

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



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September 5, 2007

Today's Goal

- ▣ Present findings of an Enterprise/Center for Transit-Oriented Development report on mixed-income TOD
- ▣ Get feedback on our recommendations, including how to move them forward

What do we mean by “Mixed-Income TOD?”

- Includes a component of affordable housing
 - < 80% AMI, or about \$50,000/3-person family in metro Denver
 - Range: very low income → 1st time buyers
 - Workforce housing is big part of it: retail and service workers, teachers, medical support staff etc.
- This housing is part of walkable community, with neighborhood retail and amenities, close to transit



Why is Mixed-Income TOD Important?

1. Increase supply of 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: Increase Supply of Truly Affordable Housing

- Metro Denver is becoming increasingly expensive
 - Median-priced home: \$230,000+
 - Income required: \$70,000
 - Rental market
 - Over 30,000 renter households in Denver earn less than \$20,000 & pay more than 30% of income for housing
- Transportation costs are the second highest household cost after housing
 - Save \$1 on housing, spend \$.77 more on transportation
 - Housing and transportation = 59% *gross* income for Denver's working families

Benefit 2: Increase Ridership

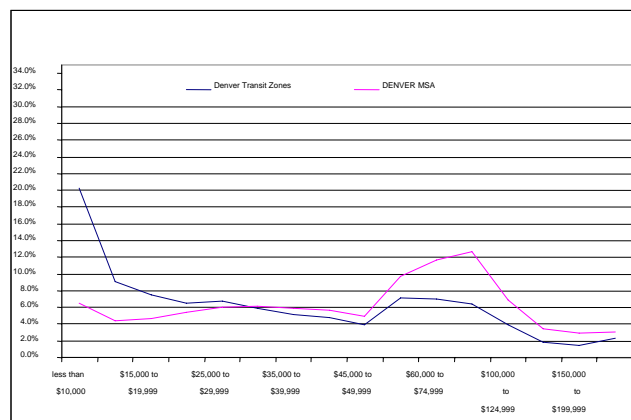
- Transit systems need riders in order to succeed
- Low-income households have fewer transportation options and, therefore, are more likely to be transit users
 - Currently, households living in low-income census tracts are four times more likely to walk or use transit than those in higher-income census tracts

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 Metro Denver Transit Zones, 2000***



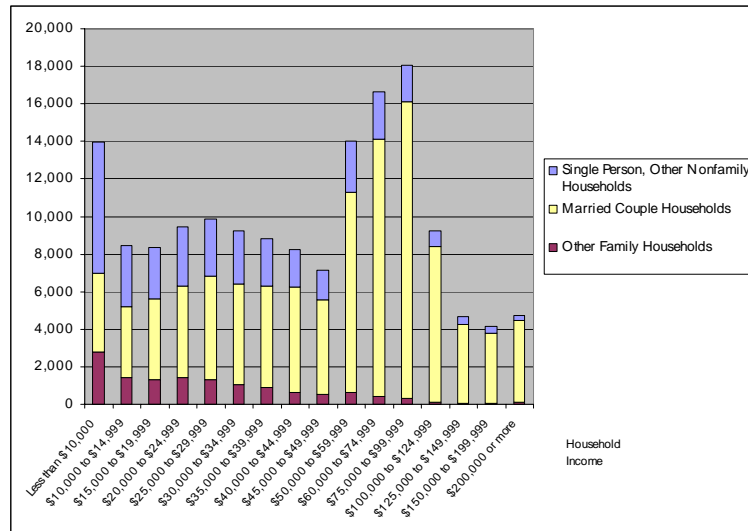
Benefit 5: Increase employers' access to metro workforce

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

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



The Challenge of Building Mixed-Income TODs

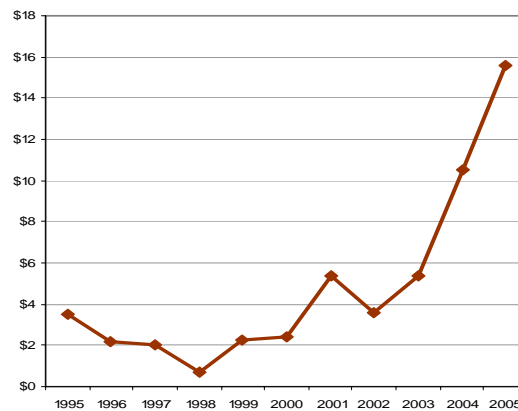
- Currently only high-end housing projects can afford to absorb the time, uncertainty and risk inherent in TOD.
- There is enough demand from higher-income households to fill new housing developments.

If no action is taken, it is likely that virtually all new development near transit will be unaffordable to low and moderate-income workers – the very population that would benefit the most

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
- ▣ Strengthen 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/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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