



Inclusionary Housing in Denver, CO

Robin Kniech, Councilwoman At Large

February 13, 2014

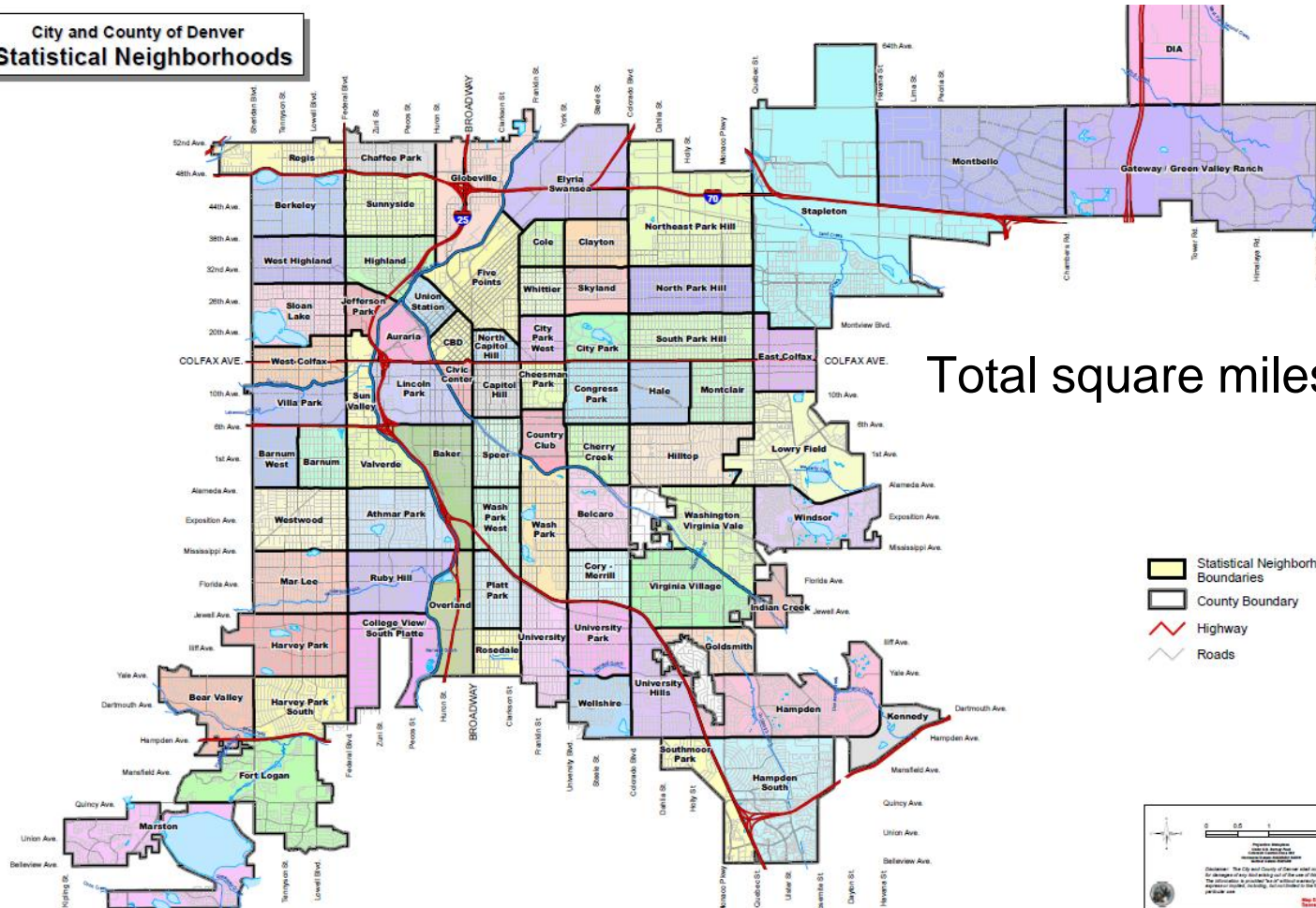
Riverclay Condos

60 units
9 affordable
51 market rate



Context – Denver

City and County of Denver
Statistical Neighborhoods



Total square miles: 154.97

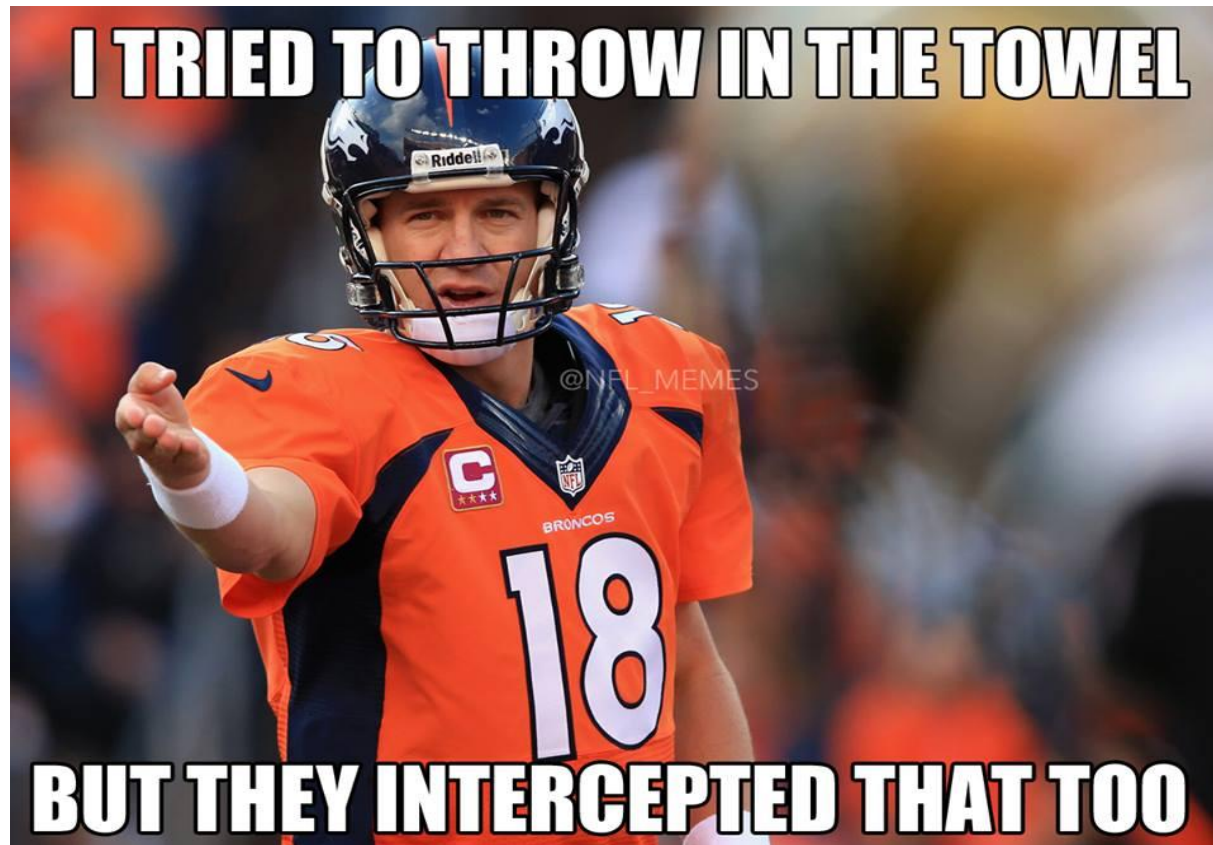
Total Population: 634,265

Median Income: \$50,488

Average Home Price:\$302,442

Current housing conditions:

- Historically low vacancy rates, and median rents nearly 30% higher than pre-recession. Wages have not kept up with the housing demand, actually *decreasing* by nearly \$1,300 since 2000.
- Shortage of more than 27,000 affordable housing units for families earning less than \$20,000.



Legal and Financial Constraints on Affordable

TABOR:

- Restricts revenue for all levels of government, and prevents any new tax or tax increase without a majority vote of the people.
- Local governments mostly reliant on sales tax revenue and fees.

Funding for housing:

- No dedicated stream of state or local funding for housing, no state trust fund until mortgage settlement, almost exclusively reliant on federal funds/LIHTC, negotiations where subsidies involved, and inclusionary (Denver and Boulder).

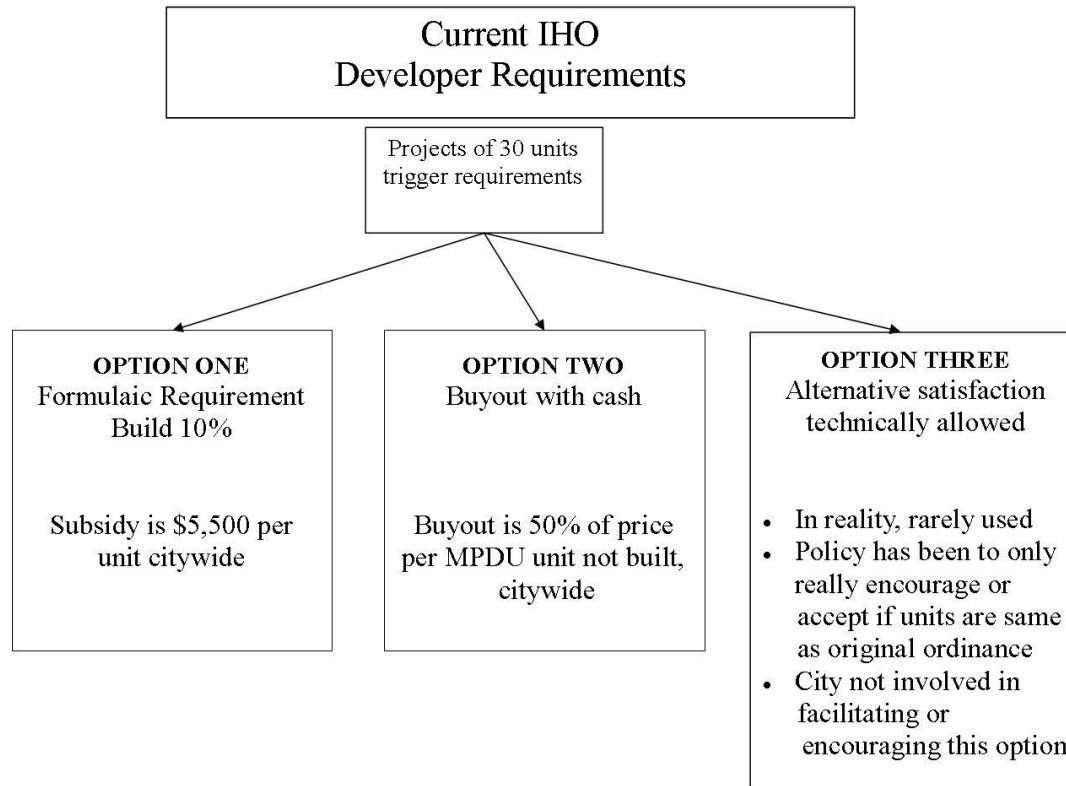
Rent control:

- Constitutional prohibition on rent control interpreted to prohibit inclusionary zoning for rental projects, most inclusionary programs apply only to for-sale.

Zoning:

- In 2010 Denver adopted a city-wide rezoning focused on compact, mixed-use neighborhood development, resulting in overall increased density and reduced parking requirements for most development types without regard for affordability.

Current Ordinance – Passed in 2002



Affordable Home Production

1151 homes since 2000



IHO leveraged by community for rental: Broadway Junction – 60 Units

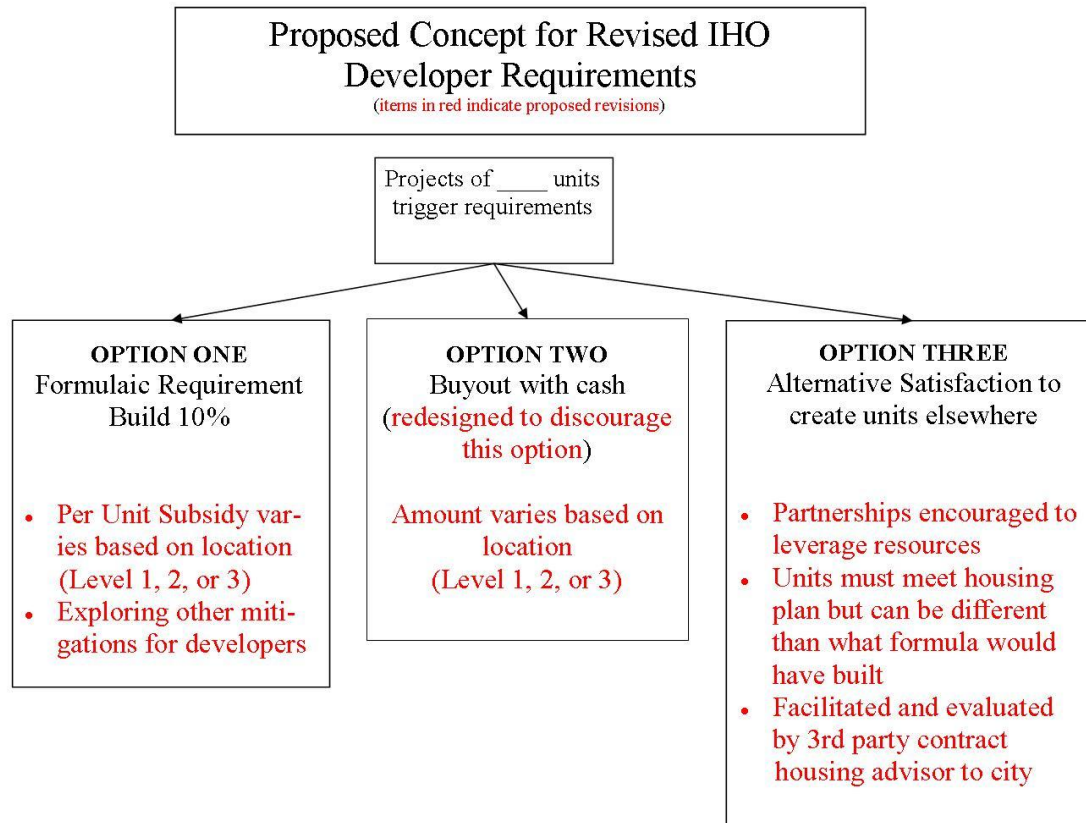
- Under the Ordinance (smaller projects): 77
- Pre-Ordinance Development Agreements (very large redevelopment areas): 1074

Cash in Lieu Fund

**10 projects generating \$6 million since 2000
(additional \$3 million pending)**

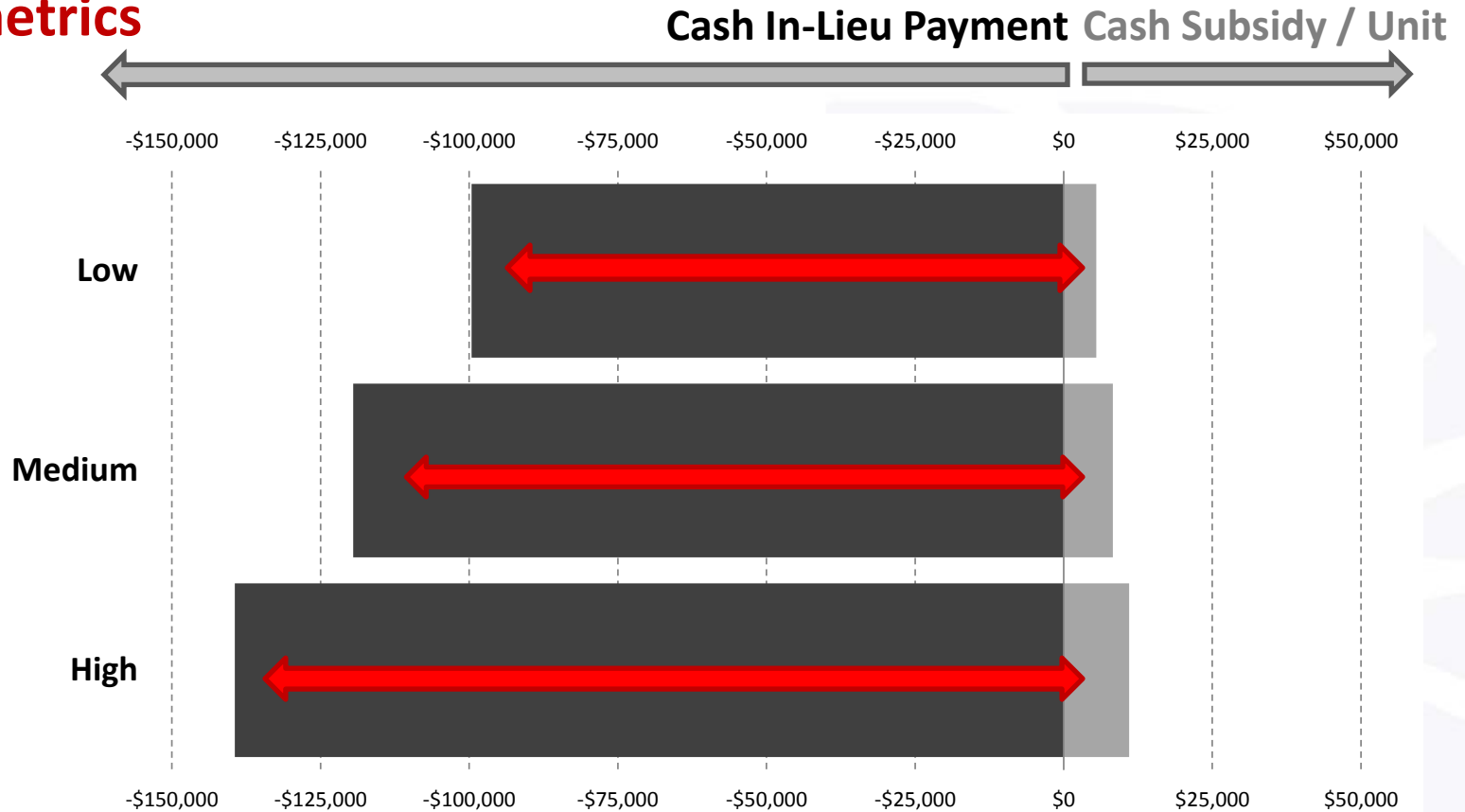
- Current balance \$2.1 million (April 2013)
- Majority for \$5,500/unit subsidy for 548 units built
- \$312,000 to buy down affordability on other units
- \$950k loan for 108 unit mixed rental project at Union Station (50%, 60% and market rate)
- \$920k loan for pending rental project near downtown

Proposed Ordinance Revisions



Ordinance Concept Being Tested in Econ Study

**Incentive to “build” increases
with metrics**



Wealth Building vs. Long-term affordability

Control vs. Flexibility

Legislative vs. Administrative/Negotiated

Perfection vs. Simplicity

Mitigation of costs for affordable in market rate projects vs. Direct invest in affordable projects

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