



**Special Meeting**  
**A G E N D A**  
**March 13, 2023**  
**CITY HALL LOBBY CONFERENCE ROOM**  
**4:00 P.M.**

**A. Call Meeting to Order**

**B. Roll Call**

**C. Approval of Minutes:**

1. July 7, 2022

**D. Officers Reports**

**E. Public Forum**

**F. New Business**

1. Resolution 01-2023: Establishing a designated public place for the posting of meeting notices as required by the Colorado Open Meetings Law

2. Resolution 02-2023: 2023 Budget Adoption

3. 2022 Audit Exemption

**G. Old Business**

1. Update on Affordable Housing Strategy and Action Plan

**H. Other**

**I. Adjournment**

*Individuals with disabilities are encouraged to participate in all public meetings sponsored by the City of Wheat Ridge. Call Sara Spaulding, Public Information Officer at 303-235-2877 at least one week in advance of a meeting if you are interested in participating and need inclusion assistance.*



**Minutes of Special Meeting  
July 7, 2022**

**A. CALL THE MEETING TO ORDER**

The meeting was called to order at 4:05 p.m. by Chair Thompson in the Second Floor Conference Room of the Municipal Building, 7500 West 29<sup>th</sup> Avenue, Wheat Ridge, Colorado.

**B. ROLL CALL OF MEMBERS**

Authority Members Present: Chad Harr  
Cheyanne Kinghorn  
Janice Thompson  
Amanda Weaver – left meeting at 5:15pm

Authority Members Absent: None

Also Present: Lauren Mikulak, Staff Liaison  
Jeff Hirt, Senior Neighborhood Planner  
Tammy Odean, Recording Secretary

**C. APPROVAL OF MINUTES:**

**1. August 11, 2020**

**It was moved by Mr. Harr and seconded by Ms. Weaver to approve the minutes of August 11, 2020 as written.**

**Motion approved 4-0.**

**D. OFFICERS REPORTS**

**E. PUBLIC FORUM**

There was nobody present from the public to speak.

## F. NEW BUSINESS

### 1. Discussion of Affordable Housing Strategy and Action Plan

Ms. Mikulak gave a brief presentation and introductions of Jeff Hirt and Eric Ameigh.

#### **Erick Ameigh, czb Consulting Firm**

Mr. Ameigh gave a brief introduction about the history of czb and the City's new Affordable Housing Strategy and Action Plan, which will also be presented to Planning Commission and City Council at later dates.

In response to questions from the Housing Authority (HA) members Ms. Mikulak mentioned the project has not yet evaluated the Housing Authority's role in the future. That will occur in the future..

All members agreed the Housing Authority's role in affordable housing is important and Ms. Kinghorn added it will be important to discuss the future the mission and goals of the HA.

Ms. Kinghorn reflected on how affordable housing can impact home values.

Ms. Mikulak said there will be strategic planning later and a policy from City Council.

There was also discussion of apartments vs. single family homes in the Affordable Housing Strategy. Ms. Thompson would like to see single family homes as part of the project to preserve neighborhoods.

Ms. Mikulak explained the City does not have greenfill properties so there is less of a focus on new single unit neighborhoods. She described the need for diverse housing options which is why Strategy is not limited to a single housing type.

### 2. **Resolution 01-2022: Establishing a designated public place for the posting of meeting notices as required by the Colorado Open Meetings Law**

**It was moved by Ms. Kinghorn and seconded by Mr. Harr to approve Resolution 01-2022, a resolution establishing a designated public place for the posting of meetings notices as required by the Colorado Open Meetings Law.**

**Motion carried 3-0.**

### 3. **Resolution 02-2022: 2022 Budget Adoption**

**It was moved by Mr. Harr and seconded by Ms. Kinghorn to approve Resolution 02-2022, a resolution enacting a budget and appropriation for the year 2022.**

**Motion carried 3-0.**

**G. OLD BUSINESS**

**H. OTHER**

Ms. Mikulak gave an update on The Green and the Lutheran Master Plan. The Lutheran Master Plan calls for mixed-use including housing, office, open space and parks, but specific plans are not known yet.

**I. ADJOURNMENT**

**It was moved by Mr. Harr and seconded by Ms. Kinghorn to adjourn the meeting at 5:50 p.m.**

**Motion carried 3-0.**

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**Janice Thompson, Chair**

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**Tammy Odean, Recording Secretary**



**To:** Chair and Members of the Wheat Ridge Housing Authority

**From:** Lauren Mikulak, Community Development Director

**Subject:** Annual Designation of Meeting Notice Location

**Date:** March 6, 2023 (for March 13 meeting)

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In accordance with the Colorado Open Meetings Laws (Section 24-6-401 *et seq.* C.R.S.), all local public bodies, including the Wheat Ridge Housing Authority, are required to annually designate the posting location for the public notices which advertise public meetings. The designated locations may be in-person, online, and/or printed in a specified newspaper. Such notice is required for any meeting at which a majority or quorum of a body is in attendance; notice is also required for any meeting at which the adoption of any proposed policy, position, resolution, rule, regulation, or formal action occurs.

In 2021, based on COVID-19 closures and remodeling in City Hall, the official posting location was moved from an area by the City Clerk’s office to a display cabinet at the main entrance of the municipal building.

The enclosed resolution designates three official public notice posting locations: the City website, the Jeffco Transcript newspaper, and the display cabinet at the main entrance of the municipal building. This designation is formally made at the board’s first meeting of each year through approval of a resolution. City Council and Planning Commission designated the same locations earlier this year.

Staff recommends approval of Resolution No. 01-2023 and recommends the following motion:

“I move to recommend approval of Resolution No. 01-2023, a resolution establishing a designated public place for the posting of meeting notices as required by the Colorado Open Meetings Law.”

**WHEAT RIDGE HOUSING AUTHORITY  
RESOLUTION NO. 01  
Series of 2023**

**TITLE:           A RESOLUTION ESTABLISHING A DESIGNATED PUBLIC PLACE FOR THE POSTING OF MEETING NOTICES AS REQUIRED BY THE COLORADO OPEN MEETINGS LAW**

**WHEREAS**, the Housing Authority of the City of Wheat Ridge, Colorado, deems it in the public interest to provide full and timely notice of all of its meetings; and

**WHEREAS**, the Colorado state legislature amended the Colorado Open Meetings Laws, Section 24-6-401, *et seq.*, C.R.S. to require all “local public bodies” subject to the requirements of the law to annually designate at the local public body’s first regular meeting of each calendar year, the place for posting notices of public hearings no less than twenty-four hours prior to the holding of the meeting; and

**WHEREAS**, “local public body” is defined by Section 24-6-402(1)(a) to include “any board, committee, commission, authority, or other advisory, policy-making, rule-making, or formally constituted body of any political subdivision of the state and any public or private entity to which a political subdivision, or an official thereof, has delegated a governmental decision-making function but does not include persons on the administrative staff of the local public body”.

**NOW, THEREFORE, BE IT RESOLVED by the Wheat Ridge Housing Authority as follows:**

Section 1. The municipal building’s main entrance display cabinet, the City’s website, and the Jeffco Transcript as the official newspaper of general circulation shall constitute the designated public place for the posting of meeting notices as required by the Colorado Open Meetings Law.

Section 2. The Community Development Director or their designee shall be responsible for posting the required notices no later than twenty-four (24) hours prior to the holding of the meeting.

Section 3. All meeting notices shall include specific agenda information, where possible.

**ADOPTED** this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Chair, Housing Authority

ATTEST:

\_\_\_\_\_  
Secretary to the Housing Authority



**To:** Chair and Members of Wheat Ridge Housing Authority  
**From:** Lauren Mikulak, Community Development Director  
**Subject:** 2023 Budget  
**Date:** March 6, 2023 (for March 13 meeting)

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Attached for review is the 2023 budget for the Wheat Ridge Housing Authority. Consistent with direction given at the February 6, 2018 meeting, the Authority is operating at minimal activity levels and has reduced scheduled meetings to one per year or as needed. The budget for 2023 reflects that reduced activity level.

The enclosed budget reflects the minimum possible operating expenses, including only the following:

- 762 · Bank Charges – \$275 – This covers the monthly fees associated with the Authority’s bank accounts.

Historically, the WRHA budget included funds in account 750 (Accounting and Legal) for assistance with the State required audit. The Authority is eligible for an audit exemption, and the City’s Finance Manager has been completing the associated paperwork at no cost to the Authority. Likewise, the Authority budget has historically included funds in account 771 (City Reimbursement) to reimburse the City for the hours worked by City staff in their roles as the WRHA staff liaison and secretary. The reduced operations by the Authority have reduced the reimbursement to a nominal amount, and the City Manager has confirmed reimbursement is not necessary at this time.

As of January 2023, the Authority had approximately \$70,000 in cash savings. This total is reflected at the top of the balance sheet and comprises part of the unrestricted funds at the bottom of the budget. The unrestricted funds include the accumulated interest on the Fruitdale loan, prior savings, and projected income. WRHA’s projected income is related to the limited partnership in the ownership entities for Wheat Ridge Town Center Apartments and Town Center North Apartments. The Authority’s role serves to offset property tax liability, and per the partnership

agreements WRHA earns an annual fee of about \$10,000 and \$15,000 respectively for each development. Last year (2022) was the first year the Authority received the fee for both projects.

In order to approve the 2023 budget, staff recommends the following motion:

“I move to approve Resolution No. 02, a resolution enacting a budget and appropriation for the year 2023.”

Or, if revisions to the budget are desired:

“I move to approve Resolution No. 02, a resolution enacting a budget and appropriation for the year 2023, with the following amendments to the budget:

- 1.
2. ...

Attachments:

1. 2022 Balance Sheet
2. 2023 Proposed Budget

**WHEAT RIDGE HOUSING AUTHORITY  
RESOLUTION NO. 02  
Series of 2023**

**TITLE:       A RESOLUTION ENACTING A BUDGET AND  
APPROPRIATION FOR THE YEAR 2023**

**WHEREAS**, C.R.S. 29-1-103 (1) of the Local Government Budget Law of Colorado requires certain local governmental entities to prepare and adopt an annual budget; and

**WHEREAS**, the City Attorney has opined that the provisions of the Budget Law apply to the Authority; and

**WHEREAS**, notice of adoption of this 2023 budget and appropriation was given by the Housing Authority in compliance with C.R.S. 29-1-106; and

**WHEREAS**, in compliance with the provisions of the Budget Law regarding notice, objections, and hearing, a public meeting was held on this Budget and Appropriation for 2023 by the Authority on March 13, 2023.

**NOW, THEREFORE, BE IT RESOLVED by the Wheat Ridge Housing Authority as follows:**

Section 1. The year 2023 budget as shown on **Exhibit 1** attached hereto is hereby approved.

Section 2. Total expenditures of the Authority do not exceed available revenues and beginning fund balance.

Section 3. A certified copy of this resolution shall be filed with the Division of Local Government.

**ADOPTED** this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Chair, Housing Authority

ATTEST:

\_\_\_\_\_  
Secretary to the Authority

## Wheat Ridge Housing Authority Balance Sheet

	Unaudited Dec 31, 2022	Accrual JE	Unaudited & Reported Dec 31, 2022
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>Checking/Savings</b>			
113 · 1st Bank - Checking - 7191	50,417.97	0.00	50,417.97
120 · 1st Bank - Money Market - 5321	20,438.94	0.00	20,438.94
121 · Project Saving Account - 5934	1,809.20	0.00	1,809.20
<b>Total Checking/Savings</b>	72,666.11	0.00	72,666.11
<b>Other Current Assets</b>			
273 - Fruitdale Lofts Redevelopment Loan	570,000.00	0.00	570,000.00
273-1 - Interest Receivable on Lofts Loan	83,945.00	20,000.00	103,945.00
<b>Total Other Current Assets</b>	653,945.00	20,000.00	673,945.00
<b>Total Current Assets</b>	726,611.11	20,000.00	746,611.11
<b>TOTAL ASSETS</b>	<b>726,611.11</b>	<b>20,000.00</b>	<b>746,611.11</b>
<b>LIABILITIES &amp; EQUITY</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	0.00	0.00	0.00
300 · Accounts Payable	0.00	0.00	0.00
<b>Total Accounts Payable</b>	0.00	0.00	0.00
<b>Total Current Liabilities</b>	0.00	0.00	0.00
<b>Total Liabilities</b>	0.00	0.00	0.00
<b>Equity</b>			
450 · Restricted Fund - Fruitdale	570,000.00	0.00	570,000.00
465 · Unrestricted Fund	130,614.02	0.00	130,614.02
Net Income	25,997.09	20,000.00	45,997.09
<b>Total Equity</b>	726,611.11	20,000.00	746,611.11
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>726,611.11</b>	<b>20,000.00</b>	<b>746,611.11</b>

## Wheat Ridge Housing Authority Profit Loss

	Unaudited Dec 31, 2022	Accrual JE	Unaudited & Reported Dec 31, 2022
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
500 · Sale of Units			
535 · Interest Income	38.94	20,000.00	20,038.94
549 · Miscellaneous Income	26,198.00		26,198.00
<b>Total Income</b>	<u>26,236.94</u>	<u>20,000.00</u>	<u>46,236.94</u>
<b>Cost of Goods Sold</b>			
562 · Fruitdale Costs	0.00	0.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total COGS</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Gross Profit</b>	26,236.94	20,000.00	46,236.94
<b>Expense</b>			
750 · Accounting & Legal	0.00	0.00	0.00
762 · Bank Charges	239.85	0.00	239.85
771 · City Reimbursement	0.00	0.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total Expense</b>	<u>239.85</u>	<u>0.00</u>	<u>239.85</u>
<b>Net Ordinary Income</b>	25,997.09	20,000.00	45,997.09
<b>Other Income/Expense</b>			
<b>Other Income</b>	0.00	0.00	
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total Other Income</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Net Other Income</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Net Income</b>	<u><u>25,997.09</u></u>	<u><u>20,000.00</u></u>	<u><u>45,997.09</u></u>

# Wheat Ridge Housing Authority Proposed Budget

2023

	<u>Actual 2021</u>	<u>Unaudited Actual 2022</u>	<u>2022 Budget</u>	<u>Proposed 2023 Budget</u>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
535 · Interest Income	20,003	20,039	20,003	20,039
549 · Miscellaneous Income	19,135	26,198	15,000	25,000
<b>Total Income</b>	<u>39,138</u>	<u>46,237</u>	<u>35,003</u>	<u>45,039</u>
<b>Gross Profit</b>	39,138	46,237	35,003	45,039
<b>Expense</b>				
750 · Accounting & Legal	0	0	0	0
762 · Bank Charges	258	240	275	250
771 · City Reimbursement	0	0	0	0
<b>Total Expense</b>	<u>258</u>	<u>240</u>	<u>275</u>	<u>250</u>
<b>Net Ordinary Income</b>	<u>38,880</u>	<u>45,997</u>	<u>34,728</u>	<u>44,789</u>
<b>Total Other Expense</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Other Income/Expense</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Income</b>	<u>38,880</u>	<u>45,997</u>	<u>34,728</u>	<u>44,789</u>
<b>Beginning Fund Balance</b>	<u>661,734</u>	<u>700,614</u>	<u>700,614</u>	<u>746,611</u>
<b>Ending Fund Balance</b>	<u>700,614</u>	<u>746,611</u>	<u>735,342</u>	<u>791,400</u>
<b>Restricted Fund - Fruitdale</b>		<u>570,000</u>	<u>570,000</u>	<u>570,000</u>
<b>Unrestricted Fund</b>		<u>176,611</u>	<u>165,342</u>	<u>221,400</u>
<b>Ending Fund Balance</b>		<u>746,611</u>	<u>735,342</u>	<u>791,400</u>



**To:** Chair and Members of the Wheat Ridge Housing Authority

**From:** Lauren Mikulak, Community Development Director

**Subject:** 2022 Audit Exemption

**Date:** March 6, 2023 (for March 13 meeting)

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In accordance with the Local Government Audit Law (Section 26-1-601 et seq. C.R.S.), any local government or governing board may apply for an exemption from audit if revenues or expenditures for the year are not more than \$750,000. This means that neither revenue nor expenditures exceed \$750,000 in any given year.

Staff has determined that the Authority qualifies for an audit exemption. Exemptions from audit are not automatic and require completion of an *Application for Exemption from Audit*. This application must be received by the State of Colorado Office of the State Auditor no later than March 31, 2023. As part of the submittal, a majority of board members must approve and sign the application.

The *Application for Exemption from Audit* is attached for your reference. Signatures will be requested at the conclusion of the March 13 meeting.

# Memorandum

**TO:** Wheat Ridge Housing Authority

**FROM:** Jeff Hirt, Senior Neighborhood Planner

**DATE:** March 9, 2023 (for March 13 meeting)

**SUBJECT:** Affordable Housing Strategy and Action Plan

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**PURPOSE:**

The purpose of this agenda item is to inform the Housing Authority that City Council recently adopted the Affordable Housing Strategy and Action Plan. No specific action is requested at this time but City staff welcomes feedback on the action items summarized on pages 48-49 of the adopted Strategy in Attachment 1.

**BACKGROUND:**

The Colorado Department of Local Affairs (DOLA) awarded the City a grant in October 2021 to complete an Affordable Housing Strategy and Action Plan. The City currently has minimal adopted policies or strategies related to affordable housing, nor any recent community-specific needs assessments in contrast to peer nearby cities. This Strategy includes a Wheat Ridge-specific needs assessment, articulates City policy related to affordable housing, and curates a responsive set of actions with recommended sequencing over the next 5+ years.

City staff and the consultant team czb, LLC developed this Strategy in close consultation with City Council and other stakeholders. The Strategy kicked off in early 2022 and City Council provided direction at study sessions in May, August, and December of 2022. Notable steps in the process included:

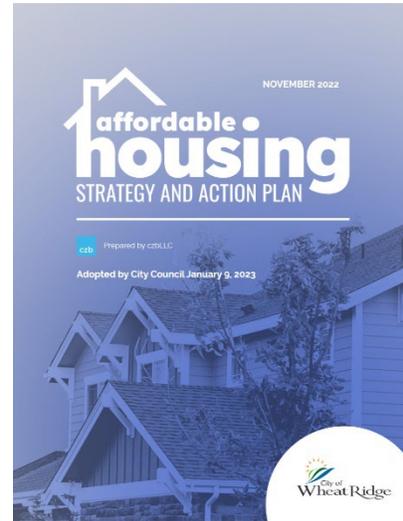
1. City Council support via Resolution 45-2021 for a grant application for the Strategy (September 13, 2021)
2. DOLA grant award to City (December 2021)
3. City Council study session with czb to kick off project, share aspirations, and review scope of work (May 2, 2022)
4. Analysis and strategy development (Summer 2022) that included:
  - a. Focused interviews with over 20 housing developers to ensure findings and recommendations were grounded in market realities;
  - b. Opportunities for community input that included an open house, survey, and various public communications about the project; and
  - c. Project briefings to the Planning Commission (July 7, 2022), Housing Authority (July 7, 2022), and Race and Equity Task Force (May 26, 2022)
5. City Council extended study session that included a deep dive on why housing is so expensive in Wheat Ridge and an opportunity to provide input on the draft framework for the Strategy (August 5, 2022)
6. City Council study session to review the draft Strategy (December 5, 2022)

## 7. City Council adoption of the Strategy (January 9, 2023)

### Adopted Strategy Overview

The Strategy acts as an advisory document to support future City Council decisions related to affordable housing. Key elements include:

- Part 1 describes housing market conditions and the resulting affordability impacts on various types of households.
- Part 2 recommends Policies and Principles that act as a foundation for future City housing decisions – whether those be zoning code changes, allocation of City resources, or City Council decisions on large redevelopment sites like the Lutheran Legacy Campus.
- Part 3 provides an Action Plan that identifies four key opportunities to address affordable housing in Wheat Ridge. Each opportunity has specific action items that are organized by priority and described with respect to household income and next steps. Included among these items are policies and actions related to the Lutheran Legacy Campus, inclusionary housing, a program to preserve the City’s naturally occurring affordable housing (NOAH), and hiring a housing specialist to administer such programs and reassess the role of the Housing Authority. Part 3 serves as a workplan for the next several years.
- An appendix summarizes additional affordable housing tools, many of which relate to the DOLA grant which funded this Strategy and are required to be evaluated as part of the grant program.



The project website ([whatsupwheatridge.com/housing](https://whatsupwheatridge.com/housing)) has more background including short informational videos, City Council meeting packets, and the Strategy’s work plan with status updates that will be updated periodically.

### WRHA Feedback and Next Steps

On July 7, 2022, the Housing Authority provided feedback early in the project that informed the Strategy. Select comments included:

- The Strategy should provide nuanced data on the city’s renter/owner breakdown and median home prices compared to the metro area;
- The importance of the upcoming comprehensive plan update in addressing topics like the appropriate locations for new types of housing; and
- The Strategy should address the Housing Authority’s role and how it relates to the goals and action items.

These comments were taken into account in the final document, and implementation of the Strategy is already underway. The highest priority action items include a series of code amendments, establishment of a housing fund, and continued preparation for development at the Lutheran Legacy Campus. Notable implementation status updates include:

- City Council created the Wheat Ridge Housing Fund on January 9, 2023 (the same night

as Strategy adoption) and established short term rental (STR) revenues as an ongoing funding source;

- In April 2023, City Council is scheduled to review zoning code changes related to deed-restricted affordable housing, including reductions in parking requirements and parkland dedication fee waivers;
- City staff will be requesting a new position and FTE for a housing specialist as part of the 2024 budget (if not before);
- City staff are exploring funding opportunities for the NOAH Preservation Program including a request through the federal government's Congressionally Directed Spending for fiscal year 2024; and
- City staff are tracking Proposition 123 requirements and funding and will discuss the program with City Council in the summer.

These action items will result in further discussions with City Council throughout 2023 and City staff expects future conversations with Council and the Housing Authority as the work plan evolves and the role of the Authority is evaluated.

#### **Attachments**

1. City Council adopted Affordable Housing Strategy and Action Plan

NOVEMBER 2022



# affordable • housing

## STRATEGY AND ACTION PLAN

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czb

Prepared by czbLLC

Adopted by City Council January 9, 2023



# Acknowledgements

The following people made the Affordable Housing Strategy and Action Plan possible:

## Mayor Bud Starker

### CITY COUNCIL

#### District I

Janeece Hoppe  
Judy Hutchinson

#### District II

Rachel Hultin  
Scott Ohm

#### District III

Amanda Weaver  
Korey Stites

#### District IV

Leah Dozeman  
Valerie Nosler Beck

### CITY STAFF

Patrick Goff, *City Manager*  
Marianne Schilling, *Assistant to the City Manager*  
Kenneth Johnstone, AICP, *Community Development Director*  
Lauren Mikulak, AICP, *Planning Manager*  
Jeff Hirt, AICP, *Senior Neighborhood Planner*  
Ashley Holland, *Neighborhood Engagement Specialist*

Special thanks to the Wheat Ridge Planning Commission, the board of the Wheat Ridge Housing Authority, the Race and Equity Task Force, and members of the development community and the public at-large who provided their insights, questions, and feedback to help shape this Affordable Housing Strategy and Action Plan.

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The Affordable Housing Strategy and Action Plan was supported by funding from the Colorado Department of Local Affairs Innovative Housing Planning Grant Program..



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List of Affordable Housing Tools Evaluated

# Executive Summary

The purpose of this Affordable Housing Strategy and Action Plan is to establish a foundation and framework for the City of Wheat Ridge to address affordable housing over a five-year period, and beyond. The document, which is organized into three parts, describes housing affordability challenges in Wheat Ridge, identifies potential opportunities for the City to encourage affordable housing development, and outlines action steps that match the right tools and resources to the City's opportunities. This summary provides an overview of the information contained in the full document.

## PART 1 Market Conditions and Needs Assessment | Housing market conditions and the resulting affordability impacts on various types of households.

### Challenges in the Wheat Ridge Housing Market

Much has changed in Wheat Ridge since the mid-2000s, when the city faced a dearth of economic development opportunities and homeowner investment and community leaders were focused on revitalization. By 2021, the median sale price for a house in Wheat Ridge was nearly \$600,000, which meant a new buyer household in Wheat Ridge likely needed an income of at least \$150,000 per year (vs the 2020 median owner-occupied household income of \$91,000) to afford a house. The number of households who can afford to buy a home and put down roots in Wheat Ridge is shrinking rapidly, inevitably squeezing out many of those who grew up here. Wheat Ridge's economy also employs thousands of people in education, healthcare, local government, and the management of private sector services that are critical to daily life in the community, and whose wages are less and less sufficient to secure housing in Wheat Ridge each year.



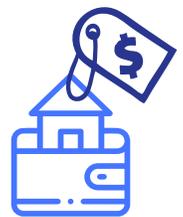
In 2022, a renter household needed an income of \$56,000 to afford the median priced two-bedroom apartment (vs the 2020 median renter-occupied household income of \$42,000) and any renter household with an annual income below \$50,000 was at risk of an affordability challenge. As of 2020, more than half of all Wheat Ridge renter households paid 30% or more of their household income toward housing costs. This is the government definition of unaffordability, or a "cost-burdened" household.



### Target Markets for Affordable Housing Strategy

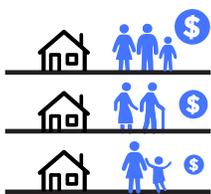
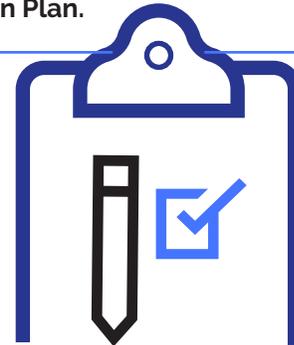
The City of Wheat Ridge has a range of current and potential tools and capabilities to take action in support of affordable housing options across a range of household incomes. But the City can directly impact some more effectively than others. The large affordability gaps facing the lowest-income households—those with annual incomes below \$50,000—dictate that the City support other providers who have access to sources of deep subsidy, while somewhat smaller, and thus more manageable, affordability gaps for households with incomes between \$50,000 and \$149,999 present opportunities for the City to take more direct action.

This strategy is organized, in part, around these income segments.



### Policies and Principles

The Envision Wheat Ridge comprehensive plan, though a foundational document in terms of setting community vision, deals with housing only at a very high altitude and was adopted in 2009—a vastly different time in the Wheat Ridge housing market. This Strategy and Action Plan recommends policies, pending a new comprehensive plan, to put the City on firm footing to respond to the housing conditions of the early 2020s, and to connect longstanding City goals to action steps specifically crafted for this decade.



#### *Full Housing Ladder*

Wheat Ridge recognizes that its economic and social strength and resilience benefit when households of all types are able to find suitable housing options in the city across the stages of life.



#### *Economic and Income Diversity*

Wheat Ridge embraces economic and income integration citywide and within its neighborhoods. It rejects economic and income segregation that may result from the natural functioning of housing markets.



#### *Housing Type Diversity*

Wheat Ridge places a high value on its diverse housing stocks and seeks to achieve and maintain a well-balanced supply of housing types.



#### *Material Support for Affordable Housing*

Wheat Ridge acknowledges the difficulties of providing affordable housing and supports public, private, and nonprofit organizations developing affordable housing in the city.



#### *Incentives Conditioned on Inclusionary Outcomes*

City provision of incentives to projects with a residential component requires the project to include affordable housing and a variety of price points to achieve mixed-income outcomes.

Whether Wheat Ridge's approach to affordable housing is ultimately opportunistic and flexible, or targeted and rigid, it should operate inside a set of high-level rules that reflect both the community's values and aspirations, as well as its economic, political, and fiscal realities. The Strategy and Action Plan recommends the City adopt the following principles:

- Be action-oriented and embrace incremental progress.
- Aim for mixed- income outcomes.
- Pursue geographic dispersion.
- Get the right project in the right place.
- Support other affordable housing developers when possible and lead when necessary.
- Act regionally.

PART 3 **Taking Action**

**Key Housing Opportunities and recommended specific actions the City should take.**

**Key Affordable Housing Opportunities**

Considering the difficulty of closing affordability gaps, the substantial costs of housing development, and the planning context in Wheat Ridge, what are the City's best opportunities to take action on affordable housing?



OPPORTUNITY

**#1**

Build more **multi-unit rental** where possible and achieve **inclusionary, mixed-income** outcomes.

Multi-unit rental offers opportunities for inclusionary housing and is the type most economical for affordable housing providers to build and operate.

OPPORTUNITY

**#2**

Build more **attached ownership units** where possible and achieve **inclusionary, mixed-income** outcomes.

With single-unit detached homeownership slipping out of reach for households with incomes below \$150,000, attached ownership units offer a relatively affordable option, and opportunities for inclusionary housing.

OPPORTUNITY

**#3**

Preserve and upgrade **existing affordable rental units**.

Wheat Ridge is awash in aging rental units that are affordable to renter households with incomes below \$75,000 and even below \$50,000. Age and declining quality are contributing factors to the relatively low rents. The City could help to upgrade these units while maintaining affordable rents by offering a Naturally Occurring Affordable Housing Rental Rehab Program.

OPPORTUNITY

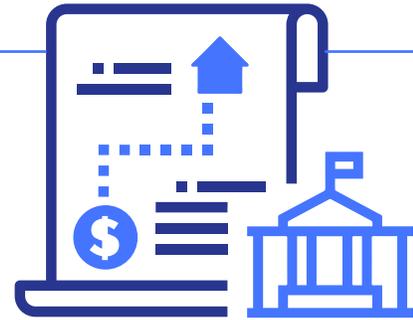
**#4**

Maximize the potential for the **Lutheran Legacy Campus** redevelopment to achieve **inclusionary, mixed-income** outcomes.

In the coming years, the historic 100-acre Lutheran Hospital campus in the heart of Wheat Ridge will be vacated. The potential redevelopment of this site offers ample opportunity to creatively develop new affordable housing.

## Recommended Action Items

Realizing Wheat Ridge's key housing opportunities requires a series of actions, prioritized based on their impact and timing factors.



### PRIORITY LEVEL 1

#### Revise Zoning Framework for Community Benefit

Require mixed-use districts to produce either true mixed-use or affordable inclusionary housing, and create a new "townhouse district" with inclusionary requirements.

#### Wheat Ridge Housing Fund

A dedicated fund to receive, hold, and deploy financial resources specifically in support of affordable housing activities.

#### Housing- Supportive Code Amendments

Amendments to the City's code to support affordable housing development in areas such as: process, fees, parking minimums, and "no net loss" to keep redeveloping properties from decreasing the amount of housing.

#### Continue Lutheran Legacy Implementation Efforts

Continue preparing for the eventual Lutheran Legacy Campus redevelopment and set clear expectations for substantial affordability.

### PRIORITY LEVEL 2

#### Housing Staff

Hire a staff person dedicated to housing program management.

#### Comprehensive Plan Update

Use the comprehensive plan process to reaffirm community support for affordable housing goals and establish community's vision for growth and development.

#### Naturally Occurring Affordable Housing (NOAH) Preservation Program

A program to make grants from the Wheat Ridge Housing Fund to rental property owners to upgrade aging rental units in exchange for affordable rents.

### PRIORITY LEVEL 3

#### Update Development Code and Zoning Map

Following the update to the comprehensive plan, update the City's code and zoning map to reflect the plan. The community-wide discussion of whether, where, and how to accommodate new housing is best suited for the comprehensive plan where public engagement will play an important role.

#### Exploration of Changes to Charter Limits on Height and Density

Following the update to the comprehensive plan, establish a commission to study the possibility of amending the City Charter's current limits on height and density in order to make a recommendation for a potential ballot question.

#### Update Affordable Housing Strategy and Action Plan

Update this document to respond to new conditions and events.

# Introduction: A Changing Market and the Costs of Inaction

In the mid-2000s, Wheat Ridge faced a dearth of economic development opportunities and homeowner investment. Development opportunities that could improve the community's quality of life, and its tax base, were regularly choosing other nearby cities instead of Wheat Ridge. The City felt that its need for new investment, by businesses and real estate developers and even the city's own homeowners, was existential in nature. Wheat Ridge was at a crossroads.

It was such a critical issue that the City commissioned the first Neighborhood Revitalization Strategy—known locally as the NRS—which challenged Wheat Ridge to undertake a number of new initiatives and to show its pride by making important investments in itself. With the adoption of the NRS, growing the city's quality of life and its tax base, and doing so while improving its competitive position within the

Denver region, became top priorities. However, by 2022 circumstances had changed in the Wheat Ridge market.

The 2021 median sale price for a house in Wheat Ridge was

nearly \$600,000, which meant a new buyer household in Wheat Ridge likely needed an income of at least \$150,000 per year (vs the 2020 median owner-occupied household income of \$91,000) to afford a house. If a new buyer household in 2022 was not in the top 20% of the U.S. household income distribution, buying a house in Wheat Ridge was likely to be a stretch.

Median rents for one- and two-bedroom apartments in Wheat Ridge exceeded \$1,100 and \$1,400 respectively by mid-2022. This meant a renter household needed an income of \$56,000 to afford the median priced two-bedroom apartment (vs the 2020 median renter-occupied household income of \$42,000) and any renter household with an annual income below \$50,000 was at risk of an affordability challenge. **As of 2020, more than half of all Wheat Ridge renter households paid 30% or more of their household income toward housing costs.** This is the government definition of unaffordability, or a "cost-burdened" household. Amongst renter households with incomes below \$50,000, 75% were cost burdened.

In Wheat Ridge, affordability is now just as hot a topic as revitalization. But why does the strengthening market matter? What's at stake? **If the City does not attempt to intervene, what are the costs to the Wheat Ridge community?** These questions can be answered a few different ways, but some are particularly salient for Wheat Ridge residents.

One has to do with identity. By outward appearances, Wheat Ridge is an inner ring suburb fully subsumed within the Denver metro area—specifically the west side. To outside observers, the municipal boundaries separating the City of Wheat Ridge from its neighbors mean very little. But Wheat Ridge residents, especially those with deep roots in the community, consider Wheat Ridge to be distinct—a small town with its own character occupying its own space amongst a number of communities, home to families who want to have multiple generations living nearby. When this is the case, local residents prioritize the ability for younger generations to find housing opportunities in the community, and this is becoming more and more difficult. **The number of households who can afford to buy a home and put down roots in Wheat Ridge is shrinking rapidly,** inevitably squeezing out many of those who grew up here.

## What kind of community does Wheat Ridge want to be in the future?

# How to Use this Document

## PART 1



### Market Conditions and Needs Assessment

Part 1 describes housing market conditions and the resulting affordability impacts on various types of households.

*Go here to learn what has been happening with the city's affordability situation.*

## PART 2



### Policies and Principles to Guide Housing Actions

Part 2 recommends Policies and Principles that give shape to the Strategy and Action Plan.

*Go here to learn how the City should think about its affordable housing decision making.*

## PART 3



### Taking Action

Part 3 identifies Key Housing Opportunities and recommends specific actions the City should take.

*Go here to learn what the City should do about creating affordable housing.*

Another answer relates to both practical self-interest as well as a sense of fairness. Wheat Ridge's local economy employs thousands of people in education, healthcare, local government, and the management of private sector services that are critical to daily life in the community, and whose wages are less and less sufficient to secure housing in Wheat Ridge each year. **It matters to Wheat Ridge that those workers are part of the community**—living in town, not just working here and commuting—and it matters that they are able to make their own choice about where they live, given how important they are to the community.

Ultimately the most important question is: **What kind of community does Wheat Ridge want to be in the future?** Will it be a place where a wide variety of people and households can find affordable housing options and contribute their spirit, skills, and talents to the city? Or will it be a place limited only to those fortunate enough to be able to pay the increasingly high price?

This is the context within which the City of Wheat Ridge commissioned this document—the Affordable Housing Strategy and Action Plan. Its purpose is to describe housing affordability challenges in the community, identify potential opportunities for the City to encourage affordable housing development, and outline action steps that match the right tools and resources to the City's opportunities. There is much about the housing market that the public sector cannot control, to say nothing of a single local government in a large, dynamic region. But this document is about what the City **can do**, and how it can quickly begin taking its first steps to preserve space in the Wheat Ridge community for a variety of households.

PART 1

# Market Conditions and Needs Assessment



Throughout the 21st century, Wheat Ridge has experienced affordability challenges. The median value of owner-occupied housing units was 40% higher than the U.S. overall in 2000, and 80% higher by 2020, which was in line with the Denver-area market during those years. And although renters historically have found more affordability in Wheat Ridge than elsewhere in the Denver region, there are signs that growing regional rental demand may soon impact Wheat Ridge. Changes in both the ownership and rental markets have effects on both existing and potential Wheat Ridge households.

**Part 1, Market Conditions and Needs Assessment, provides more detailed information and analysis related to:**

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**The homeownership market.**  
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**The rental market.**  
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**Affordability for both owners/buyers and renters.**  
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**Affected household types.**  
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Data Note: Much of the analysis in Part 1 relies on data from the Census Bureau's American Community Survey Five Year Estimates program. Each reported data year, in reality, covers the previous five-year period and the data are sample based. Later data years, especially 2019 and 2020, may not fully reflect the impacts of new units that were built and sold , or rented, in those years.



# Ownership Market Overview

When it comes to homeownership, Wheat Ridge, as a fully integrated part of the Denver regional housing market, is now quite expensive by national standards. As of 2020, the median estimated value of owner-occupied housing units in the Denver region and in Wheat Ridge were roughly 80% higher than the national median. New buyers in 2021 were faced with a median sale price of nearly \$600,000 for a single-unit detached house (see Fig. 3). Those without a significant down payment, or an income above \$150,000, or both, may struggle to be homeowners in Wheat Ridge going forward.

## Owner-occupied home values rose steadily in the second half of the 2010s.

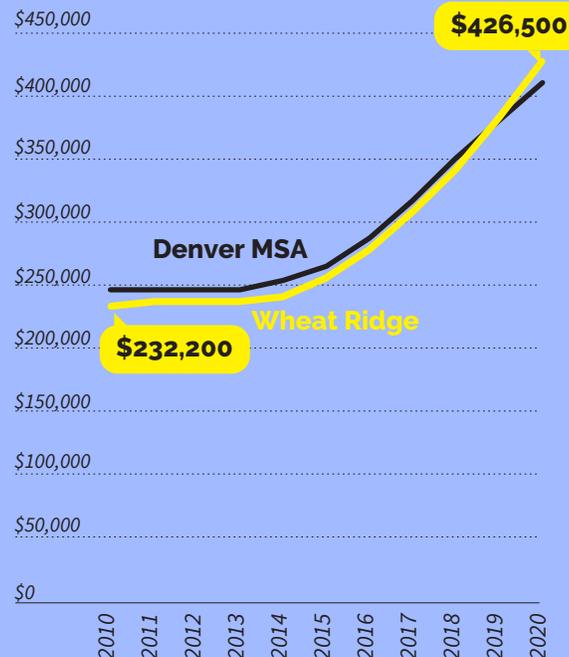
The median value of owner-occupied housing units in Wheat Ridge has grown in recent years. According to data from the U.S. Census Bureau’s American Community Survey (ACS) Five Year Estimates, values grew slowly or not at all between 2010 and 2014 before picking up in 2015 and achieving double-digit annual growth rates above 10% between 2016 and 2020. This pattern is nearly indistinguishable from that of the Denver-Aurora-Lakewood metropolitan statistical area (MSA) (see Fig. 1).

(The data reported for each year in Fig. 1 is sample-based data for a five-year period. It may not fully reflect the impacts of new units that were built and sold in 2019 and 2020.)

## Owner incomes are on the rise, though still lower than the MSA.

Between 2010 and 2020, the median owner-occupied household income grew faster in Wheat Ridge than it did in the Denver MSA (44% vs 33%). Despite this rate of increase, in 2020 the median owner income in Wheat Ridge was still lower than in the Denver MSA (see Fig. 2).

**Fig. 1**  
Median Owner-Occupied Value, 2010-2020



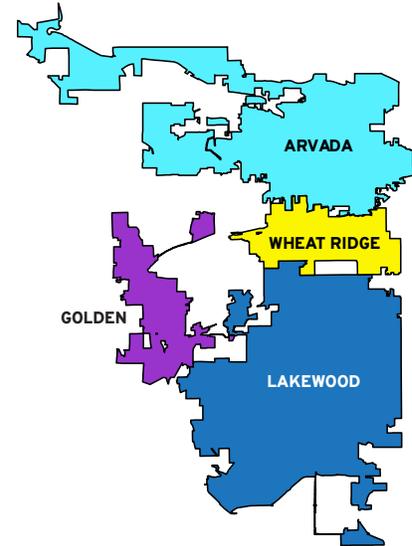
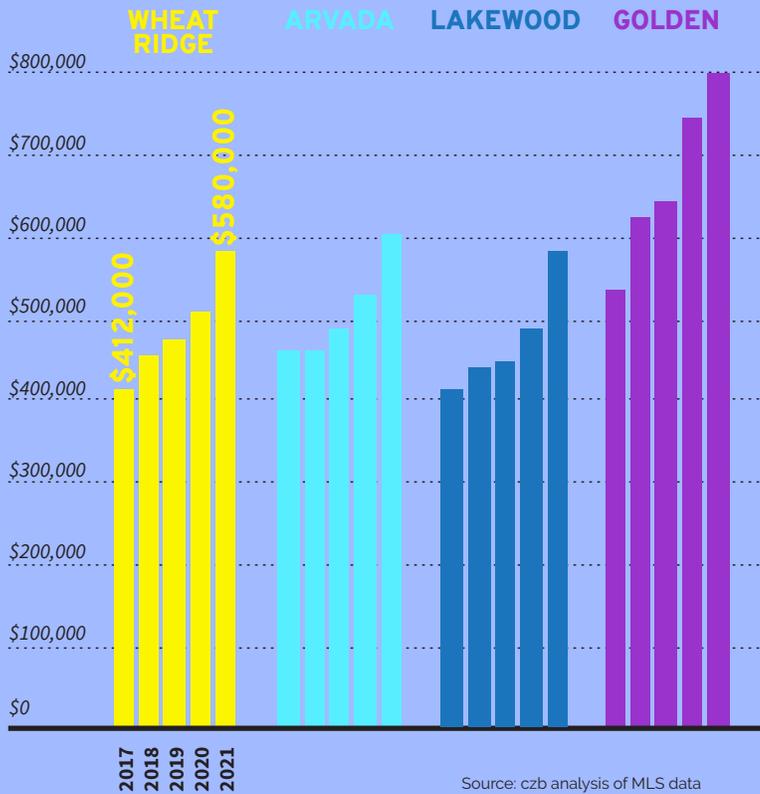
Source: ACS Five Year Estimates, 2006-2010 through 2016-2020

**Fig. 2**  
Median Owner Income, 2010-2020



Source: ACS Five Year Estimates, 2006-2010 through 2016-2020

**Fig. 3**  
**Median Single-Unit Detached House Sale Price by Year, 2017 to 2021, Selected Communities**



**Median sale prices confirm a strengthening market.**

ACS data on the value of owner-occupied units is self-reported and is subject to error for that reason, but it has the added benefit of accounting for all owner-occupied units even if they do not change hands. Data from actual sales, by contrast, offers information only about houses that are sold, but it paints a more relevant picture of market conditions for would-be homebuyers. Sales data is also more up-to-date than the ACS data.

Data from actual home sales, reported here as median sales prices for selected west metro communities, reflect a general upward trend. In 2021 (see Fig. 3), the median sale price for a house in Wheat Ridge approached \$600,000.

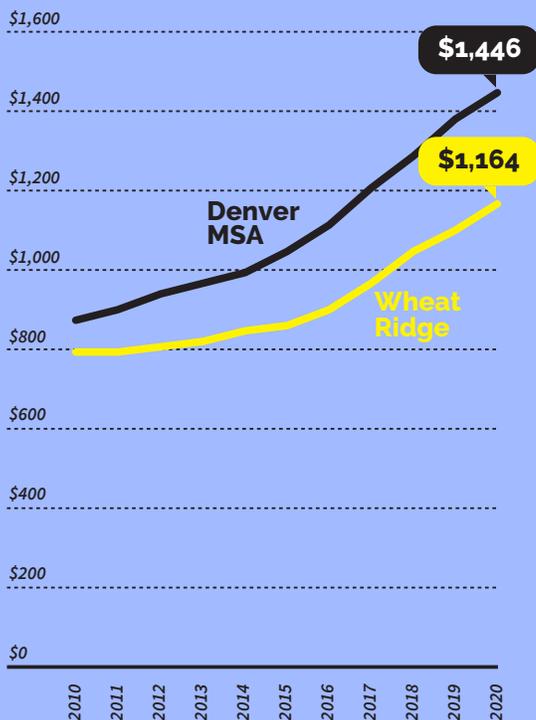
**Fig 4**  
**Median Sale Price by Housing Type, 2017-2021**



**Though a minority of for-sale units, condos offer relative affordability.**

Median sale prices for townhouses and condos are significantly lower in Wheat Ridge than for single-unit detached houses (see Fig. 4). This was especially true prior to 2020 when the median sale price for a townhouse jumped 56% year over year, likely due to numerous new townhouse units that were built and sold beginning in 2019. The median price for condos has tracked the single-unit detached price, but remains \$300,000 below the single-unit detached median and \$200,000 below the townhouse median as of 2021.

**Fig. 5**  
**Median Gross Rent, 2010-2020**



Source: ACS Five Year Estimates, 2006-2010 through 2016-2020

**Fig. 6**  
**Median Renter Income, 2010-2020**



Source: ACS Five Year Estimates, 2006-2010 through 2016-2020

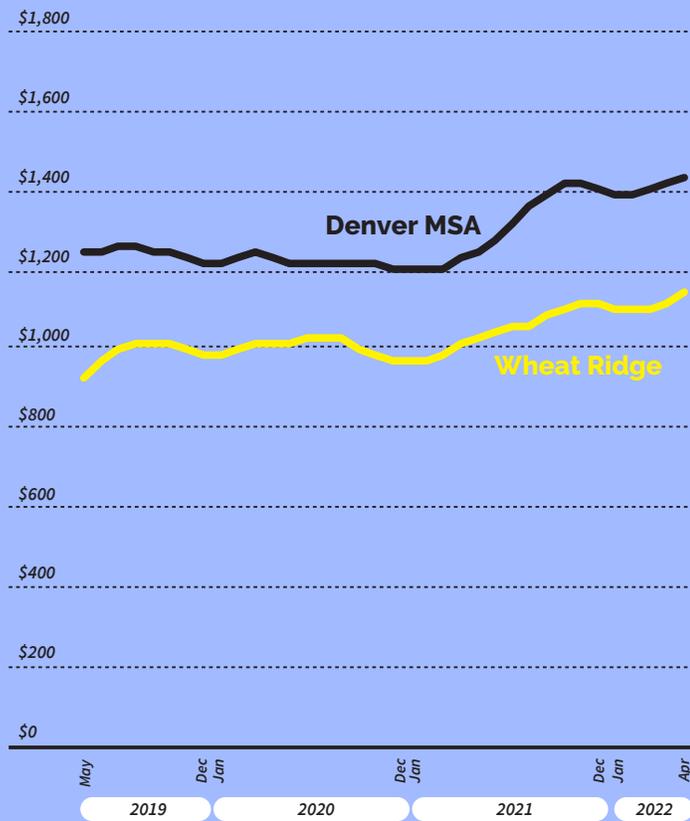
## Rental Market Overview

Wheat Ridge has had rents generally lower than the region's since at least 2010, but recent rent trends suggest the rental market is trending upward along with the rest of the area. Any renter households with incomes below \$50,000 are at risk of affordability challenges in the very near future, if they are not facing them already. As of 2020, this described an estimated 3,872 renter households out of 6,724 total renter households in Wheat Ridge.

### Wheat Ridge rents are generally lower than the region's.

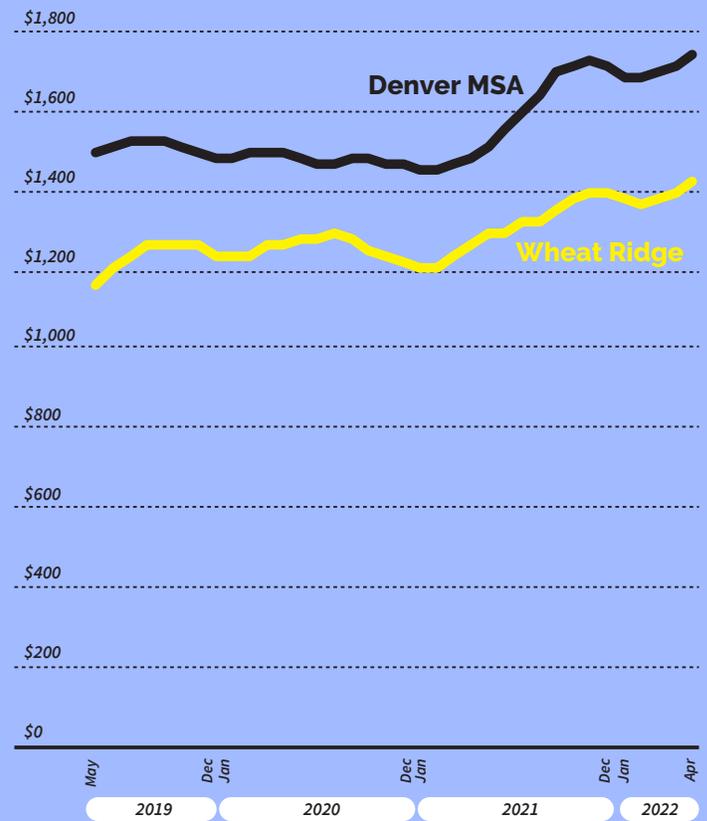
During the previous decade, Wheat Ridge's median gross rent was consistently lower than that of the Denver MSA (see Fig. 5). The median figure accounts for all rental units in the city, regardless of type or unit size. One possible explanation is the age of the city's rental stock relative to the region's. In Wheat Ridge, according to 2020 ACS data, 75% of occupied rental units were built before 1980. Across the Denver MSA, that figure is 48%.

**Fig. 7  
Median One Bedroom Rent, May 2019-April 2022**



Source: Apartment List

**Fig. 8  
Median Two Bedroom Rent, May 2019-April 2022**



Source: Apartment List

### Wheat Ridge renter incomes are generally lower than the region's.

The median renter income in Wheat Ridge increased by 39% between 2010 and 2020 (see Fig. 6), which is slower than the Denver MSA's 65% increase (and slower than the city's 44% median income increase for owners).

### Recently, rents have been on the rise.

More recent data, in the form of median rent estimates from Apartment List (see Figures 7 and 8), suggest that renters in 2022 may be under increased strain if seeking a new lease. Estimated median rents for a one-bedroom unit approached \$1,200 per month in the spring of 2022, while the price for a two-bedroom exceeded \$1,400. This data, along with the historical ACS data, suggest that rents are on the rise along with the rest of the region, but Wheat Ridge still offers a measure of relative rental affordability.

# Existing Housing Supply

Key to the functioning of the Wheat Ridge housing market is the nature of the physical stocks themselves. What kinds of residential properties are most prevalent in the city, and how does that compare to the broader region and its neighbors? In the city's owner- and rental-occupied stocks, what stands out from the pack, if anything?

## Wheat Ridge's housing diversity largely matches the region's, but the city lags in large-scale rental projects.

Wheat Ridge has a housing supply that is no less diverse—arguably it is more diverse—than the region's. It has a smaller proportion of single-unit detached houses, a higher proportion of single-unit attached units, and relatively more duplex, triplex, and quadplex units. It has relatively more multi-unit properties with ten or more units than does the rest of Jefferson County, though fewer on a relative basis than its neighbor Lakewood.

When it comes to ownership units, the breakdown of types is very similar to both the Denver region's and Jefferson County's.

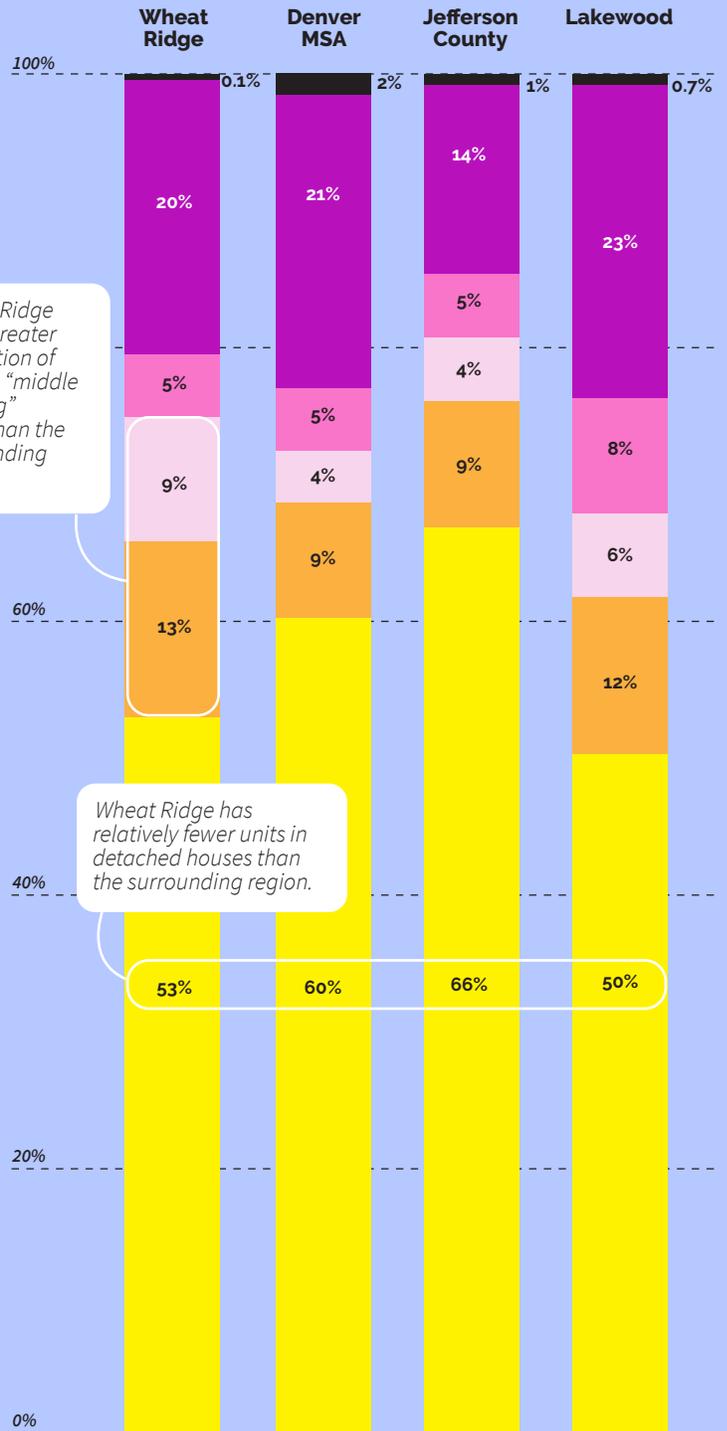
The mix of rental units is a different story. What stands out is that Wheat Ridge has a much higher proportion of rental units that are attached single-unit, duplex, triplex, and quadplex units. These housing types are considered to exist within a category sometimes called "middle housing"—neither single-unit detached houses nor large multi-unit properties. It does however have a smaller proportion of units in structures of 5-9 units than either Jefferson County or Lakewood, and it lags the entire region in larger multi-unit properties with more than ten units.

**Fig. 9**  
**Unit Type Breakdown, by Units in Structure**

Units in structures of...

- Single Detached
- Single Attached
- 2-4 units
- 5-9 units
- 10+ units
- Mobile Home

### All Units



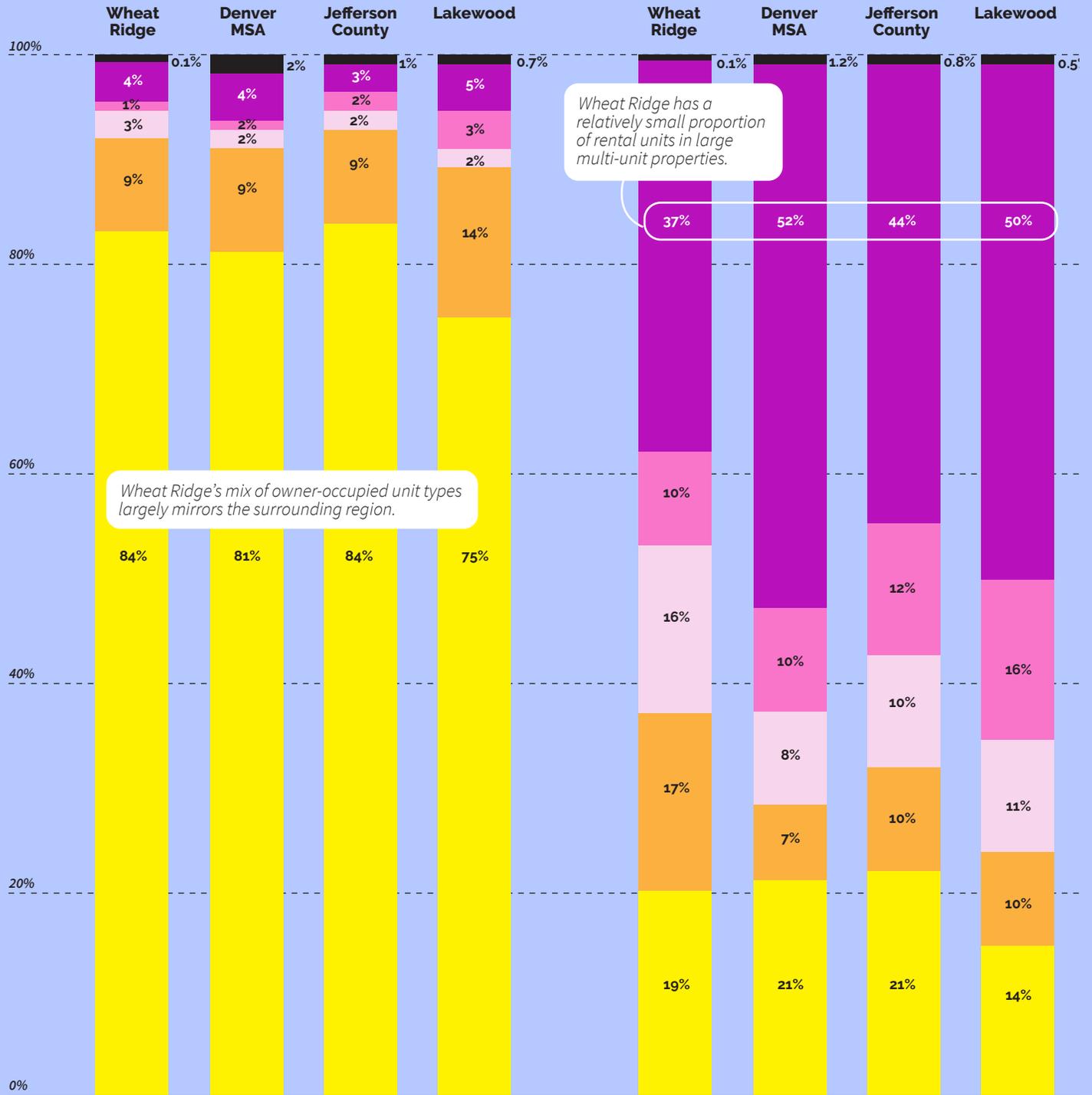
Wheat Ridge has a greater proportion of units in "middle housing" types than the surrounding region.

Wheat Ridge has relatively fewer units in detached houses than the surrounding region.

Source: 2016-2020 ACS Five Year Estimates

## Ownership Units

## Rental Units



**Relative to the region, Wheat Ridge has fewer entry-level homeownership options, and a greater proportion of affordable rental options.**

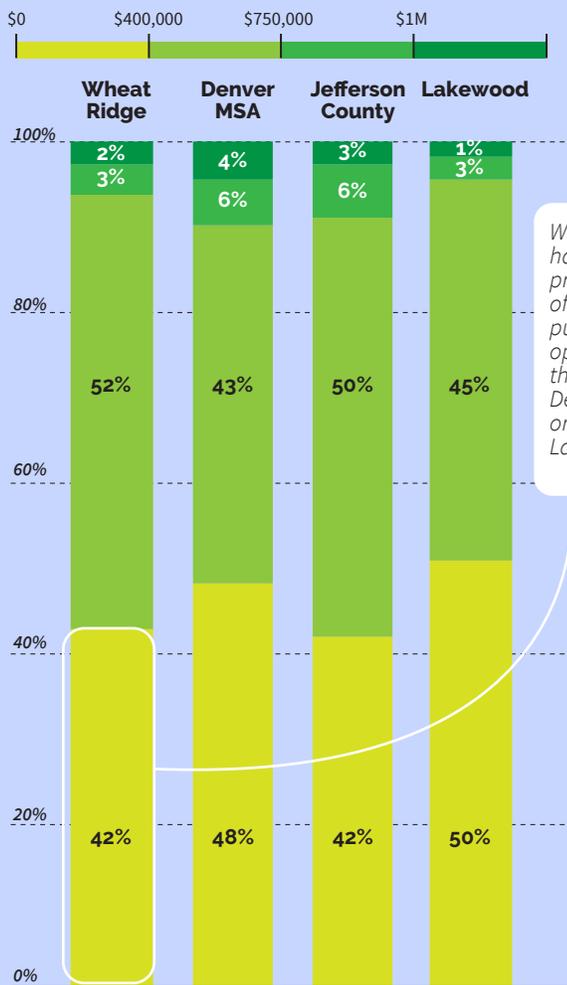
Median rents and values provide a high-level view of a market, but digging a bit deeper into the distribution of those rents and values begins to shed light on specific challenges and opportunities.

The values of owner-occupied housing in Wheat Ridge, as reported in 2020 ACS data, largely mirror the rest of Jefferson County, though entry-level purchase opportunities—

defined here as owner-occupied units valued at less than \$400,000—are relatively fewer in Wheat Ridge than in the broader Denver region or in Lakewood (see Fig. 10).

Lower-cost rental opportunities are substantially greater in Wheat Ridge than elsewhere (see Fig. 11). This is likely due to two factors: first, the age and configuration of many existing rental units from the mid-20th century, and second, the existence of nearly 500 deed-restricted affordable units at Caesar Square, Wheat Ridge Town Center, Town Center North, and Highland West, which together represents 7% of all occupied Wheat Ridge rental units.

**Fig. 10**  
Owner-Occupied Value, 2020

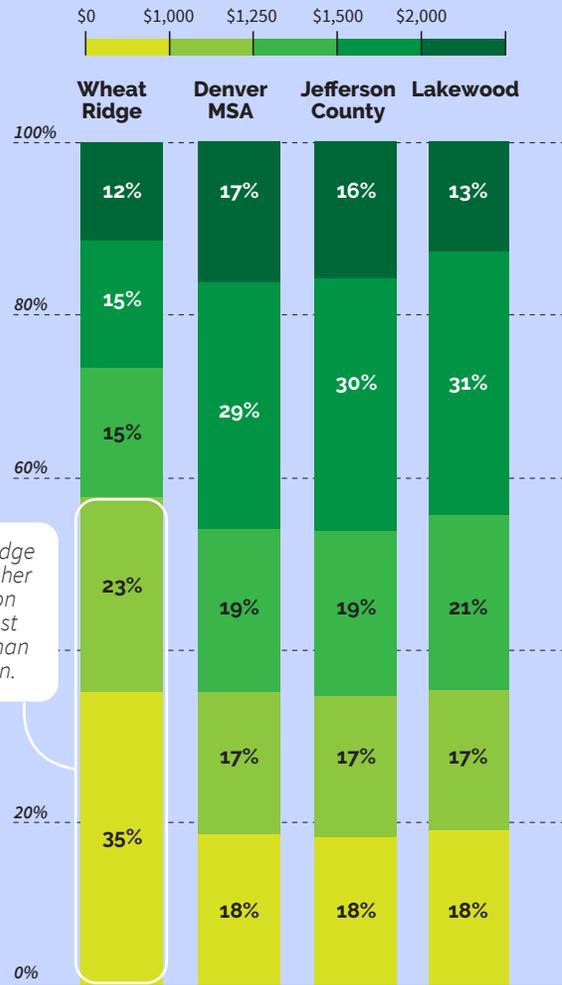


Wheat Ridge has a smaller proportion of entry-level purchase opportunities than the Denver region or its neighbor Lakewood.

Wheat Ridge has a higher proportion of low-cost rentals than the region.

Source: 2016-2020 ACS Five Year Estimates

**Fig. 11**  
Gross Rent, 2020



Source: 2016-2020 ACS Five Year Estimates  
Note: Per data note on page 11, these figures may not fully reflect new rental units added to marketplace since 2019.

## Housing development in Wheat Ridge has picked up in recent years.

Wheat Ridge has been a slow development community for decades. **From 2000 to 2020, it added approximately 27 new housing units per year, on a net basis.** There is little to no greenfield land left, the market is on a strengthening trajectory with land prices rising, and almost all development going forward will be redevelopment of previously occupied sites. The economics of real estate development demand higher densities to deal with total development costs that include high land prices and the price of site preparation. This means that

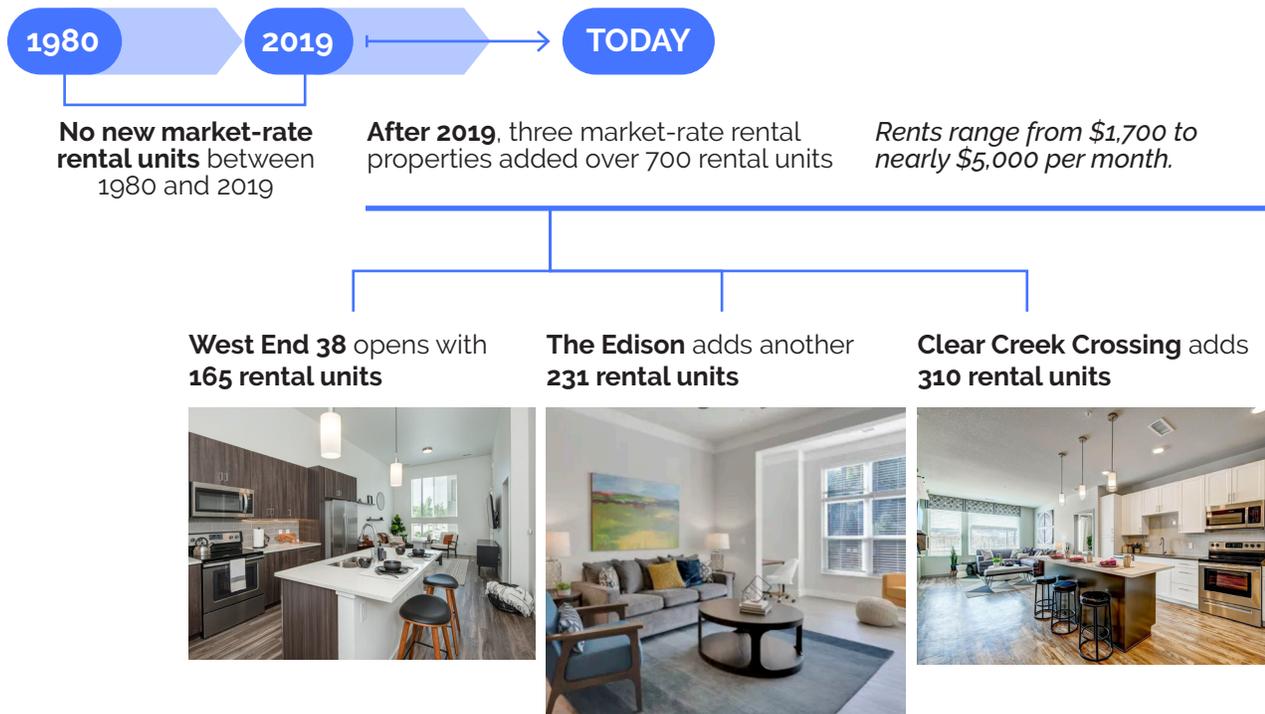
large-lot single-unit detached housing will be increasingly rare, and when it happens, sale prices will be well out of reach for most households.

**Between 1980 and 2019, Wheat Ridge saw no new market-rate rental units, meaning the only new rentals built were deed-restricted affordable units.** This period ended in 2019 with the opening of the **West End 38** rental property with 165 units. Shortly thereafter, the **Edison** project added another 231 market-rate rental units and **Clear Creek Crossing** (Phase 1) contributed

another 310. The projects offer a mix of studio, one, and two-bedroom configurations with rents that range from roughly \$1,700 to nearly \$5,000 per month for some exceptional units.

**Single-unit attached ownership** (i.e. townhouses) has also been a product of choice for developers in recent years because the combination of development costs and market demand make it feasible, especially within Wheat Ridge's charter limits on height and density (see page 35). Sale prices for new townhouses, at the time of this report, range roughly from \$600,000 to \$800,000.

### Market-rate rental units in Wheat Ridge



# Affordability Impacts and Needs

Although Wheat Ridge is a strengthening housing market overall, not all households are impacted the same way, nor do they face the same amount of either current or future affordability risk. Current owners who purchased in years past and qualified for fixed-rate mortgages face less stress than current renters—especially lower-income renters—who risk rents rising faster than their incomes can grow.

## What does “affordable” mean when it comes to housing?

By federal government definitions, housing is considered “affordable” when it costs less than 30% of a household’s gross income, and those spending 30% or more on housing are considered “cost-burdened” which means housing is no longer affordable. Because the metric is a percentage, and not just an absolute number, **affordability is relative**.

For example, a household with an **annual income of \$40,000 spending \$1,000 per month or more on housing**, is considered cost-burdened (see Fig. 12).

A household with an **annual income of \$80,000 spending \$2,000 per month or more on housing** is considered cost-burdened.

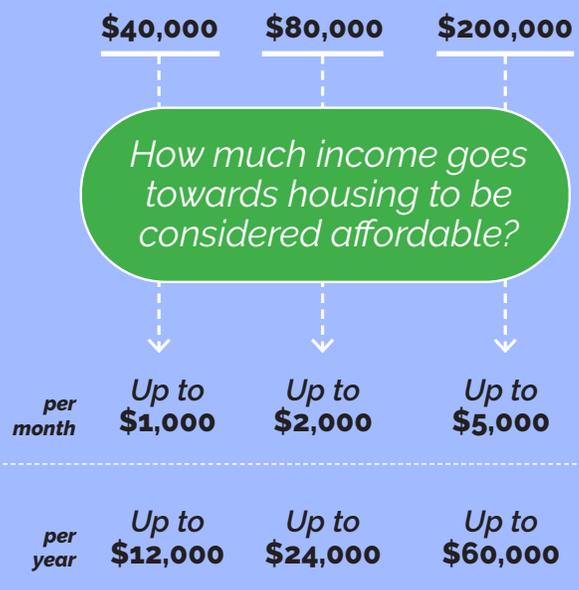
A household with an **annual income of \$200,000 spending \$5,000 per month or more on housing** is considered cost-burdened.

## Many Wheat Ridge households struggle to afford housing.

According to the latest available data from 2020, over one-third of Wheat Ridge households paid at least 30% of their annual income toward housing, including over half of the city’s renter households.

Owner-occupied households are less likely to face affordability issues because mortgage lenders account for it before loaning to a buyer, and because many long-time homeowners purchased their homes when prices were lower than they are today. However, nearly a quarter of Wheat Ridge owners face their own affordability challenges, which may stem from declines in household income related to retirement, job loss, divorce, or other factors (see Fig. 13).

**Fig. 12**  
Affordable housing costs for households by annual income



**Fig. 13**  
Percentage of Wheat Ridge Households Spending at least 30% of Income on Housing Costs, 2020



Source: 2016–2020 ACS Five Year Estimates

### Lower-income renters struggle most in Wheat Ridge.

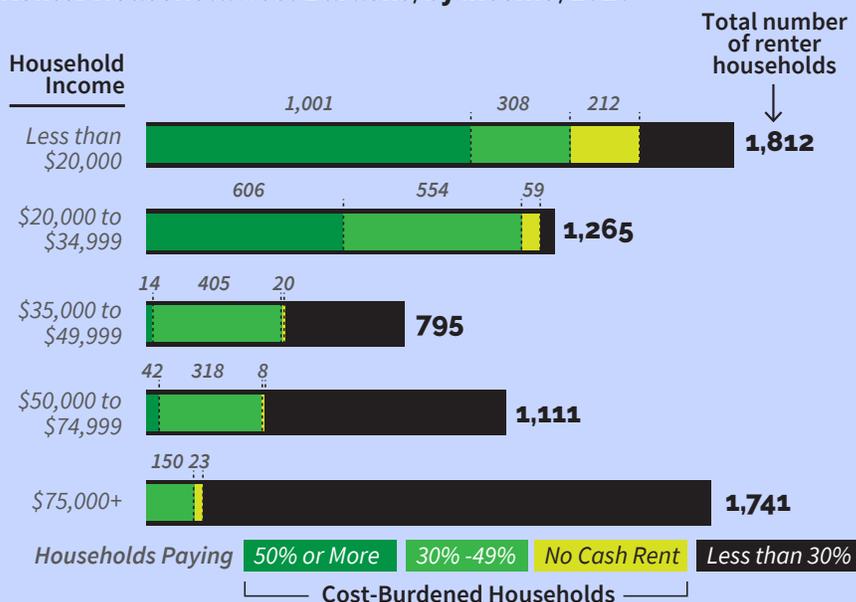
Over half of all Wheat Ridge renters are cost-burdened but this figure rises to 75% for renter households with incomes below \$50,000. Extreme cost burdens (paying 50% or more of income toward housing) are common in renter households with incomes below \$35,000. This described an estimated 1,606 renter households as of 2020.

### There are too few rentals for the lowest- and highest-income renters.

Gap analysis measures the difference between the number of households in a given income range and the number of units affordable to that income range. A deficit results if there are fewer units than households, and a surplus results if the number of units exceeds the number of households. In Wheat Ridge's case, as of 2020, there were more rental units priced for households with incomes between \$35,000 and \$74,999 than there were renter households with those incomes. There were deficits for households with incomes below \$35,000. This is a common pattern in which those renters impacted by the shortage at the bottom of the income distribution must "rent up" into the surplus supply which is priced above what they can afford. It is the reason that so many low-income renters are cost-burdened. As of 2020, there were over 1,200 renter households in Wheat Ridge with incomes less than \$35,000 for whom there is no corresponding affordable unit (see Fig. 15).

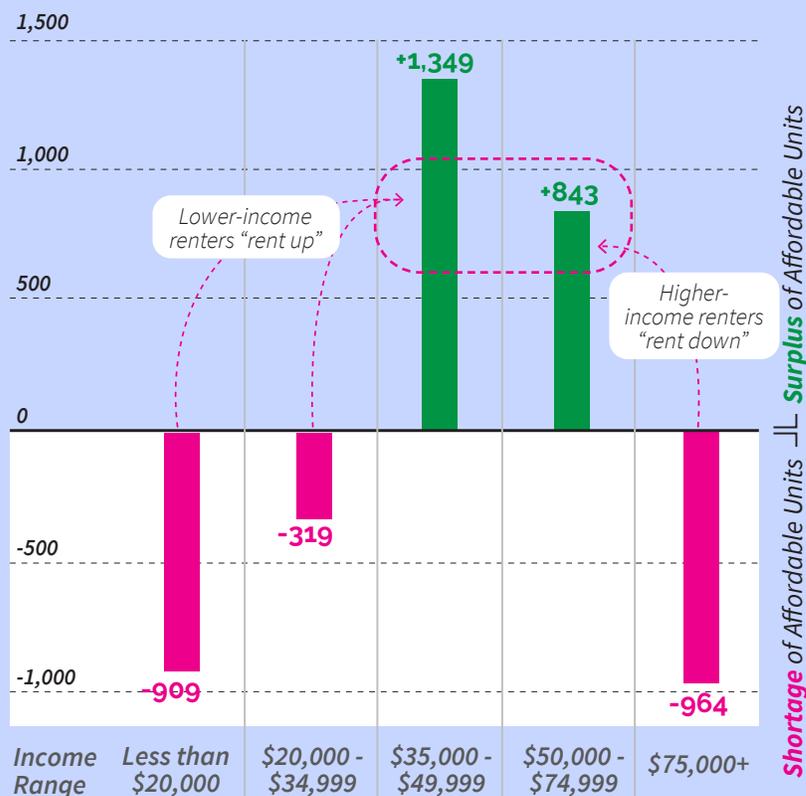
At the same time, a shortage of units for the highest-income renters means they "rent down" into the surplus supply, and their demand helps to inflate rents that those in the middle have to pay.

**Fig. 14**  
**Renter Household Cost Burdens, by Income, 2020**



Source: 2016-2020 ACS Five Year Estimates

**Fig. 15**  
**Renter Household Unit Gaps, by Income, 2020**



Source: czb analysis of data from 2016-2020 ACS Five Year Estimates

## Affordability Impacts and Needs, cont'd.

### Wheat Ridge's renter household incomes create affordability risk.

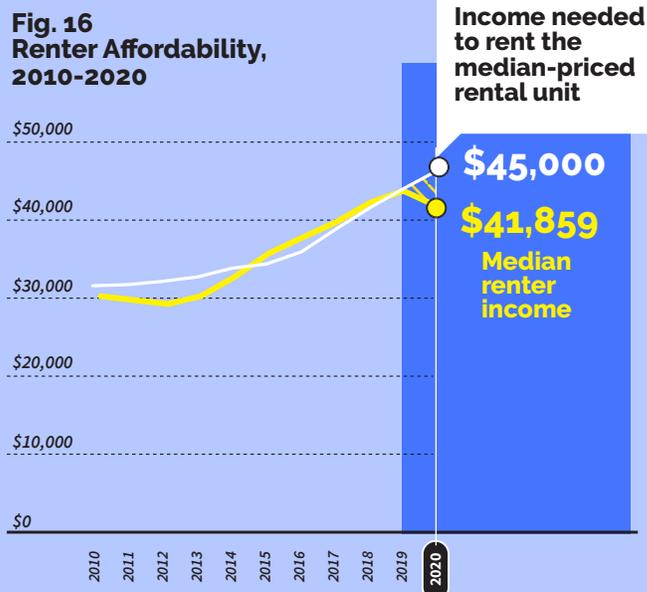
As of 2020, a renter household needed just over \$45,000 in annual income to afford the median-priced rental unit in Wheat Ridge (see Fig. 16). If more recent data is to be believed, the required income is now surpassing \$50,000. As illustrated on page 14, Wheat Ridge renter incomes are lower than those in the region, and those low incomes create vulnerability as regional rental demand impacts Wheat Ridge.

### Relatively few owners struggle with affordability.

Overall, fewer than a quarter of existing owners in Wheat Ridge were cost burdened as of 2020. The highest rates of cost burden were amongst households with incomes below \$35,000, with rates nearing or exceeding 70% (see Fig. 17). Owner-occupied households are generally at less risk for affordability issues both because mortgage underwriting accounts for it and also because mortgage payments are usually fixed for decades, though insurance and property taxes may increase. When owner incomes decrease due to job loss or retirement, they may fall below a level where house payments are affordable and a cost burden can result.

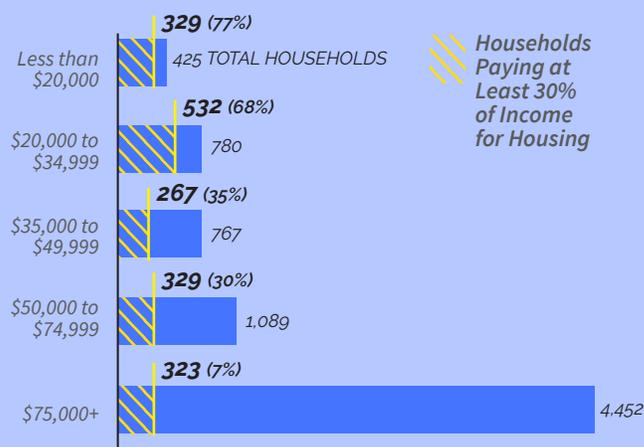
### New buyers need significantly higher incomes than current owners.

The income required to purchase a home varies, depending on many factors, including down payment, credit score, and interest rates. It is generally understood that a ratio of annual income to purchase price should be 3:1 to be considered affordable. Depending on individual buyer circumstances, down payment, etc., the ratio could go as high as 4:1 while remaining affordable. Using a midpoint of 3.5:1, Figure 18 illustrates how the income needed to become a homeowner in Wheat Ridge changed from 2017 to 2021. The income needed to afford the median priced townhouse or single-unit detached house was well beyond \$100,000 as of 2021, and roughly \$75,000 for a condo. In 2020, the most recent year for which the median owner-occupied household income was available in ACS data, Wheat Ridge's median was about \$91,000. Homeownership would not be possible for many Wheat Ridge owners today, nor for the 97% of current renter households with incomes less than \$150,000.



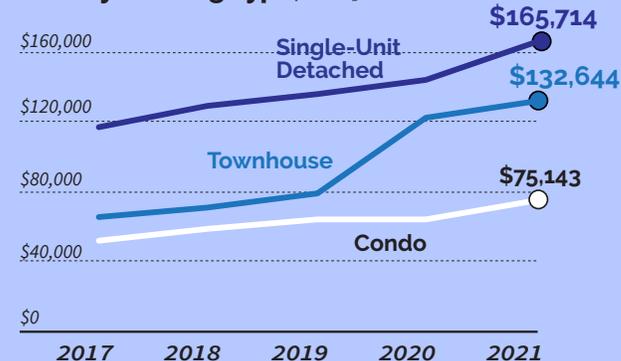
Source: czb analysis of data from ACS Five Year Estimates

**Fig. 17 Owner Household Cost Burdens, by Income, 2020**



Source: 2016-2020 ACS Five Year Estimates

**Fig. 18 Income Needed to Afford Median Sale Price by Housing Type, 2017-2021**



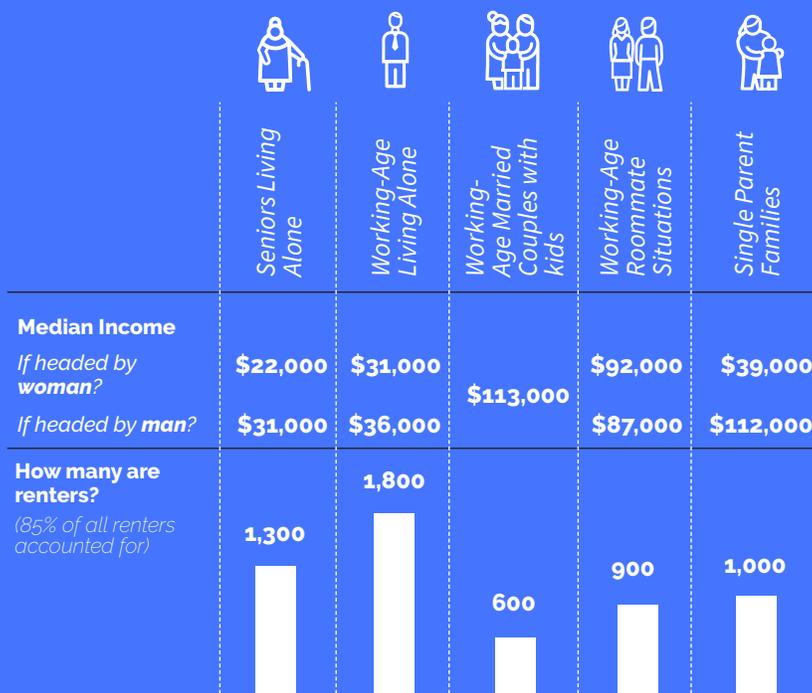
Source: czb analysis of data from MLS

**Fig. 19**  
Wheat Ridge Jobs Paying \$40,000 or Less by Industry, 2019

Industry	Jobs
Retail Trade	1,593
Health Care and Social Assistance	2,682
Accommodation and Food Services	1,238
All Other Industries	3,898

Source: U.S. Census Bureau Center for Economic Studies, accessed via OnTheMap

**Fig. 20**  
Selected Household Types Potentially Facing Affordability Challenges, 2020



Source: czb analysis of data from 2016-2020 ACS Five Year Estimates

### There are thousands of low-wage jobs in Wheat Ridge.

According to the most recent relevant data, which is from 2019, there were over 9,000 jobs in Wheat Ridge paying wages or salaries of \$40,000 or less (see Fig. 19). If a worker in one of these positions is the sole earner in the household, the chances of an affordability problem are very high (see Fig. 12 on page 20). If two low-wage workers live in the same household, they may escape the housing “danger zone” but could still face shrinking options in the rental market as it strengthens over time.

### A diverse collection of household types are potentially affected.

As of 2020, there were a number of household types that were likely to face housing affordability challenges in Wheat Ridge due to low incomes. At the median, those living alone, both working-age and senior citizens, had incomes of less than \$40,000. The maximum affordable monthly rent at that income is only \$1,000, which was below the city’s median gross rent. Households headed by single mothers were similarly challenged. Generally speaking these are the types of households most likely to struggle to pay the rent and in need of the deepest levels of assistance (see Fig. 20).

### Single Incomes are a Risk Factor

As of 2020, Wheat Ridge had over 3,000 renter households where the occupant was living alone, and hundreds of single-parent renter households. These single-income households had the lowest median incomes among the household types listed in Figure 20, which implied clear affordability challenges. Because the income data is only reported at the median, it is not possible to determine the exact number of single-income households facing affordability challenges, but it is at least the halves below their respective median household incomes—650 seniors living alone, 900 working age people living alone, and 500 single-parent families the majority of whom were female headed.

# Takeaways: Summarizing Housing Needs and Looking Ahead to Policy

## Focusing on Target Markets

Wheat Ridge's housing market challenges, and opportunities, can be defined by five income categories around which to organize affordable housing policy and strategy, referred to here as target markets. Based on the City's current and potential tools and capabilities, it can directly impact some target markets more effectively than others.

### Household Income Less than \$50,000

Sizable affordability gaps for the lowest-income households dictate that the City support other providers who have access to deep subsidy. The City should have a supportive posture toward proposed projects for these households, as described in Parts 2 and 3.

### Household Income \$50,000 to \$149,999

Affordability gaps at these incomes are smaller, and thus become more manageable using tools other than deep financial subsidy. These target markets present opportunities for the City to take more direct action as discussed in Parts 2 and 3.

### Household Income \$150,000 and Above

Households at these incomes have abundant choice in the Wheat Ridge market and do not require public sector interventions to support housing affordability.



### Rental Risk Assessment

### Homeownership Risk Assessment

### Policy Implications

Households with incomes below \$50,000

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34% 66%

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75%

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**-1,228** for incomes less than \$35,000

**+1,349** for incomes \$35,000 to \$49,999

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**\$1,250**

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**\$175,000**

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Significant current rent burdens, and whatever affordability exists is at risk as housing costs rise.

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Incomes are too low to support homeownership.

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There is need in Wheat Ridge for a large volume of low-income rental units, but affordability gaps are so large that they demand the kind of subsidy best provided via professional affordable housing developers.

Households with incomes \$50,000 to \$74,999

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49% 51%

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32%

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**+843**

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**\$1,875**

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**\$263,000**

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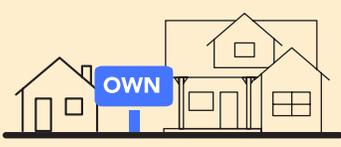
Renters currently enjoy affordable options, but the units are aging and quality in question. As rents rise in the region, currently affordable units are ripe for reinvestment and resulting rent increases.

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Incomes are generally too low to support homeownership. There are virtually no single-unit houses at this price point. Condo ownership may be a possibility, but even that is a challenge at current prices.

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Current affordable rentals are an opportunity for preservation and quality should be upgraded.

 <p>Households with incomes <b>\$75,000 to \$99,999</b></p> <p><b>60%</b>  <b>40%</b></p>	 <p>Households with incomes <b>\$100,000 to \$149,999</b></p> <p><b>63%</b>  <b>37%</b></p>	 <p>Households with incomes <b>\$150,000 or more</b></p> <p><b>90%</b>  <b>10%</b></p>
N/A	N/A	N/A
<b>-13</b>	<b>-764</b>	<b>-210</b>
\$2,500	\$3,750	\$3,750 and up
\$350,000	\$525,000	\$525,000 and up
<p>Affordability unlikely to be a concern, but new rental units are not affordable. The highest-income households may consider leaving the region to find suitable housing options.</p>	<p>None. New rental units are affordable to this group.</p>	<p>None. New rental units are affordable to this group.</p>
<p>As homeownership ceases to be an option, households may consider leaving the region.</p>	<p>Increasingly difficult to purchase a home in Wheat Ridge at this income. Households may consider leaving the community.</p>	<p>None. This group can generally afford to purchase a home in Wheat Ridge.</p>
<p>Improving rental options for this group is an opportunity.</p>	<p>Improving homeownership options for this group is an opportunity.</p>	<p>None. This group has little to no problems in the Wheat Ridge housing market.</p>
		

PART 2

# Policies and Principles to Guide Housing Actions



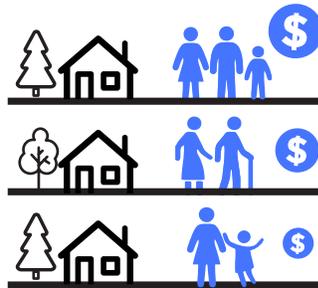
Policies and Principles respond to identified issues and guide the way toward discrete actions. Policies help to define the new set of conditions Wheat Ridge hopes to create in its housing market, while Principles establish “rules of the road” as to how the City will approach its decision making.

The Policies and Principles in Part 2 are recommendations, based on the broad set of identified needs in Part 1. They are constructed to provide the City a formal basis for taking future action, beyond a comprehensive plan that is out of date and in anticipation of a new plan yet to be developed. They may therefore be considered “interim” pending validation or revision in a new comprehensive plan. If this Strategy and Action Plan is formally adopted by the City, these recommended Policies and Principles will then become decision-making guideposts alongside Envision Wheat Ridge and other policy documents.



# Recommended Policies

Envision Wheat Ridge signals the community's desire to address housing both through the plan's Key Values ("Promote... an array of housing options.") and in its Goals ("Goal NH2: Increase housing options."). Envision Wheat Ridge, though a foundational document in terms of setting community vision, deals with housing only at a very high altitude and was adopted in 2009—a vastly different time in the Wheat Ridge housing market. The following policies are recommended, at least as interim policies pending a new comprehensive plan, to put the City on firm footing to respond to the housing conditions of the early 2020s, and to connect longstanding City goals to action steps specifically crafted for this decade.



## POLICY A: Full Housing Ladder

Wheat Ridge recognizes that its economic and social strength and resilience benefit when households of all types, including but not limited to workers providing critical services to the community, are able to find suitable housing options in the city across the stages of life. The City is committed to supporting the development of a full "housing ladder" to meet this goal.



## POLICY B: Economic and Income Diversity

Wheat Ridge embraces economic and income integration citywide and within its neighborhoods. It rejects economic and income segregation that may result from the natural functioning of housing markets. The City is committed to taking actions to facilitate economic and income diversity where possible.



### **POLICY C: Housing Type Diversity**

Wheat Ridge places a high value on its diverse housing stocks and seeks to achieve and maintain a well-balanced supply of housing types to accommodate a wide range of households. The City is committed to maintaining and increasing the diversification of its housing supply where possible, and working within market realities to do so.



### **POLICY D: Material Support for Affordable Housing**

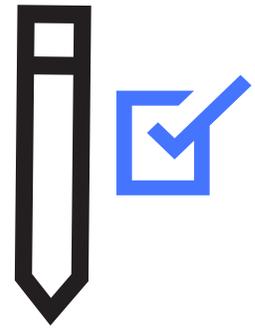
Wheat Ridge acknowledges the difficulties of providing affordable housing and supports public, private, and nonprofit organizations developing affordable housing in the city. The City is committed to providing material support to projects that align with adopted policies, plans, and design requirements.



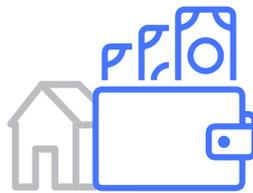
### **POLICY E: Incentives Conditioned on Inclusionary Outcomes**

Wheat Ridge city government is an active participant in important development and redevelopment projects across the community, particularly through its capacity to provide financial incentives. City provision of incentives to projects with a residential component requires the project to include affordable housing and a variety of price points to achieve mixed-income outcomes. Partnership with Renewal WR (the City's Urban Renewal Authority) is crucial to this policy.

# Recommended Principles



Principles are “rules of the road” that offer guidance for decision making. Whether Wheat Ridge’s approach to affordable housing is ultimately opportunistic and flexible, or targeted and rigid, it should operate inside a set of high level rules that reflect both the community’s values and aspirations, as well as its economic, political, and fiscal realities. Sticking to a handful of key principles can maintain clarity as the City pursues affordable housing goals, or provide it when the path is somehow unclear.



**Be action-oriented and embrace incremental progress**

Housing markets are complex, powerful, and difficult to affect. This can appear daunting to those who seek different market outcomes. But the City of Wheat Ridge is a forward-thinking and creative local government with a history of rolling up its sleeves and getting to work. There are action items in this strategy that the City can begin working on quickly, with demonstrable results to follow. Wheat Ridge should have no hesitation about getting started right away, and beginning the process of stacking up small but important wins that add up over time.



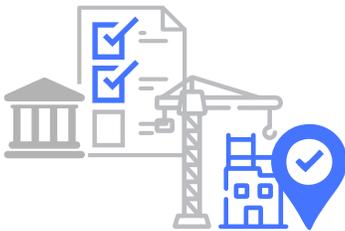
**Aim for mixed-income outcomes**

Just as housing monocultures run counter to the need for flexibility for individual households and the community over time, so too do income monocultures. A focus on preserving and increasing affordability citywide will help to maintain income diversity as the market continues to strengthen. Special attention should be paid to new, site-specific, large-scale housing projects where price points should be varied across units sufficient to achieve a mixed-income result.



**Pursue geographic dispersion**

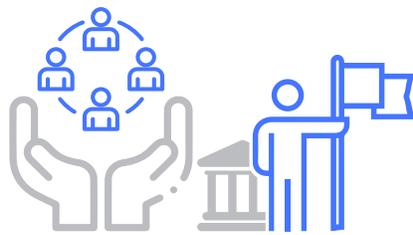
No part of the community should be “off limits” to new housing or affordable housing. Each neighborhood, or Council district, or corridor, should have opportunities for the location of new and affordable housing. This is not to say that every opportunity will be the same, or that a project that is the right fit for one location could easily be relocated somewhere else. But if housing affordability is a citywide challenge, then every part of the city has some role to play in helping to address it.



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### **Get the right project in the right place**

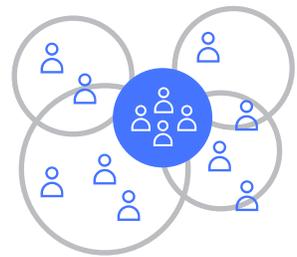
Affordability is a critical consideration for newly built housing, but it is not the only consideration that matters. Wheat Ridge is a mature community with a well-established existing planning context, and new housing, if not properly designed for its site, block, street, or neighborhood, may fail to contribute positively to the city. Simply being affordable may not be enough to outweigh a poorly planned site, inappropriate architecture, or a shoddily constructed building. The city's planning system, from the comprehensive plan to the development code, should set rules within which any housing developer, including affordable housing developers, must operate.



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### **Support other affordable housing developers when possible and lead when necessary**

Housing development, especially affordable housing development, is a difficult and financially complex undertaking. The City cannot provide housing directly, but there are existing organizations that are expert in housing development, and are able and willing to build affordable housing in Wheat Ridge. The City of Wheat Ridge may consider a number of tools to increase affordable housing that no other entity can achieve such as land use designations and development regulations including zoning, potential affordability requirements through inclusionary housing, and allocation of meaningful financial resources to fill financing gaps.



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### **Act regionally**

Although the city has an affordability challenge, it is not Wheat Ridge's alone. It is a regional phenomenon across the entire Denver area. Wheat Ridge should show leadership by implementing this strategy and the City should also stand ready to collaborate with other regional actors, from neighboring jurisdictions to a region-wide body or consortium, as opportunities present themselves.

PART 3

# Taking Action



What should Wheat Ridge do to address its housing market needs and effectuate its policies? There are a number of ways in which the City can begin to tackle affordable housing right away, using its resources and capacities to make the most of current conditions, trends, and events.

Part 3, Taking Action, identifies the best affordable housing opportunities facing Wheat Ridge today and the actions that will help take advantage. Part 3 includes information about:

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Important context related to development costs, land use, and the role of subsidy.  
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Analysis and description of Wheat Ridge's Key Housing Opportunities  
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Detailed description of discrete action items the City can pursue to activate the opportunities.  
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# Development Costs, Land Use Regulations, and Subsidy

There are a number of tools available to help local governments support the production of affordable housing. Some may provide substantial benefits while others contribute only at the margins. Key to understanding which tools will be most useful in Wheat Ridge’s specific context is first understanding why housing costs what it costs, how land use regulations can impact costs and affordability, and how public subsidy is needed to close affordability gaps.



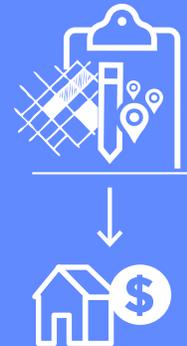
Housing costs begin with development costs.



Development costs can be lowered, but within limits.



Maximizing land utilization provides more units and helps lower per unit development costs.



Value created through higher densities can also be extracted for affordability.

Development Regulations

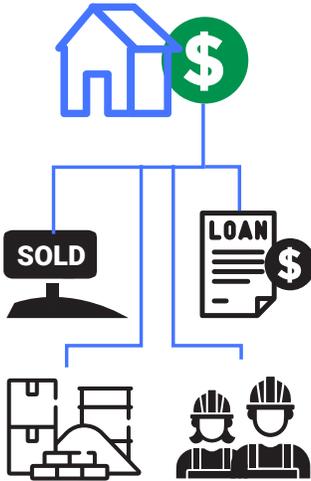


Subsidizing developers or households, directly or indirectly, can fill affordability gaps.

Subsidies

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## Housing costs begin with development costs.



Between the costs of construction, the cost of land, and the other costs of developing housing, **new residential units are expensive**. If the construction cost of a house is \$200 per square foot, which is a typical amount in the Denver region at the time of this report, an 1,800 square foot house costs \$360,000 to build. If land costs \$1,000,000 per acre, which is a typical amount in the Denver region at the time of this report, and eight houses can be built on an acre, then the land for that house costs \$125,000. Before any other developer costs, such as the cost of financing, permit fees, design work, etc., the new house costs \$485,000, which likely requires nearly \$140,000 in annual household income to afford.

When it comes to rental projects, costs in the Denver area in 2022 suggest that **a rental unit may cost between \$350,000 and \$400,000 to produce**. In some cases, the figure may be higher. As a general rule, **monthly rents are about 1% of the cost to develop a rental unit**, meaning that average rents for newly constructed projects in the area are in excess of \$3,500, which likely requires \$140,000 in annual household income to afford.

**Improving the affordability of newly built housing means either lowering the cost of developing a housing unit, or providing subsidy to fill the gap between what housing costs to build and what a particular household can afford to pay. Sometimes, it means some of both.**

---

## Development costs can be lowered, but within limits.



A number of development costs are outside the control of developers and builders. These include costs for land, materials, labor, public improvement and impact fees, and financing to name a few. There are **only a handful of variables a developer can adjust in order to lower the cost of delivering a housing unit. Among them are size, type of materials, and quality of the finishes.**

At first glance, it might appear that it is in a developer's interest to build units as small and as cheaply as possible, in order to maximize the number of units and the potential profit. In reality, however, it is not so simple. Just because a housing market may be expensive overall does not mean that the developer's potential target markets do not have any choice. Missing market expectations or unit size or quality creates risk that the new units will remain vacant for longer than planned, which is a risk no developer wants to face.

For the community's part, it is also wise to think about marketability and the long-term viability of any new housing units. **New units that are affordable but with questionable long-term viability in the marketplace could end up being liabilities instead of assets as market conditions change.**

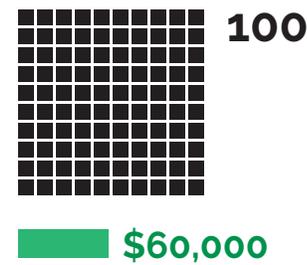
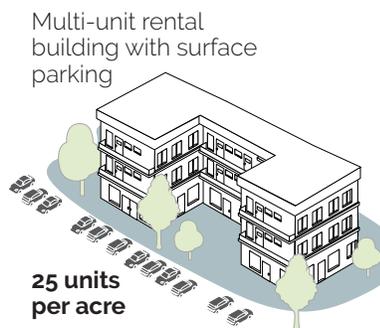
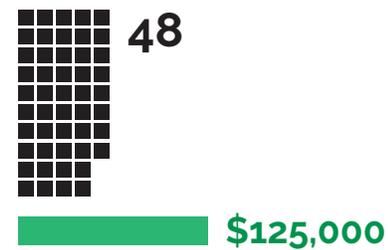
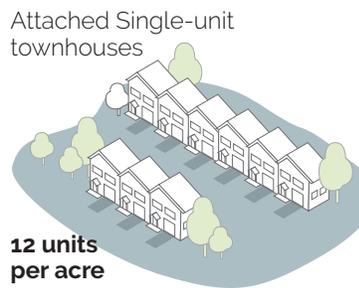
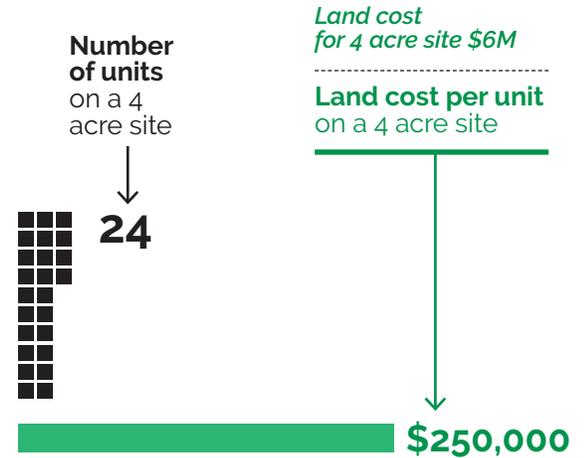
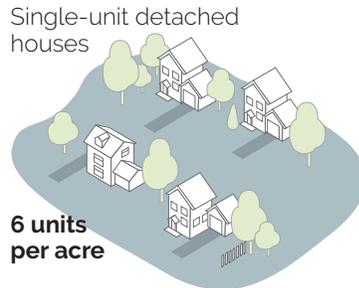
## Maximizing land utilization provides more units and helps lower per unit development costs.



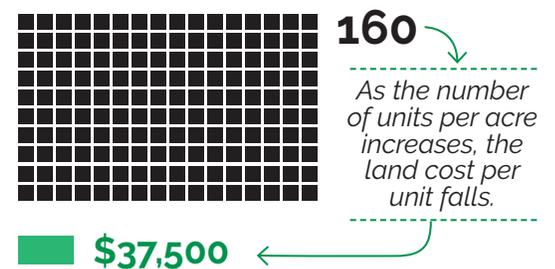
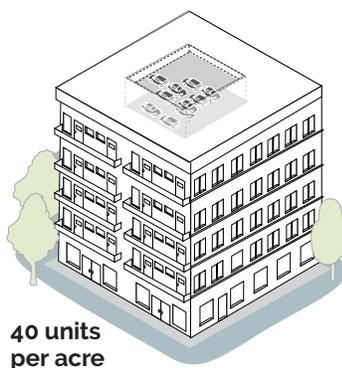
In a housing context, in a land constrained environment like Wheat Ridge, each buildable square inch becomes important. That is true of land that has never been developed and of land that is redeveloped into something new. **Each potential site upon which housing might be built is subject to regulations which determine the number of units that can be built there.** The more a community wants to add housing, the higher the number of allowable dwelling units per acre (DUA) will be allowed.

The number of DUA also impacts housing costs by impacting the land cost that finds its way into the cost of an individual housing unit. Assuming a fixed cost of land for a particular site, **the higher the number of allowed DUA, the lower the land cost per unit.** As the land cost per unit falls, so too does the total cost of producing the unit.

In the examples below, increasing the DUA from 6 to 12, and changing the housing type from single-unit detached to single-unit attached, lowered the land cost per unit by \$125,000, which is a substantial decrease. Moving to an even more intense and urban building form, the multi-story rental building with structured parking, lowers the land cost per unit significantly.



Multi-unit rental building with structured parking



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## Value created through higher densities can also be extracted for affordability.



A commonly used mechanism to produce affordable housing is inclusionary zoning, a legal mechanism under which **developers are required to set aside some percentage of new housing units as affordable**, as defined by the regulating jurisdiction, with some means of alternative compliance made available. The alternative means is usually a “fee in lieu.” If the inclusionary housing requirements are calibrated properly, meaning they are not overly onerous, projects of a minimum size can usually meet the requirements while maintaining financial viability for the developer. czb’s analysis suggests that a 10% set aside is likely feasible so long as the qualifying incomes, and the matching affordable rents, are not set too low. To be more specific, the affordable rents should not be set much below those affordable to a household with an income at 80% of the area median. The income limits for homeownership would be higher, in the range of 100-120% of the area median.

In a strong housing market with high land values, like that of the Denver region, **additional value can be created on a site by increasing the allowed DUA**, thus creating financial conditions where some of that additional value can be recaptured by the community to help pay for the income restricted units. This increase in allowed density, or “upzoning,” is a tool that works hand in glove with inclusionary housing requirements. **Sophisticated communities understand this approach of “gives” and “gets” is critical to balancing public priorities and meeting community goals.**

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## Subsidizing developers or households, directly or indirectly, can fill affordability gaps.



Boiled down to its bare essence, **affordable housing work is about filling the gap between what housing costs to provide and what a household can afford to pay**. This requires, in some way, shape, or form, subsidy flowing from somewhere, and this is almost always from the public sector. Even in cases where housing can be built less expensively, through adjustments to allowed units per acre, unit size, or quality, subsidy may still have a role to play because the gaps between what housing costs to provide and what many households can afford is so great. For example, if a typical two-bedroom market-rate rental unit has a total development cost of \$400,000, and somehow that cost could be reduced by 25% to \$300,000—a significant reduction—through higher density or decreased square footage, the resulting monthly rent of \$3,000 would still require \$120,000 in annual household income.

Public sector funding of affordable housing goes back to the very first public housing projects before the middle of the 20th century. **Low Income Housing Tax Credits** and **Community Development Block Grants** have been important sources of subsidy to affordable housing developers for decades. Individual households are also recipients of housing subsidy, via **Housing Choice Vouchers** for example. **Local governments also have the ability to raise and spend their own funds to subsidize affordable housing**, whether to developers or to households, or both. As with every other public expenditure, **the decision to allocate resources to affordable housing is a matter of political will, prioritization, and trade-offs.**

# Key Affordable Housing Opportunities

The preceding pieces of this analysis are foundational:

- Market conditions and housing needs.
- Recommended policies that outline at a high level what Wheat Ridge hopes to accomplish. -Recommended principles that guide decision making.
- Costs, challenges, and opportunities that development and subsidy create.

These foundational components inevitably lead to the most important question of all:

## What should Wheat Ridge do?

At the time of this report, the constraints on the City's actions are clear. The potential housing need across the community is both wide and deep. Housing development is complex and expensive, and the subsidy needed to fill affordability gaps is substantial. Some of the housing types most likely to facilitate good affordable housing outcomes represent a departure from Wheat Ridge's historic housing typology and the community-wide discussion of whether, where, and how to accommodate new housing is best suited for a comprehensive plan update that is still in the future. But this document, crafted to be useful to the Wheat Ridge community, is not about what the City cannot do. It is about what the City **can** do, with an emphasis on what it can begin to do almost immediately.



The city's Key Housing Opportunities are framed by the following points made clear throughout this document:

### The city has need for affordable rental units.

Multi-unit rental projects will be the most economical housing type for affordable housing providers to develop.

Multi-unit rental projects are also a housing solution that the private sector is equipped to deliver, and in so doing, can offer the opportunity for inclusionary affordable housing.



Perhaps more important than the benefits of new construction, the city is already awash in older, relatively affordable rental units that represent an opportunity for preservation.



### The city has need for entry-level ownership opportunities.

Attached townhouses have the twin benefit of being recently proven as a marketable product in Wheat Ridge, and come with development economics that make them a potential entry-level alternative to single-unit detached houses, which are not affordable to households defined as target markets in need of assistance. Inclusionary affordable housing is also a possibility here, so the private sector can be a partner in delivering some affordability.



→ These, therefore, are the Key Housing Opportunities outlined in the following pages:

KEY HOUSING OPPORTUNITIES

#1 Build more **multi-unit rental** where possible and achieve **inclusionary, mixed-income** outcomes.

#2 Build more **attached ownership units** where possible and achieve **inclusionary, mixed-income** outcomes.

#3 Preserve and upgrade **existing** affordable rental units.

#4 Maximize the potential for the **Lutheran Legacy Campus** redevelopment to achieve **inclusionary, mixed-income** outcomes.

Each of these opportunities come with implications for changing **development regulations** and raising and deploying capital for **subsidies**. There are short-term opportunities available, and opportunity can be expanded over time commensurate with changes to regulations and funding.



OPPORTUNITY

#1

# Build more multi-unit rental where possible and achieve inclusionary, mixed-income outcomes.

TARGET MARKETS

For Affordable Housing Developers:



Households with incomes **below \$50,000**



Households with incomes **\$50,000 to \$74,999**

For Private Sector Market-Rate Developers:



Households with incomes **\$75,000 to \$99,999**

GEOGRAPHIC FOCUS

## Charter Exception Areas



THE OPPORTUNITY

The City of Wheat Ridge, relative to the region, has few rental units in large rental complexes. The market for these products has been proven in recent years with a handful of new projects. This housing type, with densities and heights only allowed in areas of the city exempted from specific City Charter-imposed limitations, makes efficient use of land, which is a key variable in development cost per unit and resulting affordability. This housing type offers the following benefits:

1. It is the new housing type most economical to build for affordable housing developers hoping to reach affordable rents for households with incomes below \$75,000.
2. Market-rate units of this type, given development costs at the time of this report, are likely affordable, on average, only to households with incomes above \$100,000. But czb's analysis suggests that roughly 10% of units within a new project could be made affordable to households with lower incomes, down to about \$75,000.

Increasing the number of multi-unit rental projects in Wheat ridge can enable opportunities to create new affordable rental housing.

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## REGULATORY CONSIDERATIONS

The Wheat Ridge City Charter limits maximum residential building heights in the city to 35 feet and maximum density to 21 dwelling units per acre. There are exceptions to these limits, mostly but not exclusively coincident with boundaries for Urban Renewal Areas. The Charter exceptions have been critical to the development of recent multi-unit residential projects, as have mixed-use zoning districts. There are three potential regulatory changes that could encourage more multi-unit residential development with affordable outcomes. All should be explored and are discussed in greater detail later in Part 3:



1. Addition of an inclusionary housing requirement in mixed-use districts when the project is substantially or majority residential.
2. Rezoning, either developer initiated or potentially legislative (following the comprehensive plan update), to mixed-use districts where multi-unit rental projects can be built.
3. The expansion of Exception Areas, either through site-specific, limited additions or through broader changes to the Charter's limits. Site-specific additions may include, but not necessarily be limited to, the Lutheran Legacy Campus.

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## SUBSIDY CONSIDERATIONS

If the City imposes an inclusionary affordability requirement of about 10%, with the affordability aimed at households down to about \$75,000, or roughly 80% of the area median income (AMI— see Appendix for 2022 AMI information) then no subsidy is likely needed. If the City desires deeper affordability aimed at lower-income households, additional subsidy will be needed. Monthly rent is generally 1% of a unit's total development cost (TDC). Or, TDC is roughly 100 times the monthly rent. So, for example, if the City were seeking a further \$500 per month reduction in the rent of an inclusionary affordable unit, it would need to provide the developer an additional \$50,000.



Affordable housing developers for lower-income units will no doubt be accessing other subsidy sources, like Low Income Housing Tax Credits, and the City may choose to provide additional subsidy to support the project, per Policy D (see page 29).

OPPORTUNITY

#2

# Build more **attached ownership units** where possible and achieve **inclusionary**, mixed-income outcomes.

TARGET MARKETS



Households with incomes  
**\$100,000 to \$149,999**

GEOGRAPHIC FOCUS

**Scattered sites  
citywide**



THE OPPORTUNITY

The total development costs for single-unit detached houses make them unaffordable for the households in question. Attached townhouses, however, offer an alternative that could be priced affordably for them.

The Mixed-Use Neighborhood (MU-N) zoning district, which was intended to be a true mixed-use district where neighborhood-serving ground floor retail and commercial uses would coexist with residential uses, has instead become a highly effective tool for the development of townhouses in Wheat Ridge. This has been in response to market demand for newly built single-unit ownership product at a more affordable price point than a detached house. MU-N zoning was purposely concentrated along W. 38th Ave. but has also become common in rezoning requests for developers seeking to build townhouses. MU-N, as it exists today, presents Wheat Ridge with two challenges, and opportunities:

1. First, many of the townhouse units that have been built and sold in recent years have not been affordable to households with incomes below \$150,000. But they could be, through the imposition of inclusionary requirements, and the possible application of some subsidy. czb's analysis suggests that roughly 10% of units within a new project could be made affordable to households with lower incomes, down to about \$120,000.
2. Second, MU-N has not led to true mixed-use outcomes as the market for first floor retail and commercial spaces has not enticed developers, while residential demand has been seen as a good bet. But this could change.

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## REGULATORY CONSIDERATIONS

Revisions to the existing MU-N district, alongside the creation of a **new R-4 residential zoning district**, could help address both challenges and opportunities described here. MU-N should be amended to better achieve the mixed-use outcomes for which it was intended while a new R-4 district, keeping with the naming convention of the City's other residential zoning districts, should become "the townhouse district" while imposing affordability requirements that attached ownership projects at or near 21 DUA should be able to meet. R-4 would effectively become an incentive district, based on "gives" and "gets" as described on page 37. The allowance to the private sector to maximize land and build townhouses up to 21 DUA should be matched to a requirement that the City receive some community benefit.



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## SUBSIDY CONSIDERATIONS

If the City imposes an inclusionary affordability requirement of about 10%, with the affordability aimed at households down to about \$120,000, or roughly 100% of the area median income (AMI—see Appendix for 2022 AMI information) then no subsidy is likely needed. If the City desires deeper affordability aimed at lower-income households, additional subsidy will be needed.



1. The City should consider requiring MU-N to produce EITHER mixed-use, or inclusionary affordable housing.
2. Maximum allowable density in R-4 could vary based on location. If a site with R-4 zoning is in a location subject to Charter limits, it would be capped at 21 DUA, just as most MU-N sites have been. If it is in an Exception Area, it could exceed 21 DUA. (This report does not recommend any locations where a new R-4 district should apply. It is recommended as a tool for the toolbox.)
3. R-4 development standards would need to be calibrated for context sensitivity.
4. R-4 sites over one acre should be exempted from any requirement to enter a Planned Residential Development (PRD) process. The new district should be designed well enough that its outcomes are predictable for both the developer and the community.

OPPORTUNITY

#3

# Preserve and upgrade **existing** affordable rental units.

TARGET MARKETS



Households with incomes **below \$50,000**



Households with incomes **\$50,000 to \$74,999**

GEOGRAPHIC FOCUS

**Scattered sites citywide**



THE OPPORTUNITY

Wheat Ridge is home to thousands of aging rental units that are affordable to renter households with incomes below \$75,000 and even below \$50,000. Age and quality are contributing factors to the relatively low rents. Many of these units are, at the time of this report, in need of investment and upgrades but if the private sector takes on these improvements alone, it will necessarily mean an increase in rents because the investment must be recovered. The properties containing the rental units in question are scattered all over the city, not concentrated in any one location. Improving the quality of older housing is good for the city and its neighborhoods, and good for tenants, but rising rents present an affordability challenge.

The City can overcome the dilemma of conditions and affordability by investing directly in private rental properties under the “gives” and “gets” approach. **A program that provides grant funding for rental unit upgrades in exchange for preservation of affordable rents creates win/ win outcomes.**

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## REGULATORY CONSIDERATIONS

Given rising land costs and the aging of structures, there may be a growing incentive over time to tear down older properties and redevelop them. While it is unlikely that an owner would pursue this path without increasing the number of units, there are plausible scenarios where it could happen. A “no net loss” policy applied strategically under certain conditions could help limit the redevelopment of such properties in such a way that they result in fewer units, and might create an incentive instead to rehab the property.



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## SUBSIDY CONSIDERATIONS

A high-level estimate at the time of this report for per unit cost to rehab rental units while maintaining affordable rents the \$50,000 to \$74,999 target market is \$50,000. For the lower-income target market, the estimate is an average of \$100,000.



In reality, the per unit cost will vary not only by target market, but also by property. The City, should it pursue an affordable rental rehab program, should not set firm limits per unit, but rather accept proposals and determine reasonable costs based on the proposals.

Developing sufficient funding for a rehab program is critical. Upgrading just twenty affordable units could cost over \$1M. Ideally, program funds will flow through a new Wheat Ridge Housing Fund (see page 51) and funds could be derived from:

- Community Development Block Grants in partnership with Jefferson County.
- City lodging tax revenues from short-term rentals.
- New impact fees the City might consider.
- State programs, including new resources potentially made available by the passage of Proposition 123 in November 2022.

OPPORTUNITY

#4

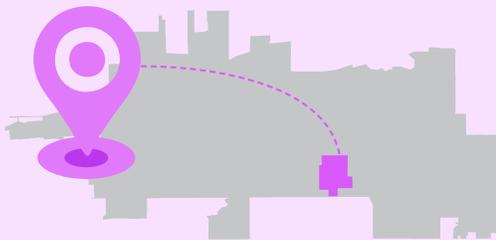
# Maximize the potential for the **Lutheran Legacy Campus** redevelopment to achieve **inclusionary, mixed-income** outcomes.

TARGET MARKETS



GEOGRAPHIC FOCUS

## Lutheran Legacy Campus



THE OPPORTUNITY

SCL Lutheran is building a new facility and will be vacating its historic 100-acre Lutheran Hospital campus in the heart of Wheat Ridge in the coming years. The potential redevelopment of this site offers ample opportunity to creatively develop new affordable housing.



Although the details of any future redevelopment proposals are as yet unknown, the City can be assured that its participation will be required. The site will require rezoning, infrastructure investment, potential use of the City's Urban Renewal authority, and more. The City should look at the future Lutheran redevelopment as a partnership, in which "gives" and "gets" will apply. As a once in a generation redevelopment opportunity, likely to include a substantial amount of new housing, the City should make clear its expectation that a significant amount of affordable housing will be included in the eventual redevelopment.

In order to both make best use of the land for residential development, and to lower land cost per unit to support affordability, the City should anticipate and plan for attached housing products. It is possible that the redevelopment, and the resulting public benefit, could be helped by an exemption from the Charter limits on height.

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## REGULATORY CONSIDERATIONS

The Lutheran site will require a new zoning designation in order to be redeveloped. It also may possibly benefit from an exemption from the Charter's limits on height in order to have the flexibility necessary for residential development that can create value in the site and the conditions for a range of inclusionary affordable outcomes. There are two factors at play that could potentially support a residential height exemption on the site:



1. Lutheran already exceeds the existing residential height limit for its hospital use, meaning the site historically is known for greater than normal height.
2. The City is already exploring the use of Urban Renewal for the site, which historically is accepted in the community as precondition and co-existing with height exceptions.

The City should continue down the path of exploring Urban Renewal and a height exception for the Lutheran site in order to maximize options for public benefit of the eventual redevelopment.

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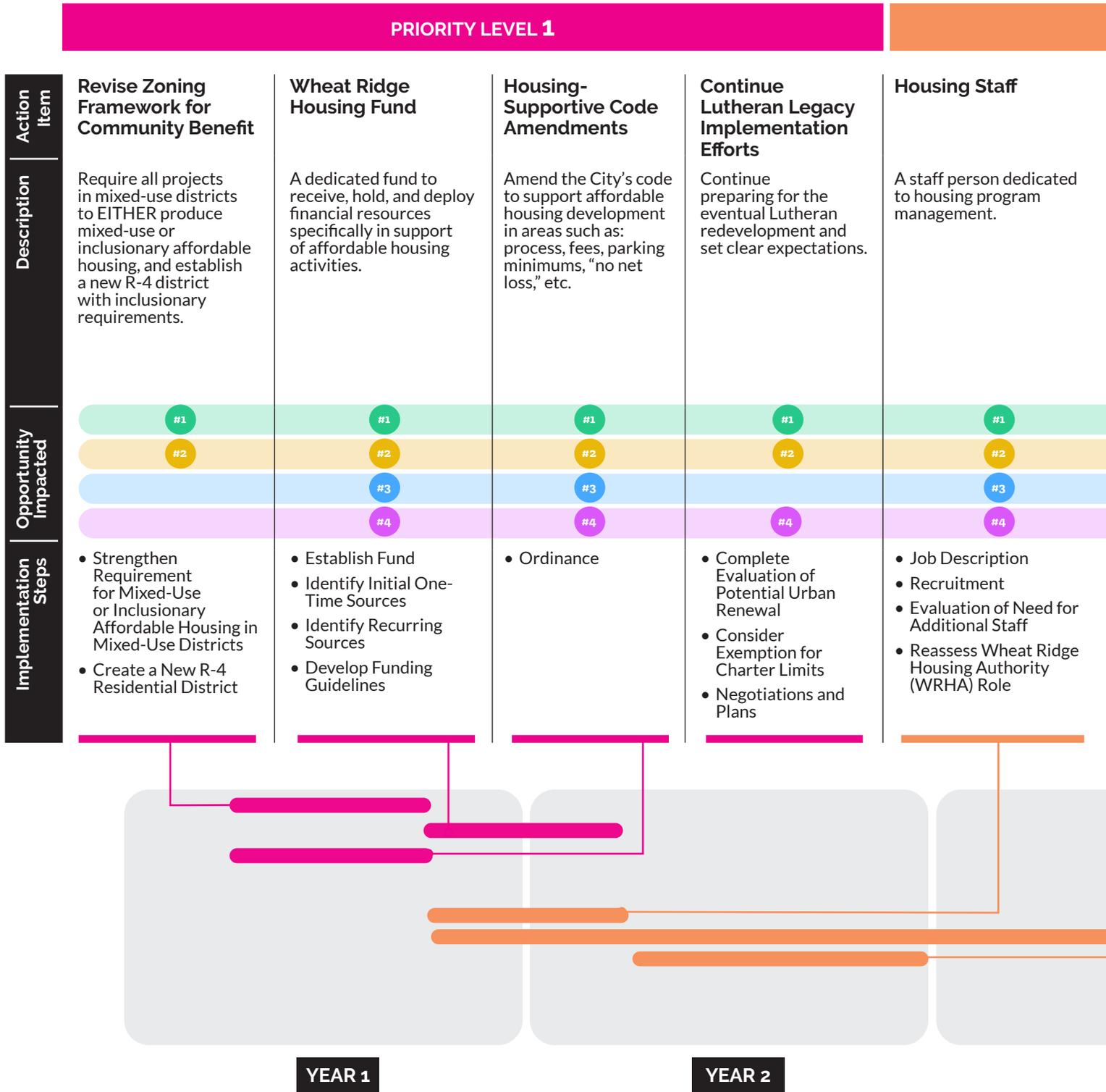
## SUBSIDY CONSIDERATIONS

Until there is a proposal for redevelopment, it is far too soon to know whether financial incentives from the City will have a role to play. The unique nature of the project means the City should not set firm affordability requirements at the outset, nor should it have any firm ideas about its financial participation.. Instead, "gives" and "gets" should flow from the negotiations between the future developer and the City.



# Action Items: Prioritizing for Progress

Realizing Wheat Ridge’s key housing opportunities requires a series of actions, but not all action items will have the same level of impact, and some may be achievable sooner while others will take more time. The combination of these factors helps to establish a logical prioritization of action items. The following pages describe, at a summary level, the recommended action items. More detailed information for each can be found starting on page 50. The proposed timing of action items is tentative and subject to change based on events.



**PRIORITY LEVEL 2**

**PRIORITY LEVEL 3**

**Comprehensive Plan Update**

Use the comprehensive plan process to reaffirm community support for affordable housing goals and establish community's vision for growth and development.

**Naturally Occurring Affordable Housing (NOAH) Preservation Program**

A program to make grants from the Wheat Ridge Housing Fund to rental property owners to upgrade aging rental units in exchange for affordable rents.

**Update Development Code and Zoning Map**

Following the update to the comprehensive plan, update the City's code and zoning map to reflect the plan. The community-wide discussion of whether, where, and how to accommodate new housing is best suited for the comprehensive plan where public engagement will play an important role.

**Exploration of Changes to Charter Limits on Height and Density**

Following the update to the comprehensive plan, establish a commission to study the possibility of amending the City Charter's current limits on height and density in order to make a recommendation for a potential ballot question.

**Update Affordable Housing Strategy and Action Plan**

Update this document to respond to new conditions and events.

#1

#2

#3

#4

- Preliminary Scope and Solicitation of Consultants if Appropriate
- Project Scoping and Organization
- Project Initiation
- Plan Completion and Adoption

#3

- Identify Funding Sources
- Design Program
- Solicit Proposals for First Funding Round

#1

#2

#3

#4

- Preliminary Scope and Solicitation of Consultants if Appropriate
- Project Scoping and Organization
- Project Initiation
- Code Completion and Adoption

#1

#2

#4

- Establish Charter Commission
- Commission Findings and Recommendation
- Potential Ballot Question

#1

#2

#3

#4

- Preliminary Scope and Solicitation of Consultants if Appropriate
- Project Initiation
- Analysis and Strategy Completion

**YEAR 3**

**YEAR 4**

**YEAR 5**

ACTION ITEM

# Revise Zoning Framework for Community Benefit



PRIORITY LEVEL

1

OPPORTUNITIES IMPACTED

#1 Multi-Unit Rental Units with Inclusionary

#2 Attached Ownership Units with Inclusionary



TARGET MARKETS

Households with incomes \$75,000 to \$99,999

Households with incomes \$100,000 to \$149,999

The City’s existing mixed-use districts do not clearly mandate mixed-use unless the site is over five acres. As a result, districts that were meant to produce true mixed-use outcomes have mostly produced market-rate housing units. The City can adjust its zoning framework to derive more community benefit either through true mixed-use, with active ground floor uses, or inclusionary affordable housing. As long as the market continues to drive development of housing in mixed-use districts, the City stands a strong chance of getting some affordable units if it implements this recommendation.

A new zoning district, called R-4, can become the appropriate zoning tool for production of attached ownership housing, filling the role that the Mixed-Use Neighborhood (MU-N) district has been playing up to the time of this report. Imposing an inclusionary requirement on the district will help facilitate the delivery of some affordable ownership opportunities in a product that has proven successful in Wheat Ridge in recent years.

IMPLEMENTATION STEPS

**Strengthen Requirement for Mixed-Use or Inclusionary Affordable Housing in Mixed-use Districts**

Existing mixed-use districts should be amended to require EITHER true mixed-use with active ground floor uses, OR inclusionary affordable housing. The exact requirements should be calibrated to market conditions, and the City should consider a “fee-in-lieu” option as an alternative form of compliance.

**Create a New R-4 Residential District**

Concurrent with the recommended changes to mixed-use districts, the City should create a new zoning district that accommodates housing types up to 21 DUA as a use by right, with inclusionary housing requirements. The district may have a variant for Charter Exception areas where greater densities are possible. R-4 should offer an alternative to a PRD process for projects larger than one acre and development standards should be calibrated to account for neighborhood context.

TIMING



YEAR 1

YEAR 2

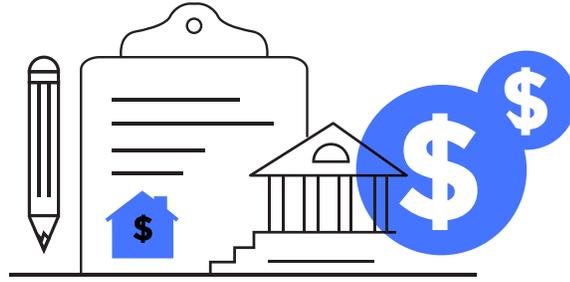
YEAR 3

YEAR 4

YEAR 5

ACTION ITEM

# Wheat Ridge Housing Fund



PRIORITY LEVEL

1

OPPORTUNITIES IMPACTED

- #1 Multi-Unit Rental Units with Inclusionary
- #2 Attached Ownership Units with Inclusionary
- #3 Preserve and upgrade existing affordable rental units
- #4 Lutheran Legacy Campus

TARGET MARKETS



There are specific actions recommended in this strategy that will require funding, and potential future projects that may require public subsidy to come to fruition. Having a reliable source of local funds allows the City to be both proactive and opportunistic as it builds programming and contemplates housing investments. Wheat Ridge should establish and provide resources for a Wheat Ridge Housing Fund (WRHF). The WRHF is envisioned as a vehicle for grants and loans to properties and projects that align with the City’s policies and further the development of affordable housing in Wheat Ridge.

IMPLEMENTATION STEPS

**Establish Fund**

Take necessary steps to establish a Wheat Ridge housing fund under the authority of City Council.

**Identify Initial One-Time Sources**

To provide initial seed funding, identify possible one-time sources that can sensibly be linked to housing uses. These may include unrestricted surplus funds, unspent bond proceeds, housing-related grant funds, or other funds.

**Identify Recurring Sources**

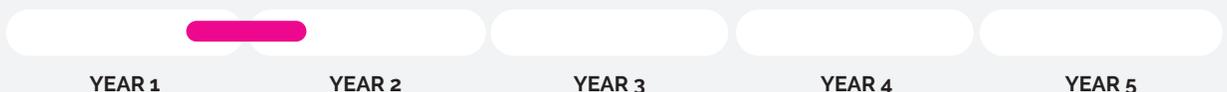
One-time infusions will always be important to the WRHF, and they are appropriate to such a use because awards to affordable housing projects is not a recurring obligation for the City. But the City would be wise to identify an annual recurring source of funds that can continuously replenish the fund, even if the amount appears relatively small at the beginning. Potential sources might include lodging tax derived from short-term rentals, an annual general fund allocation, or future revenues from a possible housing impact fee or commercial linkage fee (either of the latter would require a nexus study).

**Develop Funding Policies and Guidelines**

At minimum, it is recommended that the WRHF be set up to provide funding for the NOAH Preservation Program (see page 56). Beyond that, the City needs to decide what it will fund, and how it will make decisions about what to fund. The following approaches to funding availability should be considered, and are not mutually exclusive:

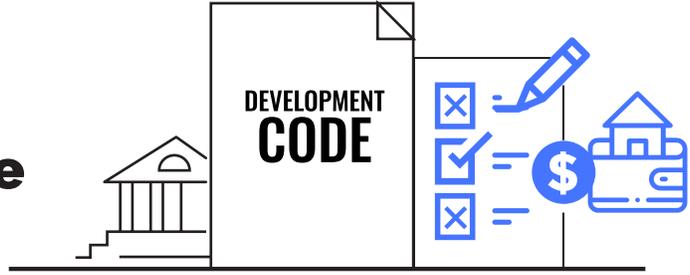
- Rolling basis, subject to proposals.
- Annual basis, with proposals solicited and weighed against each other competitively.

TIMING



ACTION ITEM

# Housing-Supportive Code Amendments



PRIORITY LEVEL

1

OPPORTUNITIES IMPACTED

- #1 Multi-Unit Rental Units with Inclusionary
- #2 Attached Ownership Units with Inclusionary
- #3 Preserve and upgrade existing affordable rental units
- #4 Lutheran Legacy Campus

TARGET MARKETS



While the logical sequence for a rewrite or update of the zoning ordinance should commence upon completion of the City’s comprehensive plan, there are a number of housing related ‘quick fixes’ that the City could integrate within the current code.

IMPLEMENTATION STEPS

**Ordinance Amending Code**

Craft an ordinance with changes focused on at least the following:

-Expedited review for projects with an affordable component. This may include changes to the triggers that cause a residential project to enter the Planned Residential District (PRD) which can create uncertainty and delay (The addition of the R-4 zoning district may also provide an alternative to PRD).

-Fee waivers or reductions for projects with an affordable component. Although City-imposed development fees are a relatively small portion of the total development costs of a housing unit, any City contribution to affordable housing can help to shrink gaps.

-“No net loss” requirement for redevelopment projects. The demolition of a residential property and its replacement with a project that has fewer units is not highly likely, but the City can help keep this from happening through a policy that requires one for one replacement of residential units. “No net loss” provisions should be evaluated for application only under specific conditions because there may be other public benefits derived from a redevelopment project (e.g. elimination of nonconforming use, affordable housing, etc).

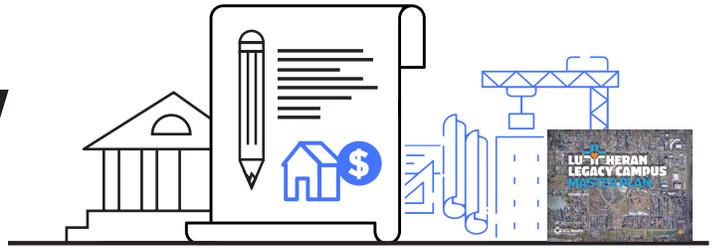
-Reduced parking minimums. Provision of parking represents a development cost and, in areas exempted from the Charter’s limits on density, parking can be an inefficient use of land that reduces a project’s capacity to lower land cost per unit. In cases where unit occupancies are expected to be low, and/or transit availability is sufficient, reducing parking requirements can be a contributor to better affordability.

TIMING



ACTION ITEM

# Continue Lutheran Legacy Campus Implementation Efforts



PRIORITY LEVEL

1

OPPORTUNITIES IMPACTED

- #1 Multi-Unit Rental Units with Inclusionary
- #2 Attached Ownership Units with Inclusionary
- #4 Lutheran Legacy Campus

TARGET MARKETS

- Households with incomes \$75,000 to \$99,999
- Households with incomes \$100,000 to \$149,999

SCL Lutheran has indicated that it will not be seeking redevelopment of its Lutheran Hospital site until it has opened its new facility and transferred all operations there. Until that time, the City should continue to be proactive in planning and discussions around the future of the Lutheran Legacy Campus.

IMPLEMENTATION STEPS

**Complete Evaluation of Potential Urban Renewal**

At the time of this report, the City is studying the possibility of designating the Lutheran Legacy Campus as an Urban Renewal Area.

**Enter into and Complete Negotiations and Plans**

The Lutheran redevelopment has the potential to reshape Wheat Ridge. The City is not just an important stakeholder, but also a partner in the eventual project, controlling many of the levers that will determine what can happen on the site and how valuable it becomes. The City, working from the Lutheran Legacy Campus Master Plan and this strategy, should work in an ongoing manner with SCL Lutheran to make clear expectations for the site, including a substantial amount of affordability.

**Evaluate the Possibility of Action to Exempt Lutheran Legacy Campus from Charter Restriction on Height**

As described earlier in the document, maximizing the affordable housing contribution of the site could possibly involve building types that exceed the Charter limits. Due to the site's size, it is hard to envision a scenario where redevelopment exceeds the density limit, but the height limit is a more obviously limiting factor for multi-unit development. This should be weighed depending on a future redevelopment proposal.

TIMING

TBD

ACTION ITEM

# Housing Staff



PRIORITY LEVEL

2

OPPORTUNITIES IMPACTED

- #1 Multi-Unit Rental Units with Inclusionary
- #2 Attached Ownership Units with Inclusionary
- #3 Preserve and upgrade existing affordable rental units
- #4 Lutheran Legacy Campus

TARGET MARKETS



This strategy recommends specific programming that includes significant management responsibilities, and actions that will produce affordable housing units whose ownership is likely to remain in the private sector. All of this comes with an administrative burden that will fall on the City. Program management is labor intensive, and the maintenance of an affordable housing supply in private hands requires someone to handle the ongoing compliance work. It is therefore recommended that the City appoint a Housing Manager to oversee these efforts.

IMPLEMENTATION STEPS

Job Description

- Identify reporting structure.
- Describe responsibilities, which may include but not be limited to:
  - Managing the NOAH Preservation Program.
  - Ensuring compliance for privately held affordable rental and ownership units.
  - Evaluating proposals to the WRHF, and its programs, and working with other staff to make funding recommendations to City Council.
  - Working with other City staff, including legal staff, to craft housing-related provisions to development agreements and other legal documents as necessary to ensure compliance with affordability provisions.
  - Managing grant writing and resource development efforts for affordable housing activities.

Recruitment and Hiring

Reassess Wheat Ridge Housing Authority (WRHA) Role

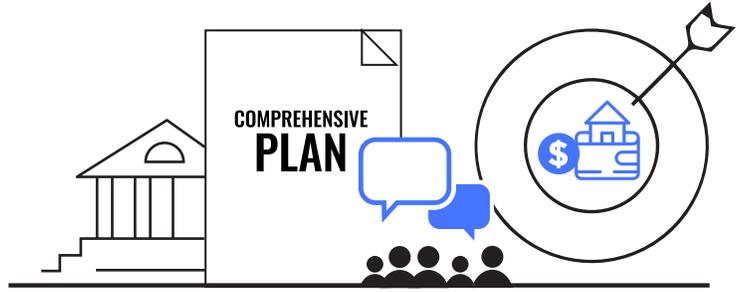
Foothills Regional Housing (FRH, previously Jefferson County Housing Authority) has historically acted as Wheat Ridge's "full service" affordable housing provider and is resourced accordingly to partner on funding and building affordable housing, as well as to manage various affordable housing programs like vouchers. Since its establishment in 2001, WRHA has had a much more limited focus than FRH and has been dormant in recent years. As the City develops a job description for housing staff, the WRHA's role in implementing portions of this strategy should be examined and structured to be complementary to FRH's ongoing affordable housing work.

TIMING



ACTION ITEM

# Comprehensive Plan Update



PRIORITY LEVEL

2

OPPORTUNITIES IMPACTED

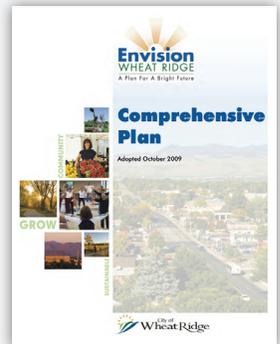
- #1 Multi-Unit Rental Units with Inclusionary
- #2 Attached Ownership Units with Inclusionary
- #3 Preserve and upgrade existing affordable rental units
- #4 Lutheran Legacy Campus

TARGET MARKETS



The City's current comprehensive plan, Envision Wheat Ridge, was adopted in October 2009 and has served the City well. But much has changed since its adoption during the height of the Great Recession. Today, Wheat Ridge enjoys the benefits of a thriving Denver area economy with real estate values as a primary indicator. Combined with a gradual demographic shift toward households with higher educational attainment levels and higher incomes, the impacts on housing affordability have been magnified.

A new comprehensive plan, tentatively planned to begin in 2023, offers the opportunity to reaffirm community support for affordable housing with outcomes that are measurable and achievable. Much of the work done for this project can and should be used to guide the housing components of the new comprehensive plan.



IMPLEMENTATION STEPS

**Preliminary Scope and Solicitation of Consultants if Appropriate**

Determine a preliminary scope and issues of particular emphasis, if any.

**Project Scoping and Organization**

Finalize a scope of work, including schedule and any stakeholder or public engagement needs, and organize staff and consultants into a project team.

**Project Initiation**

Kick off planning process and communicate process and schedule to the public.

**Plan Completion and Adoption**

Move draft plan through adoption process, including public events, Planning Commission review and recommendation, and City Council approval.

TIMING



ACTION ITEM

# NOAH Preservation Program



PRIORITY LEVEL

2

OPPORTUNITIES IMPACTED

#3 Preserve and upgrade existing affordable rental units

TARGET MARKETS

Households with incomes below \$50,000

Households with incomes \$50,000 to \$74,999

Households with incomes \$75,000 to \$99,999

Wheat Ridge is home to thousands of aging rental units that are affordable to renter households with incomes below \$75,000 and even below \$50,000. Age and quality are contributing factors to the relatively low rents. The City can overcome the dilemma of conditions and affordability by investing directly in private rental properties under the “gives” and “gets” approach. It is recommended that the City establish a program for naturally occurring affordable housing (NOAH) that provides grant funding for rental unit upgrades in exchange for preservation of affordable rents creates win/win outcomes.

IMPLEMENTATION STEPS

Identify Staff Resources

A NOAH rehab program will come with an administrative burden, and proper staffing and program oversight are prerequisites for the undertaking to be successful (see Housing Staff on page 54).

Identify Funding Sources

It is envisioned that the the Wheat Ridge Housing Fund will support this program, premised on its establishment per the recommendations on page 51. The rehab program, however, may specifically be a good fit for CDBG or HOME funds from Jefferson County or future Colorado housing implementation funds as well.

Design Program

A program like this one requires careful design with many details to be worked out, including program budget with sources and uses, eligibility criteria, minimum standards for specifications, etc. Before the program can go live, these items and more must be addressed.

Solicit Proposals for First Funding Round

When the program has been designed and funds are ready to be deployed, interest must be solicited from local rental property owners. The City should issue a request for proposals with uniform application or proposal forms that property owners can fill out.

TIMING



YEAR 1

YEAR 2

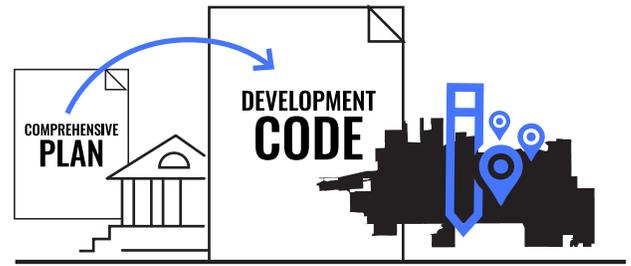
YEAR 3

YEAR 4

YEAR 5

ACTION ITEM

# Update Development Code and Zoning Map



PRIORITY LEVEL

3

OPPORTUNITIES IMPACTED

- #1 Multi-Unit Rental Units with Inclusionary
- #2 Attached Ownership Units with Inclusionary
- #3 Preserve and upgrade existing affordable rental units
- #4 Lutheran Legacy Campus

TARGET MARKETS



The Wheat Ridge zoning ordinance and map have received minor piecemeal text and mapping updates on an as-needed basis over the past decade. The last major rewrite or update to the zoning ordinance was in 2001. Following the adoption of the comprehensive plan, the City should update the zoning ordinance and map to ensure that it is consistent with the comprehensive plan and other City-led planning efforts including this Strategy and Action Plan and the Lutheran Legacy Campus Master Plan and/or successor plans.

IMPLEMENTATION STEPS

**Preliminary Scope and Solicitation of Consultants if Appropriate**

Based on the results of the comprehensive plan, including policy direction and identified community priorities, determine a preliminary scope and areas of focus for the code update.

**Project Scoping and Organization**

Finalize a scope of work, including schedule and any stakeholder or public engagement needs, and organize staff and consultants into a project team.

**Project Initiation**

Kick off code update project and communicate process and schedule to the public.

**Code Completion and Adoption**

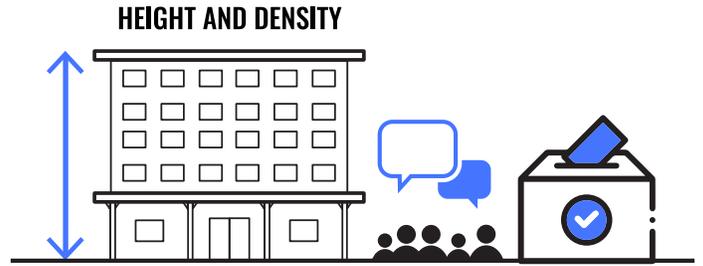
Move updated code through adoption process, including public events, Planning Commission review and recommendation, and City Council approval.

TIMING



ACTION ITEM

# Exploration of Changes to Charter Limits on Height and Density

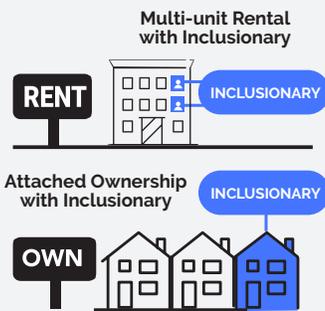


PRIORITY LEVEL

3

OPPORTUNITIES IMPACTED

- #1 Multi-Unit Rental Units with Inclusionary
- #2 Attached Ownership Units with Inclusionary
- #4 Lutheran Legacy Campus



TARGET MARKETS



Section 5.10.1 of the City Charter limits residential density to 21 dwelling units per acre and restricts the height for residential structures to thirty-five feet (35') while nonresidential structures are allowed a maximum height of fifty feet (50'). There are areas within the city where these restrictions do not apply.

As described in this document, residential heights and densities beyond the Charter limits are important contributors to facilitating new housing development in a land-constrained community, like Wheat Ridge, and enabling new affordable housing opportunities.

If community sentiment reflected in a new comprehensive plan suggests that Wheat Ridge confirms its commitment to affordable housing, is accepting of a greater amount of new development, including new housing at heights and densities above those allowed citywide in the Charter, the existing limits will merit reexamination.

IMPLEMENTATION STEPS

**Complete update to the comprehensive plan**

The comprehensive plan should provide community-supported direction on Wheat Ridge's vision for development.

**Establish Charter Commission with at least the following questions:**

- Should the Charter control limits on height and density instead of the city's code?
- If so, should the limits, or the geography to which they apply, be changed?

**Commission Findings and Recommendation**

The Charter Commission should develop a report including its analysis, findings, and recommendations for public consideration.

**Potential Ballot Question**

If the Charter Commission recommends changes to the Charter, a question should be drafted for the next appropriate election.

TIMING



ACTION ITEM

# Update Affordable Housing Strategy and Action Plan



PRIORITY LEVEL

3

OPPORTUNITIES IMPACTED

- #1 Multi-Unit Rental Units with Inclusionary
- #2 Attached Ownership Units with Inclusionary
- #3 Preserve and upgrade existing affordable rental units
- #4 Lutheran Legacy Campus

TARGET MARKETS



As the data and analysis in this document illustrate, housing market conditions can shift quickly. A number of circumstances affecting the assumptions within and implementation of this strategy are likely to be different within a few short years. It is therefore recommended that the City of Wheat Ridge update this document five years from its adoption.

IMPLEMENTATION STEPS

**Preliminary Scope and Solicitation of Consultants if Appropriate**

Determine a preliminary scope and issues of particular emphasis, if any.

**Project Initiation**

Finalize scope of work and begin analysis.

**Analysis and Strategy Completion**

Present findings and recommendations and consider City Council adoption.

TIMING



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# Appendix

List of Affordable Housing Tools Evaluated



There are a number of tools available to help local governments support the production of affordable housing. Some may provide substantial benefits while others contribute only at the margins. The following table lists those tools that received close study to determine which would provide the most substantial benefits in Wheat Ridge and were elevated to the main body of this strategy. Many of these tools are included in Colorado House Bill 21-1271 that established the Innovative Affordable Housing Planning program that provided funding for this strategy.

## Affordable Housing Tools Analysis Matrix

Tool	General Applicability	Applied to Wheat Ridge
<b>Use of vacant publicly owned real property</b>	The cost of land is generally about one-third of total development costs. When publicly-owned land can be contributed for affordable housing development, at a cost below its market value, the savings can be passed on to future residents.	Wheat Ridge does not have any City-owned land available for this purpose.
<b>Program to subsidize or otherwise reduce local development review or fees</b>	Fees are one cost of many in development. Reducing fees can lower total development costs with savings passed on to future residents. In most cases, development fees are not a major percentage of costs and reducing them provides marginal benefit for affordability.	In Wheat Ridge, city-imposed development fees are less than \$10,000 per unit on total development costs that are generally at least \$250,000 per unit. Water- and sewer-related fees are not directly controlled by the City. Waiver or reduction of development fees may contribute to improving affordability, but on their own provide minor affordability benefit.
<b>Expedited review process for affordable housing Expedited development review process for acquiring or repurposing underutilized commercial property</b>	Expediting review processes entices developers to take on projects by making it easier to move from project application to project approvals and ultimately to construction. It can also decrease project costs if fewer hours are required from engineers, architects, and lawyers who support developers through review processes.	While speed of review processes is a net positive for developers, the real key is predictability of process. Uncertainty and unpredictability make it difficult to know what to plan for or how long things will take. The potential for negative domino effects resulting in delays dissuades developers from the already inherently risky development process. Wheat Ridge should work toward fast and predictable review processes but, if it must choose only one, it should focus on predictability.

Tool	General Applicability	Applied to Wheat Ridge
<b>Density bonus program</b>	Density bonuses are an incentive that allow developers extra market-rate units above and beyond what the base zoning allows, in exchange for the inclusion of affordable housing units.	Density bonuses have a mixed record of success, because achieving the bonus often means building to heights requiring much more expensive steel frame construction. The increased expense offsets the bonus benefit to the developer. Between market demand and community tolerance for height, Wheat Ridge is likely to remain a city where prevailing building heights will not support density bonuses. (Also see later discussion of Inclusionary Housing.)
<b>Sub-metering of utility charges for affordable housing projects</b>	In most multi-unit buildings, utility costs such as water, sewer, electric, and gas are common to the building and the operator's costs are passed on to tenants via the rent. Sub-metering each individual unit allows the tenant to control the usage and remove the utility cost from the rent. Cutting back on utility usage then becomes an option for a tenant hoping to reduce costs.	The City of Wheat Ridge is not a utility provider, including for water and sewer, so this would be an issue requiring engagement by other entities. It is plausible that sub-metering could help a tenant pay less for utilities than would otherwise be included in the rent, but in most new projects where utilities are included in rent, the general uniformity of unit sizes and household sizes, and the correlation of rent with both of those, should mean that sub-metering would not reveal much of a meaningful difference in utility usage between a commonly-metered or sub-metered unit, and thus would not result in much cost savings.
<b>Subsidies for infrastructure costs incurred by affordable housing development</b>	Infrastructure costs are project-specific, depending on the type of project, its setting, availability of existing infrastructure, etc. In cases where a project may need substantial new or upgraded infrastructure, the costs can be substantial.	The City of Wheat Ridge has powerful tools, such as Urban Renewal and Tax Increment Financing, that allow it to assist projects under certain circumstances. It could also provide financial subsidies from general funds or dedicated housing funds. Either of these options could be critically important in supporting projects on a case-by-case basis, depending on needs.

Tool	General Applicability	Applied to Wheat Ridge
<b>Granting duplexes, triplexes, or other appropriate multi-family housing options as a use by right</b>	New single-unit detached houses in any strong market are generally not considered to be affordable options. Other housing types, from duplexes to high-density multi-unit rental are assumed to have lower per unit development costs resulting in less expensive options than single-unit detached houses.	Duplexes and triplexes are allowed by right across much of the city already, and there are a variety of sites across the city where townhouses and multi-unit properties are also feasible. Given land and construction costs, housing development in Wheat Ridge's land-constrained setting generally becomes feasible at 15 units per acre, and the zoning designations within which this is achievable are the mixed-use districts. Substantially increasing available housing opportunity sites likely means expanding the areas covered by mixed-use districts.
<b>Classification of a proposed affordable housing development as a use by right when it meets density and design standards of a given zoning district</b>	Zoning does not make any use distinctions between affordable housing and market-rate housing, nor can it. So long as a community has one or more zoning districts where housing can be built, affordable housing projects should be subject to all the same rules as market-rate projects.	Wheat Ridge development code does not discriminate against affordable housing. Affordable housing must meet density and design standards just as market-rate projects must.
<b>Authorizing Accessory Dwelling Units (ADU) as a use by right in single-family zoning districts</b>	ADUs are small secondary units on an otherwise single-unit detached property. There is no guarantee that a newly constructed ADU will meet a local definition of "affordable." It is, however, one method of increasing the housing supply on existing land.	ADUs are allowed in all residential, agricultural, and mixed-use neighborhood zone districts as an accessory use to a single-unit home. ADUs are newly allowed in Wheat Ridge, so it is too early to know how widely they might be adopted and built, how many will be used as long-term vs short-term rentals, and what their rents might be.
<b>Allowing (or better supporting) Planned Unit Developments (PUD) with integrated affordable housing</b>	Planned Unit Developments are a tool to facilitate development projects that are difficult to achieve under regular zoning but which the community wants to approve. There may be some projects that include affordable housing that would benefit from such an approach, depending on the regulations in the community.	Wheat Ridge already uses planned developments in different forms. Planned residential development (PRD) and planned mixed-use development (PMUD) designations are used to help facilitate housing projects that otherwise are difficult to achieve under base zoning districts.

Tool	General Applicability	Applied to Wheat Ridge
<p><b>Allowing (or better supporting) the development of small square footage residential unit sizes</b></p>	<p>Because each square foot of floor area in a unit comes at a cost, shrinking the square footage in a unit can decrease its cost. In recent years, some cities have allowed the construction of what are called "micro-units" which may be as small as 200 square feet, and sometimes offer more common amenities than are found in standard rental properties. The production of such small units assumes a market that will pay to live in them.</p>	<p>Small units will be difficult or impossible to achieve anywhere except in the Charter exception areas because they inevitably will exceed the 21 DUA limit. Small units, however, face a potential marketability challenge despite the relative affordability that may result from their small size. A single person can live in a unit meant for three, but three people will struggle to live in a unit built for one. Very small units do not have the broadest potential market. Developers, owners, and financiers of rental housing know this and factor it into their decision making. Land use controls are but one factor in determining whether such projects get built. Another is whether the project represents an acceptable risk for the private sector.</p>
<p><b>Lessened minimum parking requirements for new affordable housing</b></p>	<p>The cost of a parking spot can be tens of thousands of dollars per unit. In addition, reducing the space used for parking may allow for additional density that helps lower the cost per unit, with savings passed on to future residents.</p>	<p>Parking requirements in mixed-use districts, where affordable housing opportunities are most likely to be found, are one space per unit. In locations and situations where transit service is deemed to be sufficient for reducing parking further, the City should explore possibilities for doing so.</p>
<p><b>Creation of a land donation, land acquisition, or land banking program</b></p>	<p>The cost of land is a substantial portion of total development costs. Any suitable land for affordable housing that can be procured for less than market value helps lower development costs and the savings can be passed on to future residents.</p>	<p>If the City finds itself in a situation where it can somehow acquire and bank land for future housing development, it would be wise to consider doing so. These opportunities may be few and far between, however, given the value of land in the region.</p>

Tool	General Applicability	Applied to Wheat Ridge
<p><b>Calibrate and Allow Sufficient Densities for Affordable Opportunities</b></p>	<p>In expensive markets where land costs are a major factor in housing production and affordability, simply increasing densities does not always solve affordability problems. Certainly a 2,000 square foot house on a quarter acre lot will almost always cost more than an attached townhouse, but that does not automatically make the latter affordable to the desired target markets. That said, understanding local development conditions can help local governments align land use policy and regulations with their desired affordable housing goals, especially when other tools are used to augment land use approaches.</p>	<p>Under the prevailing development conditions—cost of land and construction costs are the main culprits—at the time of this report, it is challenging to develop housing in Wheat Ridge below 15 dwelling units per acre (DUA) that can approach affordability for households with incomes below \$150,00. As the allowed units per acre increases, the necessary economies of scale begin to take effect and make entry level ownership options more feasible. These densities are only achievable in the city's mixed-use zoning districts, some of which only exist in parts of the city that are not subject to City Charter's limits on height and density. Those particular districts, including MU-C and PMUD, have recently accommodated the City's first new market-rate rental units since 1980, which are largely the same building type that a fully affordable rental housing project would also take. The mixed-use district that is largely outside the exception areas, and thus subject to Charter limits, is MU-N, and it has been highly successful in facilitating new townhouse development. czb's analysis suggests that these kinds of projects—attached ownership units at or above 15 DUA and rental projects above 20 DUA—offer development economics that enable inclusionary housing outcomes.</p>

Tool	General Applicability	Applied to Wheat Ridge
Inclusionary Housing	<p>Inclusionary housing is a legal mechanism under which developers are required to set aside some percentage of new housing units as affordable, as defined by the regulating jurisdiction, with some means of alternative compliance made available. The alternative means is usually a “fee in lieu.” If the inclusionary housing requirements are calibrated properly, meaning they are not overly onerous, projects of a minimum size can usually meet the requirements while maintaining financial viability for the developer.</p>	<p>czb's analysis suggests that a 10% set aside is likely feasible so long as the qualifying incomes, and the matching affordable rents, are not set too low. To be more specific, the affordable rents should not be set much below those affordable to a household with an income at 80% of the area median. For ownership units, a 10% set aside should be paired with affordability targets in the range of 100-120% of the area median. In a strong housing market with high land values, like that of the Denver region, inclusionary housing can be a valuable tool to get the private sector to produce some affordable housing. When combined with zoning changes that create more potential value for landowners and developers, inclusionary housing can become even more workable.</p>
Financial Subsidy	<p>Boiled down to its bare essence, affordable housing work is about filling the gap between what housing costs to provide and what a household can afford to pay. This requires, in some way, shape, or form, subsidy flowing from somewhere, and this is almost always from the public sector. This is the reason for public housing, Low Income Housing Tax Credits, and Housing Choice Vouchers, to name a few subsidy tools.</p>	<p>Wheat Ridge could raise and deploy financial capital for a number of housing initiatives, including but not limited to: direct assistance to housing developers, grant and/or loan funding for naturally occurring affordable rental properties in need of upgrades, direct assistance to renters or first-time homebuyers, and land purchases for future affordable housing opportunities. Potential sources of revenues include, but are not limited to: surplus or one-time funds, housing related grants from other levels of government, general revenues, and impact fees.</p>

## Denver-Aurora-Lakewood, CO MSA FY 2022 Income Limits

FY 2022 Income Limit Area	Median Family Income	FY 2022 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
<b>Denver- Aurora- Lakewood, CO MSA</b>	<b>\$117,800</b>	Very Low (50%) Income Limits	41,050	46,900	52,750	<b>58,600</b>	63,300	68,000	72,700	77,400
		Extremely Low (50%) Income Limits (\$)*	24,650	28,150	31,650	<b>35,150</b>	38,000	40,800	43,600	46,630
		Low (80%) Income Limits (\$)	62,600	71,550	80,500	<b>89,400</b>	96,600	103,750	110,900	118,050

Note: Jefferson County is part of the **Denver-Aurora-Lakewood, CO MSA**, so all information presented here applies to all of the **Denver-Aurora-Lakewood, CO MSA**.

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NOVEMBER 2022



**affordable**  
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