



Inclusionary Housing Ordinance Revision Update

Office of Councilwoman

Robin Kniech

May 22, 2013

Overview

- **Background**
- **Report Back on Phase I Deliverables**
- **Phase II/Economic Study Update**

- **Technical expertise funded by Ford Foundation (achieved)**
- **Stakeholder Feedback Group Formed**
 - **Gather information (achieved)**
 - **Review Scope for Economic Study (achieved)**
 - **Develop and Implement short-term fixes for existing unsold homes and owners facing hardships (June 5th)**
 - **Use study to inform and implement long-term revision (Launching by June)**

IHO Stakeholder Participants

- Susan Aldretti, Denver Metro Realtors
- Veronica Barela, NEWSED
- Diane Barrett, Mayor's Chief Projects Officer
- Dave Browning, Denver Metro Association of Realtors
- Nancy Burke, Apartment Association
- Tom Gleason, Forest City/Stapleton
- Steve Gordon/Tina Axelrad, Denver CPD
- Amanda Gonzales, FRESC
- Ismael Guerrero, Denver Housing Authority
- Beverly Haddon, Stapleton Foundation
- Rodger Hara, Community Builders Realty Services
- Jane Harrington, Colorado Land Trust
- Adam Hernandez, City Attorney's Office
- Laurie Heydman, City Attorney's Office
- Tracy Huggins, Denver Urban Renewal Authority
- Stephanie Inderwiesen, OED
- Rick Jacobus, Consultant
- Robin Kniech, Denver City Council At-Large
- Damon Knop, Realtor
- John Lucero, OED Deputy Director
- Angie Malpiede, Stapleton Foundation
- Shelley Marquez, Wells Fargo
- Gete Mekonnen, Northeast Denver Housing
- Gene Myers, New Town Builders
- Deborah Ortega, Denver City Council At-Large
- Chuck Perry, Urban Land Institute of Colorado
- Brian Phetteplace, Downtown Denver Partnership
- Melinda Pollack, Enterprise Community Partners
- Sue Powers, Urban Ventures
- Bruce Rau, Oakwood Homes
- Kathleen Ruby, Realtor's Association/Realtor
- Doug Smith, OED Director
- Cherie Talbert, HBA
- Bill Windsor, Colorado Coalition for the Homeless

Deliverable #1:

Pass amendments to existing ordinance that address some of the easier short term fixes to existing units/homeowners

Outcome: June 5th BWS

1. Home Ownership Counseling

Prospective home owners would be required to provide a certificate of completion from OED approved homeownership counseling course

2. Improved City notification prior to Foreclosures

Renamed covenants should prompt bank notice to City of foreclosure filings

3. More flexibility for Renting a Home After a Good Faith Marketing Effort

Broaden the “hardship” reasons that allow a homeowner to rent to a “necessity” approved by OED Housing Director or Designee

4. Allow Voluntary Sale of Home to an Approved Non-Profit Entity or Housing Authority

If owner is unable to sell unit to qualified buyer and rental of unit is permitted by applicable rules or agreements, allow sale of home to City-approved 501(c)(3) non-profit, governmental, or quasi-governmental housing authority for use as affordable rental. (Sale to housing authority already allowed).

Continued:

5. Raising the Income Thresholds for Subsequent Buyers (but keeping the same limit on sale price)

This Resale Option would allow homeowners to sell their units to higher income eligible buyers, based on years of actual ownership.

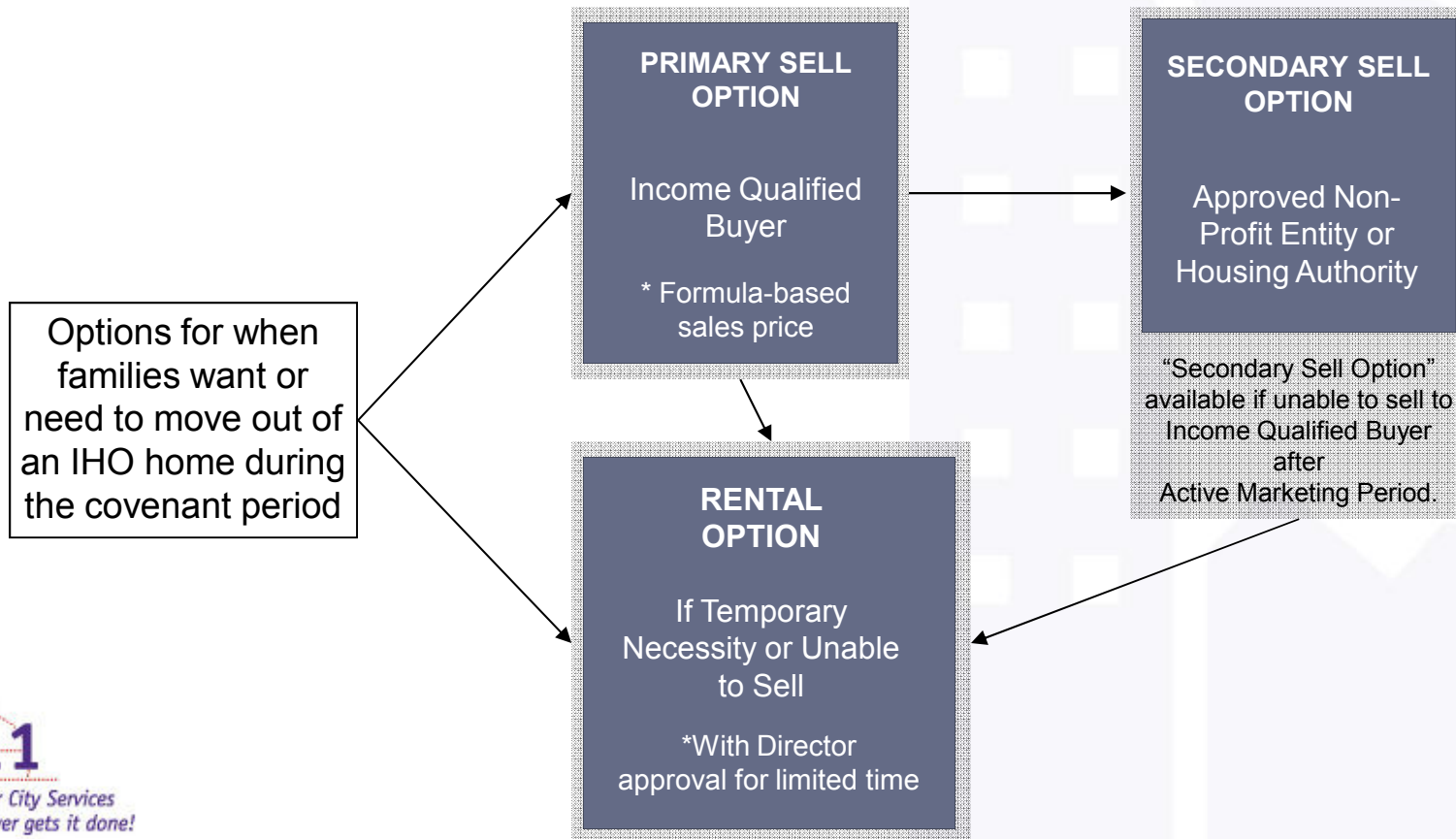
6. Eliminate Restrictions on the Use of the IHO Buyout Funds

Promote high quality mixed-income housing by eliminating where buyout funds can be redeployed

Phase I Options for departing IHO owners

The ability of IHO homeowners to sell their home to subsequent income-qualified buyers will be impacted by the real estate market:

- 1) The prevalence of buyers in the restricted income range who can get financed (whether people can buy at all)
- 2) The price of the unrestricted homes of similar quality/location (whether people can buy unrestricted for similar price)



- This Resale Option would allow homeowners to sell their units to higher income eligible buyers, based on years of actual ownership. **This option preserves the affordable unit, retains a certain amount of affordability and expands the buyer pool.**

Years of Ownership (upon purchase)	Eligible Household AMI @ Resale	EXAMPLE: Household of 2 (2013 Figures)
0-3 years	80% AMI	\$49,800
3-6 years	90% AMI	\$56,070
6-15 years	100% AMI	\$62,300
15+ years	No Restriction	No Restriction

- Sale at market rate with City recapture (not recommended at this time)
- Resale formula (balance between wealth building vs. affordability)
- Predictability vs. Creativity/Flexibility
- Administration

Deliverable #2:

Commission Economic Study to provide economic analysis of actual development costs in different areas of city

- **Outcome: Launching June 2013**
- **\$62, 530 to fund study (\$15,000 OED grant funds, \$3030 OED funds, \$44,500 external donors)**
- **Competitive RFP resulted in contract with EPS**

The Economic Study will include:

Determination of Need

- Housing demand and gap analysis, including 70, 80 and 95% AMI levels, production and loss, and transit overlay

Feasibility Analysis

- Model pro forma evaluating developer costs, impacts of various requirements or variations
- Testing of various incentives to mitigate developer impacts
- Testing geographical/market differences
- Evaluating the administrative resources needed for various options

Policy Recommendations and Alternatives

- Recommendations for IHO
- Information on alternative revenue and/or policy approaches based on inquiries from Councilmembers and stakeholders

Based on results of Economic Study, Discuss Major components of ordinance:

- **Geographic applicability of ordinance or variance in requirements/incentives based on location**
- **Project size/type applicability**
- **Buy-out terms and amounts**
- **Developer incentives**
- **Statutory requirements vs. regulatory flexibility to adjust to changing market**

Other issues to be discussed in Phase II:

- Long term administration of transactions related to ordinance, tracking of units
- Long term policy monitoring, oversight and mechanisms for more frequent adjustment
- Needs or use of IHO Fund based on new economics within ordinance, needs outside of it



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