



# COLORADO HOUSING

## AFFORDABILITY PROJECT

Presentation to Rocky Mountain Land Use Institute  
January 22, 2021

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[www.cohousingaffordabilityproject.org](http://www.cohousingaffordabilityproject.org)

# Outline

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- The Housing Affordability Crisis
- About CHAP
- Our Platform
- Specific Goals and Proposals
- Your Involvement

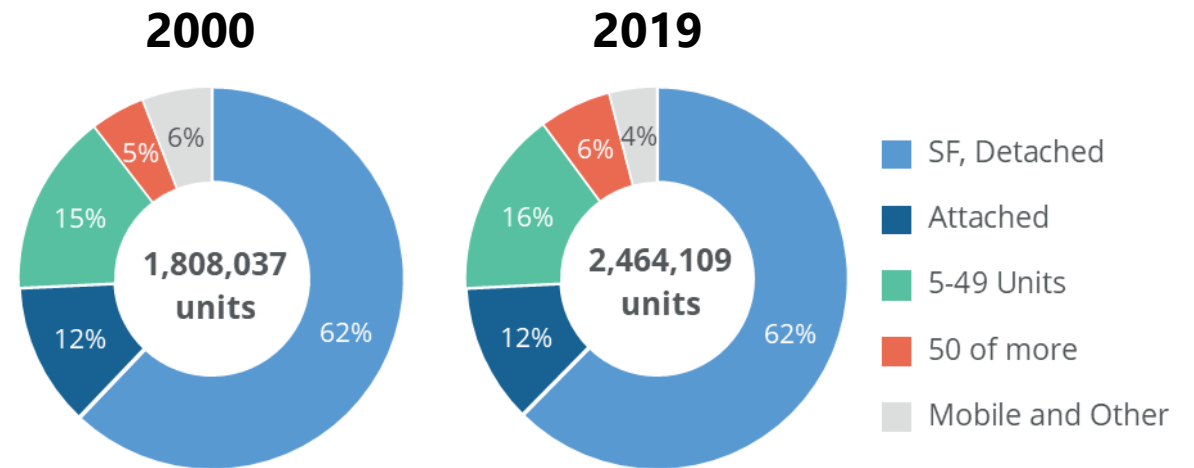
# Colorado's Housing Affordability Crisis

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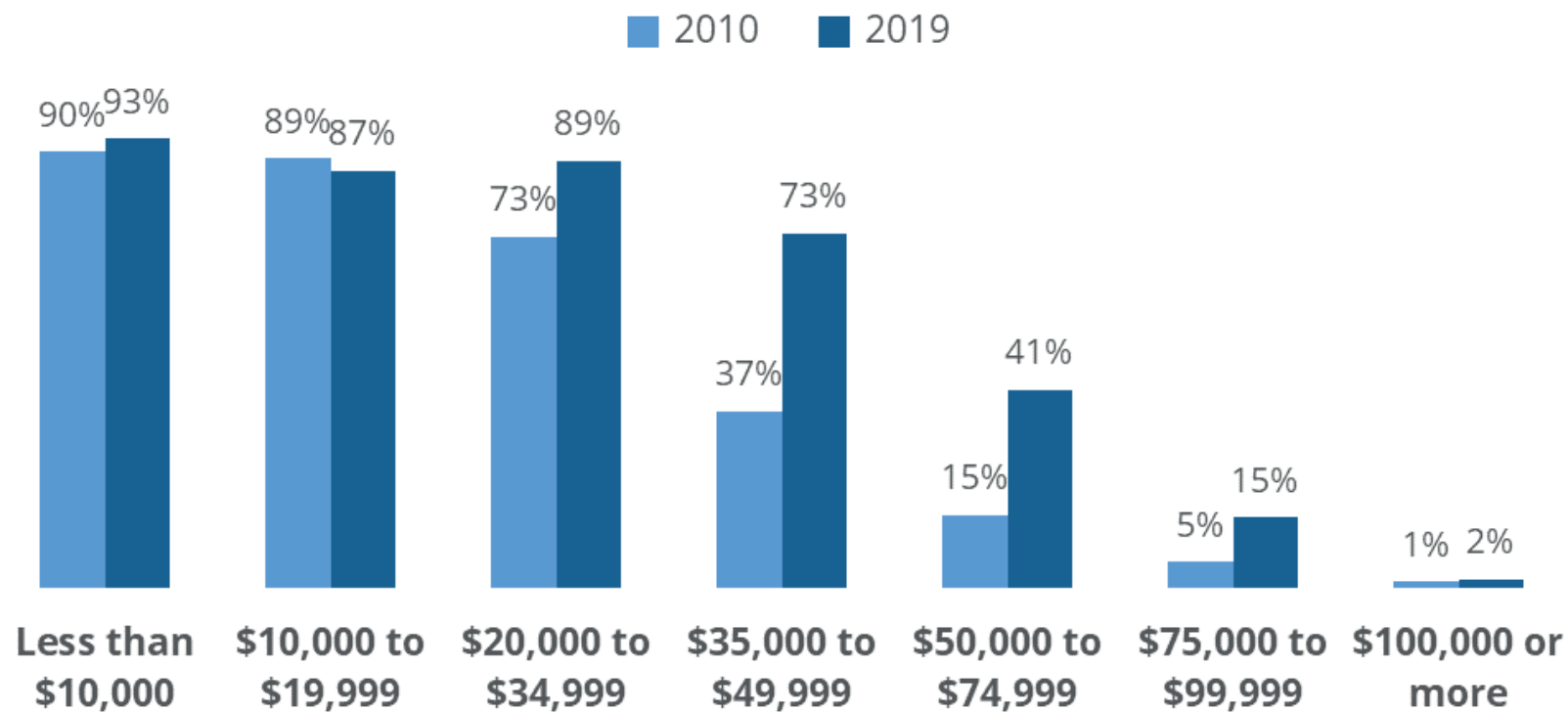
- Colorado ranks as the **third-least affordable state in the nation** when median income is compared to median home sales prices. (U.S. News)
- 2019 survey: Several categories of **essential workers cannot afford to rent or own a median-priced home** in most of Colorado's metropolitan areas.
- In cities throughout Colorado, **wage growth has lagged increases in housing prices.**
- The crisis has **spilled over into rural areas and smaller communities**, which have less ability to absorb higher housing costs.
- Employers **struggle to attract service industry workers** due to the lack of affordable housing, **young professionals cannot afford starter homes** in our metropolitan areas, and—at the extreme end of the affordability crisis—we see **increasing evidence of homelessness** in many of our communities.

# State of Colorado Housing and Needs

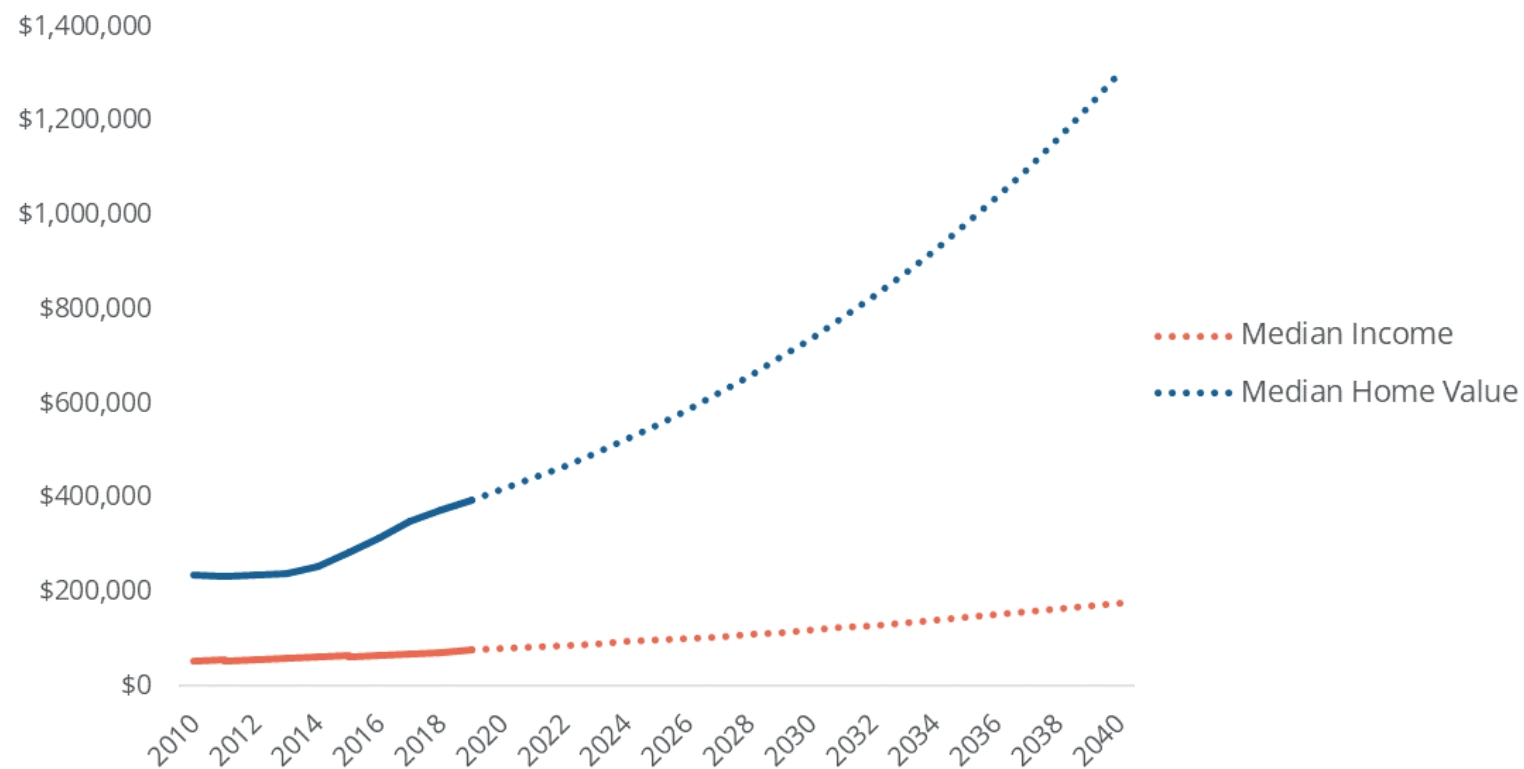
	2000	2019	% Change
<b>Median Income</b>	\$ 47,203	\$ 77,127	63%
<b>Median Gross Rent</b>	\$ 671	\$ 1,369	104%
<b>Median Home Value</b>	\$ 160,100	\$ 394,600	146%



# Cost Burdened Renters by Income



# If Current Trends Continue



	Home Value to Income Ratio
<b>2010</b>	4.4
<b>2015</b>	4.4
<b>2020</b>	5.2
<b>2025</b>	5.7
<b>2030</b>	6.2
<b>2035</b>	6.8
<b>2040</b>	7.4

# Consequences of Unaffordable Housing

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- High housing costs distort labor markets and slow economic growth
- Distorted development hurts the environment
- Low-density development raises public infrastructure costs
- Lower-income families and racial and ethnic minority groups are deprived of access to opportunity

# What Research Tells Us

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- Land use regulations are a major driver of high housing costs
  - 2016 National Association of Homebuilders study reported that, nationally, regulatory costs (including delay, permit application fees, development standards, land and other dedications, etc.) incurred during the development phase accounted for 18.8% of the cost of a new home sold to an ultimate buyer
  - 2018 study showed that regulatory costs accounted for 32% of the cost of multi-family development
- Unaffordable housing slows employment growth by 1-2% per year
- Increased housing supply in just three major U.S. cities would increase U.S. GDP by 9%
- New development increases rental affordability in low-income neighborhoods by slowing rent increases
- Increasing the overall supply of housing reduces displacement



# Colorado's Land Use Regulatory System

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- Local governments are free to plan and regulate land use without interference from state government
  - Subject only to limited constitutional and statutory constraints
  - Compare to other states that place greater constraints on local discretion in the area of planning and zoning
- System results in uneven policy responses to housing affordability crisis
  - Local governments that enact affordability measures have more limited impact
  - Local governments opposing affordability measures force other communities to bear the brunt of the policy response
  - State government does not set a “floor” for affordability approaches
- Many local decision-makers support housing affordability but lack the tools to create an effective policy and regulatory response

# Examples of Land Use Regulations Affecting Housing Costs

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- Following public opposition, board denies parking variance, halting development of an affordable housing project for presently-unhoused persons
- Denial of zoning amendment, on compatibility grounds following opposition from nearby neighbors, to construct multi-family apartment project near a transit stop deprives residents' access to lower-cost transportation
- Growth limitation ordinance forces apartment project in a regional employment center to undergo discretionary approval and, eventually, denial
- Community opposition to for-sale housing project and political pressure on decision-makers results in smaller number of housing units bearing greater proportion of infrastructure costs
- Zoning map places 90% of community's land area in a single-family residential category with large minimum lot sizes

# About CHAP

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- Who We Are
  - A diverse group of **professionals and academics in urban planning, housing economics, public policy, law, and real estate development** who have witnessed land use regulations' impact on housing costs in Colorado, and who are **volunteering time and expertise** to address this crisis
- What We Do
  - Compile and disseminate relevant **research**
  - **Educate** community members, housing developers, urban planners, government officials, and others on the relationship between land use regulations and housing affordability
  - **Advocacy** for legislation to promote the preservation and development of affordable housing in Colorado and to encourage equitable access to opportunity across all racial, ethnic, social, and income groups

# What CHAP Isn't (But What We Still Care About)

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## Advocacy for...

- Additional public funding for low-income housing development
- Addressing homelessness
- Tenants' rights or rent controls
- Housing quality improvements

# CHAP Founding Working Group

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- **Heidi Aggeler**, *Managing Director and Co-Founder, Root Policy Research*
- **Erin F. Clark**, *Vice President of Master Site Development, Urban Land Conservancy*
- **Brian J. Connolly**, *Shareholder and Director, Otten Johnson Robinson Neff + Ragonetti, P.C.; Adjunct Professor of Law, University of Colorado Law School; Adjunct Professor of Law, University of Denver Sturm College of Law*
- **Susan D. Daggett**, *Executive Director, Rocky Mountain Land Use Institute, University of Denver Sturm College of Law*
- **Donald L. Elliott, FAICP**, *Director, Clarion Associates, LLC; Lecturer, University of Colorado Denver, College of Architecture and Planning*
- **Sean Maley**, *Partner & Chief Business Development Officer, CRL Associates, Inc.*

# Why This Approach?

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- Housing is a regional issue requiring regional solutions
  - Interconnected metropolitan areas function as singular job and housing markets, with multiple poles and sub-markets
  - One local government's decision-making cannot provide a policy response to a regional problem
- Decisions made by one locality can negatively or positively impact the entire region
  - Failure by one or more local governments to adequately respond to housing demand places the obligation to accept housing or provide affordable housing on other local governments
- Experience from states that have faced earlier housing affordability challenges suggests that entirely-local policy responses fail to address the problem
  - Colorado's current system has not yet produced an adequate response to the housing crisis
  - Colorado ranks near the bottom of most affordability rankings; recent local policy responses have not changed this

# CHAP's Platform

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*Remove regulatory barriers to the development of affordable housing in Colorado*

- Proposals would:
  - Not cost taxpayers any additional money
  - Not require any additional funding from state and local budgets
  - Apply in counties with populations of 50,000 or more (15 total)
  - Make a big difference in the ability of the market to deliver affordable housing units

# CHAP's Goals

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- Make Land Available for the Development of Affordable Forms of Housing
- Elevate Housing as Part of Municipal Planning and Decision-Making
- Address Resource Constraints



# Proposal 1: Accessory Dwelling Units

In every county with more than 50,000 residents, **allow accessory dwelling units to be developed by-right in every agricultural, single-family, or two-family zoning district**, or in any portion of a planned unit development that allows agricultural, single-family, or two-family uses, in the state, exempt from maximum density limitations.

- *Housing units located on property that already contains a home.*
- *May be incorporated into the same building as the house on the property, or may be located over a garage or in a separate cottage.*
- *ADUs provide affordable housing while allowing the property owner to earn rental income, with little effect on traffic or neighborhood character.*

# Proposal 2: TOD

In every city or town in a county with more than 50,000 residents, **allow by right a minimum of 25 dwelling units per acre on all properties within one-eighth of a mile of any fixed transit station.**

- *Transit-oriented development (TOD) is the development of a mix of land uses around public transportation systems.*
- *TOD reduces dependence on cars—which account for 90% of all transportation spending in the United States.*
- *The average American spends 13% of his or her income on transportation, meaning that TOD saves households money and reduces the overall cost of living.*

# Proposal 3: Medium-Density Housing

In every city or town in a county with more than 50,000 residents, **allow by right a minimum of 10 dwelling units per acre in at least 10% of the land area of the city or town.**

- *Ten dwelling units per acre is roughly equivalent to a two-story attached townhouse or row house community.*
- *Townhouses and row houses are often "starter homes" for young families or places where older communities choose to "downsize" to.*

# Proposal 4: No Growth Limitations

In counties with more than 50,000 residents, **prohibit local measures capping or limiting the issuance of residential building permits** for the exclusive purpose of limiting population or housing unit growth.

- *Some Colorado communities have elected to stop or limit population growth altogether through annual numerical restrictions on new housing development.*
- *These measures exclude people from the communities that enact them, and drive up housing costs for those who remain in the community.*
- *These measures also force the communities that do not adopt such measures to bear greater burdens of population growth.*

# Proposal 5: Reduce Required Parking

In counties with more than 50,000 residents, **reduce minimum vehicle parking requirements by 50% for any deed-restricted affordable housing** units.

- *Surface parking lots cost approximately \$5,000 to \$10,000 per space, and garage parking costs between \$25,000 and \$50,000 per space.*
- *These costs make supplying affordable housing difficult, if not impossible.*
- *Higher-income households generally have more vehicles than lower-income households.*

# Proposal 6: Study Housing Needs

Require every county with more than 50,000 residents, and any city or town located in a county with more than 50,000 residents, to, using State Demographer data, **assess housing affordability and affordable housing needs, set goals over a 20-year period for addressing those needs, and identify strategies for achieving those goals while mitigating displacement impacts**, whether as part of the local comprehensive plan or otherwise.

- *Colorado law does not currently require local governments to analyze housing affordability or affordable housing needs.*
- *Developing and understanding data on housing demand is critical to ensuring that our communities are meeting demand and providing a supply of housing that is affordable to a variety of income levels.*

# Proposal 7: Objective Approval Criteria

For any zoning or special or conditional use permit application to allow residential uses, **limit the criteria for approval to consistency with the local comprehensive plan.**

- *Many local governments require applicants for housing development to demonstrate that the proposals fit the character of the community or are compatible with surrounding development.*
- *These requirements are sometimes used as a basis to deny applications that are otherwise consistent with local planning goals.*
- *Community character and compatibility are best addressed in comprehensive plans.*

# Proposal 8: Inclusionary Zoning

Empower local governments to adopt mandatory **inclusionary requirements for rental and ownership units, coupled with incentives and flexibility for developers.**

- *Colorado law presently prohibits local governments from requiring housing developers to provide affordable rental residential units.*
- *Inclusionary housing requirements require that a particular number of units in a given project be set aside as affordable.*
- *Combined with incentives, such as density bonuses, these requirements can deliver a significant amount of affordable housing to community.*



# Intended Consequences

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- Allow more opportunities for the private market to deliver needed “missing middle” housing supply
- Create a housing supply that is more efficient, less costly to buyers and renters, and achieves social equity and environmental benefits
- Reduce the cost of providing deed-restricted affordable housing
- Address information gaps to ensure more-informed housing policy decisions

# What's In It For Local Government?

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- Local leaders want affordable housing...
  - ...but few have the tools or political means to achieve it due to the decisions of other local governments, market factors, and local pressure to stop development
- Local governments need housing affordability too!
  - Economic development efforts, and attracting and retaining a talented workforce—including for government itself—requires affordable housing
- Alleviating unevenness: puts local governments on more equal footing in policy-making
- Flexibility in planning and regulation
  - Local governments address location, design, processing, etc. relating to housing development
- Shifting political accountability
  - Local elected leaders are often defined by land use decision-making despite running on broader platforms
  - Requirements from state and federal government provide clear basis for local decision-making (e.g., RLUIPA, FHA, RIPRA, etc.) that can serve as a bulwark against localized opposition

# Addressing Displacement

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- Displacement can be a consequence of new housing development or redevelopment
  - Displacement can also be a consequence of increased housing prices driven by a lack of new housing
- CHAP's policy platform does not necessitate displacement
  - Increases in housing supply reduce displacement by driving development to neighborhoods with lower risk of displacement
- CHAP's platform does not dictate a particular response to displacement
  - Requires local governments to analyze displacement issues in connection with increases in housing supply
  - Local governments can choose where and how to allow additional density

# How to Get Involved

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- Share your ideas with us
- Sign up to be listed as a supporter on the website
- Host an informational session on our platform
- Identify other potential organizational partners and supporters of CHAP
- Share your data and research with us
- Advocate for housing affordability measures at the state and local levels

# Contact Us

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Colorado Housing Affordability Project  
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(303) 575-7589



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