

ADVISORY COMMITTEE NOTES

for Thursday February 10, 2022, 4-6 pm

Meeting Objectives:

- Gain understanding of feedback received to date
- Review staff response to feedback received through December 31st of 2022 and reflected in the public review draft

Key Background Materials:

- UPDATED Phase 2 Outreach Summary
- UPDATED Policy Report
- NEW DRMC Public Review Draft
- NEW DZC Public Review Draft
- NEW Supplementary Memos on Feasibility

Welcome, Introductions and Agenda Review (5 min)

- Welcome
- Overview of meeting objectives and agenda
- Land Acknowledgement
 - “We honor Elders past, present, and future, and those who have stewarded this land throughout generations. We also recognize that government, academic and cultural institutions were founded upon and continue to enact exclusions and erasures of Indigenous Peoples. May this acknowledgment demonstrate a commitment to working to dismantle ongoing legacies of oppression and inequities and recognize the current and future contributions of Indigenous communities in Denver.”
- Introductions of members –
 - See below for attendees.

Overview of Process to Date and Next Steps (10 min)

- *Staff to provide a high-level overview of comments received on the Linkage Fee draft proposal*

Comments on Linkage Fee and Staff Response (30 min)

- *Staff to provide a high-level overview of comments received on the Linkage Fee draft proposal*
- *Staff to provide an overview of changes made and rationale along with areas where no changes were made*

Check-In

- *Do these changes adequately balance the most commonly shared concerns?*
 - Rhys Duggan: Development community has been putting in a lot of work to share their concerns and comments, and he said thank you to staff for the responsiveness.
 - RD: Question about phasing-in timeline: Just saw an example of a development that took 13 months, and he'd hate to see people penalized for the length of time we're providing. Often, the applicant has no control over the length of the SDP process.
 - Rhys would do away with the timed phase-in

- Analiese responded that these dates have been published for a long time, with hopes that developers can respond (and continue with the economic/cost assumptions that underlie their current projects)
- Shane Sutherland: His neighborhood has appreciated the larger fees for larger developments
- Nola: Likes the waiver for first floor retail linkage fee, when affordable housing is included
- Jennine: Agrees with Shane. Enterprise raised issue that smaller residential properties pay their fair share, so they're happy to see these fees raised
 - Question: Does this increase the revenue projections that we have?
 - Brad: Probably not this year, but potentially in the future
 - Analiese: We won't see any (or many) projects pay these higher linkage fees this year, as most will get their applications in before the deadline
- Kirsty Greer: Likes the ground floor retail exemption from linkage fee
- Susan Powers: Development community really appreciates the phasing in of the linkage fee increases over time
 - Requirements seem reasonable, and Susan does not think we'll have a mass exodus of developers. Although this will not solve the affordable housing crisis, this is a valuable tool in improving the situation

Are there additional modifications that could improve on these proposed changes?

- No notable response to prompt.

Comments on Mandatory Affordable Housing and Staff Response (45 min)

- *Staff to provide a high-level overview of comments received on the mandatory affordable housing requirement and incentive draft proposal*
 - Mandatory Housing Requirement applies to NEW developments of 10+ residential units.
 - Goal of program are to create mixed-income housing throughout the city, and to increase funding to support the creation and preservation of affordable housing
 - Three options for compliance
 - On-site affordable units (includes incentives)
 - Fees-in-Lieu
 - Negotiated Agreements
 - Feedback received:
 - Require more affordable housing in developments
 - Remove barriers to creating affordable housing (e.g. zoning), and create more incentives
 - Remove market area distinctions
 - Desire to promote more homeownership
 - Desire for accountability, tracking, and transparency on program outcomes and market impacts
 - Responses to feedback
 - Strengthened incentives
 - Expanded permit fee reduction
 - Increase permit fee reduction amount in high-cost market areas
 - Exempting ground floor commercial uses in mixed-use building from the linkage fee if affordable units are built on site
 - We didn't remove market-area distinctions for 3 reasons
 - Feasibility study shows that high-cost areas can afford to include more affordability
 - Most peer cities have different market areas

- Many areas (downtown and Cherry Creek) have the lowest amount of affordable housing and the least affordable housing overall, despite having much of the city's service industry workforce as residents
- To promote affordable homeownership:
 - Lowered the percent required of affordable units in ownership developments, and increased applicability of Mandatory Affordable Housing to 10 units (so that we don't discourage developments of 8-9 units)
- Tracking and reporting
 - DRMC already requires annual reporting of HOST program outcomes.
 - We're creating a new dashboard specific to these tools' outcomes and metrics
- *Staff to provide an overview of changes made and rationale along with areas where no changes were made*

Check-In

- Do these changes adequately balance the most commonly shared concerns and the objectives of EHA?
 - Rhys Duggan: Clarification question: If he has a non high-impact rezoning, will they still need to make a voluntary commitment to affordable housing?
 - Analiese: The voluntary agreements are an imprecise stop-gap, and we will largely be phasing them out. All new projects will simply be subject to EHA requirements.
 - Rhys: Will there still be any "extraction" from the City in exchange for small rezonings?
 - AH: This is not an indented outcome.
 - Jeffrey Bader: Will we see a similar 3-year phase-in / ramp-up of these requirements?
 - AH: No, because the housing market has not been negatively impacted by COVID in the same way that commercial / retail markets have been
 - Tim Welland: Clarification questions
 - Looks like the previous parking reduction was down to .5, and now it's a reduction of .5 spaces.
 - AH: This is true, and it is responsive to concerns of suburban communities. Since the need / auto dependencies differ based on the region (urban vs suburban), a blanket reduction to .5 didn't make sense. The reduction of .5 allows the zoning to be responsive to existing rules / needs
 - Is the June implementation date still accurate?
 - AH: Right now, still aiming for the June 30 date, based on a City Council approval in early June. They tried to build in a buffer of a couple weeks between CC approval and implementation.
 - On the ownership fees-in-lieu, why are condos lumped in with single family homes, rather than townhomes? Seems like a pretty expensive fee for condos.
 - AH: We've been talking to developers, and they didn't have concerns about this fee. In fact, it seems well calibrated to the current market to ensure that it's a real option compared with creating the units
 - What are the standards for whether an area is a high-cost or typical-cost area
 - AH: [Explained metrics that make something a high-cost neighborhood]. Still working on timeline for updating (likely once every 3 years, on July 1. We don't want to change things annually and add confusion / instability).
 - Overall, Tim feels pretty good about the proposal and appreciates the responsive changes made to the linkage fee and appreciates the receptiveness
 - Jenny Rodgers: Appreciates the decision to apply fees-in-lieu to neighborhoods that are Vulnerable to Displacement
 - Robin Kniech:
 - Hearing from community and council members that the linkage fees are still a little more modest than people would like.
 - Hard to do an apples-to-apples comparison of linkage fee to other cities, though.

- By and large, people are accepting of the policy right now. There's concern about how we'll help folks at lower AMI levels, but people haven't been suggesting many changes to the EHA proposal as it currently stands
- Nola Miguel: Likes flexibility of income averaging and use of fees-in-lieu to areas vulnerable to displacement
 - In high-impact area, thinks it would be smart to include rezones from industrial. Thinks that's an indicator of an ecosystem change in a neighborhood.
 - AH Agrees that this is an indicator of change in the city. We're trying to use High-Impact requirement for special cases that cannot be guided by a city standard
 - Similarly, any rezone in an area vulnerable to displacement should be considered potentially high-impact.
 - Wants to provide these neighborhoods with the opportunity to have a voice in these large -scale rezones that can impact vulnerable places.
 - AH: Rezoning will still occur, and they hope to see more legislative rezonings. In vulnerable areas, we require developments to provide an equity analysis and demonstrate how they will promote equity. Not to mention, these are public processes. These public processes will not go away due to EHA.
 - Concern about by-right incentives allowing for large changes to communities:
 - Height incentives are not intended to be a loop around rezonings. They provide a modest height increase, but as a change to the DZC, we have to ensure that the incentives are in line with existing neighborhood / area plans. For significant changes, developers will still likely have to seek a rezoning.
 - Plans are required criteria for legislative processes
 - Overall, would prefer a higher overall commitment of affordability
- Amanda Sandoval:
 - Appreciates ground-floor exemption for commercial
 - Another council member said that he hopes we are not leaving anything on the table.
 - Thinks most council members have not yet had time to digest height incentives; they'll likely be discussing these with RNOs and one another in March.
 - RNOs likely to share Nola's concerns about where / how height incentives work
- What additional modifications do you suggest that could improve on these proposed changes?
 - No response from committee members.

Review of Implementation Timeline

Staff to provide a reminder of proposed effective dates.

Public Comment and Questions (15 min)

- John Ferguson: Amazed and wants to share kudos with the whole team. Clear that the proposal is a huge change in a positive direction.
 - Still doesn't see a projection saying that we'll be a lot better off in 10-20 years. Seems like there should be a concluding slide detailing the expected benefit (and a metric against which we can compare ourselves in the future)
 - AH shared "anticipated outcomes" page from EHA Policy Proposal, but noted that this is only one piece of the puzzle, and we will rely on other policies to make their own contributions to housing affordability in Denver
 - Because of all of the options created for developers within EHA, it is very difficult to make predictions. Also, the market fluctuates a lot, so we cannot draw a straight line of expected units created per year.
 - We should be able to make more of a realistic prediction / projection after this policy has been in place for a couple of years

- A recent project in West Washington Park where two lots were assembled; both houses knocked down, and replaced with one big house. Linkage fee doesn't seem large enough to deter this from happening again, as it is less than 1/1000th of the cost of land and construction.
 - AH knows this policy won't necessarily deter people from taking care of these perverse market incentives; but it will generate funds for affordable housing. And we need other policies to address the displacement threat posed by the current state of the real estate market.

Next Steps (5 min)

- Public comments on draft of DZC / DRMC close on 3/14
- Final AC Meeting in March prior to the legislative process

Presenters / City Staff:

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| - Catherine Morris | - Robin Kniech |
| - Analiese Hock | - Ryan Keeney |
| - Brad Weinig | - Shane Sutherland |
| - Jon Colarelli | - Susan Powers |
| - Kristofer Johnson | - Timothy Welland |
| - Sarah Showalter | - Shelley Marquez |
| - Samuel Guzman (Interpreter) | - Angela Tzul |

AC Members:

- Amanda Sandoval
- Darion Mayhorn
- Dorit Fischer
- Erin Clark
- Jeffrey Bader
- Jennie Rodgers
- Jesse Adkins
- Kirsty Greer
- Molly Urbina
- Nola Miguel
- Rhys Duggan

Attendees:

- Barbara Frommell
- Ben Kelly
- Katherine Hill
- Kristen Link
- Naomi Grunditz
- Teresa St. Peter
- David Pilz
- Candace Kriste
- John Ferguson
- Nathan Batchelder
- Madisen Frederick