

NAIOP Colorado Position Statement— Denver Affordable Housing Proposal

Just because you do not take an interest in politics doesn't mean that politics won't take an interest in you." Pericles (430 BC)

Denver Affordable Housing Funding Proposal: This proposal would establish a dedicated funding source of “at least \$155 million” over the next 10 years to help meet the need in the City and County of Denver for affordable housing.

Concerns include:

1. The lack of a clearly defined plan for the use of funds,
2. The lack of a broad based funding mechanism (e.g. a community-wide solution to a community-wide issue),
3. The lack of a dependable and consistent source of funds (e.g. if the Property tax were allocated a full 1 mill and extended to 20 or 30 years, this would create a financeable leverage from a much larger sum)
4. The lack of a “Fair and Balanced” approach to funding, and the resulting “double” impact to the commercial real estate industry of the approved property tax mill AND a new development impact fee,
5. The lack of a defined governance structure and accountability — the “trust me” approach is not sufficient for this level of funding,
6. The desire to press this forward without clear research on the potential unintended consequences (e.g. the increased cost of housing due to the addition of the impact fee thereby REDUCING affordability even more), and
7. The lack of a plan to reduce the cost of housing in order to increase affordability.

Position Statement:

1. Affordable housing is a community-wide, even a region-wide, issue that has concerns that span our entire society,
2. Since this issue is of community-wide concern, the revenue sources for solutions should come from a broad community-wide base,
3. The development industry is responsive to, but not responsible for, the demand for office space,
4. NAIOP Colorado supports using a full property tax mill as the contribution to this fund from the real estate community (commercial and residential).
5. NAIOP Colorado opposes the use of an impact fee which would result in a “double layer” of funding by real estate development (commercial and residential),
6. NAIOP Colorado supports the investigation of other dependable and consistent funding sources to broaden the base to include employers and users who do not live in the City (e.g. occupational privilege tax, hotel and lodging tax),
7. NAIOP Colorado requests the City look at ways to identify the causes of rising housing costs and determine what efforts could be taken to reduce those specific costs, and
8. NAIOP Colorado requests, since its members will be major investors in this proposed fund, adequate time to thoroughly review the recently issued Nexus report, and when ready, the proposed ordinance.

This proposal will be presented to City Council in August, with the hope that it will be passed at their August 29th meeting and implemented effective January 1, 2017. We ask you to contact Denver City Council members to express your concerns. If you need more information, please don't hesitate to contact the NAIOP Office at the numbers listed below.

Funded through
an additional 1/2
property tax mill
and a proposed
development
impact fee
(commercial—
hotel/office/retail—
\$1.70 sf;
commercial—
industrial/ag—
\$0.40 sf; single
family residential—
\$0.60 sf;
Multifamily \$1.50
sf)

