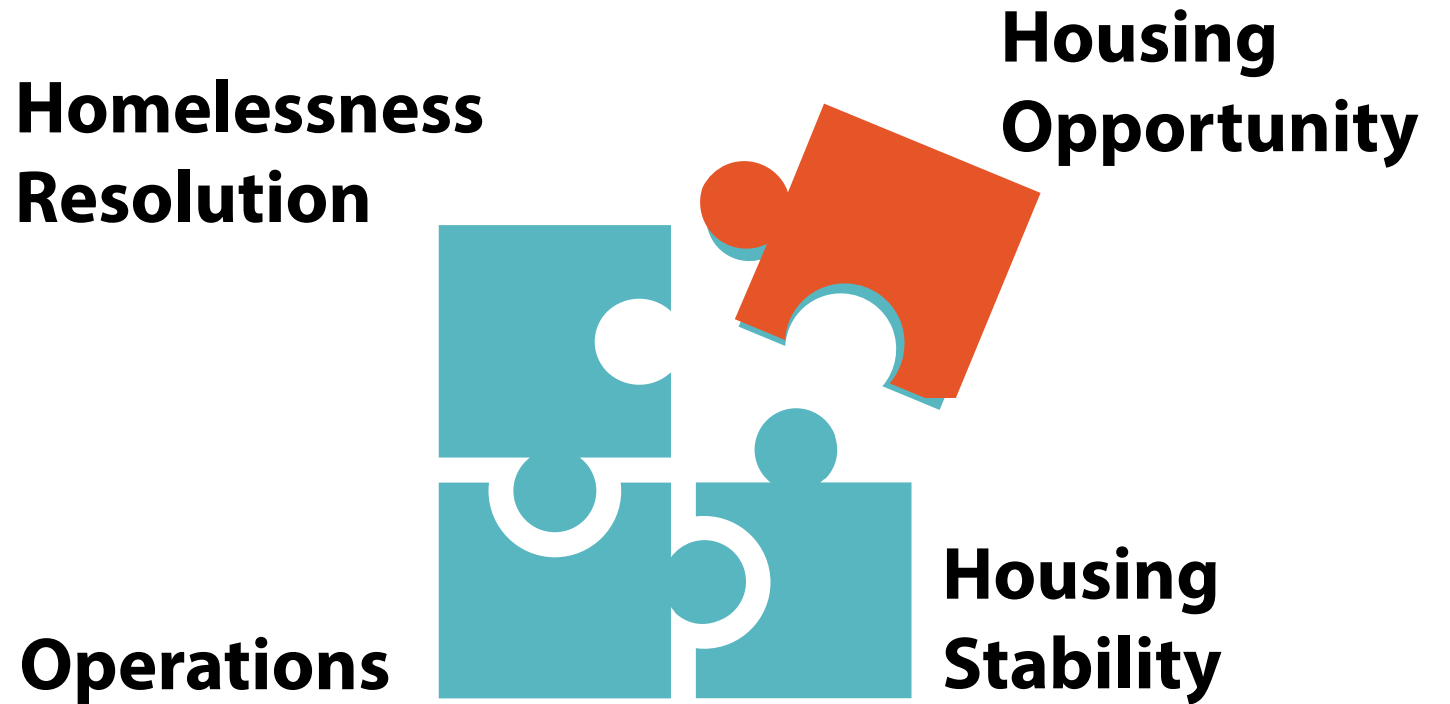


Expanding Housing Affordability

LUTI
April 19, 2022



**Addressing
Housing
Needs
required
multiple
tools and
approaches**



Complementary HOST Programs:

- Preservation of least **950 affordable homes** by 2026 (at least 216 this year)
- **Prioritization policy** effort will provide priority access to affordable housing for residents at risk of displacement or those who have been previously displaced
- Investment Impact **Special Revenue Fund** to mitigate pressures from large City investments in infrastructure
- Creating **838 affordable rental homes** in 2022, Including **252 below 30% AMI** and **63 with 3+ bedrooms**
- Launching **locally funded voucher** program



Juanita Nolasco residences 188 affordable units preserved for seniors



The city is proposing a new requirement that would ensure that **as new housing is built, new affordable housing is created too.**

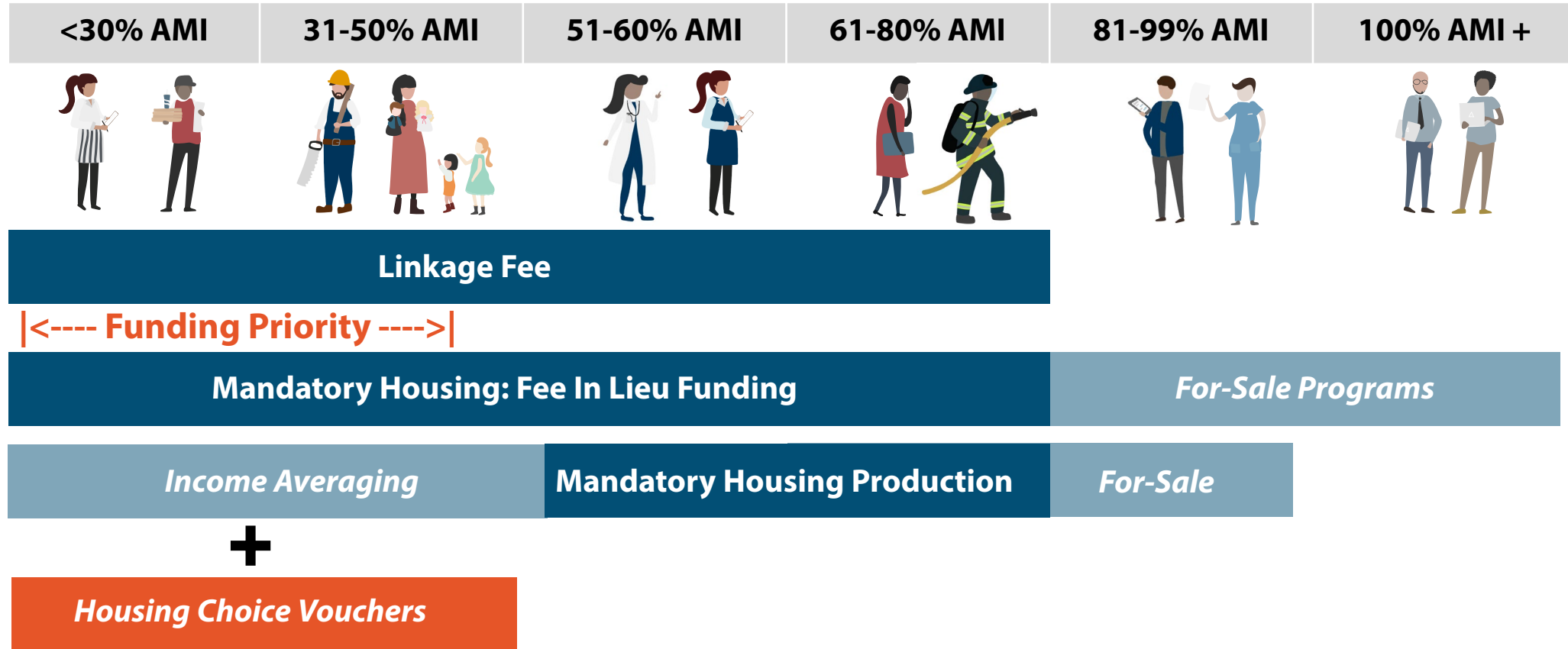
This will be done through the creation of a **Mandatory Housing Program** with **Incentives** and a **Linkage Fee** update.

EHA
complements
existing
programs &
resources &
serve a range
of incomes

Mandatory affordable housing and linkage fees...

- Increase **supply of housing overall** and **affordable housing** without out the use of limited subsidy
- **Create mixed-income housing** across the City
- **Maintain critical local funding source** for HOST investments in the creation of deeply affordable housing

EHA serves a broad range of incomes



Overview of Proposed Regulatory Changes

- Text Amendment to the Denver Zoning Code
- Map Amendment (Rezoning) of the 38th and Blake Area (#2022I-00029)
- Amendments to Denver Revised Municipal Code, Chapter 27, Articles V, VI & X

Project Timeline

February 2020: Former Project Affordable Housing Zoning Incentive Launched

February 2021: Expanding Housing Affordability Project Launched

Phase One: Identification of Housing Needs, Denver Lessons Learned and Peer City Research

- Background report released on February 18, 2021

Phase Two: Financial Feasibility Analysis and Policy Development

- Financial feasibility results released on July 15, 2021 (revised October 1, 2021)
- Draft policy proposal released on October 1, 2021

Phase Three: Public Review

- Public review draft of the Denver Revised Municipal Code (DRMC), Denver Zoning Code (DZC), and an updated policy document released on February 1, 2022

Legislative Process (April – June)

Outreach Summary

45 Community groups or industry organization presentations & discussion

13 Focus Groups with **330** participants

6 City Council Committee Meetings

4 Planning Board Informational Meetings

6 Advisory Committee Meetings

2 Open Houses

8 Community Office Hours

Over 267 different organizations engaged throughout the process.



Proposal Overview


Creating a Balanced Proposal



The proposed **Expanding Housing Affordability** policy recommendation seeks to balance:

- Current and future housing needs
- Analysis of other cities programs and successes
- Past/current Denver program lessons learned
- Financial feasibility
- Extensive stakeholder feedback

Program Applies to New Construction

 **1-9** Units



Linkage Fee

 **10+** Units



Mandatory Housing

To build affordable units onsite

Enabling for **Alternative Compliance**

Zoning and financial incentives



**Office
Retail
Industrial**



Linkage Fee

All new development will contribute to creating more affordable housing

Linkage Fee



Ties the impacts of new development to the need for affordable housing. These fees play a critical role in **funding new affordable housing throughout the city.**

- Applies to residential developments of 1-9 units and non-residential uses.
- Does not apply to...
 - Renovations or tenant finishes of existing developments
 - Small additions to existing single and two-unit developments
 - Areas with pre-existing housing agreements
 - Affordable housing projects
 - Educational uses

Proposed Linkage Fee

Use	Effective July 1, 2022	Effective July 1, 2023	Effective July 1, 2024	Effective July 1, 2025
1-9 units, of 1,600 sf per unit or less	\$1.75	\$2.83	\$3.92	\$5.00
1-9 units, units more than 1,600 sf	\$2.50	\$4.33	\$6.17	\$8.00
Other residential uses (e.g., Congregate living)	\$2.25	\$3.83	\$5.42	\$7.00
Commercial, Sales, Service – Typical Market	\$2.90	\$3.93	\$4.97	\$6.00
Commercial, Sales, Service – High Market	\$3.65	\$5.43	\$7.22	\$9.00
Industrial, manufacturing, wholesale, agricultural	\$0.96	\$1.47	\$1.99	\$2.50

Annual adjustments for inflation will resume in 2026

Mandatory Affordable Housing



As new housing is built, new affordable housing is built by...

- Creating mixed-income housing throughout the city
- Increasing funding to support the creation and preservation of affordable housing

Applies to new development of 10 or more units

- Does not apply to...
 - renovations of existing developments,
 - affordable housing projects or similar
 - areas with pre-existing housing agreements, or
 - affordable housing projects

Build On-Site Summary



		Typical Markets (All Other Areas of the City)	High-Cost Markets (Downtown, Cherry Creek)
Build Onsite Option #1	On-Site Rental	8% of total units at 60% AMI	10% of total units at 60% AMI
	On-Site Ownership	8% of total units at 80% AMI	10% of total units at 80% AMI
Build Onsite Option #2	On-Site Rental	12% of total units averaging 70% AMI serving households up to 80% AMI	15% of total units averaging 70% AMI serving households up to 80% AMI
	On-Site Ownership	12% of total units averaging 90% AMI serving households up to 100% AMI	15% of total units averaging 90% AMI serving households up to 100% AMI

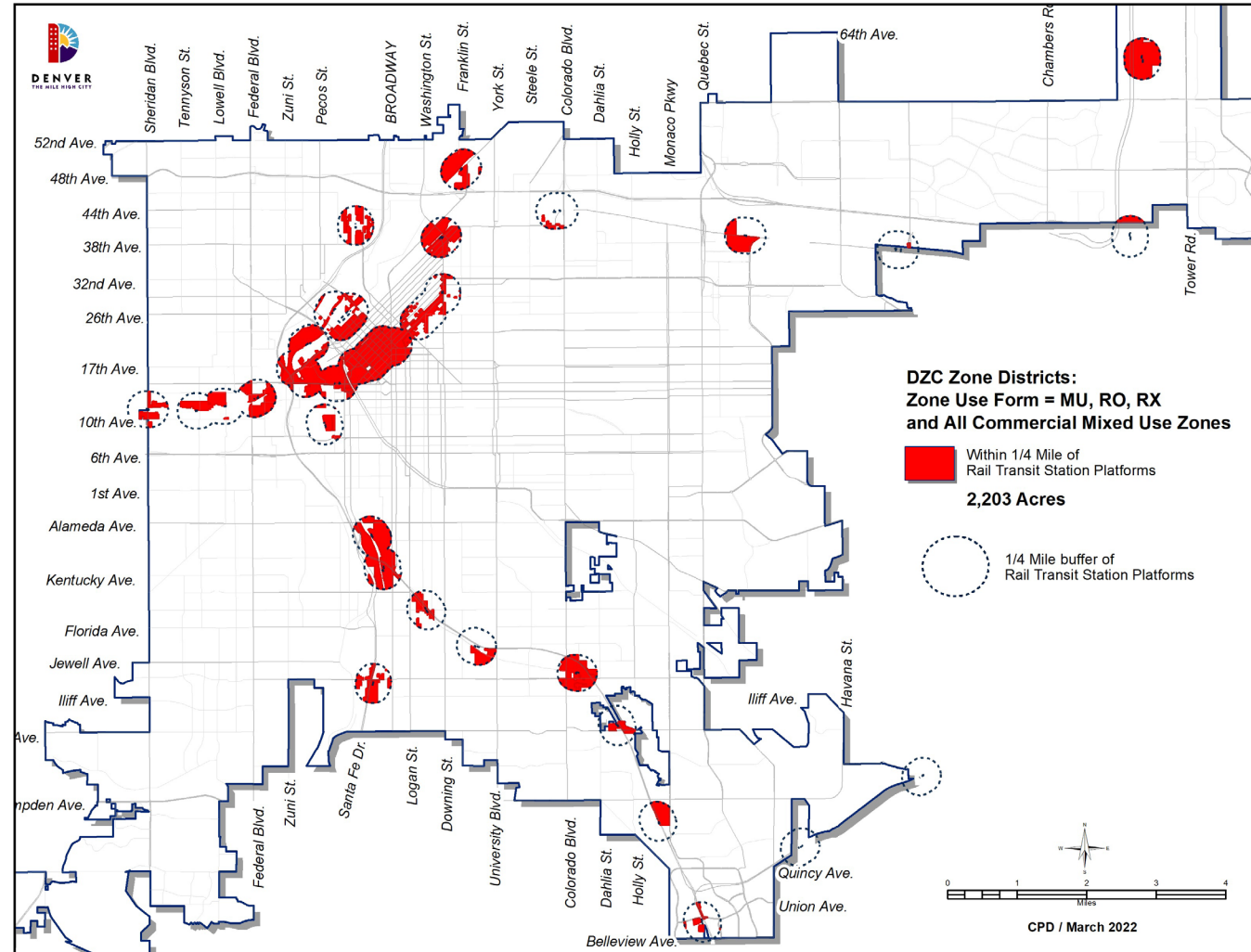
Incentives

Incentives are designed to promote the creation of affordable housing and create more housing overall while providing moderate cost off-sets

	Baseline Incentives – By-Right			Enhanced Incentives – By-Right In exchange for greater affordability		
	Fee Reduction \$6.5 – 10K per affordable unit	Linkage Fee Ground Floor Commercial Exemption	Parking Reduction Reduction of 0.5 spaces per unit	Incentive Height Increased height ~25 – 50% increase	Parking Exemption	Affordable Housing Review Team
Applicability	Citywide	Citywide	Citywide	Specific Zone Districts	¼ mile from transit station	Citywide
Build On-Site	✓	✓	✓	✓	✓	✓
Fee In Lieu	✗	✗	✗	✗	✗	✗
Affordable Projects	✓	✓	✓	✓	✓	✓
✓ - Incentive available; ✗ - Incentive not available ✓ - incentive available based on capacity						

Parking Reductions and Exemptions

- **Reduction** – baseline incentive
 - Parking reduction of 0.5 spaces/unit
 - 0.1 spaces/unit for affordable units at 60% AMI and below
 - Available Citywide
- **Exemption** – enhanced incentive within 1/4 mile of rail transit platform



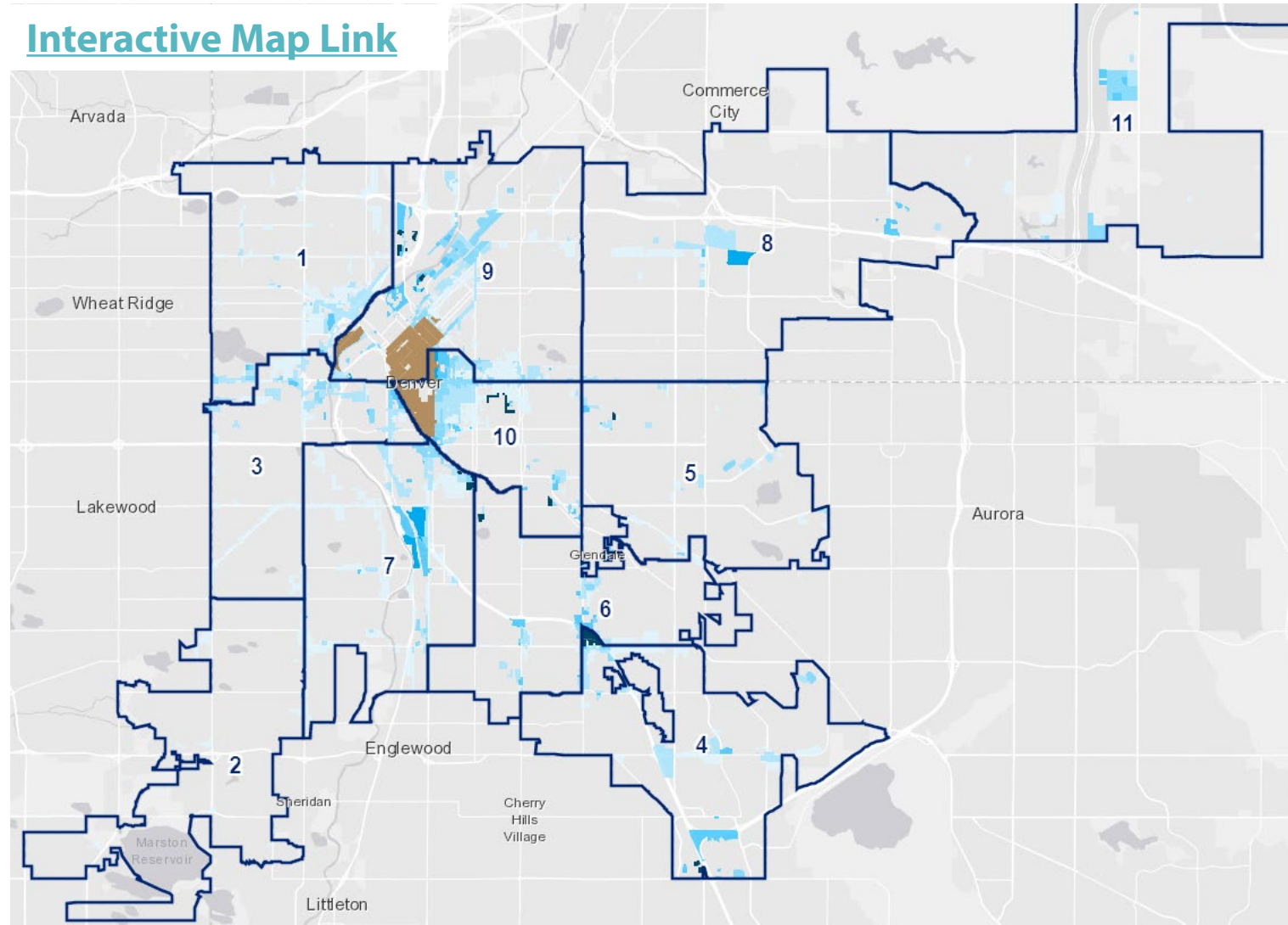
Enhanced Incentives: Height Increase

Base Height	Incentive Height	New Height with Incentive
3	+1	4
5	+2	7*
8	+4	12*
12	+4	16*
16	+6	22*
20	+10	30*

Downtown FAR-based districts

* Existing height limit of 75' (approx. 5 stories) within 175' of protected districts (SU, TU, RH) still applies.

[Interactive Map Link](#)



38th and Blake Overview

38th & Blake Today

- 38th & Blake Station Area Incentive Overlay (IO-1) enables additional height in exchange for affordable housing, fees, or community uses
- Maximum incentive heights today range between 5 and 16 stories (12 stories is most common)
- Many projects do not provide any affordable units (no requirement if within base height)
- Projects that use incentive height provide 2% to 5% affordable units at 80% AMI

38th & Blake Tomorrow

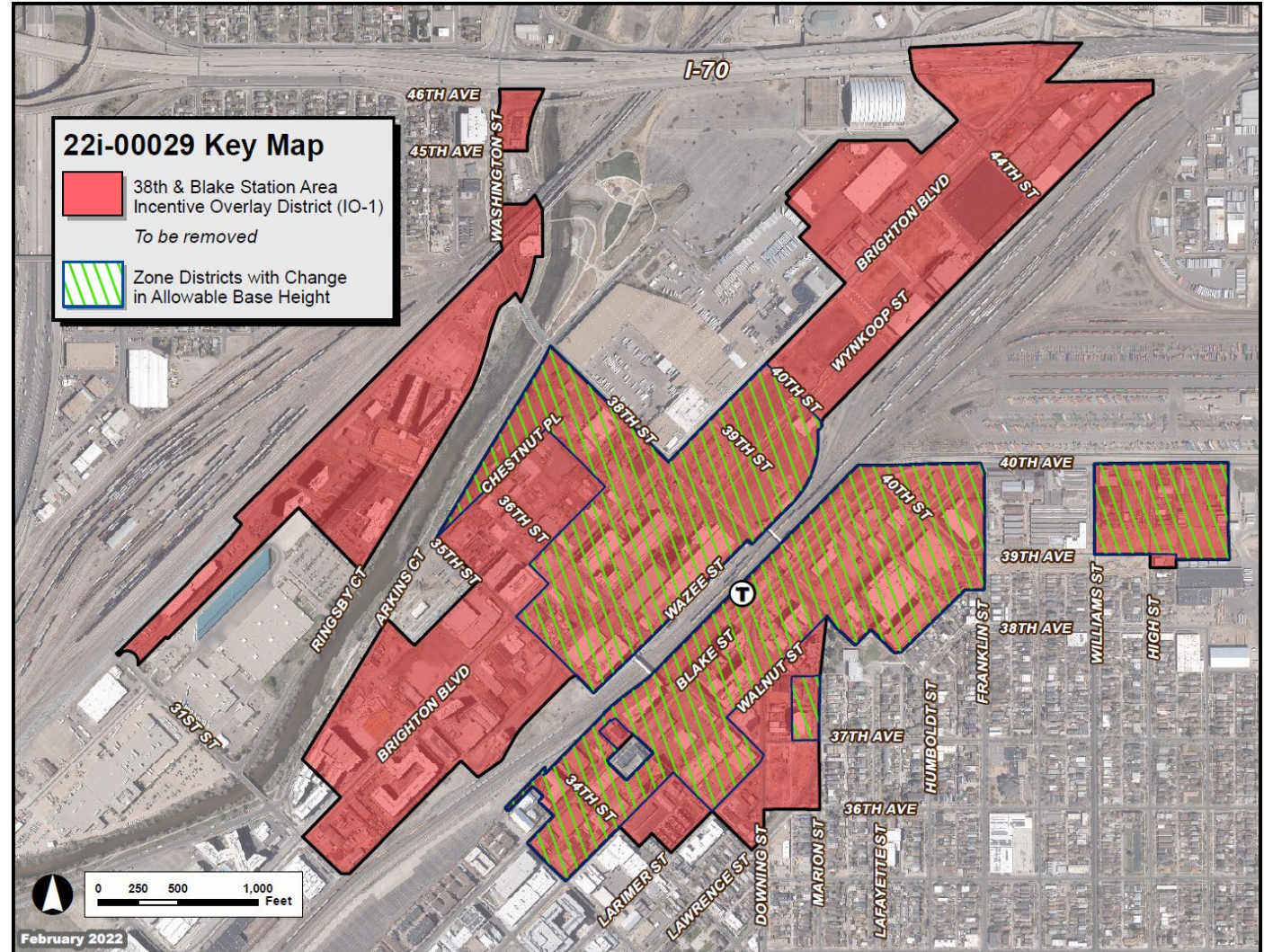
- Require **all** residential projects of 10 units or more to provide affordable housing (base or incentive)
- Create **2 to 4 times** more affordable housing units at **lower AMI levels**
- Be consistent with citywide EHA requirements and eliminate the need for custom administration



38th & Blake Tomorrow (cont.)

To achieve this:

- Remove current overlay
- Increase base heights in some locations (no change in most areas)
- Maximum heights remain the same



Text Amendment & Rezoning Criteria

Public Process

- On-going public outreach since February 2021
 - 260+ organizations and hundreds of people participated
- Informational Mailing Sent to 38th & Blake Property Owners: 02/23/2022
- Informational Notice of Map Amendment: 02/25/2022
- Informational Notice of Text Amendment: 03/04/2022
- Planning Board Notice Mailed/Posted: 03/22/2022
- Planning Board Public Hearing: 04/06/2022
- Notice of LUTI Committee: 04/5/2022
- LUTI Committee: 04/19/2022
- *City Council Public Hearing (tentative): 06/06/2022*

Planning Board Public Hearing (4/6)

Unanimous recommendation of approval (8-0) on the Denver Zoning Code Text Amendment and the Map Amendment.

Significant discussion regarding the applicability of the parking exemption resulting in the following motion passed (7-1):

I move that Planning Board further recommend that the City Council promptly evaluate expanding the enhanced incentive parking exemption availability to areas surrounding existing and planned Transit Priority Streets.

Review Criteria (Text and Map)

1. Consistency with Adopted Plans
2. Uniformity of District Regulations
3. Further Public Health, Safety and Welfare

Review Criteria (Text and Map)

1. Consistency with Adopted Plans

- Denver Comprehensive Plan 2040 (2019)
- Blueprint Denver (2019)
- 38th & Blake Station Area Plan Height Amendments (2016)
- 38th & Blake Station Area Plan (2009)
- Elyria Swansea Neighborhood Plan (2015)
- Globeville Neighborhood Plan (2014)
- Northeast Downtown Neighborhoods Plan (2011)
- River North Plan (2003)
- *National Western Center Master Plan (2015)*

Map Amendment

Comprehensive Plan 2040 (2019)

- Equitable, Affordable and Inclusive Goal 2, Strategy A – Create a greater mix of housing options in every neighborhood for all individuals and families. (p. 28)
- Equitable, Affordable and Inclusive Goal 3, Strategy B – Use land use regulations to enable and encourage the private development of affordable, missing middle and mixed-income housing, especially where close to transit. (p. 28)
- Connected, Safe, and Accessible Places Goal 8, Strategy B – Promote transit-oriented development and encourage higher density development, including affordable housing, near transit to support ridership. (p. 42)

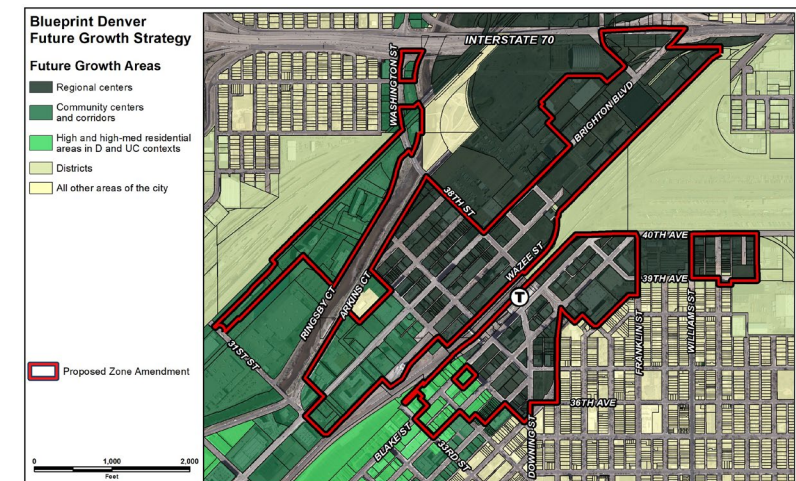
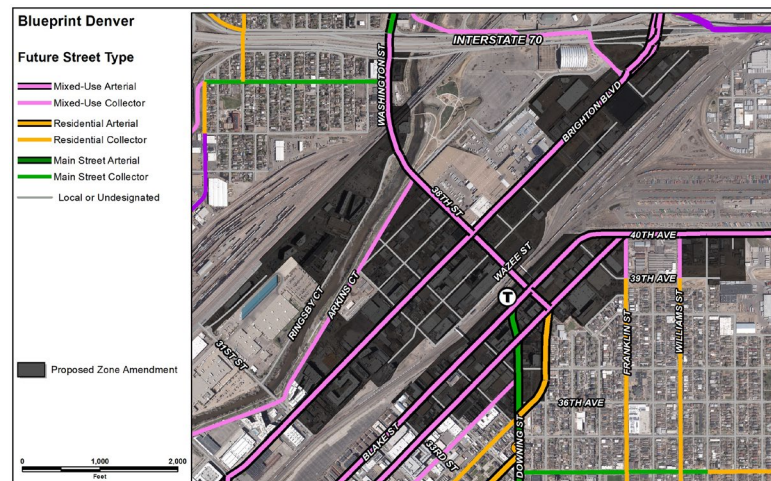
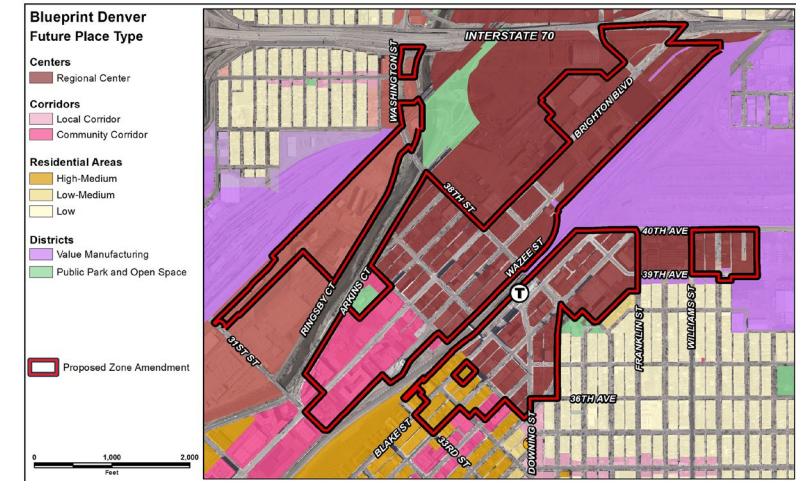
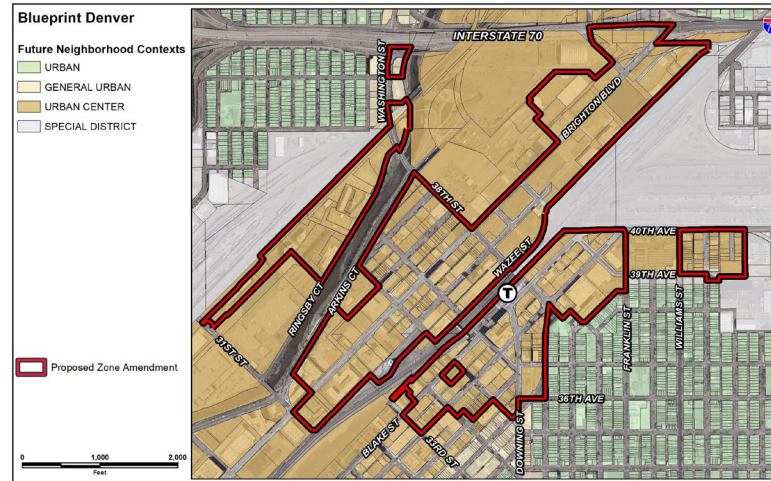


Blueprint Denver (2019)

- Land Use and Built Form, Housing, Policy 06 - “Increase the development of affordable housing and mixed-income housing, particularly in areas near transit, services and amenities.” (p. 85)
 - **Strategy A** – “**Incentivize affordable housing through zoning**, especially in regional centers, community centers and community corridors adjacent to transit. This could include a process— informed by community input—to create citywide height bonuses in the zoning code, where additional height is allowed in exchange for income restricted units.”
 - **Strategy B** – “**Implement additional parking reductions** for projects that provide income-restricted affordable units.”
 - **Strategy C** – “**Implement other incentives for affordable housing**, such as lower building permit fees for projects that commit to a certain percentage of income-restricted units onsite.”
 - **Strategy D** – “Continue to advocate for changes to state law that **remove barriers to access affordable housing options.**”

Blueprint Denver (2019)

- Urban Center Context
- Regional Center, Community Center/Corridor, High Medium Residential Future Places and Growth Areas
- Mixed Use Arterial, Collector and Local Streets



Consistency with Small Area Plans Specific to 38th & Blake

38th & Blake Station Area Plan Height Amendments (2016)

“Adopt a new regulatory approach to integrate affordable housing and mixed income development within the 38th & Blake Station area.”

38th & Blake Station Area Plan (2009)

Two “TOD (transit-oriented development) Cores” on the northwest and southeast sides of the RTD station, surrounded by blocks of mixed-use residential and mixed-use employment that step down in intensity as they get closer to single-unit residential areas.

Elyria Swansea Neighborhood Plan (2015)

Future land use recommendation for transit-oriented development near the 38th & Blake RTD Station, including “higher density housing, services and employment opportunities near rail stations to provide for a diverse population with safe and convenient pedestrian access to rail transit.”

Globeville Neighborhood Plan (2014)

Recommendation 4: Improve Access to Jobs, Housing, Neighborhood Services and Education,
Strategy B14D Build More Housing Units

Northeast Downtown Neighborhoods Plan (2011)

River North Plan (2003)

Review Criteria (Text and Map)

1. Consistency with Adopted Plans
2. Uniformity of District Regulations
3. Further Public Health, Safety and Welfare

Staff Recommendation

CPD staff recommend **approval** of the Text Amendment to the Denver Zoning Code and request the LUTI committee move this item forward for consideration by the full City Council.

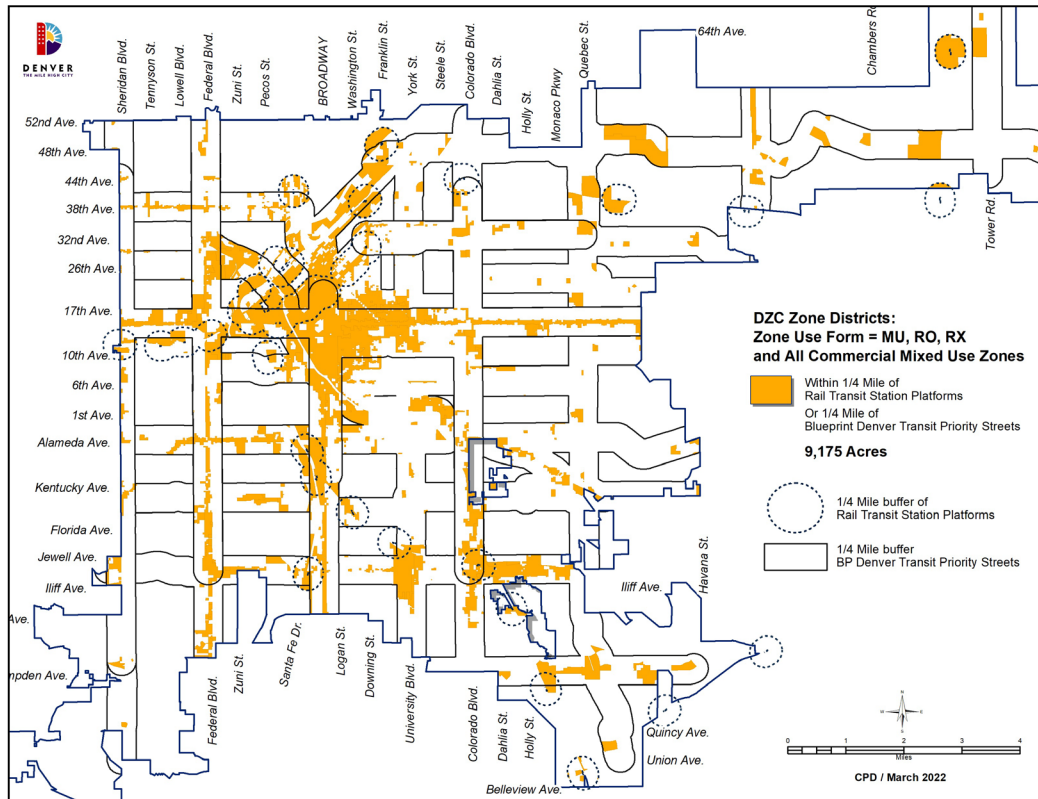
CPD staff recommend **approval** of Map Amendment proposal #2022I-00029 rezoning multiple properties in the 38th & Blake station area and request the LUTI committee move this item forward for consideration by the full City Council.

HOST and CPD staff recommend **approval** of the Denver Revised Municipal Code amendment to revise Chapter 27 and request the LUTI committee move this item forward for consideration by the full City Council.

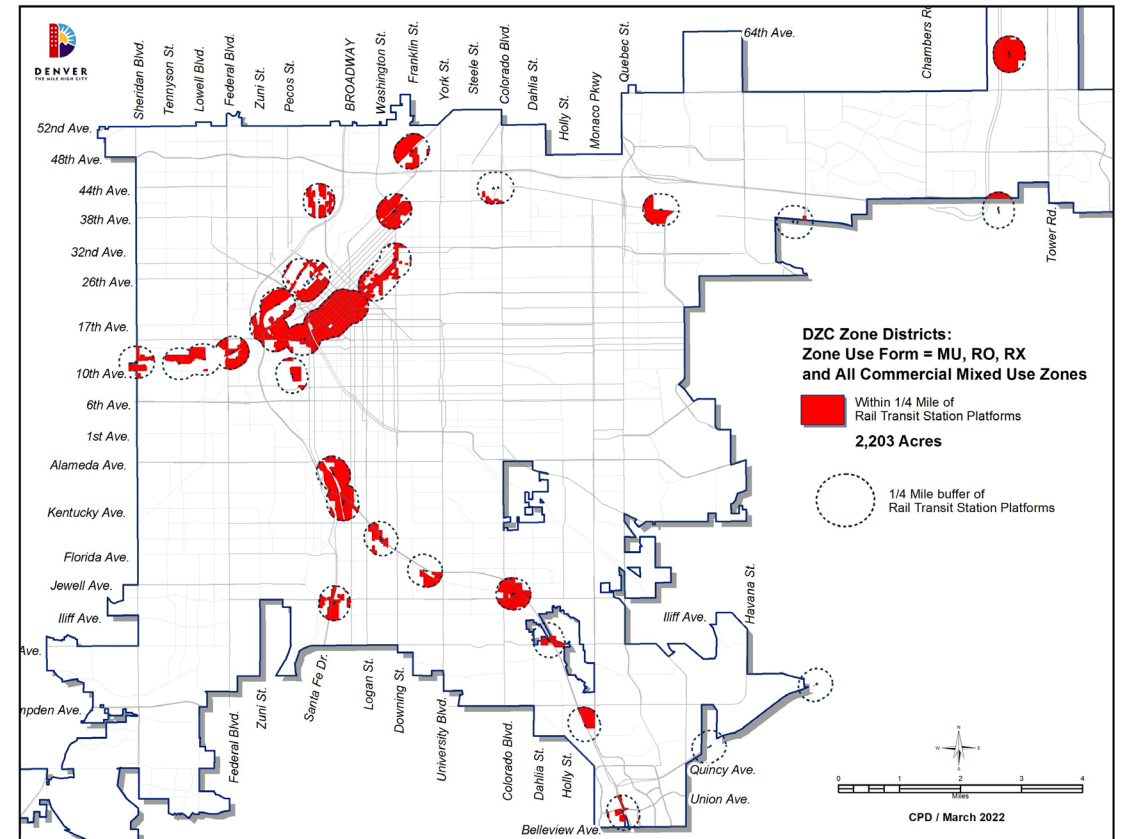
Appendix

Parking Exemption when Providing Enhanced (more) Affordability

Former Proposal

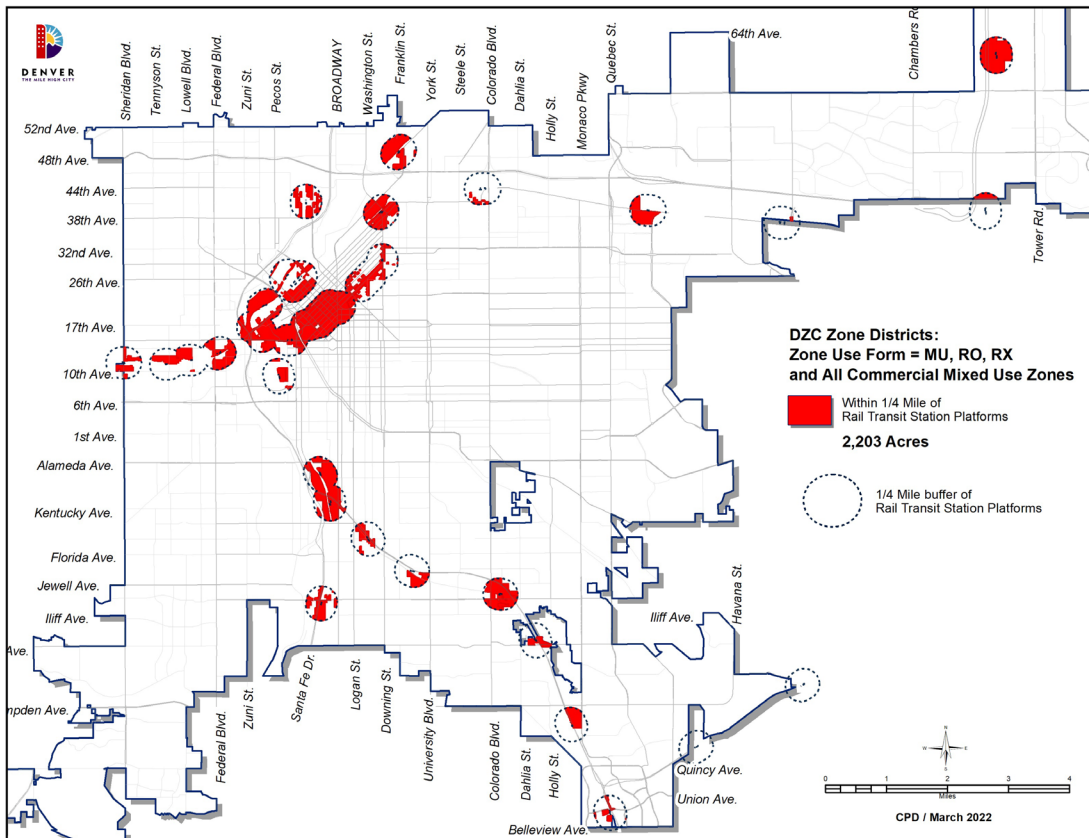


Current Proposal



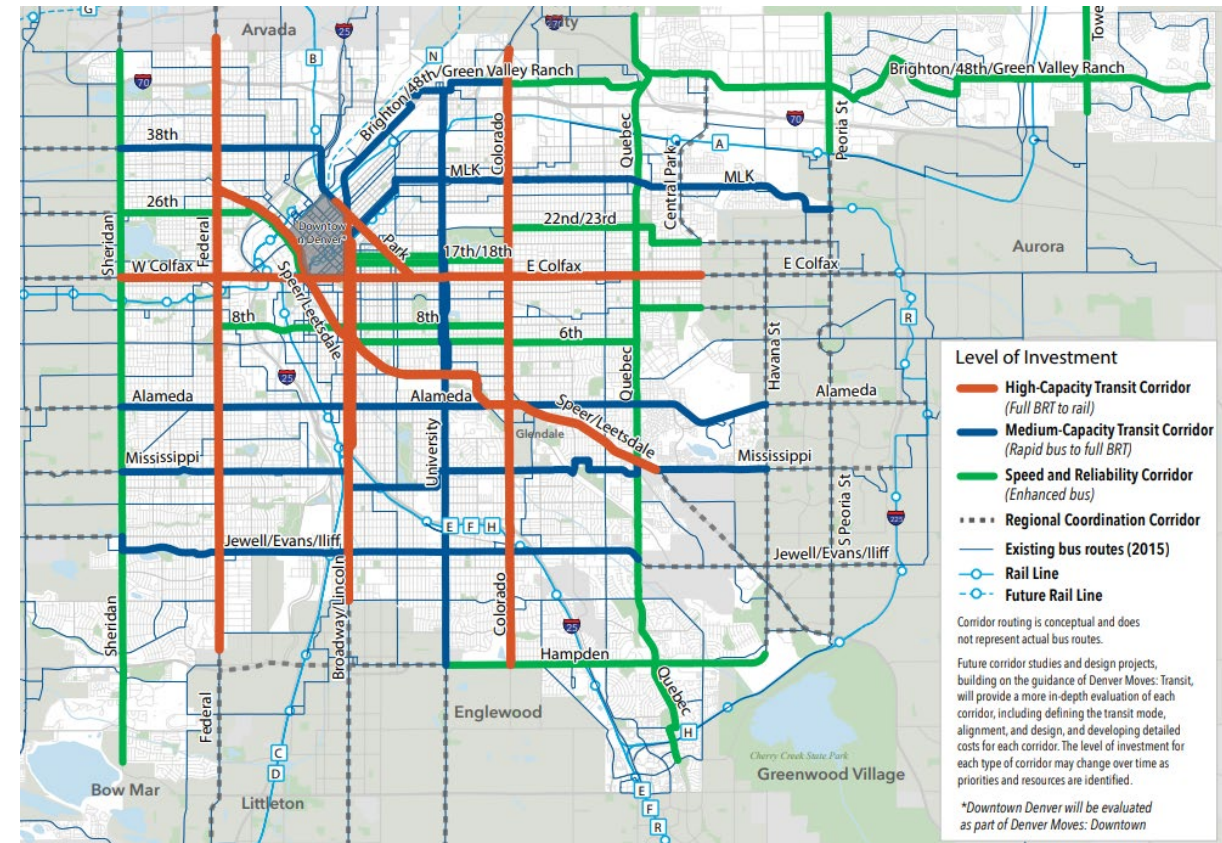
Parking Exemption when Providing Enhanced (more) Affordability

Current Proposal



+ High Medium Corridors with Capital Investment

DZC draft to include the parking exemption when providing enhanced affordability for areas that are within 1/4 mile of a high or medium capacity transit corridors identified in Blueprint Denver that contains or is under construction to contain enhanced transit infrastructure.



Implementation Recommendation

For Mandatory Requirement or Linkage Fee (projects under SDP review)

- Concept site development plan submitted by June 30, 2022
- Must have final SDP approved by August 30, 2023 (14-month window)
- Projects subject to LDR and/or Subdivisions must have final SDP approved by December 31, 2023 (18-month window)

For Linkage Fee (projects under residential review)

- Building permit submitted by June 30, 2022
- Must have building permit approved and issued by December 30, 2022 (6-month window)

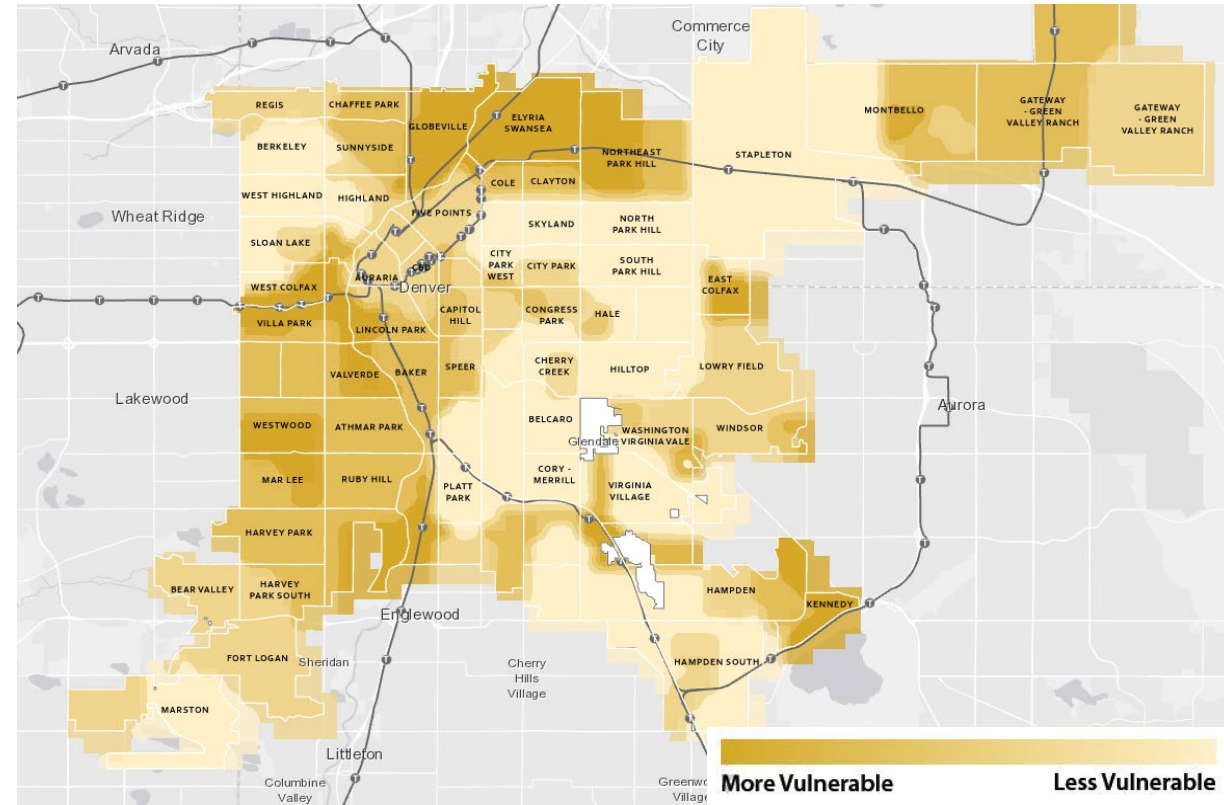
Dates have been formally shared since October, providing projects nearly two years (23 months) of timing.

Requirement in the Bill for Tracking & Reporting


“Additionally, community planning and development shall report out to city council a minimum of four times prior to January 31, 2024, on the number of site development plan projects that submitted prior to June 30, 2022, including typical review times, and the number of resubmittals.”

Addressing Anti-Displacement

Fee-In-Lieu Funds collected in neighborhoods identified as Vulnerable to Displacement will be prioritized for spending in these areas towards affordable housing creation and preservation



Mandatory Housing: Alternative Compliance

Proposed Fee-In-Lieu 		
	High Market	Typical Market
	Per affordable unit required at 10% of total units	Per affordable unit required at 8% of total units
Rental	\$311,000	\$250,000 - Developments of 1 – 7 stories \$295,000 - Developments of 8+ stories \$250,000 - Townhome Developments
Ownership	\$478,000	\$408,000 - All other developments \$250,000 - Townhome Developments

Negotiated Alternatives

- In limited circumstances, a better outcome may be achieved through a negotiated agreement
 - Applicant must demonstrate how alternative better meets the goals of HOST's Strategic Plan, Comprehensive Plan, Blueprint Denver, Small Area Plans, as they relate to housing
 - Must be reviewed and approved by HOST and recorded prior to permit
- Examples:
 - Dedication of land for affordable housing (*value & zoning thresholds*)
 - Fewer affordable units but at lower AMIs (*in no case <5% of units*)
 - Fewer affordable units but with larger formats (*in no case <5% of units*)
 - Off-site development in close proximity (*~2x affordable units required*)

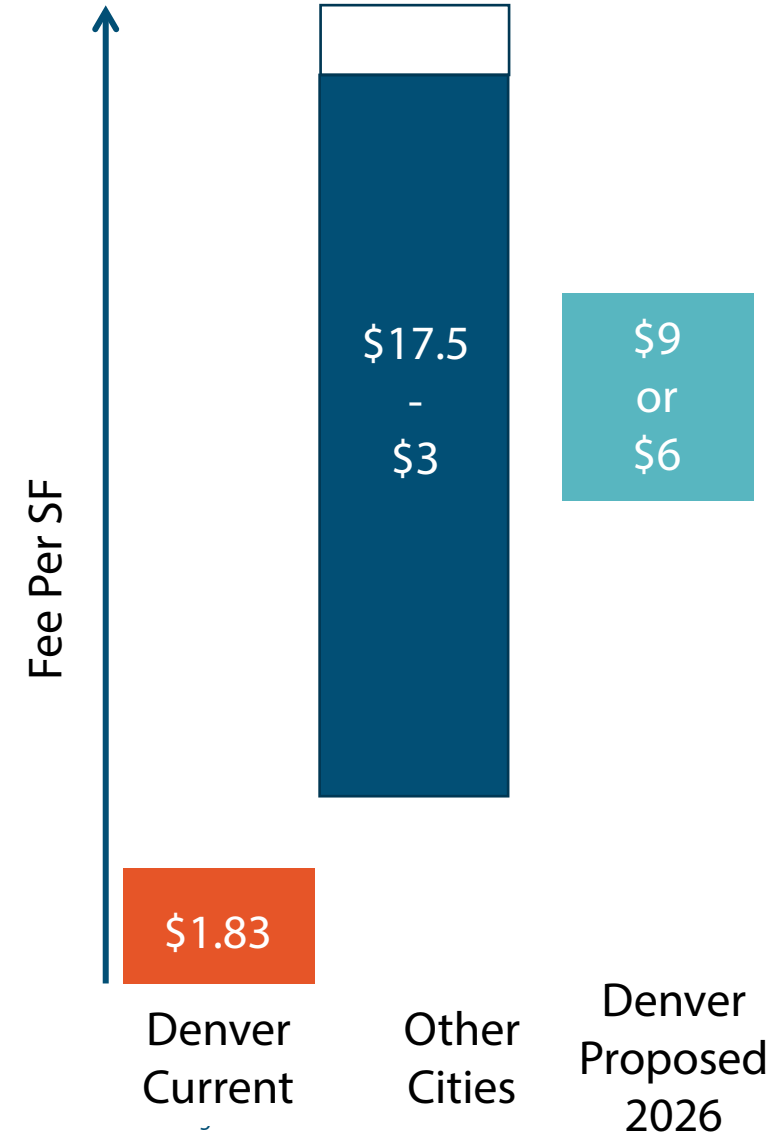
High-Impact Developments

Developments of a certain scale require more tailored solutions

- 10+ Acres OR
- Leveraging a financing tool (TIF, Met District, etc.)
- Requirements:
 - Must meet or exceed citywide MAH & Linkage Fee Standards
 - Must provide documentation of:
 - Detailed community outreach efforts, including orgs & individuals
 - How the proposed development is responsive to the community outreach
- Similar examples to negotiated alternatives with higher thresholds

Peer Cities Commercial Linkage Fee

City	Fee per/sf
Austin, TX	\$12 – 18**
Boston, MA	\$15.29
Cambridge, MA	\$12
Los Angeles, CA	\$3.11 – 5.19 *
San Jose, CA	\$3 – 15 *
Seattle, WA	\$5.58 – 17.50 *
Denver Current	\$1.83
<p>* Fees vary based on market area with higher fees in high-cost areas (e.g., downtown)</p> <p>** Incentive height/FAR assessed only</p>	



Proposed Linkage Fee

Use	Current Fees	Effective July 1, 2022	Effective July 1, 2023	Effective July 1, 2024	Effective July 1, 2025	Feasibility Findings	Legally Justifiable Max
1-9 units, of 1,600 sf per unit or less	\$0.66	\$1.75	\$2.83	\$3.92	\$5.00	\$9.60-14	\$9.60-14
1-9 units, units more than 1,600 sf	\$0.66	\$2.50	\$4.33	\$6.17	\$8.00	\$9.60-14	\$9.60-14
Other residential uses (e.g., Congregate living)	\$0.66	\$2.25	\$3.83	\$5.42	\$7.00	\$9.60-14	\$9.60-14
Commercial, Sales, Service – Typical Market	\$1.86	\$2.90	\$3.93	\$4.97	\$6.00	\$7-9	\$56.74-119.29
Commercial, Sales, Service – High Market	\$1.86	\$3.65	\$5.43	\$7.22	\$9.00	\$10	\$56.74-119.29
Industrial, manufacturing, wholesale, agricultural	\$0.44	\$0.96	\$1.47	\$1.99	\$2.50	\$6	\$28.51

Annual adjustments for inflation will resume in 2026

What is exempt from the linkage fee?

Existing Exemptions:

- Project is subject to a pre-existing contractual agreement to provide affordable housing.
- Projects that has an affordable housing obligation as a part of its zoning (e.g., conditions of zoning)
- Project that is built by a charitable, religions or non-profit entity that is deed restricted to ensure affordability
- Affordable housing project
- Project that is built by a charitable, religions or non-profit entity that is deed restricted to provide housing shelter or housing assistance
- Development by a government for education or governmental use
- Reconstruction of a structure that was destroyed by a disaster
- Addition of 400 sf to an existing single-unit or two-unit structure
- Project is an accessory dwelling unit (ADU)

NEW Exemption: Project is an educational use

NEW MAH Incentive: Exempt ground floor commercial uses - when building affordable units on-site

Mandatory Housing Summary


Build On-Site

 Build On-Site Option 1
Varies by market area and tenure

 Build On-Site Option 1
Varies by market area and tenure

or

Alternative Compliance


 Fee per affordable unit required

or


Negotiate Alternatives
(land dedication, family housing, lower AMI)


&

Baseline Incentives

 Parking Reduction

and

 Permit Fee Reduction

 Linkage Fee Exemption

&

Increased Affordability
Increased affordability contribution
(2-3% more affordable units)

Enhanced Incentives

 Parking Exemption

and

 Height Increase

and

Affordable Housing Review Team*

Mandatory Housing: Other Cities

	On-Site Build Requirement
Atlanta, GA	10% of units at 60% AMI or 15% of units at 80% AMI
Austin, TX	Incentive Only Programs: 10% of units affordable to 60 – 120% AMI
Boston, MA	13% of units at 70% AMI
Longmont, CO	12% of all units at 60% AMI rental and 80% AMI ownership
Los Angeles, CA	Rental: 10% of units at 40% AMI; 15% of units at 65% AMI; 20% of units at 80% AMI. Ownership: 5 – 20% of units of 135% AMI
Minneapolis, MN	8% of units at 60% AMI; or 4% of units at 30% AMI; or 20% of units at 50% AMI
Portland, OR	8-10% of units at 60% AMI or 15-20% of units at 80% AMI
San Jose, CA	Total of 15% of units with 5% at 100% AMI; 5% at 60% AMI; and 5% at 50% AMI; or 10% at 30% AMI
Seattle, WA	5 – 11% of units at 40 – 80% AMI

Enhanced Incentive Requirements



		Typical Markets (All Other Areas of the City)	High-Cost Markets (Downtown, Cherry Creek)
Build Onsite Option #1 Enhanced Incentives	On-Site Rental	10% of total units at 60% AMI <i>(up from 8% at 60% AMI)</i>	12% of total units at 60% AMI <i>(up from 10% at 60% AMI)</i>
	On-Site Ownership	10% of total units at 80% AMI <i>(up from 8% at 80% AMI)</i>	12% of total units at 80% AMI <i>(up from 10% at 80% AMI)</i>
Build Onsite Option #2 Enhanced Incentives	On-Site Rental	15% of total units averaging 70% AMI serving households up to 80% AMI <i>(up from 12% at 70% AMI)</i>	18% of total units averaging 70% AMI serving households up to 80% AMI <i>(up from 15% at 70% AMI)</i>
	On-Site Ownership	15% of total units averaging 90% AMI serving households up to 100% AMI <i>(up from 12% at 90% AMI)</i>	18% of total units averaging 90% AMI serving households up to 100% AMI <i>(up from 15% at 90% AMI)</i>

Build on-site option #1 maintains feasibility

How does the build-on site requirements impact feasibility?

Figure III-5. Inclusionary Housing Feasibility at 60% AMI, Rental Residential

Note:
 Orange shading indicates output that falls below feasibility threshold.
 Green checks indicate financial feasibility for specified affordability target and prototype.
 High Cost Submarket includes 5% price premium on market-rate units and sale prices.

Source:
 Root Policy Research.

Return Metric	Target	Typical Submarket						High Cost Submarket			
		3-Story Rental Residential	5-Story Rental Residential	8-Story Rental Residential	12-Story Rental Residential	16-Story Rental Residential	20-Story Rental Residential	8-Story Rental Residential	12-Story Rental Residential	16-Story Rental Residential	20-Story Rental Residential
Affordable Income Target of 60% AMI											
5% @ 60% AMI											
Return on Cost	>5.5%	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cash on Cash Return	>6%	5.0%	5.0%	5.0%	5.1%	5.1%	5.1%	5.3%	5.5%	5.6%	5.6%
Internal Rate of Return	>=10%	11.3%	11.5%	11.4%	11.5%	11.7%	11.6%	12.1%	12.5%	12.8%	12.9%
ROE (year 5)	>6%	6.2%	6.3%	6.2%	6.3%	6.4%	6.4%	6.7%	7.0%	7.2%	7.3%
8% @ 60% AMI											
Return on Cost	>5.5%	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cash on Cash Return	>6%	4.6%	4.7%	4.6%	4.7%	4.7%	4.7%	4.9%	5.1%	5.2%	5.2%
Internal Rate of Return	>=10%	10.4%	10.6%	10.5%	10.6%	10.8%	10.6%	11.2%	11.6%	11.9%	11.9%
ROE (year 5)	>6%	5.6%	5.7%	5.7%	5.8%	5.8%	5.8%	6.1%	6.3%	6.6%	6.6%
10% @ 60% AMI											
Return on Cost	>5.5%	✗	✗	✗	✗	✗	✗	✓	✓	✓	✓
Cash on Cash Return	>6%	4.3%	4.4%	4.4%	4.4%	4.5%	4.4%	4.7%	4.8%	4.9%	4.9%
Internal Rate of Return	>=10%	9.8%	10.0%	9.9%	10.0%	10.1%	10.0%	10.6%	10.9%	11.2%	11.3%
ROE (year 5)	>6%	5.3%	5.4%	5.3%	5.4%	5.4%	5.4%	5.7%	5.9%	6.1%	6.2%
12% @ 60% AMI											
Return on Cost	>5.5%	✗	✗	✗	✗	✗	✗	✗	✗	✓	✓
Cash on Cash Return	>6%	4.1%	4.2%	4.1%	4.2%	4.2%	4.2%	4.4%	4.5%	4.7%	4.7%
Internal Rate of Return	>=10%	9.2%	9.4%	9.3%	9.4%	9.5%	9.3%	10.0%	10.3%	10.6%	10.6%
ROE (year 5)	>6%	4.9%	5.1%	5.0%	5.0%	5.1%	5.0%	5.4%	5.5%	5.7%	5.7%

Build on-site option #2 falls just below feasibility

How does the build-on site requirements impact feasibility?

Figure III-6. Inclusionary Housing Feasibility at 70% AMI, Rental Residential

Note:
 Orange shading indicates output that falls below feasibility threshold.
 Green checks indicate financial feasibility for specified affordability target and prototype.
 High Cost Submarket includes 5% price premium on market-rate units and sale prices.

Source:
 Root Policy Research.

Return Metric	Target	Typical Submarket						High Cost Submarket			
		3-Story Rental Residential	5-Story Rental Residential	8-Story Rental Residential	12-Story Rental Residential	16-Story Rental Residential	20-Story Rental Residential	8-Story Rental Residential	12-Story Rental Residential	16-Story Rental Residential	20-Story Rental Residential
Affordable Income Target of 70% AMI											
5% @ 70% AMI											
Return on Cost	>5.5%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.7%	5.8%	5.8%	5.8%
Cash on Cash Return	>6%	5.1%	5.1%	5.1%	5.2%	5.2%	5.2%	5.4%	5.6%	5.7%	5.7%
Internal Rate of Return	>=10%	11.6%	11.8%	11.6%	11.8%	11.9%	11.8%	12.3%	12.7%	13.1%	13.1%
ROE (year 5)	>6%	6.4%	6.5%	6.4%	6.5%	6.6%	6.5%	6.9%	7.1%	7.4%	7.4%
8% @ 70% AMI											
Return on Cost	>5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.6%	5.7%	5.7%	5.7%
Cash on Cash Return	>6%	4.8%	4.9%	4.8%	4.9%	4.9%	4.8%	5.1%	5.2%	5.3%	5.4%
Internal Rate of Return	>=10%	10.9%	11.1%	10.9%	11.1%	11.1%	11.0%	11.6%	12.0%	12.2%	12.3%
ROE (year 5)	>6%	5.9%	6.0%	5.9%	6.0%	6.1%	6.0%	6.4%	6.6%	6.8%	6.8%
10% @ 70% AMI											
Return on Cost	>5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.6%	5.6%	5.6%
Cash on Cash Return	>6%	4.6%	4.7%	4.6%	4.6%	4.7%	4.6%	4.9%	5.0%	5.1%	5.1%
Internal Rate of Return	>=10%	10.5%	10.6%	10.4%	10.6%	10.6%	10.5%	11.1%	11.4%	11.7%	11.8%
ROE (year 5)	>6%	5.7%	5.7%	5.6%	5.7%	5.7%	5.7%	6.1%	6.3%	6.4%	6.5%
12% @ 70% AMI											
Return on Cost	>5.5%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.5%	5.5%	5.5%	5.6%
Cash on Cash Return	>6%	4.4%	4.5%	4.4%	4.4%	4.5%	4.4%	4.7%	4.8%	4.9%	4.9%
Internal Rate of Return	>=10%	10.0%	10.2%	10.0%	10.0%	10.1%	9.9%	10.6%	10.9%	11.1%	11.2%
ROE (year 5)	>6%	5.4%	5.5%	5.3%	5.4%	5.4%	5.3%	5.7%	5.9%	6.1%	6.1%
15% @ 70% AMI											
Return on Cost	>5.5%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.4%	5.4%	5.4%	5.4%
Cash on Cash Return	>6%	4.1%	4.2%	4.1%	4.1%	4.1%	4.1%	4.4%	4.4%	4.5%	4.5%
Internal Rate of Return	>=10%	9.2%	9.4%	9.2%	9.2%	9.2%	9.1%	9.8%	10.1%	10.3%	10.3%
ROE (year 5)	>6%	4.9%	5.0%	4.9%	4.9%	4.9%	4.9%	5.3%	5.4%	5.5%	5.6%

An On-Site Base Example

New 5-story residential building with 85 total units available for rent and 5,500 sf of retail

Option 1: Build 8% of units at 60% AMI = **7 affordable units**

Option 2: Build 12% of units averaging 70% AMI = **10 affordable units**

Plus Base Incentives:

- Exemption from Linkage Fee = \$33,000 value
- Permit Fee Reduction: up to \$65,000 (50% cap on commercial construction permit fee)
- Parking Reduction
 - 0.5 spaces for all units and 0.1 for units at 60%AMI or less: min. 43 spaces

**\$98,000 in financial incentives
+ a parking reduction**



An On-Site Enhanced Example

New 7-story residential building with 130 total units available for rent and 5,500 sf of retail

Option 1: Build 10% of units at 60% AMI = **13 affordable units**

Option 2: Build 15% of units averaging 70% AMI = **20 affordable units**

Plus Base Incentives:

- Exemption from Linkage Fee = \$33,000 value
- Permit Fee Reduction: up to \$130,000 (50% cap on commercial construction permit fee)

AND Enhanced Incentives:

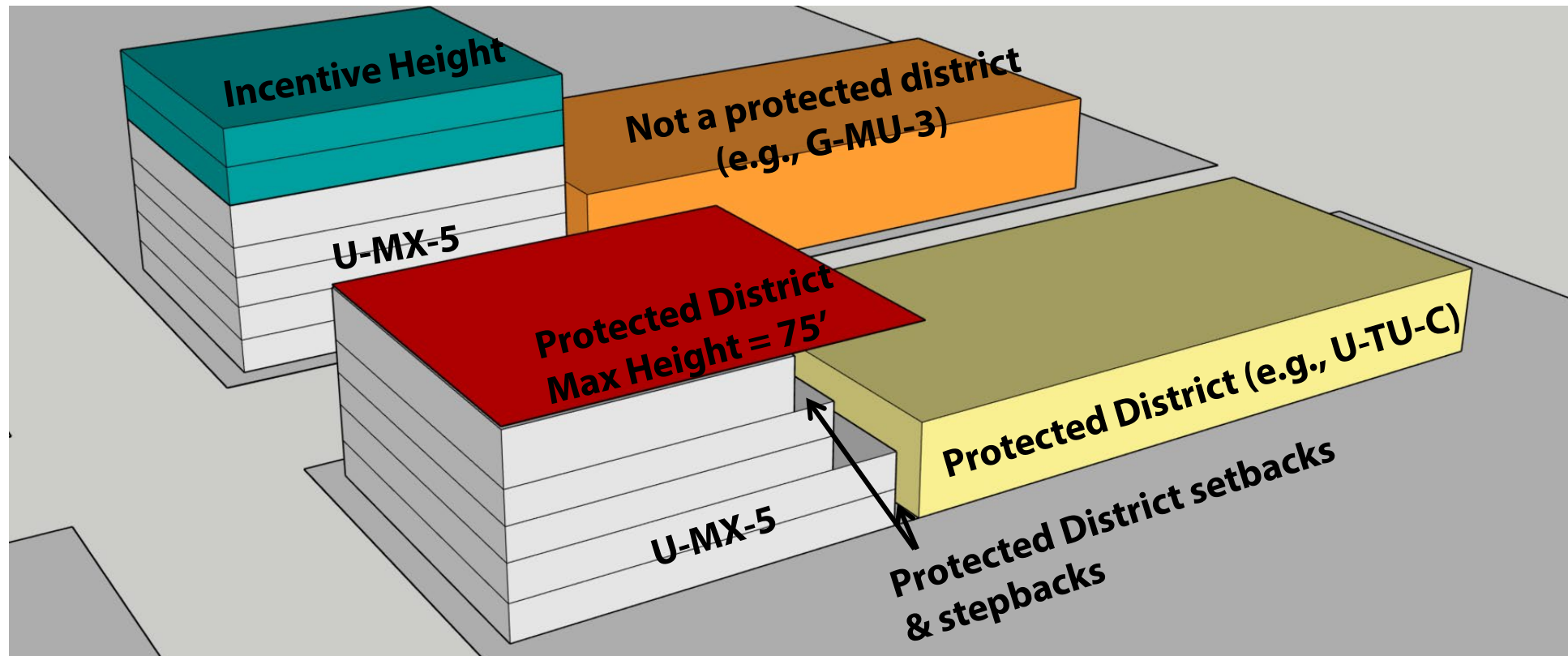
- Additional 2-stories
- No parking minimum if $\frac{1}{4}$ mile from transit station

In exchange for more affordability



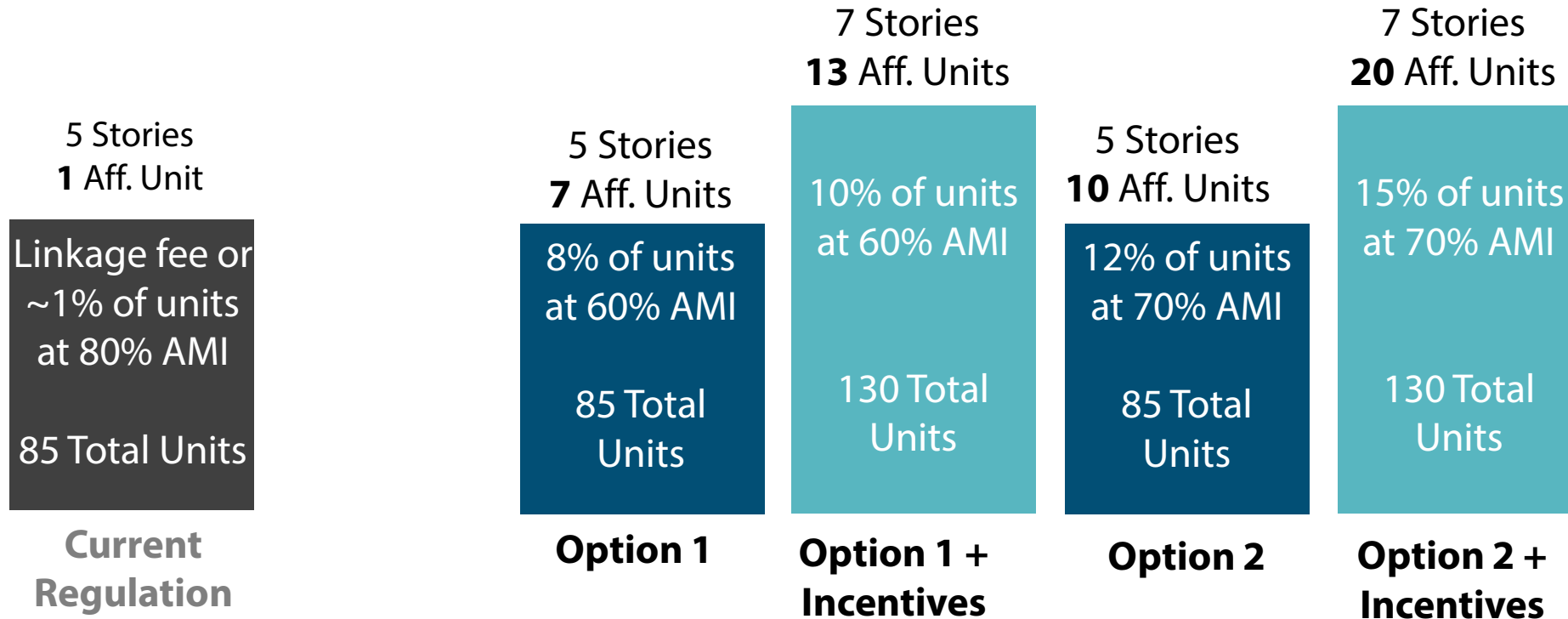
Limiting Heights Adjacent to Protected Districts

The Denver Zoning Code defines "protected districts," which are typically single-unit (SU), two-unit (TU), and row house (RH) zone districts.



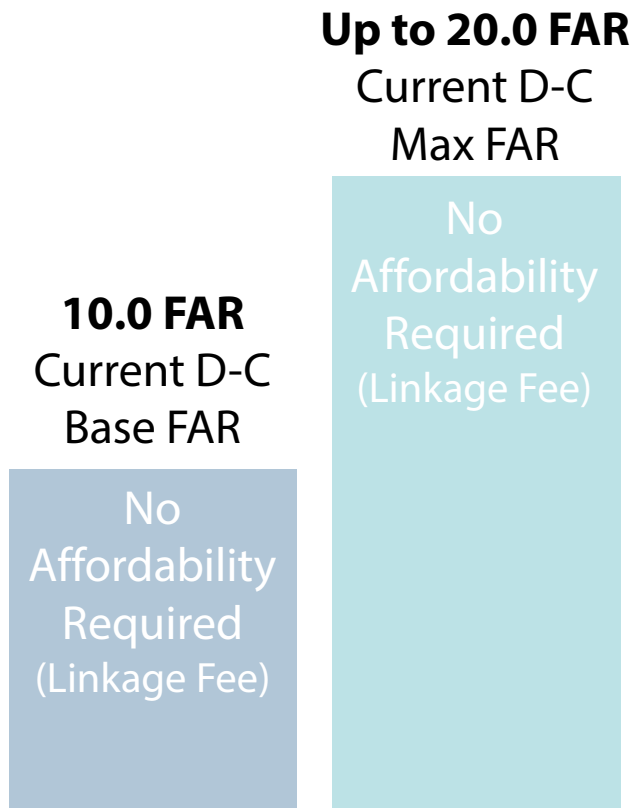
Example Outcome Comparison

- ✓ Affordable Housing in ALL development
- ✓ Lower Incomes Served in ALL outcomes
- ✓ More Affordable Housing in Most Developments

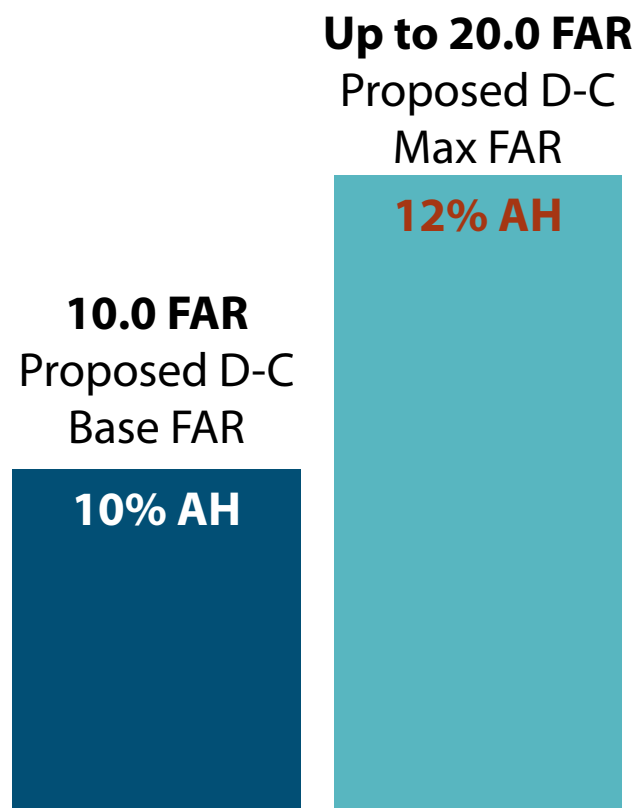


Downtown Strategy – Residential Example (D-C)

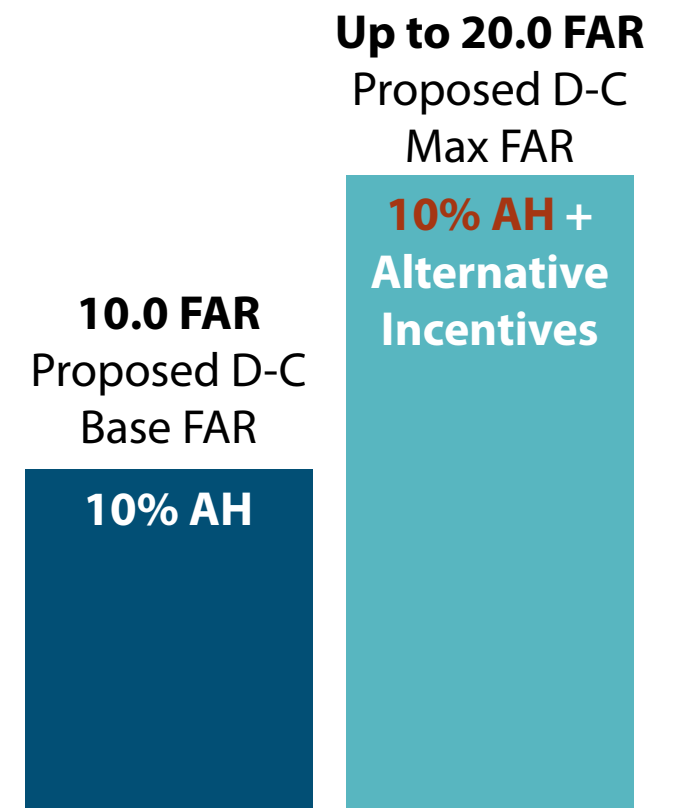
EXISTING



PROPOSED (Scenario 1)



PROPOSED (Scenario 2)

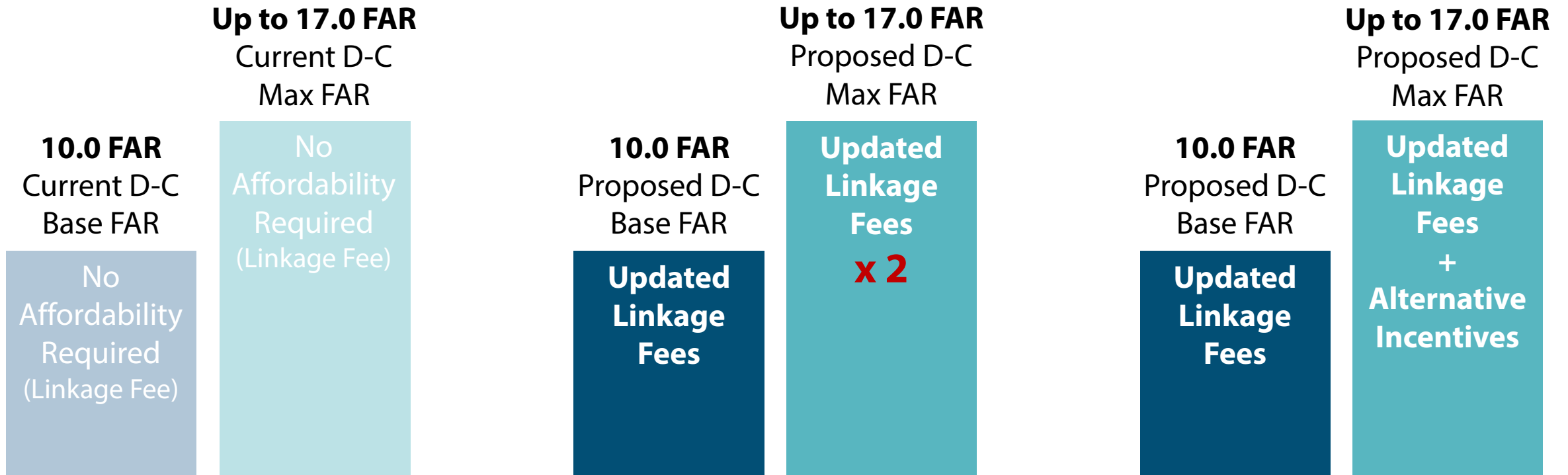


Downtown Strategy – Office Example (D-C)

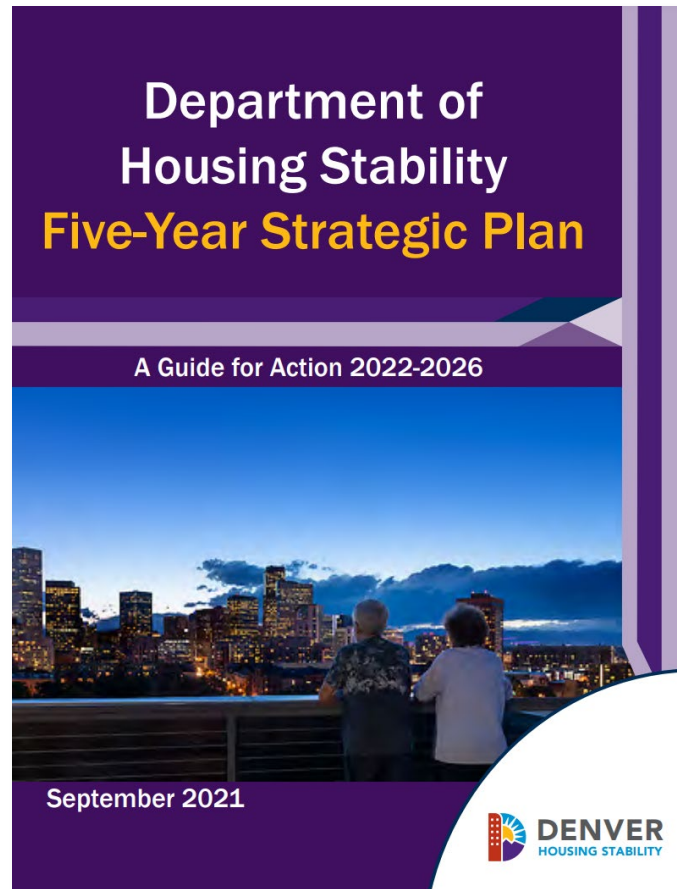
EXISTING

PROPOSED (Scenario 1)

PROPOSED (Scenario 2)



EHA is part of a larger strategy to **create housing opportunity.**



Currently, **873** city-funded affordable homes are under construction

And another **1,127** units are in the pipeline for creation or preservation via existing tools and programs

Over the past 10 years, over 8,000 affordable homes have been created or preserved in Denver.

Homelessness Resolution



- Homelessness Resolution Fund-\$40M annually
 - Tiny home villages, Safe Outdoor Spaces, Safe Parking
 - 24/7 sheltering operations
 - Rapid rehousing investments
 - Permanent supportive housing (PSH) with services
 - 185 PSH unit goal in 2022
- RISE GO Bond investments
 - VOA family shelter
 - Urban Peak Youth Shelter
- Acquisitions of hotels/motels for non-congregate care and conversion to PSH
- Goal of housing at least 1,400 households in 2022

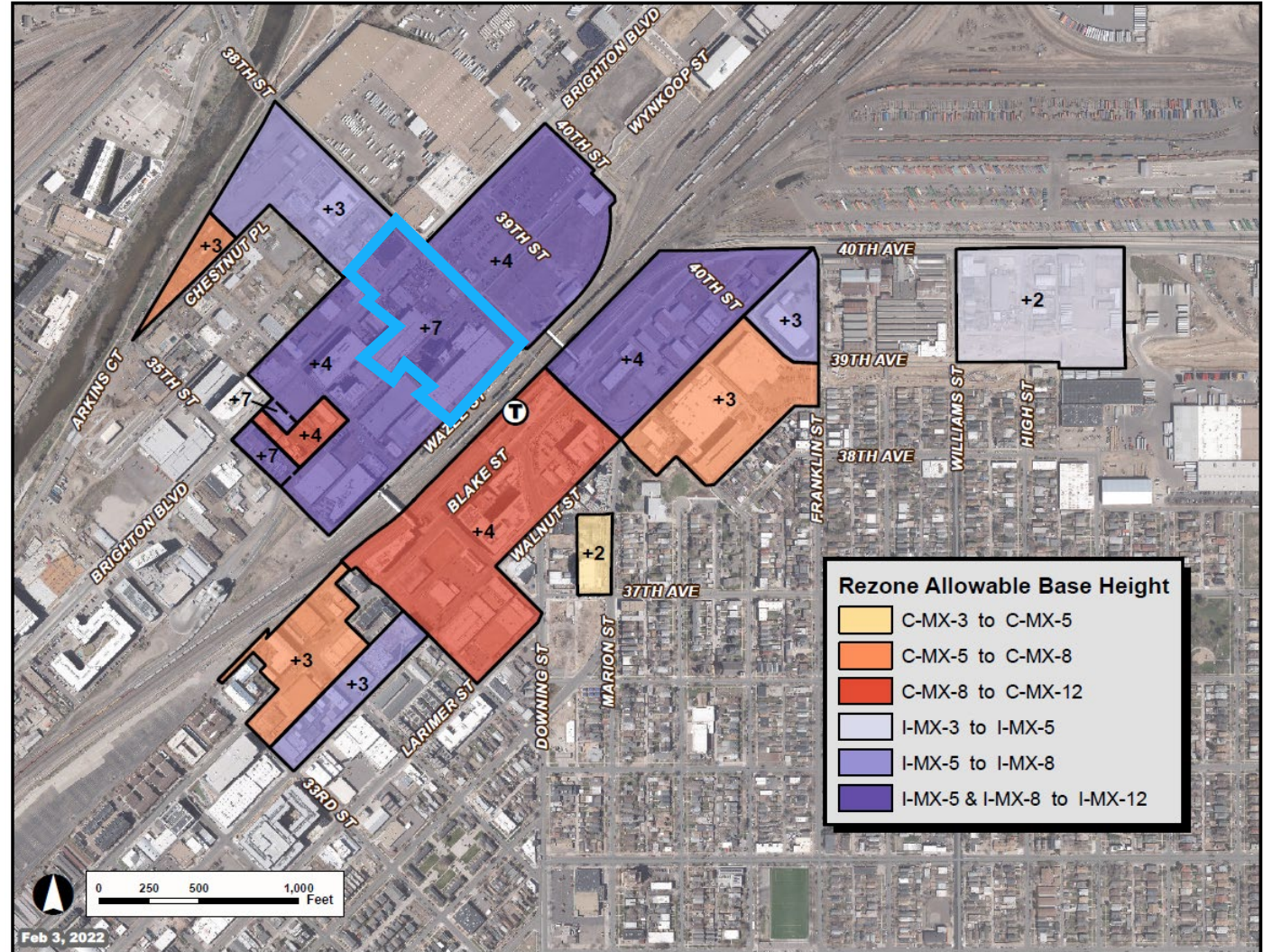
Housing Opportunity

- Over 2,220 homes (rental & ownership) have been created through HOST funding in the past few years
- 2022 HOST Strategic Plan Goals
 - Focus on creating and preserving housing with a focus on serving households below 50% AMI
 - Specific target of 252 rental units at or below 30% AMI
 - And 63 homes for families (3+ bedrooms)
- American Rescue Plan Funding \$10.8M
 - “Buy-down” affordability with additional subsidy
 - Acquire motel/commercial property for conversion
- Launching locally-funded Housing Choice Voucher program



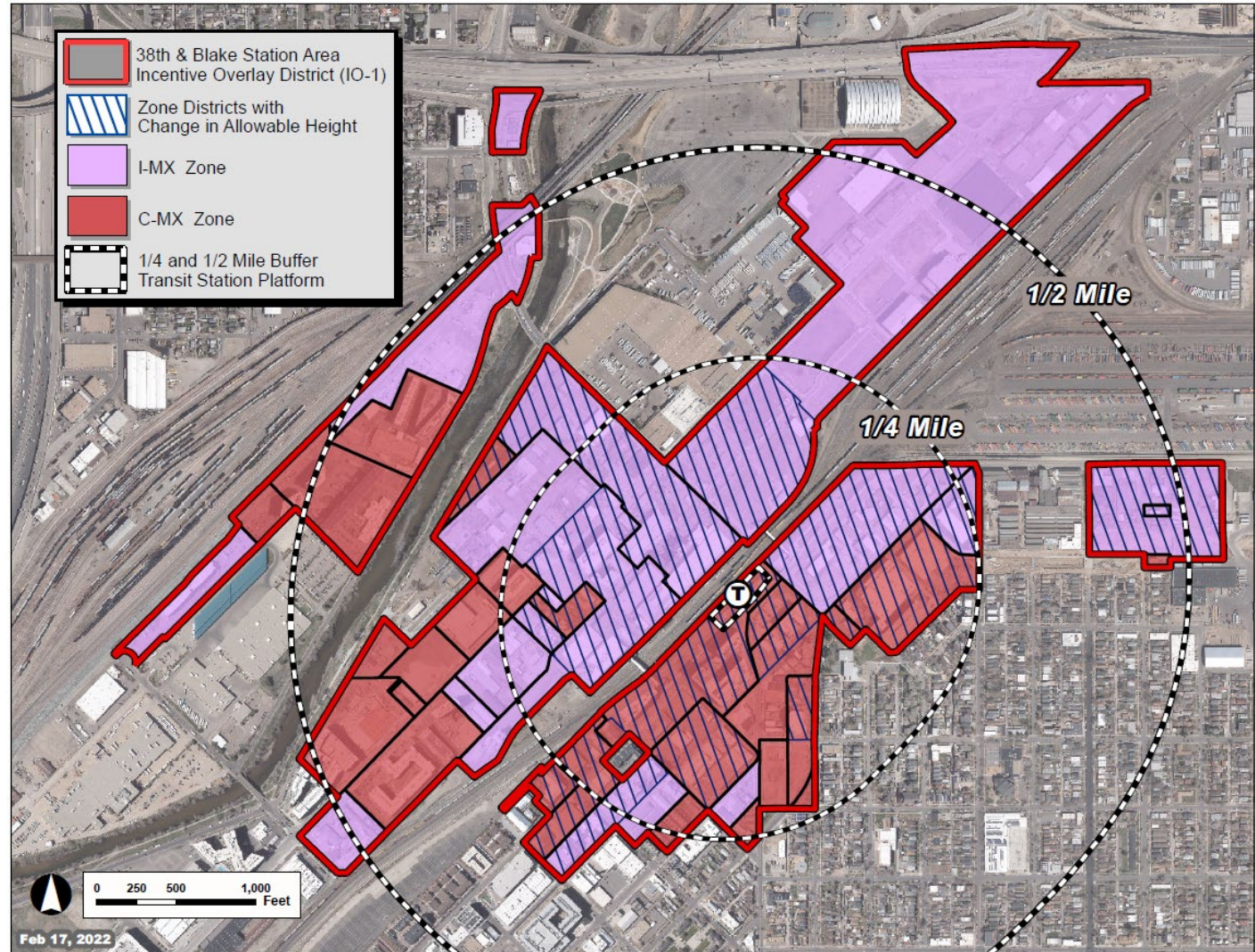
Proposed Base Height Adjustments

- Majority of rezoning area has no change in base height
- Area with largest change in base height (5 stories to 12 stories) is only 4% of total and nearest to the rail station
- **EHA mandatory affordable housing standards apply to all projects (base and incentive)**



Non-Residential Projects near 38th & Blake

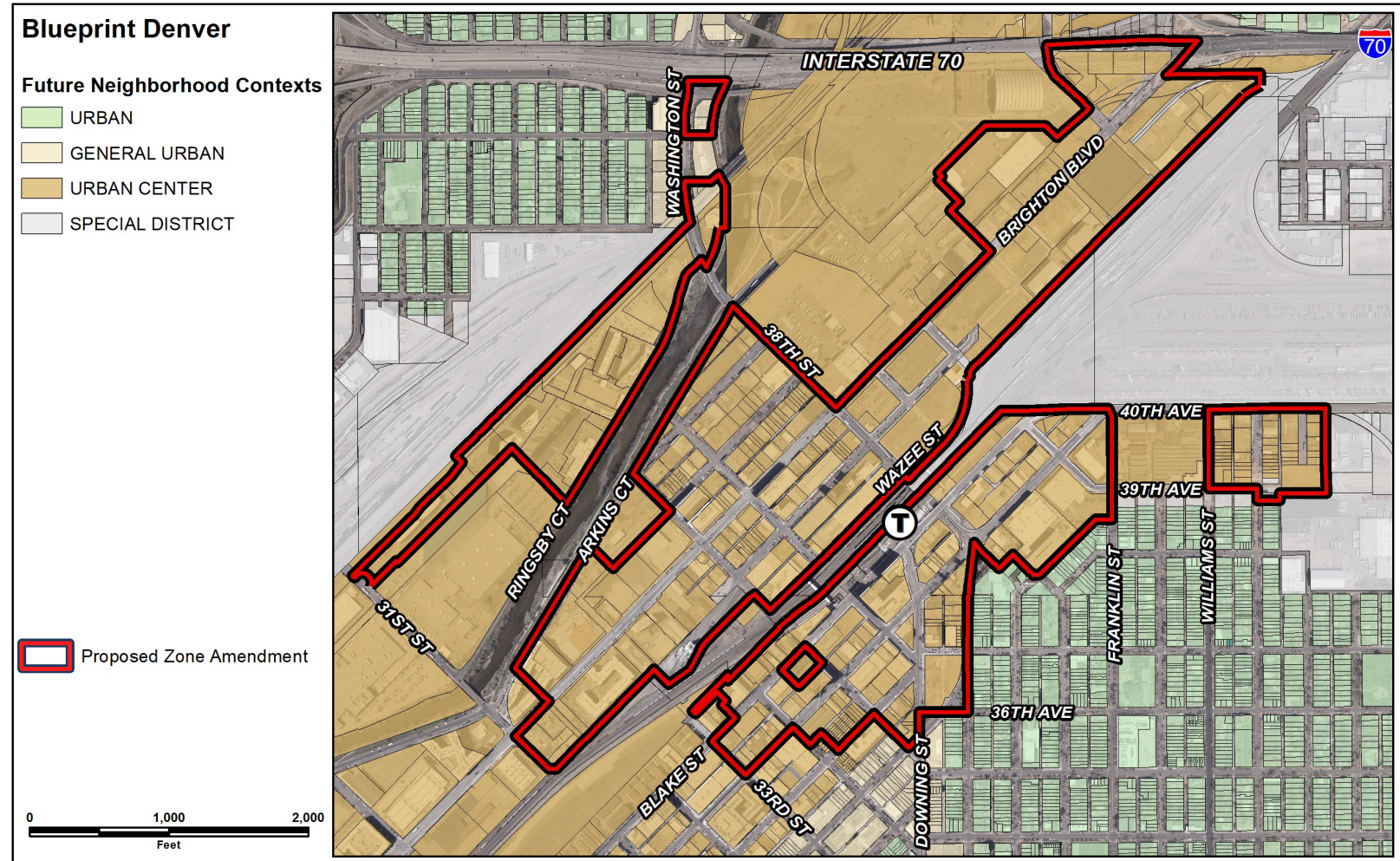
- Existing overlay allows non-residential projects to pay a fee in exchange for the existing height incentive
- **Under EHA, Urban Center (C-) zone districts within 1/2 mile of rail stations can pay higher linkage fees to access incentive height**



Blueprint Denver (2019)

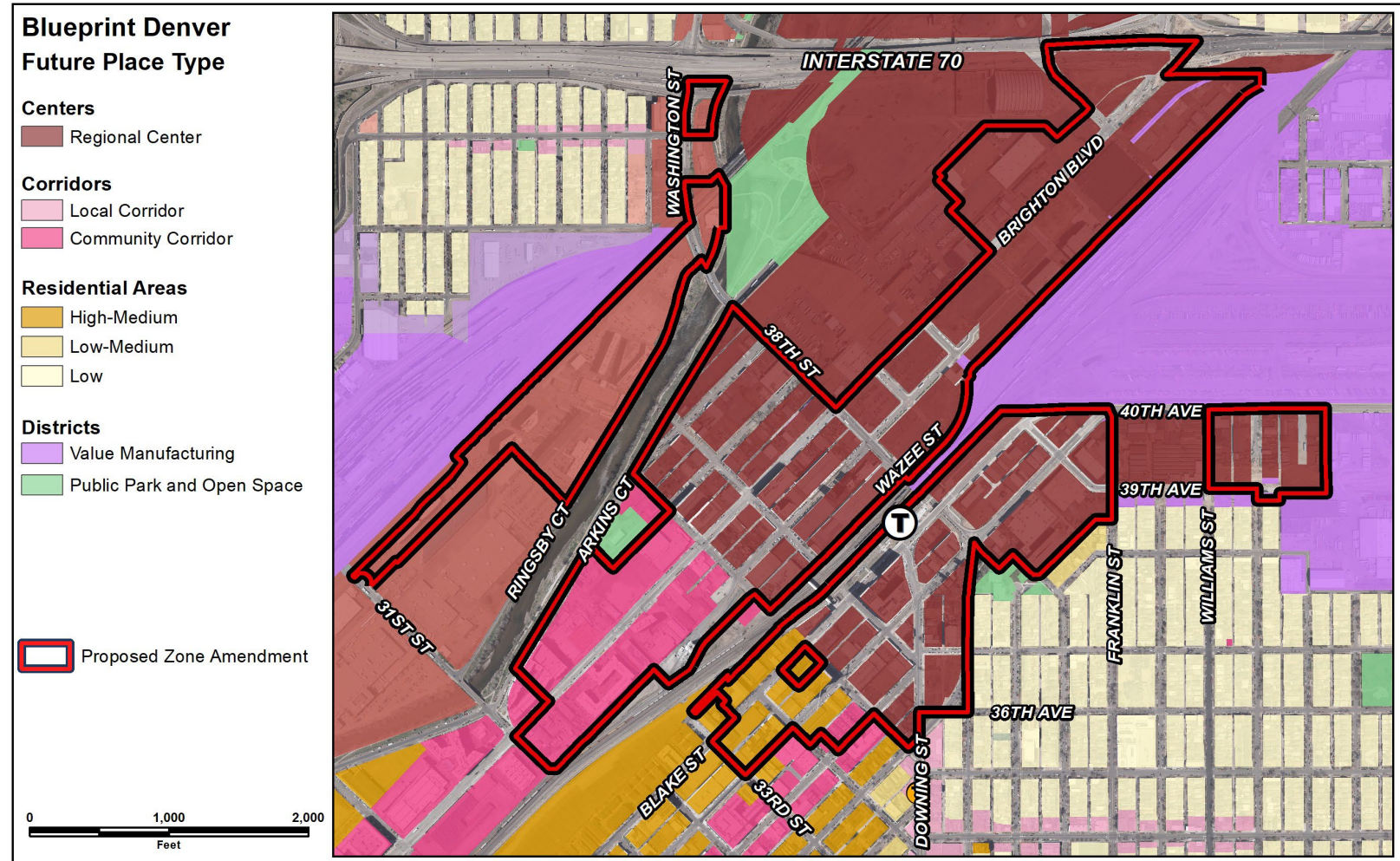
- **Urban Center Context**

- Dense and vibrant areas that support residents and visitors
- High intensity residential and significant employment areas ... a substantial mix of uses, with good street activation and connectivity
- Served by high-capacity transit and access to ample amenities and entertainment options



Blueprint Denver (2019)

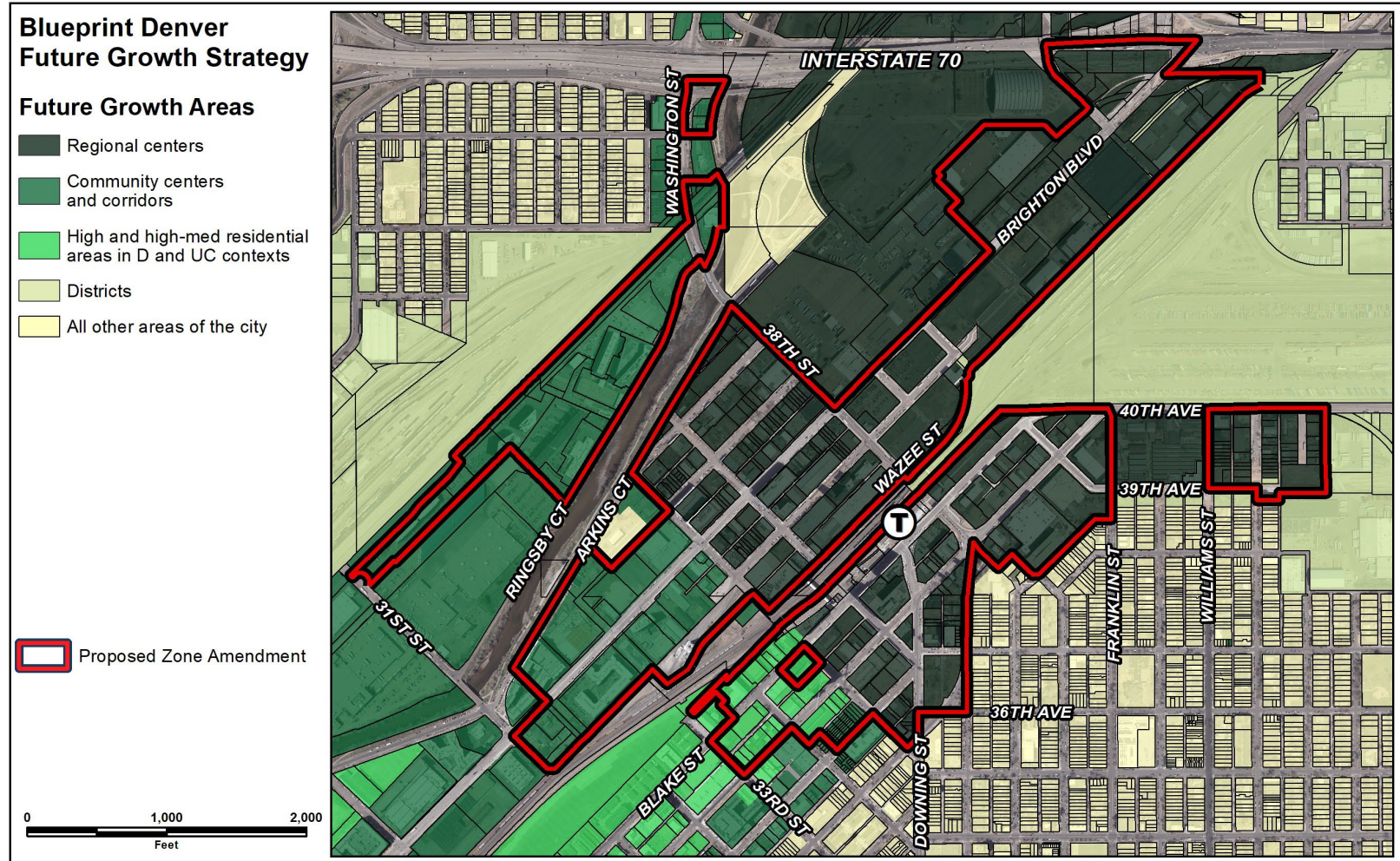
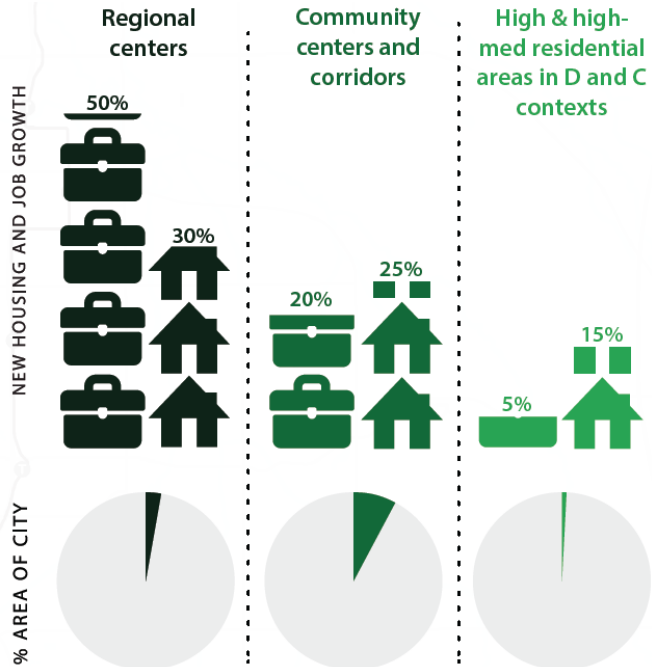
- **Future Places**
 - Regional/Community Center
 - Community Corridor
 - High-Medium Residential
- A high mix of uses and a dynamic environment of living, dining, entertainment, shopping, and employment



Blueprint Denver (2019)

● Growth Strategy

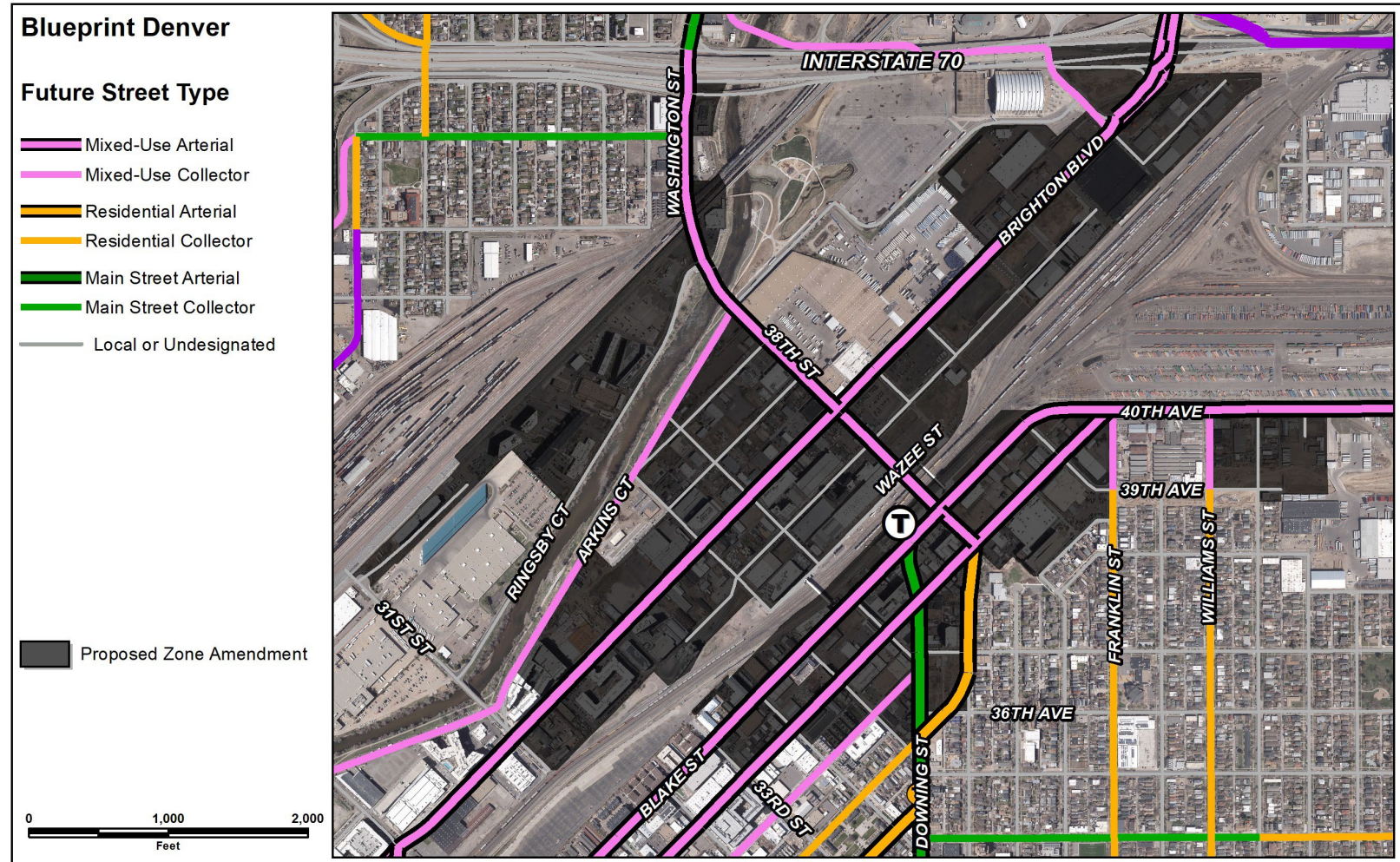
- Regional Center
- Community Center/Corridor
- High-Medium Residential in Urban Center Context



Blueprint Denver (2019)

- **Future Street Types**

- Primarily Mixed Use Arterial, Collector, and Local Streets
- Some Main Street and Residential Arterial
- Pedestrian Enhanced Areas (all)
- Bicycle Priority (Brighton, Arkins, Blake, 36th, 38th)



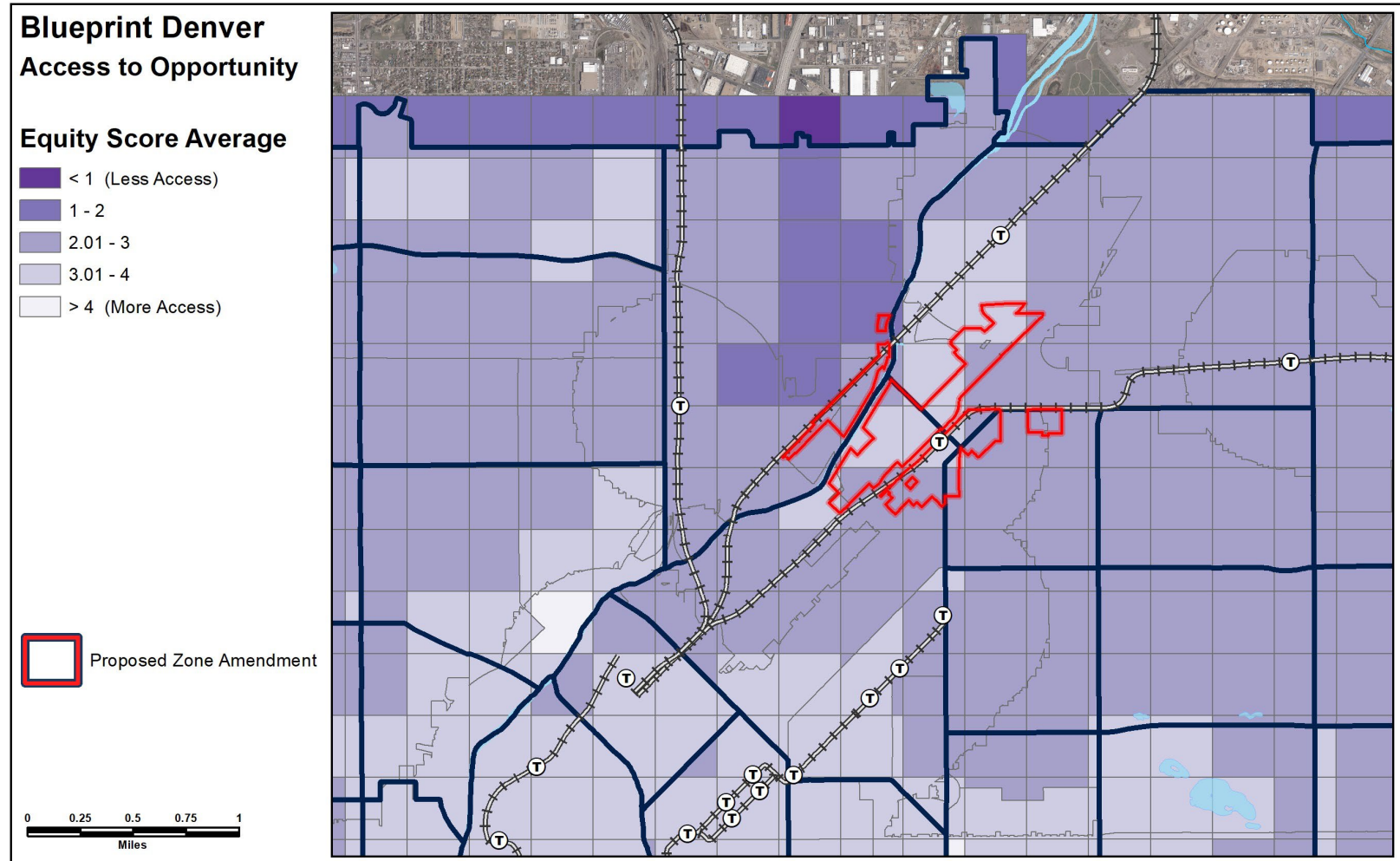
Blueprint Denver (2019)

- **Access to Opportunity**

- Average Access

- Equity Index
- **Proximity to Transit**
- Access to Centers and Corridors

- Low access to parks and grocery stores

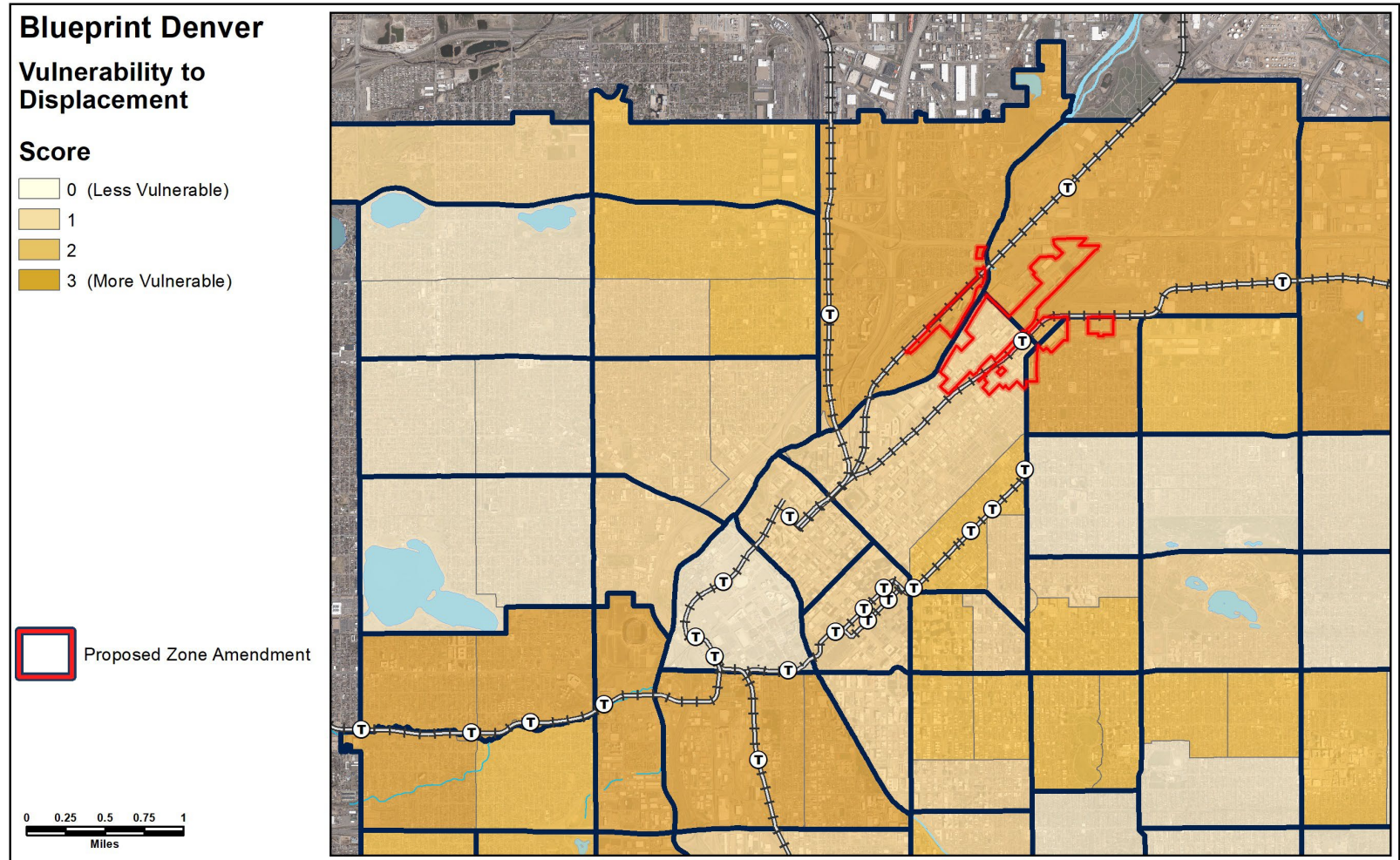


Blueprint Denver (2019)

- **Vulnerability to Displacement**

- Moderately to More Vulnerable

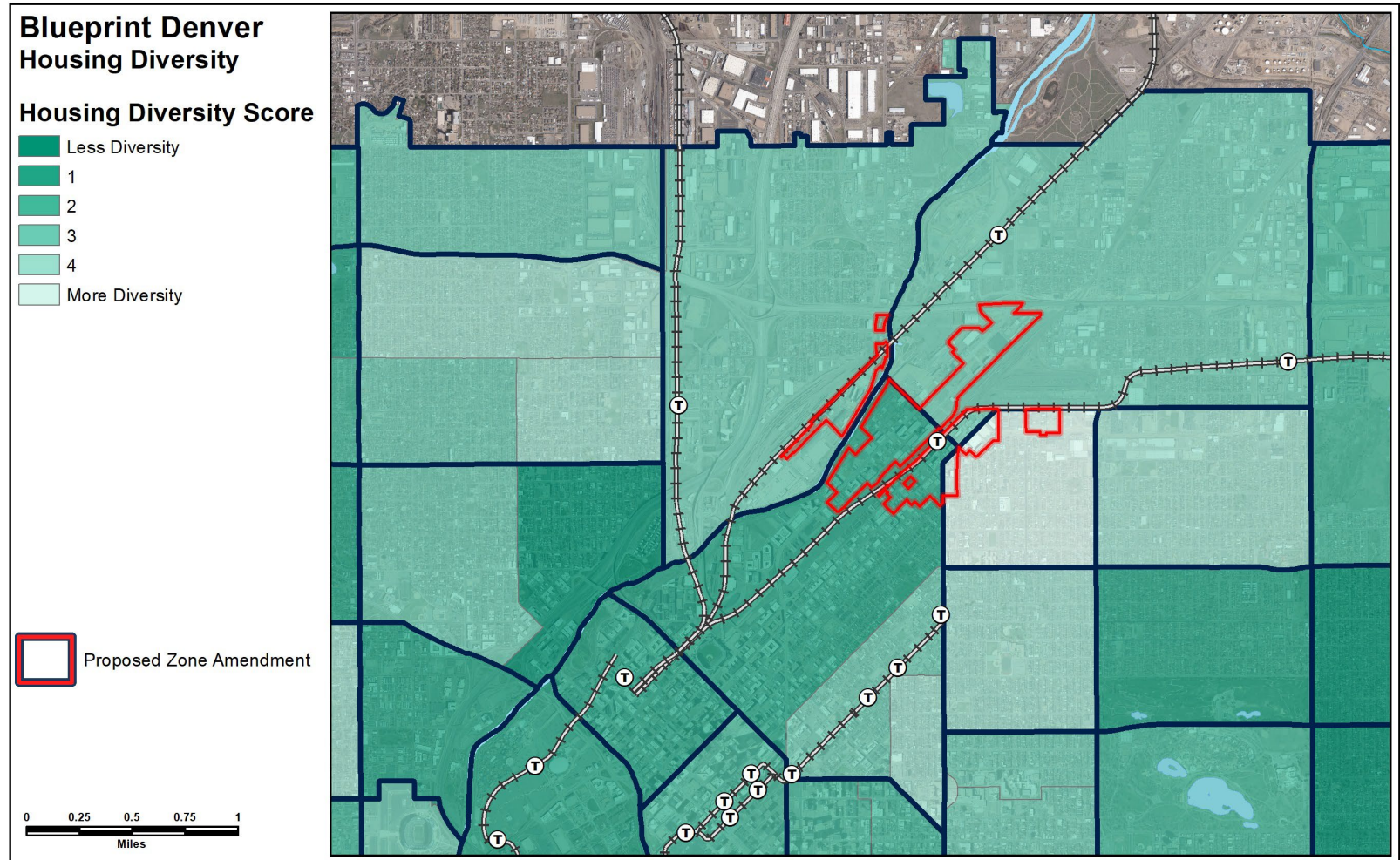
- Lower median household income
- Higher percent of renters
- Lower educational attainment



Blueprint Denver (2019)

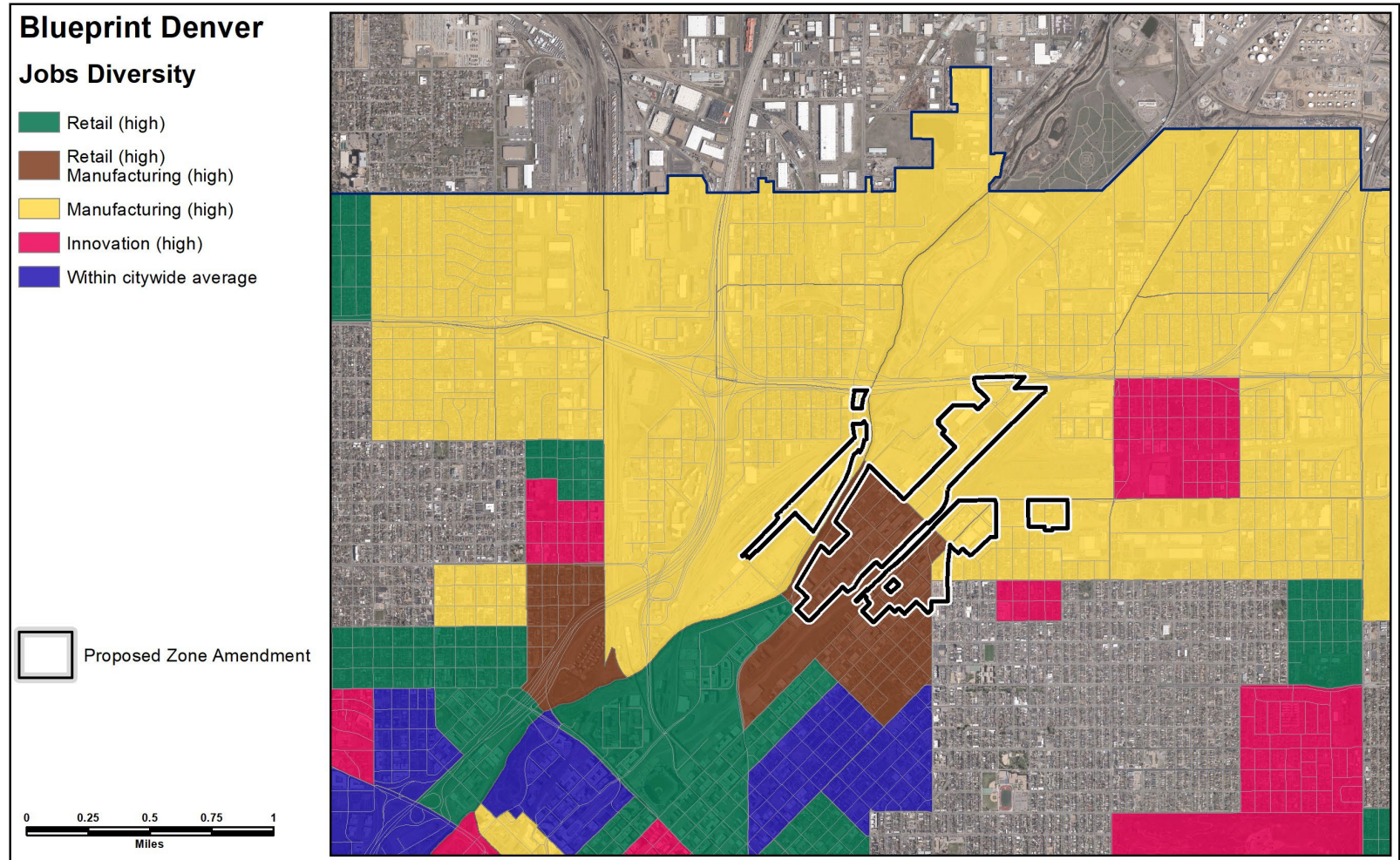
- **Housing Diversity**

- Low to Moderate Diversity
 - Lack of middle-density housing
 - Low home size diversity
 - High percentage of renters
 - High housing costs



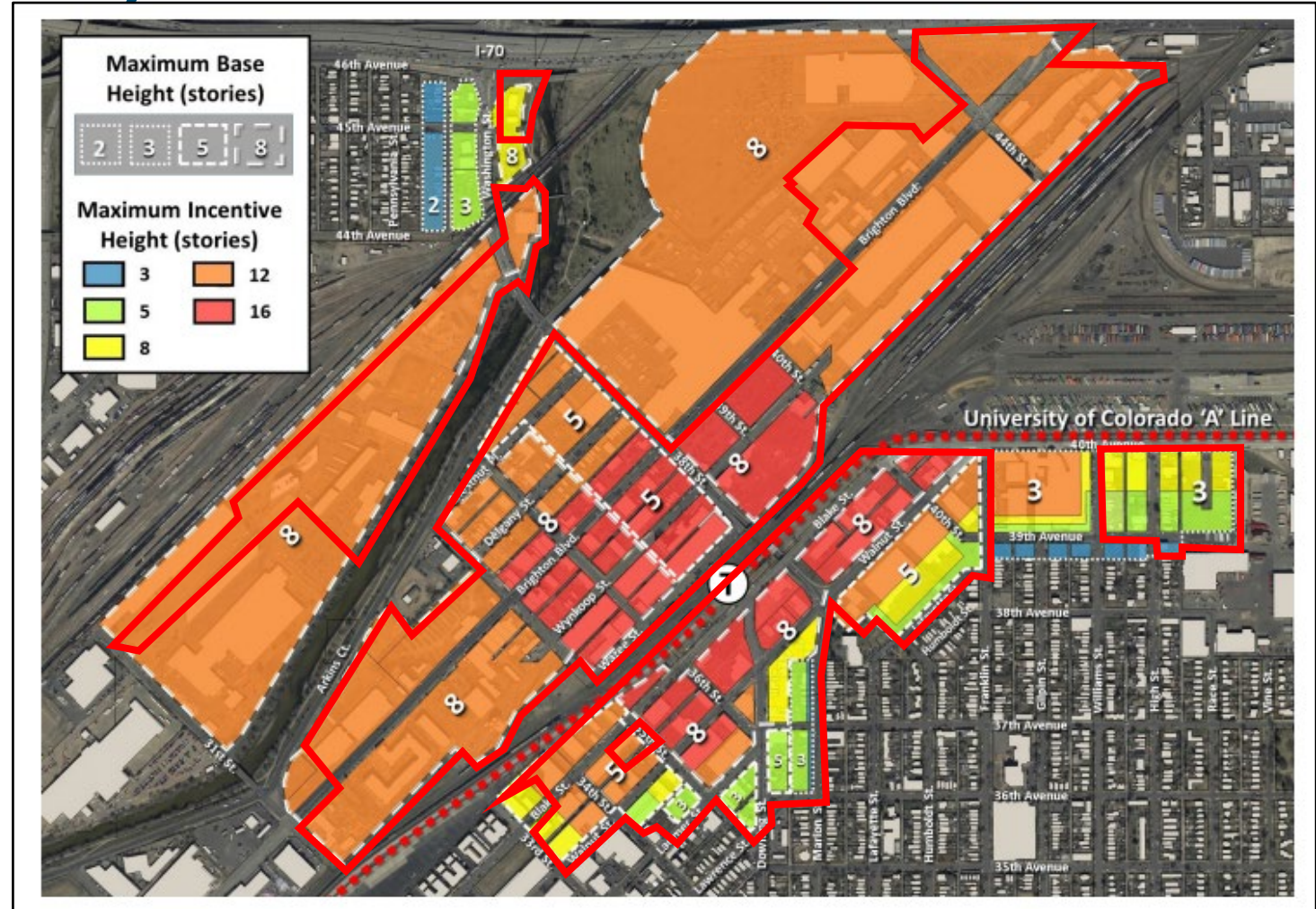
Blueprint Denver (2019)

- **Jobs Diversity**
 - More diversity in Retail and Manufacturing



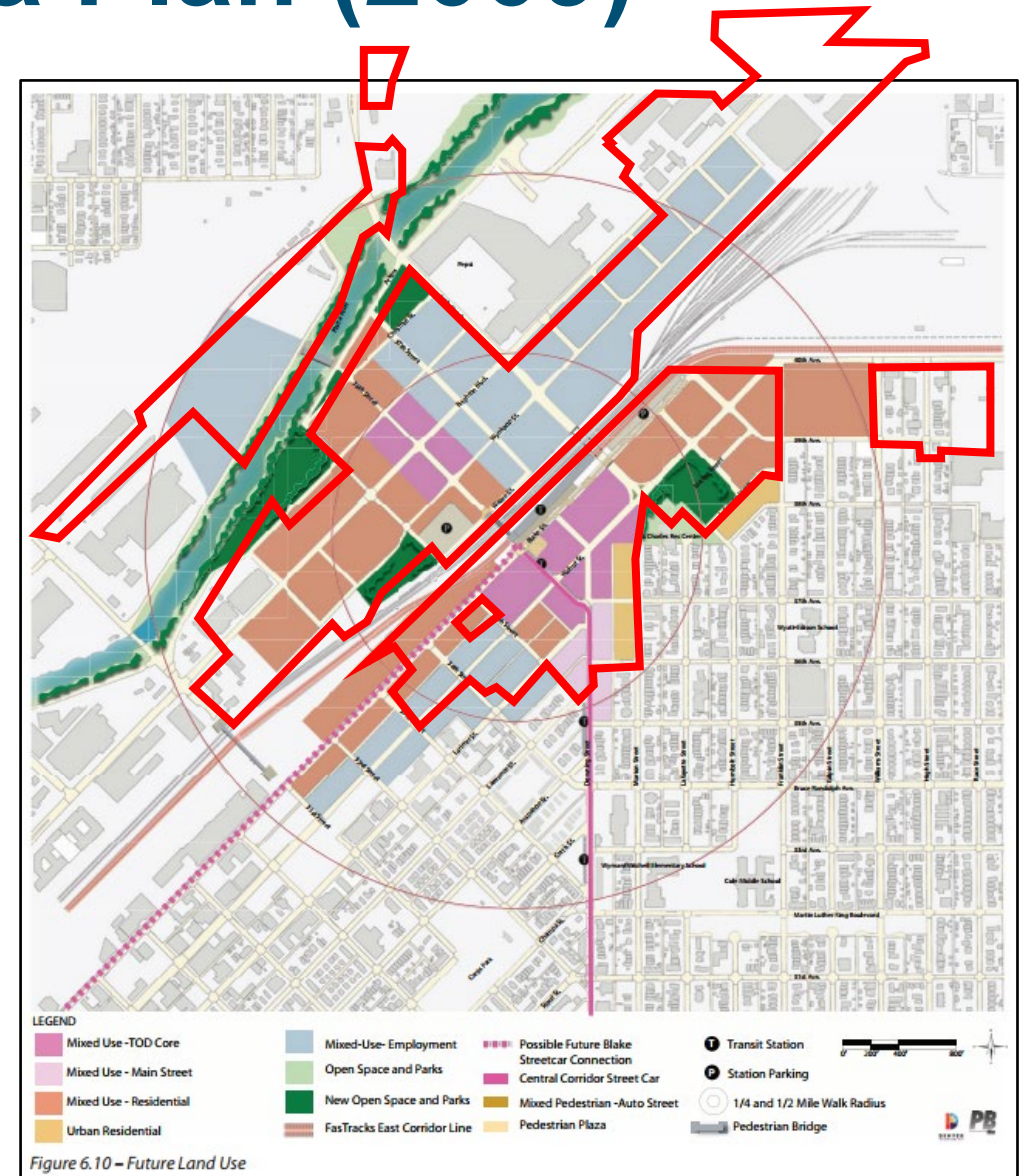
38th & Blake Station Area Height Amendments (2016)

- “Promote taller building heights to support transit-oriented development that provides community benefits and incorporates appropriate height transitions...”
- “Adopt a new regulatory approach to integrate affordable housing and mixed income development within the 38th & Blake Station area.”
- “Adopt zoning map amendments to rezone properties within the 38th & Blake study area, consistent with the height and regulatory recommendations of this plan.”



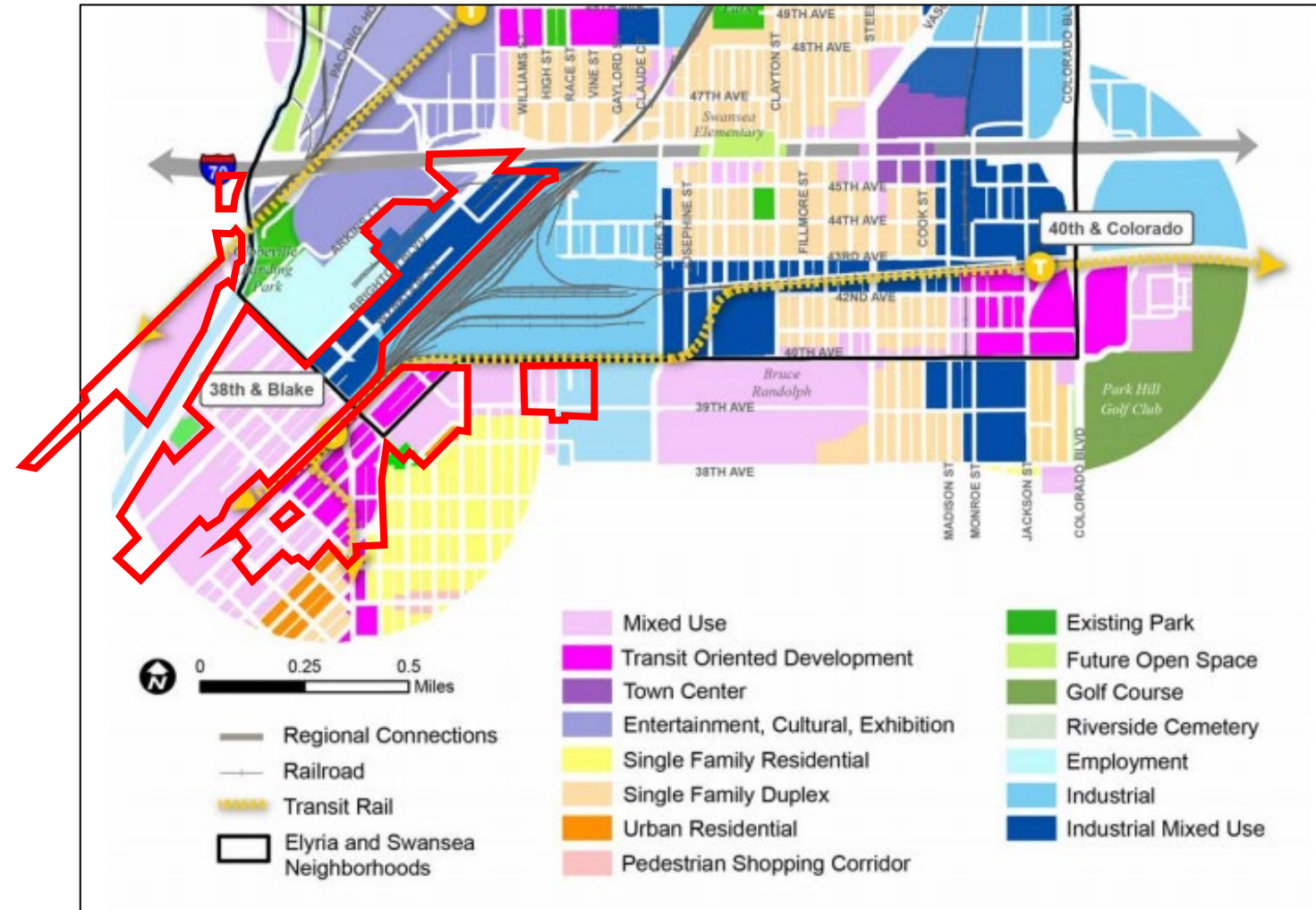
38th & Blake Station Area Plan (2009)

- Two “TOD (transit-oriented development) Cores” on the northwest and southeast sides of the RTD station, surrounded by blocks of mixed-use residential and mixed-use employment that step down in intensity as they get closer to single-unit residential areas.
- Provision of financial incentives to include flexible zoning provisions and density bonuses.
- Availability of equitable housing and transportation choices.



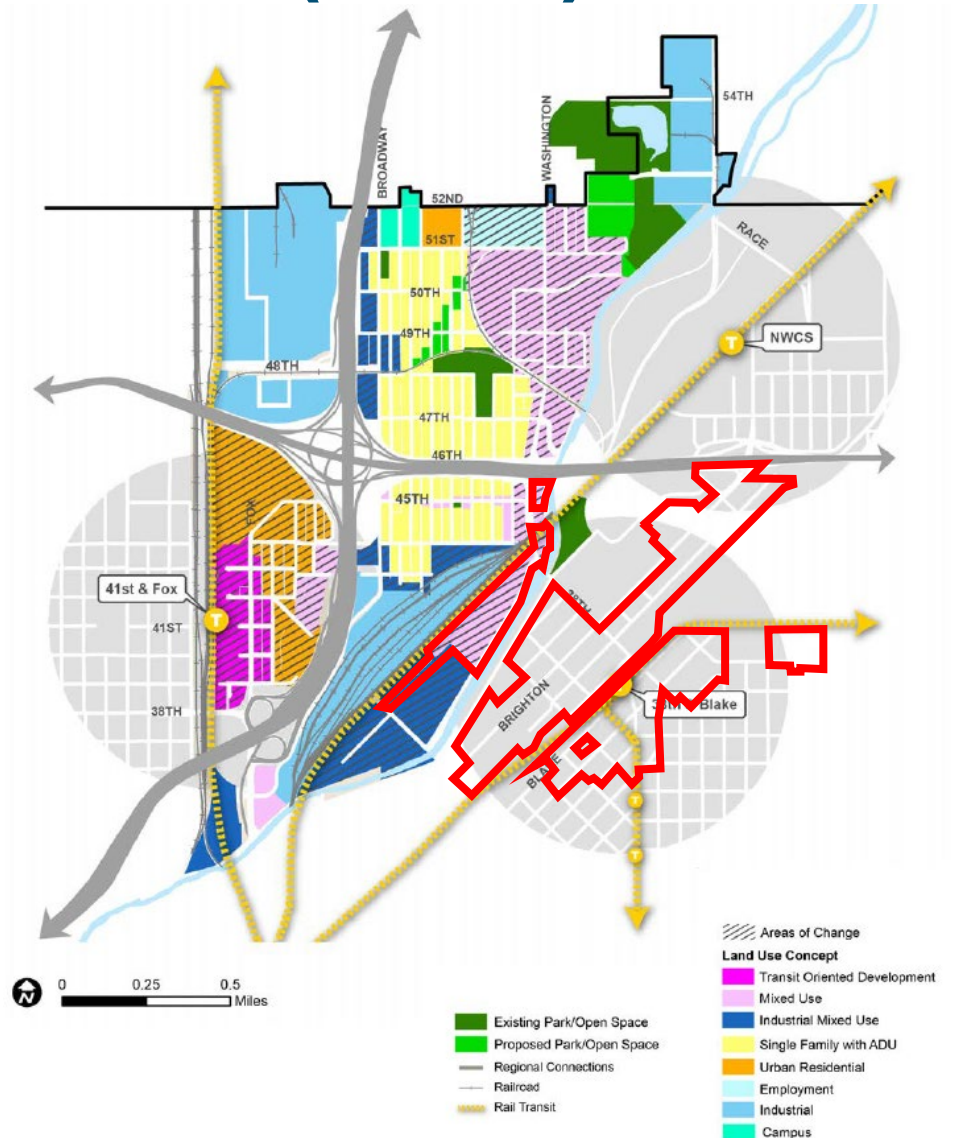
Elyria and Swansea Neighborhood Plan (2015)

- Future land use recommendation for transit-oriented development near the 38th & Blake RTD Station, including “higher density housing, services and employment opportunities near rail stations to provide for a diverse population with safe and convenient pedestrian access to rail transit.”



Globeville Neighborhood Plan (2014)

- Recommendation 4: Improve Access to Jobs, Housing, Neighborhood Services and Education, Strategy B14D Build More Housing Units – “Support the efforts of organizations such as Habitat for Humanity, Denver Housing Authority, and other affordable housing providers in building new homes within Globeville.”



Northeast Downtown Neighborhoods Plan (2011)

- “As one travels from Ballpark to the northeast into RiNo, the **land use mix changes and becomes much more industrial and eclectic**. This is especially true northeast of 24th Street. In this area, the future land use map shows “**mixed use-industrial**” as the predominant land use category for RiNo. Northeast of 35th Street, the future land use designation is “**transit oriented development**”, in support of the commuter and light rail station that is planned at 38th & Blake.”

River North Plan (2003)

- “Promote the development of affordable housing in the TOD district.”
- “Provide a range of housing options.”

