AGENDA
Housing Policy Commission (HPC)
Thursday, June 20th, 2024 - 6:00 PM

In Person Location:
Lakewood City Hall – Cabinet Room – 2nd Floor
480 S Allison Pkwy – Lakewood, CO 80226

Join via Zoom at this link:
https://lakewood.zoom.us/j/87452886363?pwd=mn5VQ3H_P0KkOqnY1acu6C8KaWTejA.upMLLtT1FbDg1N7k

Or Telephone:
720 707 2699
Passcode: 010067

Housing Policy Commission Members (Appointed 1/8/2024):
Sophia Mayott-Guerrero – CHAIR – Ward 2
Wendi Strom - Mayor
Glenda Sinks – Ward 1
Roger Low – Ward 3
Dave Rein – Ward 4
Jacob LaBure – Ward 5

The HPC will be taking up to 30 minutes of Public Comment regarding the HPC Update Memo during Item #3 of this Agenda

1. Call to Order/Roll Call
2. **Decision:** Approval of minutes from the 4/25/2024 meeting
3. **Recap Discussion:**
   a. Summary of the 5/20/2024 Council Study Session
   b. Housing Policy Commission Update Memo
      • **Public Comment on the HPC Update Memo**
        Public comment may be shared via LakewoodSpeaks.org and in-person or through Zoom attendance during the 6/20/2024 meeting.
4. **Presentation/Discussion:**
   a. Finance considerations for HPC priorities
5. Next steps for the HPC
6. Next Scheduled Meeting / Potential scheduled HPC meetings through to the end of 2024
7. Adjourn
STAFF MEMO

DATE OF MEETING: MAY 20, 2024 / AGENDA ITEM NO. 4

To: Mayor and City Council
From: Councilor Mayott-Guererro, Chair of the Housing Policy Commission
Subject: HOUSING POLICY COMMISSION UPDATE

SUMMARY STATEMENT: The Housing Policy Commission (HPC) has spent early 2024 working towards consensus on recommendations for priority policy ideas based on the strategies studied in the recently adopted Strategic Housing Plan. The intent of this memo is to assist the full Council in creating a shared understanding of affordable housing progress, process, and priorities. The ongoing national housing crisis is a complex and changeable issue which will require continued problem-solving.

This memo is not meant to fully encompass all necessary or possible work on housing, or even all the work on housing that might happen in 2024. This is a summary of current top priorities to focus on as the Commission continues to investigate what is possible, feasible, and effective. In order to facilitate discussion, we have broken our top priorities into several categories that recommend not only the policy direction, but also the possible next steps.

Priorities in progress
These are topics that have been brought to the attention of the City, staff, or the Council which are actively being worked on and may or may not require additional action by the City Council. It is important to recognize the positive changes that have occurred and to support continued improvements on these topics.

- Improving efficiency and timing of all residential permitting
  - This is currently evaluated as primarily a staffing issue, and planning has been working towards filling all empty positions.

- Expediting affordable housing permits
  - We are participating in the state programs that were set forward in Ballot Measure #123 in 2022, which require 475 new affordable units by December 31, 2026, and also for new affordable housing projects to be approved within 90 days.

To be considered by City Council
These are topics that are either already in progress, or are simple enough concepts to schedule with the City Council for discussion or potential legislation.

- Temporary, portable shelters: In order to allow for the City or privately run pallet shelter-type projects, we need to update the building code. This should be drafted by staff and brought to the full Council for first reading as soon as possible.
- Reducing minimum lot size: This is a concept that was presented by the Planning Commission to the full Council with clear guidance, research, and plan.
HPC Priorities
These are areas that are important and innovative, and require more extensive research, stake-holding, and community input for the best results. There are multiple ways to approach these issues, and the HPC should carefully hone our expertise in order to provide well-informed policy recommendations to City Council where discussion and community input will continue through the legislative process. Both expert and community input will be needed on the topics below:

- Affordable housing fund
  - This will take both an understanding of how to structure this fund, how to fund it, and to ensure it supports priorities and fits in with budget priorities.

- Inclusionary zoning
  - There are many ways to structure this, and there are growing examples across Colorado and the front range.

- Linkage fees
  - These are fees structured based on many potential impacts of growth, that could be used to fund affordable housing or potentially other priorities.

- Eviction Prevention/Renter’s Rights
  - Keeping people housed is an important way to reduce homelessness.

- Land Banking
  - This is a concept that works in many different ways, and there are local examples.

- Parking minimum
  - Reducing parking minimums greatly reduces the cost to build per unit, but having enough parking is also critical for the growth of the city.

BACKGROUND INFORMATION: The Housing Policy Commission was formed by the Council in 2019, pursuant to Chapter 2.57 LMC, for the purpose of developing and recommending housing-related policies to the City Council for discussion and possible action. The 2024 Commission members were appointed on January 8, 2024. In past years, the Commission has looked at the full strategic housing plan, discussed our own understanding and lessons learned related to housing, what we have heard from the community, and other considerations to develop the priority list below:

- In 2024, the HPC Commissioners met on February 29th, March 25, and April 25th;
- The HPC elected Councilor Sophia Mayott-Guerrero as the Chair of the Commission at their February 29th meeting;
- The City Council approved the Strategic Housing Plan on February 12th, 2024;
- HPC Commissioners brought forth more than 33 ideas in their March 25th meeting (see Appendix B);
- By consensus, HPC Commissioners selected 11 ideas for further consideration (see Appendix A);
- By consensus, HPC Commissioners selected 7 ideas from the 11 to be priorities at their March 25th meeting; and
- At their April 25th meeting, the HPC reviewed several housing topics, including inclusionary zoning, temporary sleeping units and the land use review process. The HPC also approved sending a memo to the City Council with their top seven priorities.

BUDGETARY IMPACTS: None at this time.
STAFF RECOMMENDATIONS: None at this time.

ALTERNATIVES: N/A

PUBLIC OUTREACH: This item has been promoted through the regular communication channels to be considered by the Lakewood City Council.

NEXT STEPS: The City Council can expect to receive the recommendations from the HPC that are ready to be considered by the full Council, as well as the potential future topics identified in the memo that could eventually be considered by City Council.

ATTACHMENTS: 1. Appendix A 2. Appendix B

REVIEWED BY: Kathleen E. Hodgson, City Manager Benjamin B. Goldstein, Deputy City Manager Alison McKenney Brown, City Attorney
APPENDIX A

Elements Prioritized by Housing Policy Commissioners for Possible Future Focus

**Made the list of priorities:**
- Affordable Housing Fund
- Fast Tracking Permitting
- Fast Tracking Permitting for Affordable Housing
- Inclusionary Zoning
- Land Banking/Community Trusts
- Minimum Lot
- Pallet Homes – Relocatable Structures

**Strongly considered, but did not make the list of priorities at this time:**
- Eviction Prevention
- Natural Occurring
- Parking Minimums
- Permanent Supportive Housing
**APPENDIX B**

Elements Submitted by Housing Policy Commissioners for Possible Future Focus

**Housing Ideas From Roger Low:**

- In particular, prioritize the creation of an affordable housing fund, and coordinate with planning/budgeting/city staff on best way to create it and define it's purposes and eligible uses via ordinance.
- Look in particular at revenue sources for a new affordable housing fund. Look in particular at:
  - A vacancy fee for large multi-family apartment complexes, assessed on vacancy (potentially modeled in part on Vancouver's - review more here)
  - Getting more revenue into the fund via an inclusionary zoning policy with a fee-in-lieu component
  - Potentially amending the ordinance 14.16 Park and Open Space Dedication fee-in-lieu as in incentive/carrot/stick to increase affordable housing stock (increase fee in lieu for unaffordable units, waive it entirely for affordable units)
  - Assessing a fee on any landlord above a certain size that uses rent-setting price-fixing software (e.g. RealPage)
  - A portion of Lakewood's Proposition 123 allocation
  - Look further into feasibility of HUD Section 108 Loan Guarantee Program, leveraging CDBG dollars
  - Other options to fund (TABOR fund, city reserve, general fund, philanthropic dollars, other federal funding)
- Pursue next steps with city staff on researching a workable inclusive zoning policy
- A **Direct Rental Assistance Demonstration** from Housing Choice Voucher (HCV) program - Lakewood as potential pilot site?
- Also pursue additional safeguards on large multi-family developments within a certain radius of Lakewood parks above a certain size (i.e. the type of policy that might have provided some protections for 777 Yarrow if in place several years previously, and might still have some relevance for another potential future project adjacent to 777 Yarrow)
- Explore with city staff how to more proactively partner with other NGOs on getting effective rental assistance and legal assistance to Lakewood residents at risk of eviction in a timely manner
- Request/commission a plan/framework and "key next steps" document from Lakewood city staff on long-term permanent supportive housing (PSH) in Lakewood specifically aimed at unhoused residents, building on homeless navigation center
- Map out a plan to include resources for eviction prevention and PSH in the coming budget cycle

**From Wendi Strom:**

2A – Fast track permitting for affordable housing
2B – Small lot zoning
3A – Senior housing options
4A, C, D – Resident Stability, Mobile Home Parks and Resources
**From Jacob Labure:**

Affordable Housing:

1) Request staff ensure adequate and/or increased staff capacity to manage affordable housing projects.

2) Establish Housing Fund
   a) Develop down payment assistance program(s)
   b) Create an incentive program to help pay for water tap fee for ADU’s

3) Request staff input on hiring 3rd party permitting to help expedite permitting
   a) Or request and/or hear about strategies to speed up permitting.

4) Explicitly examine how CDBG funds are being used and consider directing them towards Office building to Residential conversion. [https://www.jdsupra.com/legalnews/federal-grants-for-office-to-8484377/](https://www.jdsupra.com/legalnews/federal-grants-for-office-to-8484377/)

5) Create a fast track review program for projects with affordable housing components.

6) Modify the zoning ordinance and municipal code to create stronger incentives.

7) Resolution directing staff to identify: vacant, underutilized, or undeveloped locations within the city where it may be appropriate to legislatively map a new zone district with no minimum lot size for single-family homes.

8) The comprehensive plan effort should further consider locations within the city suitable for zoning that would force Attached Housing, commonly referred to as townhomes, where this housing type is otherwise not currently permitted.

**From Sophia Mayott-Guerrero:**

1. Pallet shelter or other fast temporary transitional housing village
2. Fast track affordable housing permits, or any multi-family with more than 50% under 80% AMI
3. Set up renter’s fund and mortgage to keep people housed and prevent foreclosure.
4. Inclusionary zoning – this is probably something for the HPC to begin big research, outreach, etc.
5. Keep the ‘naturally occurring’ housing supply and identify programs to encourage maintenance of older housing stock (both single and multi-family) and preventing scraping functional properties of single-family homes and smaller older multi-family rentals
6. Improve collaboration between West Metro Housing, Jeffco and City of Lakewood, potentially with increased city staff or budget, to fill gaps, increase subsidized housing projects, and improve long term affordable housing supply.

**From David Rein:**

1. Adopt policies and procedures that give priority of processing and a reduction in processing fees to those projects that agree to provide a certain percentage of affordable housing;
2. Require metro districts to provide a certain percentage of affordable housing and/or green certification; may need a development agreement to hold the metro district to the promise;
3. Partner with land banking organizations to build more home ownership opportunities, i.e. Littleton
4. Hire a consultant to identify the best mechanisms to fund a housing fund to assist in the development of home ownership opportunities;
5. Partner with the VA and HUD to develop an initial affordable housing plan targeted at veterans; use the framework to scale up

From Glenda Sinks:

1. Make it possible for low-income families to be able to live in market-rate apartments using the following strategies:
   
   A. Create inclusionary zoning within multi-story apartment buildings.
   
   B. Create a fund which “maximizes rent voucher utilization and acceptance”

   (Strategy #4A in Strategic Housing Plan)

2. As recommended by the Planning Commission & as found in the 3/18 Study Session materials:

   From the materials—Work to identify locations where lot sizes can be reduced (C), where townhomes can be built (D), & where residential zone districts can be reduced (E).
Call to Order/Roll Call

The meeting was called to Order at 6:03 pm by Chair Mayott-Guerrero and roll was taken.

Wendi Strom – Mayor  Present  Roger Low – Ward 3  Present
Dave Rein – Ward 4  Present  Jacob LaBure – Ward 5  Present

A quorum was present at the Call to Order.

Staff members in attendance:
- Robert Smith, Economic Development & Lakewood Reinvestment Authority
- Gus Schenk, City Attorney’s Office

One (1) member of the public attended the meeting in-person.

Presenters in attendance:
- Brendalee Connor, West Metro Housing Solutions (MWHS)
- Amy Deknikker, West Metro Housing Solutions (MWHS)
- Keith Hensel, City Engineer – Lakewood Staff
- Kip Kolkmeier, Lakewood Planning Commission
- Travis Parker, Lakewood Planning Director – Lakewood Staff

Decision: Approval of the Minutes for the 3/26/2024 HPC Meeting

<table>
<thead>
<tr>
<th>Motion to Approve the Minutes of the 3/26/2024 HPC Meeting</th>
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<td>Motion by Dave Rein</td>
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<td>Second by Jacob LaBure</td>
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VOTE:

| Wendi Strom – Mayor                     | AYE | Roger Low – Ward 3    | AYE |
| Dave Rein – Ward 4                      | AYE | Jacob LaBure – Ward 5 | AYE |

Motion approved by a vote of 6 For, 0 Against

Recap Discussion: Priority Elements as of 3/26/2024
Chair Mayott-Guerrero presented a short recap of the HPC’s previous meeting wherein the Commissioners arrived at their selection and prioritization of housing elements as outlined in the appendices within the minutes from the 3/26/2024 HPC Meeting.

There was general agreement among the Commissioners that Chair Mayott-Guerro’s recap well-captured the efforts and conclusions of the HPC in their early meeting.

**Presentations/Discussion:**
Chair Mayott-Guerrero indicated the HPC would receive several presentations as per the Agenda, but the HPC would entertain informality in the discussions. The HPC would quickly receive all the presentations, then all presenters and the Commissioners would engage in open discussion including questions, answers, and statements regarding the presented materials. Commissioners were also able to ask questions, when recognized, throughout the presentations.

Lakewood Planning Director Travis Parker briefly introduced Chris Conner who will soon be assuming a critical staff role in the Planning Department/Housing Initiatives. Director Parker presented a PowerPoint entitled, Housing Initiatives (attached to these minutes) outlining most, if not all of the initiatives the City has currently underway with regard to housing.

Avila Bueno, an associate with Root Policy Research, and a consultant to the City’s Planning Department presented a PowerPoint entitled, Market-Based Policy Tools for Affordable Housing Production (attached to these minutes). This presentation centered around policy approaches for housing affordability.

Amy Deknikker and Brendalee Connor of Metro West Housing Solutions presented a PowerPoint entitled, Metro West Housing Solutions (attached to these minutes). This presentation centered on the areas MWHS focuses their efforts and insights on helping to produce affordable housing in the community.

Kirk Kolkmeier, Chair of the Lakewood Planning Commission, offered an update on the elements of housing with which the Planning Commission is currently engaged. Mr. Kolkmeier also indicated he believed the HPC may want to re-examine a few concepts (parking minimums, inclusionary zoning & linkage fees).

Commissioner Dave Rein left the meeting at 7:21 pm

**Discussion: Next steps to report to the Whole of Council**
Chair Mayott-Guerrero shared a draft Memo with the Commissioners (attached to these minutes), indicating she would like to get authorization from the HPC to further refine the Memo and share it with the Whole of Council.

Chair Mayott-Guerrero made a motion for authorization from the floor.

During discussion, Commissioner Sinks asked if the HPC would be able to work with additional iterations of the Memo before it is sent to Council. The answer is no because if Council members
work collectively on something, even if through eMail it becomes a public meeting requiring notice. The Chair did reserve her right to work with an additional Council member one-on-one, recognizing that 3 or more Council members together becomes a meeting which requires notice.

Commissioners offered a variety of amendments/improvements to the draft Memo and Chair Mayott-Guerrero took notes on the suggested changes.

**Motion to authorize the Chair to send a memo to the Whole of Council which includes information on the housing related elements the HPC has chosen as priorities.**

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<thead>
<tr>
<th>Motion by Sophia Mayott-Guerrero</th>
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<tr>
<td>Second by Roger Low</td>
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**VOTE:**

| Wendi Strom - Mayor                  | AYE | Roger Low – Ward 3     | AYE |
| Dave Rein – Ward 4                   | Absent | Jacob LaBure – Ward 5 | AYE |

Motion approved by a vote of 5 For, 0 Against, 1 Absent

Commissioners recognized there is a Council Study Session scheduled for 5/20/2024 and the general discussion at that meeting of the Whole of the Council will be to go over HPC recommendations and develop some understanding of the direction Council may support regarding housing initiatives in the coming months.

Commissioners reminded themselves there is an HPC Meeting scheduled for 5/30/2024. Chair Mayott-Guerrero suggested the May meeting may be a good one in which to open up public comment. She suggested an agenda which might include 45 minutes of general discussion of the priorities and Council’s input from 5/20; 30 minutes of public comment; and 30 minutes of input from Finance with regard to setting up a Housing Fund.

Commissioners checked calendars and agreed to schedule a meeting of the HPC for either Thursday, June 20th or Thursday, June 27th at 6:00 pm.

**Adjournment**

Chair Mayott-Guerrero adjourned the 3/26/2024 HPC Meeting at 8:21 p.m.

**Attachments to these minutes:**

- Housing Initiatives PowerPoint Presentation
- Market-Based Policy Tools for Affordable Housing Production PowerPoint Presentation
- Metro West Housing Solutions (MWHS) Powerpoint Presentation
- The Chair’s Draft memo to the Whole of Council from the HPC
Respectfully submitted:

______________________________________________________
Sophia Mayott-Guerrero
Housing Policy Commission Chairperson

______________________________________________________
Robert Smith
Scribe

Minutes amended and approved by a vote of the HPC Commissioners on ____________, 2024.
April 25
Housing Policy Commission
Housing Initiatives
Planning Department
Public Works
Root Policy Research
Metro West Housing Solutions
Agenda

Staff Presentation
Travis Parker, Planning Director
Shannon Terrell, Planner
Keith Hensel, City Engineer

Land Development Economics and Inclusionary Zoning
Avilia Bueno, Root Policy Research

Metro West Housing Solutions
Amy DeKnikker, Metro West Housing Solutions
Brendalee Connors, Metro West Housing Solutions
Housing and Homelessness

• Chris Conner

• Rebekah Raudabaugh - Homeless Response Coordinator

• Shannon Terrell – Affordable Housing & CDBG support

• CDBG Program Manager – expected late summer 2024

• Housing Navigator – expected 2025
Proposition 123

Lakewood’s commitment is 475 affordable units (≤80% AMI) by December 2026

Program Limitations

• Does not give direct funding to participating cities in Colorado
• Allows participating cities and their partners to apply for grants and financing loans

Pipeline

• Current: 44 units (MWHS)
• Future: 200-600 units anticipated to start site plan review in 2025

State Affordable Housing Fund
- $160 million (Year 1)
- $318 million (Year 2+)

Support Fund (40%)
Managed by DOLA

Financing Fund (60%)
Managed by OEDIT/CHFA

Affordable Homeownership
Services for homelessness
Local Planning Capacity Development
Land Banking
Equity
Confectionary Debt
Expedited Review

Requirement of Prop 123 by January 2027

Pilot Projects
• Solid Ground Apartments
• Whippoorwill

Internal Coordination
• Priority
• Page turn meetings
• 3 reviews max
Pallet Homes

Model: 30 pallet shelters + Accessory bldgs

- Researching types and costs
- Possible locations
- Changes to building code
Zoning Update

• Potential updates include:

  • ADU changes
  • Zero or reduced lot size
  • Additional people per unit
  • Additional public reviews
Market-Based Policy Tools for Affordable Housing Production
**Development Business Model**

- **Developers react to demand but are constrained** by building costs, zoning regs, and their ability to borrow money to fund the development (usually from investors and bank loans).

- Once the building is complete, **the operating revenue (i.e., rents) must cover the operating expenses** (property taxes, utilities, maintenance, etc.) and **the debt service** on the development, as well as pay investors for the initial capital invested.

- **If the expected operating income isn’t sufficient** to do those things, the developer can’t secure investors to seed the project, nor can they get a loan to fund the rest of the development cost. In other words—**it doesn’t get built.**
Current Development Cost per Unit: Lakewood

[Graph showing cost breakdown for different types of housing units: Attached Townhomes, Walk-Up Apartments, Urban Infill Apartments. Costs range from $326k to $503k.]

Source: GG+A Analysis
Common Market & Policy Barriers to Affordable Production

Market Barriers

• High cost of development (land, construction materials, labor, water cost/availability, etc.)
• Increasing demand driving up prices (in-migration, employment growth, large age cohorts forming independent households, vacation home demand)

Policy Barriers

• Restrictive land use codes and/or growth management policies
• Development approval processes and permitting
• Infrastructure limitations (in rural and mountain communities)
• NIMBYism (to affordable housing and development in general)
• Lack of consistent investment at the federal and state level
**Deregulation**: land use and zoning reforms, remove growth caps – generally focused on increasing supply and improving construction efficiencies.

**Regulation**: affordable requirements (IH/IZ), revenue generation through taxes, fees, etc.

**Subsidies** to create and/or preserve income-qualified affordable housing (e.g., LIHTC, community land trusts, etc.)

**Programs** to support and stabilize households (e.g., eviction prevention, housing counseling, emergency rental assistance, down payment assistance, etc.)
Deregulation Example:
Lot Size Reduction and attached housing

Lot size reduction = Land cost savings per unit

Land cost and construction cost savings per unit
Market-Based Policy Tools:

Policies that leverage **new development** to help deliver affordable outcomes for the community.

**Pros:** Market-based tools are typically low cost to the City since they inherently leverage market activity for outcomes.

**Cons:** Places the burden of affordable solutions exclusively on new development (i.e., future residents) and requires continued residential growth to deliver outcomes.

### Voluntary Development Incentives
- Residential developers are offered zoning or land use incentives in exchange for including some affordable units in their development (commonly 5%-20% of units are must be affordable in order to obtain incentives). Participation is optional.

### Linkage (Impact) Fees
- Commercial and/or residential linkage fees based on a “rational nexus” between new development and the demand for affordable housing created by such development.

### Requirements (Inclusionary Zoning/Housing)
- Residential developers are required to include some affordable units (5%-20%) in their development or pay a fee in lieu of building affordable units. Can be combined with incentives or offsets, but program participation is not optional.
How are individual projects impacted?

• How do affordable units hit a proforma?
  When developers build affordable units, development costs are roughly the same, but project revenue goes down on the set-aside affordable units, which rent or sell below market prices.
  When paying an impact fee or IZ fee in lieu, development costs go up (as does debt service on the project), but revenue is unaffected.

• Can incentives fully offset the cost of affordable units for developers?
  Incentives can help minimize the impact to developers but only fully offset the cost if the existing zoning is misaligned with market demand. (Bluntly, incentives work best where zoning is “bad”).
  Incentives can also be used to make development “smoother” for fully affordable projects; and/or allow those projects to maximize unit production.

• How do affordable (e.g., LIHTC, land trust) developers make it work?
  Cash subsidies, selling tax credits, land donations, combination of the above.

Market Reactions to Inclusionary Policies

How do markets adjust?

- **Does IZ produce affordable units?**
  Yes, if the ordinance is structured to promote unit production; **if the community has a moderate volume of development**; and if the inclusionary requirement is reasonable.

- **Does IZ increase housing costs?**
  It depends. In many cases there is no cost increases at all; in some cases, IZ has been shown to raise market prices by up to 3% (less than a typical annual rent increase). Other market factors (low supply, high material and labor costs, investor-driven returns) have a much greater impact on prices that an inclusionary policy.

- **Does IZ slow housing production?**
  The timing of implementation can impact the flow of projects in the short-term but studies find no long-term impacts on supply.

When/where does IZ “work”?

- Communities experiencing (or expecting) **strong residential growth** since IZ only applies to new development.

- **Strong housing prices relative** to nearby peers. If IZ increases the effective development cost in a jurisdiction, then the developers may consider alternatives without such requirements.

- **Relationship to other housing policies/programs:** another key consideration is how either policy option fits in the city’s overall housing strategy and if/how each policy might complement other programs/opportunities.
## Front Range IZ Programs

<table>
<thead>
<tr>
<th>IHO Program</th>
<th>Set-Aside (% of Units Affordable)</th>
<th>Fee In Lieu per Affordable Unit Required in Typical Development</th>
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<tbody>
<tr>
<td></td>
<td>Multifamily Rental</td>
<td>Single Family For-Sale</td>
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<tr>
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<td>25%</td>
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<tr>
<td></td>
<td>60-80% AMI</td>
<td>80-120% AMI</td>
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<tr>
<td>Boulder</td>
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<td>Broomfield</td>
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<td></td>
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<tr>
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<td>Longmont</td>
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<td>$17,417</td>
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<td>Littleton</td>
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<td></td>
<td>@ 60% AMI</td>
<td>@ 80% AMI</td>
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<td>$269,708</td>
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IZ Feasibility Analysis by: Gruen Gruen +Associates

- Financial feasibility—even for market-rate products—is pretty tight (under current cost and lending conditions).
- Financial incentives (ranging from $14k - $50k per unit) would be required to overcome the financial effects of IZ.
- Therefore, mandatory inclusionary zoning is not recommended for Lakewood.
Does an increase in supply address housing needs?

It can help the market fundamentals overall and improve options for middle/upper income households; but doesn’t address very low income needs:

• **New construction** typically serves the higher end of the market. This can help alleviate inventory shortages or very low vacancies for upper and middle income households but doesn’t typically make a dent in low income needs. It can slow rent increases and reduce displacement.

• **“Missing Middle” types** – moderate density housing is more affordable but also the least likely to be built. Typically serves middle income households but not low income. Modest increases in density—when widespread—can have a big impact.

• **ADUs** are a common approach to adding supply through infill and generally supported by the public. Again, this is a good de-regulation policy and helps create options for homeowners (and potential tenants) but doesn’t typically achieve enough scale to move the market.
### Residential / Commercial Linkage Fee

Impact fees applied to all new development; tied to the demand for affordable housing created by such development.

### Optional Inclusionary Program (with or without incentives)

Residential developers are required to include some affordable units (5%-20%) in their development or pay a fee in lieu of building affordable units. Can be combined with incentives or offsets, but program participation is not optional.

### Voluntary Incentive Program

Residential developers are offered zoning or land use incentives in exchange for including some affordable units in their development (commonly 5%-20% of units are must be affordable in order to obtain incentives). Participation is optional.

### The Basics

<table>
<thead>
<tr>
<th>Voluntary Incentive Program</th>
<th>Mandatory Inclusionary Program (with or without incentives)</th>
<th>Residential / Commercial Linkage Fee</th>
</tr>
</thead>
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<td>Must have incentives in order to encourage participation in the program. Developers typically have a menu of incentive options but programs do not usually offer alternative compliance pathways (e.g., fee in lieu or off-site build).</td>
<td>Can be paired with incentives and offsets but program is not reliant on incentives. Typical compliance options are fee in lieu and/or off-site build. Fees can be set low if a city desires to minimize impact on developers.</td>
<td>Not typically paired with incentives or offsets. Residential linkage fee programs typically offer a build alternative to the fee if developers create a specified number or proportion of affordable units.</td>
</tr>
<tr>
<td><strong>Easier political alternative to mandatory inclusionary because does not receive industry opposition. Can be structured to benefit city partners such as housing authorities and other affordable housing specialists, even if it does not attract private-sector developer participation.</strong></td>
<td><strong>Mandatory programs are one of the most effective ways to generate affordable units without public subsidy (in markets that are actively developing new housing).</strong> Flexibility in program design allows communities to tailor programs to their specific needs/priorities.</td>
<td>Inherently “fair” in that <strong>fees are applied to all development types</strong> and linked to quantifiable impacts of such development. Generates revenue for affordable development.</td>
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<td>Generally <strong>faces opposition from development community</strong> (though academic research shows minimal impact to actual market metrics). Outcomes vary based on policy priorities and program design (e.g., production vs revenue generation) so clear direction up front is important to program success.</td>
<td><strong>Requires nexus study up front.</strong> Places burden of affordable development on city through expenditure of funds and affordable development partners (instead of leveraging private development).</td>
</tr>
<tr>
<td>No legal requirements.</td>
<td>In Colorado, must offer a compliance “option” and demonstrate past or current actions that increase density or promote affordable housing.</td>
<td>Same legal context as other types of impact fees: nexus study that sets maximum legally defensible fee amounts; and fee revenue must be spent to address the “impact” defined in the nexus study (i.e., on affordable housing).</td>
</tr>
<tr>
<td><strong>Incentives and Options</strong></td>
<td><strong>Benefits</strong></td>
<td><strong>Challenges</strong></td>
</tr>
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Inclusionary Policy Design: Tradeoffs

• **Breadth vs depth of affordability.** Projects are impacted by both the depth (AMI) and breadth (% of units, or set-aside) of affordability. There is an inherent policy tradeoff between generating fewer units with deeper affordability vs. more units at higher affordability targets. The set aside and the affordability target are determined both by policy priorities and a feasibility.

<table>
<thead>
<tr>
<th>AMI Target for IHO</th>
<th>Feasible Set-Aside</th>
<th>Contract Rent for 1-bdrm at target AMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>50% AMI</td>
<td>5% of units</td>
<td>$886</td>
</tr>
<tr>
<td>60% AMI</td>
<td>8% of units</td>
<td>$1,082</td>
</tr>
<tr>
<td>70% AMI</td>
<td>10% of units</td>
<td>$1,279</td>
</tr>
<tr>
<td>80% AMI</td>
<td>12% of units</td>
<td>$1,476</td>
</tr>
</tbody>
</table>

• **Fee generation vs production.** Some communities intentionally set a relatively low fee in order to maximize fee revenue generation, while some communities set relatively high fees in order to prioritize unit creation.
IZ Policy Structure

Decisions

• What exemptions should be considered (apply to both rental and owner; minimum development size threshold?)

• What compliance options should be considered? (Fee-in-lieu, land dedication, off-site unit production, other?)

• Should the program be designed for fee generation, unit generation, or both?

• Should the City offer offsets / incentives to developers that build units? If so, what’s on the table and should it differ by zone district?
  ➢ Density? (MF and SF: height, du/a, lot size)
  ➢ Parking?
  ➢ Fee reductions?
  ➢ Zoning variance?
  ➢ Expedited review?

• What AMI targets should the City consider? Should it be different for rental vs owner?
# Strategic Housing Plan

## Strategies & Action Items

### Strategy 1: Invest in Affordable Housing
1. a: Expand internal staff capacity
1. b: Establish Housing Fund
1. c: Develop voluntary inclusionary housing program

### Strategy 2: Expand Overall Affordable Housing Supply
2. a: Reduce barriers to building affordable housing
   - 2.a.1: Create a public infrastructure program and incentive policy to waive fees
   - 2.a.2: Modify the zoning ordinance and municipal code to create stronger incentives
   - 2.a.3: Create fast track review program for affordable housing
2. b: Expand housing options
   - 2.b.1: Create more opportunities for a range of shelter and housing choices
   - 2.b.2: Identify locations for small-lot zoning and smaller housing units
   - 2.b.3: Update ADU policies to allow more ADU construction citywide
2. c: Redevelop vacant or underutilized land for affordable housing

### Strategy 3: Expand Housing Choices and Services for Residents
3. a: Expand senior housing options
3. b: Create affordable homeownership opportunities
   - 3.b.1: Develop down payment assistance program(s)
   - 3.b.2: Establish partnership with affordable for-sale housing providers
3. c: Create trauma-informed shelter options for unhoused
3. d: Broaden supportive housing options for unhoused

### Strategy 4: Keep Residents Stably Housed
4. a: Maximize rent voucher utilization and acceptance
4. b: Support eviction prevention programs
4. c: Strengthen mobile home parks
4. d: Improve access to housing resources
Lakewood Housing Authority

- Created by City of Lakewood in 1974
- Governed by five-member board
- Section 8, property rehab and service programs
- Develop, acquire, and manage multi-family rental properties
- Rebranded to MWHS and relocated in 2008
- Community partner and leader in affordable housing
Public Housing Authorities

- Determine Housing Conditions
- Mission
- Housing Choice Vouchers
- Local Experts
- Investments Stay in Community
- Property Tax Exemption
- Federal Funds and Programs
- Property Acquisition
Metro West Housing Solutions is ‘More Than a Roof’

Development
MWHS is committed to developing beautiful, sustainable and long-lasting properties to serve Lakewood and the west metro community. These developments push the envelope on architecture and design and contribute to the economic vitality of the community. These communities are developed utilizing Low Income Housing Tax Credits (LIHTC) and private equity.

Property Management
Once MWHS has developed or purchased an apartment community, the agency continues ownership and employs property management and maintenance onsite. This management style ensures the highest quality of service to its residents and community. MWHS is a proud partner of the Crime-Free Housing Program.

Resident Services
Resident Services Coordinators work on-site at all properties to address needs and empower residents to reach their full potential towards self-sufficiency. The coordinators identify goals, link residents with services and make resources and information accessible. Coordinators host a variety of classes based on each community’s needs.

Housing Choice Vouchers
MWHS administers Section 8 Housing Choice Vouchers (HCV) to eligible Lakewood Residents which allows them to live in safe and decent housing of their choice. MWHS pays the balance of rent payments that exceed a certain percentage of eligible renters’ monthly income with funds from the Department of Housing and Urban Development (HUD).
Where We Are

Our 16 communities throughout Lakewood and West Denver are known for being safe, well-managed and beautiful.
Partnership Opportunities

- Rental development/management expertise
- Housing Choice Vouchers
- Limited tax partnership
- Affordable housing educator and advocate
- Community collaboratives
- Long-term local investment
HPC Priorities & MWHS

- Affordable housing fund
- Fast track permitting
  - Dedicated staff to coordinate fast-track permitting
- Inclusionary zoning
- Land banking
Developing Affordable Housing

Neighborhood outreach begins prior to acquisition

ACQUISITION
- LAND/BUILDING: Affordable Developable
- FUNDING: Federal (HUD) State CHFA* Local (CDBG, HOME)

SECURE FUNDS

DEVELOP LAND
- ZONING: Does zoning allow for: Multi-family, group residential facility (based on population)?
  - No
  - Yes
- REZONING: Discretionary Review Neighborhood Meeting Public Hearing
- SITE PLAN / BUILDING PERMIT: Site Plan Review Building Permit Review Construction begins Certificate of Occupancy

FUND OPERATIONS
- OPERATION COSTS: Primary Operation fundings: HUD Housing Choice Vouchers, Medicaid (if health services are offered), Continuum of Care

PROGRAM EVALUATION: Monitored annually to ensure compliance with regulatory requirements for all funding sources
Financing Affordable Housing

Construction Costs vs. Market Rate Revenue

Because rent is high, market-rate developers can finance the majority of the cost and because returns are high and they are for-profit, invest significant equity.

Construction Costs vs Affordable-Rate Revenue

Because rent is much lower, affordable housing developers need public investment to make up the difference.
Lamar Station Crossing Phase II
65 units, new construction, opened December 2021

<table>
<thead>
<tr>
<th>Uses</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Land</td>
<td>$1,962,540</td>
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<tr>
<td>Site Work</td>
<td>$27,867</td>
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<tr>
<td>Construction</td>
<td>$13,379,429</td>
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<tr>
<td>Professional Fees</td>
<td>$698,035</td>
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<tr>
<td>Construction Interim Costs</td>
<td>$1,239,707</td>
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<tr>
<td>Permanent Financing Costs</td>
<td>$237,359</td>
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<tr>
<td>Soft Costs</td>
<td>$344,306</td>
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<tr>
<td>Syndication Costs</td>
<td>$67,550</td>
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<tr>
<td>Developer Fees</td>
<td>$1,725,000</td>
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<tr>
<td>Project Reserves</td>
<td>$222,320</td>
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<tr>
<td><strong>TOTAL USES</strong></td>
<td><strong>$19,904,113</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sources</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FirstBank Mortgage</td>
<td>$4,200,000</td>
</tr>
<tr>
<td>MWHS Land Loan</td>
<td>$1,880,000</td>
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<tr>
<td>Jefferson County HOME</td>
<td>$500,000</td>
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<tr>
<td>Colorado Division of Housing HTF</td>
<td>$795,000</td>
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<tr>
<td>Tax Credit Equity (LIHTC)</td>
<td>$12,345,244</td>
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<tr>
<td>Tax Credit Equity (Solar)</td>
<td>$72,750</td>
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<tr>
<td>Deferred Developer Fee</td>
<td>$111,119</td>
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<tr>
<td><strong>TOTAL SOURCES</strong></td>
<td><strong>$19,904,113</strong></td>
</tr>
</tbody>
</table>

* $26,100,000 if constructed in 2024

($306,217 per unit)
MEMORANDUM

To: Mayor and City Council
   City Manager Kathy Hodgson

From: Housing Policy Commission (HPC)
   Sophia Mayott-Guerrero – CHAIR
   Jacob LaBure
   Roger Low
   Dave Rein
   Glenda Sinks
   Wendi Strom

Date: 4/25/2024

Subject: HPC Priorities

Through discussion and research based on the strategic housing plan and various forms of input, the members of the HPC vetted dozens of housing-related ideas, and were able to come to a consensus on the top 7 areas of focus for policy development. We recommend these seven ideas serve as priorities to:

- Affordable Housing Fund
- Fast Tracking Permitting
- Fast Tracking Permitting for Affordable Housing
- Inclusionary Zoning
- Land Banking/Community Trusts
- Minimum Lot
- Pallet Homes – Relocatable Structures

In addition to these 7 top tier areas of interest, the HPC has continued interest in investigating the following tier two items. While these items do not rise to the same level as the tier 1 policies above, they are of increased interest and importance, and may not be given the same amount of attention in the near terms, they are still needed as a part of our long-term solutions on affordable housing, decreasing homelessness, and creating an inclusive community.

- Eviction Prevention
- Natural Occurring Affordable Housing Stock
- Parking Minimums
- Permanent Supportive Housing

BACKGROUND:
The Housing Policy Commission was formed by Council in 2019 for the purpose of developing and recommending housing-related policies to the City Council for discussion and possible action. (LMC Chapter 2.57), and this current commission of the 2024 HPC Members were appointed on 1/8/2024. In previous meetings we have looked at the full strategic housing plan, discussed our own understanding and learnings on housing, what we have heard from community, and other considerations to develop this priority list.
• The HPC Commissioners met 2/29, 3/25 & 4/25/2024
• The HPC elected Sophia Mayott-Guerrero Chair at their 2/29/2024 meeting
• Council approved the Strategic Housing Plan on 2/12/2024
• HPC Commissioners brought forth more than 33 ideas in their 3/25/2024 meeting (Appendix B)
• By consensus, HPC Commissioners selected 11 ideas for further consideration (Appendix A)
• By consensus, the Commission selected 7 ideas from the 11 to be priorities at their 3/25/2024 meeting
• At their 4/25/2024 meeting, the HPC galvanized...
APPENDIX A
Elements prioritized by Housing Policy Commissioners
for possible future focus

**Made the list of priorities:**
Affordable Housing Fund
Fast Tracking Permitting
Fast Tracking Permitting for Affordable Housing
Inclusionary Zoning
Land Banking/Community Trusts
Minimum Lot
Pallet Homes – Relocatable Structures

**Strongly considered, but did not make the list of priorities at this time:**
Eviction Prevention
Natural Occurring
Parking Minimums
Permanent Supportive Housing
APPENDIX B
Elements submitted by Housing Policy Commissioners for possible future focus

Housing Ideas From Roger Low

- In particular, prioritize the creation of an affordable housing fund, and coordinate with planning/budgeting/city staff on best way to create it and define its purposes and eligible uses via ordinance.
- Look in particular at revenue sources for a new affordable housing fund. Look in particular at:
  - A vacancy fee for large multi-family apartment complexes, assessed on vacancy (potentially modeled in part on Vancouver’s - review more here)
  - Getting more revenue into the fund via an inclusionary zoning policy with a fee-in-lieu component
  - Potentially amending the ordinance14.16 Park and Open Space Dedication fee-in-lieu as in incentive/carrot/stick to increase affordable housing stock (increase fee in lieu for unaffordable units, waive it entirely for affordable units)
  - Assessing a fee on any landlord above a certain size that uses rent-setting price-fixing software (e.g. RealPage)
  - A portion of Lakewood’s Proposition 123 allocation
  - Look further into feasibility of HUD Section 108 Loan Guarantee Program, leveraging CDBG dollars
  - Other options to fund (TABOR fund, city reserve, general fund, philanthropic dollars, other federal funding)
- Pursue next steps with city staff on researching a workable inclusive zoning policy
- A Direct Rental Assistance Demonstration from Housing Choice Voucher (HCV) program - Lakewood as potential pilot site?
- Also pursue additional safeguards on large multi-family developments within a certain radius of Lakewood parks above a certain size (i.e. the type of policy that might have provided some protections for 777 Yarrow if in place several years previously, and might still have some relevance for another potential future project adjacent to 777 Yarrow)
- Explore with city staff how to more proactively partner with other NGOs on getting effective rental assistance and legal assistance to Lakewood residents at risk of eviction in a timely manner
- Request/commission a plan/framework and “key next steps” document from Lakewood city staff on long-term permanent supportive housing (PSH) in Lakewood specifically aimed at unhoused residents, building on homeless navigation center
- Map out a plan to include resources for eviction prevention and PSH in the coming budget cycle

From Wendi Strom:
2A – Fast track permitting for Affordable housing
2B – Small Lot Zoning
3A – Senior Housing options
4A, C, D – Resident Stability, Mobile Home Parks and Resources
From Jacob Labure:
Affordable Housing:
1) Request staff ensure adequate and/or increased staff capacity to manage affordable housing projects.
2) Establish Housing Fund
   a) Develop down payment assistance program(s)
   b) Create an incentive program to help pay for water tap fee for ADU’s
3) Request staff input on hiring 3rd party permitting to help expedite permitting
   a) Or request and/or hear about strategies to speed up permitting.
4) Explicitly examine how CDBG funds are being used and consider directing them towards Office building to Residential conversion. https://www.jdsupra.com/legalnews/federal-grants-for-office-to-8484377/
5) Create a fast track review program for projects with affordable housing components.
6) Modify the zoning ordinance and municipal code to create stronger incentives.
7) Resolution directing staff to identify: vacant, underutilized, or undeveloped locations within the city where it may be appropriate to legislatively map a new zone district with no minimum lot size for single-family homes.
8) The comprehensive plan effort should further consider locations within the city suitable for zoning that would force Attached Housing, commonly referred to as townhomes, where this housing type is otherwise not currently permitted.

From Sophia Mayott-Guerrero:
1. Pallet shelter or other fast temporary transitional housing village
2. Fast track affordable housing permits, or any multi-family with more than 50% under 80% AMI
3. Set up renter’s fund and mortgage to keep people housed and prevent foreclosure.
4. Inclusionary zoning – this is probably something for the HPC to begin big research, outreach, etc.
5. Keep the ‘naturally occurring’ housing supply and identify programs to encourage maintenance of older housing stock (both single and multi-family) and preventing scraping functional properties of single-family homes and smaller older multi-family rentals
6. Improve collaboration between West Metro Housing, Jeffco and City of Lakewood, potentially with increased city staff or budget, to fill gaps, increase subsidized housing projects, and improve long term affordable housing supply.

From David Rein
1. Adopt policies and procedures that give priority of processing and a reduction in processing fees to those projects that agree to provide a certain percentage of affordable housing;
2. Require metro districts to provide a certain percentage of affordable housing and/or green certification; may need a development agreement to hold the metro district to the promise;
3. Partner with land banking organizations to build more home ownership opportunities, i.e. Littleton
4. Hire a consultant to identify the best mechanisms to fund a housing fund to assist in the development of home ownership opportunities;
5. Partner with the VA and HUD to develop an initial affordable housing plan targeted at veterans; use the framework to scale up
From Glenda Sinks

1. Make it possible for low-income families to be able to live in market-rate apartments using the following strategies:

   A. Create inclusionary zoning within multi-story apartment buildings.

   B. Create a fund which “maximizes rent voucher utilization and acceptance”

   (Strategy #4A in Strategic Housing Plan)

2. As recommended by the Planning Commission & as found in the 3/18 Study Session materials:

   From the materials—Work to identify locations where lot sizes can be reduced (C), where townhomes can be built (D), & where residential zone districts can be reduced (E).