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## Safety and Well-being Committee Summary Minutes

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**Tuesday, August 05, 2014      1:30 PM      City & County Building, Room 391**

**Committee Members:**    López, Chair; Faatz, Vice-Chair; Brooks; Kniech;  
Lehmann; Susman

**Committee Staff:**      Gretchen Williams

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**Council Members Present:**    Faatz, Kniech, Lehmann, Lopez, Brooks, Susman, Robb, Nevitt,  
Shepherd, Ortega, Herndon

**Members Absent:**      None

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### Presentations

**Safety Employee Commendation - Christopher P. Gray,  
Denver Police Crime Lab**

**Morrison Road and Westwood Neighborhood Initiatives**

*Paul Washington, Executive Director, Office of Economic  
Development*

Paul Washington, Executive Director, Office of Economic Development (OED), presented an overview of the Westwood Revitalization project. The presentation is attached to this meeting.

Westwood is one of the most under-served neighborhoods in the City. In this neighborhood, 45% of the residents are rent burdened; there are only 1.2 acres of park per 1,000 residents; and there is little business diversity. Addressing these challenges aligns with the Mayor's priorities and OED strategies.

Partnering with OED in this initiative are 1) the Urban Land Institute; 2) Colorado Health Foundation; and 3) Community Planning & Development, which is currently

engaged in development of a Westwood Neighborhood Plan.

The Westwood Initiative consists of five projects:

- Cuatro Vientos Park construction (completed Aug. 2014);
- VOA Early Education Center (Fall 2015);
- Thriftway site redevelopment with a community servicing function to be determined (2016);
- Revision, a grocery store/commercial kitchen/food access center (2016); and
- Shady Nook and Belmont trailer park sites redevelopment with affordable housing.

The related action item before the Committee today involves the redevelopment of Shady Nook and Belmont into a 185-unit affordable housing project, which involves relocation of current residents. See below for the discussion and vote on this.

## Bill Requests

**BR14-0597 Approves a contract with St. Charles Holding Company, LLC to utilize \$2 million of the City's Federal Community Development Block Grant funds for 21 years to acquire 4.4 acres of land for construction of 185 affordable housing units on property known as 4406-4407 and 4325-4404 Morrison Road in the Westwood neighborhood in Council District 3.**  
*Paul Washington, Executive Director, Office of Economic Development*

The proposal is to utilize \$2 million in Federal funds, providing those funds to a private developer to acquire the property for redevelopment. Use of Federal funds triggers several requirements, one regarding relocation of current residents. OED is developing a relocation plan, based on the Federal requirement that relocated residents have access to help with a variety of aspects of relocation.

Councilman Lopez said that residents were initially concerned, of course, but after OED explained the relocation help available and other benefits, including the right of first refusal on the new units, many of the residents were more excited about the project.

A motion offered by Councilmember Faatz, duly seconded by Councilmember Susman, to file the bill carried by the following vote:

AYES: Herndon, Faatz, Kniech, Lehmann, Lopez, Brooks, Susman(7)  
NAYS: (None)  
ABSENT: (None)  
ABSTAIN: (None)

**BR14-0625 Proposed amendments to Inclusionary Housing Ordinance (IHO)**

*Councilwoman Robin Kniech*

Councilwoman Kniech presented the proposed amendments to the Inclusionary Housing Ordinance (IHO). National experts in inclusionary housing ordinances and best practices reviewed Denver's current ordinance, and the proposed changes are based on their recommendations.

She explained that she had heard from several private sector developers and housing advocates a sense that the current ordinance is not as successful as it could be. Problems include:

- too many developers are "buying out" of the IHO (55% of projects);
- it would be better to have more affordable units constructed on-site;
- there is a lack of support for those who chose to construct affordable units;
- the City has failed to seriously monitor the results of the ordinance and make any updates, partly due to the strong feelings on both sides of the issue on Council and in the community; and
- the ordinance only produces affordable units at a rate determined by economic conditions.

Councilwoman Kniech said that if this proposal is rejected, we are back to political paralysis. She went through her presentation, which is attached to this meeting, with more explanation about the proposed amendments.

Some of the points made during the presentation were:

- The numbers currently in ordinance (such as the required number of units at various prices based on the buyer's income) would be moved into rules and regulations, providing more flexibility to adjust with economic conditions.
- The ordinance provides the same three options for developers to comply with the ordinance.
- Developers would have more and more flexible, options with which to meet the requirements of the IHO.
- Developers of small to medium sized housing projects would have the option of help on developing a customized plan for their specific site.
- Adoption of the amendments leaves open the possibility for future adjustments and amendments.
- The City's new housing advisory Committee will provide oversight.
- An independent advisor will be funded by the City to help developers work through the options and relate to the City's goals.
- Off-site development of affordable units will continue to be allowed, and with more flexibility regarding proximity to the main project.
- Currently, it is more profitable to 5-8 floor developments to pay cash-in-

lieu rather than build affordable units, but with the proposed changes, these developments can actually be more profitable by building affordable units.

#### Public Speakers:

Ismael Guerrero, Executive Director, Denver Housing Authority, supports the ordinance changes, but the largest obstacle is that we have not dealt with construction defects at the state level.

Chairman Sieku said his organization opposes this plan. It is better than what exists but it does not begin to address the problem. Developers are getting 20-year deals on this.

Andrew Finestein said we do have an affordability problem in this city. His concern is that this tool may not be the best tool; it may be too narrow. We may need to consider other options.

Savara Sullivan, a Whittier Neighborhood resident, suggested lowering the threshold from 30 units; increasing the buy-out from 70% to 75% in high priority neighborhoods; and taking more time to engage with the community.

Susan Powers, of Urban Ventures, a private real estate developer, said of course we should be doing more; but can we be better? In her early projects, the affordable units are occupied by teachers, city employees, nurses – the middle class. There is a pent-up demand for condo and plans for condos. I support the proposal.

Chuck Perry, developer, supports the proposed revisions. We need to strengthen our affordable housing program.

Tom Hart said we need to keep our regional leadership in affordable housing.

Aaron Meri, Urban Land Conservancy, said ULC has over 22 investments in Denver and a strong partnership with the City. ULC is looking for the ability to do affordable housing. Flexibility is a key piece. The proposal is not a panacea, but it is one of the tools we need.

The Committee discussion included the following information and observations:

- The market is cyclical and construction and prices reflect those cycles.
- Office of Economic Development (OED) acknowledges there is a lot of work to do in support of the IHO. A comprehensive study of OED staffing is underway.
- The 5% restriction on administration is not a problem for OED.
- Any proposed off-site location for the required affordable units outside of those identified would go before the housing director for approval.

- The current average cost to construct a 1-bedroom unit in a high rise is in the range of \$200,000 to \$250,000.
- OED uses the standard procedures in the Denver Revised Municipal Code for adopting rules and regulations.
- The proposed third party consultant would attend lots of meetings and review all of the plans. The cost will not be discussed prior to going to the market.
- Providing more flexibility is a key component of the proposed revisions.
- The map showing areas of high need for affordable housing units should be updated every 3 to 5 years.
- Density bonus is difficult under our form-based zoning code. A few zoning districts will allow for a density bonus.
- The current IHO erred on the side of certainty over flexibility; the proposed revisions increase flexibility across the board, which is an improvement over the current "1 size fits all" model.
- Only 9% of the affordable units in Denver are a result of the IHO.

Opinions expressed by Councilmembers included:

- Concerns that adopting the proposed changes to the IHO could be an excuse to not work on a true overhaul of the ordinance.
- The proposed changes would be a first step to improving the ordinance and an opportunity to create more affordable units than the current ordinance.
- Denver is becoming unaffordable for its residents, and we need a way to incentivize more affordable units; these changes will do that.

A motion offered by Councilmember Kniech, duly seconded by Councilmember Brooks, to file the bill carried by the following vote:

AYES: Kniech, Lopez, Brooks(3)  
 NAYS: Herndon, Faatz, Lehmann, Susman(4)  
 ABSENT: (None)  
 ABSTAIN: (None)