The Bell Policy Center

Can More Density Near Transit Deliver Greater Affordability to Colorado?

Robin Kniech, Bell Policy Center Economic Mobility Fellow

JUNE 2024

Executive Summary

Colorado's governor and legislative leaders have passed a bill that requires 31 cities to have zoning in place to support more housing near transit. It would apply within metro Denver, plus Colorado Springs and Fort Collins. The housing in Transit Oriented Communities, or TOC, proposal would create moderate density around transit, typically 3-4 stories unless zoning is averaged to accommodate taller buildings in some places, in which case density as low as 15 homes per acre would be allowed elsewhere. It is paired with $30 million in new, affordable housing tax credits, guaranteeing at least 682 affordable apartments would be created or preserved across TOCs that meet the bill's zoning requirements. Also included is $35 million in infrastructure funding to incentivize compliance.

Evidence supports the value of greater density and building affordable housing near transit. Minimum density is needed to boost ridership, which brings in more fares that strengthen transit agencies and help stabilize or improve service for all riders. Low- and moderate-income families earning less than $55,000 spend 60 percent or more of their income on the combined costs of housing and transportation. They are the most likely to give up cars when living near transit and will save the most by doing so as a percentage of their income.

More broadly, residents of all incomes who live near transit can save money, and even moves by higher income households into new housing have the potential to expand access to a portion of the lower priced housing they vacate for families of lower incomes. However, including affordable homes within market rate projects could more quickly reach even more Coloradans needing moderate rents or below-market for-sale prices.

In the counties the TOC bill covers, attached housing like condos and duplexes sell for an average of $204,000 less than a single-family home. So high density housing promoted by the TOC legislation is likely to be lower cost, on average, than equivalent growth in single-family homes would be.

For renters, newer studies have documented modest rent decreases of $100 to $159 per month right away in the immediate vicinity of new apartment buildings. A new methodology known as "move chain" research follows the rental history of households moving into new housing, and each move that follows by other households moving into the units that are vacated. This research identifies expanded access to housing by renters down the chain, beyond the occupants of the new housing. In a multi-city study that included Denver, new supply resulted in a portion of households moving from an area below the area's median income (AMI) to the new housing, increasing from 20 percent of households in the first several moves triggered by the opening of new housing, up to 40 percent in the sixth round of moves down the line, thereby freeing up housing in those lower-cost/lower median income markets within the first two years. An international study documented creation of an estimated 31 vacant units for every 100 new units created within two years of the new construction in neighborhoods ranked in the bottom half of all neighborhoods by the incomes within them. By the fourth round of moves, 50 percent of actual mover households were in the bottom half of the national level household income distribution. Together, the evidence supports optimism that new supply will loosen access to more housing in lower income neighborhoods and that many freed-up homes will be occupied by households with lower incomes.

There is insufficient aggregated data on base zoning and existing development near TOCs to determine the net new zoning or housing production that will result from the new legislation. Multiple market factors will determine how much new housing is built. But based on the academic research and lived experience with more than a decade of upzoning near transit in Denver, actual development will be less than the total new zoning capacity.

In popular Colorado destinations, local protections against diverting new homes for short-term rentals would increase the chances of actually achieving expanded access to lower-priced apartments and price decreases in the immediate vicinity of new development.

Mitigation against displacement in vulnerable areas will also be important, as increasing zoning itself (separate from actual new housing development) has been associated with increased costs at the neighborhood level in some studies. Denver has also experienced price increases in tandem with increased, high-cost housing near transit, perhaps exacerbated by the lack of similar new density and housing throughout the rest of the region. Yet, such displacement has also occurred in areas with primarily single-family zoning and little new multi-family housing supply, so the evidence does not argue against new housing. Rather, it points to promoting stability through community land trusts, bringing renters into homeownership and other anti-displacement tools up front, before new zoning or development, to mitigate risk.

According to an interim housing needs assessment by Denver Regional Council of Governments, by 2040, 60 percent of new housing, or 137,00 dwellings, will be needed for working families earning less than 60 percent of median income. A $100 break on $2,500 rent still won’t be affordable for them. Colorado can expand on apartments loosened up through moves by building mixed-income affordable housing as a percentage of market homes on day one.

The TOC bill requires local governments to pursue at least three affordability strategies from two different menus in addition to increasing their zoning near transit. While these requirements are an important first step, several could be implemented and result in little or no new affordable housing anywhere. The vast majority could be implemented without building new affordability within TOCs themselves. Doing so would be a missed opportunity.

States and cities leading on the TOC vision Colorado seeks to emulate often pair density with affordability requirements, and that pairing typically takes place in the area rezoned via legislation. Colorado or local governments should too, and a menu-like approach could be used to provide flexibility for doing so. Sixty percent of AMI is the ideal target for metro Denver inclusionary housing policies given dramatic increases in AMIs in the region in recent years. The consensus across sources is that job growth and housing demand will be concentrated at or below this AMI for decades to come.

Robin Kniech was an at-large Denver City Council member from July 2011 to July 2023. She led and contributed to the passage of policy on a range of equity topics, including affordable housing and inclusionary zoning.

Table of Contents

Can More Density Near Transit Deliver Greater Affordability to Colorado?

Robin Kniech, Bell Policy Center Economic Mobility Fellow

JUNE 2024

Introduction

Once upon a time, before I was elected myself, I had lots of suggestions for local governments on affordable housing and other policies for families struggling to make ends meet. I co-authored a white paper profiling national transit agency policies on affordable housing and recommended the Regional Transportation District (RTD) adopt its own policy to ensure affordable housing was built along its metro Denver transit corridors. Though the policy profiles from 2010 are outdated, our conclusion stands the test of time:

> *The combined costs of housing and transportation consume around 60 percent of low- and moderate-income families' gross household income. Addressing these costs in tandem, therefore, could dramatically improve these families' quality of life, create more sustainable communities and increase transit ridership.*[1]

Back then, we were making the case for more assertive use of RTD's land for affordable housing, emphasizing the benefits of increased transit ridership that nearby affordability produces. People living in affordable housing ride transit more than those of higher incomes. When more people ride, the system has more sustainable fare revenue and gets better for everyone, not just those with lower incomes. While the agency does not build housing itself, it owns considerable land. This includes excess land that was historically sold after construction, parcels near stations it keeps for access, and massive parking lots that could be combined with housing through joint development above or adjacent to lots.[2]

We successfully advocated for RTD's adoption of its first, weak policy to "consider" affordability on any land it sold or made available for development. In 2021, RTD adopted a new equitable transit oriented development (TOD) policy with a non-binding goal of 35 percent of all housing on RTD property to be priced as affordable, with 60 percent of area median income, or AMI, as a benchmark[3] (less than $60,000 for a family of 2 in most metro counties, less than $64,000 in Boulder).[4] It also gave the agency more flexibility around parking requirements to help achieve that goal.

Notable land swaps, sales, and leases resulting in affordability have occurred, including at Denver's Sheridan and University stations. A proposal along the U.S. 36 light rail has been on hold since the Marshall fire. One of the most recent, the FreshLo affordable housing-food hub in Denver's Montbello neighborhood, the residents of which are majority Black, Indigenous and People of Color (BIPOC), required overcoming significant hurdles to affect the sale of RTD's unused parking lot, but is moving forward. Since the policy was strengthened, the agency has not had the capacity to prioritize joint development generally, as it juggles crises ranging from revenue and ridership to safety and driver shortages, but its parking lots remain opportunities for more housing.

Today, we're revisiting the transit affordable housing nexus through the lens of all the land that could be used for residential development surrounding rail stations or along major bus lines with frequent service. Through HB24-1313, Colorado's legislature will now require increased zoning capacity in these areas, known as Transit Oriented Communities (TOCs), as one solution to address our affordable housing crisis.

The new law requires 31 local governments in metro Denver, Fort Collins and Colorado Springs to plan for and then implement Housing Opportunity Goals, or HOGs by the end of 2026. HOGs must meet a residential zoning capacity target based on multiplying the acreage near frequent transit by 40 units per acre – a number shown to provide enough density near transit to generate higher ridership and make larger affordable housing projects more feasible. Acreage near frequent transit is something each local government will define through a complex formula and in consultation with the Colorado Department of Local Affairs. While the formula is an average, areas with zoning below 15 units per acre, like single-family zoning, would not count toward meeting the goal. The proposal is paired with $35 million to fund infrastructure in these areas as incentives.[5] It is also paired with affordability funding and includes affordable housing policy requirements that will be discussed at length below. Notably, only zoning must be adopted by 2026, the bill neither expects nor could require any actual development to occur, that will be up to the market, a topic also covered below.

Bill proponents have modeled the density required to achieve the 40-unit-per-acre standard and demonstrated at legislative hearings it can be met with 3-4 story apartment buildings. Or, if the local government chooses to concentrate higher zoning into a smaller area while maintaining lower density elsewhere, it will require zoning for taller buildings to meet the goal. Either way, we're talking about multi-family housing: rental apartments, dense town homes or condominiums. Any existing zoning capacity already in place can be counted toward meeting the goals, and committee testimony surfaced the fact many (but not all) cities already have zoning that complies with the targets.

As discussed in my introduction to this series, polling on this measure is nuanced.

Depending on the poll question and timing, support ranged from around half to about two-thirds of Coloradans for expanding zoning near transit, but with only slightly more than a third supporting it in suburban communities.

Evidence supports both greater density and building affordable housing near transit. Minimum density is needed to boost ridership, which brings in more fares that strengthen transit agencies and help stabilize or improve service for all riders. Colorado's climate goals are also advanced through housing near transit, which reduces greenhouse gas emissions. Even market rate housing near transit has strong potential to save residents money and trigger expanded access to lower priced apartments. Though including on-site affordability within market rate projects while building up would reach even more Coloradans needing rents below market rate, faster.

Who Needs Multifamily Housing?

There's a mistaken use of data gaining traction from Coloradans opposed to new development generally or proposed zoning reforms specifically. Their argument claims we no longer have a housing shortage because recent housing supply has kept pace with recent housing demand.[6] This argument either misses or ignores the historic shortage of housing units we had before the recent surge in housing production, which we still have not overcome.[7] It ignores doubled-up households living with other families or friends, masking some housing demand because they can't afford to live separately, but many would if they could afford it.[8] It also ignores the projected future need for housing.[9]

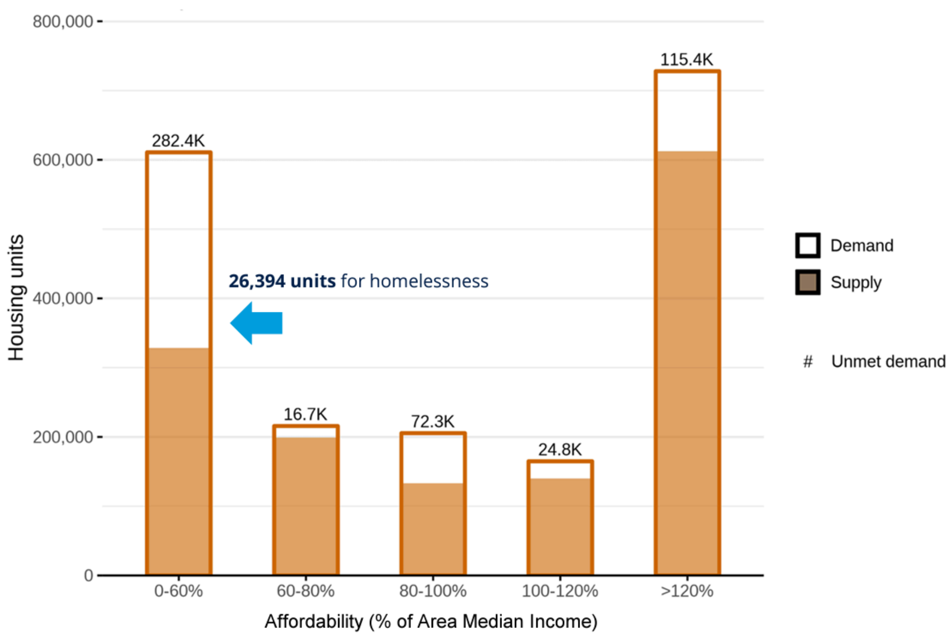
Everyone is impacted by Colorado's housing crisis, at all incomes, including employers facing workforce shortages because their employees can't afford housing. This project focuses on those with the most at stake in terms of housing instability or lack of access: Renters and owners experiencing high cost burden, those frozen out of homeownership and those experiencing homelessness.

Statewide data on housing cost-burden was covered previously in this series when analyzing zoning for accessory dwelling units, or ADUs. To review, more than half of Colorado households earn less than $75,000 and among households earning less than 50 percent and 30 percent of AMI, more than 80 percent are housing cost burdened, many severely. Which means they are cutting corners on food, medicine, or school clothes for their kids. Or they are a paycheck, car crash or big medical bill away from couch surfing with relatives, or worse if they lack a friends and family safety net.

Because the TOC bill is focused on the urbanized areas of our state meeting transit frequency standards, and housing isn't a widget you can ship across the state in a semi when I-70 is open, let's zoom in closer on the housing crisis in these areas. Twenty-nine communities within metro Denver counties, including Boulder, that are within the area covered by the Denver Regional Council of Governments, or DRCOG, encompass nearly all the cities and unincorporated county areas covered by the legislation. Fort Collins and Colorado Springs are also subject to zoning requirements based on their transit frequency.[10]

DRCOG's Interim Regional Housing Needs Assessment found that 64 percent of the 216,000 new homes required in metro Denver by 2030 are needed for those earning less than 60 percent of AMI, or 137,000 homes.[11] Housing will be needed at all income levels to meet the region's demand by 2030 and 2050. But counter to the rallying cry of industry associations and some political leaders to focus more policy and funding on "missing middle-income housing," overall demand is projected to be the smallest at the "middle incomes" of 80-100 percent and 100-120 percent of AMI.

Distribution of need – 2050



Source: DRCOG Interim Regional Housing Needs Assessment, April 2024 Report

The disproportionate future housing need for households earning less than $60,000 to $64,000 projected by DRCOG closely mirrors the current shortage for those earning less than $50,000 per year reported by a team from the University of Colorado, Denver, or CU Denver. The CU Denver team's early findings point to the historic lag in production and a mismatch between the housing being built and jobs in the region as the cause of the housing crisis.[12] Regionally, 30 percent of private sector jobs pay less than $43,000 or around 50 percent of AMI, and 45 percent of all jobs pay less than $45,000. These trends are likely to continue based on their analysis of the median wages for some of the fastest growing sectors, such as customer service representatives in the financial services sector which have a median salary of $37,342.

A very small number of programs and loan products exist to deliver first-time homeownership to households around or below 60 percent of AMI. A notable example is Habitat for Humanity, which leverages donated materials and labor. Land trust models are another, because they take the cost of land out of the equation. Otherwise, most households below 60 percent of AMI must rely on rental housing. Since even rental housing costs more to build and operate than these families can afford to pay, this housing is most likely to be built as subsidized apartments or through developer requirements like those described below.

For incomes ranging from 60 to 120 percent of AMI, existing and projected housing shortages include both rental and homes for sale, with need varying by geography. According to CU Denver, another underlying driver of our housing crisis is the production of an excess of large homes relative to the need in the region. Many of these homes have three to five or more bedrooms, while the need is mostly for zero to two bedrooms, based on our trend toward smaller and older households.[13] Furthermore, larger homes are inherently more expensive. Some of the smaller families in this 60 to 120 percent income bracket would be well-served by missing middle housing types that could deliver homeownership at lower prices: duplexes/triplexes/fourplexes or townhomes.

Because these particular missing middle housing types are not the subject of zoning reform legislation this year, a focused discussion is beyond this paper's scope. But under HB24-1313, local governments may average zoning for much taller buildings with other lower levels, rather than uniformly zoning for the 40 acres across all their TOCs. Some larger townhome configurations could meet the bill's 15 unit per acre minimum density and therefore could result from its enactment. Other legislation adopted in 2024, SB24-174, would require local governments to conduct housing needs assessments, and develop action plans to meet those needs. That bill includes zoning for these housing types among the paths for working to expand homeownership opportunities at lower prices for Coloradans.

Families from 60 to 120 percent of AMI could also be served by condos, which would be allowed under the zoning required by the TOC legislation. The table below illustrates the role multi-family homeownership housing could play in expanding access to ownership for moderate income Coloradans.

Single vs. Multi-family Costs of Homeownership February 2024

County	Median Single-Family Home	Median Townhome/Condo	Differential
Adams	$525,000	$398,500	-$126,500
Arapahoe	$569,900	$365,000	-$204,900
Boulder	$806,500	$485,000	-$321,500
Broomfield	$639,500	$528,000	-$111,500
Denver	$675,000	$415,000	-$260,000
Douglas	$700,000	$529,000	-$171,000
Jefferson	$700,000	$399,500	-$300,500
Larimer County (Fort Collins)	$565,000	$421,500	-$143,500

Source: Colorado Association of Realtors, February 2024 Prices Based on Sales in the Multiple Listing Service (MLS)

While the above prices are for market-rate unsubsidized housing, cities may also use local, state or federal housing funds to subsidize affordable homeownership projects, or provide down payment assistance for first-time buyers. With a smaller gap between market prices and what moderate-income families can afford to buy in multi-family housing types, public subsidies for homeownership will go further and serve more families, or those of lower incomes, when helping them buy multi-family homes compared to subsidizing single-family homes or purchases.

Whether apartments or condos, the type of multi-family housing promoted by HB24-1313 is a good match for Coloradans suffering under our housing crisis.

Why Housing Near Transit Matters for Families Struggling with Housing Prices

The Housing + Transportation Index (H+T) was created to provide a more accurate picture of how much housing really costs when you take into account its location and transportation requirements. "Driving until you qualify," where a family is forced to move farther and farther from their neighborhood of choice to find a home they can afford, often just increases transportation costs, wiping out housing savings. H+T quantifies that cost, and measures how "residential density and household income drive three dependent variables related to household travel behavior: auto ownership, auto use, and transit ridership."[14]

Because riding transit is less expensive than the all-in costs of car ownership,[15] communities and households with lower rates of car ownership or car trips and with a greater reliance on transit have a lower total cost for housing plus transportation.[16] This can be true even if at first glance, the cost of housing alone may appear to be higher.

Looking at Fort Collins as an example, the average cost of housing plus transportation is 45 percent of a median household's total income, 26 percent for housing and 19 percent for transportation.[17] But 60 percent of Fort Collins renters and 20 percent of its homeowners are cost-burdened, and already paying more than 30 percent of their income for housing. That means their total would be higher.[18] Indeed, more than 3,000 households in Fort Collins are paying between 54-65 percent of their income on H+T.[19]

Typical transportation costs drop to 9 percent for those living in walkable, transit-rich communities with amenities.[20] The impact is even greater for the poorest families, because when those earning less than $25,000 own a vehicle, it eats up 38 percent of their after-tax income, compared to 5 percent for those without a car.[21] This is why housing affordability with access to transit is particularly valuable for making ends meet and improving stability for low- and moderate-income families.

HB24-1313 ensures at least 682 new affordable homes will be built in TOCs through a $30 million investment in state affordable housing tax credits that also passed. Because the apartments built with these dollars will rent exclusively to low-income households, these residents will benefit from the H+T savings described above. But thousands more market-rate apartments or ownership homes will be built as the zoning is taken advantage of over time, so a different analysis is required to determine whether and how those homes might deliver savings to renter families.

Does New Market-rate Housing Supply Improve Affordability?

Every policy debate has its battle of experts. Several, like climate change and minimum wage, have a few experts with tired claims that get repeated by skeptics and may even include a footnote of data: warmer temps are part of natural weather cycles and not-human caused, or minimum wage increases will result in widespread job losses. But in these debates, the vast preponderance of evidence, particularly from peer-reviewed sources evaluated by other experts for objectivity and rigor, tends to gravitate toward similar conclusions: emissions from human behavior are harming our planet and urgent action is needed, or employment impacts have been generally neutral or in some cases even positive in the 29 states and nearly 60 cities that have raised wages.[22]

There is a similar battle under way between passionate stakeholders and experts who've looked at the question of whether increased housing density that results in a larger supply of market rate housing translates into lower housing prices. Results are getting clearer with emerging methodologies tracking who moves and how it impacts access to affordability after new housing is built, called "move chain" research. But the preponderance of the evidence is still emerging, so we will walk through research cited by both proponents and those skeptical of the potential for market-rate supply to help low- and moderate-income households.

Housing isn't Widgets

Of course, new supply lowers prices, proponents of increased density cry, because Economics 101 taught us that increased supply will help to meet demand that drives prices up. And once demand for housing is met, or closer to being met, then prices will drop. Markets are real. Supply and demand is a thing. But housing is not widgets.

Once upon a time I hired housing experts to help us reshape the city of Denver's approach to affordable housing. National affordable housing expert Rick Jacobus taught me that housing markets are segmented. They're segmented by type, such as rental vs. for-sale, detached or in a multi-family building, or by number of bedrooms. And it is segmented by location, such as in a city center or suburb, near good schools or your job, or not. And then finally, by price-point. Luxury high rises with mountain views, dog washes and astronomy viewing decks with prices approaching $3,000 per month don't compete with 50-year old fourplexes with small closets. Because they're in different segments.

If I live in Colorado, and the price of hiking boots is sky high, a massive increase in the supply of flip flops is not going to bring the price of hiking boots down. Because they're different segments of the shoe market.

Let's use shoes for an example. If I live in Colorado, and the price of hiking boots is sky high, a massive increase in the supply of flip flops is not going to bring the price of hiking boots down. Because they're different segments of the shoe market. If there's a dramatic increase in the supply of hiking shoes, though, and they become cheaper, then some people who would have bought boots may buy hiking shoes instead, and then the price of hiking boots might drop. In this way what happens on the margins of a segment can impact other segments. But price impacts don't jump across several widely separated segments.

If I need a modest home to raise two kids in a mountain resort near my job as a nurse, an increased supply of luxury studio apartments in Colorado Springs will have no discernible impact on the prices I encounter. But what about an increase in the supply of for-sale condos in my community when I'm looking for a market rate but not luxury apartment — does that new, more affordable for-sale product create a big enough pathway for renters to buy out of renting, leaving their vacancies behind, meaning less competition, and therefore lower prices for apartments? Do expensive new apartments in a city with high-earning workers but a severe housing shortage bring those workers out of the less expensive, aging apartments they're renting just because they're available, clearing the way for workers who earn less to rent the slightly less expensive apartments they vacated? Does it even lower the rents they've left behind? By how much? How long does it take?

The benefits of new market rate supply to ease the affordability crisis sounds plausible in these scenarios. But as readers of this series are learning, circular repetition of smart-sounding claims of affordability benefits do not prove them. I rely only on numbers to evaluate whether a zoning reform or market supply strategy will create affordability, and you should too.

Supply Skepticism

The classic theory for how new supply creates affordability is through "filtering," also referred to more pejoratively as "trickle down" affordability. The gist is that as new supply comes online the competition results in lower prices for the older supply. Most of the research is focused on new apartments and rents, not condos. Thus, the above comparison between single-family and multi-family for-sale product prices will have to stand on its own.

Colorado Coalition for the Homeless, or CCH, conducted an in-depth look at supply approaches to affordability in an early 2023 report that provides important insights for Colorado's current debate.

In addition to describing different housing sub-markets, akin to the segments described above, they point out other ways housing differs from perfect market models:

- Land is finite.
- Property is held as a long-term investment, not only as a commodity.
- Tax policy may incentivize differing behaviors, such as riding vacancies out in the hope of higher rents later and declaring the loss as a tax deduction, rather than lowering rents dramatically and impacting the value of the asset or the potential for future rents at the desired rate.
- Buyers are not limited to renting within their segment and can skew access to new supply by renting up or down from the prices best suited to their incomes.

CCH's analysis generally relies on reputable research sources available at the time of their report, and they conclude:

> *Studies show that increased high-end housing stock moderates rents in the short term at the luxury level and may benefit middle-income households decades later. That same benefit fails to trickle down to low-end renters.*[23]

They also conclude that any benefits of expanded supply can be outweighed by the gentrification and displacement risks of new development. However, the sources they cite on this point do not rely on data isolating new market-rate housing as the cause of displacement, particularly not when compared to similar gentrification and displacement happening simultaneously in areas without dense, new housing development. We'll unpack gentrification concerns below.

CCH points to credible academic research and empirical data establishing the significantly greater outcomes to low-income individuals of investments directly into low-income housing. Ultimately, they acknowledge zoning can be part of a housing solution but advocate for it to be paired with anti-displacement strategies and direct investment in low-income housing, particularly for those experiencing homelessness and other populations facing extreme risk, such as those with disabilities and veterans.

New Methodologies Demonstrate Better Affordability Outcomes

A more recent, late 2023 paper from authors with the NYU Furman Center comes to a more optimistic conclusion. The authors rely on the emerging "move chain" studies mentioned above.

Improvements in affordability are more closely associated with the actual production of new housing than they are to increased zoning capacity... alone.

Before we get to the optimism, though, let's untangle zoning vs. production. Even optimistic experts consider it to be fairly settled that improvements in affordability are more closely associated with the actual production of new housing than they are to increased zoning capacity, also known as upzoning, alone. For example, the Furman paper summarizes research on citywide upzonings and concludes that rents may be modestly lowered citywide, but results are mixed at the neighborhood level, with some upzonings resulting in higher land prices and therefore potentially higher rents, irrespective of new supply.[24] This touches on the concern raised by the CCH paper and is an important reason why advocates successfully pushed to ensure the TOC bill includes both a requirement to evaluate for the risks of displacement in areas slated for up-zoning and steps to mitigate against displacement in areas where risk is found. Zoning increases to allow for greater density may have different, short-term impacts on prices than actual new housing supply, if and when it is built.

Where actual new housing supply is created because of zoning reform, the research on move chains cited by the Furman Center authors provides a compelling case for very localized but immediate decreases in rents, and broader affordability benefits several years out.

In places where actual new housing supply is created because of zoning reform, the research on move chains cited by the Furman Center authors provides a compelling case for very localized but immediate decreases in rents, and broader affordability benefits several years out. These are much shorter time frames than the decades it takes for units to get cheaper just because they are older under the "filtering" research.

The "move chain" phenomenon is often compared to musical chairs. "Chairs" open for those with lower incomes because some workers are "renting down" in homes costing less than they could really afford in places with an overall shortage. When workers who can afford to rent new apartments "stand up" and move, they open up "chairs" for other households down the price and income spectrum.

Summary of Move Chain Research Demonstrating Benefits of New, Market Rate Housing Supply for Renters with Lower Incomes

Source: Consumer data documenting actual tenant move histories from a dozen cities, including Denver, Colorado.[25]

Finding: New supply resulted in a portion of households moving from an area below the area's median income to the new housing, increasing from 20 percent of households in early rounds of moves up to 40 percent in the sixth round of moves, thereby freeing up housing in those lower-cost/lower median income markets. New supply was assumed to be filling the demand of households that were previously "renting down," or renting an apartment than was less expensive than they otherwise could afford if more supply in their price range had been available. New housing loosened up access to older housing in a wide array of sub-markets.

Source: A similar international study that also tracked the incomes of the movers themselves, not just their neighborhood of origin.[26]

Finding: Within two years, an estimated 31 vacant units were created in neighborhoods ranked in the bottom half of all neighborhoods by the incomes within them, for every 100 new units created. By the fourth round of moves, 50 percent of movers were in the bottom half of the national level household income distribution. In other words, it wasn't just that new supply triggered more housing in lower income neighborhoods – a finding that mirrors findings in the United States studies. Freed-up homes were actually occupied by those with lower incomes. Authors also compared the results of new market-rate/high-rent housing to the impacts of new rent controlled, publicly- or community-owned social housing. Social housing is a housing model common in Europe and the subject of emerging pilots in the United States to serve a broader range of low-income families than the extremely low incomes represented in US public housing today. New, high-rent housing generally housed high-income households. Early moves triggered by social housing benefitted higher rates of lower income families up front than the high-rent housing, an unsurprising finding. But, by later rounds of moves, the downstream vacancies each produced benefited families with similar neighborhood and socio-economic origins.

Source: Data from 11 cities on how completion of new market-rate rental apartment buildings with 50 or more units affects rents in nearby buildings in low-income, central city neighborhoods.[27]

Finding: "The average new building lowers nearby rents [within 250 meters of the new building] by 5 percent to 7 percent relative to the trend rent growth otherwise would have followed, translating into a savings of $100 to $159 per month."

Another researcher who used a similar method and found similar results estimated that one newly supplied housing unit triggered about 4.75 moves in the rental market in the subsequent twelve months.[28] This evidence points to much faster benefits to low- and moderate-income households than those found in the earlier generation of filtering research cited by CCH.

The Furman Center authors also analyzed research like that cited by CCH that pointed to few short-term benefits on affordability from new apartment development. While they raise some questions about methodology for some of those approaches, they are careful to note that, “the effects of new buildings may vary across cities and contexts.”[29] We’ll look at some context that could impact outcomes in Colorado in the next section.

Caution: Factors that Could Limit the Beneficial Outcomes of New Housing Development in Colorado

Zoning vs. Actual Development of New Housing

There is not yet a public, centralized database of baseline zoning and existing land use in every covered jurisdiction to allow for analysis of how extensive the zoning changes prompted by TOC legislation would be in the 31 Colorado communities subject to its requirements. In a number of cities, like Denver, zoning meeting the required density is already in place. The next question after how much zoning change will result, is how much development will follow. Some TOCs may already be fully developed with few prospects for redevelopment in the near term. But what about those with more potential?

One of the funny things about housing debates is that real estate industry proponents of zoning reform to allow more density often drop all references to the market beyond the initial supply-demand justification. Stripped down in newspaper quotes and legislative hearings, the implication is that if government gets out of the way, zoning will create affordability. Housing will automatically appear as if government regulation was the sole or greatest determinant of production. Ironically, it is critics of zoning reform who remind us that the market determines what housing is produced after upzoning to allow it.

The Furman Center article covers an extensive debate over whether and how much production really follows zoning reforms. It depends on many factors, only one of which is other government regulations and processes that are also often blamed for housing shortages. The remainder are all market factors:

- How much existing development exists, and its value compared to redevelopment on parcels being rezoned

- Cost and availability of developable land
- Factors impacting demand, such as slower population growth from in-migration or market gluts from recent apartment booms in Colorado
- Higher interest rates
- Availability of financing, or how much risk a lender already has in a particular market
- Capacity of developers based on how many projects are already under way
- Cost and availability of labor and supplies

The research tracking zoning outcomes and Denver's own experience of nearly fifteen years of zoning for greater density near transit all but guarantees that what's built will be less than the full zoning capacity. This isn't a case for not increasing zoning. In fact, the long timelines it takes for a market to pivot, plan for and execute new development projects points to the importance of making changes sooner to bear fruit later. But it is a caution against assuming housing needs will be satisfied following zoning capacity alone. Sponsors of HB24-1313 included $35 million in infrastructure funding to improve the suitability of sites for development and reduce the likelihood of development having to absorb these costs. Local governments are also induced to consider other ways to improve the market potential for new housing to result through menus built into HB24-1313 and housing needs assessment legislation, SB24-174, mentioned above. But ultimately, larger forces will continue to have significant impact on what gets built and when.

Tourism

Another question is what proportion of new housing will really be made available for long-term occupants. Colorado Futures Center dug into Colorado's recent, rebounding housing boom and had this to say:

> *Most housing market experts suggest that a healthy market is one for which vacancy rates run between three and five percent…By this standard, and without adjusting for specifics of Colorado housing markets such as geography and the prevalence of second homes, the Colorado statewide market appears to have been in healthy surplus since 2010… However, the specifics of the housing market matter…Adjusting for geography and second homes, a different picture emerges.*[30]

Colorado had more than 90,000 vacation or second homes sitting vacant in 2022, according to census data, a not-insignificant 4 percent of all homes in the state.[31] Because demand for second homes and homes rented to vacationers vary over time and by community, along with regulation of short-term rentals, a methodology for estimating how much new supply could be diverted for this purpose was beyond the scope of this project.

As with ADUs, regulations limiting short-term rentals are the best way to protect against diversion of new supply, and that path is already available to Colorado local governments. Policies regarding second home ownership are tougher. Crested Butte took a tax on such homes to the ballot in 2021 but it was defeated. So, the approach was never tested in the courts, as it likely would have been under Colorado's property tax provisions. Several state bills were introduced in 2024 which tussled over whether or how to tax short-term rentals at the commercial rate rather than residential like other money-making businesses. Neither passed. Even if one does in the future, it is unclear how much an incremental differential in taxation would discourage renting properties short-term. Because property taxes are part of local governments' overall general tax base supporting public services like police and road maintenance, and include those taxes levied by school and fire districts with no housing responsibilities, it seems unlikely that changed taxation would translate into new funding for affordable housing.

Risks of Displacement

Research cited by both CCH and the Furman Center concludes that new market-rate housing supply results in the arrival of new residents with high incomes. This phenomenon alone, known as gentrification, is not the concern in and of itself. The real concern is what happens next. Whether and how a higher population of residents with increased incomes displaces BIPOC residents or those who earn less is the critical question. Does new supply work differently when it lands in a community with more residents with these backgrounds, who are vulnerable to displacement?

Racially diverse residents often came to live in close-knit communities because of historic patterns of red-lining and segregation limiting them to certain areas. These communities also formed because zoning providing multi-family housing they could afford only in certain areas, with many other neighborhoods dominated by zoning allowing only single-family homes. Many communities turned that discrimination into an asset by forming deep networks of family and community institutions, like churches or schools, that reflected their cultures, and by building concentrations of locally owned, often BIPOC businesses that generated community wealth.

The housing in these communities is often naturally more affordable because of the legacy of redlining and government disinvestment that persisted long after legal restrictions faded. They are also more affordable due to zoning that simply allows more affordable housing types to be built than in predominantly white areas. If and when the arrival of new housing and higher-income neighbors leads to the loss of this more affordable housing and the displacement of longer and more diverse residents, it represents a loss of housing stability, support networks and/or wealth building opportunities for residents. The subsequent loss of history, cultural cohesion and character also represent losses for our entire cities.

Researchers have tried to demonstrate whether or how much new housing causes displacement, by causing increases in housing prices that wouldn't have happened otherwise, either in the new supply itself, or beyond it in the greater neighborhood. There have been methodological challenges. Most studies focus on the effect multi-family rental buildings have on comparable rents, for example. But many of the community members experiencing displacement rent single-family homes or are owners. Calculating how new amenities that follow housing impact the price of housing across housing segments is challenging. Few studies evaluate resident reasons for leaving or track actual moves.

What's clear, even in the absence of data proving causality, is that cities like Denver that have seen new transit with new housing development in historically black communities like Five Points, have also seen drastic declines in BIPOC residency and an overall rise in housing prices.[32] A forthcoming paper from my fellow Bell Policy Center Economic Mobility Fellow, Kelly Mitchell, will focus on these challenges and Five Points' legacy. Displacement is happening along with new housing development, which provides an obligation for communities to plan for and mitigate displacement with intentionality.

But we have also seen dramatic housing price increases and loss of more than 8,000 families with children in historically Latino communities on Denver's West Side,[33] which saw very little new market-rate, multi-family housing during these years. This counterpoint demonstrates that an absence of new, dense housing supply does not protect against gentrification and displacement when there is a housing shortage city-wide and beyond. This is because existing housing in vulnerable communities will be a target for those "buying down," with more resources than existing residents or their children forming new households can garner to compete.

Communities at risk of gentrification and displacement have another interest in the passage of state land-use reforms like the TOC bill, beyond the potential impacts they fear it may have in their own neighborhoods if it results in upzoning. Denver likely already meets the formulas in the bill so is unlikely to need to rezone higher to meet the standards of the legislation, but communities in other inner ring suburbs could face zoning changes. A resident from the rapidly gentrifying West Colfax corridor in Denver, Jonathan Pira, summed it up this way in a recent Denver Post Series:

> *The only real way to prevent massive cost-of-living increases in a single neighborhood is to not force all of the development pressure onto one neighborhood.*

To the extent many of Denver's neighborhoods have already been upzoned to meet a disproportionate share of the region's housing needs, it relieves pressure on them or similar neighborhoods vulnerable to displacement in other cities if every community is required to build more of the housing that will meet the income, housing type and price ranges needed to meet Colorado's housing demand. The overall package of state land-use reforms generally, and HB24-1313, promote that outcome.

Preventing new multi-family housing from being built does nothing to protect vulnerable families from displacement. But building new housing without thinking first about prioritizing land in ways that ensures new housing is part of the solution, and mitigating risk, would be problematic. The TOC bill has been tweaked along the way to make clearer that evaluating risk and mitigating displacement is required. The real work begins now, to identify and implement those strategies.

Denver's Neighborhood Equity and Stabilization Team provides a model index for how to analyze when a community is vulnerable to displacement. One of the most promising tools to mitigate displacement is securing a portion of land in TOCs for community ownership. This recommendation goes beyond setting land aside for affordability. It seeks to provide opportunities for community to shape outcomes that are also culturally responsive and might also generate wealth for those vulnerable to displacement, as their own developers or long-term owners of the land underlying a development. Strategies to convert more renters, especially of single-family homes in areas dominated by that housing type, into owners, is another important strategy to provide more stability.

As mentioned, community land trusts are one model for providing lower-income families with access to ownership. The model allows owners to build reasonable rates of equity (i.e. wealth) as properties increase in value over time. But it removes land from the equation and limits profiting from exorbitant spikes in market prices to ensure the home will remain affordable for future generations too.

The Limits of the Best Supply Strategy to Reach Deep Affordability

We need to make one final distinction between moderating rents in market-rate apartments (or expanding access to apartments with rents that are more affordable than the new supply) and the creation of new, officially-designated affordable housing.

In an ideal world, the first is what professional housers – those who advocate for or build affordable housing -- like to call naturally occurring affordable housing (NOAH). It's really important, because historically, only one of every four people who need affordable housing and could qualify for it get federal rental assistance, the nation's largest official affordable housing program.[34] And even those who do still have to find a market-rate apartment with a rent within the limits set by the program. All of the optimistic outlooks cited in the studies above are focused on the impacts new supply is having on naturally occurring housing to make it more affordable.

The other kind of housing, called "regulated affordable housing" in the TOC bill, is sometimes called "Capital A" Affordable or "deed restricted" affordable housing. Regardless of its name, it has a legal restriction ensuring the unit can only be rented by a family who makes below a certain income. And the restrictions ensure rents stay affordable for a long period of time. They are either built with public subsidy or because of a policy requirement like inclusionary housing or an agreement with a developer, maybe because they bought public land or received public subsidies. Colorado's typical Affordable project involving the most common form of financing, the Federal Low-Income Housing Tax Credit, comes with a minimum affordability period of 30 years. In Denver the legal minimum to receive city support is 60 years, though the trend is toward 99-year or permanent affordability.

The supply literature doesn't tell us how long immediate rent reductions from new market-rate supply in older market-rate homes might last. If the laws of supply and demand hold true on both sides of construction, then a later surge in demand could still result in price spikes, leaving renters facing the same challenges. At least absent a policy that limits the size of rent increases. Other states leading on land-use reform like California, Washington and Oregon have mitigated the risk of exorbitant future rent increases through statewide rent caps or by allowing local stabilization policies. Colorado has a blanket prohibition on any form of rent control or stabilization at this time.

Rick Jacobus has a great talk on the entire topic of supply and affordability, in which he also points out how little the moderation of an already high rent will help a low-income family. This is connected to why people remain skeptical of even optimistic predictions about market-wide impacts. They care mostly about whether they will be helped themselves. If rents moderate from $2,000 per month to $1,900 that is better, a savings of $1,200 per year. But it isn't enough to make that two-bedroom apartment affordable to the family of three in Fort Collins who earns $60,000 and can only afford $1,534 per month.

Moderation will not bring housing into reach for the most-burdened, very low- and low-income families when the new housing built is likely to be very expensive and the rents being moderated also started out very high. There are 165,000 of these very low-income households in our state who earn less than around $26,000 depending on their county. The rents in naturally occurring housing will never be low enough for them to afford either.

We will always need regulated Affordable housing strategies that create homes in our state for the lowest -paid workers and people on fixed incomes or older adults with only Social Security. Enacting market-rate strategies without any other components does not create new or more restricted Affordable homes on its own. That is why even the Furman Center authors are careful to recommend that supply strategies should be paired with other affordability strategies to meet the housing needs of all income groups.[35]

Ensuring Broader and Deeper Affordability Results with Standards

Affordability through Proposed Legislation

Since the failure of 2023 reforms embodied in SB23-213, sponsors and leading non-profit proponents of land use reform in Colorado have publicly and privately acknowledged the feedback they received about better tying reforms to affordability . Kudos to them for this recognition, as well as language in the TOC bill, and the funding paired with it. A bill limiting evictions without cause has also been signed into law and provides a missing renter protection that is also in place in all other states that have pursued the most widespread zoning reforms to stimulate housing supply, California, Washington and Oregon.

The TOC bill includes two approaches to affordability:

- $30 million in new funding for affordable housing tax credits built in TOCs. That will build 682 affordable apartments according to testimony before the House Finance Committee.
- A menu of affordability options covered jurisdictions must pursue in addition to their HOGs, or Housing Opportunity Goals.

Communities must pursue at least two “standard affordability strategies” and one “long-term” option from initial menus in the bill, which can be expanded over time by the Department of Local Affairs (DOLA.) As mentioned above, it also requires them to identify displacement mitigation strategies they will implement from a list to be developed by DOLA, in areas found to be vulnerable.

The menu of strategies in HB24-1313 provides nearly infinite pathways to promote or encourage affordable housing. Some could be implemented and result in little or no new affordable housing anywhere. The vast majority could be implemented and result in zero new affordability in TOCs themselves, a missed opportunity. At least one legislator who heard the bill in the Colorado House Finance Committee seemed to struggle with this disconnect as well before the bill was moved forward, expressing hope it might evolve. See pull out box for analysis of the affordability menu options.

Analysis of Affordability Measures in HB24-1313

Based on Potential to Result in Affordable Housing,
But Not Specific to Production Within TOCs Themselves
(Combines both standard and long-term strategies for purpose of analysis)

Could result in expanded capacity for affordable housing in the jurisdiction, depending on levels of investment and implementation:

- Leveraging public land for affordability
- Establishing revenue for affordable housing
- Incentivizing or creating a fund that invests in land banking or community land trusts
- Preserving existing deed restricted units
- Incentivizing affordable condo projects
- Establishing an affordable rent-to-own program

Options that would ease the path for housing projects anywhere in the jurisdiction:

- Reducing impact fees
- Expediting approval timelines
- Reducing parking requirements (will be moot in TOCs under legislation eliminating parking requirements that also passed)

Improve accessibility of affordable housing:

- Incentivizing visitable and accessible affordable housing for those with disabilities

Worthwhile, but more tenuous in terms of predicting outcomes for expanded access to or supply of affordable housing, pending detail:

- Regulating short term rentals
- Encouraging realtors to work with minority or low-income buyers

The Potential of Inclusionary Housing

Keen observers may miss the one strategy I skipped over in my profile of affordability strategies above: inclusionary housing, the practice of requiring a percentage of affordability within otherwise market-rate developments. It's the housing policy I once referred to as the third rail of Denver politics due to how few friends you'll earn from either side of the spectrum if you take it on. However, it is one of the only tools we have for capturing a portion of the added economic value that upzoning creates for the public good. It has the most potential for ensuring affordability outcomes among the hundreds or thousands of new market-rate housing units the TOC bill strives to catalyze. It would supplement opportunities for public entities or Affordable developers who own or can secure land to build Affordable projects in TOCs, which will be restricted by the limited availability of state and federal subsidies.

Inclusionary housing ensures a modest but steady supply of affordable housing is created as market housing is produced. Policies require a percentage of homes built – typically 8-25 percent -- to be affordable. In this context, that means AMIs ranging from 50-100 percent depending on whether they are rental or for-sale homes, and other factors. Few policies are designed to create deeply affordable homes for those below 30 percent of AMI in market-rate buildings because the cost of doing so would significantly shrink the number of affordable homes that could be required, and residents at these incomes often benefit from additional services that aren't provided in market-rate buildings. Yet inclusionary policies can expand housing access for these lower AMI households in other ways, as I describe in this video. The policy only works in larger or denser housing developments like multi-family housing (you can't create a percentage of affordability out of a single accessory dwelling unit or pair of duplexes on an in-fill, one home at a time basis.)

The TOC bill could have, but doesn't, set a standard for affordability within the new development prompted by the zoning changes it demands. Nor does it create a requirement for local governments to apply some form of inclusionary requirements to their TOCs. Inclusionary is listed as the first option in the long menu of standard affordability options local governments must choose from, analyzed above, but it is not required.

This contrasts with some similar legislative measures and proposals from leaders in land-use reform elsewhere, as well as similar local policies that have resulted in large numbers of new homes near transit:

California AB2011 (Passed 2022, Effective July 2023)[36]

- Streamlines development approval for housing production on urban commercial corridors so long as at least 15 percent of a project's new units are affordable to lower income renters or buyers.

- Allows 100 percent affordable projects in the same corridors to be built by-right, without legislative review or discretion, as long as the project meets objective standards, and sets those criteria.
- Also requires construction workers building the projects be paid prevailing wages.

Los Angeles Transit Oriented Communities Incentive Program (Adopted 2017) [37]

- Links increased density or reduced parking to affordability set asides.
- Has added 37,000 homes to the development pipeline, 8,000 of them affordable.

Washington House Bill 2160 (2024, unsuccessful)[38]

- 10 percent of homes built pursuant to the zoning required by the bill must be affordable for those ≤ 60 percent of AMI for renters or 80 percent of AMI for owners for 50 years.
- Additional density for 100 percent affordable buildings.
- Provisions for delayed implementation where displacement a risk.
- A prior 2023 Washington bill, SB5466, would have required 20 percent affordability from any net additional homes created unless the local government had a different inclusionary policy in place.

California Senate Bill 50[39] (2020, unsuccessful)

- 15 to 25 percent affordability required over a long period.
- Delayed implementation in areas vulnerable to displacement.

Massachusetts MBTA Communities policy (2021, adopted)

- Requires communities to have at least one district of reasonable size that is zoned for greater than 15 units per acre in which multi-family housing is permitted by right near transit.
- Does not require affordability within the legislation. However, Massachusetts has one of the highest rates of local inclusionary housing policies in the country (27 percent of all communities) and nearly all of the communities near transit already have such a policy.[40]
- Inclusionary policies up to 10 percent of homes at 80 percent of AMI are allowed automatically. Policies may reach 20 percent of units and lower AMIs provided a feasibility analysis demonstrates the requirements work within the local market. Certain pre-existing, site specific plans or requirements that may vary are grandfathered.[41]

Colorado could use a menu-like approach similar to those already in the bill to provide jurisdictions flexibility and still ensure affordability in TOCs, or at least ensure affordability is leveraged should some projects pay fees toward affordable housing in lieu of building.[42] Communities like Boulder effectively use policies tilted toward collecting fees in lieu of units to build more deeply affordable housing. Seven jurisdictions in metro Denver already have inclusionary policies according to DRCOG's

Regional Housing Needs Assessment.[43] Fort Collins already provides developer incentives in exchange for density, the kind of density that developers would get for free under the current TOC proposal, thereby eliminating any potential for Fort Collins to use these bonuses to incentivize affordability in TOCs.

A flexible menu for local governments to pursue affordability in TOCs might look something like this:

- A citywide inclusionary policy that applies in TOCs as well.
- Allowing local governments to establish zoning overlays linked to affordability to meet their HOGs rather than automatic zoning to the maximum, the exact kind of incentives industry associations regularly advocate for.
- Establishing density bonuses to build even more homes than the legislation requires, to eight or twelve or more stories instead of five, for example, for projects that build a percentage as affordable.
- Where there is public land ownership or other public funding provided to support TOC development, site specific development agreements could be negotiated between developers and cities and/or urban renewal authorities or written into metropolitan district service plans, like the voluntary agreements already contemplated in Colorado Revised Statute § 38-12-301(2).
- Where there is a community of interest that is vulnerable to displacement or other equity considerations, community benefit agreements are community-led, negotiated agreements with project developers that could determine affordability levels for projects and help ensure development also meets local needs in a more tailored and community responsive manner.

It would be important for inclusionary policies to meet a minimum bar of percentage of units and affordability level to ensure they are real, but flexibility could be provided to meet the demonstrated needs and economics of the community hosting the TOC. The Massachusetts approach of allowing local inclusionary policies requiring up to 10 percent affordability by right creates a path for smaller jurisdictions that may not have the resources for expensive studies. While requiring neutral studies that test the feasibility of more ambitious policies above 10 up to 20 percent would help policymakers resolve debates between the real estate industry and advocates on what local markets can bear.

A focus on 80 percent of AMI as the limit for any inclusionary housing approach, however, would be mistaken given the metro Denver escalation in AMI over the past several years. The official median family income has risen by more than $25,000 just since 2021, to an eye popping $130,400. “Sixty is the new eighty” when it comes to comparing the types of occupations that used to be represented at 80 percent of AMI but are now represented at 60 percent. For example, the starting salary for teachers in

Denver at $54,000, or the average salary at $58,000, places teachers below 50 percent of AMI in 2024, nowhere close to 80 percent, which would require a salary of $72,000.[44] That same $54,000 salary would have put a single teacher squarely at 80 percent of AMI in 2021, the year Colorado legalized local inclusionary housing policies.

Calibrating any inclusionary policy no higher than 60 percent of AMI for renters also aligns with RTD's own definition and goal for affordability. This threshold is also supported by the University of Colorado and DRCOG data cited elsewhere in this paper about the projected growth in jobs and housing demand among those earning at or less than this threshold.

Those with questions wanting to dive deeper into inclusionary housing, how housing markets adjust to accommodate the policy over time, or looking for the real scoop behind claims apartment development has ceased in Colorado's largest city, will be excited to read my next piece focused on inclusionary housing economics.

Conclusion

Working families stand to benefit from at least some of the apartments or multi-family ownership homes built as a result of higher density near transit, as those homes are built over time. The first place they'll save is through lower combined costs of Housing+Transportation if they bypass car ownership, combined expenses that hit moderate- and lower-income families hardest. There is also mounting and compelling evidence that new, market-rate housing supply expands access to lower-priced rental housing fairly quickly -- within a few rounds of moves -- and that a meaningful proportion of those vacancies benefit lower-income households. New housing has also been shown to moderate rents in the immediate vicinity of new buildings. However, results may vary based on context, and additional policy protections should be considered, like limiting short-term rentals, alongside strong implementation of displacement mitigation requirements. Furthermore, without policy or deed restrictions, there are no protections from such rents rising again.

New market-rate rents, and even high existing rents moderated by $100 to 150 per month, will be too expensive for the largest population of renters facing cost burden in Colorado. That group, comprised of those earning less than 60 percent of AMI, are projected to have the greatest housing need in the future. Thus, it will remain critical to build regulated Affordable housing to ensure some of the new housing built in TOCs is immediately affordable to moderate income households at rents guaranteed for the long-term.

Inclusionary housing is the best practice for building a modest but steady supply of additional Affordable housing alongside market-rate homes, without requiring public subsidy. It is a common feature of similar policies or communities subject to dense zoning elsewhere and should be replicated in Colorado.

Lastly, public funding and other strategies remain critical because more than 100,000 renter households need deeply subsidized housing and other strategies to build deeply Affordable homes the market never would build on its own. It's excellent news the TOC bill is paired with a first investment of $30 million in tax credits to do just that in TOCs. Colorado should ensure our fiscal health is strong enough to keep renewing that investment as the long-term build-out in these transit rich areas unfolds over future decades.

Endnotes

1 Kniech, Robin and Pollack, Melinda. (2010). Making Affordable Housing at Transit A Reality: Best Practices In Transit Agency Joint Development. Accessed at: https://todresources.org/resources/making-affordable-housing-at-transit-a-reality-best-practices-in-transit-agency-joint-development/.

2 According to the Southwest Energy Efficiency Project (SWEEP), only 20% of more than 30,000 RTD parking spaces were utilized in 2023.

3 "RTD Board approves policy that encourages development of affordable housing on RTD property." (February 21, 2021). Accessed at: https://www.rtd-denver.com/community/news/rtd-board-approves-policy-encourages-development-of-affordable-housing-rtd-property.

4 2023 Colorado Division of Housing HOME Income Limits.

5 Kenney, Andrew. (February 20, 204). "New bill could force Colorado cities to allow density near transit lines," Colorado Public Radio. Accessed at: https://www.cpr.org/2024/02/20/new-law-could-force-colorado-cities-to-allow-more-housing-near-transit-lines/. Areas without requisite transit can opt in by providing similar zoning in "neighborhood centers."

6 Pomerance, Steve. (March 22, 2024). "Opinion: We can't build our way out of this "housing crisis" without dramatically reducing quality of life," The Denver Post. Accessed at: https://www.denverpost.com/author/steve-pomerance/.

7 See Makarewicz, Carrie. (May 25, 2023) "Seeking Housing Affordability in the Denver Metro Area: Detailing the causes and outcomes of the housing crisis to inform local and national solutions," Presentation to Denver City Council District 6 Academy," a project of University of Colorado, Denver (CU Denver) researchers. Accessed at: https://denvergov.org/files/assets/public/v/1/city-council/documents/d6/denvermetrorahstudy_d6-academy.pdf and Colorado Affordable Housing Update. (Summer 2023). Colorado Futures Center. Accessed at: https://www.coloradofuturescsu.org/wp-content/uploads/2023/08/CFC_Colorado_Housing_Affordability_Update_Summer2023.pdf.

8 Doubled Up Households in Colorado: 2019. (August 2021). Colorado Futures Center. Accessed at: https://www.coloradofuturescsu.org/wp-content/uploads/2021/08/DoublingUp2020_brief_final.pdf.

9 See projections by the Colorado State Demography Office, 2022 Population Summary. Accessed at: https://storymaps.arcgis.com/stories/c81462dd7bc44924b4876a4d016c1194.

10 House Transportation, Housing and Local Government hearing on HB24-1313

(March 6, 2024). Accessed at: https://sg001-harmony.sliq.net/00327/Harmony/en/PowerBrowser/PowerBrowserV2/20240306/-1/15412#info_.

11 Regional Housing Needs Assessment (RHNA) Preliminary Findings and Next Steps, DRCOG Board Work Session (April 3, 2024). Accessed at: https://drcog.org/node/991548.

12 CU Denver research, cited above.

13 United States Census Bureau https://www.census.gov/library/stories/2023/05/family-households-still-the-majority.html#:~:text=Married%20Couple%20Households%20Made%20Up%20Most%20of%20Family%20Households&text=While%20one%2Dperson%20households%20increased,2020%20Census%20data%20released%20today.

14 Center for Neighborhood Technology, About the Index: https://htaindex.cnt.org/about/. And Colorado State Demography Office, cited above.

15 Bureau of Transportation Statistics (BTS). (9/19/23). The Household Cost of Transportation: Is it Affordable? Accessed at: https://www.bts.dot.gov/data-spotlight/household-cost-transportation-it-affordable.

16 Center for Transit-Oriented Development (CTOD). Mixed-Income Housing Near Transit: Increasing Affordability With Location Efficiency. Accessed at: http://www.reconnectingamerica.org/assets/Uploads/091030ra201mixedhousefinal.pdf.

17 Center for Neighborhood Technology, H+T Index for Fort Collins. Fact Sheet and Housing + Transportation Costs % Income Table. Accessed through: https://htaindex.cnt.org/map/.

18 Fort Collins Housing Strategic Plan 2021 (March 2021). Accessed at: https://www.fcgov.com/housing/files/20-22913-housing-strategic-plan-no-appendices.pdf?1618855189.

19 H+T, cited above.

20 CTOD, cited above.

21 BTS, cited above.

22 For one summary of this data, see the National Employment Law Project https://raisetheminimumwage.com/resource/testimony-of-yannet-lathrop-in-support-of-sb-171/.

23 Colorado Coalition for the Homeless. (2023). Colorado's Affordable Housing Crisis: It's Time for Strategic Investments. Accessed at: https://www.

coloradocoalition.org/sites/default/files/2023-04/COAffordableHousingCrisis_StrategicInvestmentReport_CCH_2023.pdf, 16.

24 Been, Vicki; Ellen, Ingrid Gould and O'Regan, Katherine M. (November 10, 2023). "Supply Skepticism Revisited," NYU Law and Economics Research Paper No. 24-12, Available at SSRN: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4629628.

25 Furman Center, cited above, 29-30, citing Mast, E. (2023). "The Effect of New Market-Rate Housing Construction on the Low-Income Housing Market," Journal of Urban Economics, 133, 103383. https://doi.org/10.1016/j.jue.2021.103383

26 Furman Center, cited above, 30, citing Bratu, C., Harjunen, O., & Saarimaa, T. (2023). "City-wide effects of new housing supply: Evidence from moving chains," Journal of Urban Economics, 133, 103528. https://doi.org/10.1016/j.jue.2022.103528.

27 Furman Center, cited above, 20, citing Asquith, B. J., Mast, E., & Reed, D. (2023). "Local Effects of Large New Apartment Buildings in Low-Income Areas," The Review of Economics and Statistics, 105(2), 359–375. https://doi.org/10.1162/rest_a_01055.

28 Furman Center, cited above, 31, citing Mense, A. (2023). "Secondary Housing Supply," FAU Discussion Paper in Economics. 05/21. https://ideas.repec.org/p/zbw/iwqwdp/052021.html.

29 Furman Center, cited above, 22.

30 Colorado Affordable Housing Update. (Summer 2023). Colorado Futures Center. Accessed at: https://www.coloradofuturescsu.org/wp-content/uploads/2023/08/CFC_Colorado_Housing_Affordability_Update_Summer2023.pdf.

31 "There are over 90,000 vacation homes in Colorado," Fox 31 KDVR (12/06/2023). Accessed at: https://kdvr.com/news/colorado/vacation-homes-colorado/?ipid=promo-link-block1.

32 See Richardson, Jason; Mitchell, Bruce and Franco, Juan Franco. (March 19, 2019). "Shifting Neighborhoods: Gentrification and cultural displacement in American cities," National Community Reinvestment Coalition. Accessed at: https://ncrc.org/gentrification/.

33 Approximately 8,400 families with students in Denver Public Schools (DPS) schools left West Denver between 2015 and 2021, moving to other cities and other less expensive neighborhoods. The West Denver Single Family Plus (WDSF+) ADU Pilot Program Y3 (2023) Summary Report. (December 2023). West Denver Renaissance Collaborative, a project of the Denver Housing Authority.

34 Bailey, Peggy. (October 27, 2022). "Addressing the Affordable Housing Crisis Requires Expanding Rental Assistance and Adding Housing Units," Center on

Budget and Policy Priorities. Accessed at: https://www.cbpp.org/research/housing/addressing-the-affordable-housing-crisis-requires-expanding-rental-assistance-and.

35 Furman Center, cited above, 49.

36 See Distefano, Joe and Calthorpe, Peter. (8/3/22). Can commercial corridors solve California's housing crisis? Accessed at: https://urbanfootprint.com/blog/policy/ab2011-analysis/.

37 Los Angeles City Planning, Housing Progress Reports, A Closer Look at Density Bonus and Transit Oriented Communities (TOC) Incentive Program. Accessed at: https://planning.lacity.gov/resources/housing-reports.

38 Demkovich, Laurel. (January 22, 2024). "The Fight Over Denser Housing Near Transit," MLT News. Accessed at: https://mltnews.com/the-fight-over-building-denser-housing-near-transit/.

39 Yonah Freemark, Rodrigo Garcia, Samuel Lieberman, and Annie Rosenow. (December 2023). "Unifying Upzoning with Affordable Housing Production Strategies," Urban Institute. Accessed at: https://www.urban.org/sites/default/files/2023-12/Unifying_Upzoning_with_Affordable_Housing_Production_Strategies.pdf.

40 Grounded Solutions Network: https://groundedsolutions.org/inclusionary-housing/#:~:text=More%20than%20900%20jurisdictions%20across,definable%20share%20of%20affordable%20housing.

41 Massachusetts Municipal Association (MMA): https://www.mma.org/dhcd-releases-final-zoning-rules-for-mbta-communities/.

42 HB21-117 that legalized inclusionary housing policies in Colorado in 2021 requires at least one alternative to on-site construction be provided in local inclusionary policies.

43 DRCOG RHNA, cited above.

44 Denver Classroom Teachers Association (DCTA) 23-24 Step and Grade Schedule. Accessed at: https://thecommons.dpsk12.org/cms/lib/CO01900837/Centricity/Domain/61/23-24%20DCTA%20Step%20and%20Grade%20Schedule%20Eff.%208-1-2023.pdf. AMIs are from HUD FY24 Income Limits for Denver-Aurora-Lakewood, CO MSA. Accessed through: https://www.huduser.gov/portal/datasets/il.html.