

AGENDA
Housing Policy Commission (HPC)

Thursday, May 11th, 2023 - 6:00 PM

Virtual Meeting

Join via Zoom at this link

<https://lakewood.zoom.us/j/89774090689>

Or by phone:

720-707-2699

Webinar ID: 897 7409 0689

=====

Housing Policy Commission Members (Appointed 1/9/2023):

Adam Paul - Mayor

Sophia Mayott-Guerrero – Ward 2

Barb Franks – Ward 4

Jeslin Shahrezaei – Ward 1

Anita Springsteen – Ward 3

Wendi Strom – Ward 5

- =====
1. Call to Order/Roll Call
 2. Attendance
 3. Commissioners select a new Chair for 2023.
 - Nominations from the group – majority vote
 4. Presentation regarding the development of Lakewood’s Strategic Housing Plan
 - Consultants and key staff to provide an update on the process.
 5. Discussion and course setting for additional HPC meetings 2023
 6. Public comment
 7. Adjourn

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FOR HOUSING POLICY COMMISSION DISCUSSION
ONLY



Lakewood Strategic Housing Plan

MAY 4, 2023

DRAFT STRATEGIC PLAN & REPORT

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Lakewood Strategic Housing Plan

Acknowledgments

CITY COUNCIL

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Charley Able
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Sharon Vincent
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While the authors take full responsibility for the content, conclusions, and recommendations presented in the housing study and strategic plan, we would like to thank the many individuals including the following who took the time to share their housing insights and expertise:

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Doug Elenowtiz, Trailbreak Partners
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Juliana Garcia, The Action Center
Donna Mullins, Aging Well JeffCo
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Julie Stern, Archway Communities
Laurie Walowitz, The Action Center

The Department of Local Affairs (DOLA) awarded the City of Lakewood funding to pay for consultant services to assist staff in developing the Housing Analysis and Strategic Housing Plan.



COLORADO
Department of Local Affairs



GRUEN GRUEN + ASSOCIATES

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STRATEGIC HOUSING PLAN OVERVIEW

Strategies & Action Items	Proposed By	Timeframe	High Impact Actions	Complexity	Funding
Strategy 1: Invest in Affordable Housing					
<i>Measurable Target: Increase internal capacity to support the strategies and goals of the Strategic Housing Plan</i>					
1.a: Expand internal staff capacity and create Housing Division	Staff, Stakeholders	Immediate	<input checked="" type="checkbox"/>	Moderate	\$\$
1.b: Establish Housing Fund and dedicated revenue source(s)	Staff, Stakeholders, Community	Immediate	<input checked="" type="checkbox"/>	High	\$\$\$
1.c: Develop voluntary inclusionary housing program	Staff, Community	Short-term		High	\$\$\$
Strategy 2: Expand Overall Affordable Housing Supply					
<i>Measurable Targets: Build 300 units of affordable housing by 2028; Increase the number of ADUs by 10% by 2028</i>					
2.a: Reduce barriers to building affordable housing	Staff, Stakeholders	Short-term	<input checked="" type="checkbox"/>	High	\$\$\$
2.a.1: Create a public infrastructure program and incentive policy to waive fees					
2.a.2: Modify zoning ordinance and municipal code to create stronger incentives					
2.a.3: Create expedited review program for affordable housing					
2.b: Expand housing options	Staff, Community	Short-term	<input checked="" type="checkbox"/>	Moderate	\$
2.b.1: Create more opportunities for a range of shelter and housing choices					
2.b.2: Update ADU policies to allow more ADU construction citywide					
2.c: Modify the residential growth limitation ordinance	Staff, Stakeholders	Short-term		Low	None
2.d: Redevelop vacant or underutilized land for affordable housing	Staff, Stakeholders, Community	Immediate	<input checked="" type="checkbox"/>	Moderate	\$\$
Strategy 3: Expand Housing Choices and Services for Residents					
<i>Measurable Targets: Build 10 affordable homeownership units by 2028; Develop a Housing Navigation Center; Increase the number of supportive housing units in the City</i>					
3.a: Expand senior housing options	Staff, Stakeholders, Community	Long-term		Low	None
3.b: Create affordable homeownership opportunities	Staff, Stakeholders, Community	Short-term	<input checked="" type="checkbox"/>	High	\$\$\$
3.b.1: Develop down payment assistance program(s)					
3.b.2: Establish partnership with affordable for-sale housing providers					
3.c: Create dignified, trauma-informed shelter and supportive housing options	Staff	Immediate	<input checked="" type="checkbox"/>	High	\$\$\$
Strategy 4: Keep Residents Stably Housed					
<i>Measurable Targets: Expand existing eviction prevention programs; Assist at least 100 residents (20 per year) in eviction prevention services by 2028</i>					
4.a: Maximize rent voucher utilization and acceptance	Staff, Community	Short-term		Moderate	\$
4.b: Support eviction prevention programs	Staff	Immediate	<input checked="" type="checkbox"/>	Moderate	\$\$
4.c: Strengthen mobile home parks	Staff	Long-term		Low	None
4.d: Improve access to housing resources	Staff, Stakeholders	Long-term		Low	\$

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Introduction

The city of Lakewood recognizes the importance of developing a more strategic approach to encouraging the availability of affordable housing in the community. The Strategic Housing Plan (the “Plan”) provides a framework of strategies, policies, and actions that Lakewood can implement to better meet a wide range of housing needs and increase the supply of affordably priced housing in the community.

Approach Overview

The strategies recommended in the Plan are guided by in-depth analysis of market conditions and housing needs in Lakewood, current "development economics" to produce new housing, and findings drawn from an engagement process that included a community housing survey, citizen input and community meetings, a public open house and housing resource fair, and individual interviews with housing providers, developers, and active citizens.

The amount, type, and cost of housing needed in a community is influenced by three basic factors:

1. the size of its population;
2. the living arrangements of the population (i.e., households); and
3. the ability of these households to pay for existing or new housing.

The Plan is informed by an understanding of these three factors as well as the identification of housing needs that are feasible (and infeasible) for the private market to address in sufficient quantity. The Plan outlines an actionable approach to better align housing supply with needs and to mitigate or remove future barriers to housing production and accessibility. Strategies and recommendations included in the Plan are also guided by economic analysis that “modeled” the results of different market-based policy approaches to encourage affordable housing production, such as hypothetical inclusionary zoning requirements, fee waivers, and increased density or reduced parking.

Community Engagement

Community outreach and engagement was conducted from November 2022 to April 2023. Community outreach included a project website, a community housing survey, stakeholder interviews, community meetings, and an open house and housing resource fair. The outreach resulted in the following participation and engagement:

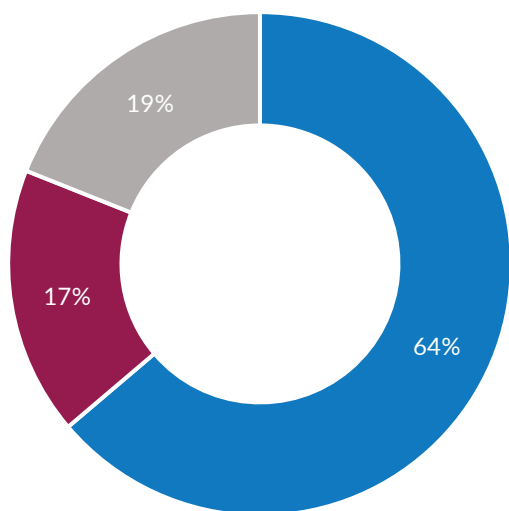
- Staff and consultant interviews with seven affordable housing service providers or advocates, five private developers and real estate professionals, two active community members with expertise in older adult and accessible housing needs, and 13 unhoused residents;
- Website reach to 1,284 users (as of April 21, 2023, on Lakewood Together project page). Of those, 432 users were informed by downloading a document or viewing a page, and 128 engaged in the project by submitting or contributing an idea or question;
- More than 550 participants in the community housing survey that yielded 500 valid survey responses; and
- Attendance of 65 Lakewood residents at the open house and resource fair.

Efforts to reach historically underrepresented populations were aided by housing and service providers in the community and the Community

Language Co-op’s Community Connectors program. Engagement and outreach methods did result in an overrepresentation of Lakewood homeowners (which is not unusual), though direct engagement was achieved with Lakewood’s Latinx community, low-income population, and unhoused population.

Residents shared ideas with staff. Staff summarized 58 total comments received from the community into three overlapping themes (shown in Figure 1). Of the 58 comments received, most comments (37) expressed support for or offered an idea to make housing more affordable in Lakewood. Ten residents opposed making changes to policy and zoning that could change single-family residential only neighborhoods. Staff received 11 comments that were outside the scope of the Strategic Housing Plan related to economic development, tax districts, infrastructure, fee rates, and building design and aesthetics.

FIGURE 1: HIGH LEVEL SUMMARY OF WRITTEN COMMENTS



- Supports Policy and Zoning Changes to Increase Affordability
- Opposes Changes to Single-Family Zoning
- Other

Report Organization

The Plan document presents and summarizes the key recommendations, strategies, and findings in two primary sections:

1. Strategic Housing Plan; and
2. Housing Analysis and Community Engagement Findings.

Appendices to the Plan include the detailed results of the Housing Analysis and Community Engagement efforts, including specific reports about the:

- A. Community Housing Survey;
- B. Community Engagement Written Comments;
- C. Existing Housing Conditions and Trends;
- D. Future Housing Need Projection;
- E. Housing Development Economics;
- F. Stakeholder Interviews; and
- G. Open House and Community Engagement (Staff Report).

Community-Informed Approach

Community input was gathered from an online housing survey, a public open house (April 4th), community and ward meeting listening sessions, individual interviews (with housing providers, developers, active citizens), and Lakewood's public engagement website.

ENGAGEMENT

15

INTERVIEWS

1,217

SURVEYED RESIDENTS
(HOUSEHOLD POPULATION OF
SURVEY RESPONDENTS)

65

OPEN HOUSE CITIZEN
ATTENDEES

3

LISTENING SESSIONS
AND PUBLIC
MEETINGS

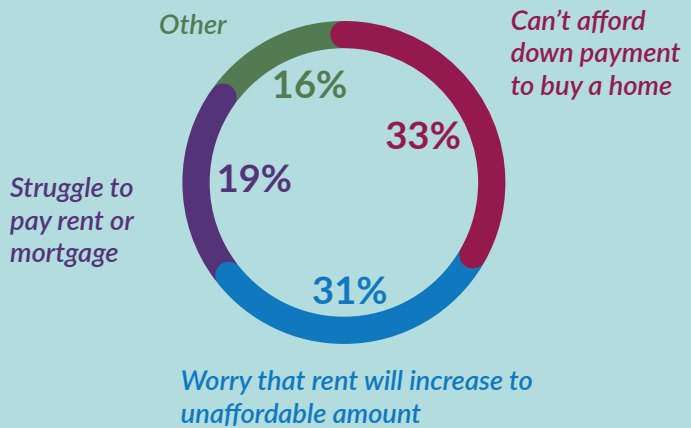
1,284

UNIQUE PARTICIPANTS
(LAKEWOOD TOGETHER)

128

QUESTIONS OR
STRATEGY IDEAS
(LAKEWOOD TOGETHER)

What Housing Challenges are Top-of-Mind?



Most "Liked" Housing Strategy Ideas...

"Continue allowing peaceful single-family zoning so people aren't packed in like rats. Many of us have spent our lives working for our homes."

"Encourage developers to build smaller more affordable starter homes at higher density rather than just a few large luxury homes or apts."

"Remove parking minimums and enforce parking maximums."

"Allow larger expansions of single family homes so that people can renovate their homes to fit their needs going forward. Allow all ADU types."





Strategic Housing Plan

The Plan is organized around four broad strategies to inform future decision making and implementation efforts:

1. **Invest in affordable housing;**
2. **Expand overall affordable housing supply;**
3. **Increase housing choice and services for residents; and**
4. **Keep residents stably housed.**

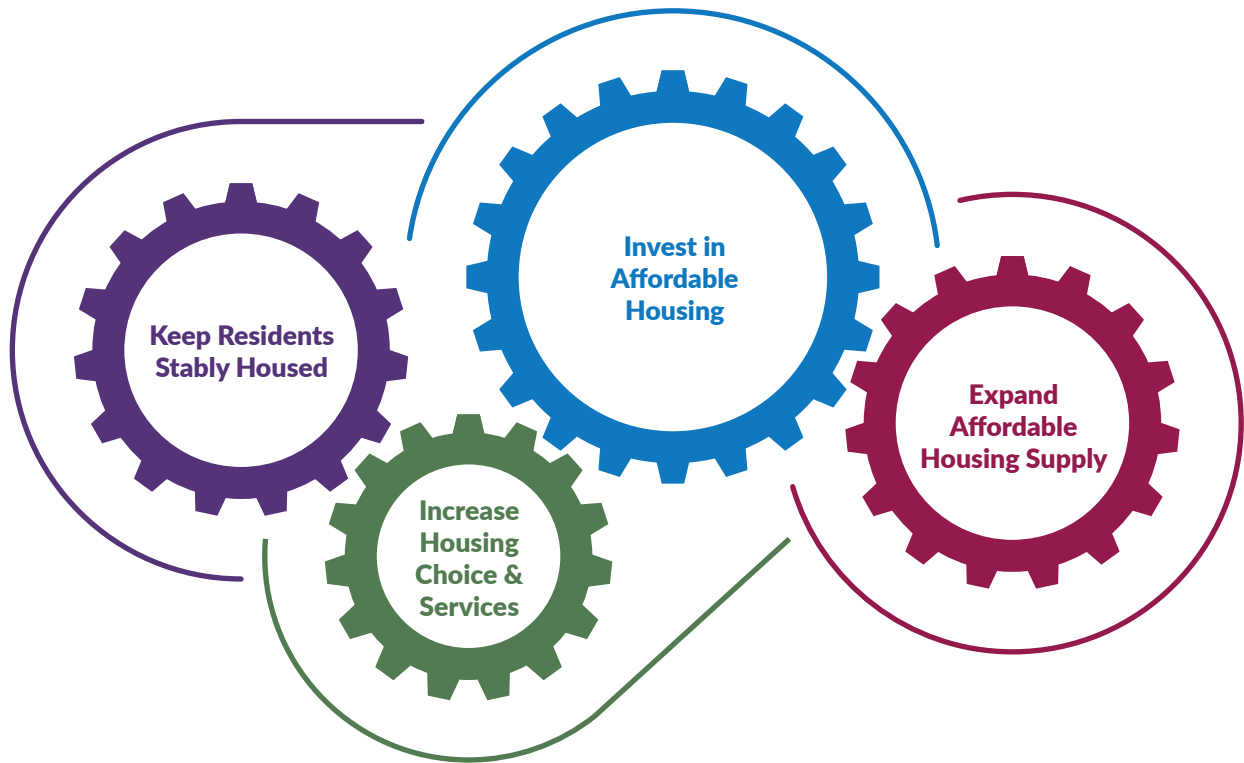
Implementation of the Plan will require significant collaboration among housing policymakers, city staff, developers and property owners, and nonprofit housing partners. Each strategy is supported by a series of strategic actions or implementation tools. An approximate implementation “timeline” is noted with each strategic action. The relative complexity of differing actions or policies and those that will likely require direct fiscal support from the city to execute is noted. For example, strategic actions or policies that will require a combination of legislative action, financial commitments, and outside partnerships are noted as most complex. Other recommended actions, such as those that would be administrative in nature with city staff support, are noted as less complex. Bold actions or policies that are likely to yield the greatest public benefits are noted as “high impact” strategies. Note that each of these references are qualitative in nature, intended to highlight which strategies and actions will require more time, effort, and resources relative to one another.

Legend for Action Items

TIMELINE		<i>Immediate (1-yr), shorter term (2-3 yrs), and longer-term (> 3 yrs) action items.</i>
COMPLEXITY		<i>Degree of difficulty or complexity to implement an action, from least to most complex, in relation to one another.</i>
FUNDING		<i>Indicates actions that will require direct fiscal support from Lakewood.</i>
IMPACT		<i>"High Impact" action items likely to have greatest public benefits.</i>

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City of Lakewood | Housing Analysis and Strategic Housing Plan Draft



Strategy #1

Invest in Affordable Housing

Increase local funding and staff capacity to implement the Strategic Housing Plan and address affordable housing needs.

Measurable Target: Increase internal capacity to support the strategies and goals of the Strategic Housing Plan

While the Lakewood housing market has historically produced rental housing affordable to households with incomes above \$75,000 (around 80 percent of AMI and above), it has not been feasible for market-rate development to supply new housing units at prices affordable to lower-income households. This condition is unlikely to change. Public funds and local development incentives are frequently required to make affordable housing projects financially feasible.

Especially in new construction housing, subsidies are needed to bridge the gap between what a lower-income household can afford to pay and the cost to produce (or acquire) a unit affordable to that household. Nearly all deed-restricted housing affordable to renters earning below 80 percent of AMI, for example, is built with public assistance including combination of subsidies and programs including Low Income Housing Tax Credits, Project Based Vouchers, Private Activity Bonds, and Community Development Block Grants. Many of the federal and state-administered resources available are allocated through a competitive process and the competition is increasingly intense. A persistent scarcity of funds is available relative to the amount of demand/need.

Local funding support and development incentives are an effective way to encourage housing production that would not otherwise occur and to leverage the scarce federal and state dollars available for affordable housing. The housing analysis well establishes the significant scale of need - more than 12,000 existing lower-income renters in Lakewood are estimated to be cost burdened. Lakewood could identify and deploy financial resources to fund incentives and increase internal capacity to support affordable housing development or preservation.



Immediate (1-yr)



Moderately complex



Direct fiscal cost

1.A: Expand Internal Staff Capacity to Manage Funding, Programs and Policies Needed to Address Affordable Housing Needs

Make a commitment to provide resources and staff capacity to support the implementation of housing policies and programs such as related to expedited development review and affordable housing incentives.¹ Establish a Housing Division with dedicated staff to address the ongoing and anticipated housing initiatives in Lakewood and continue to work with the Public Housing Authority and other housing and service providers to best meet the community's needs. Use Housing Division staff and resources to establish and maintain close partnerships with affordable and market rate housing providers and to keep "current" on housing needs and

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incentives or regulatory changes that will help to increase the supply of affordable housing and associated supportive services in the community.

1.B: Establish Housing Fund and Dedicated Revenue Source(s)

Municipalities commonly dedicate specific revenue sources or taxes to fund public services or investments, from capital projects to economic development or tourism. Lakewood dedicates specific revenues already with the half-cent sales tax for capital improvements and the hotel accommodation tax to fund economic development. Create a dedicated source of municipal revenue to provide local funding for affordable housing initiatives. The community housing survey results indicate more public support than opposition to a dedicated local tax to fund affordable housing. Among residents who indicated support in the survey, the most popular option would be to increase the hotel accommodation tax rate. A two percent (2%) add-on to the existing tax rate would generate about \$1.2 million annually in affordable housing funds, assuming current taxable lodging sales are unchanged over time. The second most popular funding option would be an increase in the local sales tax rate.

Other communities in Colorado also have dedicated taxes on short-term rentals and marijuana excise taxes. In addition to initially seeding and periodically replenishing a dedicated fund, some communities make one-time contributions, commit surplus General Fund revenues, establish development-related fees, and leverage other sourcesⁱⁱ like intergovernmental or philanthropic grants.



Immediate (1-yr)



Most complex



Direct fiscal cost



High impact

LEVERAGING FUNDS

State funding authorized via Proposition 123 is an example of an opportunity to "leverage" intergovernmental resources with local funds. Local governments are required to make an affordable housing commitment that increases the stock of affordable housing by nine percent over the next three years. Initial baseline estimates by the state suggest Lakewood would need to commit to adding more than 1,300 affordable units over three years. Local funding and development incentives will likely be required to achieve a commitment of this magnitude.



Short term (2-3 yrs)



Most complex



Direct fiscal cost

1.C: Develop a Voluntary Inclusionary Housing Program

Inclusionary housing requirements are likely to generate relatively small numbers of affordable housing units. Because most market-rate developments will become infeasible with even modest affordable housing requirements (absent an offsetting source of revenue/incentive or public financing), a mandatory inclusionary zoning policy is not recommended for Lakewood.ⁱⁱⁱ The city can motivate private developments to voluntarily include affordable housing set-asides by offering a range of incentives. To encourage voluntary participation, incentives offered will need to exceed the loss from the provision of on-site units restricted by deed and priced below market. The most effective incentives are likely to be financial in nature, such as full public fee waivers in exchange for a specified affordable housing commitment such as a five percent to 10 percent set-aside for households with incomes not exceeding 60 to 80 percent of Area Median Income.

Because most private market-rate housing developers have limited experience income-qualifying affordable housing tenants or administering lotteries, a partnership organization such as the Public Housing Authority or similar non-profit affordable housing provider may need to assist with execution of the program.

Strategy #2

Expand Overall Housing Supply

Increase the supply of affordable housing over time by encouraging the production of housing at all levels and providing incentives that support the development or preservation of affordable housing.

Measurable Targets: Build 300 units of affordable housing by 2028; Increase the number of ADUs by 10% by 2028

When new construction of housing is constrained such as is the case in Lakewood, affordable units are more likely to filter up (increase in price due to quality improvements for which owners are rewarded in making) and therefore no longer remain in the affordable housing stock.^{iv} Quality improvements in both ownership and rental housing (due to market and regulatory factors) have been found to account for increases in prices of housing that have made a greater share of the housing stock less affordable to lower income households.^v Through the process of filtering (the process by which housing units move through a quality ladder either through depreciation in excess of maintenance outlays or investments to upgrade dwellings), the supply of affordable housing depends upon new housing production at all levels. An increase in the supply of housing will increase the available inventory of lower-cost housing. Accordingly, policies that encourage the production of market rate housing and innovative “naturally” affordable units such as “Accessory Dwelling Units”, “Tiny Houses”, and “Micro-units” will serve to increase the supply of affordable housing units for lower-income households.^{vi}

2.A: Reduce Barriers to Building Affordable Housing

Reducing upfront capital costs, minimizing the time and uncertainty of the development approval process, and allowing greater housing density can be effective ways to facilitate the development of affordable housing to serve lower-income households. Implement the following actions and incentives:

- » **Create Public Infrastructure Program and Incentive Policy to Waive or Subsidize Public Fees**

The public infrastructure costs (sidewalk improvements, burying overhead utilities, etc.) and public fees paid by new housing projects in Lakewood can represent a major source of development cost. Sitework costs, planning and review fees, building permits, construction use tax, school and parkland dedication in-lieu fees, and utility tap fees can easily amount to more than 10 percent of development costs for a new housing unit (e.g., over \$50,000 for an attached townhome unit). Such costs are significant enough to cause the construction of some housing units to be infeasible. Waive city fees and taxes (permits and planning, construction use tax, parkland and school land dedication fees) for new affordable housing developments and utilize additional local funds to subsidize utility



Short term (2-3 yrs)



Most complex



Direct fiscal cost



High impact

tap and connection costs for projects located outside of Lakewood's water and sewer service area or to assist with basic public infrastructure improvements. Provide similar assistance or fee waivers for market-rate projects that elect to set-aside affordable housing units (Strategy 1.C, Voluntary Inclusionary Housing Program).

» ***Modify the Zoning Ordinance and Municipal Code to Create Stronger Non-Financial Incentives***

Development incentives help offset the costs of construction while providing public benefits if implemented thoughtfully. The city currently allows for density and height bonuses as an incentive for mixed-income housing developments, but their effectiveness is limited. Residential building heights and densities in Lakewood are typically limited by the real estate economics which make it less profitable to build taller and more dense housing than due to insufficient zoning allowances. Identify the potential use of other density bonuses as an incentive to support affordable housing production which may include setback reductions or lot coverage increases, form/bulk modifications, or other regulatory actions.

An effective incentive could relate to increasing lot coverage options so that more building space could be built on a given lot. Reducing minimum parking standards can make it more financially feasible to build affordable (and market rate) housing by decreasing the overall cost of the development and minimizing land area required for on-site parking. Continue zoning policies to reduce minimum parking for affordable projects and housing developments near transit service or near areas where adequate on-street parking capacity exists.

» ***Create Expedited Review Program for Affordable Housing***

Uncertainty and delay in the entitlement process can significantly hinder the ability to leverage state and federal resources for affordable housing. The process to apply for Low Income Housing Tax Credit (LIHTC) allocations, for example, is an extremely time-critical and competitive process. The city can adopt an administrative review process to entitle and approve affordable housing developments so long as they meet established design and code requirements. Public hearings, for example, would not be required. The incentive could be limited to smaller or moderately sized projects (e.g., fewer than 50-75 units) if necessary. Local affordable housing and social service providers would support and highly encourage Lakewood to consider ways to implement administrative review, or some variation of it. At a minimum, create an expedited review or "fast-tracking" process that would grant priority to affordable housing developments and/or projects that meet certain affordable

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housing criteria, placing them first in the queue over other land use and development applications in the community. Because the production of market rate housing influences the amount and cost of affordable housing, also review the development application and entitlement process for market-rate housing projects to make the process more predictable and efficient to undertake (such as by establishing dedicated timelines for various stages of entitlement review and processing, and ensuring sufficient capacity exists to meet those timelines).

2.B: Expand Housing Options

» *Create More Opportunities for a Range of Shelter and Housing Choices*

A growing need exists to provide temporary shelter and services to those unhoused. Regulations that restrict the use of temporary shelter options are an opportunity for immediate action. Currently, shelters for unhoused people are only allowed in the Commercial-Regional and Mixed-Use General zone districts with a special use permit. This significantly limits the ability to locate a shelter in most areas within Lakewood. Currently, Lakewood has no overnight shelter facilities even though it is the greatest unmet need for people experiencing homelessness in Lakewood and Jefferson County. Permitting shelter with a special use permit in more mixed-use zone districts would provide more location options while still requiring community notification/oversight through the special use permit process which includes a neighborhood meeting and planning commission hearing before approval of the shelter use.

Currently, few city policies allow for non-traditional housing options, which include tiny homes and Pallet Shelters. The municipal code currently prohibits any structure without a permanent foundation and the existing building code prevents the construction of “temporary” structures including tiny homes and Pallet Shelters that require certain snow and wind-load standards in select locations in the city.

As a strategy, the city should identify select instances and locations where an exception can be codified. Similarly, enact reasonable amendments to the local building code and zoning ordinance that will permit institutional facilities (churches, municipal buildings, etc.) to accommodate temporary sheltering needs without significant modifications to public health, safety, and welfare requirements.



Short term (2-3 yrs)



Moderately complex



Direct fiscal cost



High impact

» **Identify Locations at Which to Increase Allowable Housing Densities Per Acre and Change Zoning to Permit Small-Lot Housing Units**

If more housing units are not constructed, over time land and property prices may increase from the potential of excess housing demand over supply. A shortage of land and a limited supply of potential new housing will give owners of existing housing stock less competitive pressures or incentives to invest in maintenance and quality improvements of their residences.

Therefore, review where it would be appropriate to increase the residential densities allowed under the zoning code to permit a greater amount of housing units (including a variety of product types such as attached townhomes, duplexes, or “cottages”) on a given parcel of land to serve the need of smaller workforce households or older-adult households.¹

» **Update ADU Policies to Allow More ADU Construction Citywide**

Adding Accessory Dwelling Units (“ADU’s”) to a single-family lot is a modest way to increase housing density. ADU’s can help accommodate an extended or multi-generational family and provide additional income for older adult households or for a caregiver to be able to live on site. However, very few ADU’s have been permitted and built in Lakewood. Very limited resources exist to help homeowners navigate building an ADU in Lakewood. Zoning changes and other actions can help to encourage and promote more extensive construction and use of ADU’s.

The city could help make constructing ADUs more accessible to residents by implementing the following tools:

- Create materials to help navigate the building permit process;
- Create or sponsor pre-approved architectural plans (for detached ADU’s) and provide them at no cost to interested property owners;
- Host informational workshops about ADU’s;
- Promote and participate in ADU tours; and
- Coordinate with applicants building new single-family units to inform them of the option of creating ADU’s in new construction.

¹ Approximately 2,860 smaller workforce units (suitable for a single or two-person household) are projected to be needed over the next 10 years in Lakewood. About 60 percent of the overall need is likely to be for ownership housing.

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More importantly, the existing lot size requirement of 9,000 square feet limits a homeowner’s ability to create an ADU. The city should consider revising the Lakewood’s Zoning Ordinance to eliminate barriers to ADU construction, including reducing or eliminating the minimum lot size requirement. About 40 percent of all detached single-family home lots in Lakewood are smaller than 9,000 square feet in size, meaning a legal ADU would not be currently permitted on these lots. Change the minimum lot size requirement and in locations where adequate on-street parking capacity exists, specify areas or zone districts where the requirement to provide additional off-street parking (for the ADU) can be waived.

Confer with local utilities to clarify water and sewer service requirements and allow joint utility meters for attached or internal ADU construction. Seek cooperation with utility districts in Lakewood, including the city’s own utility, to lower the high cost of water and sewer service connection fees that apply to ADU’s when separate service is required or preferred.

REDUCED UTILITY CONNECTION FEES

Denver Water, the wholesale supplier to most residential water customers in Lakewood, charges a significantly reduced system development fee for ADU’s.

2.C: Modify the Residential Growth Limitation Ordinance

The Residential Growth Limitation Ordinance (RGLO) has introduced additional complexity to the entitlement process that further increases the risks, time, and costs to produce additional housing in Lakewood. The ordinance discourages larger-scale housing projects, yet the allocation process can also be daunting for smaller property owners and builders. Better explain how the system operates. Revise the RGLO to make it more “user-friendly” and predictable. Specific modifications to consider include:

- Providing exemption for Accessory Dwelling Units that are otherwise permissible; and
- Allowing any unused or “unbanked” allocations at the end of each year to rollover to the subsequent year (growth rarely occurs in a linear fashion).

Housing production constraints introduced by the RGLO primarily stem from the administrative burden and process to secure allocations, not necessarily the volume of additional housing units allowed under the one-percent annual cap plus existing exemptions.



Short term (2-3 yrs)



Least complex



No direct cost



High impact



Immediate (1-yr)



Moderately complex



Direct fiscal cost

2.D: Redevelop Vacant or Underutilized Land for Affordable Housing

Lakewood is a primarily built-out community and most future housing production will require redevelopment or conversion of property to more productive use. Support the post-Covid adaptive reuse of existing commercial buildings or properties that have seen a reduction in demand for their current use (e.g., significantly vacant or low rent producing motels, office buildings, or shopping centers) into affordable housing. Develop an initial inventory including any surplus municipal-owned land and real estate, assess suitability for infill residential uses or building conversions, and proactively make necessary regulatory or planning changes (zoning, Comprehensive Plan designation, etc.) to support future housing production on identified sites. Conduct outreach to private and public property owners as part of the inventory process and convey the city's willingness to establish a cooperative relationship, especially with other public entities such as Jeffco Public Schools and institutional faith-based organizations.^{vii} Investigate property owner willingness to participate in redevelopment or conversions of underutilized land to affordable housing or mixed-income housing uses, where sites are large enough, and use Community Benefit Agreements to require affordable housing units in exchange for city assistance (such as funds to reimburse land owners, or contributions to the planning/entitlement process that remove risk and uncertainty prior to disposition). Establish an interdepartmental coordination team supplemented as needed by consultant expertise to review potential sites and make recommendations as to determine which sites to recommend for sale or donation for affordable housing and identify developer solicitation procedures and criteria.

Strategy #3

Expand Housing Choice and Services for Residents

Promote homeownership opportunities and pursue partnerships to support a diverse and complete housing stock that responds to needs of a changing population base.

Measurable Targets: Build 10 affordable homeownership units by 2028; Develop a Housing Navigation Center; Increase the number of supportive housing units in the city

More diversity in the size, type, and cost of housing available can help to improve alignment with housing needs as they change. Facilitating a wider range of housing options – especially smaller-scale options - is one way to support broader affordability within Lakewood and to ensure that long-time residents who want to remain in the community have viable alternatives. Policies and city-led efforts that encourage the production of new market-rate housing types, services, and innovative “naturally” affordable units such as “Accessory Dwelling Units”, “Tiny Houses”, and “Micro-units” will ultimately serve to increase the supply of affordable housing by facilitating better mobility and tradeoffs within the local housing market.

3.A: Expand Senior Housing Choices

Lakewood will experience an increase in the number of older adult households. Anticipate an increase in requests for permits to remodel homes to facilitate aging in place; a need for condominium-type services in single-family developments; and an increase in multi-family developments with services geared to the varying needs of older adults.

Research senior housing options to establish policies centered around adaptability and visit-ability and encourage future senior housing developments to be in walkable areas close to transportation services. Explore emerging services such as home sharing programs and identify ways the city can lend support or credibility to service providers.^{viii}

Continue to support programs and organizations that assist older adults with their housing needs. For many years, the city has used Community Development Block Grant funding to help support non-profit organizations such as Foothills Regional Housing and Brothers Redevelopment, Inc. to assist older adults and those living with disabilities in single-family housing with minor housing improvements and exterior painting and yardwork. These programs help older adults make necessary improvements that allow them to safely remain in their homes.



Long term (4-5 yrs)



Least complex



No direct cost



Short term (2-3 yrs)



Most complex



Direct fiscal cost



High impact

3.B: Create Affordable Homeownership Opportunities

» **Develop Downpayment Assistance Program(s)**

The city could deploy local funds to supplement downpayment assistance programs, helping to narrow the gap between what existing public programs enable a family to purchase and current for-sale prices. Program eligibility and funds could be limited to first-time buyers and may be targeted at specific income levels or single-family neighborhoods where the city would like to encourage reinvestment. A related downpayment program to consider is an Employer Assisted Housing (“EAH”) fund. Investigate whether a coalition of local employers can jointly fund and operate a program, including the city itself and other local government entities. EAH programs promote homeownership, help to bring down upfront housing purchase costs, and aim to reduce staff turnover by incentivizing employee commitment and investment in the local community. Assistance programs typically provide one-time funds toward initial down payment or closing costs in the form of a forgivable loan (if the recipient stays with the employer for a specified duration of time, the loan is forgiven).^{ix}

» **Establish a City Partnership with Affordable For-Sale Housing Providers to Create More Affordable Homes for Ownership**

Shared equity programs and community land trust models are mechanisms for creating affordable homeownership opportunities and maintaining the units as permanently affordable housing in the long run. Developments are typically led by non-profit land trust organizations.^x Long-term affordability is generally created by matching government subsidies to reduce upfront costs, removing the land and horizontal improvements from the initial sale price of the home or units and imposing resale restrictions on subsequent sales, and sharing or recapturing some of the price appreciation to ensure the initial subsidy remains with the home.

COMMUNITY LAND TRUSTS

Elevations Community Land Trust, Habitat for Humanity, and the Urban Land Conservancy are three local non-profit organizations focused on acquiring or developing permanently affordable homes. They frequently partner with other public and private organizations (e.g., builders) to implement land trust and shared equity programs in Metro Denver. Local government matching funds and/or development incentives, such fee waivers or land dedications, are typically sought.

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Pursue partnerships and leverage city resources to catalyze a mixed-income development model that can help address the shortage of existing ownership units affordable to lower- and moderate- income homebuyers. Identify available properties that are large enough to include a mix of market-rate and affordable product types and where site control could be readily obtained or facilitated. Some profits from market-rate homes or units, for example, could help to cross-subsidize affordable units to be placed in a land trust.

3.C: Create Dignified, Trauma-Informed Shelter and Supportive Housing Options for Unhoused

According to city staff, the city has been diligently exploring the future development of a centralized Housing Navigation Center where those in unstable housing situations can receive services, meet basic needs, have shelter, and be connected to stable housing. Those engaged in these efforts recommend employing a “Housing First” approach and design using “Trauma-Informed” principles.

According to staff, under the Housing First approach, “people need basic necessities like food and a place to live before attending to anything less vital, such as employment, budgeting or attending to substance use issues. Nothing in any person’s history or present precludes them from being able to be housed. Housing First does not equate to “Housing Only”. As persons are returned to or stabilized in permanent housing, many will need services to sustain that housing. Housing first is a philosophy that values flexibility, individualized support, client choice and autonomy. It is not a “one-size-fits-all” approach.”²

GG+A also notes many instances of homelessness are directly related to non-housing issues; from family or marital crises, job loss, and other societal challenges related to mental illness or substance use disorders. Non-profit and faith-based service providers are key to successful homeless response models. Therefore, broaden support to and partnerships with such local service providers.



Immediate (1-yr)



Most complex



Direct fiscal cost



High impact

² Housing First: <https://endhomelessness.org/what-housing-first-really-means/>

Strategy #4

Keep Residents Stably Housed

Expand city assistance to aid households in acquiring and keeping housing and improve user-friendliness of affordable housing programs.

Measurable Targets: Expand existing eviction prevention programs; Assist at least 100 residents (20 per year) in eviction prevention services by 2028



Short term (2-3 yrs)



Moderately complex



Direct fiscal cost

4.A: Maximize Rent Voucher Utilization and Acceptance

Metro West Housing Solutions and Foothills Regional Housing are the two public housing authorities serving the Lakewood community and administer more than 3,200 Housing Choice Vouchers (Section 8). Attempt to obtain and administer additional vouchers. This will require coordinating municipalities and Jefferson County and others to develop a lobbying plan for advocating at the federal levels for more funding and more vouchers.

Many landlords also remain reluctant to accept vouchers and this challenge is not unique to Lakewood. Develop partnerships with private landlords and provide incentives to those who accept housing vouchers for low-income households (e.g., rebate of city property taxes for a specified duration or provide local funds to cover property damage for participating landlords). If desired, identify ways in which the city can lend support or resources to access the HUD-sponsored Moving to Work (“MTW”) pilot program locally.^{xi}

VOUCHER ACCEPTANCE

The Moving to Work pilot program sponsored by HUD exemplifies potential solutions with which localities and their public housing authorities are experimenting to improve landlord participation in the HCV program and maximize the flexibility of rent vouchers. Several housing authorities in Colorado, including Foothills Regional Housing, have applied for, and been accepted into the program.

4.B: Support Eviction Prevention Programs

Existing eviction prevention programs in the city have relied upon once-in-a-lifetime state and federal funds (CDBG-CV, ERAP) that became available during the COVID-19 pandemic. These funds are slowly diminishing but the need for these services is still significant in the Lakewood community. Expand local funding sources to continue these eviction prevention services for rent, mortgage, and utility assistance to keep people stably housed. For households in the lowest-income household categories, provide local tenant-based financial assistance to help households (especially those with children or elderly) access and stay in housing in the face of job losses or health crises. Locally funded rent voucher programs^{xii} can allow for greater administrative flexibility and community-specific eligibility criteria that can help address urgent needs in a timely manner to prevent loss of housing. The Action Center, a locally-based non-profit, provides rental housing assistance, eviction prevention, and mortgage and utility assistance which could be expanded to more Lakewood residents, if funding is available.



Immediate (1-yr)



Moderately complex



Direct fiscal cost



High impact

4.C: Strengthen Resident Stability in Mobile Home Parks

Mobile home parks in Lakewood are a source of affordable housing. However, in most cases, owners of mobile homes typically do not own the land on which the mobile homes are located and can be at risk of displacement. Most recently, Colorado has adopted several bills to strengthen the rights of mobile home parks including HB19-1309, HB20-1196, and HB20-1201. More State bills are anticipated to come, and additional city staff resources are needed to monitor and evaluate the bills and identify how best to prevent displacement.



Long term (4-5 yrs)



Least complex



No direct cost

4.D: Improve Access to Housing Resources for People who Encounter Barriers

Input received as part of the Plan highlights a set of common barriers that can be better addressed in the design and implementation of future housing policies and communication efforts. Even when affordable housing units or resources are available, some non-English speaking residents encounter language barriers, and many others struggle with a limited knowledge or understanding of existing programs. Minimize language barriers with information campaigns about available housing assistance in Spanish, proactively address fears in the Hispanic community about public charge and deportation and help enhance the capacity of local cultural and social service organizations to serve Hispanic residents. Campaigns to raise awareness of Lakewood and Jefferson County housing programs and initiatives should be in English and Spanish.



Long term (4-5 yrs)



Least complex



Direct fiscal cost

Housing Analysis & Community Engagement Findings

COMMUNITY HOUSING SURVEY

The full results and methodology of the housing survey are reviewed in Appendix A. The electronic survey was designed and administered in English and Spanish language. A total of 500 valid survey responses were received from January 30th through March 6th. The resulting survey "sample size" of 500 respondents satisfies typical standards for statistical significance (only 384 responses were needed to achieve a 95% confidence level with 5% margin of error). Although the distribution of the survey was not strictly random, the 500 completed responses are large enough to assume a normal distribution.

The majority or 54 percent of all survey respondents have housing costs that exceed \$1,875 per month.

About one-quarter of all respondents spend less than \$1,250 per month on housing. Many of such respondents are long-time homeowners. Among renters with monthly costs below \$1,250, about two-thirds of respondents receive Section 8 vouchers or reside in publicly assisted housing units. Assuming a normal response distribution within each housing price bracket, the average monthly cost for owners and renters in the survey sample is about \$2,200 and \$1,800, respectively.

Inability to afford the down payment on a home purchase is the most frequently cited housing challenge in Lakewood.

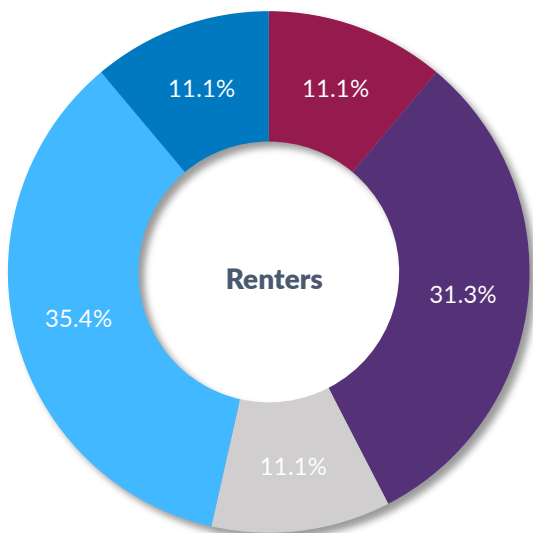
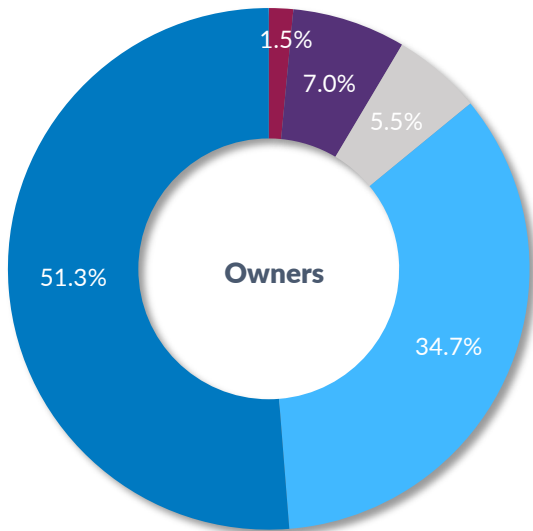
Worries that rents will increase to unaffordable amounts represented the second most cited concern. Respondents that struggle to make current rent or mortgage payments represented the third most frequent response. About 15 percent of responses from homeowners also related to concerns or challenges about paying utilities or property taxes.

Almost 80 percent of all survey respondents are very or somewhat satisfied with their current housing situation and 60 percent describe the physical condition of their unit as excellent or above average.

About 16 percent of survey respondents are somewhat or very unsatisfied with their current housing situation. Renters are much more likely to be unsatisfied than homeowners. Only one percent (1%) of survey respondents indicated the physical

condition of their unit as “poor.” An additional five percent (5%) of respondents describe the condition of their unit as “below average.” Existing owners describe the physical condition of their housing units more positively than renters.

FIGURE 2: HOUSING SATISFACTION LEVELS OF SURVEY RESPONDENTS



The most important factors influencing housing choices in Lakewood are overall cost of the unit and safety of the neighborhood.

The “overall cost” and “overall quality” were the first and second most important housing *unit* factors among both homeowners and renters, rated more important than other factors such as unit size, design/layout, and outdoor space. The “size of the lot or outdoor space” was the lowest rated housing unit factor by all respondents, irrespective of housing tenure or income level.

In terms of housing *location*, the safety of the neighborhood and “proximity to parks, open space, or trails” were the two most important factors among survey respondents. About 95 percent of all owners and renters indicate that neighborhood safety is “very important” or “somewhat important” to their housing location decisions. The walkability of the neighborhood and proximity to commercial amenities and services were also highly rated location factors.

Twenty percent (20%) of all survey respondents plan to move within the next five years and prefer their next housing unit to be in Lakewood.

About 62 percent of respondents have no plans to move within five years, and an additional 18 percent of respondents plan to move elsewhere (outside of Lakewood). More than 80 percent of renters that expect to move indicate a preference to remain in Lakewood. Homeowners that expect to move indicate a preference to leave Lakewood by almost a two-to-one margin. Among respondents that indicated a preference to move elsewhere, the “overall cost of living”, concerns about crime or safety, and a lack of affordable housing were the three most frequently cited reasons (in that order). Very few of the respondents cited job-related reasons to move, such a lack of employment, low wages, or job relocation.

Survey Respondent Characteristics Relative to the Lakewood community.

Higher-income households that own detached single-family homes are overrepresented in the sample, and survey respondents skewed older in age. However, survey response demographics are representative of the Lakewood community in many other regards. The average household size and the workforce participation rate of household members were nearly identical to U.S. Census Bureau (2021) estimates for Lakewood. Geographically, the sample was highly consistent with the estimated distribution of population and households throughout the city. For example, neighborhoods in North Lakewood are estimated to account for about 28 percent of citywide households, while survey respondents residing in the zip codes corresponding to North Lakewood (80214, 80215, and 80401) represented 30 percent of the survey sample.

Survey Response Demographics

	Survey	Citywide
Average Household Size	2.3	2.2
Households with Children	28%	20%
Working Households	76%	73%
<i>Households by Zip Code</i>		
80226	23%	23%
80228	18%	21%
80227	18%	16%
80215	16%	12%
Other	24%	28%
<i>Households by Income</i>		
Under \$25,000	5%	9%
\$25,000 - \$49,999	11%	20%
\$50,000 - \$99,999	31%	28%
\$100,000 - \$149,999	25%	17%
\$150,000 or more	28%	26%
<i>Adult Population by Age</i>		
Age 18-34	12%	33%
Age 35-54	38%	29%
Age 55-74	40%	29%
Age 75+	10%	9%

Sources: U.S. Census Bureau; Gruen Gruen + Associates.

Owners of larger single-family homes (typically older in age) indicate the highest propensity to downsize in the next five years.

About 16 percent of all respondents that plan to move within five years indicate a preference for fewer bedrooms in their next unit. Respondents that currently live in a unit with at least four bedrooms indicate the highest propensity to downsize and these respondents tend to be age 55 or older. About one-half of these respondents would prefer a unit with fewer bedrooms. Regardless of respondent age or housing tenure, very few expected movers who currently live in smaller units indicate a preference to downsize in the future. The survey response also indicates a limited preference for current single-family homeowners to change housing types.

TABLE 1: PLANS TO CHANGE UNIT SIZES (AMONG EXPECTED MOVERS¹)

	Fewer Bedrooms	Same Bedrooms	More Bedrooms
Under Age 55	8.8%	46.1%	45.1%
Age 55-74	27.8%	51.9%	20.4%
Age 75 or older	30.8%	61.5%	7.7%
Total (all Movers)	15.9%	51.1%	33.0%
¹ "Expected movers" are survey respondents that indicated plans to move within the next five years.			
Source: Gruen Gruen + Associates			

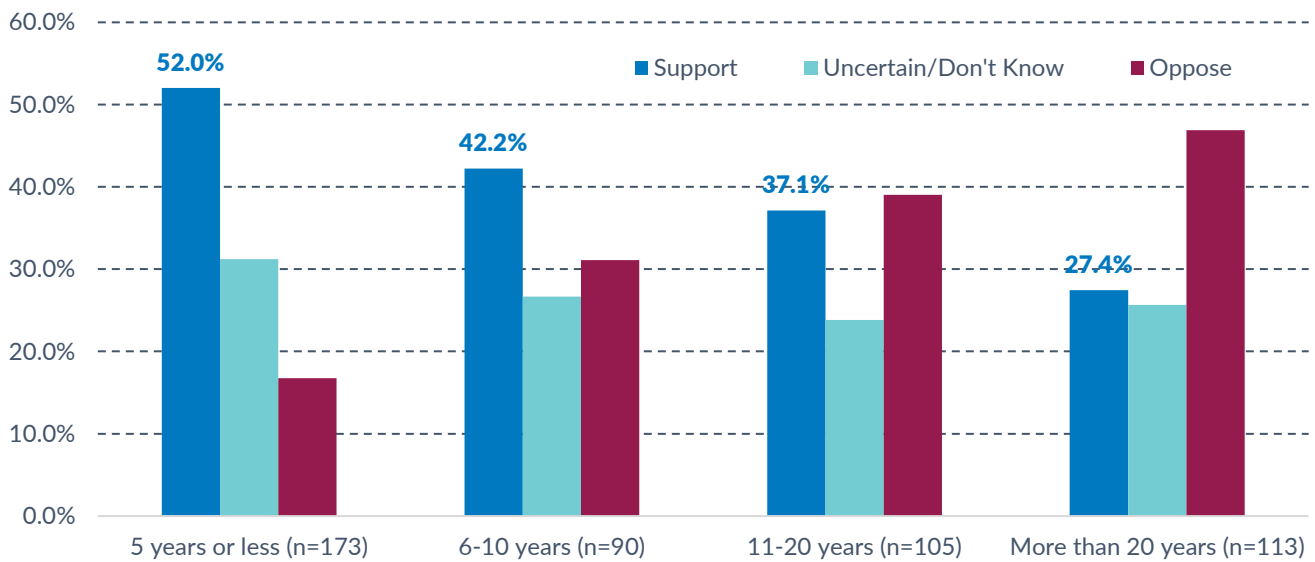
About 41 percent of all survey respondents support a dedicated local tax to fund Affordable Housing in Lakewood; compared to 31 percent of respondents who oppose such a tax.

Levels of support and opposition to a dedicated tax vary with housing tenure and length of residency.^{xiii} Respondents who have more recently moved into their current housing unit indicate much higher levels of support than long-term owners who have lived in their Lakewood home for more than 20 years. Among respondents who support a dedicated local tax to fund affordable housing in Lakewood, the most popular option (favored by about two-thirds of supporters) would be an increase to the Accommodations Tax. The second most popular option would be an increase in the local Sales Tax rate.

Nearly one-half (50%) of survey respondents support zoning changes to encourage more affordable housing options in Lakewood.

About 49 percent of respondents support changing the zoning code to allow ADU's on more residential lots while 26 percent oppose a zoning code change related to ADU's. Approximately 50 percent of respondents support changing the zoning code to allow duplexes/attached units on single-family residential lots while 33 percent oppose a zoning code change related to duplexes/attached units on property zoned only for single-family use.

FIGURE 3: LEVELS OF SUPPORT AND OPPOSITION (TO A DEDICATED LOCAL TAX) BY DURATION IN HOUSING UNIT



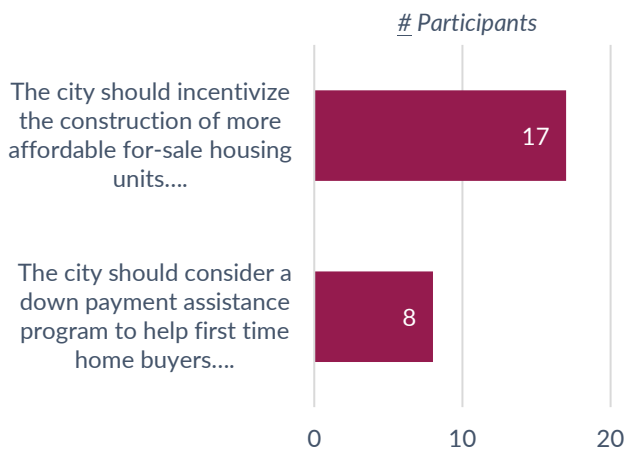
COMMUNITY OPEN HOUSE AND HOUSING RESOURCE FAIR

A community open house and housing resource fair was held on April 4, 2023. The open house included informational posterboards of the housing analysis and survey results and engagement opportunities for residents. Attendees were given the chance to express their opinions about the information they were provided by talking with staff and consultants and posting comments on the posterboards.

Sixty-five (65) people attended the open house and fair. Seven community service providers were present including MetroWest Housing Solutions, Elevations Community Land Trust, The Action Center, Benefits in Action, Foothills Regional Housing, and Lakewood’s Homeless Navigators and Community Action Team. All materials were translated into Spanish and two interpreters were present.

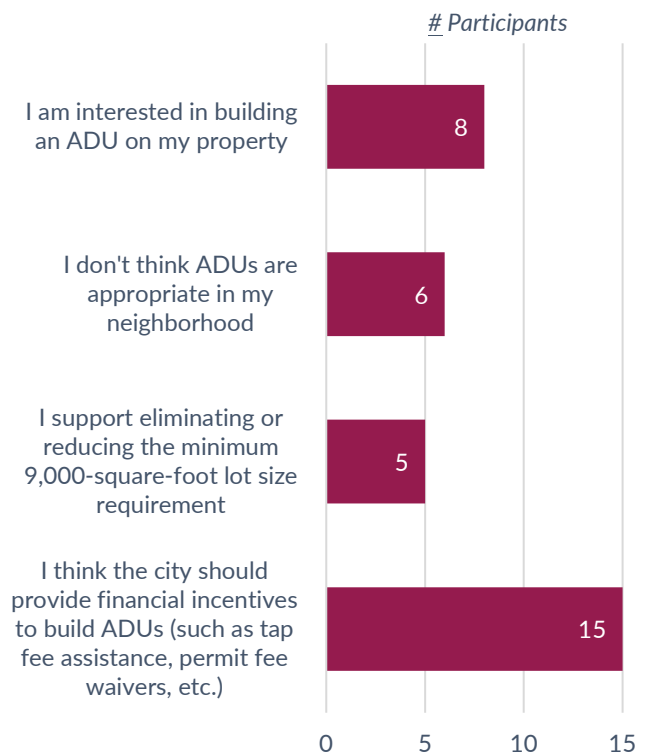
As summarized in Figure 4, 39 percent of attendees responded positively to adding more for sale affordable ownership housing.

FIGURE 4: FOR SALE HOUSING NEEDS - WHAT SHOULD THE CITY'S ROLE BE?



As summarized in Figure 5, 28 attendees (43 percent) favor building ADU's. Only six (nine percent) of attendees expressed concerns about ADU's being built in their neighborhoods.

FIGURE 5: WHAT ARE YOUR THOUGHTS ON ACCESSORY DWELLING UNITS (ADU'S)?



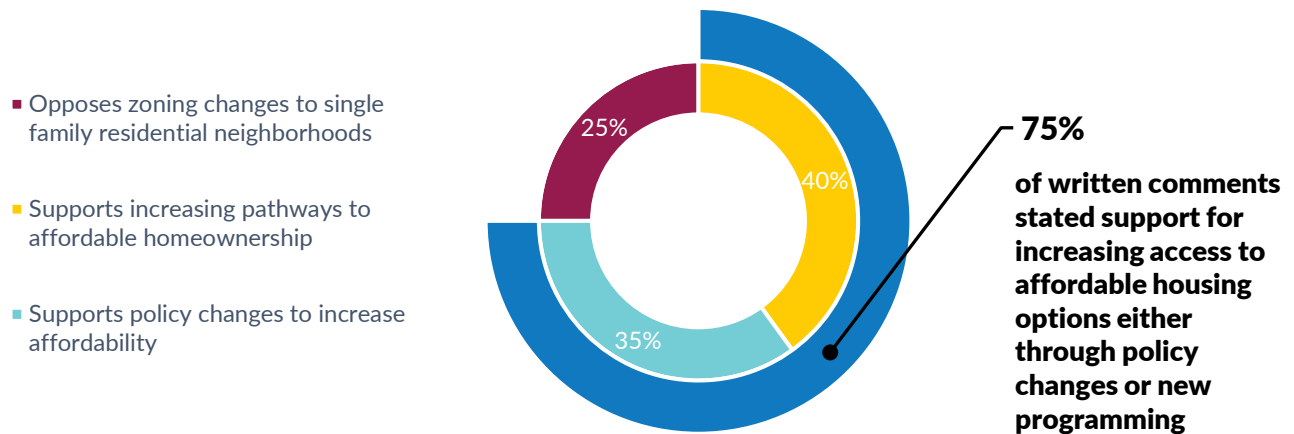
Written comments from attendees included thoughts on affordability of housing, receptivity to changes in housing policies, and a variety of ideas to make living in Lakewood a better experience.

Staff has summarized the written comments from the open house into three main categories:

- Forty (40) percent of attendees support increasing pathways to affordable ownership;
- Thirty-five (35) percent of attendees support policy changes to increase housing affordability; and
- Twenty-five (25) percent of respondents oppose zoning changes to single family residential neighborhoods.

All written comments which staff compiled can be found in Appendix B.

FIGURE 6: SUMMARY OF WRITTEN COMMENTS



LAKWOOD TOGETHER WEBSITE

The staff provides the following information:

The Lakewood Together website, LakewoodTogether.org/HousingStrategy, was published in February 2023 and is the primary community engagement webpage for the project. As of the end of April 2023, the website has reached 1,280 unique participants. Of those, 432 were informed on the project by downloading a document or interacting with multiple pages, and 123 engaged in the project by asking a question, contributing an idea, or liking or commenting on an existing idea. Participants shared 38 housing ideas for the Plan.

Participation on the project website brought creative ideas and differing perspectives on ways to improve housing in Lakewood.

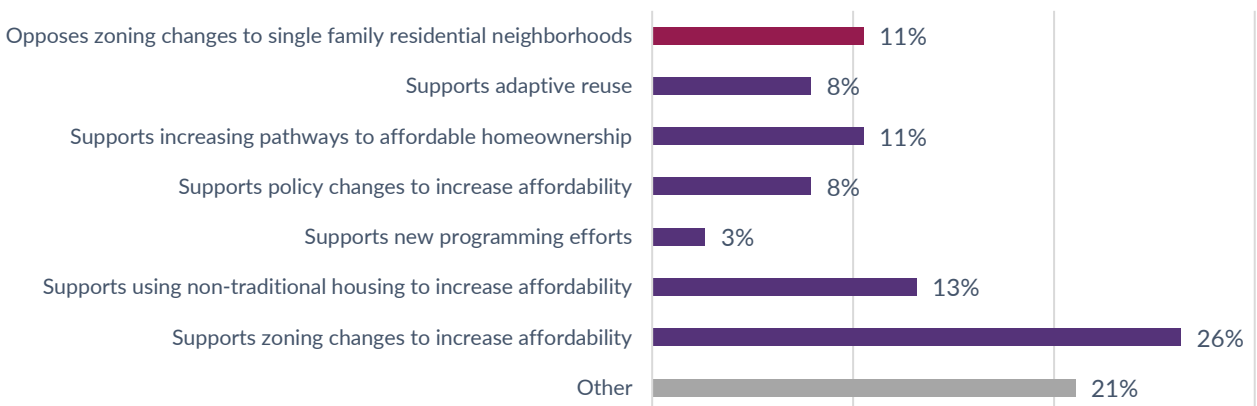
From March to April 2023, the project website featured an Ideas Tool for residents to contribute housing strategies for staff to consider. Participants could either post an idea or interact with an existing idea by liking it or adding a comment. Participants submitted 38 ideas which along with comments can be viewed on the Lakewood Together project website.

Staff summarized 38 comments into eight common themes as shown in Figure 7. Most of the ideas and strategies focused on zoning and non-traditional housing.

The category “Zoning Changes to Increase Affordability” included ideas such as removing parking minimums in the zoning code or rezoning commercial use areas to mixed-use residential. The category “Policy Change to Increase Affordability” included the ideas of reducing property taxes to promote affordability and instituting rent control, whereas the category of “Other” included ideas to creative aesthetics and better building design.

All the comments submitted are included in Appendix B and available to view on the Lakewood Together Housing Strategy page.

FIGURE 7: SUMMARY OF LAKWOOD TOGETHER IDEAS



EXISTING CONDITIONS & TRENDS

Completion of an analysis of existing conditions and trends provides an information base about the current housing inventory, prevailing housing market conditions, indications of housing affordability, and demographic, socioeconomic, and local economic factors affecting housing needs in Lakewood. The information provides perspective for the identification of unmet and future housing needs. The full technical report is provided in Appendix C.

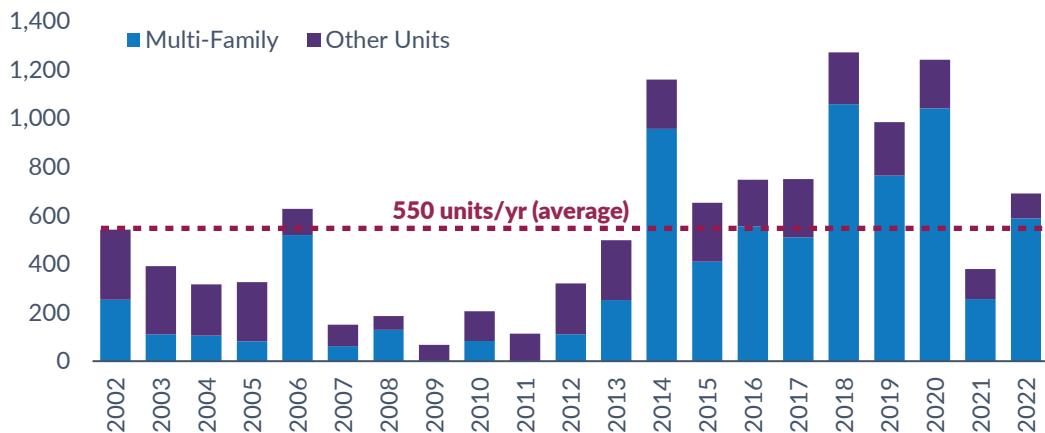
Total housing inventory in Lakewood grew at an average rate of 0.8 percent annually over the long-term (1990-2020 Census) and single-family units represent the predominant source of existing housing supply (about 58 percent of inventory).

Approximately 2,100 new housing unit completions have been recorded since early 2020, suggesting the city housing stock now includes about 73,000 units. The composition of the housing inventory continues to shift in favor of multi-family units. About two-thirds of all new residential construction permits over the past 20 years have been in multi-family structures. Recent residential development activity has been geographically concentrated in North Lakewood. Just three neighborhoods (Molhom/Two Creeks, Eiber, and Edgewood) have accounted for more than 50 percent of citywide new residential construction permits issued in the past five years.

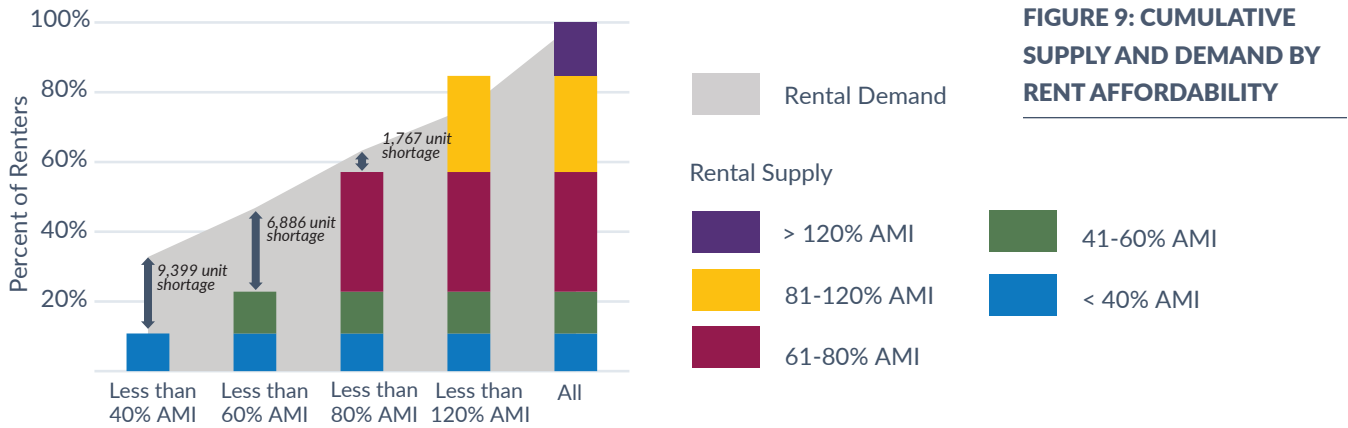
The existing affordable housing inventory includes 2,900 publicly assisted rental units. Older apartment complexes, townhome/condominium units, and mobile home parks provide additional sources of “naturally occurring” affordable housing in the community.

The existing inventory of publicly assisted housing comprises about 10 percent of all rental supply within Lakewood. Many of these existing units are assisted by Section 8 vouchers or Low Income Housing Tax Credits and typically serve households at or below 60 percent of Area Median Income. Rents at some larger apartment communities built in the 1970's and 80's are priced at levels affordable to households earning between 50 and 80 percent of Area Median Income, although they are not income-restricted.

**FIGURE 8:
 NEW RESIDENTIAL
 PERMITS ISSUED BY
 YEAR**



Sources: City of Lakewood; Gruen Gruen + Associates.



Sources: U.S. Census Bureau, ACS 2021 estimates; HUD.

Symptoms of physical housing scarcity persist in Lakewood. Irrespective of the cost, a limited amount of housing is available to purchase or rent.

As of March 2023, only 140 housing units were listed for sale in Lakewood, representing availability of less than one-half of one percent. Secondary market surveys indicate apartment (rental) vacancy rates in Lakewood are persistently at or below five percent.

Average apartment rents and for-sale housing prices have increased significantly in Lakewood.

The average single-family home price was approximately \$718,000 through in 2022, representing a 94 percent increase since 2015 (when a typical single-family home in Lakewood sold for about \$370,000). The average resale price for townhome and condominium units was approximately \$402,000 in 2022 and has more than doubled since 2015. Average monthly apartment rent in Lakewood North (north of Alameda) increased from \$1,278 per unit in 2017 to \$1,704 per unit in 2022, representing an average rent escalation of about six percent annually. Lakewood South (south of Alameda) has seen monthly apartment rents increase from \$1,444 per unit in 2017 to \$1,833 in 2022, representing an average annual rate of increase of 4.9 percent.

Housing affordability conditions for homeowners have remained relatively stable over the long-term, but conditions for renters have significantly worsened.

Households spending 30 percent or more of their income on housing are considered “cost burdened.” The cost burden rate for Lakewood homeowners was 21 percent in 2000 and 22 percent in 2021. The cost burden rate for renters increased from 39 percent in 2000 to over 58 percent in 2021. The most significant concentrations of households experiencing a cost burden or other housing problem have incomes below 80 percent of Area Median Income. Lakewood is estimated to contain nearly 13,000 lower income renters who have a housing cost burden. This compares to less than 3,000 publicly assisted rental units in the community.

Lakewood, like many other communities, experiences a large deficit or “gap” of deeply affordable rental units. Current for-sale housing gaps are also concentrated in the lowest-income and price segments of the market.

About 9,400 existing rental households can afford no more than \$875 in monthly gross rent. The existing supply of rental units priced below \$875 is estimated at about 3,100 units (including units with “no cash rent”), suggesting a gap or deficit of about 6,300 rental units affordable to the lowest

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income bracket. An existing 7,800 homeowners whose incomes would suggest affordable purchase prices below \$175,000 compares to an estimated supply of only 1,000 units, indicating a gap of 6,800 owner-occupied housing units at deeply affordable purchase prices (below \$175,000).

Lakewood’s population grew by only 8.5 percent between 2000 and 2021, reflecting a changing demographic make-up and smaller household sizes.

Nearly three-quarters of all households in Lakewood are currently estimated to contain only one or two people. A relatively sharp decline in family households with children has also occurred over the past two decades. The 2000 Census reported about 17,200 families with children in Lakewood, while recent estimates (2021 ACS) suggest this number has declined to fewer than 13,900 families with children.

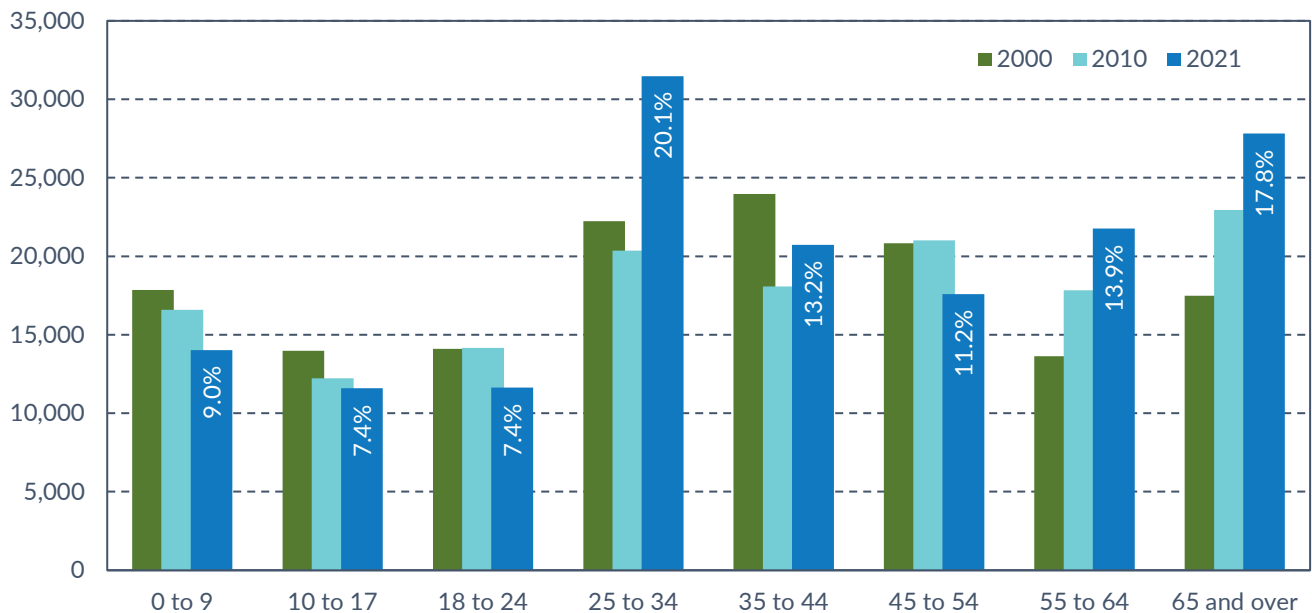
Recent growth among the Millennial population aged 25 to 34 has been significant and now represents the largest age cohort in the community at 20.1 percent of the total population.

Lakewood has also experienced steady long-term growth in its population of older-age adults. The population age 65 or older grew from 12 percent of the population in 2000 to nearly 18 percent by 2021. The population of children under the age of 18 has declined over time, both in absolute numbers and as a share of overall population.

On an inflation-adjusted basis, the median household income in Lakewood has declined over time, decreasing from \$89,000 in 2000 to about \$84,500 in 2021.

This represents a real decline of five percent over a 21-year period. Long-term patterns within Lakewood are similar to broader trends of increasing income polarization. Middle- or moderate-income households have tended to decline over time, accompanied by increasing numbers of both very low- and very high-income households.

FIGURE 10: CITY OF LAKEWOOD POPULATION BY AGE



Sources: U.S. Census Bureau; Gruen Gruen + Associates.

Lakewood experiences large inflows and outflows of labor. Nearly 85,000 non-resident workers commute into Lakewood for employment, and a similarly large number of residents leave the community for employment.

Local employers “import” about 84 percent of needed labor from beyond Lakewood. Non-resident workers that commute into Lakewood for employment primarily originate from areas east and north of Lakewood. Similarly, more than 80 percent of working residents are employed outside of the city. The primary commute destination is the city of Denver. The commuting patterns in Lakewood are emblematic of the geographic housing market area which primarily includes the western side of Denver and suburban communities in Jefferson County.

The estimated jobs-housing unit ratio in Lakewood currently approximates 1.1 jobs per housing unit.

Historical estimates of local wage and salary employment and the housing stock indicate that the ratio has ranged from about 1.0 to 1.2 jobs per housing unit. Areas with high jobs-to-housing ratios typically do not have an adequate amount of housing supply to meet the needs of the local workforce. This is not necessarily the case in Lakewood, suggesting that factors other than local employment growth have contributed to the rapid price escalations and low availability rates for existing housing inventory.

FUTURE HOUSING NEEDS

Appendix D includes a projection of additional housing needed in Lakewood over the next 10 years. The projection demonstrates minimum needs (not a forecast of actual housing construction/development), including the amount, type, and cost/price point of additional housing likely required simply to “keep up” with expected population and household growth in Lakewood and Jefferson County. The projection quantifies the relationships between future growth (i.e., new households), their likely demographic attributes and incomes, and thus the ability of future households to pay for housing in Lakewood.

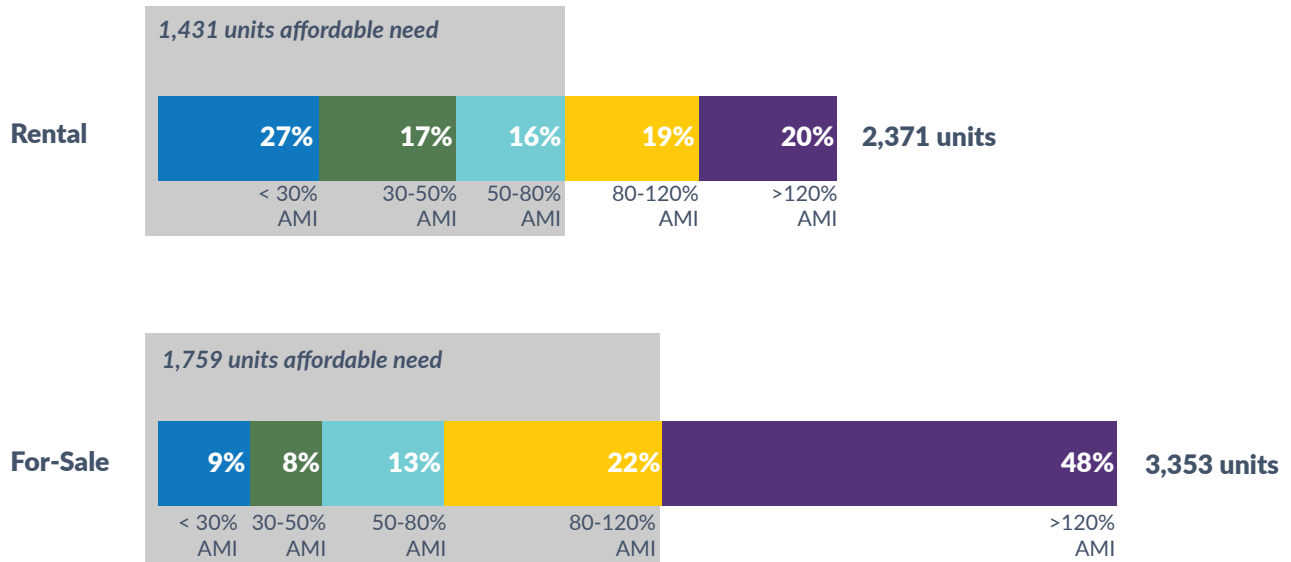
Lakewood is projected to grow by 5,500 households over the next 10 years.

About 73 percent of projected household growth (4,000 households) is associated with households that will have at least one member in the workforce. The remainder of projected growth (27 percent, or 1,500 households) is projected to be related to non-working households without members in the workforce. Non-working households are typically much smaller and older in age than workforce households.

About 4,200 workforce housing units are projected to be needed in Lakewood over 10 years, and almost 65 percent of the overall need is likely to be for ownership (for-sale) housing.

Workforce households with incomes above 80 percent of Area Median Income comprise about 2,800 units, or two-thirds, of the projected future workforce housing needed in Lakewood. About one-third of the additional workforce housing need will likely originate from lower income households who typically cannot afford market-rate housing prices in Lakewood. About 800 workforce units are projected to be needed for households earning below 50 percent of Area Median Income, for example, and much of this need will be for small rental units. Irrespective of income level or housing tenure, the projection of future workforce housing need indicates that many new households are likely to be smaller in size (single or two-person households without children).

FIGURE 11: FUTURE HOUSING NEEDS BY INCOME LEVEL



Non-working households are projected to generate an additional need of 1,500 units over the next 10 years. These needs will be primarily driven by small households that are older in age.

Approximately 1,530 smaller units suitable for non-working households are projected to be needed over the next 10 years in Lakewood. More than one-half of the overall need is likely to be for rental housing. Smaller units affordable to non-working households with incomes below 30 percent AMI comprise the largest category of projected need at just over 600 units.

Lakewood has more than sufficient land and redevelopment/infill capacity to accommodate the minimum projected 10-year housing need.

Currently planned and previously proposed housing developments, if implemented, would exceed the overall estimated need (5,800 units) over 10 years. City planning application data suggests that housing projects under construction, approved, planned, or tentatively proposed (within the past three years) could represent about a 15-year supply. This is a desirable situation – to avoid the perception of shortages, land price increases, and to encourage the maintenance of existing housing, considerably more land and housing should be available for development/redevelopment than the amount estimated to be needed to meet projected housing need over the next 10 years.

HOUSING DEVELOPMENT ECONOMICS

A real estate economic analysis of prototypical housing development alternatives in Lakewood was used to identify housing “production gaps” - meaning types or price points of housing that will not be feasibly produced in sufficient quantities by the private market. The analysis also modeled hypothetical inclusionary zoning options that would require new developments to “set aside” a certain percentage of units at affordable prices. The detailed analysis is included in Appendix E. It identifies land and development cost assumptions, market sales prices and market rent estimates, affordable sales price and rent estimates, financing parameters, typical rate of return or profit requirements, and resulting estimates of housing development feasibility (or infeasibility).

Three housing prototypes were selected for their consistency with housing needs and the type and scale of housing built recently in Lakewood.

Physical assumptions about building heights, site open space, residential parking, and commercial space/design requirements are consistent with representative existing zoning districts. The three housing prototypes modeled in the analysis include an Attached Townhome use (for-sale housing, density of 20 units/acre), Walk-Up Apartment use (rental housing, density of 30 units/acre), and Urban Infill Apartments (rental housing, 80 units/acre).

Total development costs are estimated to range from a low of \$335 per square foot for the Attached Townhome use to nearly \$490 per square foot for the Urban Infill Apartment use.

Total costs range from approximately \$325,000 to \$500,000 per housing unit. Typical land costs comprise under 10 percent of development cost. Hard construction costs (sitework and building construction) range from about 65 to 75 percent of total development cost. The cost of utility tap and municipal fees range from approximately \$31,000 to \$49,000 per unit and represent a larger capital expense than typical land costs.

TABLE 2: SUMMARY OF HOUSING PROTOTYPES

	Attached Townhomes	Walk-Up Apartments	Urban Infill Apartments
Representative Zoning	R-MF	M-G-S	M-G-T
Building Height(s)	2-3 story	3 story	6 story
Housing Density (Units/Acre)	20 du/ac	30 du/ac	80 du/ac
Floor-Area-Ratio	0.7	0.7	1.7
Residential Parking Ratio (Stalls/Unit)	1.75	1.5	1.0
Average Unit Size (in Square Feet) ¹	1,500	835	720

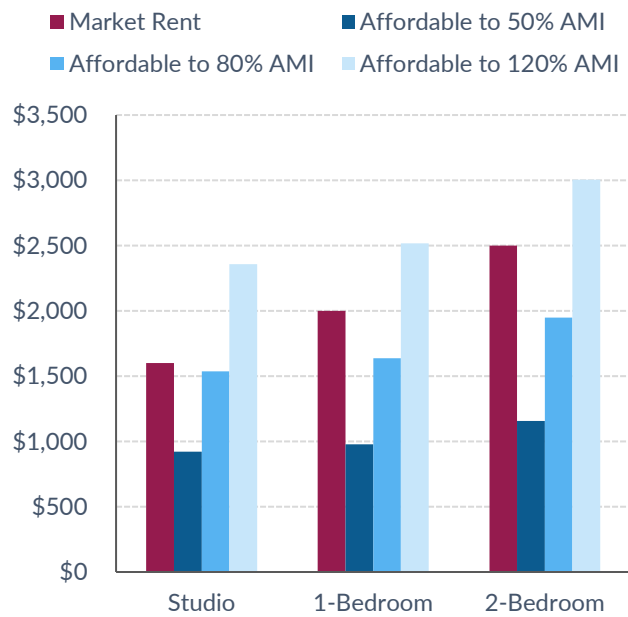
¹ Amount of rentable or sellable space per unit. The multi-family apartment prototypes include other space (circulation, common areas, etc.) representing about 10 to 20 percent of total gross building area.

Sources: City of Lakewood; Gruen Gruen + Associates.

Market sales prices for Attached Townhome units are estimated to average \$425 per square foot or about \$640,000 per unit. Market rents for prototypical apartment units are estimated to range from \$1,600 to \$2,500 monthly, averaging about \$2.75 per square foot per month.

The difference between market price and an affordable purchase at 80 percent of Area Median Income is estimated to be about \$275,000 for a two-bedroom townhome unit and nearly \$400,000 for a three-bedroom townhome unit. The difference between market rent and an affordable rent at 80 percent of Area Median Income is estimated to be less than \$100 per month for a small studio unit but as much as \$550 per month for a larger two-bedroom unit.

FIGURE 12: MARKET RENT TO AFFORDABLE RENT COMPARISON



New attached single-family housing cannot be feasibly produced at prices affordable to households earning below 160 percent of Area Median Income. The private market will also be challenged to supply new rental units at prices affordable to households earning below 80 percent of Area Median Income.

About 60 percent of the predicted future housing need in Lakewood over 10 years is for housing that will not be feasible for the private market to produce through new construction. Given the low available inventory, new housing development that would induce higher income existing residents to purchase or rent new housing units - so as to free up lower priced existing homes or units - would be desirable.

Some infill housing developments in Lakewood may be infeasible to develop without incentives.

The Walk-Up Apartment and Attached Townhome housing prototypes can be feasibly developed if 100 percent of the units can be rented or sold at market rates and land can be acquired at a reasonable price. The more dense “Urban Infill Apartment” development prototype, which includes higher-cost structure parking and ground-floor retail space, is marginally infeasible to produce even if all residential units are leased at prevailing market rents. The annual return on equity investment would be approximately 10 percent, a rate of return that is only slightly above the cost of debt in the current interest rate environment.

Each of the prototypical housing developments are infeasible when hypothetical inclusionary zoning requirements are applied.

The economic analysis modeled two inclusionary zoning scenarios: (1) a five percent (5%) set-aside of units affordable to 60 percent of Area Median Income; and (2) a 10 percent set-aside of units affordable to

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80 percent of Area Median Income. Any housing development subject to these inclusionary zoning requirements will not be feasible to develop in the current environment. Especially if applied to more expensive construction types, such as the Urban Infill Apartment prototype, affordable housing set-asides would considerably worsen the feasibility gap. This explains the lack of prior “mixed income” housing construction in Lakewood.

Financial incentives will be required to encourage the provision of affordable housing units in new market-rate housing developments.

The estimated feasibility gaps range from approximately \$14,000 to \$49,000 per total housing unit when the hypothetical inclusionary zoning requirements are applied to each housing prototype (e.g., \$3,000,000 incentive for a 100-unit apartment development that provides 5-10 units of on-site affordable housing). Accordingly, a “mandatory” inclusionary zoning policy is not recommended for Lakewood. To encourage affordable housing in new market-rate developments, a voluntary program tied to incentives could be considered. A full public fee waiver in exchange for a 5-10 percent affordable set-aside at 60-80 percent of Area Median Income would be a feasible option.

TABLE 3: FEASIBILITY OF 5% AFFORDABLE SET-ASIDE (WITH PUBLIC FEE WAIVER/SUBSIDY)

Scenario	Walk-Up Apartments		Urban Infill Apartments	
	100% Market	5% Affordable Set-Aside at 60% AMI, with Fee Waivers ¹	100% Market	5% Affordable Set-Aside at 60% AMI, with Fee Waivers ¹
Total Development Cost Per-Unit	\$326,300	\$293,900	\$349,800	\$318,600
Net Operating Income Per-Unit	\$21,600	\$20,900	\$21,000	\$20,600
Yield on Cost	6.6%	7.1%	6.0%	6.5%
Annual Rate of Return (7-yr IRR)	13.2%	15.2%	9.9%	12.5%
Feasibility Gap Per-Unit at Minimum 6.5% Yield Requirement	None	None	\$26,400	None

¹ Fee waiver assumes all city planning/permit fees, school and parkland dedication fees, construction use tax, and utility tap fees would be waived, rebated, or otherwise paid for outside of the development budget.

Source: Gruen Gruen + Associates

Endnotes and Case Study Examples

- i The city of Denver for example recently established an “Affordable Housing Review Team” one purpose of which is to Fastrack affordable housing developments through the planning and entitlement process.
- ii State funding authorized via Proposition 123 is an example of an opportunity to "leverage" intergovernmental resources with local funds. Local governments are required to make an affordable housing commitment that increases the stock of affordable housing by nine percent over the next three years. Initial baseline estimates by the state suggest Lakewood would need to commit to adding more than 1,300 affordable units over three years. Local funding and development incentives will likely be required to achieve a commitment of this magnitude.
- iii Creating below market rate housing for a small proportion of households will not significantly affect overall housing affordability. Increasing housing production to alleviate a very real housing shortage would put more pressure on landlords and sellers to compete by lowering prices and raising the quality of new and existing housing units. Increasing the amount of housing that could be built in Lakewood is the most direct way to alleviate the housing shortage.
- iv See for example: Government Regulation and Changes in the Affordable Housing Stock. New York Federal Reserve, *Economic Policy Review*.
<https://www.newyorkfed.org/medialibrary/media/research/epr/03v09n2/0306some.pdf>.
- v See for example: Is Housing Unaffordable? Why Isn't It More Affordable? *Journal of Economic Perspectives*, Volume 18 Number 1, Pages 192-214.
<http://urbanpolicy.berkeley.edu/pdf/QRJEP04PB.pdf>.
- vi Mast (2019) provides evidence showing how these filtrations or move chains work in practice; his estimates suggest that for every 100 market-rate units built in a city, 45 to 70 vacancies will open in below-median-income neighborhoods. The Effect of New Market-Rate Housing Construction on the Low-Income Housing Market (Upjohn. org); Evan Mast W.E. Upjohn Institute for Employment Research, July 2019, pages 1 and 3. Although the new housing units created may be sold or rented at market rates, their creation promotes affordability by helping to satisfy the demand of higher-income households, which would otherwise compete for (and bid up the price of) existing units.
- vii The Jeffco school board has voted to close five elementary schools in Lakewood, effective July 1, 2023. Consider how the city can assist and encourage the re-use of these properties for productive community benefit. If suitable for affordable housing, the sites (or portion of them) could be conveyed under land grants or long-term ground leases.
- viii Home sharing or roommate finding social media-based platforms are common. To facilitate aging in place while expanding affordable housing opportunities, identify with assistance from social service provides potential home sharing programs that would provide older households or others with the potential for increased income, companionship, and support from sharing their homes. The city can lend credibility to local home sharing programs or services and help facilitate more widespread use in Lakewood.
- ix The City of Greeley in partnership with other local employers such as the Evans School District #6 and the Banner Medical Center, for example, operates a down payment assistance program coined “G-HOPE.” Basic parameters include initial assistance up to \$6,000 per employee if homes are purchased in a qualifying area, with 20 percent of the loan forgiven for each year of employment.
- x Elevations Community Land Trust, Habitat for Humanity, and the Urban Land Conservancy are three local non-profit organizations focused on acquiring or developing permanently affordable homes. They frequently partner with other public and private organizations (e.g., builders) to implement land trust and shared equity programs

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in Metro Denver. Local government matching funds and/or development incentives, such fee waivers or land dedications, are typically sought.

xi The Moving to Work pilot program sponsored by HUD exemplifies potential solutions with which localities and their public housing authorities are experimenting to improve landlord participation in the HCV program and maximize the flexibility of rent vouchers. Several housing authorities in Colorado, including Foothills Regional Housing, have applied for, and been accepted into the program.

xii As one example, since 2006, Home Forward (the public housing agency for the Portland, Oregon, metropolitan area) has administered the Short-Term Rent Assistance program on behalf of Multnomah County, the cities of Portland and Gresham, and Home Forward. These entities contribute annual funding for the program, which was supplemented in 2009 with federal funds from the American Recovery and Reinvestment Act. The program differs from the federal housing choice voucher program in that it is limited in time as rent assistance is made available for up to 24 months for individuals and families facing a housing crisis. Eligibility is limited to households with incomes at or below 50 percent of the area median income, and assistance can be used for emergency hotel vouchers, rent payment and eviction prevention, and housing placement assistance. Assistance provided through the program can also be used to cover security deposits, application fees, move-in costs, and other supportive services.

xiii Housing survey results have not been weighted to theoretically align the sample with community-wide demographics. However, it is acknowledged that higher-income, typically older age, owners of detached single-family homes are likely to be overrepresented in the housing survey. If the survey results were weighted for housing tenure (owner vs. renter), for example, the level of resident support for policy options such as a local dedicated tax or zoning modifications to support affordable housing would be higher than presented.