

DRCOG Working Group

Inclusionary Housing

PRESENTED BY

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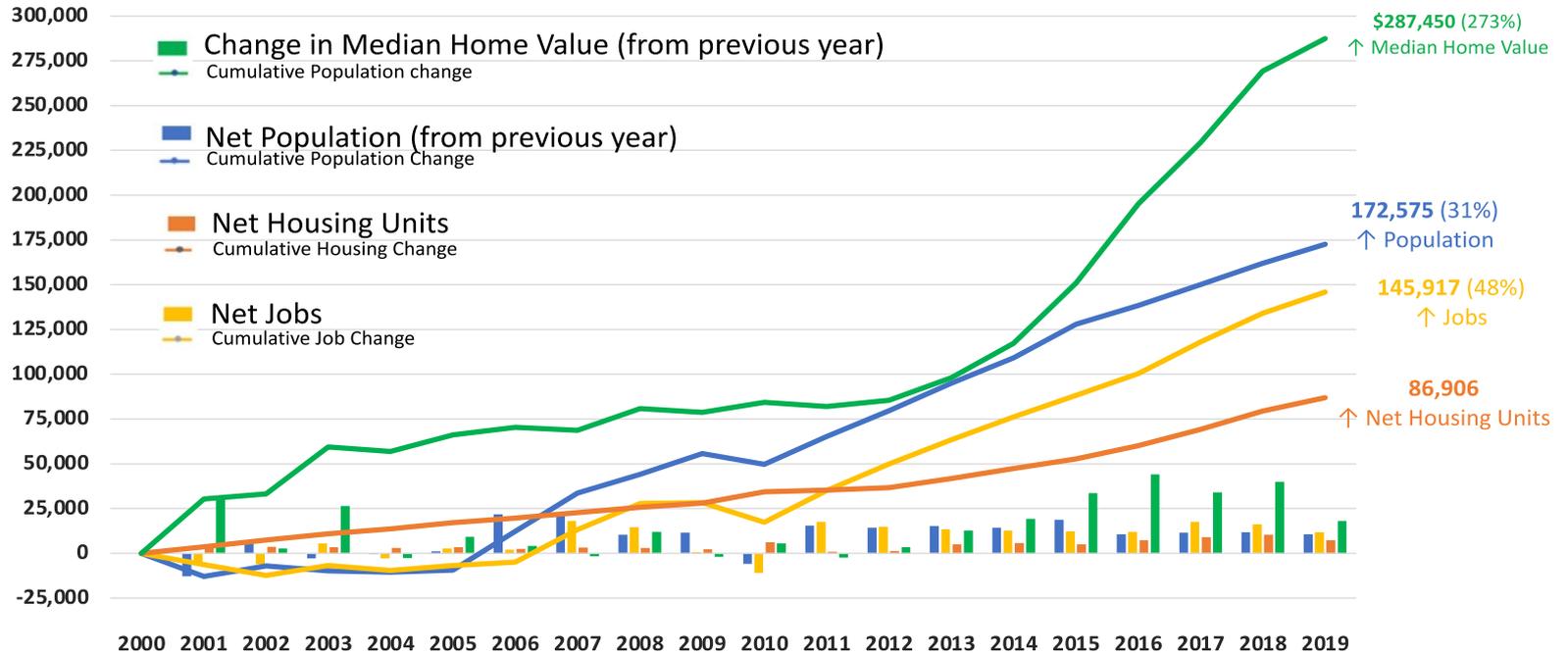
Perspective from Development Community on Bringing Affordable Units to Market

- What is the impact of Inclusionary Zoning on apartment supply?
- What is the impact of Inclusionary Zoning on rents for people earning 60% to 100%+ of AMI?
- What are some potential concessions or incentives that cities can offer developers to offset the economic impacts of Inclusionary Zoning?

What is the impact of Inclusionary Zoning on apartment supply?

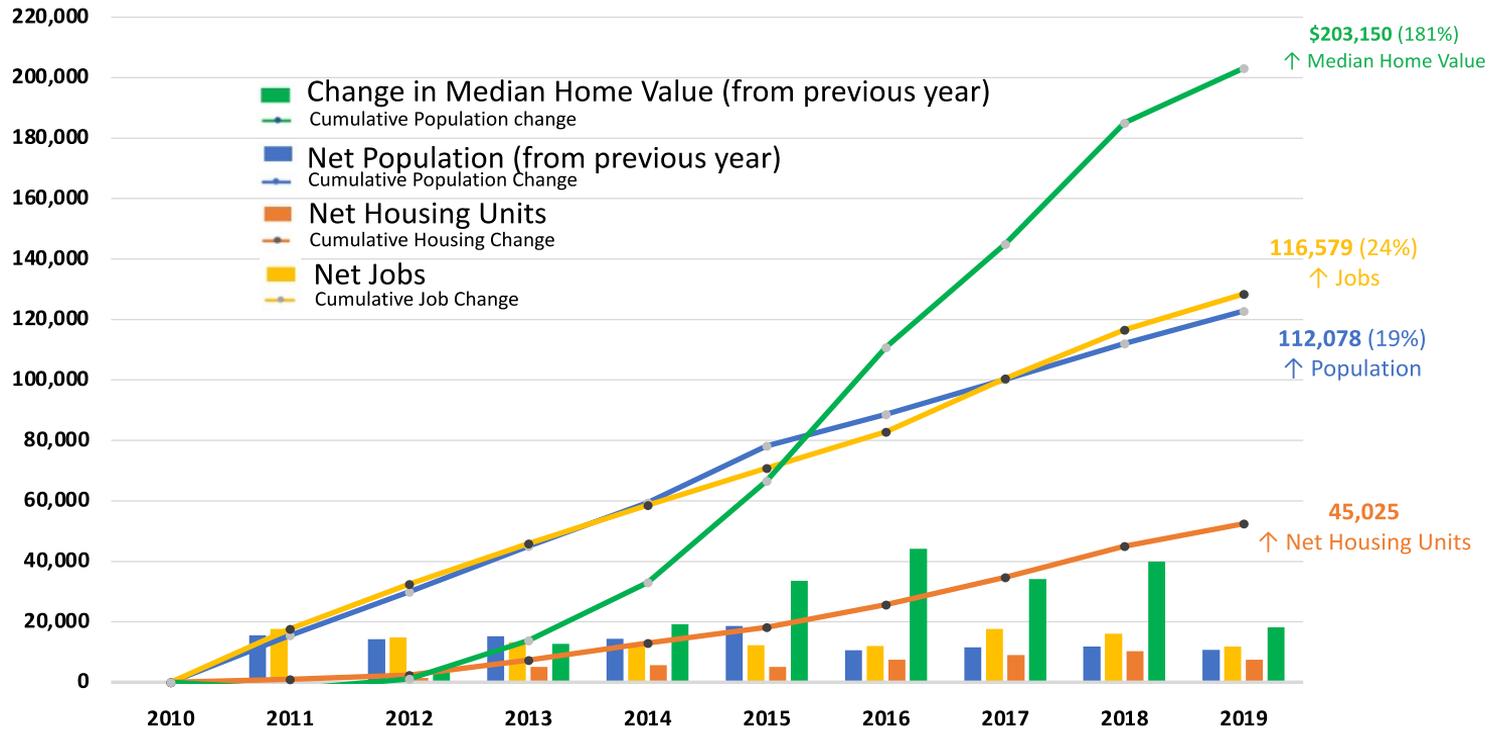
- Housing supply in Denver has not come close to keeping up with the rapid job & population growth we've experienced over the past 20 years. (see *graphs on next 2 slides*)
- When supply cannot keep up with increasing demand, prices increase, so any initiative that decreases housing supply in turn increases housing costs.
- To prevent housing costs from continuing to escalate faster than wages, an increase & not a decrease in supply is necessary.
- This need for an increase in housing supply could be hindered by Inclusionary Zoning if it's not done right & offset with additional incentives or concessions to maintain economic viability.

Denver County 2000-2019



Source: US Census & CO Dept of Local Affairs

Denver County 2010-2019



Source: US Census & CO Dept of Local Affairs

What is the impact of Inclusionary Zoning ordinance on rents for people earning 60%-100%+ of AMI ?

- An Inclusionary Zoning plan that requires a significant amount of affordable housing at 60% AMI or lower will make residential development projects far more challenging from an economic viability standpoint
- Poorly thought out or poorly executed Inclusionary Zoning may inadvertently decrease the supply of and/or increase the price of housing for many Denverites, especially those in the ~80% AMI range like teachers, healthcare workers, policemen, firemen, etc.
- In just the past 10 years, median home values have increased 181% (over \$200,000), making home ownership unattainable to many of the city's most important workers. This has had a direct impact on the apartment market & led to increasing rents throughout the city, as the costs to rent increase with the costs to own.
- According to the most recent Common Sense Institute report, Colorado will need to add more than **54,000 new housing units annually over the next five years** in order to return to a more stable housing market.

What are some potential concessions or incentives that City of Denver can offer developers to offset the economic costs of inclusionary affordable housing?



What are some potential concessions or incentives that City of Denver can offer developers to offset the economic costs of inclusionary affordable housing?

- Housing developers should have easy & direct access to the affordable housing fund (which is partially funded by developers through linkage fees)
- Other incentives or concessions that could be offered are density bonuses, parking reductions, zoning variances, tax abatements, reduced impact/tap/permit fees, & expedited review times.
- Any & all of the above will provide necessary government subsidized financial assistance to help “bridge the gap” for market rate developers to provide deeper & more affordable housing.

Other possible sources of financial assistance

- Denver's affordable housing fund is funded largely by
 - Linkage fees
 - Property taxes
 - Retail marijuana revenue
- Denver should look into expanding & diversifying its affordable housing fund revenue through different channels. This would create a more fair and more equitable funding scheme that is not contingent on just a handful of revenue sources
- Large-scale employers who directly impact supply & demand of Denver's housing stock (as shown in the city's nexus study) should have a more integral role in funding affordable housing.



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