

The Case for Mixed-Income Transit-Oriented Development in Metro Denver



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Today's Presentation

- Demand
- Benefits
- Barriers
- Tools

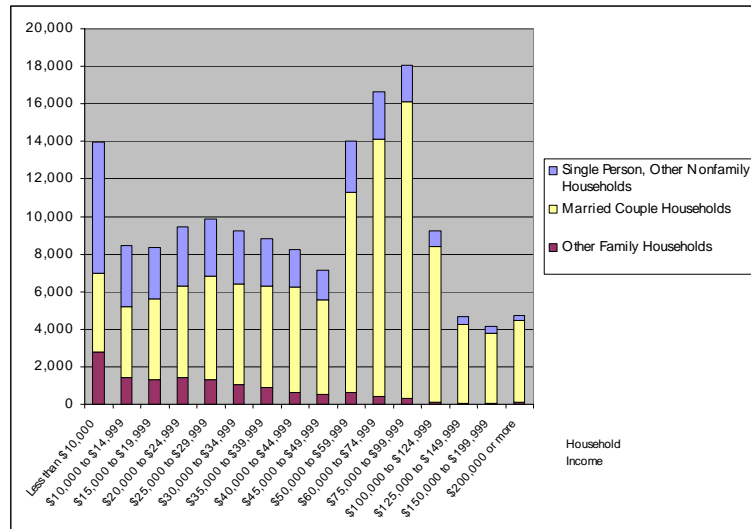
FasTracks Rapid Transit Corridors



Demand for Housing near Transit

- ▣ 2006: 45,000 households live within ½ mile of existing or planned transit station
- ▣ 2030: 155,000 households seeking to live near transit stations
 - 40% of demand from low-income households (<\$51,600 for family of 3)

Projected TOD Demand, 2030



Why Build Mixed-Income TOD?

1. Provide truly affordable housing
2. Increase ridership
3. Broaden access to opportunity
4. Alleviate gentrification pressures near transit stations
5. Increase employers' access to metro workforce

Benefit 1: Truly Affordable Housing

- Metro Denver is becoming increasingly expensive
 - Families must earn over \$70,000 to afford the median-priced home in metro Denver, now valued at \$240,000+
 - Denver households need to earn over \$29,000 to afford the median priced apartment (\$772/month) -- but 41% of Denver renters earn less than \$20,000.
- Transportation costs are the second highest household cost (after housing)

Benefit 2: Increased Ridership

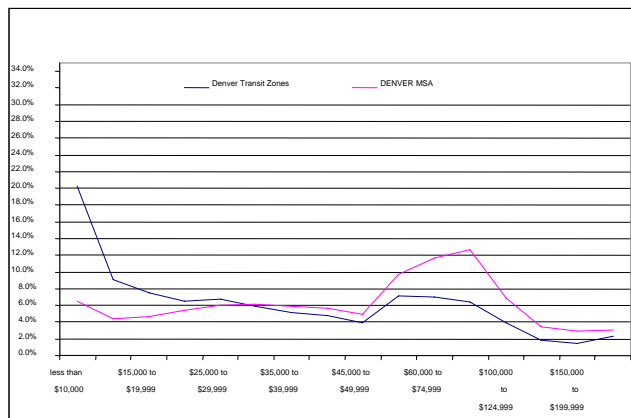
- Transit systems need riders in order to succeed
- Low-income households have fewer transportation options and, therefore, are more likely to be transit users

Benefit 3: Broaden Access to Opportunity

- ▣ Mixed-income communities have better schools, lower crime, greater housing options and stronger public services
- ▣ *Transit-accessible* communities expand access to jobs, education and services, particularly for low-income households

Benefit 4: Alleviate Gentrification Pressures

***Household Income Distribution,
Denver Transit Zones and Denver MSA, 2000***



Benefit 5: Increase employers' access to metro workforce

- ▣ Companies located near transit can draw workers from entire area served by transit – *if* their workers can afford to live near transit as well.

The Challenge of Building Mixed-Income TODs

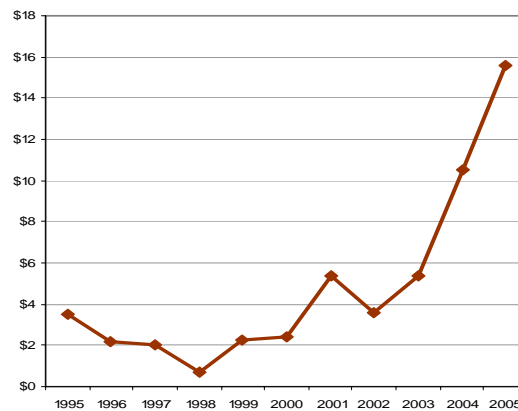
- ▣ Currently only high-end housing projects can afford to absorb the time, uncertainty and risk inherent in TOD.
- ▣ There is enough demand from higher-income households to fill new housing developments.

If no action is taken, it is likely that virtually all new development near transit will be unaffordable to low-income households

Barriers to Mixed-Income TOD

- ❑ Rezoning and land assembly are time-consuming and expensive
- ❑ Expensive infrastructure
- ❑ High density can offset infrastructure costs but spurs NIMBYism
- ❑ High parking requirements can drive up costs
- ❑ High land prices

Rising Residential Land Prices



Source: CB Richard Ellis, 2006.

Barriers (continued)

- ▣ Affordable housing developers lack capital to land-bank
- ▣ Limited subsidies available for affordable housing
- ▣ Mixed-income developments require more complex financing structures
- ▣ IHOs have limited reach

Tools to Overcome These Barriers

Planning

- ▣ Create incentives for station-area planning and zoning

Land Acquisition

- ▣ TOD Affordable Housing Acquisition Fund to enable land-banking
- ▣ RTD joint development power to buy and hold land

Tools (continued)

Financing

- ▣ Create incentives within LIHTC program
- ▣ Create incentives within Metro Mayors Caucus Fund
- ▣ Create regional TOD infrastructure fund
- ▣ Leverage TIF for affordable housing
- ▣ Use Metropolitan Districts to create funding for infrastructure

Tools (continued)

Zoning

- ▣ Modify existing IHOs to make less burdensome for developers; create new IHOs
- ▣ Reduce parking requirements

Next Steps

- Elected officials
 - Make mixed-income TOD a priority
 - Set goals for housing creation and preservation
 - Monitor progress toward goals

- City administrators
 - Incorporate affordable housing goals into transit planning
 - Prioritize planning efforts in neighborhoods ripe for displacement
 - Focus resources in transit corridors

Next Steps (continued)

- Urban renewal authorities
 - Develop guidelines for TIF in transit corridors

- Intergovernmental entities
 - Work with municipalities and each other on comprehensive, integrated transit planning



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