

# West Denver Single Family + ADU Pilot Program

RR22-1622



Safety, Housing, Education, & Homelessness Committee

December 14, 2022

Adam Lyons, Lead Housing Development Officer

Department of Housing Stability



**DENVER**  
HOUSING STABILITY

## West Denver Renaissance Collaborative (WDRC)

WDRC was created through a partnership of DHA, the City and County of Denver and various nonprofits in 2016 to advocate, support, and provide solutions for the top community needs in nine west Denver neighborhoods. Current work includes:

- Supporting small businesses
- Providing a range of efforts to minimize displacement
- Launching a local community connector program to ensure resources reach underrepresented residents.



# West Denver Single Family Plus Program

## Program Goals

The ADU pilot program was designed and funded with four goals:

- Stabilize homeowners and minimize displacement,
- Provide wealth-building opportunities
- Create new long-term affordable units
- Promote equitable access to ADU zoning and development by offering support and incentives that simplify design, financing, and construction of ADUs

# West Denver Single Family Plus Program

## ADU Pilot Program Design

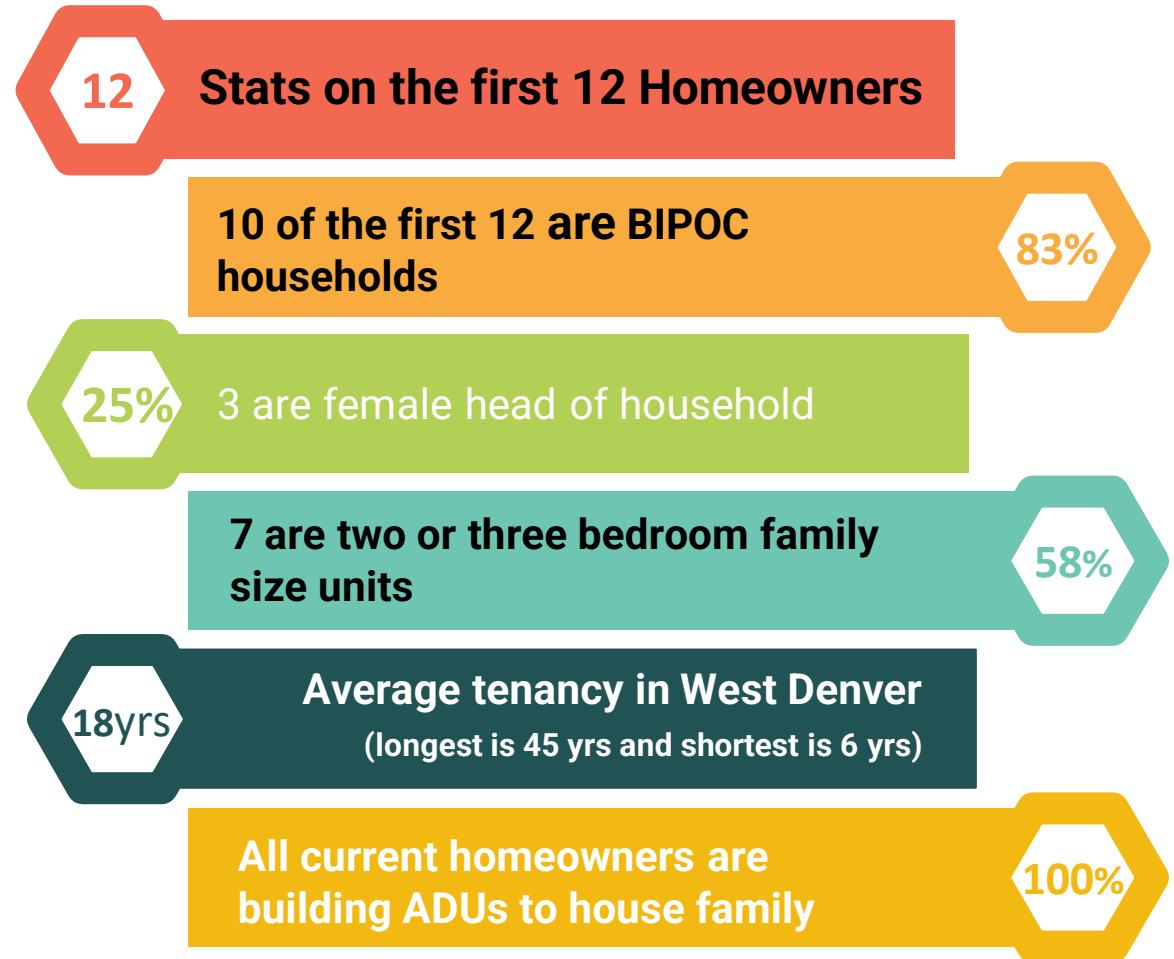
The pilot program provides a range of services and cost savings to assist homeowners in the construction of detached ADUs. The pilot program provides:

- Site predevelopment and bridge funding for initial site costs
- Certified housing counseling
- Access to financing with local ADU-focused lenders
- Cost estimating and project feasibility
- Architecture services and pre-approved ADU designs
- Site planning, final design submittal preparation, and permitting
- ADU construction
- Property management training
- WDRC serves as the development manager
- Habitat for Humanity serves as the builder, managing the construction process from start to finish

# West Denver Single Family Plus Program Participation – 2021/2022

## ADUs to date 2021-2022

- 5 ADUs complete (1 in 2020)
- 6 in construction
- 8 in final design & permitting (5 Villa Park)
- 4-6 in housing counseling



# West Denver Single Family Plus Program

## ADU Pilot Program Sources and Uses

Typical ADU Build as of Q2 2022

Sources	Total	%
Homeowner Financing	\$219,120	87%
City Affordable ADU Loan	\$30,000	12%
ADU Program Contract Fee	\$1,500	1%
<b>TOTAL</b>	<b>\$250,620</b>	<b>100%</b>
Uses	Total	%
Base ADU Cost (avg)	\$195,284	78%
Site Variables	\$27,000	11%
Development Fee	\$12,000	5%
Pre-Development Costs	\$11,336	5%
Closing Costs/Fees	\$5,000	2%
<b>Total</b>	<b>\$250,620</b>	<b>100%</b>



Homeowner is financing the majority of the cost for the creation of a restricted unit (most for invisible homeless families)



# West Denver Single Family Plus Program

The Housing Authority of the City and County of Denver, through its entity West Denver Renaissance Collaborative (WDRC), has received conditional approval from HOST's Loan Review Committee to amend the existing funding agreement to add an additional \$630,000 (\$35,000/ADU) in funding for the development of ADUs.

- Additional funding supports the creation of 18 additional ADUs, for a total of 35 during the pilot phase.
- At least 70% of the ADUs will be developed in West Denver neighborhoods and up to 30% may be built city-wide where zoning allows.
- Homeowners with incomes at or below 80% AMI may receive city funding.
- Homeowners with incomes above 81% AMI may receive City funds provided that the ADU is rented to households with incomes at or below 80% AMI.
- DHA's ADU Pilot Program Affordability Covenant and Restrictions will be recorded on the property for 25 years.



# West Denver Single Family Plus Program

## Scope of Work

- HOST's Loan Review Committee conditionally approved adding \$630,000 through this amendment for a total funding amount of \$1,130,000.
- Each ADU developed under this agreement must be occupied for residential use. It may not be used as an office, workspace, short-term rental, or other non-dwelling use.
- No fewer than 25 ADUs must be built in West Colfax, Sun Valley, Lincoln Park, Villa Park, Barnum, West Barnum, Valverde, Westwood, and Athmar Park. The remaining 10 ADUs can be build citywide where zoning allows.
- Amendment extends the term of the agreement to expire December 31, 2024
- DHA/WDRRC has also been awarded a portion of the Affordable Housing Development Incentive Grant (IHOI) awarded to the City from the Colorado Department of Local Affairs for related infrastructure work. This separate item will be presented to City Council in early 2023.



## RR22-1622 Summary

- Amends OED-201846549-02 to add \$630,000 in funding for the creation of 18 additional ADUs, for a total of 35 ADUs during the pilot phase.
- Extends the term to expire December 31, 2024
- Provides \$35,000 for the development of each ADUs when either the homeowner or tenant income qualifies at or below 80% AMI
- DHA's ADU Pilot Program Affordability Covenant and Restrictions will be recorded on the property for 25 years.

## Action Requested Today

Approval of 22-1622: amendment with DHA to add \$630,000 in funding to the ADU program and extends the term to expire December 31, 2024 (HOST-202265146-02/OED-201846549-02).

# Questions?

Thank You!