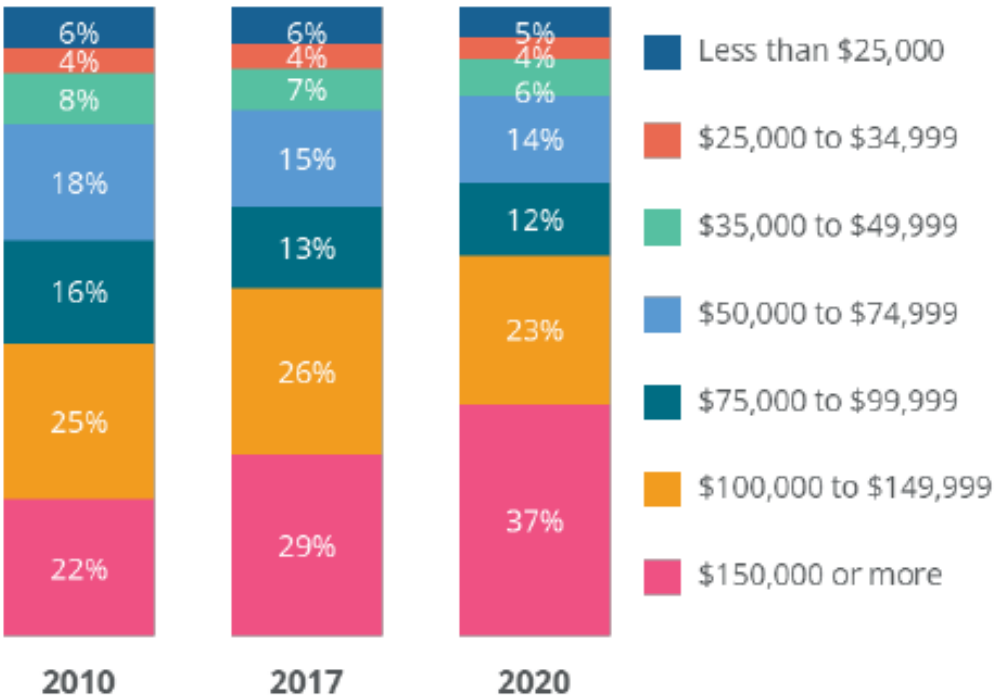
Renter Household

68% ≤ \$100,000
88% ≤ \$150,000



Owner Household

41% ≤ \$100,000
64% ≤ \$150,000



Renter Purchase Gap, 5.25% Interest Rate, Centennial, 2020

64% Current Owners < \$150,000	Income Range	Max Affordable Home Price	Potential Demand among 1st Time Buyers (Current Renters)		For-Sale Supply (Homes Sold 2020-2022)		Renter Purchase Gap	Cumulative Gap
			Number	Percent	Number	Percent		
	Less than \$25,000	\$99,597	622	8%	0	0%	-8%	-8%
	\$25,000 to \$34,999	\$139,437	535	7%	1	0%	-7%	-16%
	\$35,000 to \$49,999	\$199,198	672	9%	35	1%	-8%	-24%
	\$50,000 to \$74,999	\$298,799	1,802	24%	208	5%	-20%	-44%
	\$75,000 to \$99,999	\$398,400	1,498	20%	424	10%	-11%	-55%
	\$100,000 to \$149,999	\$597,602	1,480	20%	2,122	48%	28%	-26%
	\$150,000 or more		752	10%	1,615	37%	26%	0%

Source: 2020 5-year ACS, MLS, and Root Policy Research.

Rental Gaps

88% Current Renters < \$150,000

Income Range	Maximum Affordable Gross Rent	Rental Demand (Current Renters)		Rental Supply (Current Units)		Gap
		Number	Percent	Number	Percent	
Less than \$5,000	\$125	92	1%	67	1%	(25)
\$5,000 to \$9,999	\$250	71	1%	4	0%	(67)
\$10,000 to \$14,999	\$375	92	1%	0	0%	(92)
\$15,000 to \$19,999	\$500	142	2%	11	0%	(131)
\$20,000 to \$24,999	\$625	225	3%	76	1%	(149)
\$25,000 to \$34,999	\$875	535	7%	103	1%	(432)
\$35,000 to \$49,999	\$1,250	672	9%	728	10%	56
\$50,000 to \$74,999	\$1,875	1,802	24%	3,765	49%	1,963
\$75,000+	\$1,875+	3,730	51%	2,878	38%	(852)
Total/Low Income Gap (<\$35,000)		7,361	100%	7,632	100%	(896)

The gap for households earning <\$35,000 is 896 units priced under \$875

2020 5-year ACS



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ADU	Inclusionary Zoning	Land Bank
○	✓	○
✗	○	○
○	✓	✓
✗	✓	✓



Proposition 123



Definitions

Affordable Housing

- For-sale housing: at or below 100% AMI
- Rental housing: at or below 60% AMI
- AND that costs the household < 30% of monthly income



Programs

- **Land Banking**
 - Grants to local governments
 - Loans to nonprofits
- **Affordable Housing Equity Program**
 - State investment in new and existing multifamily housing
 - Affordable at or below 90% AMI (<30% monthly income)
 - Tenants of 1 year or more participate in equity



Programs

- **Debt Financing (average rents at or below 60% AMI)**
 - New low- and middle-income multifamily rentals
 - Gap financing for Low Income Housing Tax Credit (LIHTC) projects
 - Preservation of existing multifamily rentals
 - Modular and factory-built housing



Priorities

- **Affordable home ownership program**
 - Downpayments to purchasers focused on first-time, first-generation home buyers at or less than 120% AMI
 - Grants/loans to nonprofits and community land trusts
- **Program serving persons experiencing homelessness**
- **Local planning capacity program**
 - Grants to increase planning department capacity for processing land use, permitting, and zoning applications for housing projects



State Affordable Housing Fund Programs

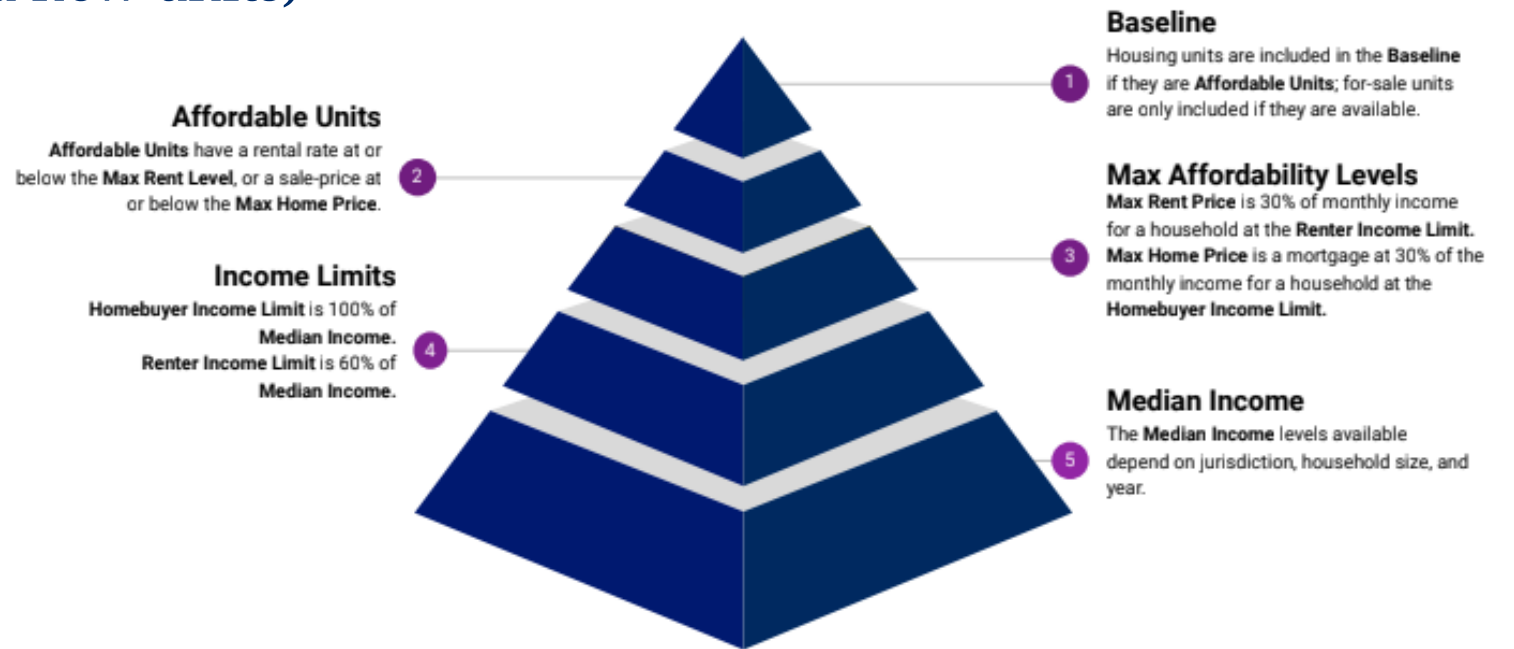
DOLA Division of Housing	40% of funds, est \$58M in 22-23, \$116M in 23-24	
Affordable Home Ownership	50% of funds (est \$29M in 22-23, \$58M in 23-24)	Includes down payment assistance to first time homebuyers (120% AMI) and grants/loans to non-profits, land trusts, mobile home owners (100% AMI)
Servicing persons experiencing homelessness	45% of funds (est. \$26M in 22-23, \$52M in 23-24)	Includes rental assistance, housing vouchers, eviction defense Grants available to governments and non-profits to develop supportive housing or homelessness support
Local planning capacity	5% of funds (est \$3M in 22-23, \$6M in 23-24)	Includes funding for staff, systems, and processes to streamline review

Funding Programs

Affordable Housing Financing Fund	60% of funds, est. \$87M 22-23, \$186M 23-24	Funded through Office of Economic Development and International Trade (OEDIT), administered by Colorado Housing and Finance Authority (CHFA)
Land Banking	15-25% of funds Est. \$27-46M in 2023-24	Provides grants to local governments and forgivable loans to nonprofits for land banking (60% AMI rental, 100% AMI ownership)
Equity financing	40-70% of funds Est. \$74-130M in 2023-24	Provides "below market rate" equity investments in low/middle income rental – requires developments to have Tenant Equity Vehicle. Still defining expected returns (average rent below 90% AMI)
Debt financing	15-35% of funds Est. \$27-65M in 2023-24	Includes four components: 1) debt financing for low-income rental, 2) gap financing for projects that qualify for Housing Tax Credits, 3) debt financing for preserving existing multifamily, 4) debt financing for modular and factory-built housing

Commitment

1. Calculate Baseline of affordable housing
 - 3 data sources identified by Prop123
 - Can use own jurisdiction AMI or neighboring jurisdiction AMI
2. Increase baseline of affordable housing by 3% each year
 - Commitment is all based on the first year baseline (i.e. baseline does not increase as we build new units)



Commitment

	A	B	C	D	E
1	Locality Name	Income Limit Type	Affordable Housing Baseline Estimate	Three Year Commitment Estimate	Annualized Commitment Estimate
288	Centennial City	Neighboring AMI - Adams County, Arapahoe County, Denver County, Douglas County, Elbert County, Jefferson County	2,981	269	90
289	Centennial City	Neighboring AMI - Lincoln County, Washington County	703	64	22
290	Centennial City	Own AMI - Arapahoe County	2,981	269	90
291	Centennial City	State Median Income	695	63	21

Data compiled by DOLA to assist local governments in setting baselines

Commitment

- Deadline (for 2023-24 funding availability) is Nov 1, 2023
 - May file a 2-year or 1-year commitment by Nov 1 in 2024 or 2025
- Commitment includes:
 - Baseline number of affordable units
 - Justify selected AMI or any city-generated data used to establish baseline
 - Calculate number of units for 3% increase per year
 - Describe jurisdiction's plan for meeting 3% increase per year

Commitment

- 2027 cycle will add requirements for Fast Track Approval Process
 - Developments with 50%+ affordable units
 - 90 calendar day review timeline
 - Options for 90 or 30 day extensions

Penalties

- December 31, 2026 is the deadline to meet the 3% annual increase
 - New housing counts when it is permitted
 - Existing housing transitioned to affordability counts when it is permitted and fully funded
- A community that fails to meet the increase is ineligible for funding in the 2027 calendar year
- Community may file a 2-year commitment by Nov 1, 2027 to be eligible for 2028 funding

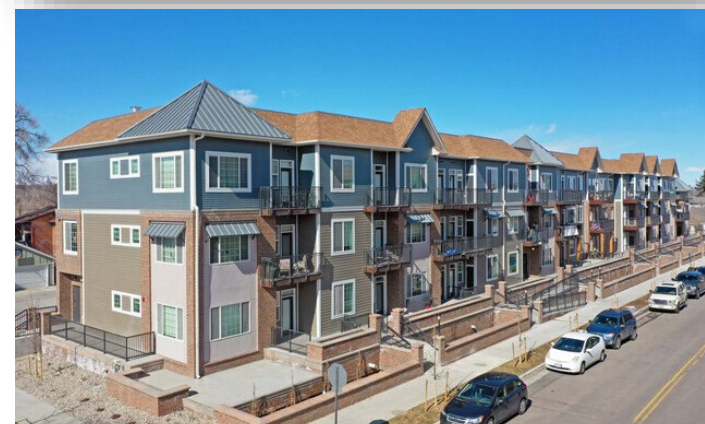
Strategy Policy Development Next Steps



Accessory Dwelling Units

Data to bring back:

- Impact to water, other utilities, emergency response
- Interaction with HOA/CA rules
- Visuals of allowable ADU unit sizes compared to main home
- Feedback from residents
- Building code compliance and sizing



Inclusionary Zoning

Data to bring back:

- Feedback from development community and other stakeholders about impacts on construction choices, financing, and incentives
- Outcomes from similar communities with IZ policies about:
 - Voluntary inclusionary programs
 - Number of units created and impact on housing construction
 - Cost and set-up of administration
 - Impact on market-rate housing prices
 - Parking adjustments
- Range of in-lieu fees adopted in other communities
- Opportunities for equity building



Land Banking

Data to bring back:

- Feedback from groups who operate Land Banks about maturation of operations and funding
- Foreclosed/tax lien properties in Centennial*
- Options for Board of Trustees
- Potential for partnerships with existing land banks or land trusts



Next Steps

- **May 15-26** – Seek identified outreach on Inclusionary Zoning and Land Banking
- **June 13** – Joint Council and P&Z review of public feedback and updates to strategies

2023 Project Calendar



Centennial

C O L O R A D O