Disruptive Responses to the Affordable Housing Crisis

Rocky Mountain Land Use Institute
University of Denver Sturm College of Law
March 8, 2018
Disruptive Responses to Housing Costs

The Panel

George Adams
Director of Planning & Development Services
Aurora, CO

Joelle Greenland
Community Development and Long Range Planning Manager
Adams County, CO

Don Elliott
Director, Clarion Associates
Denver, CO
Disruptive Responses to Housing Costs

Don’s Favorite Background Slide

Disruptive Responses to Housing Costs

Don’s Second Favorite Background Slide

**Toolbox**

- Very Low Income
  - Develop & Preserve Housing for Low Income, Elderly, Special Populations
    - TABOR
    - Rental rehab loans
    - CDBG, HOME & Emergency Shelter grants
    - HOPWA
    - DHA Sec. 8 & Public Housing
    - DNHF
    - DHS - TANF
  - Workforce & Primary Housing
    - LIHTC & Private Activity Bonds
    - CDBG & HOME
    - DNHF & FNMA LOC
    - CHFA financing/assistance
    - Special bank products
    - TABOR

- Low Income
  - Market Rate Housing
  - Implement Affordable Housing Policies
    - Inclusionary Zoning requirement
    - Home repair loans/grants
    - Down payment assistance
    - FHLB Affordable Housing Program
    - FNMA LOC funding
    - CDBG & HOME

- Moderate Income

- Median Income

- 120% AMI

**Promote Homeownership**
- Code revision
- Increased density
- Attractive bank products
Disruptive Responses to Housing Costs

The Point

- Global economic forces, and the structure of the U.S. economy, will continue to exert downward pressure on wages – so the affordability challenge will only get more serious in the future

- We are already seeing the impact in
  - Declining homeownership rates
  - Rising rental occupancy
  - Increased homelessness – especially in families
  - Pressure to allow ADUs

- We will continue to see the pressure appear in new and “disruptive” ways
Disruptive Responses to Housing Costs

Aurora’s Experience

George Adams
City of Aurora
Residential Lot Standards

George Adams, Director, Planning and Development Services
What Are the Issues?

- Quality, Desirability and Sustainability of New Development
- Affordability and Attainability
- Suburban Context and Density
- Market Demand versus Public Policy
- Substantial Change in Development Standards
Aurora Subareas

- **Pre-1960**: Smaller blocks, Alleys, Grid streets
- **1960-2000**: Larger lots, Fewer alleys, Curved Streets
- **Post 2000**: Lots of Raw Land, E-470 and Airport Opportunities
Aurora’s Current Code

- Small Lot = less than 55’ wide and less than 6,000 sf in area
- Up to 35% of lots may be small
- Duplex lots (42’ x 100’) do not count as small lots
- Approval process is administrative
- Additional Options to Achieve Small Lots
  - Sustainable Use Neighborhood (SUN) District
  - Planned Development (PD) District
  - Waiver requests
Major Elements of Staff Proposal

Variety of lot sizes and housing types

**Intent:** Provide housing opportunities for a range of incomes, ages, and lifestyles
Major Elements of Staff Proposal

Unit Mix and Dispersal Standards

**Intent:**

- Provide different lot sizes and housing types to avoid uniform, monotonous development
- Avoid large contiguous areas of single lot or housing type
- Smaller lot sizes and higher density housing located near common open space
Major Elements of Staff Proposal

Connected, Functional Open Space

**Intent:** Locate high quality common open space near smaller lot types
Major Elements of Staff Proposal

Architectural Enhancements

**Intent:** To ensure high quality design and minimize garage dominated street frontages

- Garage set back behind front façade or front porch
- Enhanced garage door
- Encourage alley-loaded housing
- Encourage prominent front porches
- Prominent front door
HBA Proposal

LOT SIZE: 55' X 105'
LOT AREA: 5775 SF
LOT SETBACKS
  FRONT: 15'
  REAR: 20'
  SIDE: 5' (7.5')
LOT SIZE: 50’ X 90’
LOT AREA: 4500 SF
LOT SETBACKS
   FRONT: 10’
   REAR: 10’
   SIDE: 5’
WHAT IS THE REQUEST?

1. Product mix

2. Maintain all existing architectural design criteria

3. Adjust dimensional criteria

4. Redefine the standard lot size

5. Maintain existing limitation for small lots

6. Adjust setbacks

7. Move the changes forward
Current Status and Next Steps

• Still in discussion with HBA

• Council Committee – March 14, 2018

• Finalize Recommendations and Amendments

• Additional Public Outreach

• Planning and Zoning Commission

• City Council Public Hearings
Lessons Learned / Takeaways

• Check In Early with Policy Makers

• Set Clear Goals

• Identify Key Stakeholders and Avoid New Interests “Parachuting” In

• Focus on Data and Design

• Negotiate in Good Faith

• Know when to Agree to Disagree
Disruptive Responses to Housing Costs

Adams County’s Experience

Joelle Greenland
Adams County

2017 Population Centers

- 100,000+
- >25,000 – <100,000
- <25,000

Population Forecast

- 2017 ➔ 509,474
- 2030 ➔ 658,865
- 2050 ➔ 882,182

Footnotes:
1. Lochbuie does not have population data available, thus it has not been represented.
2. The linear growth rate used was extrapolated from population data collected by the State Demographer's Office.
Population Characteristics
Housing Needs Assessment

- Rents are going faster than income.
- 44% of homeowners are cost-burdened.
- 52% of renters are cost-burdened.

Since 2006, the affordability gap has doubled.
- 2006: $23,275
- 2015: $72,352

- 33% in need for affordable housing units since 2009’s Balanced Housing Plan.
- 18.4% of new families and professionals prefer “missing middle” type housing.

> 24K families make < $35K/yr.
Housing Costs and Income

- Median Home Sales Price - $365,506
- Median Rent - $1,850
- Apt Vacancy Rate – 4.7%

**TABLE 4: Median Household Income and Housing Costs**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Median household income</td>
<td>$47,323</td>
<td>$55,258</td>
<td>$58,946</td>
<td>24.6%</td>
</tr>
<tr>
<td>Median home value (county)</td>
<td>$149,800</td>
<td>$198,600</td>
<td>$198,800</td>
<td>32.7%</td>
</tr>
<tr>
<td>Median gross rent</td>
<td>$705</td>
<td>$869</td>
<td>$1,039</td>
<td>47.4%</td>
</tr>
</tbody>
</table>


Fair Market Rent - $1,305
Wage Required - $25.10/hr or $52,000/yr
Avg. Wage of Renters in Adams - $15.80/hr or $32,864

Source: Colorado Fiscal Institute
Rent and Income Percentage Change in Adams County Between 2010-2015

Figure 2.4: Percent Change in Median Rent and Income in Adams County

Source: Community Survey 5-Year Estimate, HUD
Housing Supply & Demand Mismatch

• 16% of HHs have incomes affordably matched home between $300,000 to $500,000
• New Families & Young Professionals prefer middle type units which currently make up roughly only 16% of housing stock
• SFD accounted for more than 85% of new construction since 2004
• New construction not keeping up with demand despite record breaking numbers for new units

WE CANNOT BUILD OUR WAY OUT!
CoKinney Vento Homelessness School Data

Homeless Youth in 2016: 3,917
Highest in the State
Miscellaneous Issues

• ADUs
  • Unincorporated Adams County – not allowed
  • Recommendation from the Balanced Housing Plan to explore
  • Most likely many illegal ADUs
  • Tap fees an issue – over 36 water and sanitation districts in Adams County

• Airbnb - Hundreds of listings

• Definition of Family - An individual or three (3) or more persons related by blood, marriage, or legal adoption, living together in a dwelling unit as a single housekeeping unit. Persons not related by blood, marriage, or legal adoption shall be deemed to constitute a family where they are living and cooking together as a single housekeeping unit, but shall not include unrelated students attending colleges or universities.

• Larger Lots/Subdividing
Disruptive Responses to Housing Costs

The Push for Less Parking

Don Elliott
Disruptive Responses to Housing Costs

The Push for Less Parking

- Required parking is a major component of housing cost
  - $5,000± per surface space
  - $20,000± per structured parking space
- And can significantly increase the amount of land required for multifamily housing uses
  - 50-65% of suburban lot area
  - 20-30% of urban building envelopes
  - As much floor area as a micro unit
Disruptive Responses to Housing Costs

Pop Quiz Question #1

Why do we have minimum parking standards?

Originally:

• To prevent traffic congestion when stopped or parked cars block traffic routes

• To prevent patrons of commercial and non-residential uses from parking (and increasing traffic) in residential areas

More recently:

• To protect perceived character of residential areas
Disruptive Responses to Housing Costs

Pop Quiz Question #2

True or False? The correct minimum parking requirement is the one that matches the bank’s requirement for financing.

Answer:

No. Local government minimums address different issues (congestion and overflow parking) than financing requirements (perceived convenience of patrons and tenants)
Disruptive Responses to Housing Costs

The Push for Less Parking

• Fewer spaces per dwelling unit
• Less guest parking for multifamily uses
• Tandem parking
• Discounts for transit proximity
• Other discounts
Disruptive Responses to Housing Costs

Fewer Spaces Per Unit

General approach is to

• Reduce or remove parking minimums for residential uses
• Ignore the fact that common use of house garages for storage leads to increased reliance on on-street parking
• Count on “self-selection” to lead those who own fewer cars to occupy areas where on-street parking is in shortest supply
Disruptive Responses to Housing Costs

Fewer Spaces Per Unit

Character / Context Based Parking Standards

Low Density → Higher Density

- **Denver**
  - Suburban → Edge → Urban → General → Center → Downtown

- **Aurora**
  - Area C (Raw land) → Area B (Suburban) → Area B (Urban)

- **Indianapolis**
  - Standard (Suburban) → Compact (Urban)
Disruptive Responses to Housing Costs

Fewer Spaces Per Unit

Character / Context Based Parking Standards
Disruptive Responses to Housing Costs

Fewer Spaces Per Unit

Character

<table>
<thead>
<tr>
<th>DENVER</th>
<th>Suburban</th>
<th>Center</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-Family</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Two-Family</td>
<td>1-1.25/du</td>
<td>.75-1/du</td>
</tr>
<tr>
<td>Multi-Family</td>
<td>1-1.25/du</td>
<td>.75-1/du</td>
</tr>
<tr>
<td>Live/Work</td>
<td>1-1.25/du</td>
<td>.75-1/du</td>
</tr>
<tr>
<td>Accessory Dwelling Unit</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Disruptive Responses to Housing Costs

**Fewer Spaces Per Unit**

**Character**

<table>
<thead>
<tr>
<th>Low Density</th>
<th>Higher Density</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aurora</strong></td>
<td><strong>Area C (newer)</strong></td>
</tr>
<tr>
<td>Single-Family</td>
<td>2</td>
</tr>
<tr>
<td>Two-Family</td>
<td>2</td>
</tr>
<tr>
<td>Multi-Family</td>
<td>2 plus .20 for visitors</td>
</tr>
<tr>
<td>Live/Work</td>
<td>Area C Residential plus Area C non-residential</td>
</tr>
<tr>
<td>Accessory Dwelling Unit</td>
<td>1</td>
</tr>
</tbody>
</table>
Disruptive Responses to Housing Costs

The Push for Less Parking

Less guest parking for multifamily uses

• Fairly typical to require guest parking at the rate of 1 space per 10-15 dwelling units

• Guest visits are generally considered to be more amenable to replacement by shared mobility services like Uber and Lyft
Disruptive Responses to Housing Costs

The Push for Less Parking

Tandem parking

• Allows for more of lot area to be devoted to parking stalls and less to driving aisles

• Requirement that each tandem space be assigned to a specific dwelling unit is very difficult to enforce

• General trend is to allow tandem parking in small lot and multifamily zone districts
Disruptive Responses to Housing Costs

The Push for Less Parking

Discounts for transit proximity

• Duluth =
  • 20-30% depending on the level of transit service
Disruptive Responses to Housing Costs

The Push for Less Parking

Other discounts

• Small units?
  • Communities with a 2 spaces/du requirement often allow ADUs with 1 space/du

• Age-restricted (55+) housing?
  • Often criticized as “easy” affordable housing – but meets a quickly growing housing need
Disruptive Responses to Housing Costs

The Push for Less Parking

Possible Market Response:

- Increased renting out of parking spaces originally designed for another use ("the AirBnB-ing of parking")
  - Not just commercial and institutional parking – but unused residential parking
  - Very hard to enforce against
  - Will probably happen more in areas where parking maximums prevent specific uses from building all the parking their users need
Disruptive Responses to Housing Costs

The Equity Issue

• Reductions in minimum parking ratios have greatest benefit for those who want to – and can afford to – live close to their workplaces and other activities
  • Those less dependent on the quality of available schools (means those pre- or post-child-raising years)
  • Those who can work from home
  • Those with more money

• Those with fewer location choices may need to have more cars – and cannot take advantage of housing constructed to take advantage of parking reductions
Disruptive Responses to Housing Costs

The Equity Issue

Question

• What’s wrong with “self-selection” – those who need more parking chose areas where more parking is available – and vice-versa?

• Aren’t all housing location choices a matter of “self-selection” within available household resources?

• Why should all dwelling units in an area be required to provide “more” parking just because they may be occupied by a household that needs “more” parking?
Disruptive Responses to Housing Costs

Questions and Discussion

George Adams gadams@auroragov.org
Joelle Greenland jgreenland@adcogov.org
Don Elliott delliott@clarionassociates.com