

Expanding Housing Affordability

*Santa Fe BID Board Meeting
December 21, 2021*





The city is proposing a new requirement that would ensure that **as new housing is build, new affordable housing is created.**

This will be done through the creation of **Mandatory Housing Program** and **Linkage Fee** update



Program Priorities

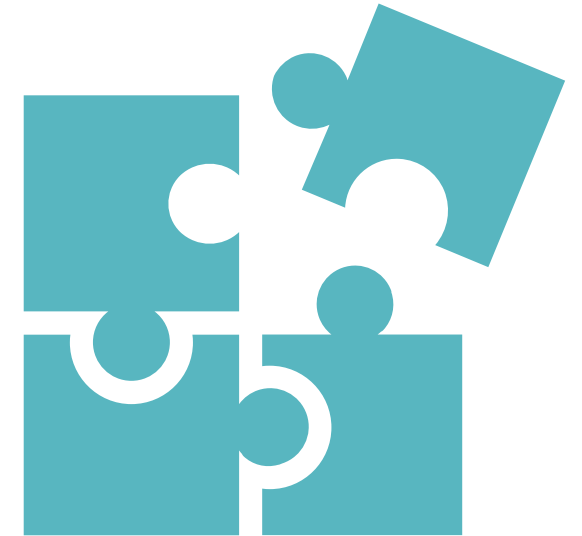
Create a clear and predictable program to promote...

- **On-site unit creation:** generate mixed-income housing on-site with new residential development, both rental and for-sale.
- **Increased funding:** increased generation of fees through increased linkage fees on low density residential and non-residential development.

Part of a Larger Housing Strategy

Department of Housing Stability (HOST)

- Stabilizing people at risk of involuntary displacement and connecting them to housing resources
- Supporting people experiencing a crisis and connecting them to shelter services and short-term and permanent housing
- **Creating** and preserving existing affordable housing
- Connecting residents at any income level to new housing opportunities



[HOST 5-Year Strategic Plan](#) *(planned for council adoption in November)*

Who needs affordable housing?



Preschool Teacher
\$37,850



Construction Laborer
\$39,110



EMT/Paramedic
\$42,900



Flight Attendant
\$50,010



Social Worker
\$57,870



Firefighter
\$63,160

31 – 50% AMI
Max income \$41,950

**Local, State and Federal
Programs & Funds**

51 – 60% AMI
Max income \$50,340



**Mandatory
Housing**

61 – 80% AMI
Max income \$67,120

Source: Bureau of Labor Statistics 2020;
Assumes a single-earning individual
2021 HUD Income Limits 2-person Household

Why is the city proposing these changes?

- Housing needs are growing
 - Cost burden is rising
 - Wage growth is not keeping pace with housing prices
 - There is a growing gap of approximately 50,000 units for lower income (below 60% AMI) renters
- New housing continues to serve higher income households
 - above 80% AMI renters and 120% AMI owners
- New mandatory affordable housing tools are possible given state law changes via HB21-1117
- Implementing our plans to create an equitable, affordable and inclusive Denver

Proposal Overview



**Mandatory
Housing**

Mandatory (Inclusionary) Housing: Requires a portion of new housing units to be affordable and provides incentives.




**Linkage
Fee per/sf**

Linkage Fee: Ties the impacts of new development to the need for affordable housing. These fees play a critical role in funding new affordable housing throughout the city.

Program Applicability

New Construction of...

 **1-7** Units



Linkage Fee
\$4 – 6 per/sf

 **8+** Units



Mandatory Housing
8-15% of units affordable

Enabling for
Alternative Compliance

And providing
Incentives



Office
Retail
Industrial



Linkage Fee
\$4 – 8 per/sf

Creating a **Balanced** Proposal



- The proposed policy recommendation seeks to balance:
- Current and future housing needs
 - Analysis of other cities programs and successes
 - Past/current Denver program lessons learned
 - Financial feasibility
 - Extensive stakeholder feedback

Mandatory Housing: On-Site (rental)



Requires **8%** rental units to be **affordable** to households earning less than **\$50,304** a year (60%AMI)

or



Requires **12%** of rental units to be **affordable** to households earning less than **\$50,304** and **\$63,950** a year (6% at **60% AMI** and 6% at **80% AMI**)

Mandatory Housing: On-Site (ownership)



Requires **10%** of homes to be **affordable** to households earning less than **\$63,950** a year (80% AMI)

or



Requires **15%** of homes to be **affordable** to households earning less than **\$63,950** and **\$83,840** a year (15% of total units 7% at **80% AMI** and 6% at **100% AMI**)

Mandatory Housing: Alternative Compliance

State law requires at least one alternative to building affordable units on-site. Therefore, the developer may instead:



Pay a **fee-in-lieu** (\$268,000 - \$478,000) per affordable unit required to fund affordable housing.

or



Negotiate an alternative affordable housing plan. These include:

- Family friendly housing and amenities
- Homes serving households with lower incomes
- Land dedication for affordable housing

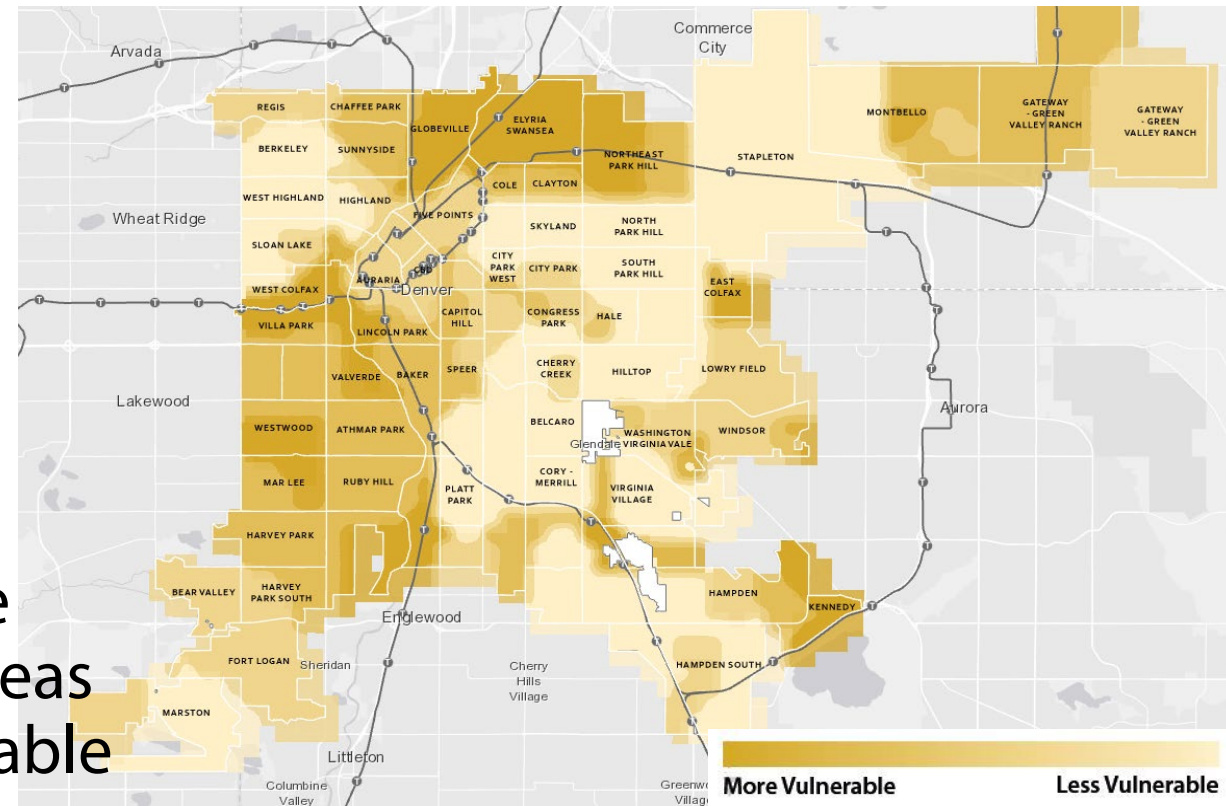
Mandatory Housing: Addressing Areas Vulnerable to Displacement

Alignment w/ HOST Prioritization Policy
(in development):

- Affirmative marketing requirements
- Potential set-aside for a portion of affordable units

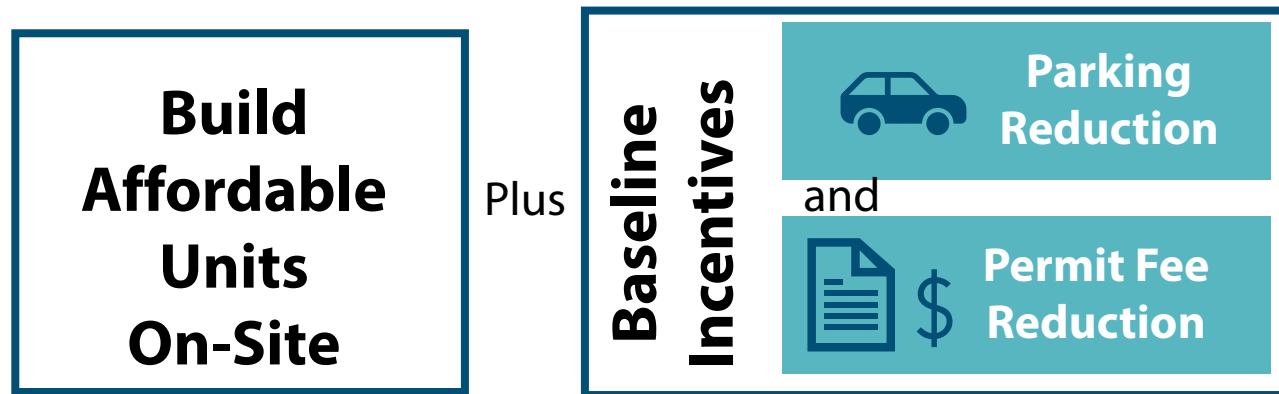
Exploring additional opportunities:

- Potential set-aside of some/all linkage fees and/or fees-in-lieu collected in areas vulnerable to displacement for affordable housing investments in those same areas.



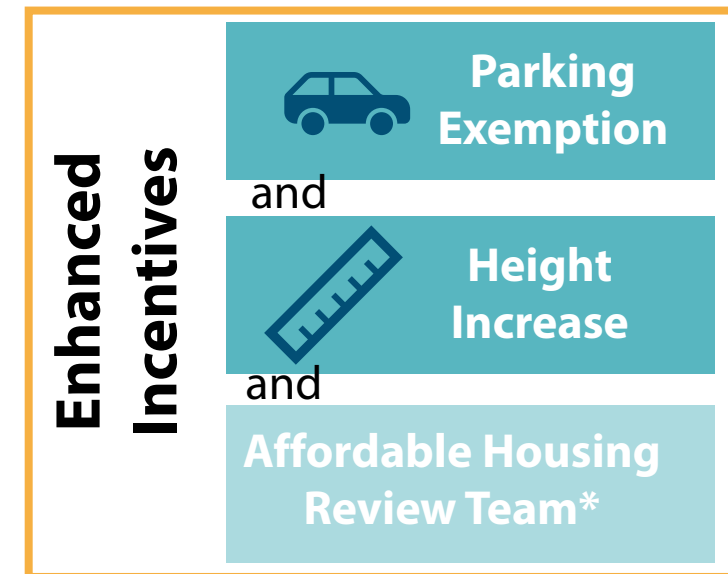
Mandatory Housing: Incentives

Incentives are designed to **promote the creation of affordable housing** and **create more housing overall**



X No Incentives

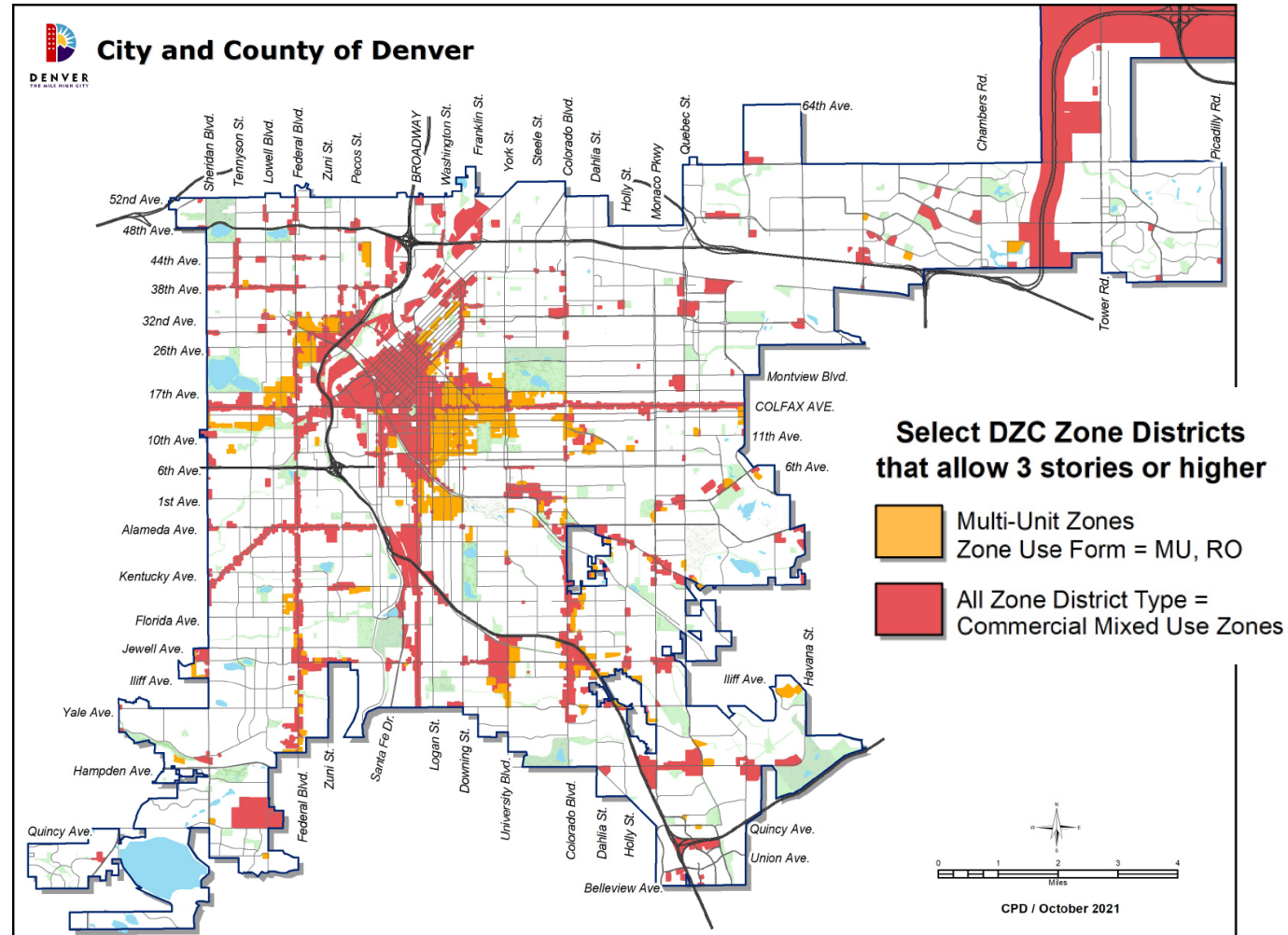
Increased Affordability
Increase the affordability contribution
(2-3% more affordable units)

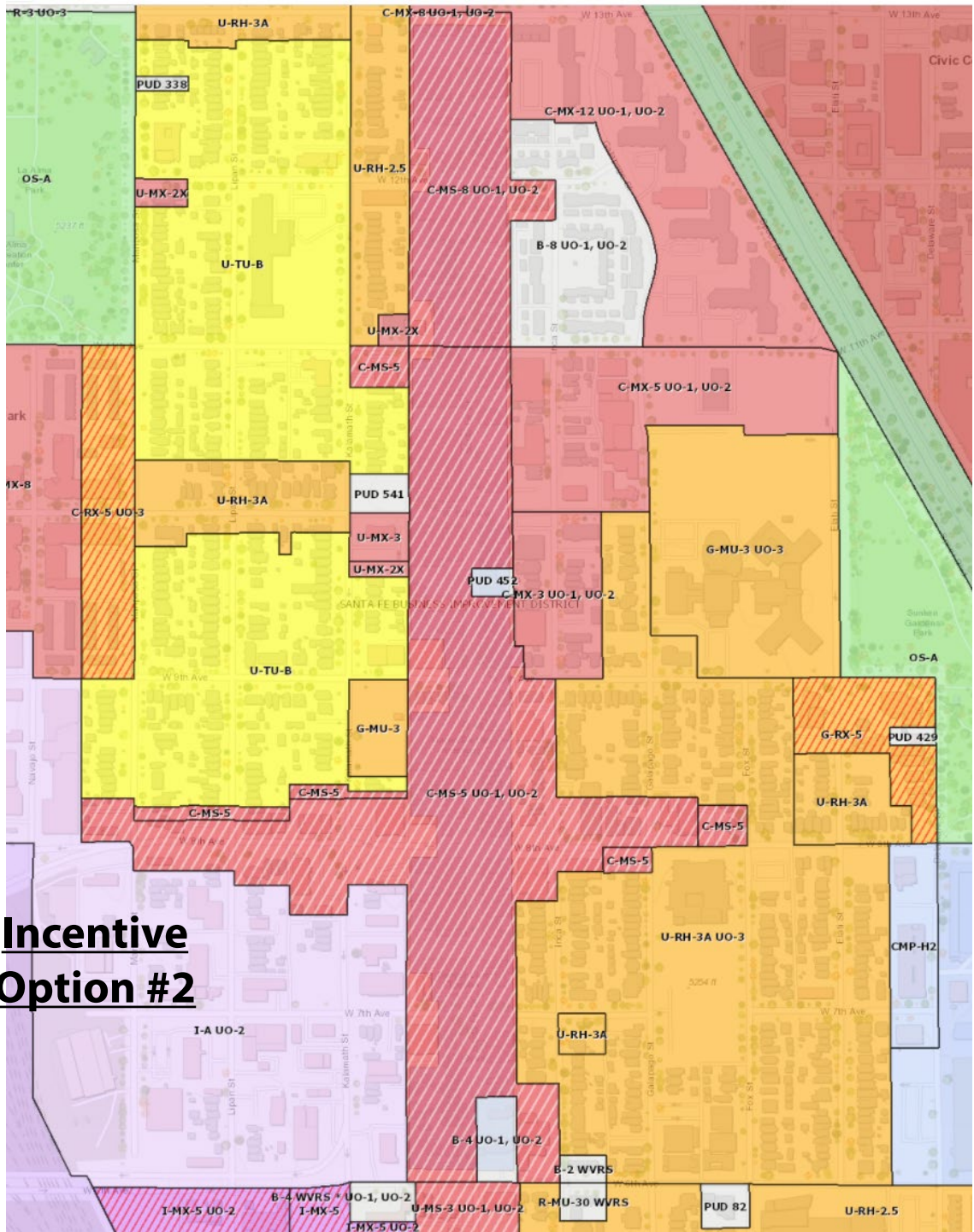


Enhanced Incentives: Height Increase

Applicability: Available in DZC
Commercial Mixed Use or **Multi
Unit Zone Districts** of 3+ stories

Existing Height	Incentive Height	Height with Incentive
3	+1	4
5	+2	7
8	+4	12
12	+4	16
16	+6	22
20	+10	30





Current 5-Story Zoning

Linkage fee
\$1.64 psf

Proposal for 5-Story Zoning

Incentive Option #2

	<p>7 Stories 13 IRUs</p>	<p>7 Stories 20 IRUs</p>
<p>5 Stories 7 IRUs</p> <p>8% of units at 60% AMI</p> <p>85 Total Units</p>	<p>10% of units at 60% AMI</p> <p>130 Total Units</p>	<p>5 Stories 10 IRUs</p> <p>12% of units at 70% AMI</p> <p>85 Total Units</p>
	<p>15% of units at 70% AMI</p> <p>130 Total Units</p>	

or

Linkage Fee



Proposed to increase fees to support the creation of more affordable housing when new housing (1-7 units) or new commercial, retail, office, or industrial are built.

Current fees **\$0.43** to **\$1.83** per/sf use depending

Proposed fees **\$4.00** to **\$8.00** per/sf use & location deepening

*The fee **does not apply** to ADUs, small additions, renovations or tenant finishes.*