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August 4, 2014

Councilmember Robin Kniech
Denver City Council, At-Large
1437 Bannock St, #488
Denver, Colorado 80202

Dear Councilmember Kniech:

On behalf of the Downtown Denver Partnership Management Group and the Partnership's Inclusionary Housing Ordinance (IHO) Task Force, we commend your dedication and commitment to working toward addressing the many challenges that exist with the City's current affordable housing policy, and including Partnership members and stakeholders in this process. You not only have increased the awareness of this important issue, but you also have brought greater attention to the need for affordable and workforce housing in Downtown Denver.

Increasing the diversity of housing options in Downtown Denver is a goal that the Partnership has shared with the City and County of Denver for almost three decades, as stated in both the 1987 and 2007 adopted Downtown Area Plans. This vision guides the Partnership's work on housing issues, and the plans clearly state that we must address the barriers facing residential development in our center city.

In 2002, the Downtown Denver Partnership opposed the creation of the IHO because it did not believe the ordinance was the best solution to creating more affordable housing units in the downtown area. Ultimately, the intended results of the policy were not achieved, with only 34 moderately priced dwelling units constructed in Downtown Denver since 2002 and the majority of Downtown developers choosing to pay the cash-in-lieu fee.

On July 30, 2014, in a special board meeting, the Downtown Denver Partnership's Management Group voted to oppose the proposed amendments to the IHO. The Board appreciates the intent of the proposed amendments, as well as your consideration of a number of the points that were raised in our letter to you dated July 15, 2014. However, the Management Group believes that the proposed amendments would not be effective in achieving the goal of increasing affordable housing options in Downtown Denver.

The Board is concerned that any increase in the cash-in-lieu fee, regardless of the proposed increase in the incentive payment, will further inhibit the development of new for-sale housing projects in Downtown Denver. This additional development cost would only add to a multitude of unique and complex circumstances already facing Downtown development, including construction defects.

While projects with a more expensive per unit price point may be able to absorb the 20% cash-in-lieu fee increase, the Board is concerned that the increase will discourage developers from building more modestly-priced housing projects. Furthermore, we are concerned that the proposed ordinance changes provide no guarantee that the additional cash-in-lieu fees collected by the City from Downtown developments would be reinvested in Downtown affordable units or projects.

The fact remains that the sole source of funding the production of affordable units through this ordinance is that from for-sale housing developers. Moving forward, the Board believes that an expansive public policy discussion is needed with a broad group of stakeholders to determine what additional funding sources, policies and programs may exist to increase the number of affordable units in Downtown Denver. The Partnership would like to provide a leadership role in this process and looks forward to working with you, your colleagues on City Council and the Mayor's Office on this effort in the future.

We thank you again for your leadership and for the time and effort you have put into this process.

Sincerely,



David Kenney
Chair
DDP Management Group



Sarah Rockwell
Chair
DDP IHO Task Force



Tami Door
President & CEO
Downtown Denver Partnership

Cc: Denver City Council
Mayor Michael B. Hancock
Janice Sinden, Mayor's Chief of Staff
Diane Barrett, Mayor's Chief Projects Officer
Paul Washington, Executive Director, Denver Office of Economic Development