Your Presenters

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Outline

• The Housing Affordability Crisis
• About CHAP
• Our Platform
• Specific Goals and Proposals
• Your Involvement
COLORADO HOUSING AFFORDABILITY PROJECT

HOUSING SUPPLY, AFFORDABILITY, & LAND USE

PRESENTED BY
Julia Jones, AICP, Associate
I will discuss...

1. How supply constraints have impacted housing affordability in Colorado

2. How local zoning regulations can affect housing supply: a case study
What makes housing affordable?

**Federal Definition:**
1. Housing costs are “affordable” if they do not exceed 30% of household’s gross monthly income.

2. “Costs” include basic utilities, mortgage insurance, HOA fees and property taxes.

- Households paying >30% for housing are “cost burdened”
- Households paying >50% for housing are “severely cost burdened”
PRICE

DRIVERS
Price increases in Colorado are being driven by...

- Historically low interest rates
- Millennials entering their prime home-buying years
- Older generations’ housing preferences
- Rising construction and labor costs
- Underbuilding
RATIO OF HOUSING UNITS TO HOUSEHOLDS, COLORADO, 1991-2019

Source: Colorado Department of Local Affairs
ESTIMATED VACANT HOUSING UNITS, COLORADO, 2010-2019

For seasonal, recreational, or occasional use  All Other Vacant Units

Source: Colorado Department of Local Affairs
RATIO OF HOUSING UNITS TO HOUSEHOLDS ADJUSTED FOR SEASONAL VACANCIES, COLORADO, 2010-2019

Source: Colorado Department of Local Affairs
What does the research say?

1. The negative impact of restrictive regulations on housing supply are greater than potential negative externalities of new development.
   (Edward Glaeser and Joseph Gyourko, 2018)

2. New construction is shown to increase affordability for renters by 5-7%
   (Asquith, Brian J., Evan Mast, and Davin Reed, 2019)

3. New development slows rent increases—rather than causing or accelerating them
   (Asquith, Brian J., Evan Mast, and Davin Reed, 2019)
SURPRISE?
WE HAVE A SUPPLY PROBLEM
DOES THE TYPE OF HOUSING MATTER?
HOUSING TYPE BY HOUSEHOLD INCOME, COLORADO, 2019

- **Income < $50,000**: 45%
  - Single family detached
  - Single family attached
  - Duplex
  - 3 to 4 units
  - 5 to 49 units
  - 50 or more units
  - Other

- **Income $50,000-$75,000**: 66%

- **Income $75,000-$100,000**: 70%

- **Income >$100,000**: 83%

Source: PUMS
COST BURDEN BY TENURE AND TYPE, COLORADO, 2019

Renters

<table>
<thead>
<tr>
<th></th>
<th>Income &lt; $50,000</th>
<th>Income $50,000-$75,000</th>
<th>Income $75,000-$100,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single family detached</td>
<td>75%</td>
<td>46%</td>
<td>21%</td>
</tr>
<tr>
<td>Single family attached</td>
<td>83%</td>
<td>41%</td>
<td>12%</td>
</tr>
<tr>
<td>Duplex</td>
<td>75%</td>
<td>23%</td>
<td>6%</td>
</tr>
<tr>
<td>3 to 4 units</td>
<td>76%</td>
<td>19%</td>
<td>7%</td>
</tr>
<tr>
<td>5 to 49 units</td>
<td>81%</td>
<td>27%</td>
<td>3%</td>
</tr>
<tr>
<td>50 or more units</td>
<td>78%</td>
<td>46%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Source: PUMS
## Cost Burden by Tenure and Type, Colorado, 2019

<table>
<thead>
<tr>
<th>Owners</th>
<th>Income &lt; $50,000</th>
<th>Income $50,000-$75,000</th>
<th>Income $75,000-$100,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single family detached</td>
<td>58%</td>
<td>33%</td>
<td>16%</td>
</tr>
<tr>
<td>Single family attached</td>
<td>63%</td>
<td>25%</td>
<td>9%</td>
</tr>
<tr>
<td>Duplex</td>
<td>57%</td>
<td>32%</td>
<td>9%</td>
</tr>
<tr>
<td>3 to 4 units</td>
<td>68%</td>
<td>25%</td>
<td>2%</td>
</tr>
<tr>
<td>5 to 49 units</td>
<td>62%</td>
<td>16%</td>
<td>10%</td>
</tr>
<tr>
<td>50 or more units</td>
<td>64%</td>
<td>28%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Source: PUMS
CONCLUSION:
MODERATE DENSITY HOUSING IS MORE AFFORDABLE AND THIS TYPE OF HOUSING IS THE LEAST LIKELY TO BE BUILT.
California Assembly Advances Statewide Upzoning Bill

California’s Senate Bill 9 would allow up to four housing units on lots traditionally zoned for single-family homes, paving the way for more ‘gentle density.’

August 27, 2021, 8:00 AM PDT
By Diana Ionescu @aworkoffiction

Rezoning History

Influential Minneapolis Policy Shift Links Affordability, Equity

By Kathleen McCormick, January 16, 2020

‘Home In Tacoma’ Advances with Recommendation to Eliminate Single-Family Zoning

By Stephen Fister - May 26, 2021

ZONING REFORM FOR AFFORDABILITY

Tacoma is seen

RealWinner Creative / Shutterstock
JEFFERSON COUNTY
A CASE STUDY
AREAS THAT ALLOW SINGLE FAMILY
BY RIGHT AND CONDITIONALLY

Source: DU Student Research Team and Root Policy Research
AREAS THAT ALLOW ADUS
BY RIGHT AND CONDITIONALLY

Legend

- Focus Areas
- County
- Municipalities
- Protected Land
- Highways
- Accessory Dwelling Unit (ADU)
- Allowed
- Conditional

Source: DU Student Research Team and Root Policy Research
AREAS THAT ALLOW **DUPLEXES**
BY RIGHT AND CONDITIONALLY

Source: DU Student Research Team and Root Policy Research
AREAS THAT ALLOW 4+ UNITS
BY RIGHT AND CONDITIONALLY

Source: DU Student Research Team and Root Policy Research
AREAS IN A PLANNED UNIT DEVELOPMENT (PUD)

Source: DU Student Research Team and Root Policy Research
VACANT LAND ACRES WHERE USES ARE PERMITTED BY RIGHT, JEFFERSON COUNTY

- **Single Family**: 93,877 acres
- **Duplex**: 20,411 acres
- **Triplex**: 2,121 acres
- **Four Plus**: 3,460 acres
- **ADUs**: 90,378 acres

*Not including PUDs*

Source: Root Policy Research
ARE WE BUILDING TO CAPACITY?
PARCELS ZONED FOR **SINGLE FAMILY** BUILT VS. CAPACITY,
JEFFERSON COUNTY, 2010-2021

Not including PUDs

Source: Root Policy Research
WHAT IF
Zoning reforms were in place in 2010?
ALLOW ADUS ON SINGLE FAMILY LOTS

UNITS = 1,224
SHARE OF GROWTH = 8%

Not including PUDs

Image source: Norfolk, VA Missing Middle Pattern Book and Missing Middle Housing by Daniel Parolek
ALLOW DU-, TRIP-, FOUR-, & SIX-PLEXES ON SINGLE FAMILY LOTS

UNITS = 1,774-4,392
SHARE OF GROWTH = 12%-29%

Not including PUDs

Image source: Norfolk, VA Missing Middle Pattern Book and Missing Middle Housing by Daniel Parolek
WHAT IF

Zoning reforms are enacted now?
10% of vacant land was zoned for 10 DU/acre +

UNITS = 100,000

Not including PUDs
ADUs

- Could have increased housing supply built from 2010-2021 by 8% (1,224 units)
- Potential for ADUs to increase density in existing single family areas

Du-, tri-, four-, and six-plexes

- Could have increased supply built from 2010-2021 by 12-29% (1,774-4,392 units)
- Limited future potential due to lack of suitable vacant land

10% of land at 10 du/acre

- Potential for 100,000 new residential units on vacant land
- Few areas have zoned for this level of density

Not including PUDs

Source: Root Policy Research
CONCLUSIONS:

(1) WE HAVE A SUPPLY PROBLEM

(2) MODERATE DENSITY HOUSING IS MORE AFFORDABLE AND THE LEAST LIKELY TO BE BUILT

(3) ZONING REFORMS ARE NEEDED TO INCREASE CAPACITY FOR MODERATE DENSITY AND AFFORDABLE HOUSING
Consequences of Unaffordable Housing

• 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

• 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

- 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
What Other States Are Doing

Zoning reform is what the cool kids are doing!

- Oregon
- California
- Utah
- Connecticut
Oregon: HB 2001, 2019

- Amends state comprehensive land use planning statute
  - Previous legislation (SB 1051, 2017) required local governments to allow accessory dwelling units in larger cities and counties, in any single-family detached zone district
- Requires all municipalities of 25,000 or more or any municipality in a metropolitan service district to allow “middle housing” and duplexes in single-family zoning districts
  - Smaller jurisdictions required to allow duplexes
  - Does not apply outside of incorporated areas, or areas without urban services
  - Local governments allowed to regulate housing, but cannot discourage development
- State-crafted model middle housing ordinance
- Local governments required to consider increasing affordability in land use plans and regulations by waiving system development charges, applying property tax exemptions, assessing construction taxes, etc.
- Requires robust analysis of housing needs, required reporting to the state
- Technical assistance grants to local governments

www.cohousingaffordabilityproject.org
California: AB 881/AB 68, 2020

• Addresses accessory dwelling units and junior ADUs
  • Follows on prior housing affordability legislation, including SB 35, 2017, which requires streamlined, ministerial approvals of multi-family housing

• ADUs must be ministerially approved or denied within 60 days of application
  • No minimum square footage, limited setbacks, no minimum lot size, no required parking if within ½ mile of public transit
  • Limit on fees and capacity charges for public services

• SB 9 (2021-22) is under consideration, would allow duplexes in single-family districts
Utah: SB 164, 2021

- Amends Utah local government, zoning enabling laws
- Enables local governments to grant property for the construction of deed-restricted affordable housing at 50% AMI or less
- Requires general plan in larger communities to incorporate plans for moderate income housing development, with reporting and tracking requirements
- Provides predevelopment grant money to affordable housing projects
Connecticut: SB 1024 (2021)

- Amends state zoning enabling law, based on the platform of DesegregateCT
- Would allow ADUs wherever single-family dwellings are allowed
  - Reduces sewer requirements on ADUs, allows them to be treated as a single unit with associated dwelling
- Reduced parking requirements
  - Caps parking requirements for apartments and ADUs, eliminates parking requirements on multi-family and mixed-use development within ½ mile of transit
- Remove character considerations from zoning codes
- Model building code to encourage form-based approach
- Planning commissioner training requirements
- Builder’s remedy: injunctive relief
About CHAP

• 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)

Advocacy for…
• Additional public funding for low-income housing development
• Addressing homelessness
• Tenants’ rights or rent controls
• Housing quality improvements
CHAP Founding Working Group

• 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?

• 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

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 Accomplishments

• Worked with stakeholders on HB21-1117 to enable inclusionary zoning in Colorado
Our Goals

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

- **Planning**: require local governments to consider housing needs as part of comprehensive planning efforts
- **TOD**: require a minimum residential zoning density around fixed transit stations, coupled with affordability requirements
- **ADUs**: allow ADUs by-right in single-family, two-family, and agricultural districts
- **Missing middle**: zone a minimum land area of a local jurisdiction for missing middle housing
- **Permitting and fees**: expedited timelines, reduced fees for more affordable housing types
- **Parking**: reduced parking requirements for affordable projects
Where We Are

• Conducting research and testing proposals
  • Other states’ and localities’ experiences
  • GIS analysis
  • Legal analysis
• Evaluating public support for proposals
• Developing legislative strategy for the 2022 session
Addressing Displacement

- 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

• 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

Colorado Housing Affordability Project
cohousingaffordabilityproject@gmail.com
(303) 575-7589