

BY AUTHORITY

ORDINANCE NO. _____
SERIES OF 2022

COUNCIL BILL NO. CB22-0426
COMMITTEE OF REFERENCE:

Land Use, Transportation & Infrastructure

A BILL

For an ordinance amending Chapter 27 of the Denver Revised Municipal Code concerning housing, revising provisions related to the linkage fee; repealing incentives for affordable housing; and adopting affordable housing requirements applicable to the creation of new dwelling units.

BE IT ENACTED BY THE COUNCIL OF THE CITY AND COUNTY OF DENVER:

Section 1. That division 2, article V, chapter 27, D.R.M.C. concerning an affordable housing linkage fee is amended by deleting the language stricken and adding the language underlined to read as follows:

Sec. 27-151. Legislative findings and intent.

The city council has determined that Denver is experiencing an unprecedented escalation in housing costs, and thus a critical lack of housing opportunities for households with low or moderate incomes. In recent years, Denver has ranked at or near the top of national reports of U.S. cities in terms of inflation in housing costs. The declining availability of low and moderately priced housing in Denver forces persons employed in the city to either spend a disproportionate percentage of their disposable income on housing, thus sacrificing other necessities of life, or forces them to seek housing opportunities outside the city. Households living outside of the city spend additional time and resources commuting, which leads to stress, increased child-care requirements, and increased air pollution. The extraordinary housing cost increases in Denver are driven, in part, by the pace of population and job growth in the city, resulting in a situation where demand for housing has far outpaced supply, especially for persons who may find jobs in Denver's growing economy but are employed at low or moderate income levels.

The city council has determined that it is in the public interest to address the severe social and economic impacts to the city and its citizens caused by the increasing gap between supply and demand for housing for funding programs designed to preserve and increase the supply of affordable housing available to low and moderate income households. The city council specifically finds that it is appropriate to fund a portion of the

1 costs of such programs from a linkage fee on new development for the following reasons:

2 (a) New residential and nonresidential development is demonstrably
3 associated with the generation of new jobs at various income levels, with the number of
4 jobs associated with any particular development being correlated with the type and size
5 of the development.

6 (b) When jobs at a low or moderate income level are generated as a direct
7 consequence of new nonresidential development, employees receiving such incomes will
8 experience a lack of housing availability and affordability in Denver under current market
9 conditions unless efforts are taken by the city to increase housing opportunities to keep
10 pace with job growth.

11 (c) The city council also specifically finds that job growth associated with new
12 residential development is directly related to the income and spending capacity of the
13 household occupying the residence and that the size of the residence, as measured in
14 gross floor area, correlates with the income and spending capacity of the residents, thus
15 causing a larger residence to drive more job growth and more concomitant secondary
16 housing demand than a smaller residence.

17 (d) For the foregoing reasons, the city council has determined there is a direct
18 nexus between both nonresidential and residential development, job growth, and demand
19 for new housing that is affordable to households with low or moderate incomes.

20 (e) The city council acknowledges that monetary exactions on new
21 development cannot exceed an amount that is justified by the impacts caused by the
22 development. The city council has determined that the fees set forth herein fall far below
23 the amount of revenue that would actually be necessary to meet the demand for new
24 affordable housing driven by the job growth that is associated with new development, and
25 thus these fees do not exceed the applicable standards that define the maximum legally
26 justifiable fee.

27 (f) The city council further acknowledges that the revenue derived from the
28 fees provided herein must be used, not to address the existing gap between supply and
29 demand for affordable housing in the city, but instead to mitigate future increases in the
30 gap caused by new construction which will lead to new employment opportunities in the
31 city, and the increased demand for affordable housing associated with such employment.

32 (g) The city council has determined to set the affordable housing linkage fees
33 set forth herein at a level ~~much~~ lower than those imposed by other cities, in an effort to

1 ensure that the fees do not impair the feasibility of any development project in the city.

2 (h) The foregoing findings are supported by the "Denver Affordable Housing
3 Nexus Study" prepared for the City and County of Denver by David Paul Rosen &
4 Associates and dated September 8, 2016, the contents of which are expressly
5 incorporated herein as a part of the legislative findings of the city council.

6 (i) The linkage fees set forth in division 2 of this article are supported by the
7 "Expanding Housing Affordability: Feasibility Analysis" prepared for the City and County
8 of Denver by Root Policy Research and dated September 28, 2021, the contents of which
9 are expressly incorporated herein as a part of the legislative findings of the city council.

10 (j) The city council has further determined that, since Denver does not impose
11 nearly the range or amount of development impact fees as are imposed by virtually every
12 other municipality throughout the Denver metropolitan area, the fees set forth herein will
13 not place the city at a competitive disadvantage in relation to neighboring jurisdictions in
14 terms of accommodating future population growth and economic development.

15 **Sec. 27-152. Definitions.**

16 The following words and phrases, as used in this division 2, have the following
17 meanings:

18 (a) *Dwelling unit; dwelling, single unit; dwelling, two-unit; and dwelling, multi-*
19 *unit shall have the same meaning as these terms are used in article ~~XI~~ 11 of the Denver*
20 *Zoning Code.*

21 (b) *Gross floor area (GFA) shall have the same meaning as the term is defined*
22 *in ~~article XIII~~ of the Denver Zoning International Building Code, excluding parking garages*
23 *and any other structures or areas used exclusively for the storage or parking of vehicles.*

24 (c) *Primary agricultural uses shall have the same meaning as the term is used*
25 *in article ~~XI~~ 11 of the Denver Zoning Code.*

26 (d) *Primary civic, public and institutional uses shall have the same meaning as*
27 *the term is used in article ~~XI~~ 11 of the Denver Zoning Code.*

28 (e) *Primary commercial sales, services and repair uses shall have the same*
29 *meaning as the term is used in article ~~XI~~ 11 of the Denver Zoning Code.*

30 (f) *Primary industrial, manufacturing and wholesale uses shall have the same*
31 *meaning as the term is used in article ~~XI~~ 11 of the Denver Zoning Code.*

32 (g) *Primary residential use shall have the same meaning as the term is defined*

in article ~~XI~~ 11 of the Denver Zoning Code, and shall be deemed to include any and all primary residential uses and all uses accessory to a primary residential use, except accessory dwelling units, as set forth in article ~~XI~~ 11 of the Denver Zoning Code.

(h) *Structure* shall have the same meaning as the term is defined in article ~~XIII~~ 13 of the Denver Zoning Code, but shall not include any partially enclosed or open structures such as porches, balconies, courtyards, and similar structures.

Sec. 27-153. Imposition of linkage fee.

(a) *In general.* Except as provided in section 27-154, an affordable housing linkage fee shall be imposed prior to the issuance of a building permit for any new structure or for any addition to an existing structure that increases the gross floor area of the existing structure, according to the following fee schedule:

<u>Use Within a Structure</u>	<u>Fee per square foot of GFA</u>			
	<u>Effective</u>	<u>Effective</u>	<u>Effective</u>	<u>Effective</u>
	<u>July 1,</u> <u>2022</u>	<u>July 1,</u> <u>2023</u>	<u>July 1,</u> <u>2024</u>	<u>July 1,</u> <u>2025</u>
<u>Dwelling unit(s) of 1,600 square feet or less of GFA within a single-unit dwelling, two-unit dwelling, or multi-unit dwelling or live/work dwelling of 9 dwelling units or less.</u>	<u>\$1.75</u>	<u>\$2.83</u>	<u>\$3.92</u>	<u>\$5.00</u>
<u>Dwelling unit(s) of more than 1,600 square feet of GFA within a single-unit dwelling, two-unit dwelling, or multi-unit dwelling, or live/work dwelling of 9 dwelling</u>	<u>\$2.50</u>	<u>\$4.33</u>	<u>\$6.17</u>	<u>\$8.00</u>

<u>units or less.</u>				
<u>Any primary residential use other than dwelling units.</u>	<u>\$2.25</u>	<u>\$3.83</u>	<u>\$5.42</u>	<u>\$7.00</u>
<u>Any primary commercial sales, services and repair uses, or any primary civic, public or institutional uses in a typical market area, as typical market area is defined in section 27-219.</u>	<u>\$2.90</u>	<u>\$3.93</u>	<u>\$4.97</u>	<u>\$6.00</u>
<u>Any primary commercial sales, services and repair uses, or any primary civic, public or institutional uses in a high market area, as high market area is defined in section 27-219.</u>	<u>\$3.65</u>	<u>\$5.43</u>	<u>\$7.22</u>	<u>\$9.00</u>
<u>Any primary industrial, manufacturing and wholesale uses, or any primary agricultural uses.</u>	<u>\$0.96</u>	<u>\$1.47</u>	<u>\$1.99</u>	<u>\$2.50</u>

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~~(1) Structures containing any single-unit dwelling, any two-unit dwellings, any multi-unit dwellings designed and regulated under the International Residential Code, or any primary residential use other than the multi-unit~~

1 dwellings provided in paragraph (2): Sixty cents (\$0.60) per square foot of
2 gross floor area.

3 ~~(2) Structures containing multi-unit dwellings designed and regulated under~~
4 ~~the International Building Code: One dollar fifty cents (\$1.50) per square~~
5 ~~foot of gross floor area.~~

6 ~~(3) Structures containing any primary industrial, manufacturing and~~
7 ~~wholesale uses, or any primary agricultural uses: Forty cents (\$0.40) per~~
8 ~~square foot of gross floor area.~~

9 ~~(4) Structures containing any primary commercial sales, services and repair~~
10 ~~uses, or any primary civic, public or institutional uses: One dollar seventy~~
11 ~~cents (\$1.70) per square foot of gross floor area.~~

12 (b) *Mixed use structures; split properties.* When a structure is proposed to be
13 constructed and used for any combination of the uses set forth in subsection (a) of this
14 section, the required linkage fee shall be determined based upon an apportionment of the
15 gross floor area in the structure attributable to each of the proposed uses. When a
16 structure is proposed to be constructed upon any property that is partially subject to either
17 of the exceptions to applicability of the fee as set forth in subsection 27-154(a), ~~or~~ (b), or
18 (k), the required linkage fee shall be applied only to the gross floor area of construction
19 that is physically located outside of the portion of the property to which the exception
20 applies.

21 (c) Voluntary compliance with Mandatory Affordable Housing, Article X,
22 Chapter 27. An applicant for a building permit for any structure that contains dwelling
23 units that would be subject to the payment of the linkage fee may voluntarily comply with
24 Mandatory Affordable Housing, Article X, Chapter 27 rather than pay the required linkage
25 fee.

26 (d) *Modification of existing structures.* The linkage fees imposed by this section
27 shall not be required for the issuance of building permits associated with any
28 improvement, repair, remodeling, tenant finish, or any other modifications to an existing
29 structure unless the modification increases the gross floor area of the structure.

30 (d e) *Annual inflation adjustment; future fee increases.*

31 (1) On July 1, 2026 ~~2018~~, and on each July 1 thereafter, the fees set forth in
32 subsection (a) of this section shall be adjusted in an amount equal to the
33 percentage change from the previous calendar year in the CPI-U. The

1 adjustments will be reflected in a fee schedule issued by the executive
2 director (manager) of the department of community planning and
3 development and made publicly available in advance of the fees
4 becoming effective. The annual inflation adjustment shall apply to and be
5 collected in conjunction with the issuance of any building permit on or after
6 July of the year in which the adjustment is made, regardless of when the
7 application for the building permit was made.

8 (2) As used in subsection (d e), the term "CPI-U" means the United States
9 Department of Labor Statistics (Bureau of Labor Statistics) Consumer
10 Price Index for All Urban Consumers, All items, for the Denver-Aurora-
11 Lakewood Boulder-Greeley, Colorado metropolitan area (1982-84-100). In
12 the event that the CPI-U is substantially changed, renamed, or abandoned
13 by the United States Government, then in its place shall be substituted the
14 index established by the United States Government that most closely
15 resembles the CPI-U, as determined by the executive director of the
16 department of housing stability.

17 (3) Except as provided in paragraph (1) of this section, the fees set forth in
18 this section shall not be increased prior to January 1, 2028 ~~2020~~. On and
19 after January 1, 2028 ~~2020~~, the fees set forth in this section shall not be
20 increased in excess of the inflation adjustments set forth in subsection (2)
21 unless and until the city commissions another study to evaluate whether
22 the fee increase will affect the economic feasibility or any type of
23 development to which the fee increase is proposed to be applied.

24 **Sec. 27-154. Exceptions.**

25 The payment of linkage fees as set forth in section 27-153 shall not be required for
26 the issuance of a building permit under any of the following circumstances:

27 (a) Construction upon any property which is, alone or in combination with other
28 properties, the subject of a contractual commitment or covenant that is dated and properly
29 recorded prior to the imposition of a linkage fee on the first structure on the property and
30 is enforceable by the city to construct affordable housing, including by way of example
31 any development or subdivision agreement which includes an affordable housing
32 covenant and to which the city is a party, any city-approved plan to build moderately

1 priced development units (MPDUs ~~MPUDs~~) under article IV of this chapter 27, any city-
2 approved plan to build affordable units in place of the linkage fee, or an affordable housing
3 plan executed to meet incentive requirements under article VI of this Chapter 27. The
4 exception provided by this subsection (a) shall apply only for so long such contractual
5 commitment or covenant to construct affordable housing remains in effect. Construction
6 upon property that, alone or in combination with other properties, was originally developed
7 under such a contractual commitment or covenant and is substantially proposed for
8 redevelopment shall be subject to payment of linkage fees hereunder unless the
9 redevelopment is governed by a new contractual commitment or covenant to construct
10 affordable housing, or otherwise qualifies for an exception under any other provision of
11 this section.

12 (b) Construction upon any property subject to an obligation as a condition of
13 zoning to provide affordable housing on the property.

14 (c) ~~Affordable housing projects~~ Structures that are constructed with the support
15 of any combination of federal, state or local financial resources, including private activity
16 bonds, tax credits, grants, loans, or other subsidies to incentivize the development of
17 affordable housing, including support from the affordable housing permanent funds
18 created in section 27-150, and that are or will be restricted by law, contract, deed,
19 covenant, or any other legally enforceable instrument to provide housing units ~~only~~ to
20 income-qualified households. This exception shall apply to any housing project financed
21 or constructed by or on behalf of the Denver Housing Authority.

22 (d) Residential dwelling units that are built by any charitable, religious, or other
23 nonprofit entity and deed-restricted to ensure the affordability of the dwelling unit to low
24 and moderate income households.

25 (e) ~~Nonresidential projects~~ Structures that are built by any charitable, religious
26 or other nonprofit entity and that are primarily used to provide, shelter, housing, housing
27 assistance, or related services to low income households or persons experiencing
28 homelessness.

29 (f) Construction by or on behalf of the federal, state or local governments or
30 any department or agency thereof, to the extent any or all of the gross floor area in the
31 structure will be used solely for a governmental or educational purpose.

32 (g) Any structure that is being reconstructed up to the legally established gross
33 floor area due to involuntary demolition or involuntary destruction as defined in article ~~XIII~~

1 13 of the Denver Zoning Code, but which also includes involuntary manmade forces.

2 (h) An addition of four hundred (400) square feet of gross floor area or less to
3 an existing structure containing a single-unit dwelling or a two-unit dwelling.

4 (i) Accessory dwelling units as defined in article ~~X~~ 11 of the Denver Zoning
5 Code.

6 (j) Any gross floor area of a structure containing an education use as defined
7 in article 11 of the Denver Zoning Code, including any student housing operated by an
8 education use.

9 (k) Any gross floor area of a structure containing residential development, as
10 defined in section 27-219, that is subject to Mandatory Affordable Housing, article X of
11 this chapter 27.

12 **Sec. 27-155. ~~Build alternative~~ Reserved.**

13 (a) ~~As an alternative to the linkage fee requirement set forth in section 27-153,~~
14 ~~an applicant for a building permit for any structure subject to the requirements of this~~
15 ~~division 2 may elect to build or cause to be built affordable housing units on the subject~~
16 ~~property or within a one-quarter mile radius of the subject property, with the required~~
17 ~~number of affordable housing units to be determined by the following formulas:~~

18 (1) ~~Structures containing multi-unit dwellings:~~

19 ~~(Gross floor area of structure/1000) × .0168 = number of units~~

20 (2) ~~Structures containing any primary industrial, manufacturing and~~
21 ~~wholesale uses or primary agricultural uses:~~

22 ~~(Gross floor area of structure/1000) × .0054 = number of units~~

23 (3) ~~Structures containing any primary commercial sales, services and repair~~
24 ~~uses or any primary civic, public and institutional uses:~~

25 ~~(Gross floor area of structure/1000) × .0228 = number of units~~

26 (4) ~~Developments consisting of fifty (50) or more single-unit dwellings or two-~~
27 ~~unit dwellings: Number of affordable housing units shall equal two (2)~~
28 ~~percent of the total number of housing units in the development.~~

29 ~~In the event the application formulas set forth in this subsection to a particular~~
30 ~~project creates an obligation to build a fractional housing unit, any fraction of one-half (.5)~~
31 ~~or greater shall be converted into an additional unit.~~

32 (b) ~~Any housing units to be provided under the build alternative shall be~~

1 ~~restricted to households earning eighty (80) percent or less of AMI, as defined in section~~
2 ~~27-150.~~

3 ~~(c) An applicant who chooses to comply with the requirements of this division~~
4 ~~2 through the construction of affordable housing units shall submit to the executive~~
5 ~~director of the department of housing stability sufficient information to enable the director~~
6 ~~to determine that the applicant will construct or cause to be constructed the affordable~~
7 ~~housing units, and enter into a binding agreement with the city to covenant-restrict such~~
8 ~~units in order to ensure their affordability, to stipulate when affordable housing units will~~
9 ~~be built, and to include any other terms of conditions as may be imposed by the executive~~
10 ~~director to enforce the requirements of this section. The executive director may require in~~
11 ~~any such agreement forms of financial security to ensure that the units are built. If the~~
12 ~~executive director approves a build alternative under this section and an agreement is~~
13 ~~executed and recorded, the director shall deliver to the department of community and~~
14 ~~planning and development written notice of such approval and a copy of the agreement.~~
15 ~~Only after the agreement is executed and recorded may any building permits be issued~~
16 ~~for a project for which the applicant has elected to use the build alternative as provided in~~
17 ~~this section.~~

18 **Sec. 27-156. Collection and remittance of linkage fees; reporting.**

19 (a) The responsibility for the calculation and collection of linkage fees shall
20 reside with personnel in the department of community planning and development, and
21 the fees required by this division shall be collected in conjunction with the administration
22 of the city's system for issuing building permits. Any and all linkage fees applicable to a
23 construction project shall be paid in full prior to the issuance of any building permit,
24 excluding the shoring or excavation permit, for that project. For projects such as
25 townhomes where units receive separate building permits, fees shall be assessed on a
26 permit-by-permit basis. All fees collected by the department shall be remitted to the
27 affordable housing linkage fee revenue fund as provided in section 27-150 and used
28 exclusively for the purposes set forth therein.

29 (b) If, after the issuance of a building permit and collection of the applicable
30 linkage fee but before the issuance of a certificate of occupancy, the amount of gross
31 floor area of the construction project increases or a decision is made by the applicant to
32 change the use of the structure to a use category for which a higher linkage fee would be

1 imposed under section 27-153, then the applicant shall be required to pay additional
2 linkage fees in compliance with this division.

3 (c) Any dispute over the applicability or calculation of the linkage fees may be
4 appealed by the applicant for a building permit to the executive director (manager) of the
5 department of community planning and development, who shall determine such appeals
6 in consultation with the executive director of the department of housing stability.

7 (d) Linkage fees previously paid by an applicant at building permit issuance
8 may be refunded from the affordable housing linkage fee revenue fund if it is later
9 determined on appeal or otherwise by the executive director (manager) of community
10 planning and development that the fees were not due and owing under this division, if a
11 decision is made by the applicant after a building permit has been issued to reduce the
12 gross floor area of the construction project or to change the use of the structure to a use
13 category for which a lower linkage fee would be imposed under section 27-153, or if the
14 building permits for the project lapse or are relinquished by the applicant without the
15 project building built. The executive director (manager) of community planning and
16 development shall not be obligated to make any refund under this subsection (d) unless
17 the applicant files a written request for a refund with the executive director within sixty
18 (60) days from the day any grounds for a refund arise.

19 (e) After a building permit has been issued and the applicable linkage fees have
20 been paid, no additional fees shall be required under either of the following
21 circumstances:

22 (1) If the original building permit is cancelled in order to issue a replacement
23 building permit to change the general contractor; or

24 (2) If modified drawings for the construction project are submitted and logged
25 in for review, so long as the modified drawings do not increase the overall
26 gross floor area of the project.

27 (f) The departments of community planning and development and housing
28 stability shall provide a publicly available online resources to report on linkage fee funds
29 collected, how linkage fee funds were spent, and approved reductions and waivers as
30 enabled in section 27-157.

31 **Sec. 27-157. Reductions and waivers.**

32 (a) The executive director of the department of housing stability may reduce or

1 waive the amount of linkage fees that would otherwise be imposed upon a specific
2 development under section 27-153 if the applicant for a reduction or waiver demonstrates
3 that the required amount of fees exceeds the amount that would be needed to mitigate
4 the actual demand for affordable housing created by the development. An application for
5 such a reduction or waiver shall include information showing the reduced affordable
6 housing impacts created by the development, based upon the actual characteristics of
7 the development including, for example:

- 8 (1) The unique characteristics and space utilization of the workforce that will
9 occupy a nonresidential development and the demand of that particular
10 workforce for affordable housing;
- 11 (2) A nonresidential development that will involve a structure built for and
12 suitable solely for a specific use involving few or no employees; or
- 13 (3) The unique characteristics of the residents who will occupy a residential
14 development, and the likelihood those particular residents, due to their
15 disposable household income or projected spending patterns, will not
16 drive additional employment requiring additional affordable housing.

17 (b) The executive director shall promptly notify in writing the executive director
18 (manager) of the department of community planning and development of any reduction
19 or waiver or linkage fees granted under the authority of this section.

20 (c) If the requested reduction or waiver has not been approved or denied by
21 the time of building permit issuance, then the applicant for a reduction or waiver request
22 may pay the linkage fees in accordance with section 27-153. If a reduction or waiver is
23 approved by the executive director after payment of linkage fees, or later determined on
24 appeal, then the appropriate amount of linkage fees already paid by the applicant will be
25 refunded.

26 **Sec. 27-157.5. Regulations.**

27 The director of the department of housing stability and the director of the
28 department of community planning and development may cooperatively adopt rules
29 and regulations to administer this division.

30 **Section 2.** That Article VI of Chapter 27 of the Denver Revised Municipal Code entitled
31 Incentives for Affordable Housing and relating to allowed height incentives for the production of

1 affordable housing or payment of linkage fees above standard requirements is hereby repealed.

2 **Section 3.** That Chapter 27 of the Denver Revised Municipal Code shall be amended by the
3 addition of a new Article X, to read as follows:

4 **ARTICLE X. MANDATORY AFFORDABLE HOUSING**

5 **Division 1. General**

6 **Sec. 27-217. Legislative findings.**

7 The city council hereby finds that a severe housing problem continues to exist
8 within Denver with respect to the supply of housing relative to the need for affordable
9 housing. Specifically, the city council finds that:

10 (a) Demographics and analyses of new housing indicate that a large majority
11 of private development is geared toward high-priced housing development and does not
12 serve households earning less than one hundred percent (100%) of area median income;

13 (b) Development trends produce high-priced housing which does not serve a
14 large segment of the population and limits housing available to low- and moderate-income
15 households, thus failing to implement the housing goals of the HOST Strategic Plan,
16 Comprehensive Plan 2040, and Blueprint Denver, calling for a city that is equitable,
17 affordable, and inclusive;

18 (c) Market forces, including continued population growth and unmet demand
19 for new housing, result in highly priced housing, and a lack of economic incentive for
20 developers to offer a more diversified price range of housing, and therefore such housing
21 is not being created at a level that meets current demand;

22 (d) Rapid regional growth and a strong housing demand have combined to
23 make land and construction costs higher, limiting the areas where affordable housing is
24 located;

25 (e) Incomes of Denver’s growing workforce has not kept pace with this rapid
26 and significant increase in the cost of housing in Denver;

27 (f) Ensuring a mix of incomes and access to homeownership and rental
28 housing opportunities for low- and moderate-income households are high priorities for the
29 city, and therefore the city has a strong interest in ensuring that the city’s limited supply
30 of developable land provides housing opportunities for all incomes of the workforce;

31 (g) Land in Denver is highly limited and without a program requiring affordable
32 housing to be built, it is unlikely based on current trends, new development will create

1 affordable housing, leaving Denver residents without sufficient affordable housing;

2 (h) Naturally occurring affordable housing, which is housing that may rent or
3 sell at an affordable rate without affordability restrictions, has declined significantly in
4 recent years thereby necessitating a program to assist in the development of affordable
5 housing;

6 (i) The city has deployed multiple funding strategies and programs which are
7 successful in creating new affordable housing, but not at a pace sufficient to meet the
8 growing demand of the workforce; and

9 (j) Providing incentives to new development will improve the economic
10 feasibility of providing a minimal percentage of affordable housing units as an integral part
11 of new residential developments.

12 **Sec. 27-218. Declaration of public policy.**

13 The city council hereby declares it to be the public policy of the city to:

14 (a) Exercise the authority granted to the city pursuant to HB 21-1117 to regulate
15 development in order to promote the construction of new affordable housing units;

16 (b) In compliance with HB 21-1117, the city has demonstrated the following
17 actions to increase the overall number and density of housing units within the city:

- 18 (1) Changing its zoning regulations to increase the number of housing units
19 allowed on a particular site;
- 20 (2) Promoting mixed-use zoning that permits housing units be incorporated in
21 a wider range of developments;
- 22 (3) In certain zones, permitting more than one dwelling unit per lot in
23 traditional single-family lots;
- 24 (4) Increasing the permitted household size in single-family homes;
- 25 (5) Promoting denser housing development near transit stations and places
26 of employment;
- 27 (6) Granting reduced parking requirements to residential or mixed-use
28 developments that include housing near transit stations or affordable
29 housing development;
- 30 (7) Granting density bonuses to development projects that incorporate
31 affordable housing units;
- 32 (8) Materially reducing or eliminating certain utility charges, regulatory fees,

1 or taxes imposed by the city applicable to affordable housing units; and
2 (9) Granting affordable housing development material regulatory relief from
3 any type of zoning or land development regulations that would ordinarily
4 restrict the density of new development.

5 (c) Encourage the construction of new affordable housing units alongside
6 market rate housing units within mixed income residential developments by offering
7 incentives to increase the overall supply and availability of housing;

8 (d) Provide property owners or land developers with alternatives to the
9 construction of new affordable housing units as required by HB 21-1117;

10 (e) Implement the comprehensive plan goal to create a Denver that's equitable,
11 affordable, and inclusive;

12 (f) Increase the availability of additional low- and moderate-income housing to
13 address existing and anticipated future housing needs of the workforce in Denver and the
14 unmet needs of residents in Denver; and

15 (g) Ensure diverse housing options continue to be available for households
16 earning at or below the area median income.

17 **Sec. 27-219. Definitions.**

18 The following words and phrases, as used in this article, have the following
19 meanings:

20 (a) *AMI or area median income* means the median income for the Denver
21 metropolitan area, adjusted for household size, as calculated by the U.S. Department of
22 Housing and Urban Development.

23 (b) *Affordable housing plan* means a plan approved by the executive director
24 of the department of housing stability outlining the number and type of income restricted
25 units to be provided when an applicant elects to build income restricted units on-site as
26 required by this article.

27 (c) *Affordable housing project* means a residential rental or ownership
28 development in which the number of affordable units for that project is at least equal to
29 the number and affordability level of IRUs otherwise required under sec. 27-224(c).

30 (d) *Applicant* means any person, firm, partnership, association, joint venture,
31 corporation, or any other entity or combination of entities, or affiliated entities and any
32 transferee of all or part of the real property at one location that submits an application for

1 a project that would provide a total of ten (10) or more new dwelling units at one location
2 in Denver.

3 (e) *At one location* means all real property under common ownership or control
4 by the applicant if:

5 (1) The properties are contiguous at any point;

6 (2) The properties are separated only by a public or private right-of-way or
7 utility corridor right-of-way, at any point; or

8 (3) The properties are separated only by other real property owned by the
9 applicant which is not subject to this article at the time of any building
10 permit(s), site development plan, subdivision, or other zoning
11 development application by the applicant.

12 (f) *Building permit* means any residential or commercial construction permit
13 issued for the construction of any structure, foundation and/or superstructure or any
14 similar term used to issue permits for such work as the terminology may be modified by
15 the department of community planning and development. A building permit does not
16 include permits for shoring or excavation and any associated permits for such work as
17 electrical, mechanical, plumbing or similar permits.

18 (g) *Comprehensive plan* means the Denver Comprehensive Plan 2040 or its
19 successor.

20 (h) *CPI-U or Consumer Price Index* means the United States Department of
21 Labor Statistics (Bureau of Labor Statistics) Consumer Price Index for All Urban
22 Consumers, All items, for the Denver-Aurora-Lakewood Colorado area (1982-84=100).
23 In the event that the CPI-U is substantially changed, renamed, or abandoned by the
24 United States Government, then in its place shall be substituted the index established by
25 the United States Government that most closely resembles the CPI-U, as determined by
26 the executive director of the department of housing stability.

27 (i) *Director* means the executive director of HOST or executive director's
28 designee.

29 (j) *Dwelling unit* shall have the same meaning as defined in article 11 of the
30 Denver Zoning Code.

31 (k) *Eligible household* means (i) a household whose income qualifies them to
32 rent or purchase an IRU and who holds a valid verification of eligibility from HOST; and
33 (ii) nonprofit organizations designated by the director and governmental or quasi-

1 governmental bodies who rent or purchase an IRU for the purpose of renting or selling an
2 IRU to a household whose income qualifies them to rent or purchase the IRU.

3 (l) *High market area* means census tracts in the City and County of Denver
4 with the highest land values compared to the citywide median land value. Classification
5 of high market areas shall be periodically updated as set forth in the rules and regulations.

6 (m) *High impact development* means any combination of residential, non-
7 residential, or mixed-use structures that are built as a part of a development where the
8 development:

9 (1) Will be built on ten (10) or more acres; or

10 (2) Is using a city-approved financing tool, such as tax increment financing or
11 a metropolitan district.

12 (n) *HOST* means the department of housing stability of the City and County of
13 Denver or its successor.

14 (o) *HOST strategic plan* means the three- to five-year strategic plan or its
15 successor as required by section 27-164(a).

16 (p) *IRU or income-restricted unit* means a dwelling unit required by this article
17 required to be affordable as set forth in this article.

18 (q) *On-site* means at the same location of a residential development.

19 (r) *Ownership development* means a residential development where dwelling
20 units are offered for sale.

21 (s) *Rental development* means a residential development where dwelling units
22 are offered for rent.

23 (t) *Residential development* means any project that would create ten (10) or
24 more new dwelling units at one location by (i) the construction or alteration of structures
25 or (ii) the conversion of a use within an existing structure to a residential use from any
26 other non-residential use. If a project has both residential and non-residential uses, the
27 residential portion of a project shall be considered a residential development if it would
28 create ten (10) or more new dwelling units.

29 (u) *Typical market area* means census tracts in the City and County of Denver
30 that are not identified as high market areas. Classification of typical market areas shall be
31 periodically updated as set forth in the rules and regulations.

32 (v) *Townhouse* shall have the same meaning as defined in the International
33 Residential Code (IRC).

1 **Sec. 27-220. Special revenue fund.**

2 (a) The director shall use the Mandatory Affordable Housing Special Revenue
3 Fund for the primary purpose of offsetting the costs of the building permit fee reduction
4 incentive provided in section 27-224. Any amounts in the special revenue fund remaining
5 after offsetting such costs shall then be used for the following purposes, with prioritization
6 being given to utilize such funds generated from areas vulnerable to displacement in
7 areas vulnerable to displacement:

- 8 (1) For the production or preservation of rental housing, including the funding
9 of rental assistance programs, for qualified households earning eighty
10 percent (80%) or less of AMI.
- 11 (2) For the production or preservation of for-sale housing for qualified
12 households earning one hundred percent (100%) or less of AMI.
- 13 (3) For homebuyer assistance programs, including by way of example, down
14 payment and mortgage assistance programs, for qualified households
15 earning one hundred twenty percent (120%) or less of AMI.

16 (b) As used in this section, “areas vulnerable to displacement” means
17 neighborhoods identified as meeting all three (3) indicators as defined in Appendix C- Key
18 Equity Concepts Methodology of Blueprint Denver, a supplement to the comprehensive
19 plan. In the event that the methodology or data source is substantially changed, renamed,
20 or abandoned by community planning and development, then in its place shall be
21 substituted a methodology that most closely resembles the original intent as determined
22 by the executive director of the department of community planning and development.

23 (c) *Cap on administrative costs.* Monies in the Mandatory Affordable Housing
24 Special Revenue Fund may be expended to pay the costs incurred by the city associated
25 directly with the administration of this fund; provided, however, in no event shall the
26 amount expended from the special revenue fund for such administrative expenses in any
27 year exceed the greater of eight percent (8%) of the balance in the fund on January 1 of
28 each year or five hundred thousand dollars (\$500,000.00).

29 (d) *Fund earnings.* Any interest on any balance in the Mandatory Affordable
30 Housing Special Revenue Fund shall accrue to this fund.

31 (e) *Administration of fund.* The Mandatory Affordable Housing Special
32 Revenue Fund shall be administered by the director.

1 **Division 2. Mandatory affordable housing for residential developments**

2 **Sec. 27-221. Applicability.**

3 (a) This division is applicable to all residential developments. If a residential
4 development project provides both residential and non-residential uses, this division shall
5 be applicable to the residential development portion of the project and the portion of the
6 project that is not a residential development shall be subject to Chapter 27, Article V,
7 Division 2.

8 (b) In determining whether a residential development contains the applicable
9 total number of dwelling units for the purpose of applying this article, all real property at
10 one location within Denver under common ownership or control of the applicant, including
11 real property owned or controlled by separate entities in which any person or family of an
12 applicant owns ten percent (10%) or more of the ownership interest shall be included. An
13 applicant shall not avoid this article by submitting piecemeal applications or approval
14 requests for subdivision plats, site development plans, zone lot amendments, or building
15 permits. Any applicant may submit a development proposal that intends construction of
16 dwelling units, including applications for subdivision plats, site development plans, zone
17 lot amendments, or building permits, for less than the applicable number of dwelling units
18 at any time; but the applicant shall agree in writing that upon the next such application or
19 request the applicant will comply with this article when the total number of dwelling units
20 at one location has reached the applicable number of dwelling units.

21 **Sec. 27-222. Exceptions.**

22 Compliance with this division shall not be required for a residential development
23 under any of the following circumstances:

24 (a) Construction upon any property which is, alone or in combination with other
25 properties, the subject of a contractual commitment or covenant that is properly recorded
26 and is enforceable by the city to construct affordable housing, including by way of example
27 any development or subdivision agreement which includes an affordable housing
28 covenant and to which the city is a party, any city-approved plan to build moderately
29 priced development units (MPDUs) under article IV of this chapter 27, any city-approved
30 plan to build affordable units in place of the linkage fee, or an affordable housing plan
31 executed to meet incentive requirements under former article VI of this chapter 27. The
32 exception provided by this subsection (a) shall apply only for so long as such contractual

1 commitment or covenant to construct affordable housing remains in effect. Construction
2 upon property that, alone or in combination with other properties, was originally developed
3 under such a contractual commitment or covenant and is substantially proposed for
4 redevelopment shall be subject to the requirements of this section here under unless the
5 redevelopment is governed by a new contractual commitment or covenant to construct
6 affordable housing, or otherwise qualifies for an exception under any other provision of
7 this section.

8 (b) Construction upon any property subject to an obligation as a condition of
9 zoning to provide affordable housing on the property.

10 (c) Affordable housing projects that are or will be restricted by law, contract,
11 deed, covenant, or any other legally enforceable instrument.

12 (d) Residential developments that are built by any charitable, religious, or other
13 nonprofit entity and deed restricted to ensure the affordability of the dwelling units to low-
14 and moderate-income households.

15 (e) Any structure that contained a residential development that is being
16 reconstructed up to the legally established gross floor area due to involuntary demolition
17 or involuntary destruction as defined in article 13 of the Denver Zoning Code, but which
18 also includes involuntary man-made forces.

19 (f) Projects that are high impact developments, which shall instead be required
20 to comply with division 3.

21 **Sec. 27-223. Compliance requirements.**

22 An applicant may satisfy its requirement under this division by:

23 (a) Providing IRUs on-site of the residential development as set forth in section
24 27-224; or

25 (b) Making a payment of the fee-in-lieu as set forth in section 27-225; or

26 (c) Entering into a negotiated alternative as set forth in section 27-226.

27 **Sec. 27-224. On-site compliance requirements.**

28 (a) Base On-Site Compliance. Applicants electing to provide income restricted
29 units on-site may satisfy its requirements by providing the number of IRUs at the income-
30 restricted levels in accordance with the options set forth below, as the applicant may
31 choose, as follows:

Market Area	Applicant Compliance Options	Minimum percent of total dwelling units to be IRUs	Maximum AMI for eligible households	
High Market Area	H-1B	10% of total dwelling units	Rental developments: 60% of AMI	Ownership developments: 80% of AMI
	H-2B	15% of total dwelling units	Rental developments: An effective average of 70% of AMI	Ownership developments: An effective average of 90% of AMI
Typical Market Area	T-1B	8% of total dwelling units	Rental developments: 60% of AMI	Ownership developments: 80% of AMI
	T-2B	12% of total dwelling units	Rental developments: An effective average of 70% of AMI	Ownership developments: An effective average of 90% of AMI

(b) Base Incentives for On-Site Compliance.

(1) To promote the construction of on-site IRUs, an applicant providing IRUs on-site pursuant to the requirements in subsection (a) is eligible for the following incentives for the applicable residential development:

a. *Permit Fee Reduction.* An applicant will receive a building permit fee reduction of six thousand five hundred dollars (\$6,500.00.00) per IRU in a typical market area and ten thousand dollars (\$10,000.00) per IRU in a high market area. The building permit fee reduction shall not exceed fifty percent (50%) of the total building permit fee.

b. Reduced minimum vehicle parking required by the Denver Zoning Code. An applicant may utilize the alternative minimum vehicle parking

ratios allowed in article 10 of the Denver Zoning Code.

c. Commercial, sales service and repair street level exemption to linkage fee. An applicant may receive an exemption from the requirement to pay a linkage fee for the gross floor area of a primary commercial sales, services, and repair use located on the street level of a structure. As used in this subsection, the terms “primary commercial sales, services, and repair use” shall have the same meaning as the term is defined in article 11 of the Denver Zoning Code and “Street level” shall have the same meaning as the term is defined in article 13 of the Denver Zoning Code.

(2) Notwithstanding the applicability of this division, any residential development that is exempt pursuant to section 27-222(c) or (d) may receive the base incentives set forth in this section.

(c) Enhanced On-site Compliance; Incentives.

(1) Enhanced Incentives. To increase the overall supply of housing and encourage applicants to provide on-site IRUs in excess of the base requirements specified in subsection (a), an applicant is eligible for the incentives set forth in a. through c. of this subsection if the applicant provides IRUs as follows:

Market Area	Applicant Compliance Option	Minimum percent of total dwelling units to be IRUs	Maximum AMI for eligible households	
High Market Area	H-1E	12% of total dwelling units	Rental developments: 60% of AMI	Ownership developments: 80% of AMI
	H-2E	18% of total dwelling units	Rental developments: An effective average of 70% of AMI	Ownership developments: An effective average of 90% of AMI
Typical	T-1E	10% of total	Rental	Ownership

Market Area		dwelling units	developments: 60% of AMI	developments: 80% of AMI
	T-2E	15% of total dwelling units	Rental developments: An effective average of 70% of AMI	Ownership developments: An effective average of 90% of AMI

1 a. Access to Base Incentives. An applicant is eligible for the base
2 incentives for on-site compliance set forth in section 27-224(b)(1).

3 b. Height and Floor Area Increase. A residential development shall be
4 entitled to an increase in building height and floor area ratio in accordance
5 with the provisions set forth in article 10 of the Denver Zoning Code.

6 c. Vehicle Parking Exemption. A residential development shall be
7 entitled to a vehicle parking exemption in accordance with the provisions
8 set forth in article 10 of the Denver Zoning Code.

9 (2) Notwithstanding the applicability of this division, any residential
10 development that is exempt pursuant to section 27-222(c) or (d) may
11 receive the enhanced incentives set forth in this subsection if the
12 residential development provides the percentage of IRUs specified in
13 subsection (c)(1).

14 (d) Affordable Housing Plan Submission. An applicant who chooses to provide
15 IRUs on-site pursuant to this section shall submit an affordable housing plan to HOST.
16 The affordable housing plan must be submitted in conjunction with the formal site
17 development plan or, if no site development plan is required, at time of the applicable
18 permit application. The director shall review the proposed affordable housing plan for
19 consistency with the requirements of this article prior to approval of the site development
20 plan or applicable permit. The director shall approve, approve with conditions, or reject
21 the affordable housing plan. A site development plan or applicable permit may not be
22 approved until an affordable housing plan is approved by the director.

23 (e) Covenant Restriction. Residential developments, specific IRUs, or both,
24 shall carry deed restrictions, restrictive covenants, or other forms of affordability
25 restrictions, in the form approved by the director. No temporary or final certificate of

1 occupancy shall be issued until a deed restriction, restrictive covenant, or other form of
2 affordability restriction is recorded in the real property records of the Clerk and Recorder
3 for the City and County of Denver and encumbers the residential development or IRUs,
4 as applicable.

5 (f) Minimum Standards and Requirements for On-Site IRUs.

- 6 (1) Length of affordability. IRUs must be maintained as affordable for a
7 minimum term of ninety-nine (99) years.
- 8 (2) IRUs must be (i) functionally equivalent in construction and appearance
9 to other dwelling units at the residential development; (ii) interspersed
10 among other dwelling units at the residential development; (iii)
11 proportionate to the number of bedrooms of the other dwelling units at the
12 residential development; and (iv) compliant with all rules and regulations
13 adopted by the director.
- 14 (3) IRUs in rental developments must be made affordable to and occupied by
15 eligible households whose incomes are at or below the applicable AMI
16 limit.
- 17 (4) IRUs in ownership developments must be made available for purchase at
18 an affordable price to eligible households whose incomes are at or below
19 the applicable AMI limit.
- 20 (5) The City may require an eligible household that purchases an IRU in an
21 ownership development to record a performance deed of trust or a lien on
22 the IRU.
- 23 (6) The AMI limit associated with each IRU will be identified as a part of the
24 affordable housing plan and will remain subject to such limitation for the
25 duration of the term of affordability.

26 (g) Rounding. In calculating the number of on-site IRUs required pursuant this
27 section, rounding shall be used such that five-tenths (0.5) or greater shall result in
28 requiring that a whole unit shall be produced; provided, however, that at least one (1) unit
29 shall be provided if the calculation results in less than five-tenths (0.5). By way of example,
30 if a requirement is for 8.3 IRUs, the number of on-site IRUs would be eight (8).
31 Alternatively, if a requirement is for 8.7 IRUs, the number of on-site IRUs would be nine
32 (9).

33 (h) Effective Average. For applicants selecting to meet compliance options H-

2B, T-2B, H-2E or T-2E, applicants may elect to serve eligible households earning eighty percent (80%) or less of AMI for rental developments and one hundred percent (100%) or less of AMI for ownership developments, so long as the average AMI for all on-site IRUs remains at seventy percent (70%) of AMI for rental developments and ninety percent (90%) of AMI for ownership developments.

Sec. 27-225. Alternative compliance – fee-in-lieu.

(a) An applicant may satisfy its requirements under this division by making a fee-in-lieu payment that will be deposited in the Mandatory Affordable Housing Revenue Fund.

(b) Fee-in-Lieu Calculation

(1) *Calculation of Fee-in-Lieu.* The fee-in-lieu shall be calculated pursuant to the table below by multiplying the number of IRUs that would be required by the fee per IRU:

Market Area	Percent of IRUs to be used for the fee calculation	Development Type	Fee per IRU required
High Market Area	10% of total dwelling units	Rental development	\$311,000.00
		Ownership development	\$478,000.00
Typical Market Area	8% of total dwelling units	Townhouses	\$250,000.00
		Ownership development, dwelling units other than townhouses	\$408,000.00
		Rental development of one to seven stories	\$250,000.00
		Rental development of eight or more stories	\$295,000.00

(2) Rounding. In calculating the fee to be paid pursuant this section, rounding shall be used such that five-tenths (0.5) or greater shall result in requiring that a whole unit shall be produced; provided, however, that a unit of one (1) IRU shall be used if the calculation results in less than five tenths (0.5).

1 By way of example, if a calculation results in 8.3 IRUs, the fee per IRU
2 required would be multiplied by eight (8). Alternatively, if a calculation
3 results in 8.7 IRUs, the fee per IRU required would be multiplied by nine
4 (9).

5 (c) Remittance and Collection of Payment. The calculation and collection of
6 the fees-in-lieu shall be the responsibility of the department of community planning and
7 development. Fees-in-lieu shall be collected in conjunction with the administration of the
8 city's system for issuing building permits. Any and all fees-in-lieu applicable to a project
9 shall be paid in full prior to the issuance of any building permit, excluding the shoring or
10 excavation permit, for the project.

11 (d) CPI-U Adjustment. On July 1, 2023, and annually thereafter, the amounts
12 set forth in subsection (b)(1) in the Fee per IRU required column shall be adjusted in an
13 amount equal to the percentage change from the previous calendar year's CPI-U. The
14 adjustments will be reflected in a fee-in-lieu schedule issued by the director of the
15 department of community planning and development and be made publicly available in
16 advance of the fees becoming effective. The annual inflation adjustment shall apply to
17 and be collected in conjunction with the issuance of any building permit on or after July
18 1st of the year in which the adjustment is made, regardless of when the application for
19 the building permit was made.

20 **Sec. 27-226. Alternative compliance – negotiated alternatives.**

21 (a) An applicant may propose an alternative manner to satisfy its requirements
22 under this division. The proposed negotiated alternative must be submitted in conjunction
23 with the formal site development plan or, if no site development plan is required, at time
24 of the applicable permit application. The applicant shall demonstrate how the proposed
25 negotiated alternative provides outcomes that better support the goals of the HOST
26 strategic plan, comprehensive plan goals, and any small area plan applicable to the
27 residential development. The director, in consultation with the director of the department
28 of community planning and development, shall review the proposed negotiated alternative
29 and approve, approve with conditions, or reject the negotiated alternative. Each
30 negotiated alternative shall contain information as set forth below and in any rules and
31 regulations adopted pursuant to this article, a statement that the terms of the negotiated
32 alternative will bind the applicant and will run with the land upon approval of the director

1 and recording with the clerk and recorder of the City and County of Denver.

2 (b) A negotiated alternative may include a combination of one or more of, but
3 not be limited to, the following:

- 4 (1) The dedication of land for the provision of affordable housing. At a
5 minimum, the market value of the land to be dedicated must exceed the
6 total fee-in-lieu required for the residential development and must have
7 zoning entitlement in place to enable for the provision of affordable
8 housing.
- 9 (2) An affordable housing plan to provide fewer IRUs on-site but at a greater
10 depth of affordability. In any such negotiated alternative, at a minimum,
11 the total percent of IRUs shall not be less than five percent (5%) of total
12 dwelling units and the majority of IRUs must serve households earning
13 fifty percent (50%) of area median income or less.
- 14 (3) An affordable housing plan that would provide fewer IRUs on-site but the
15 IRUs would have a greater number of bedrooms than would otherwise be
16 required. In any such negotiated alternative, at a minimum, the total
17 percent of IRUs shall not be less than five percent (5%) of total dwelling
18 units and the majority of IRUs must be two (2), three (3), or four (4)
19 bedroom units. The development must also contain family-friendly
20 services and amenities. Amenities may include, but are not limited to,
21 child-care; play area; community garden; and other on-site amenities to
22 serve families.
- 23 (4) An agreement to provide off-site IRUs concurrently with the construction
24 of the residential development within the same statistical neighborhood or
25 a ¼ mile radius of the site. In any such negotiated alternative, the total
26 percent of IRUs that must be provided for the residential development
27 accessing this option shall not be less than the enhanced on-site
28 compliance standards requirements for both properties set forth in the
29 section 27-224(c).

30 (c) An applicant is eligible for the base incentives for on-site compliance set
31 forth in section 27-224(b)(1) when the residential development is providing IRUs on-site.

32 (d) The provisions of section 27-224(e) and (f) are applicable to any IRUs that
33 are provided on-site of the residential development.

1 **Division 3. High impact developments**

2 **Sec. 27-228. Applicability.** This division shall apply to all high impact developments.

3 **Sec 27-229. High impact developments.**

4 (a) Owners or developers of a high impact development must submit to HOST
5 a high impact development compliance plan that demonstrates how it will satisfy the intent
6 and purposes of division 2 of this article and Chapter 27, Article V, Division 2.

7 (1) The high impact development compliance plan shall demonstrate how the
8 proposed development meets or exceeds the relevant standards set forth
9 in this article; Chapter 27, Article V, Division 2; and the goals of the HOST
10 strategic plan, comprehensive plan goals, and any small area plan
11 applicable to the area of high impact development.

12 (2) The owner or developer must provide to HOST documentation detailing
13 outreach to the surrounding community, including but not limited to the
14 organizations and individuals engaged, and how the proposed high impact
15 development compliance plan is responsive to the conducted community
16 outreach.

17 (3) The high impact development compliance plan may include a combination
18 of one or more of, but not be limited to, the following:

19 a. A plan to provide IRUs within the area of high impact development
20 sufficient to meet or exceed one of the compliance options set forth in
21 section 27-224(c).

22 b. The dedication of land within the area of the high impact
23 development for the provision of affordable housing. In any such case, at
24 a minimum, the land dedicated must be of sufficient size and have zoning
25 entitlement in place to reasonably produce IRUs sufficient to meet the
26 compliance requirements set forth in section 27-224(c).

27 c. A plan to provide IRUs within the area of high impact development
28 at a greater depth of affordability than the compliance requirements set
29 forth in section 27-224(c). In any such case, at a minimum, the total
30 percent of IRUs provided in the high impact area shall not be less than
31 eight percent (8%) of total dwelling units and the majority of IRUs must
32 serve households earning fifty percent (50%) of area median income or

1 less.

2 d. A plan to provide IRUs within the area of high impact development
3 specifically designed to meet the needs of families and larger households.
4 In any such case, at a minimum, the total percent of IRUs provided in the
5 high impact development area shall not be less than eight percent (8%) of
6 total dwelling units and the majority of IRUs must include two (2), three
7 (3), or four (4) bedrooms. The development must also contain family-
8 friendly services and amenities. Amenities may include, but are not limited
9 to, child-care; play area; community garden; and other on-site amenities
10 to serve families.

11 (4) The director may grant access to the base incentives for on-site
12 compliance set forth in section 27-224(b)(1) when the project is providing
13 IRUs within the area of high impact development.

14 (5) The director may grant access to the enhanced incentives for on-site
15 compliance set forth in section 27-224(c)(1) if the high impact
16 development compliance plan proportionally meets or exceeds the on-site
17 IRU requirements set forth in section 27-224(c).

18 (b) The director may waive the application of this division if the applicant
19 requests such a waiver and demonstrates that circumstances unique to the proposed
20 development limit or eliminate the practical application of this division. In such a case,
21 the high impact development would instead be subject to the requirements of Division 2
22 of this article and Chapter 27, Article V, Division 2, as applicable.

23 (c) The director shall review the high impact compliance plan and approve,
24 approve with conditions, or reject the high impact development compliance plan. The
25 director shall collaborate with the Denver Urban Renewal Authority when reviewing the
26 compliance plan for a high impact development leveraging tax increment financing. The
27 approved high impact development compliance plan shall result in an agreement to be
28 signed by the owner or owners of the entire subject property, or the authorized agent of
29 the owner or owners in advance of City Council approval of city financing tools, if
30 applicable, and shall be recorded with the clerk and recorder of the City and County of
31 Denver.

32 (d) For all high impact development compliance plans required under this
33 section, no building permits shall be approved or issued for any structure within a high

1 impact development area until the high impact development compliance plan is approved,
2 executed, and recorded.

3 **Division 4. Regulations, enforcement, and reporting.**

4 **Sec. 27-230. Regulations, enforcement, and reporting.**

5 (a) The director of the department of housing stability and the director of
6 community planning and development may cooperatively adopt rules and regulations to
7 administer this article.

8 (b) Any violation of this article or rules and regulations adopted hereunder is
9 subject to the penalties described under section § 1-13(e). Pursuant to section 1-13(e),
10 the city may impose a civil fine on applicants in an amount up to one hundred fifty percent
11 (150%) of the value of the IRU required but not provided.

12 (c) The director may take legal action to enjoin or void any transfer of an IRU if
13 any party to the transfer does not comply with all requirements of this article or the rules
14 and regulations promulgated hereunder. The director may recover any funds improperly
15 obtained from any sale or rental of an IRU in violation of this article.

16 (d) The department of housing stability shall have the authority to enforce the
17 affordability requirements imposed on IRUs.

18 (e) The departments of community planning and development and housing
19 stability shall provide a publicly available online resources to report on the outcomes of
20 this article, including but not limited to number and types of units created, fee-in-lieu fund
21 revenues, and spending allocations.

22 Secs. 27-231 through -239. **Reserved.**

23 **Section 4. Effective date.**

24 (a) Except as otherwise provided herein, this ordinance shall be effective on
25 July 1, 2022.

26 (b) The amendments to chapter 27, D.R.M.C, enacted in this ordinance shall
27 not apply to any applicant under the following circumstances and an applicant shall be
28 subject to the provisions of chapter 27, D.R.M.C. in effect as of June 30, 2022:

- 29 (1) An applicant who, prior to close of business on Thursday, June 30,
30 2022, (i) has submitted to the Department of Community Planning and
31 Development (“CPD”) a site development concept plan, (ii) CPD has assigned

1 a concept number for the site development concept plan, and (iii) obtains site
2 development plan approval by August 30, 2023. If any of the conditions of this
3 subsection are not satisfied, the amendments enacted by this ordinance shall
4 be applicable to an applicant.

5 (2) An applicant who, prior to close of business on Thursday, June 30,
6 2022, (i) has submitted to CPD an amendment to an approved site
7 development plan, (ii) CPD has assigned a record number for the site
8 development plan amendment, and (iii) obtains site development plan
9 amendment approval by August 30, 2023. If any of the conditions of this
10 subsection are not satisfied, the amendments enacted by this ordinance shall
11 be applicable to an applicant.

12 (3) An applicant for an individual site development plan who, prior to
13 close of business on Thursday, June 30, 2022, (i) has been notified in writing
14 by the Development Review Committee that a large development framework is
15 required for its project, (ii) has submitted to CPD a site development concept
16 plan, (iii) CPD has assigned a concept number for the site development
17 concept plan and (iv) obtains site development plan approval by December 31,
18 2023. If any of the conditions of this subsection are not satisfied, the
19 amendments enacted by this ordinance shall be applicable to an applicant.

20 (4) An applicant for an individual site development plan within the legally
21 described property of an active subdivision application, who, prior to close of
22 business on Thursday, June 30, 2022, (i) has submitted to CPD a site
23 development concept plan, (ii) CPD has assigned a concept number for the site
24 development concept plan; and (iii) obtains a site development plan approval
25 by December 31, 2023. If any of the conditions of this subsection are not
26 satisfied, the amendments enacted by this ordinance shall be applicable to an
27 applicant.

28 (5) An applicant who, prior to close of business on Thursday, June 30,
29 2022, (i) has submitted to CPD a building permit application with associated
30 permit drawings, (ii) paid all applicable plan review fees, (iii) CPD has logged-
31 in such submission for review by CPD, and (iv) obtains the building permit
32 approval by December 31, 2022. If any of the conditions of this subsection are
33 not satisfied, the amendments enacted by this ordinance shall be applicable to

1 an applicant.

2 (c) An applicant allowed to comply with the previous provisions of chapter
3 27, D.R.M.C. due to subsection 2 of section 4, may instead choose to comply with the
4 amendment to chapter 27, D.R.M.C. enacted by this ordinance.

5 (d) Upon the enactment of this ordinance, CPD shall report to the city council
6 at least four (4) times in intervals not longer than six (6) months detailing the (i) number
7 of concept and formal site development plans that were submitted prior to June 30,
8 2022, (ii) typical review times, and (iii) number of resubmittals. The final report shall
9 be made no later than January 31, 2024.

10 COMMITTEE APPROVAL DATE: April 26, 2022

11 MAYOR-COUNCIL DATE: May 3, 2022

12 PASSED BY THE COUNCIL: June 6, 2022 _____,

13 *Steve Filmore* - PRESIDENT

14 APPROVED: _____ - MAYOR *Mike Johnston* Jun 9, 2022,

15 ATTEST: _____ - CLERK AND RECORDER,
16 EX-OFFICIO CLERK OF THE
17 CITY AND COUNTY OF DENVER

18 NOTICE PUBLISHED IN THE DAILY JOURNAL: _____ ; _____,

19 PREPARED BY: Eliot C. Schaefer, Assistant City Attorney DATE: May 5, 2022

20 Pursuant to section 13-9, D.R.M.C., this proposed ordinance has been reviewed by the office of the
21 City Attorney. We find no irregularity as to form and have no legal objection to the proposed
22 ordinance. The proposed ordinance is not submitted to the City Council for approval pursuant to §
23 3.2.6 of the Charter.

24
25 Kristin M. Bronson, Denver City Attorney

26 BY: *Anshul Bagga*, Assistant City Attorney DATE: May 5, 2022,
27