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# Advisory Committee **STARTING** at 4:05

Unlocking Housing Choices

February 5, 2026

# Meeting Goal

Review and discuss initial financial feasibility analysis outcomes and zoning update recommendations for the Urban (U) context



# Agenda for today's meeting

## 1. Recap:

- Project goals
- Phase 1 approach
- November Advisory Committee meeting

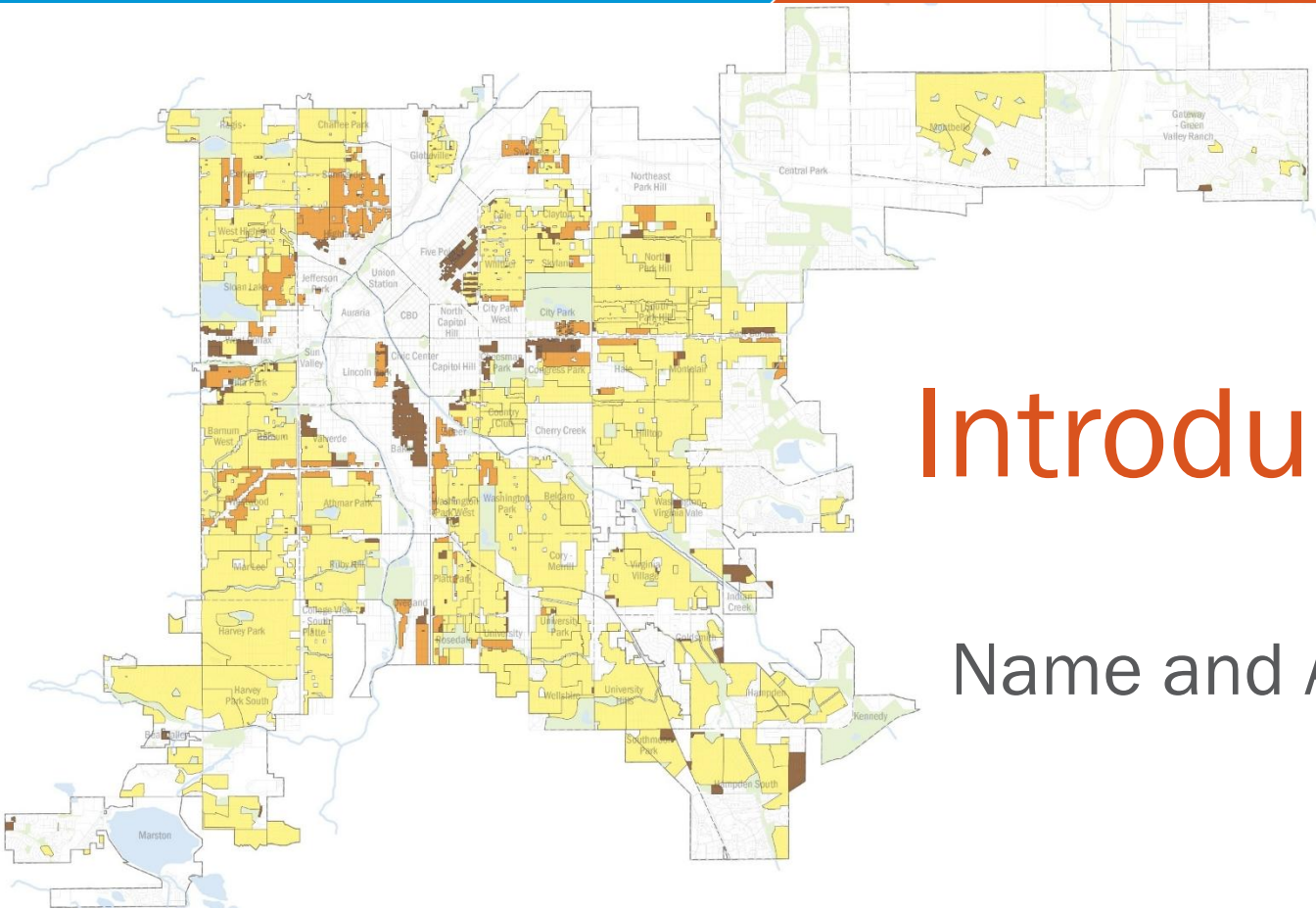
## 2. Testing Phase 1 Strategies

- Address Scale
- Infill Bonus
- Affordability Bonus

## 3. Discussion

## 4. Next Steps





# Introductions

Name and Affiliation



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# UHC Goals

## What we're trying to achieve:

### COMPATIBILITY

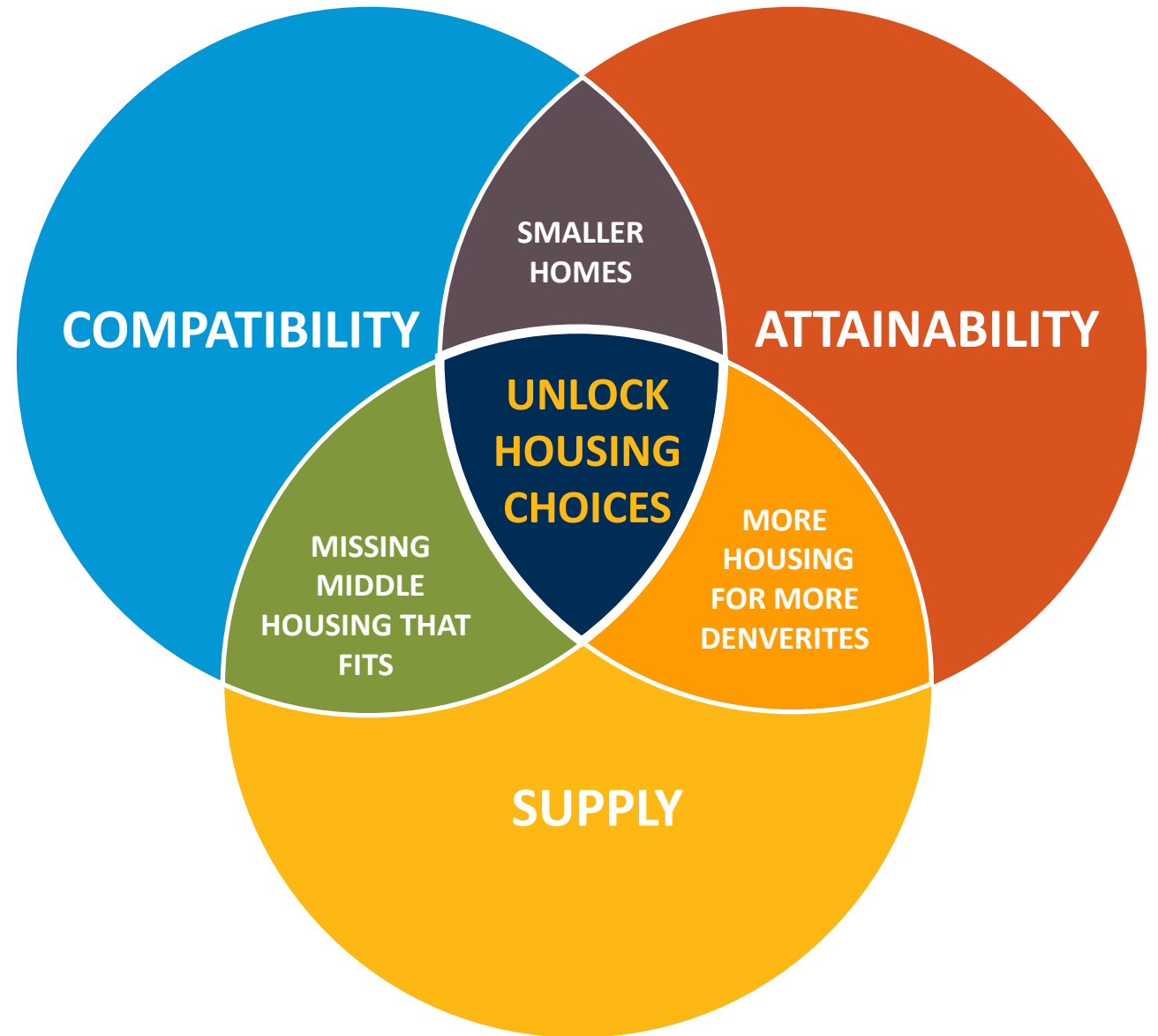
- Calibrate zoning to achieve more modest-scaled homes and better design outcomes.
- Encourage preservation of traditional homes.

### ATTAINABILITY

- Create neighborhood housing options that more Denverites can afford.
- Allow people to age-in-place and enable multi-generational housing options.

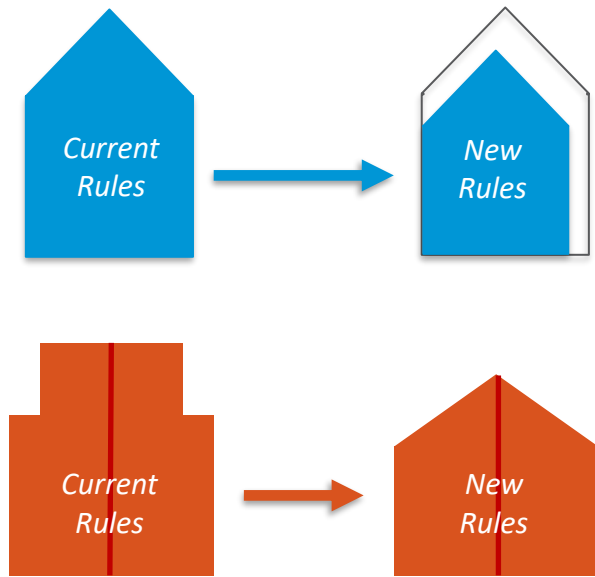
### SUPPLY

- Increase housing supply to meet demand.

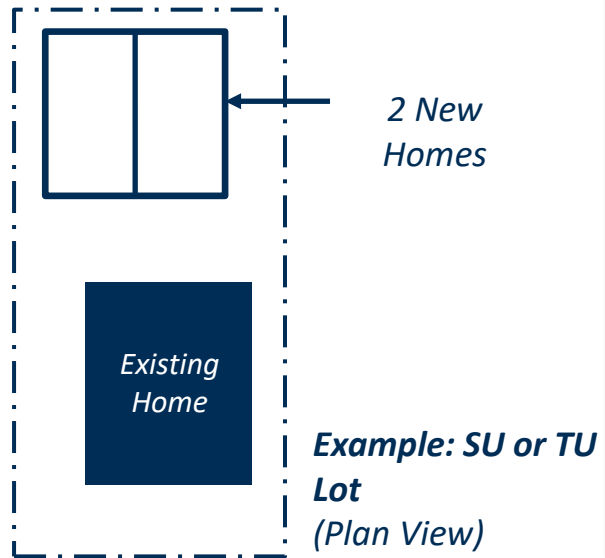


# UHC Phase I Strategies *In Single-Unit and Two-Unit Neighborhoods*

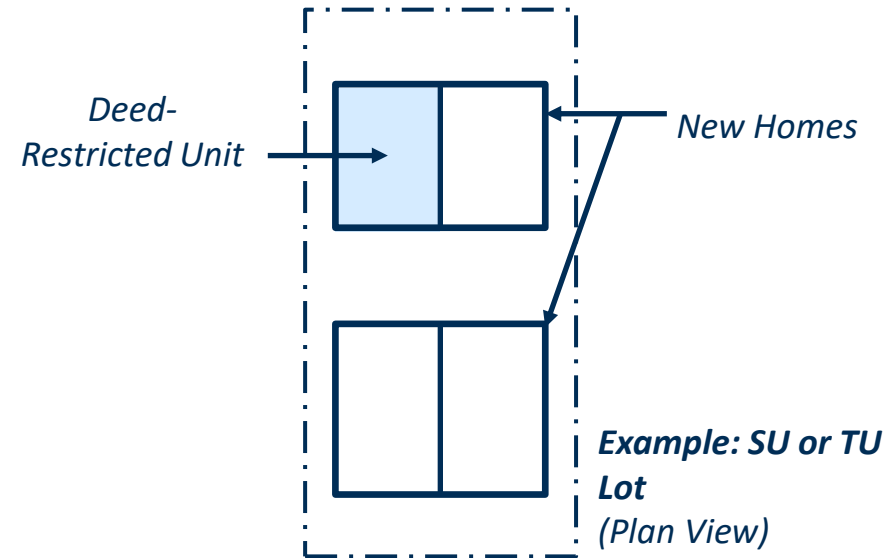
**1a & 1b. Scale and Form:** *Limit the mass and scale of new homes.*



**2. Infill Bonus:** *Allow more housing when the primary structure is retained.*



**3. Affordability Bonus:** *Allow more housing when affordable unit(s) provided.*



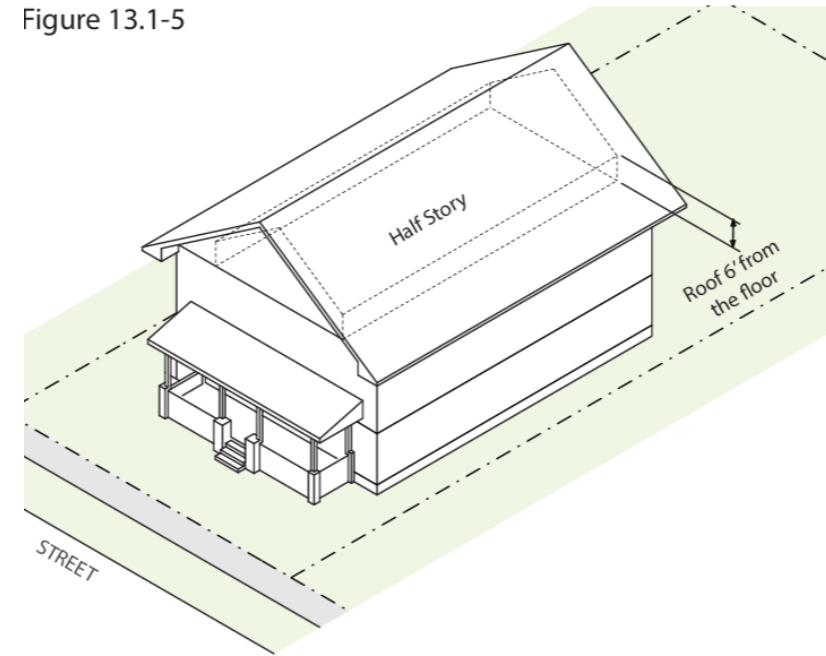


# Recap: Fall Meetings

## Advisory Committee Meeting #4, Nov 12, 2025

- Discussed details about the Phase I Proposals in Breakout Groups:
  - Design standards,
  - Floor area limitation and sliding scale,
  - Infill bonus standards, and
  - Affordability bonus standards.

Figure 13.1-5



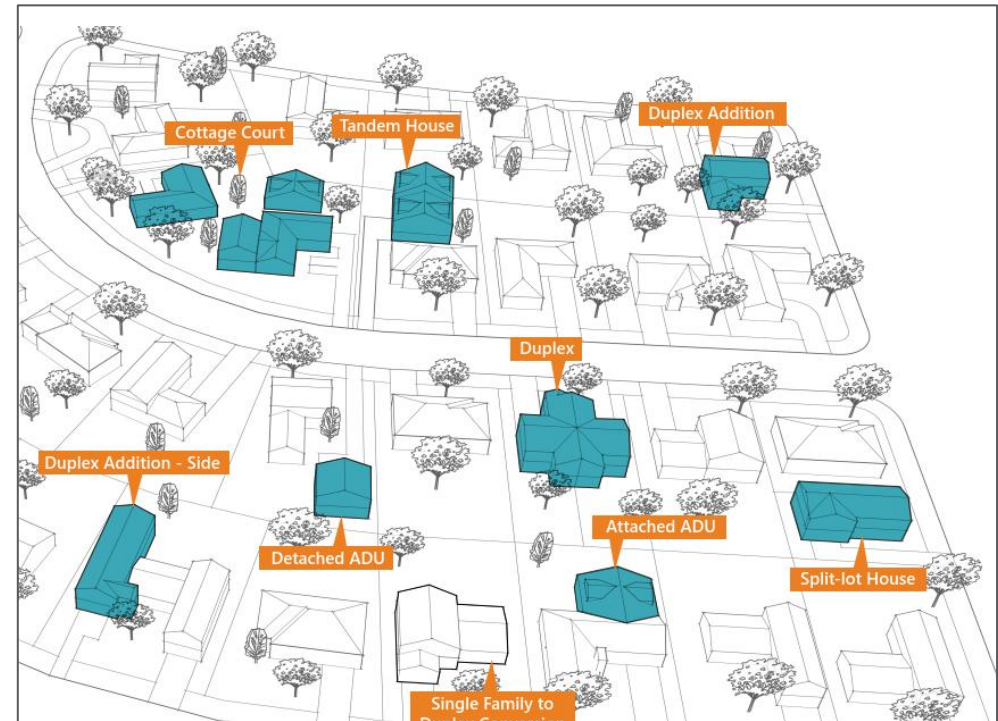


# Recap: Fall Meetings

## Advisory Committee Meeting #4, Nov 12, 2025

### What we heard:

- **Support** for approaches to enable more housing and improve compatibility
- **Caution** around specifics and potential **unintended consequences**
- Need to **balance** compatibility and adding housing
- Need to address other **non-zoning barriers**
- Request for more **feasibility** information

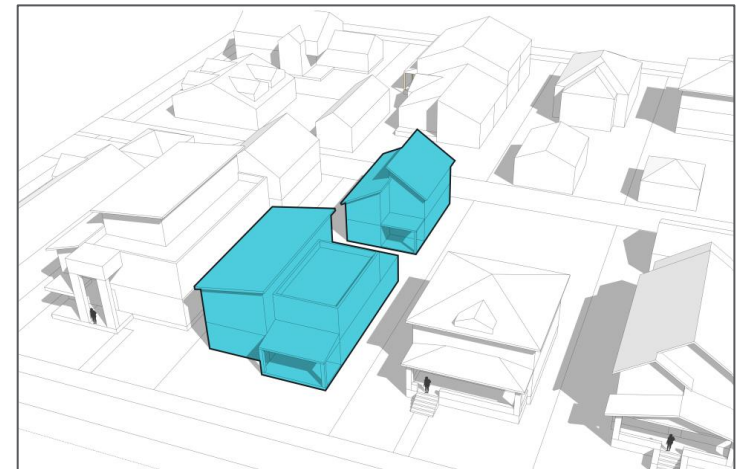
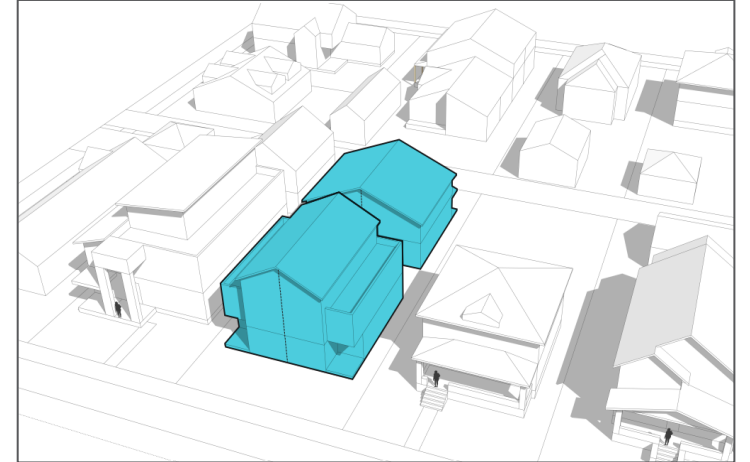


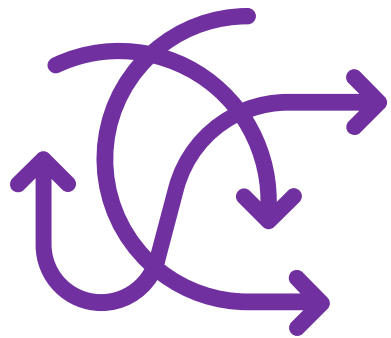


# Recap: Fall Meetings

## City Council and Planning Board Work Session, Dec 9, 2025

- Discussed key Phase 1 Proposals: design standards, affordable housing bonus, infill bonus
- General support for approaches
  - Especially establishing a maximum floor area and a sliding scale for additional housing units.
- Recommended exploring feasibility for homeowners
- Recommended exploring more options for market-rate development
- Concern about potential displacement with increased entitlement
- Continue to study and address non-zoning barriers to housing





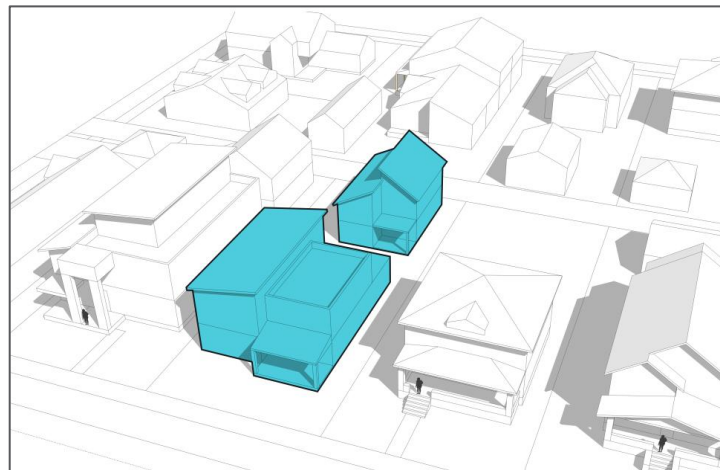
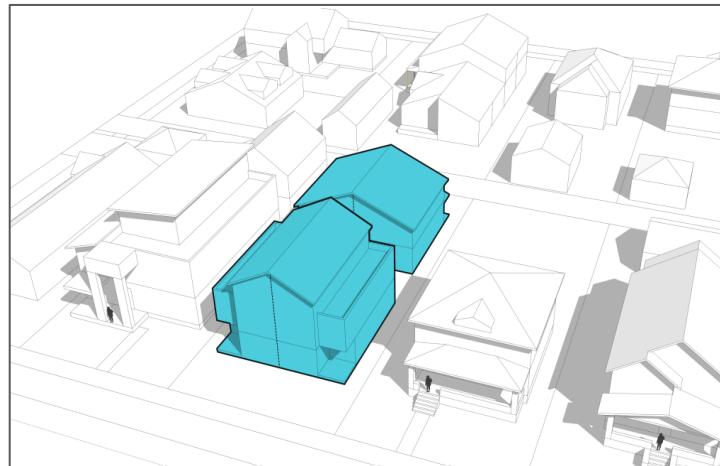
# Looking Ahead

## Today's meeting

- Financial feasibility analysis and recommendations for the Urban (U) context

## Future Advisory Committee Meetings

- Financial feasibility analysis recommendations for the Urban Edge and Suburban (E & S) contexts
- Building form details and refinement
- Zone lot sizes and minimum density requirements (Including in RH and MU districts)
- Related standards and policies



# Agenda for today's meeting

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# What is an Economic Feasibility Analysis?

The **financial feasibility analysis** is a crucial part of this project

- The analysis helps inform the project strategies
- Uses inputs for **construction cost** and **land-value assumptions** from **developer interviews** and **case studies**.
- Tests a **variety of development scenarios** using the **current rules** and **proposed zoning changes** to understand impacts.
- The result is a **forecast** of the potential **return on investment** for those **development scenarios**.
- This helps us understand whether individual property owners or conventional and/or affordable housing developers might take use the new housing options .

# What is an Economic Feasibility Analysis?

## Land Costs

- Purchase Price



## Development Costs

- Site Prep
- Hard Costs
- Soft Costs
- Entitlement Costs
- Financing & Holding Costs
  - Loan Terms
  - Equity Investment
  - Interest Rates



## PROJECT FEASIBILITY:



Likely Feasible



Positive but below threshold



Likely Infeasible



## Revenues

- Sales Prices / Rents
- Market Demand
- Comparable Properties
- Broker Fee

## Project Returns with Thresholds

- Return on Cost (includes developer fee) (15%)
- Return on Investment (20-25%)
- Yield on Cost (7%-9%)



# Testing Phase I Strategies: Strategy 1A

## UHC Strategy 1A: Address Scale with gross floor area limits:

- *Limit allowable above-grade “livable” space.*
- *Sliding scale - allowable space will be relative to:*
  - *Size of lot (bigger lots = more GFA)*
  - *Context (may differ by context – still researching)*
  - *# of units provided (more units = more GFA)*

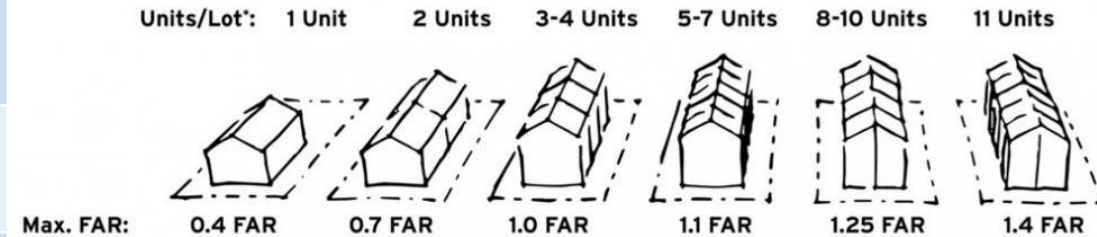
### TESTING ASSUMPTIONS:

- *6,250 SF lot (50' x 125') used for all models*
- *Zone District is U-SU-C (Urban Neighborhood Context – Single Unit – 5,500-6,999 sq ft lots)*
- *Single units and duplexes include garages. Others assume on-site surface parking.*
- *All models compare what’s allowed today vs. what is being proposed*

# Proposal Details: Gross Floor Area Max

Number of Units	<3,500 SF Lot	3,501 – 5,000 SF Lot	5,001 – 7,000 SF Lot	7,001 – 10,000 SF	>10,000 SF Lot
1 unit	2,500 SF	3,000 SF	3,500 SF	4,000 SF	4,500 SF
2 units	3,000 SF	3,500 SF	4,000 SF	4,500 SF	5,000 SF
3 units	3,500 SF	4,000 SF	4,500 SF	5,000 SF	5,500 SF
4 units	4,000 SF	4,500 SF	5,000 SF	5,500 SF	6,000 SF

**MORE UNITS = MORE ALLOWABLE AREA**



*Graphic from Sacramento's MMH Interim Ordinance*

*Gross floor area numbers and limitations are preliminary and will change through the course of the project based on input and continued study.*

See Appendix Item **A1** for details and peer city comparison

# Testing Phase I Strategies: Strategy 1B

## UHC Strategy 1B: Address Scale with new approach for measuring height:

- *Eliminate Bulk Plane*
- *Keep max. overall height*
  - *Front 65% / Rear 35% differentiation still being tested.*
- *3<sup>rd</sup> floor must be located within a pitched roof*
- *Limit “flat roof” structures to 2-story max*

### TESTING ASSUMPTIONS:

- *6,250 SF lot (50' x 125') used for all models*
- *Zone District is U-SU-C (Urban Neighborhood Context – Single Unit – 5,500-6,999 sq ft lots)*
- *Single units and duplexes include garages. Others assume on-site surface parking.*
- *All models compare what's allowed today vs. what is being proposed*

# Proposal Details: New approach for measuring building height

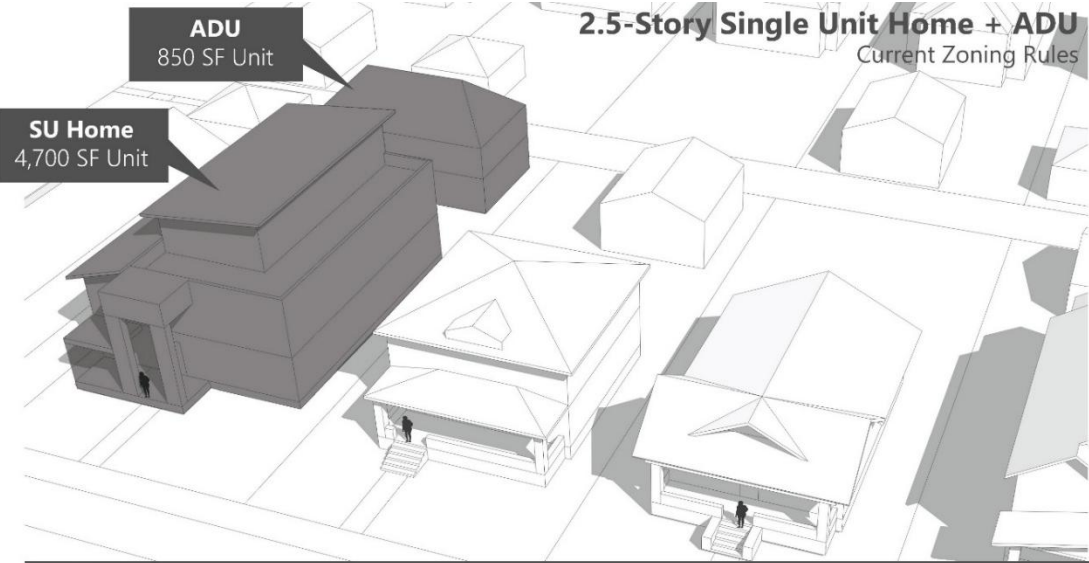
Outcome from Current Standards



Outcome from Recommended Standards

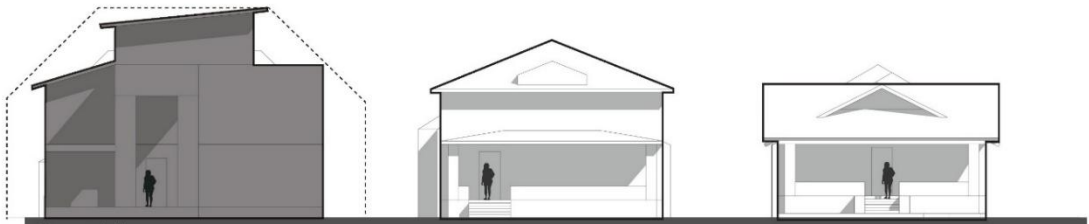


# Existing Rules (Urban House)



2.5-Story Single Unit Home + ADU  
Current Zoning Rules

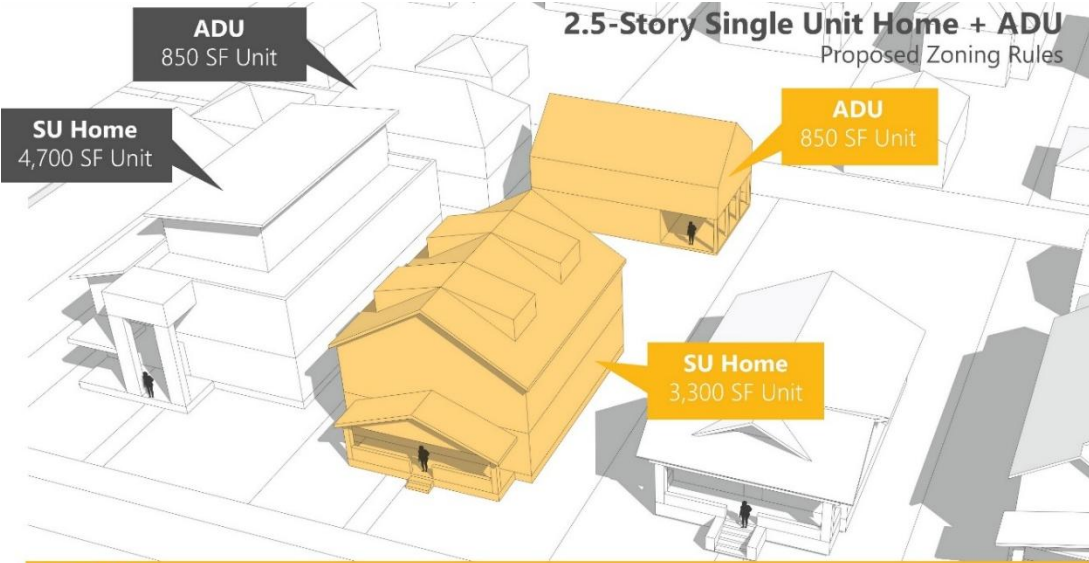
Aerial View



Street View

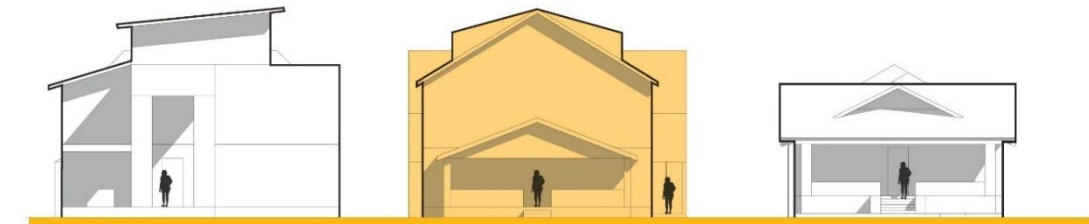
**5,550 SF Total Livable Space (above grade)**  
TWO UNITS (1 primary + 1 accessory)

# Proposed Rules (Urban House)



2.5-Story Single Unit Home + ADU  
Proposed Zoning Rules

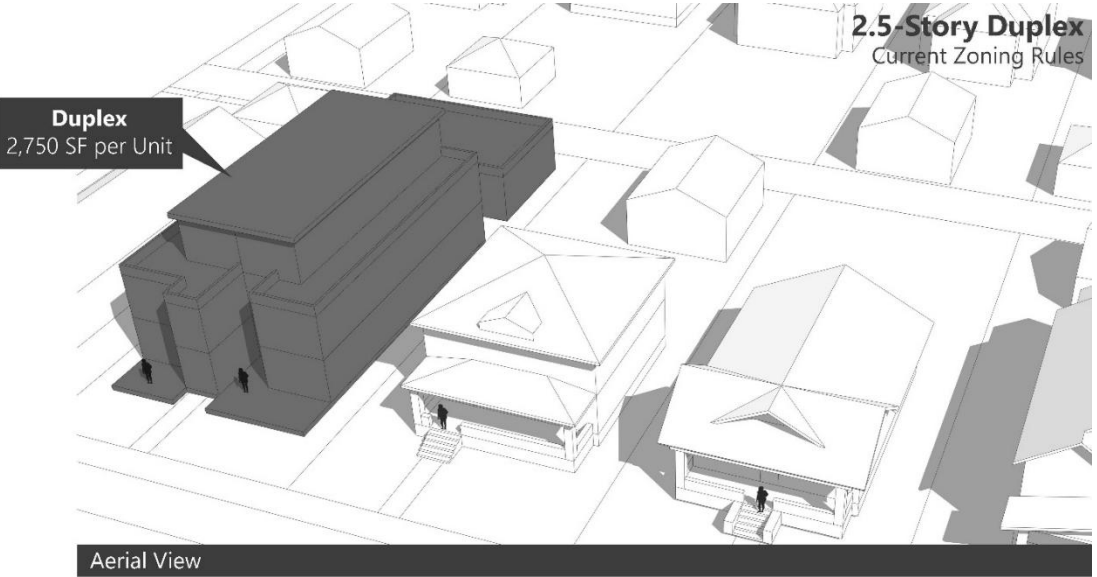
Aerial View



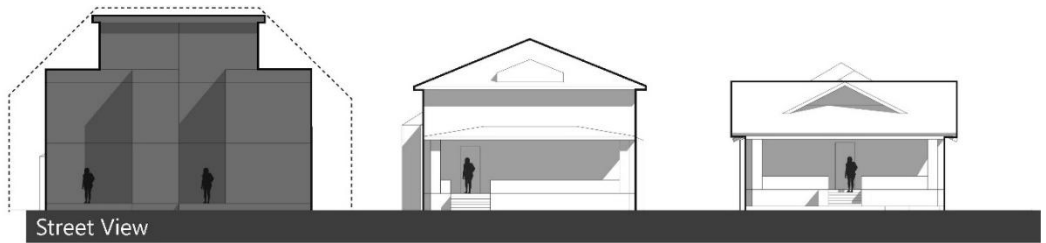
Street View

**4,150 SF Total Livable Space (above grade)**  
TWO UNITS (1 primary + 1 accessory)

# Existing Rules (Duplex)



Aerial View



Street View

**5,550 SF Total Livable Space (above grade)**  
**TWO UNITS (2 primary)**

# Proposed Rules (Duplex)



Aerial View



Street View

**4,300 SF Total Livable Space (above grade)**  
**TWO UNITS (2 primary)**

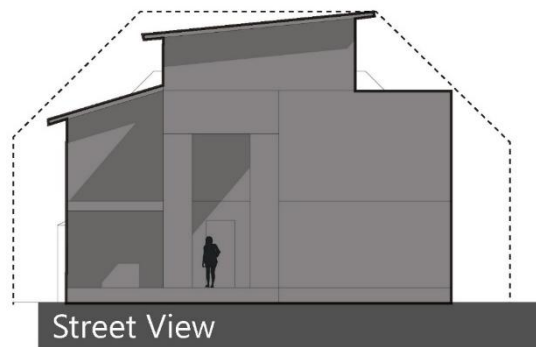
# Economic Feasibility

## NEW RULES FOR URBAN HOUSE (SU) AND DUPLEX (TU)

### KEY TAKEAWAY:

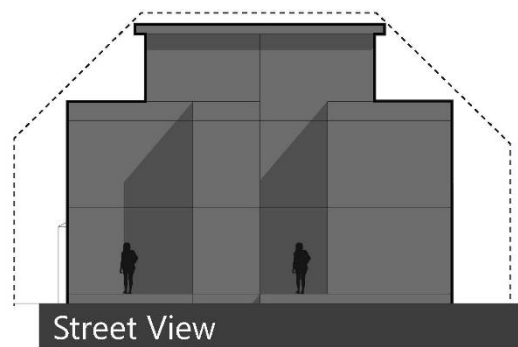
*Requiring smaller units will likely result in more affordable units.*

Urban House (4,700 SF above grade)



\$2.6  
Million

Duplex (5,500 SF above grade)



\$1.35  
Million  
(Per Unit)

Urban House (3,300 SF above grade)



\$1.78  
Million

Duplex (4,300 SF above grade)



\$1.05  
Million  
(Per Unit)

FEASIBILITY

# What did the feasibility analysis find?

- **Limiting Gross Floor Area (GFA)** reduces potential returns.
- This is **still a positive return, but not as desirable** as what is possible with current rules.
- **New single- and two-unit development** on a sample parcel would be naturally available for **25% to 35% lower AMI levels**.
- See Appendix Item **A2** for details

# Questions

# Testing Phase I Strategies: Strategy 2

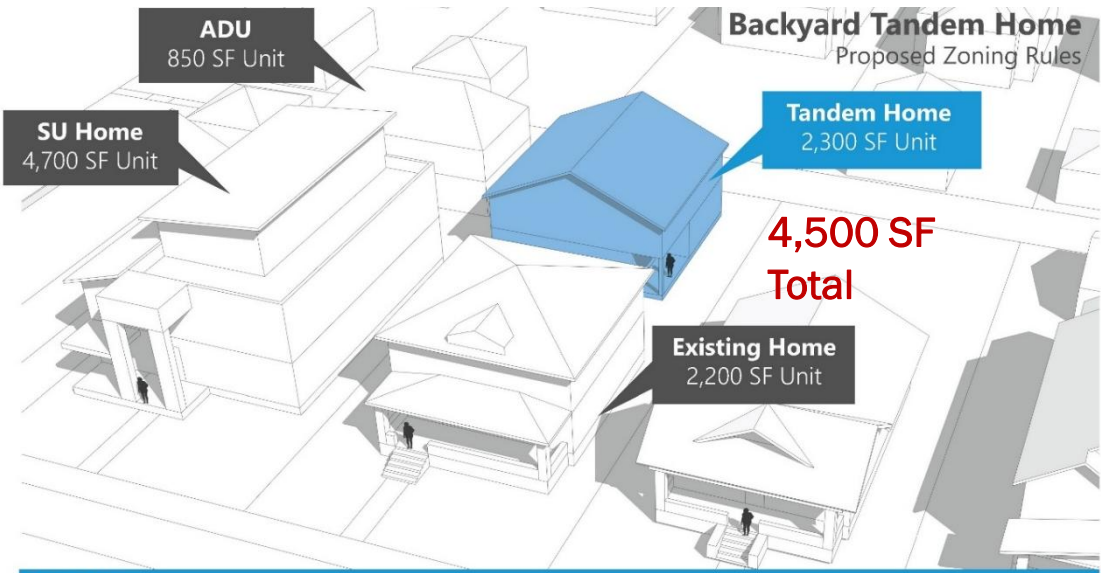
## UHC strategy 2: Infill Bonus

Allow additional dwelling units (*beyond what zoning currently allows*) in SU and TU districts when the existing primary structure is retained.

### TESTING ASSUMPTIONS:

- *50' wide 6,250 SF lot used for all models*
- *Models include space for 2 cars on a lot*
- *Models assume existing home/structure is maintained.*
  - *This could include subdividing the existing structure into multiple units as well.*
- *Models assume land is already owned.*

# Infill Bonus (Backyard Tandem House)



Aerial View



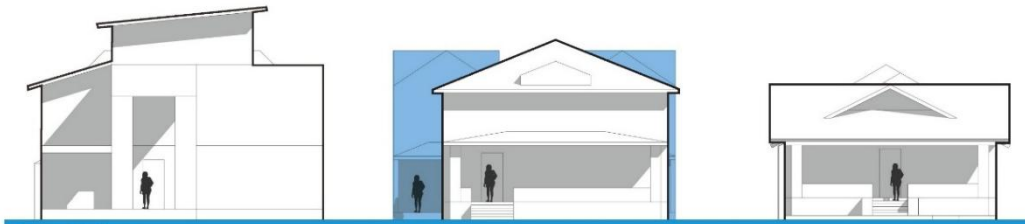
Street View

**4,500 SF Total Livable Space (above grade)**  
**TWO TO FOUR UNITS**

# Infill Bonus (Backyard Cottage)



Aerial View



Street View

**4,300 SF Total Livable Space (above grade)**  
**THREE TO FOUR UNITS**

# Economic Feasibility

## INFILL BONUS

**KEY TAKEAWAY:** Most feasible with alley access. Likely to yield max. 2 units in rear yards. Feasible for homeowners, and market-rate and affordable developers.

### Tandem House (2,300 SF)



**\$790k**

Sale price

FEASIBILITY



### Tandem House (1,700 SF)



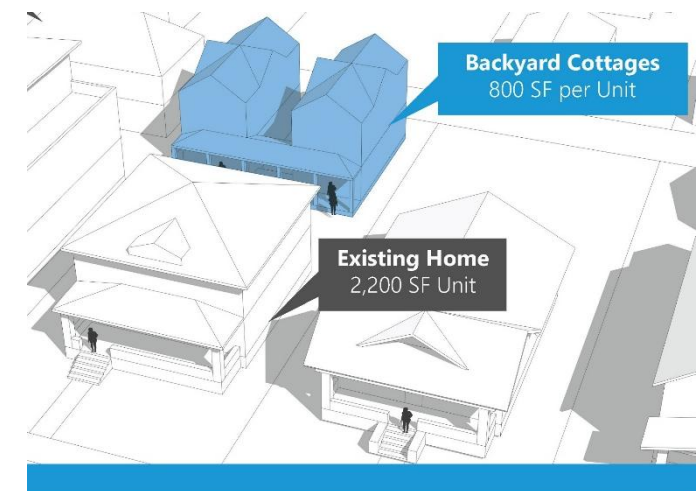
**\$585k**

Sale price

FEASIBILITY



### Backyard Cottages (850 SF units)



**\$361,250**

Sale price  
per unit

FEASIBILITY



# What did the feasibility analysis find?

- **Infill bonus housing** on a property can **double the total residential floor area** on a property
- **Infill bonus housing** result in for-sale or rental units at **less than half the cost of typical single-unit housing**.
- When the land is already owned, **infill bonus housing** has **significant potential for returns on investment**, making this an attractive option for an **individual homeowner**, land trust, or nonprofit.
- See Appendix Item **A3** for details

# Questions

# Testing Phase 1 Strategies: Strategy #3

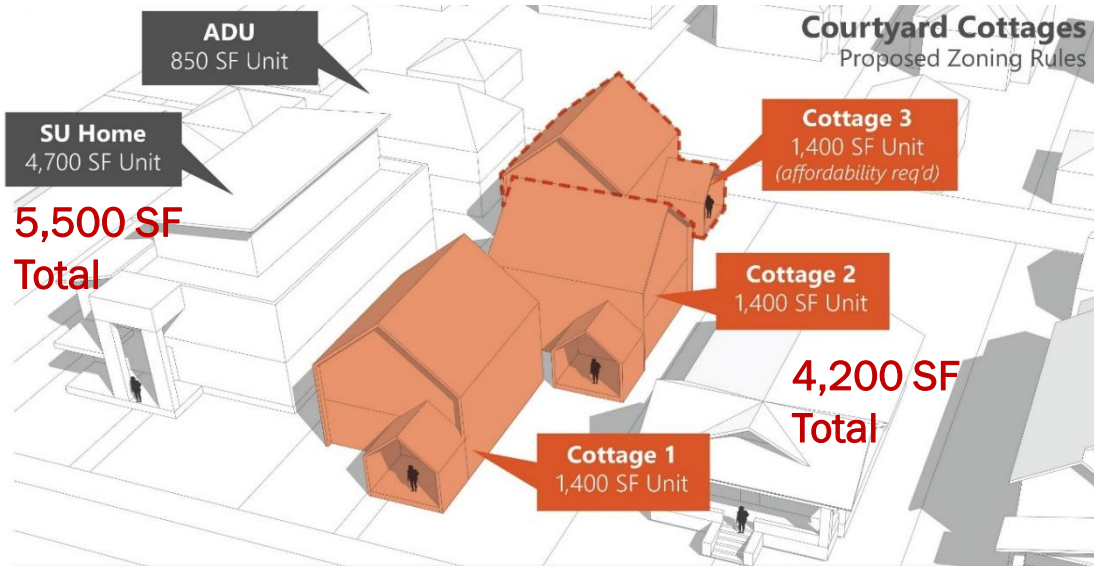
## UHC Strategy #3: Affordability Bonus

Allow additional dwelling units (*beyond what zoning currently allows*) in SU and TU districts when at least one affordable unit is provided.

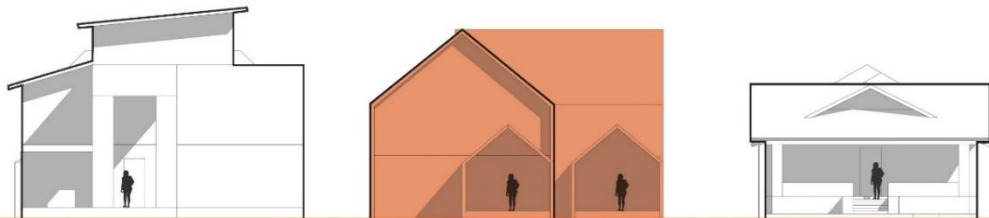
### TESTING ASSUMPTIONS:

- *6,250 SF lot (50' x 125') used for all models*
- *All models include space for 2-4 cars on a lot (surface)*
- *All models compare what's allowed today vs. what is being proposed*
- *Updates to building code and review requirements can help increase returns and feasibility in all scenarios*

## Affordability Bonus (Cottage Court)



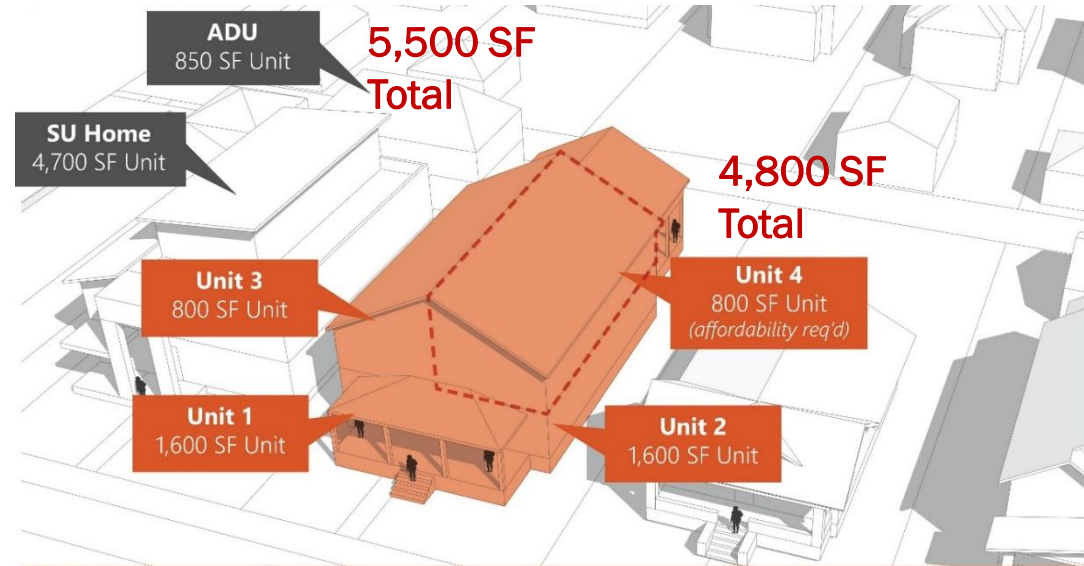
Aerial View



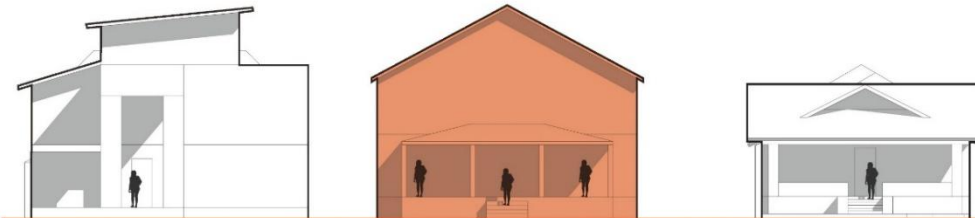
Street View

**4,200 SF Total Livable Space (above grade)**  
**THREE UNITS**

## Affordability Bonus (Multiplex)



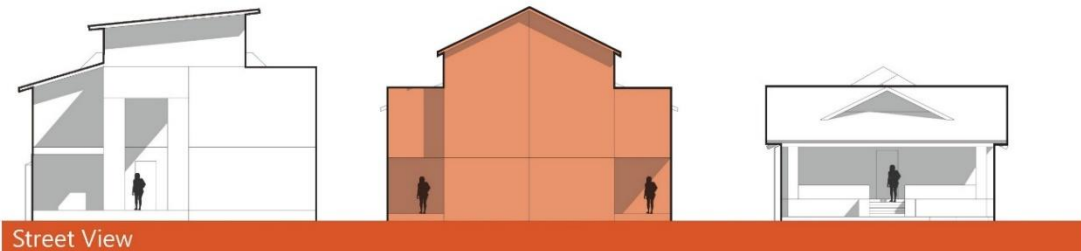
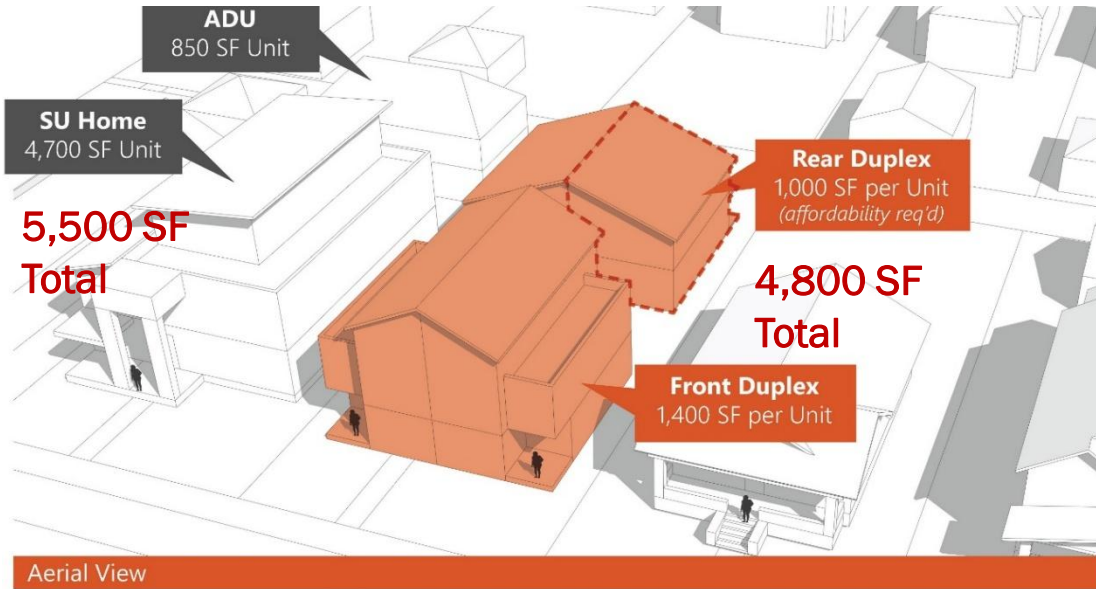
Aerial View



Street View

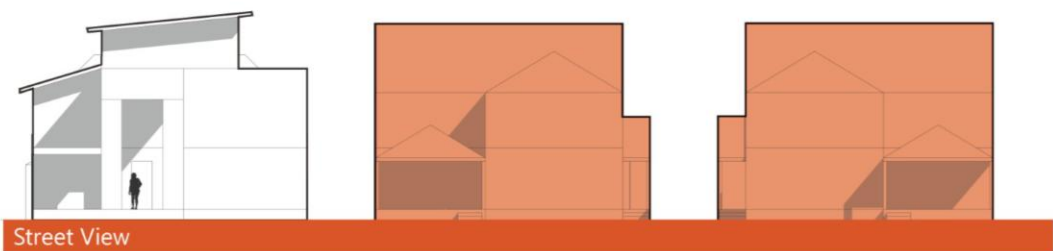
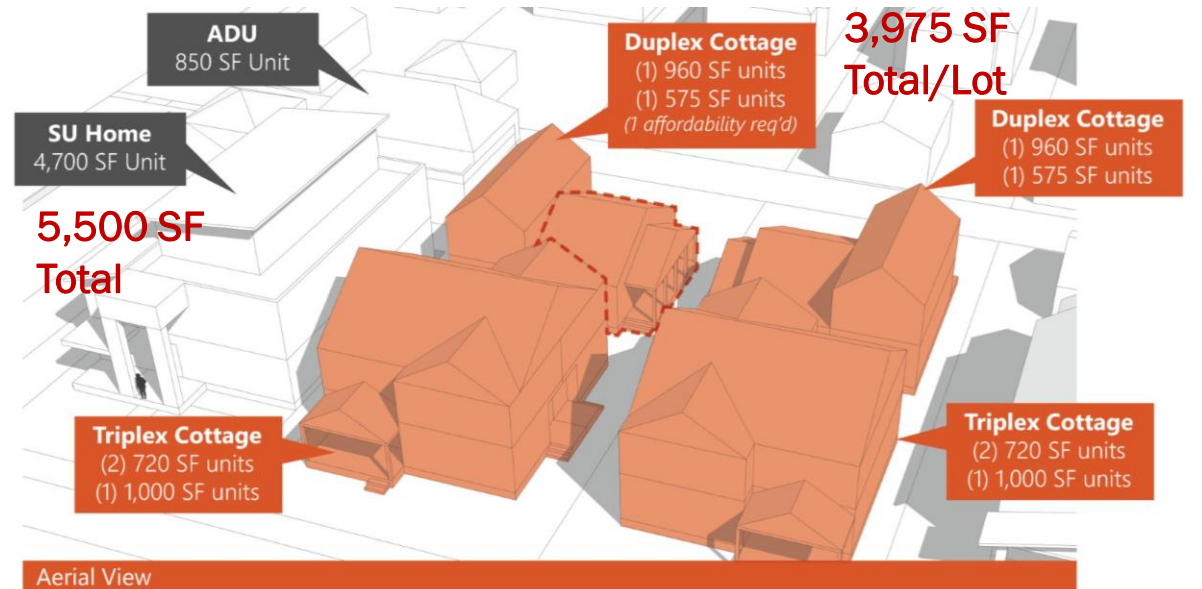
**4,800 SF Total Livable Space (above grade)**  
**FOUR UNITS**

## Affordability Bonus (Double Duplex)



**4,800 SF** Total Livable Space (above grade)  
FOUR UNITS

## Affordability Bonus (Double Lot Cottage Complex)



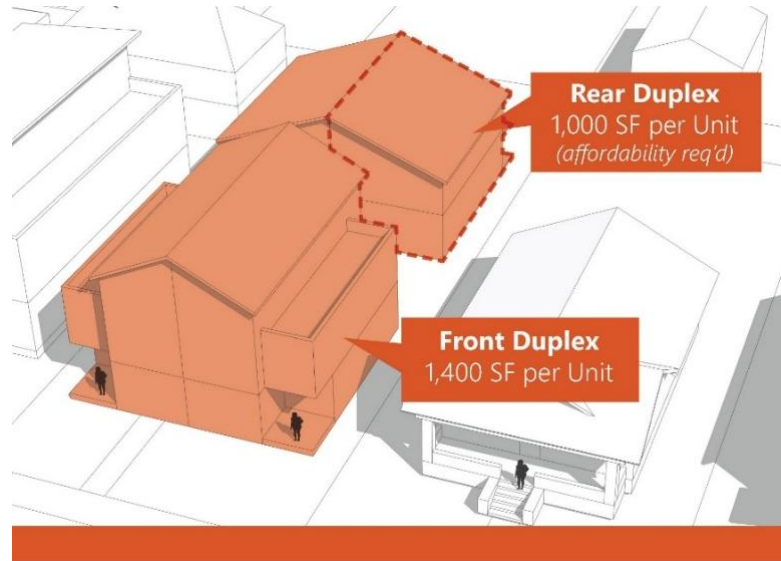
**3,975 SF** Total Livable Space (above grade)  
FIVE UNITS (PER LOT)

# Economic Feasibility

## AFFORDABILITY BONUS

**KEY TAKEAWAY:** Double duplexes are most feasible due to building code True “cottage” style development likely requires wider lots

Double Duplex  
(1,000 SF – 1,400 SF units – 4 units)

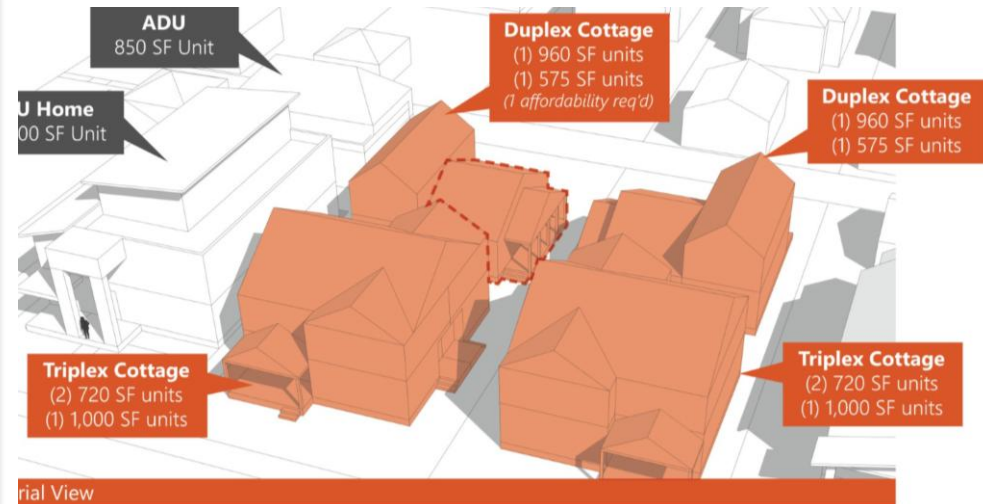


2 units at \$690k  
1 units at \$490k  
**1 units at \$360k**

FEASIBILITY



Double Lot Cottage  
(575 SF – 1,000 SF units – 10 units)



2 units at \$490k  
2 units at \$470k  
**4 units at \$350k**  
**2 units at \$280k**

FEASIBILITY

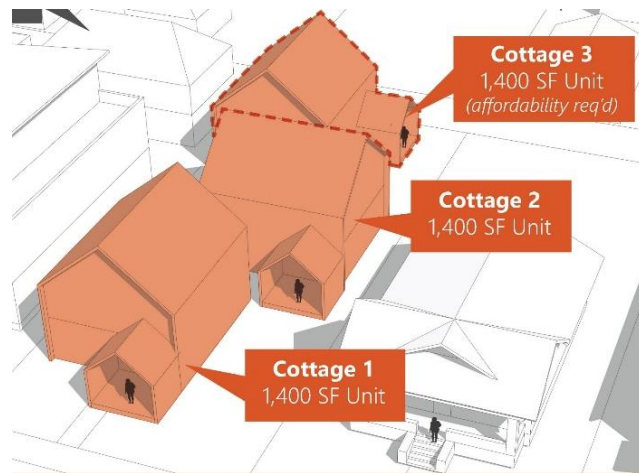


# Economic Feasibility

## AFFORDABILITY BONUS

**KEY TAKEAWAY:** Multiplex development is likely infeasible for market rate developers.

### Cottage Court (1,400 SF units – 3 units)

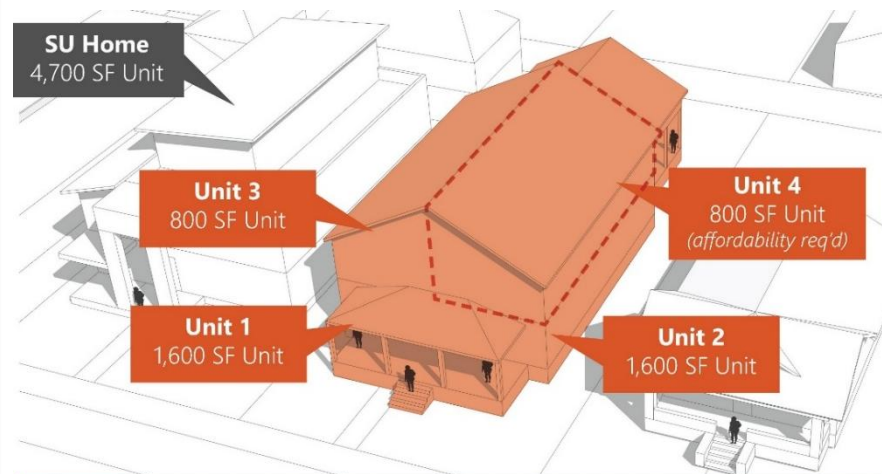


2 units at \$690K  
1 unit at \$390K

**FEASIBILITY**



### Multiplex (1,600 & 800 SF units – 4 units)



Aerial View

2 units at \$340k  
2 units at \$680k

**FEASIBILITY**



# What did the feasibility analysis find?

- “Fee simple” configurations like double duplexes and cottage developments are **most feasible** option for the **Affordability Bonus**.
- **Multiplex** examples are **not feasible** for market-rate developers. **May be feasible for affordable developers** that already own the land.
  - Updates to **building code**, condo defect insurance, and **review requirements** could increase returns **and improve feasibility**.
- Outcomes from all scenarios suggest that some smaller units would be **naturally more affordable** to residents of **some** neighborhoods.
- See Appendix Item **A4** for details

# Questions

# Key Takeaways: Phase 1 Strategies for the Urban neighborhood context

- **Reducing the maximum size** of new single- and two-unit houses preserves some property owner/developer return while incentivizing multi-unit development as an alternative.
- **Allowing additional units when existing houses are preserved** can provide positive investor returns for homeowners or developers, such as a nonprofit, that already own properties.
- **Allowing additional units when at least one unit is restricted to 90-100% of Area Median Income still provides returns** that could attract market-rate developers, especially “fee-simple” configurations like double duplexes and cottage developments.
- Subsequent updates to **building code and development review** requirements could build on the attractiveness of these bonuses. **Condo defects** would still need to be addressed at the state level.

# Agenda for today's meeting

## 1. Recap:

- Project goals
- Phase 1 approach
- November Advisory Committee meeting

## 2. Testing Phase 1 Strategies

- Address Scale
- Infill Bonus
- Affordability Bonus

## 3. Discussion

## 4. Next Steps



# Discussion

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- Project goals
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## 2. Testing Phase 1 Strategies

- Address Scale
- Infill Bonus
- Affordability Bonus

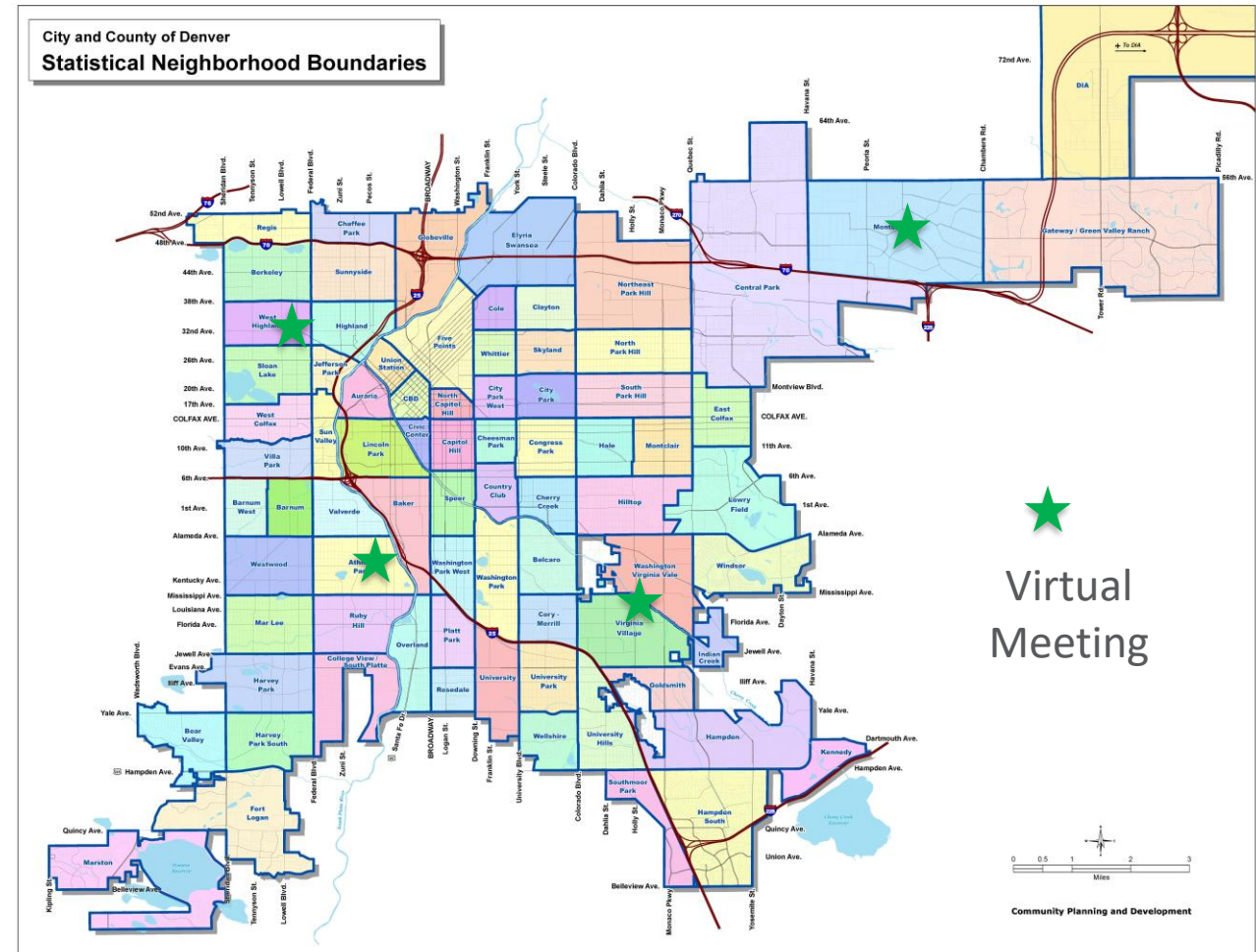
## 3. Discussion

## 4. Next Steps



# Public Engagement

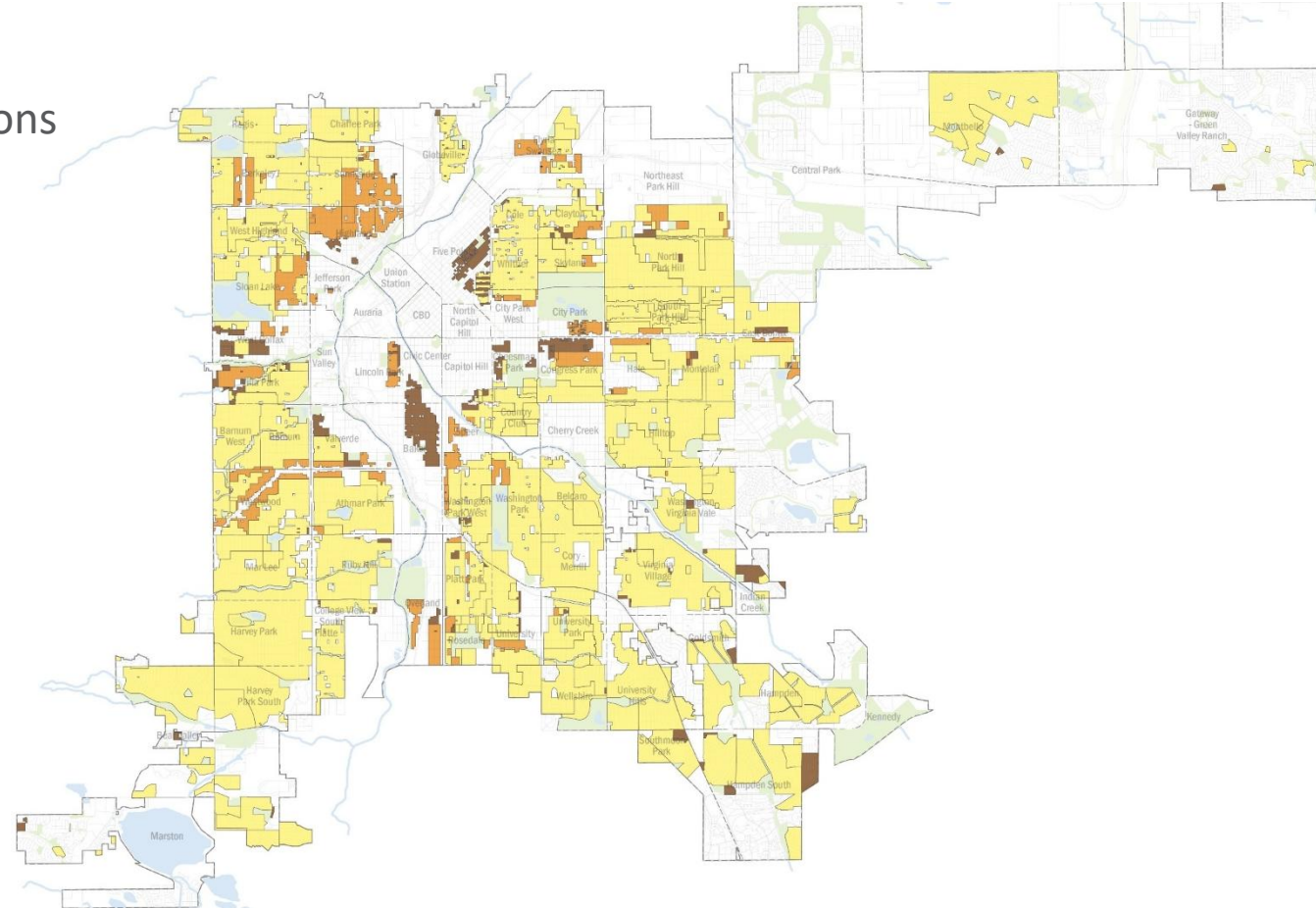
- **Tuesday, March 24, 5:30-7:30 pm:** Highland Recreation Center
- **Wednesday, March 25, 5:30-7:30 pm:** Cook Park Recreation Center
- **Tuesday, April 7, 6-8 pm:** Athmar Recreation Center
- **Thursday, April 9, 5:30-7:30 pm:** Montbello Recreation Center
- **Wednesday, April 15, 5:30 -7:00 pm:** Virtual
- RNO and Community Group Presentations Upon Request
- Additional Public Meetings in August
- All times and dates subject to change, please visit [www.denvergov.org/housingchoices](http://www.denvergov.org/housingchoices) for the most up-to-date information





# Appendix

- A1: Gross Floor Area Proposal and Case Study Comparisons
- A2: Single-unit and Duplex feasibility details
- A3: Infill Bonus feasibility details
- A4: Affordability Bonus feasibility details
- A5: AMI Limits and Maximum Affordable Housing Costs
- A6: Economic Feasibility Terminology
- A7: Methodology & Assumptions
- A8: What we heard: Developer Interviews



# A1: Gross Floor Area Proposal and Case Study Comparisons

## GROSS FLOOR AREA – COMPARABLE CASE STUDIES

*\*Assumes 6,250 SF lot size for all*

	PORTLAND, OR (R5)	SACRAMENTO, CA (R-1B)	AUSTIN, TX (SF-3)	DENVER PROPOSED (U-SU-C)
1 unit	3,125 SF (0.5 FAR)	2,500 SF (0.4 FAR)	2,400 SF (0.4 FAR)	3,500 SF
2 units	3,750 SF (0.6 FAR)	4,375 SF (0.7 FAR)	3,437 SF (0.55 FAR)	4,000 SF
3 units	4,375 SF (0.7 FAR)	6,250 SF (1.0 FAR)	4,062 SF (0.65 FAR)	4,500 SF
4 units	5,000 SF (0.8 FAR)	6,250 SF (1.0 FAR)	N/A	5,000 SF

### NOTES:

- Most other cities use max. **Floor Area Ratio (FAR)** calculations.
- Denver is proposing a max. **Gross Floor Area (GFA)** by lot size to simplify administrative calculations.
- **GFA structure is still being tested and refined.** What is shown is a range currently being tested for this lot size (6,250 SF).

### BONUSES:

- Portland allows 0.1 FAR bonus if adding units to a site with an existing house.
- Austin allows .25-.50 FAR bonuses when providing affordable units.

## A2: single-unit and duplex feasibility details (West Denver samples)

**KEY TAKEAWAY:** Proposed rules show lower returns (not meeting desired thresholds, but still positive)

### NEW RULES FOR URBAN HOUSE (SU) AND DUPLEX (TU)

Indicators	Urban House* (Current Rules) 4,700 SF	Urban House* (Proposed Rules) 3,300 SF**	Duplex* (Current Rules) 5,500 SF (2,750 SF/unit)	Duplex* (Proposed Rules) 4,300 SF (2,150 SF/unit)
Revenue (Sales)	\$2.6M (590% AMI)	\$1.78M (400% AMI)	\$2.7M (\$1.35M/unit) (305% AMI)	\$2.1M (\$1.05M/unit) (235% AMI)
Land Cost	\$625,000	\$625,000	\$637,500	\$637,500
Total Development Cost	\$2.1M	\$1.6M	\$2.14M	\$1.86M
Return on Cost (15%) (ownership)	21%	7%	22%	10%
Return on Investment (20-25%) (ownership)	39%	12%	41%	18%
Yield on Cost (9%) (rental)	N/A	N/A	N/A	4%

\* Garage is additional sf. Analysis incorporates parking garage space and costs.

\*\* 3,300 SF single family house w/ 850 SF ADU on top of garage puts project in the green.

Note: TU zones relatively scarce. RH zones attract duplexes. SDP, energy requirements and additional water tap fees inhibit 3+ units.

Note: Land Cost used real-world example, but costs may change depending on neighborhood.

# A3: Infill bonus feasibility details (West Denver samples)

**KEY TAKEAWAY:** Land cost directly affects feasibility. Works for ownership and rental market.

## INFILL BONUS

Indicators	Tandem House* 2,300 SF	Tandem House* 1,700 SF	Backyard Cottages* 850 SF/unit
Revenue (Sales)	\$790,000** (180% AMI) (\$345 psf)	\$585,000 (130% AMI) (\$345 psf)	\$361,250 (90% AMI) (\$425 psf)
Land Cost	\$0	\$0	\$0
Total Development Cost	\$660,000 (\$288 psf)	\$442,000 (\$293 psf)	\$303,000 (\$356 psf)
Return on Cost (15%) (ownership)	16%	14%	14%
Return on Investment (25%) (ownership)	47%	42%	40%
Yield on Cost (7%-9%) (rental)	7%	7%	6% (\$2,550/mo) (100-110% AMI)

\*2 surface parking spaces off alley. 2 on-street parking spaces

\*\* Other options exist at this price point

Note: Assumes no upgrades or code issues with existing house.

Note: Land cost assumes land wasn't purchased (backyard infill)

# A4: Affordability bonus feasibility details (West Denver samples)

## AFFORDABILITY BONUS

**KEY TAKEAWAY:** This building type is not feasible for market-rate developers but may be feasible for affordable developers.

Indicators	Multiplex* (Mkt Rate)	Multiplex* (Affordable)
Revenue (Sales)	\$2.0 M (\$425 psf) 2 units @ \$340k (90% AMI) 2 units @ \$680k (150% AMI)	\$2.0 M (\$425 psf) 2 units @ \$340k (90% AMI) 2 units @ \$680k (150% AMI)
Land Cost	\$625,000	\$0 (assume land is already owned by non-profit)
Total Development Cost	\$2.4 Million ** (\$500 psf)	\$1.8 M (\$370 psf)
Return on Cost (10%) (ownership)	-19%	10%
Return on Investment (25%) (ownership)	-37%	29%
Yield on Cost (7%-9%) (rental)	-4%	4%

\*4 surface parking spaces off alley. 2 on-street parking spaces

\*\* \$30-\$50 more psf due to IBC

# A4: Affordability bonus feasibility details, cont. (West Denver samples)

## AFFORDABILITY BONUS

**KEY TAKEAWAY:** These “fee simple” configurations *may* work for market-rate developers as well as affordable developers.

Indicators	Double Duplex*	Mixed Income Cottages*	5-Unit Cottages*
Revenue (Sales)	\$2.2 Million (\$463 psf) 2 @ \$690K (160% AMI) 1 @ \$490K (110% AMI) 1 @ \$360K (80% AMI)	\$1.7 M (\$490 psf) \$686K (155% AMI) \$390K (90% AMI)	\$2.1M (\$490 psf) 2 units at \$490k (110% AMI) 2 units at \$470k (105% AMI) 4 units at \$350k (80% AMI) 2 units at \$280k (65% AMI)
Land Cost	\$625,000	\$625,000	\$625,000
Total Development Cost	\$1.8 Million (\$377 psf)	\$1.7 M (\$395 psf)	(\$1.7M) (\$389 psf)
Return on Cost (15%) (ownership)	19%	3%	22%
Return on Investment (25%) (ownership)	34%	6%	38%
Yield on Cost (7%-9%) (rental)	5%	5%	5%

\*4 surface parking spaces off alley. 2 on-street parking spaces.

Note: Land Cost used real-world example, but costs may change depending on neighborhood.

# A5: AMI Limits and Maximum Affordable Housing Costs

	2-Person Household			3-Person Household			4-Person Household		
	Income	Max. Rent	Max. Price	Income	Max. Rent	Max. Price	Income	Max. Rent	Max. Price
<b>60% AMI</b>	\$67,260	\$1,682	\$236,472	\$75,660	\$1,892	\$266,005	\$84,060	\$2,102	\$295,538
<b>70% AMI</b>	\$78,470	\$1,962	\$275,885	\$88,270	\$2,207	\$310,339	\$98,070	\$2,452	\$344,794
<b>80% AMI</b>	\$89,680	\$2,242	\$315,297	\$100,880	\$2,522	\$354,673	\$112,080	\$2,802	\$394,050
<b>90% AMI</b>	\$100,890	\$2,522	\$354,709	\$113,490	\$2,837	\$399,008	\$126,090	\$3,152	\$443,307
<b>100% AMI</b>	\$112,100	\$2,803	\$394,121	\$126,100	\$3,153	\$443,342	\$140,100	\$3,503	\$492,563
<b>110% AMI</b>	\$123,310	\$3,083	\$433,533	\$138,710	\$3,468	\$487,676	\$154,110	\$3,853	\$541,819
<b>120% AMI</b>	\$134,520	\$3,363	\$472,945	\$151,320	\$3,783	\$532,010	\$168,120	\$4,203	\$591,076
<b>200% AMI</b>	\$224,200	\$5,605	\$788,241	\$252,200	\$6,305	\$886,684	\$280,200	\$7,005	\$985,126

**Maximum affordable prices assume a 30-year mortgage with 10% down, a 6.5% interest rate, and 20% of housing costs to non-mortgage expenses.**  
 AMI equivalents of sales prices on the following slides use these assumptions and a 3-person household size, except where units are <900 SQFT (where 2-person household sizes are used)

# A6: Economic Feasibility Terminology

Indicators	Notes
Revenue (Sales)	Gross sales price (approx. AMI level in parentheses)
Land Cost	Cost of lot and existing house; in general, these range from \$600K to \$650K irrespective of zoning
Total Development Cost	Land Cost + Construction Cost (incl. demo and site prep) + Soft Cost (architecture, engineering, permits, fees, construction financing)
Return on Cost (15%) (ownership)	<p>Expected Return or Profit / Total Development Cost</p> <ul style="list-style-type: none"> <li>- 10% developer fee (both market rate and affordable)</li> <li>- 5% profit (market rate)</li> </ul>
Return on Investment (20-25%) (ownership)	Expected Return or Profit / Upfront investment
Yield on Cost (7%-9%) (rental)	Net Operating Income (Revenues minus expenses) / Total Development Cost
Returns	<p><b>Green</b> is financially feasible and meets thresholds;</p> <p><b>Yellow</b> indicates positive returns but doesn't meet thresholds;</p> <p><b>Red</b> is negative returns</p>

# A7: Methodology & Assumptions

Indicators	Market Rate Developers*	Affordable Developers*	Occupant-Developers
<b>Prototype</b>	<b>Buy, demolish, rebuild</b> with additional units or square footage and amenities to sell (or lease) within a time frame for profit	Develop <b>ownership and rental housing up to 120% AMI in the small-scale subsidized housing niche</b> within a time frame	<b>Buy, demolish, rebuild</b> for own purposes. May build for future sale but current occupancy most important. Time frame still important due to potential borrowing costs.
<b>Methodology</b>	<b>Revenues – Costs</b> Based on real examples developed in last four years reflecting prototypical examples	<b>Revenues – Costs</b> Based on interviews with affordable housing developers and AMI targets	<b>Costs and Ability to Borrow</b> Same costs but improvements are based on personal needs and ability to borrow. Act as own General Contractor or may hire.
<b>Returns</b>	<b>Profit</b> that meets thresholds. <b>Developer Fee</b>	<b>Developer fee</b>	Expected Improvement <b>Value &gt; Costs</b>

\* Analysis focuses on market rate and affordable developers and not occupant - developers

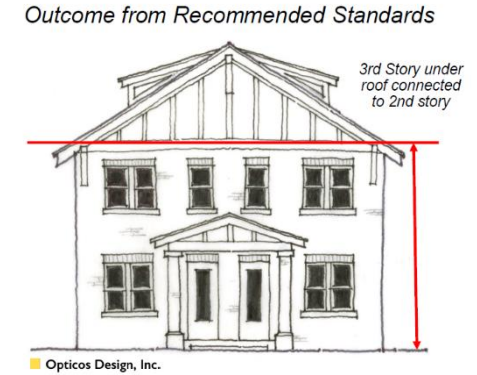
# A8: What we heard: Developer Interviews

Topics	Market-Rate / Small Infill Developers	Affordable / Nonprofit Developers
Typical Costs	\$250–\$450/SF total (hard + soft) (\$450K per 1,000 sf unit)	Up to \$330K per unit
Main Barriers	6–8 month permitting, redundant comments, setbacks, open-space rules, flat fees	Rezoning delays (4–6 months), SDP triggers for triplexes and up
Fee Issues	Flat tap & linkage fees penalize small projects	Tap fees and infrastructure costs threaten affordability; value fee waivers and partnerships
Code & Zoning	Prefer form-based controls (height, bulk, frontage) instead of FAR; want more units per lot	Want automatic TU or higher zoning for affordable projects; prefer residential code up to 6 units
Permitting Reform	Need “middle-tier” permit track for small infill and additions	Pre-approved plans
Design Priorities	Compatibility: street orientation, low massing, stepped-back upper floors	Efficiency: standardized, flexible setbacks, minimal design changes
Risk Factors	Construction defects law deters for-sale townhomes/condos	Mitigate risk via party wall agreements instead of HOAs
Partnerships	Limited; rely on private financing	Strong collaboration with HOST, AHART, MIHA, and Prop 123 programs
Effective Incentives	Graduated fees, faster reviews, relaxed unit caps	Land access, property tax exemptions, infrastructure cost-sharing
Policy Opportunities	Streamline small-project permitting; scale fees to unit size; allow 5–6 units per lot	Align ADU rules with state law; streamline rezoning

# Preliminary Assumptions

## CHANGE HOW HEIGHT IS MEASURED:

- Eliminate Bulk Plane
- Keep max. overall height
- Front 65% / Rear 35% differentiation still being tested.
- 3<sup>rd</sup> floor must be located under a pitched roof
- Limit “flat roof” structures to 2-story max



## MAX. HEIGHT – COMPARABLE CASE STUDIES

	PORTLAND, OR (R5)	SACRAMENTO, CA (R-1B)	AUSTIN, TX (SF-3)	DENVER PROPOSED (U-SU-C)
Max. Height	30'	35'	32'	30'

### NOTES:

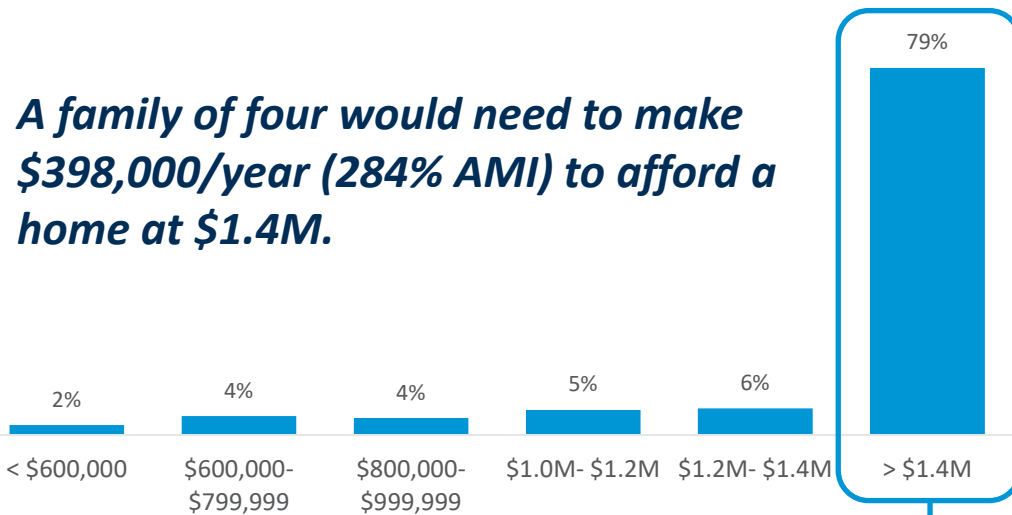
- Austin and Sacramento use 45-deg. Bulk Plane, but starting point is lower than Denver’s (15’ and 16’ respectively; Denver’s starts at 17’)

# Trends (Single-Unit Homes)

## Single Unit Trends (2019-Present)

**TAKEAWAY:** *New single unit homes are very large and out-of-reach for most Denverites but can be built in the most places.*

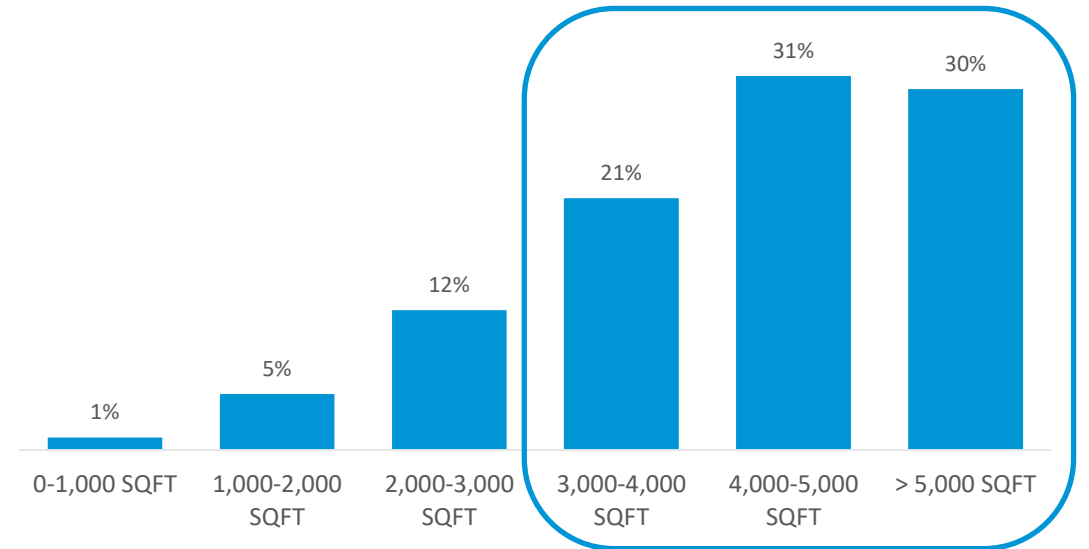
Value of Single Family Detached Units Built 2019-Present



**A family of four would need to make \$398,000/year (284% AMI) to afford a home at \$1.4M.**

**79% >\$1.4M**

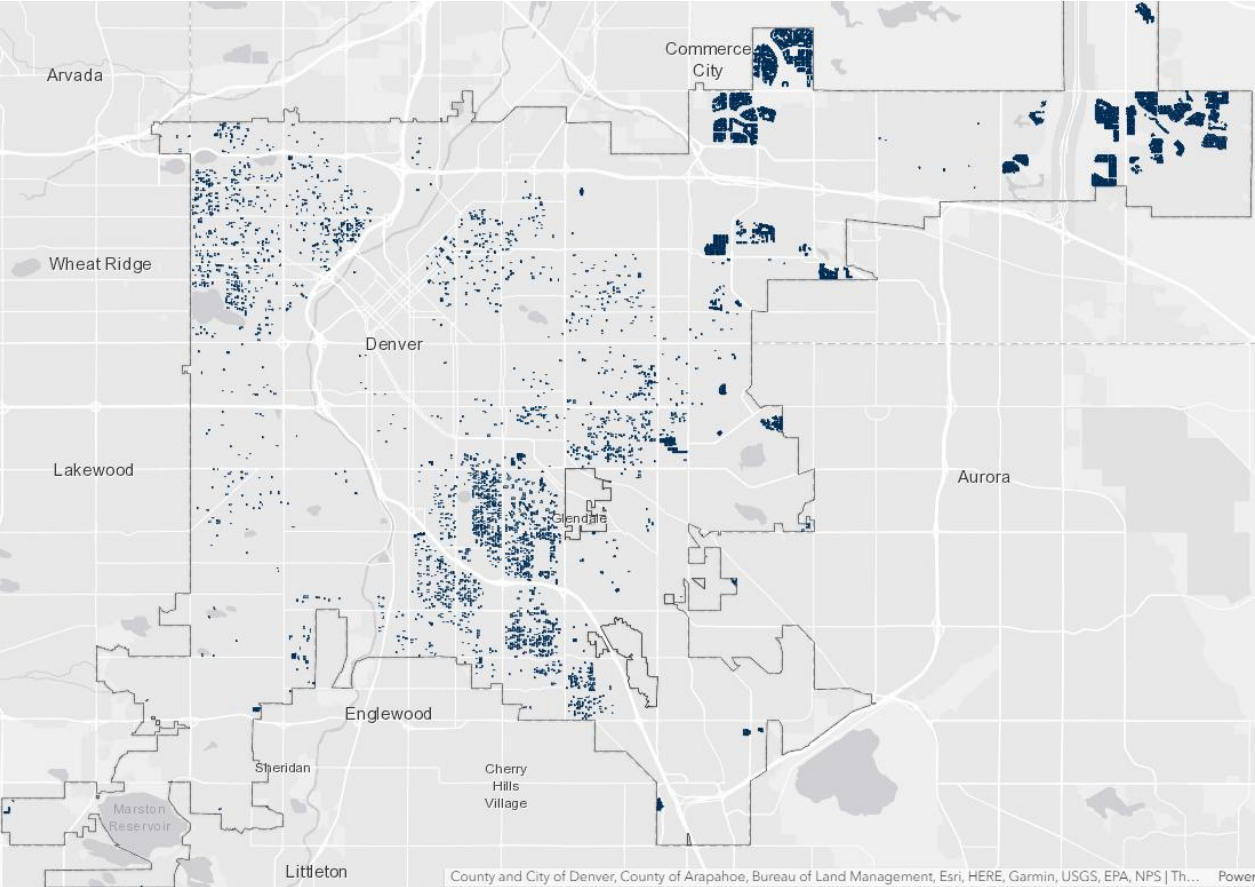
Area of Single Family Detached Units Built 2019-Present



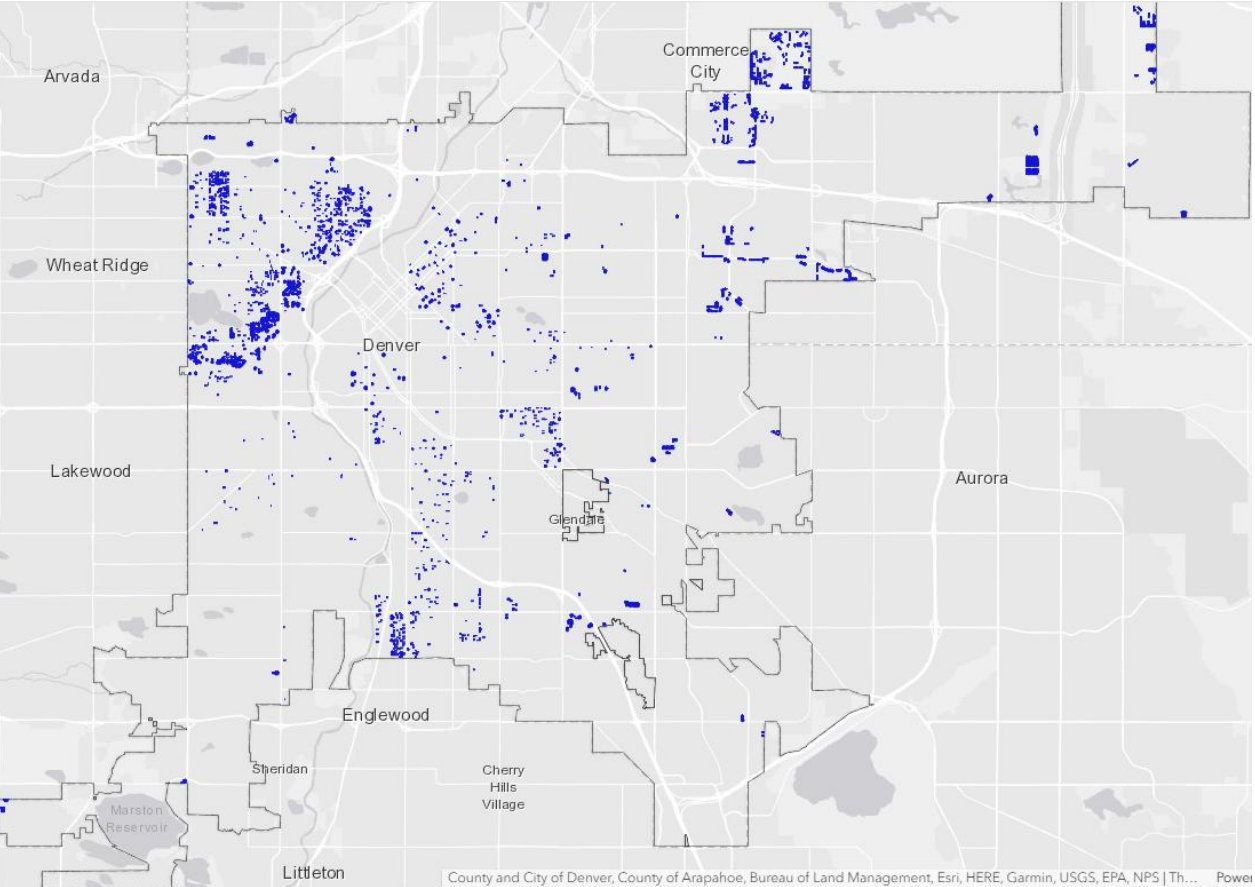
**82% >3,000 SF**

# Trends

New Single Unit homes since 2010



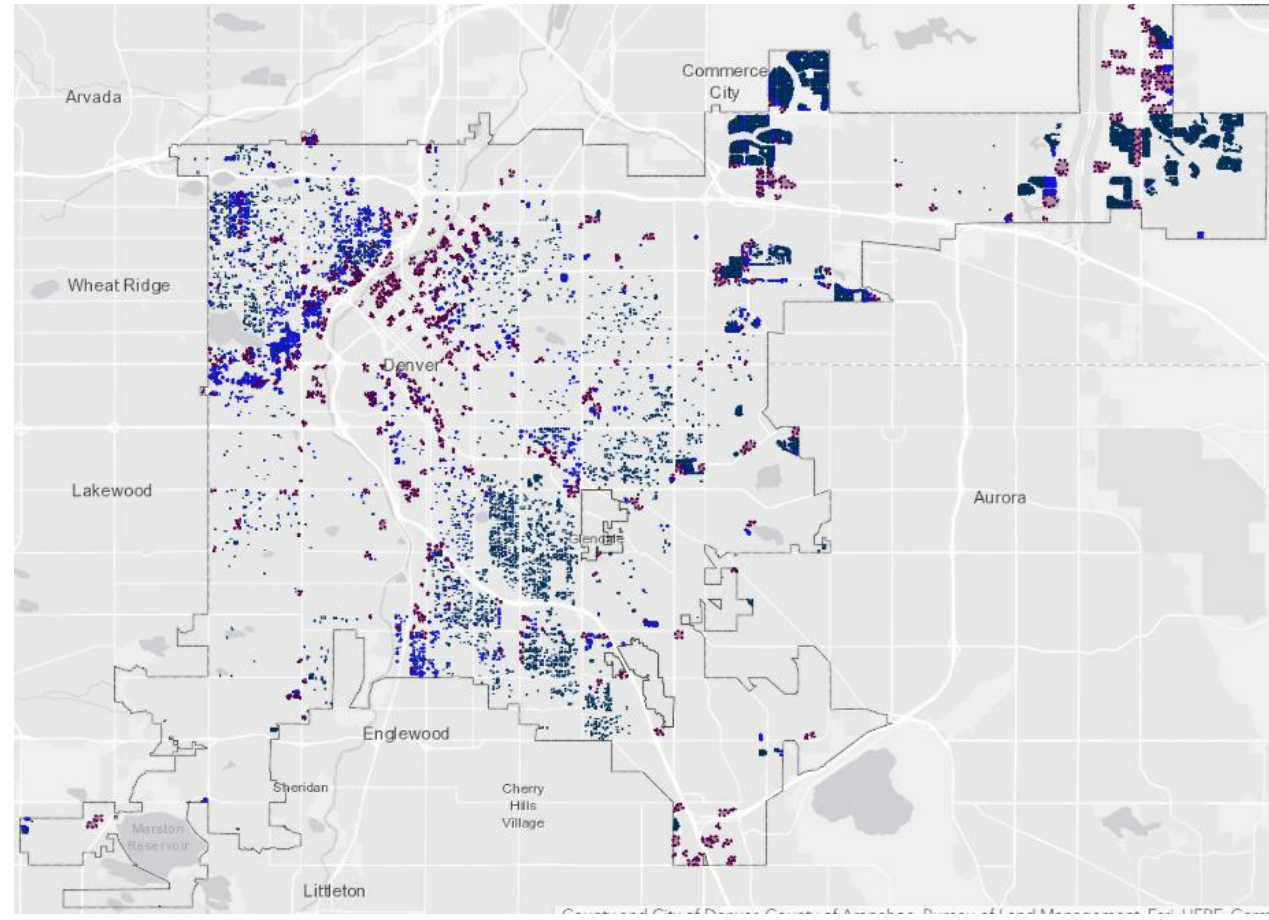
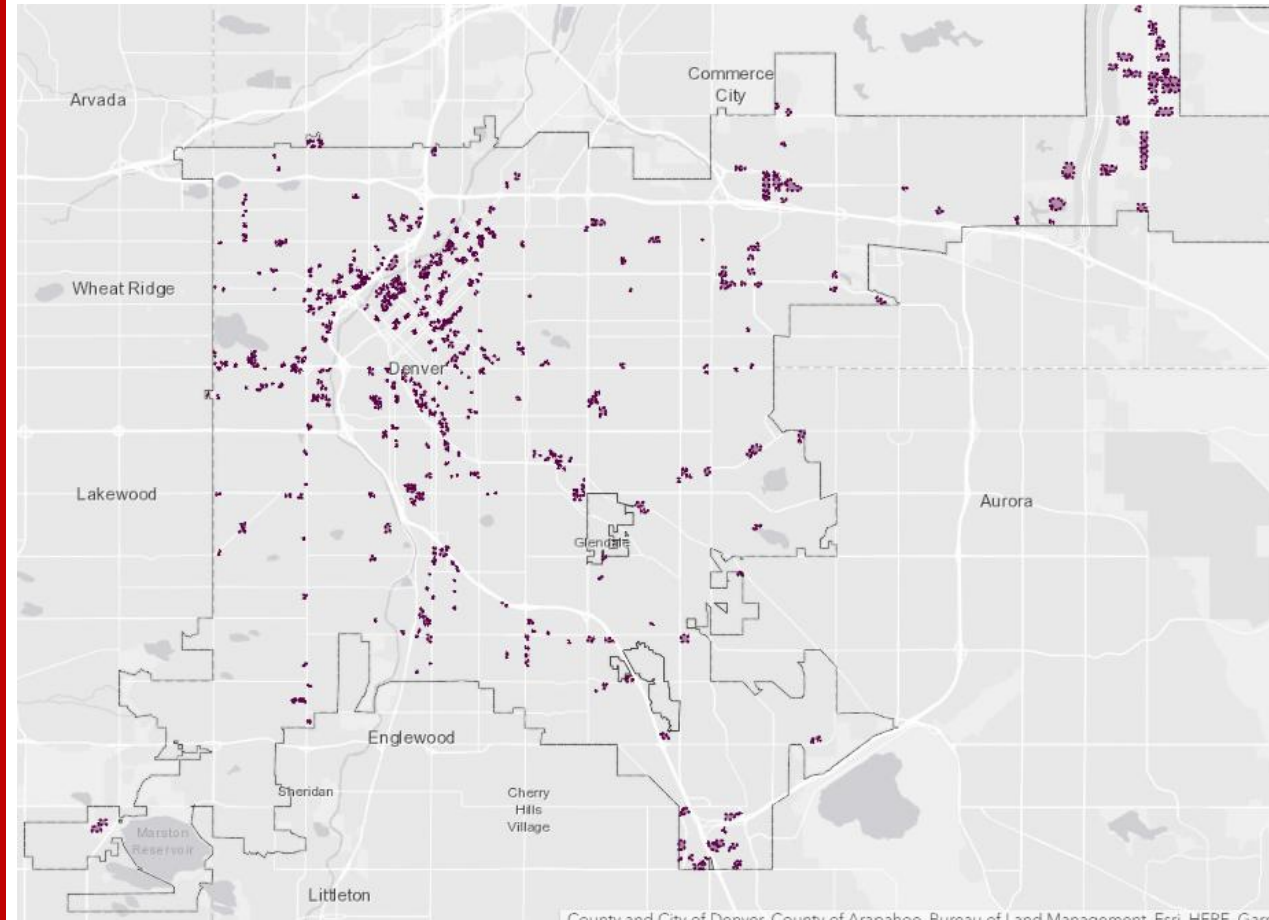
New Missing Middle Housing since 2010  
(Duplex – Rowhouse)



# Trends

New Multi-unit housing since 2010

New Single Unit, Missing Middle, and Larger Multi-Unit Housing since 2010

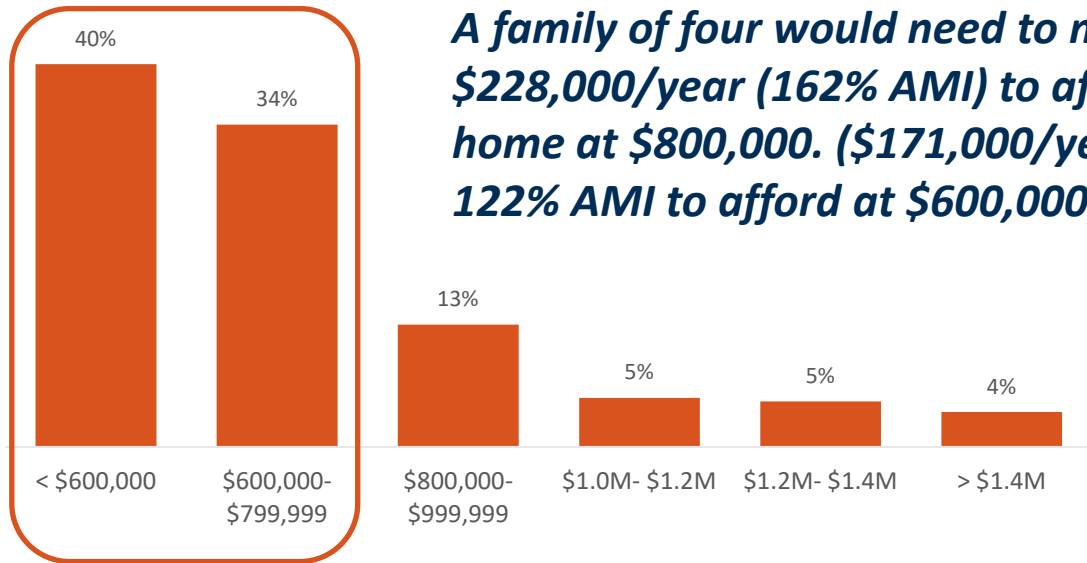


# Trends (Multi-Unit Homes)

## Multi-Unit Trends (2019-Present)

**TAKEAWAY: New multi-unit homes are smaller and more affordable, but where they are allowed is limited by zoning.**

Value of Duplexes, Triplexes, Rowhouses Built 2019-Present



***A family of four would need to make \$228,000/year (162% AMI) to afford a home at \$800,000. (\$171,000/year or 122% AMI to afford at \$600,000)***

**74% <\$800K**

Area of Duplexes, Triplexes, Rowhouses Built 2019-Present



**90% <3,000 SF**

# Current Zoning

Where Single-Unit Structures are Allowed →

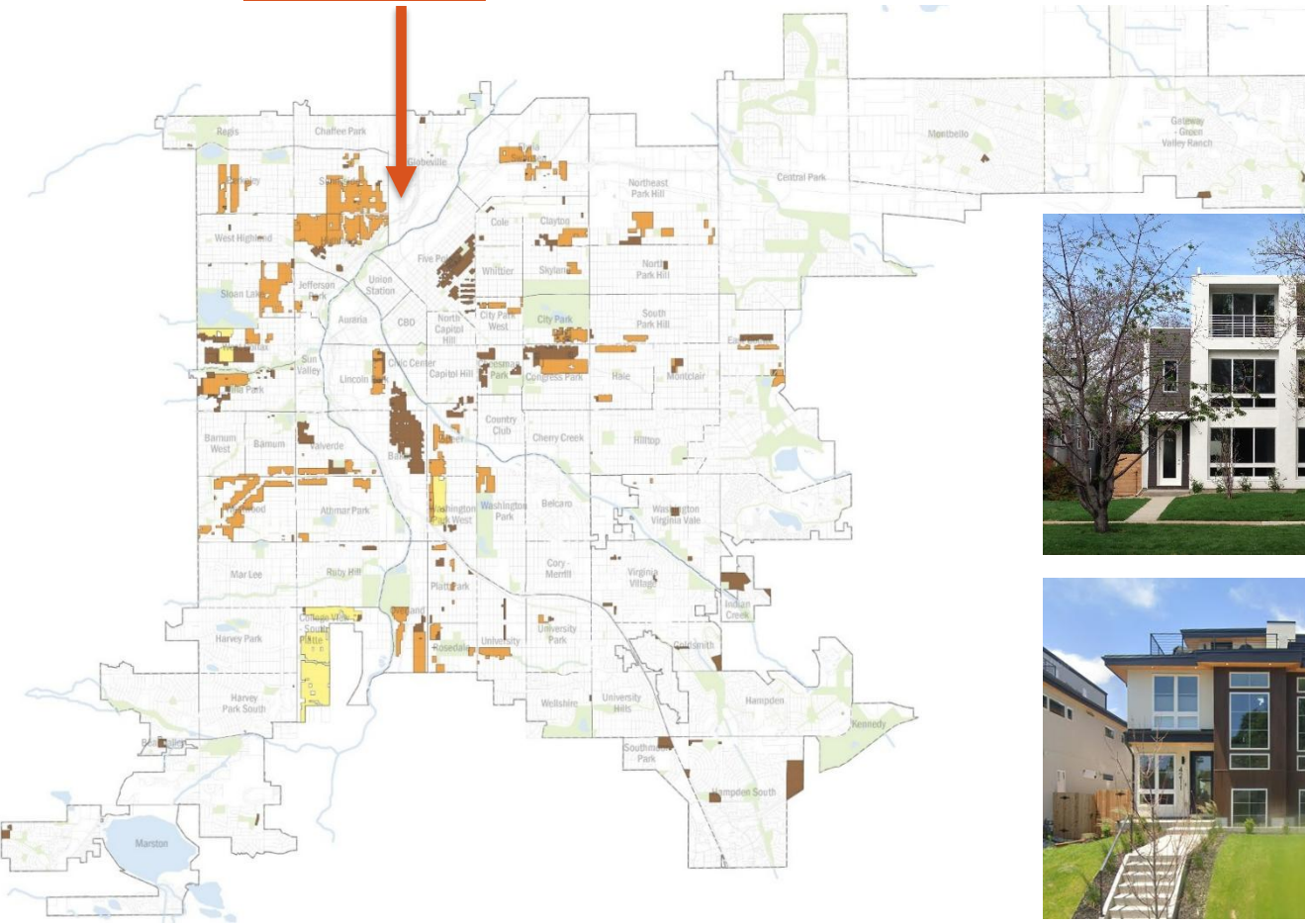
- All SU, TU, and RH Zone Districts
- Average Size (2019-2025) = 3,427 SF
- Average Value = \$1.4 Million



# Current Zoning

Where Two-Unit Structures are Allowed →

- *TU and RH Zone Districts and Some SU Zone Districts (large lots/corners)*
- *Average Size (2019-2025) = 1,780 SF*
- *Average Value = \$687,000*

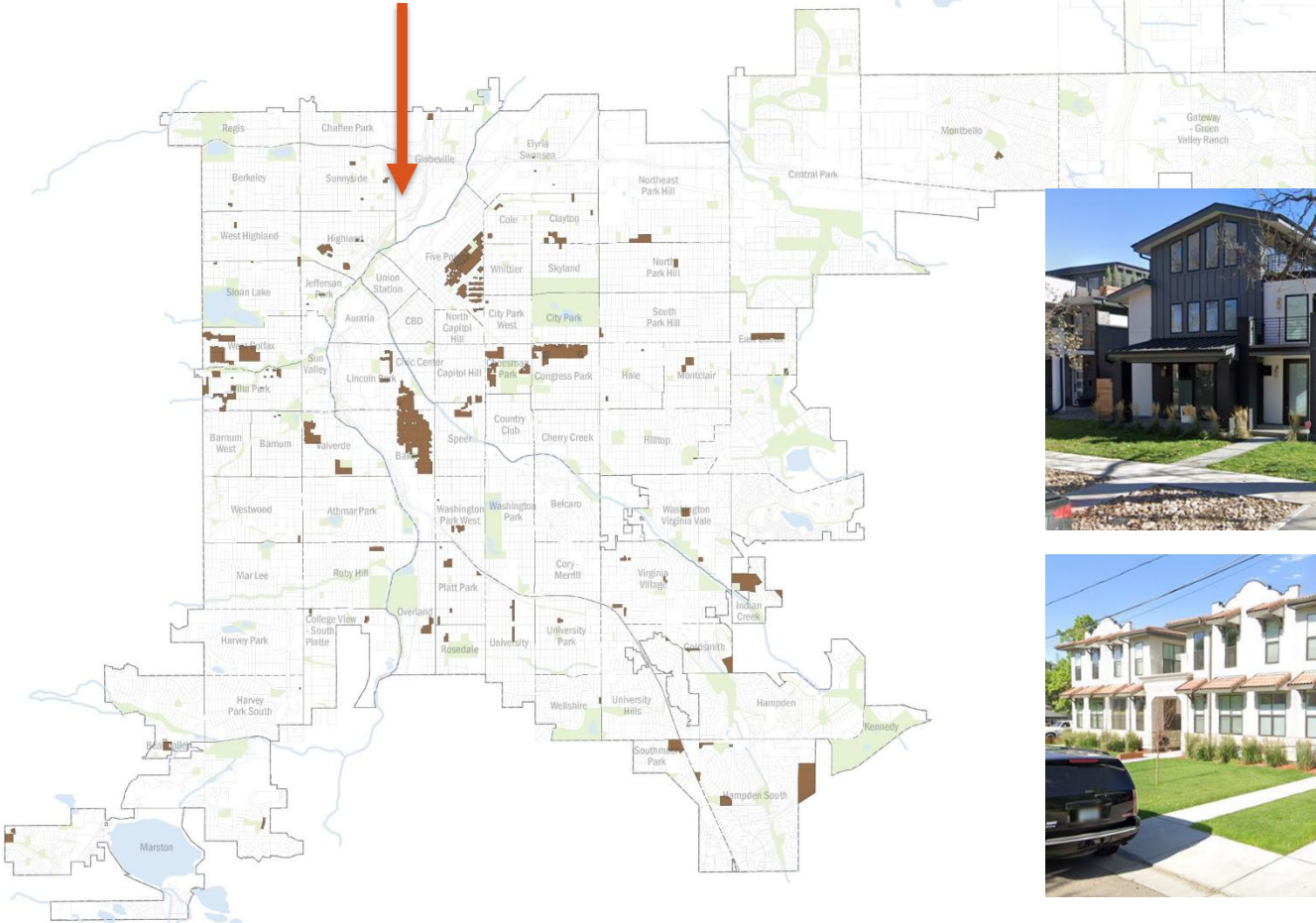


# Current Zoning

Where Multi-Unit Structures are Allowed



- Only in RH Zone Districts
- Average Size (2019-2025) = 1,780 SF
- Average Value = \$687,000



## NOTES:

- Data lumps Duplexes and Rowhomes/Multifamily together
- Only a few examples of new construction Rowhomes/Multifamily found