

West Area Plan – Rezoning Implementation Approach Policy Memo

Overview of ongoing changes and associated housing and socioeconomic impacts

October 10, 2024

Memo Objective

This memo outlines the issues related to displacement and increased redevelopment pressures in West Denver. The focus is on neighborhoods included in the West Area Plan, adopted in March 2023: West Colfax, Valverde, Sun Valley, Barnum, and Barnum West. These neighborhoods have been impacted by land use and zoning actions combined with the absence of concurrent affordable housing and stabilization strategies for existing residents. These trends started about 14 years ago and have accelerated since adoption of the West Area Plan, with a significant increase in applicant-driven rezonings and associated development. This memo outlines a revised approach for Community Planning and Development (CPD) staff to determine consistency with the West Area Plan for applicant-submitted rezoning applications. The goal is to ensure that displacement mitigation strategies related to housing attainability and affordability are in place before proceeding with any further applicant submitted zoning changes from single unit to higher intensity zone districts.

West Area Plan Priorities

The West Area Plan provides guidance for the West Colfax, Villa Park, Valverde, Sun Valley, Barnum and Barnum West neighborhoods. The plan highlights a series of community priorities related to quality of life, food access and housing affordability.

Community feedback during the West Area planning process highlights a strong desire for affordable housing options for residents who want to stay in their neighborhood. The plan addresses these issues through strategies to advance equitable housing options, retain residents, and improve quality of life. The following, copied from page 14 of the West Area Plan, provides guidance on rezonings in the plan area:

Some of the zoning recommendations in this plan are intended to be implemented legislatively (i.e., initiated by the city) either through citywide processes or area-specific text amendments, instead of through applicant-driven rezonings (e.g., see Policy B-2 (P. 272) . . . Therefore, requests for one-off applicant-driven rezonings should be evaluated to determine if they are better suited as part of a legislative rezoning effort to more effectively advance the vision and recommendations of the plan. P. 14”

The following provides context from community outreach that speaks to a clear need to deploy strategies that counter gentrification and displacement.

*Plan – What We’ve Heard (p. 8) - HOUSING: A desire for more affordable housing options.... Current housing trends are out of reach for working class families and seniors ... **A desire for strategies to counter gentrification and displacement.***

*West Area Today (p. 23) - “The West Area is a vibrant and innovative community today. But the years of disinvestment, historic redlining practices and impacts of infrastructure decisions continue to create barriers between neighborhoods, affect economic conditions and isolate sections of the community today. **The West Area Plan addresses the inequities and impacts of historical decisions by identifying equitable investment opportunities and future projects that help retain residents, improve quality of life, enhance mobility solutions and reflect neighborhood values and culture for years to come.**”*

The West Area Plan also contains specific recommendations for housing affordability, including examples of tools that can help to ensure affordability for existing residents:

Recommendations, Policy E.1 - Preserve existing housing affordability and housing quality (p. 211)

B. Preserve naturally occurring affordable housing, particularly in areas close to transit and in areas vulnerable to displacement, through existing and new tools such as:

- 1. Incentive programs for owners and landlords that provide financing for rehabilitation of small multi-unit properties and homes in exchange for affordability commitments.*
- 2. Partnering with existing cooperatives and other community-based organizations to assist tenants with acquiring and transforming housing into cooperative housing.*
- 3. Partnerships between the city, land trusts, non-profit organizations, and residents to develop new financial and/or regulatory tools.*

Recommendations, Policy E.2 – Explore strategies so affordable housing is available everywhere by implementing approaches that promote a diversity of affordable housing options within all neighborhoods and new development.

- A. Ensure the value of increased development potential is shared within communities through the provision of on-site affordable housing, a diversity of housing types and elements that promote complete neighborhoods.*

Implementing the full intent of the plan requires strategies and programs, such as those referenced above in Policy E.1, to ensure that investment and redevelopment in the area is paired with tools to stabilize existing residents.

Citywide Plans

Equity is a critical component of *Comprehensive Plan 2040* and *Blueprint Denver*. *Blueprint Denver* makes a clear policy distinction to ensure that existing residents are stabilized despite increases in property values, rents and further development pressure. *Blueprint Denver* articulates both the inherent complexity and importance of addressing involuntary displacement, calling for a “variety of strategies that cut across many disciplines, plans and partners” (p. 36) to ensure that Denver’s diversity of its community is maintained.

Blueprint Denver also calls for equity measures and mapping analysis in neighborhood plans to ensure that “neighborhood planning will need to address policies and strategies to mitigate involuntary displacement, especially since the plan may attract new investment to the area.” This is directly applicable to the *West Area Plan*, since new investment is leading to displacement concerns, as documented below.

Realigning for consistency with adopted plans

The Denver Zoning Code requires that City Council find rezonings consistent with adopted plans (DZC 12.4.10.7.A). Upon consideration of the broader plan guidance and trends outlined in this memo (see the below Supporting Data section), CPD has found potential rezonings of single unit districts (SU) to higher intensity districts in the West Area Plan geography are not consistent with the intent of adopted plans until further stabilization programs, tools and regulatory changes are in place, due to the phase of development lifecycle that the area is in. It is important to note that rezonings are consistent with adopted plans if there are programs and commitments to ensure affordability as part of new missing middle housing opportunities.

CPD will reevaluate this approach at a time when more affordability tools to preserve and/or create affordable housing are available to be paired with rezonings to higher intensity districts.

Housing and economic trends for the West Area Plan area show a rapid decline in housing affordability, despite significant increases in housing production and associated socioeconomic changes occurring in some of these neighborhoods. To slow these trends and to implement land use regulations consistent with the West Area Plan and citywide plans, new programs, tools, and additional housing investments in the west area are needed to mitigate the involuntary displacement¹ of existing residents and to better preserve affordability. CPD and the Department of Housing Opportunity and Stability (HOST) are currently researching policies, programs, and regulatory changes – including needed funding – that will help to mitigate displacement by creating and preserving housing affordability.

Supporting Data

The following summarizes changes in housing stock and housing affordability in the West Area neighborhoods that highlight the need for more stabilization tools.

Overview of Trends Related to changes in character, housing type, affordability and the impacts to community.

Demographic changes: the percent of people of color decreased in all West Area Plan neighborhoods from 2010-2022, from over 70% in 2010 to around 41% in 2022. West area neighborhoods also experienced increases in educational attainment (an increase of 118% from 2017 to 2022 for those who have a bachelor’s degree or higher) and increases in income that show a notable shift in who is living in the community. Overall, household income has increased by 250%

¹ Involuntary displacement occurs when residents are forced to move, often due to increased housing costs that they can no longer afford.

from 2017 to 2022. Valverde saw a 95% increase in median household income from 2010 to 2022. During the same time, West Colfax experienced a 191% increase and now has a median income (\$92,379) that is higher than the citywide median income of \$85,853, even though historically West Colfax has consistently had median income well below the citywide median income.

Home values: All neighborhoods in the West Area Plan geography experienced higher increases in median home value from 2010 to 2022 compared to the citywide increase of 155%. From 2010 to 2022, West Colfax saw an increase of 281%, Villa Park an increase of 201%, Valverde 174%, and Barnum 185%. From 2010 to 2019, home prices in the West Area Plan neighborhoods increased by 153%, compared to 106% for the city as a whole.

Demolition permits: From 2021 to 2023, the West Colfax neighborhood had 97 demolition permits pulled, which is a disproportionate share of demolition relative to the citywide number of 1982 and the average of 27 demolition permits per neighborhood. This data is for full demolitions, where an entire housing unit is demolished.

New development: The majority of development in the West Area Plan area resulted in a significant increase in new housing units. This has occurred most notably within 1-2 blocks of Lakewood Dry Gulch. From 2010 to 2022, Denver saw a 23%² increase in new housing units. In contrast, West Colfax saw an increase of 94% in housing units during that same time. Valverde experienced a 30% increase. This shows the strong market interest in this area compared to the rest of the city – and the data above indicates that home values have increased dramatically during the same time that new units were added.

Data sources: City of Denver permits for demolition permits. United States Census/ACS data for all other data.

² Denver Assessor data from 2010 and 2022 to calculate percent increase.