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CCI AFFORDABLE HOUSING STRATEGIES

Colorado's local government officials recognize there is a housing crisis and an immediate need for more affordable and attainable housing options. To address this challenge, CCI's members have developed and implemented a variety of positive solutions and approaches, some of which could be the basis for legislative change. Counties desire to partner with the state, their municipalities and special districts and other stakeholders to proactively move the needle to improve the availability and affordability of housing in Colorado.

CCI believes there are many contributing factors to the housing crisis, many of which are not under the direct control or influence of government. Historical interest rates, the COVID pandemic, the cost and availability of land and construction materials, the cost of providing water and other utilities and infrastructure, the proliferation of short-term rentals, the scarcity of labor, and tremendous population growth are externalities that continue to challenge both the state and the nation in addressing housing affordability. Given the complexity of the causes, **there is no top-down, one-size-fits-all solution that is going to solve Colorado's housing crisis.** At the same time, CCI believes there are ways local governments and the state can take policy steps to create positive change, which are included in the attached white papers.

Although there is room for improvement and refinement within local codes and development review processes, CCI believes local zoning controls and review processes play a critical role in ensuring that proposed development has adequate infrastructure and services while not adversely impacting public welfare and the environment. There are also significant differences between the solutions that may be most effective in the diverse housing markets of Colorado (e.g., Front Range urban, mountain resort, Western Slope and eastern plains). Accordingly, broad legislatively mandated zoning changes are generally not the answer.[1] Rather, legislative solutions should recognize (and celebrate!) these regional differences, providing flexible tools that can be customized at the local level to strengthen communities and take the state forward.[2]

CCI also believes ***special emphasis should be placed on the issue of funding***. To significantly increase the supply of housing, a substantial investment in water, utilities and infrastructure will be necessary. Local governments do not currently have the budgetary capacity to take on the cost of procuring needed water or developing necessary infrastructure. Most local governments operate on the principle that new development must pay its own way. However, this significantly adds to the cost of housing, and in some cases, makes projects economically unfeasible. Funding is particularly

[1] A recent Urban Institute study concluded that relaxing zoning restrictions achieves only a small improvement in housing supply, and no improvement in affordability: https://www.governing.com/community/zoning-changes-small-impact-on-housing-supply-affordability-study

[2] Colorado voters trust their local governments to address the affordable housing issue: https://www.coloradopolitics.com/governor/poll-shows-colorado-affordable-housing-best-handled-by-local-governments/article_ad3d6b1e-6f59-11ee-932a-afdcf5631aa9.html

an issue with respect to low-income and middle housing, as such housing will typically require subsidies to be viable. As such, CCI desires to work with the state, municipalities, and special districts to explore ways to provide the necessary financing and funding for affordable housing development to occur.

We look forward to engaging with the administration, the General Assembly and other stakeholders as we work to craft solutions that will benefit all of Colorado!

ATTACHED WHITE PAPERS:

1. Strategic Growth & Regional Planning
2. Removing Regulatory Barriers
3. Water and Infrastructure
4. Accessory Dwelling Units (ADUs)
5. Transit Oriented Development (TOD)

Strategic Growth & Regional Planning

Strategic growth and regional planning have a central role in Colorado's housing conversation, as the foundation of community planning is developing a long-range vision for the future and using data to identify associated policies to achieve this vision. Effectively addressing housing challenges at the community level relies, therefore, on comprehensive data such as that gathered through Housing Needs Assessments (HNAs). CCI emphasizes the importance of these assessments, as they are critical for understanding what the problems are, what needs to be done to address those problems, and where the work should be done.

To be most effective, this data must be considered in tandem with planning for water, sewer, and infrastructure. It must also differentiate between rural, rural resort, and urban Colorado and across other subregions of the state, as the specific challenges and needs of these communities vary significantly. In rural communities, for instance, land may be available but developers and infrastructure are lacking, while other jurisdictions have developers and funding but no land on which to build. Additionally, communities require the *spectrum* of opportunity that underpins a stable community for residents, but the specific areas of need within that spectrum are not uniform.

The variation across the state necessitates regional coordination. Through strategic growth and regional planning, we can find effective, flexible solutions that respond to our communities' needs.

Case Studies: Building on Successes

Arapahoe County

The county has collected housing data from their cities to create a comprehensive "heat map" of where development is happening and what stage it's in. Additional county maps of transportation infrastructure, land records, local districts, natural features, and more equip the county and developers to make strategic decisions.

1271 Grant Funding

Counties highly value data, but the cost of HNAs make it difficult to obtain. The 1271 Planning Grant Program has been incredibly successful in addressing this, with funds awarded to 62 grantee communities representing over 100 local governments during seven rounds of applications. The final round was the largest, indicating ongoing demand for support.

Southeast Colorado

The Southeast Colorado Workforce Housing project aims to build 60-70 new workforce housing units. The partnership involves all six counties[4] and nine municipalities in the region, a collaboration allowing the project to be large enough for developers to realize economies of scale.

Chaffee Housing Authority (CHA)

The multijurisdictional housing authority[3] focuses on increasing affordable housing in the county. CHA conducted a 2022 needs assessment, which they used to identify development, programming, and funding outcomes. They also established production goals for each jurisdiction.

[3] CHA is made up of Chaffee County, the City of Salida, and the Town of Buena Vista. For more information on CHA's priority outcomes, visit the CHA website.
[4] The six counties are Baca, Bent, Crowley, Kiowa, Otero, and Prowers.

Solutions

Facilitate/fund regional needs assessments and state studies. Regional assessments provide a snapshot of what needs to be done and where, but they are expensive and time-consuming. State assistance through funding and technical assistance and/or a state study of housing at the local level helps both the state and local governments strategically invest limited resources. Specific elements that should be considered include:

- Housing needs relative to job centers, using locally appropriate definitions of "job centers" (to be strategic about where housing goes relative to those centers).
- Proximity to and prevalence of transit options.
- Availability of water and sewer infrastructure.
- Vacancy rates.
- Ability to tie assessments to existing housing needs assessments (to avoid being duplicative while ensuring findings integrate with information already gathered).

Require an affordable/workforce housing element in comprehensive plans. Counties could be required to include a housing component in their comprehensive plans and provide a corresponding zoning code for multifamily residential as appropriate. This component should recognize the need for diversity of housing and should seek to prevent displacement, while remaining largely free of prescriptions.

Require adoption of comprehensive plans by county commissions. All county planning commissions are currently required to develop and adopt a plan. However, adoption of the plan by the board of county commissioners is not required (though many have). We could require such adoption, though the local decision on making such plans advisory or regulatory in nature should be retained. This requirement would need to come with flexibility surrounding when updates are needed to ensure counties can be responsive to changes in their communities, as well as technical and financial assistance to execute those updates.

Provide state support for infrastructure. Infrastructure build-out and rebuilds for infill is expensive, and cities and counties rarely have funding to invest in the necessary upgrades. Putting the cost burden on developers, however, adds to the final cost of housing. The state should support and invest in infrastructure upgrades so that affordable housing doesn't have to include such upgrades in their capital stack.

Hire a statewide arbitrator for housing discussions. This arbitrator could be a neutral party to resolve disagreements and speed decisions, whether in intergovernmental discussions about infrastructure or stalemates between local governments and state agencies. The arbitrator should be housed in the Department of Local Affairs.

Ensure state funding is distributed across urban, suburban, and rural areas. Funding is often distributed to urban areas, because the sheer number of people in those areas increases the economies of scale. This can make rural areas disproportionately unlikely to receive funding and risks leaving out significant swaths of the state from housing progress. Housing funds should be directed at our greatest needs and at gaps *throughout the state* in an equitable way.

Remove restrictions on the per-unit subsidy the state can provide.

Develop ways to incentivize new creative approaches to financing. One example of such an approach includes fee development (not currently supported by DOLA).

Removing Regulatory Barriers to Affordable Housing

The need to remove regulatory barriers to affordable housing has been especially salient in recent years. It is an incredibly complex challenge due to the myriad interconnected factors, stakeholders, and perspectives involved. Additionally, many of these factors are outside Colorado's control. In this environment, stakeholders must consider how to increase funding, bring contractors and workers to rural areas, expedite administrative processes, manage local staff capacity, build political will, ensure adequate infrastructure capacity, promote density where appropriate, and more. The path forward relies on the collaboration of all stakeholders to address this array of challenges by developing joint approaches that respect the unique circumstances of each community. The housing crisis has been building for decades, and it will take substantial investment combined with policy reform to address.

In this conversation, it is vital to consider how the most pressing regulatory barriers – as well as the way they relate to one another – vary significantly depending on a community's specific needs, market, and characteristics. Take short-term rental (STR) regulations: universally mandating specific regulation of STRs would affect communities in starkly different manners. For counties without significant STR markets, the mandate would likely add administrative burden while unnecessarily limiting homeowner options. For counties already regulating STRs, an overly specific mandate could undermine already functional existing regulations. As we explore solutions, we must structure them in a way that provides local flexibility to address locally relevant barriers in locally appropriate ways.

Research & Case Studies

La Plata County

La Plata currently faces four interconnected challenges: because they are relatively removed, it is difficult to get developers to come, there is no building workforce, there is a lack of water, and resources cost too much. While solving one of these problems would certainly help, addressing the housing challenge in La Plata would require fixes to ALL of these issues, none of which are easy to solve.

Eagle County

The county prepared a best case and realistic approval timeline for a typical affordable housing application to determine which timelines were self-imposed by land use regulations and which were imposed by statute. They took a hypothetical development that would typically be looked upon favorably by the community and found the best case for approval was 522 days from submittal. Under current statute, expediting approval would require cutting staff review, applicant response times, or submittal requirements, resulting in approvals lacking adequate environmental, traffic, and other reviews. Few efficiencies are there to be found, absent significant legislative changes to statutory requirements.

WMR Coalition

The West Mountain Regional Housing Coalition – made up of five municipalities, two counties, and one college district – pursues joint solutions to support the regional workforce. In addition to facilitating programs and partnerships, the coalition researches and proposes revisions to members' land use codes to streamline processes, grow strategically, and increase affordable housing. The regional perspective can facilitate consistency across jurisdictions.

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Solutions

Expedite state-level reviews and explore additional program improvements. We applaud the administration's direction to state agencies to address this issue by directing them to prioritize affordable housing and make their granting and permitting processes/ practices more efficient. Additional state-level improvements could include the following:

- Apply the regional AMI model to all state programs.
- Expedite state modular/manufactured housing inspection processes while ensuring equal quality.
- Promote streamlining of USFS and BLM permitting and decision processes.
- Incentivize school districts to engage on/coordinate zoning with local governments.

Expedite development review at the local level. Local governments should consider how to expedite their permitting processes to facilitate lower costs and incentivize the specific types of housing needed in their communities. This must include an investigation into what statutory timelines (e.g., public notice requirements) restrict the ability of local governments to make quicker land use decisions. Additionally, there are some known local government best practices that local governments can explore replicating if found to be appropriate for their communities:

- Shorten the time between Planning Commission and BOCC meetings.
- Expedite the Planned Unit Development (PUD) process, especially in cases where the development features multifamily and affordable housing options.
- Waive/lower permitting fees as feasible and when appropriate.
- Limit the number of public hearings required for developments that increase housing options and meet zoning requirements.

Identify changes in state-mandated timeframes and processes. Local government timelines are currently limited in their expediency in part by statutory timeframes required by law. Collaboratively identify areas in which we could pass legislation to reduce these timeframes without compromising citizen review.

Consider expanding the location and extent (L&E) process to affordable housing. Expanding the use of the L&E approval process to apply to certain deed-restricted affordable housing units already supported by the community would significantly speed permitting for such projects. However, there are various safeguards that would need to be considered and adopted to ensure proper, effective use of this process, including a requirement that the jurisdiction in which a development is located approves of L&E use.

Allow local governments to own and operate housing without creating an authority. This change in housing authority requirements would create more flexibility for local governments to respond to local opportunities. Local governments not interested in owning and operating would not be required to do so.

Prevent local governments from zoning out multifamily housing, manufactured housing, and tiny homes in their land use codes. This would ensure all jurisdictions are creating housing opportunities while maintaining local flexibility and responsiveness.

Consider high vacancy rate solutions, especially with respect to short-term rentals (STRs). Increasing supply doesn't solve the problem if new housing stock becomes STRs or investor-owned rental properties, as often occurs in rural resort communities. Consider ways to manage STRs and decrease vacancy rates, particularly in communities where STRs contribute to the distortion of the local land and real estate economy.

- Reclassify short-term rentals for property tax assessments (using appropriate definitions and measures focused on feasible implementation) to disincentive high vacancy rates, incentivize long-term rentals to increase housing stock, and generate additional revenue to enhance infrastructure development and support additional housing.
- Implement primary residence requirements. Similar legislative proposals in other states have required that one unit in a multiplex serve as a primary residence for the first three years.
- Provide property tax credits or rebates for homeowners who rent long term or for homeowners who sell second homes to middle-income locals (first responders, teacher, nurses, etc.).

Grant counties broader property tax rebate authority as a tool to incentive conversion of STRs to LTRs. Allow local jurisdictions to issue property tax rebates to incentivize long-term rental of residential properties to address housing deficits and provide workforce housing. This tool could be used to address other local areas of concern to support the local workforce (or other concerns such as economic revitalization, creation of social infrastructure, etc.). This is one of CCI's legislative priorities for the 2024 legislative session.

Conduct pilot programs for new policy concepts. Particularly in light of the many differences between types of counties across the state (e.g., urban/rural/rural resort), it would be valuable to conduct pilot programs across such counties to test what works and identify potential unintended consequences prior to implementing statewide policies.

Maintain viability of mobile home parks. Mobile home parks are a critical current source of affordable housing, and it is important that we ensure those parks continue to operate. Some possible actions the state can encourage/support local governments with include the following:

- Consider possible redevelopment within the parks, such as allowing modular products or tiny homes alongside existing mobile homes.
- Adopt zoning that protects these parks.
- Allow older mobile homes to serve as transitional housing or emergency shelter.
- Provide additional funding/financing programs to allow residents to purchase parks.

Review construction defect laws. Consider how to mitigate or reduce risk and insurance costs for developers and create a regulatory environment in which developers are more likely to build condos, while continuing to protect homeowners.

Revise the definition of "family" for occupancy restrictions. The definition is often an impediment to rental opportunities and may in fact be a violation of federal law.

Examine how HOA laws and regulations may present barriers to the creation of affordable housing, and consider solutions such as the following:

- **Create a pathway to address "Zombie HOAs."** "Zombie HOAs" – that is, homeowner associations in which there is no longer a function board and there is no one to whom an individual could appeal a decision or request a policy change. Such HOAs can stagnate a community and severely handicap the ability of a community to make its own decisions, since there is no one to discuss with or to make changes.
- **Require HOA covenants to be aligned with local zoning codes.** When a local community has made decisions about how its land should be planned and used, HOAs that are a part of that community should correspond to that vision.

Acknowledge legislative drivers of housing infrastructure cost. Developers have indicated that newly adopted energy codes and fire mitigation building codes in the Wildland Urban Interface (WUI) are likely to drive up the cost of housing. These costs should be weighed against potential long-term savings for the owner or tenant (e.g., savings on utility bills from energy efficiency).

Water & Infrastructure

Water, wastewater, and infrastructure concerns have emerged as fundamental pillars in the ongoing conversation on affordable housing in the state. As we grapple with high demand for attainable housing, the availability, accessibility, and efficiency of water resources to support this housing and the adequacy of other essential infrastructure are paramount. We must seek a holistic approach that acknowledges the very real consequences to environment, health, and safety when we build without appropriate resources in place. This holistic approach *cannot* be a one-size-fits all approach: the wide variation across the state in water delivery systems, frontier versus urban environments, market types, and myriad other factors necessitates flexibility in how we address these complex topics.

Moving forward, we must prioritize several principles. We must ensure there is real, sustainable water rather than relying on theoretical water availability ("paper water"). Relatedly, "buy and dry" of agricultural land is not a viable long-term solution. Long-term strategies must accommodate variations in water systems (centralized and decentralized) and in how much water goes toward consumptive use, and they must account for increased waste processing needs resulting from development. Moreover, we must examine *all* infrastructure, ranging from grid capacity to road infrastructure, while considering the role and impact of state agency processes and staff limitations.

Research & Case Studies

Park County

Development is currently being prevented by the lack of water rights usable for dense development. There is physical water in the county, but the rights have been purchased by those downstream. The resulting legal challenge coupled with limited wastewater treatment systems have prevented expanded development.

Teller County

Rule 31 impacts to wastewater treatment plants are adding millions of dollars to these facilities with disproportionate impact to smaller facilities and rural counties. Moreover, the county has been delayed for nearly two years after major investments in engineering and design, in large part due to chronic state agency staff shortages and lengthy permitting delays. Between the delay and Rule 31, cost estimates have increased by 200%.

Summit County

The county tried to work with Frisco to have the town provide sanitation and water but the efforts fell through, resulting in the need for the county to provide the systems. The sewer system alone would cost $60M, and the county does not have enough collateral to bond. It would be helpful if the county could leverage the state's bonding capacity to secure necessary funding.

Arapahoe County

Much growth in the county is occurring in rural areas due to the numerous infrastructure challenges (e.g., sewer, road infrastructure, stormwater, lights, etc.) that infill projects face. Chief among these is water: many smaller systems developed on non-renewable groundwater and cannot simply be scaled up. And because these old systems must either be worked around or removed, the cost of upgrading infrastructure (infill) can be higher than creating new infrastructure (greenfield). Unlike other counties, the county *does* have "paper water" but not the infrastructure to support it.

La Plata County
Many counties, including La Plata County, are not water utility providers, which means residents in remote, rural areas rely on drilled wells or haul water. While rare, some residents can access centralized water systems, which are expensive to establish and operate. Such systems also require the willingness of residents to vote them in (i.e., via a district or authority) and then pay the upfront tap fees. Hauling water is expensive and takes specialized equipment including a trailer, tank, and hauling vehicle. In some cases, long drives are necessary to a water dock. All of this is expensive, raising equity issues. Furthermore, with a warming climate, the risk of wells going dry is exacerbated. Increasing density in these areas, which are often deemed by the State to be water critical, is either not feasible or requires significant public investments.

Solutions

With water, wastewater, and infrastructure solutions in particular, it is critical to recognize that the specific challenges communities throughout the state face vary widely. On the Front Range, for example, tap fees are driven by the cost of *procuring* water, while in rural and rural resort areas the fees are driven by the cost of water *infrastructure*. The solutions below are part of an "ecosystem" of solutions that will affect urban, rural-resort, and frontier communities differently. Therefore, they cannot be treated equally from a statewide policy perspective, and flexibility in solutions is critical.

Require a water element in comprehensive plans.[5] Counties could be required to include a water element in their comprehensive/master plans to ensure all communities are thoroughly considering water issues, including water availability, water efficiency, and water infrastructure. The details of the water element would be entirely up to the county commissioners and community. Moreover, for counties that do not currently have comprehensive plans, the state should provide financial resources and technical support to create comprehensive plans.

Clarify/enhance county impact fee authority for water and sewer infrastructure. Some counties currently assess an impact fee ("linkage fee") for new construction or for expansion of residential or commercial buildings,[6] with exceptions for reconstruction of a damaged structure, small additions, mobile homes, and essential housing projects. Enhanced authority would equip counties to incentivize more efficient development while collecting funds to expand and upgrade critical infrastructure (though more state and federal resources will be necessary to cover the full costs).

Incentivize the use of low-flow water structures. By encouraging the use of low-volume technologies that yield lower amounts of water, such as "eco-taps," we can decrease the amount of water required for a project to be feasible and sustainable.

[5] Relatedly, in Magellan's Housing & Land Use Opinion Survey, 74% of respondents indicating they support requiring the community plan to identify where the water supply for future development would come from.
[6] Adams County, for example, created a non-residential linkage program after establishing a nexus between new non-residential development and the demand for housing from new employees. The linkage fee is used to mitigate that need.

- **Acknowledge legislative drivers of housing infrastructure cost.** Developers have indicated that newly adopted energy codes and fire mitigation building codes in the Wildland Urban Interface (WUI) are likely to drive up the cost of housing. These costs should be weighed against potential long-term savings for the owner or tenant.
- **Allow local jurisdictions to leverage the state's bonding capacity for infrastructure** to reduce the financial burden on local governments and enable greater infrastructure investment.
- **Allow shared parking and drainage.** Shared parking and drainage in affordable housing developments can reduce construction costs for developers, promote efficient use of resources, and enable higher-density development.
- **Identify stormwater drainage solutions, such as allowing shared stormwater capacity in TODs.** Stormwater capacity is a huge challenge for infill projects. Find solutions to ensure adequate infrastructure is in place to enable development.
- **Require water/sewer utilities to prioritize affordable housing service when feasible.** When there is capacity to serve affordable housing projects (or capacity can be made available), such utilities should be required to prioritize providing that service.
- **Create a centralized location to document water rates.** This would promote greater transparency and competition in water rates and would equip both developers and local governments with information to improve decision-making and resource allocation.
- **Reduce/waive/incentivize lower tap fees for affordable housing.** By reducing or waiving these one-time charges, the upfront costs of building new housing units can be reduced, making affordable housing more financially viable for developers.
- **Incentivize water recovery and volume-based fee schedules.** Because sustainable water resources and infrastructure are a prerequisite for housing, incentivizing water conservation and recovery may reduce the need for expensive water infrastructure expansion. Volume-based fee schedules and water recovery technologies and practices encourage water conservation and responsible water use, which can lead to lower and more stable water rates.
- **Equip utilities to make proactive investments.** Utilities sometimes face external limitations on their ability to make proactive investments. Identify and support appropriate solutions to ensure utilities can plan for future development.

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Accessory Dwelling Units (ADUs)

As elected officials seek to expand the availability of affordable housing options in their communities, many see **Accessory Dwelling Units (ADUs) as a key housing policy component.** Sometimes referred to as "carriage homes," "granny flats" or "mother-in-law apartments," ADUs are **small, independent living units** that can be added to a single-family home. ADUs can be either detached or attached, but must feature kitchens, sleeping quarters and a bathroom/shower in their design. ADUs are ideal for housing older adults who want to stay near their families, family caregivers, adult children, and students. They also provide extra income as workforce rentals for homeowners to help make ends meet while providing an important community housing option independent of average median income (AMI) qualifications.

Many counties in Colorado already allow ADUs in both residential and agricultural zones in the unincorporated areas. This allowance is usually a use-by-right and there is a minimal permitting/review process in place to ensure adequate water and wastewater (particularly when properties are on wells and septic systems) and wildfire ingress/egress. Many counties have restrictions on the use of these ADUs to ensure they remain viable housing options and are not turned into short-term rentals (STRs). There are often local owner-occupied requirements for the primary dwelling unit or the ADU as well.

Despite the recent increase in the number of counties revising land use codes to allow and encourage ADUs, barriers to constructing ADUs or long-term rentals remain. State laws prohibit ADUs from utilizing primary household well water and septic systems on properties smaller than 35 acres, forcing owners to augment water supplies and upgrade septic systems (which is often cost-prohibitive). Additionally, many homeowner association (HOA) covenants prohibit ADU construction or ADU occupancy by anyone other than a guest or relative. Other covenants curtail ADU development by restricting size, location and building materials.

Research & Case Studies

Summit County

This past summer, the county launched a $500,000 pilot program to subsidize conversion and construction of ADUs, contingent upon a guarantee by the homeowner that the ADU will be available only to renters making no more than 110% of the county's area median income (AMI). The county also provides free, pre-approved ADU templates that streamline the design/review process.

Park & Mineral County

In many mountain communities, off-street parking is required for ADUs, as county roads need to permit adequate traffic flow and allow for frequent snowplowing.

Larimer County

The county allows ADUs dependent on lot size, but there have been some technical problems and viewshed issues. The county is also looking at an expedited review process if the ADU application meets various criteria.

Solutions

Limit power of HOAs to ban ADUs. Prohibit HOAs from enacting covenants that ban or overregulate ADUs. This problem is especially vexing in the case of "zombie HOAs" where there is no current HOA board to consider changes to the community covenants.

State financing for infrastructure improvements or low/no interest loans for homeowners. Dedicate state revenue toward infrastructure improvements to support additional ADU construction in both rural and urban areas.

State financing to backfill local governments for waived fees. A number of counties are currently waiving various development fees (such as impact fees or permitting and development review fees) for ADUs that will serve as workforce housing. The state should consider providing funding to fully or partially backfill these counties.

Property tax credits for homeowners building ADUs. Specifically, provide property tax credits for homeowners who build properly approved and permitted ADUs and rent them to middle-income tenants.

Provide model pre-approved templates for ADUs. The Department of Local Affairs (DOLA) can collect ADU template design plans from local governments and create a best practices toolkit that can be shared with other jurisdictions. These plans have generally been reviewed to ensure compliance with relevant codes, streamlining the review process and decreasing the overall project time and cost.

Transit Oriented Development (TOD)

Transit Oriented Development (TOD) is a planning approach that focuses high-density development around light rail stations and bus rapid transit corridors. TOD typically features mixed-use retail and residential development, creating vibrant and walkable communities where cars are not as essential for commuting and shopping. In addition to being a highly efficient use of land, it also aids communities in reducing their carbon footprint and meeting sustainability goals. To succeed, TOD requires a large degree of regional cooperation and creative infrastructure planning. While TOD is largely an urban, city-centric phenomenon, there are a number of counties in the Denver MPO that are actively engaged in establishing TOD neighborhoods in unincorporated areas.

One of the biggest challenges to achieving TOD in Colorado is ensuring that the transit service will actually be there to support the new development. Numerous cuts in service by RTD – owing largely to the decrease in ridership during and following the COVID pandemic – have made many developers leery of committing to the densities allowed by local zoning and necessary for TOD to succeed. This "Catch-22" can only be overcome by better communication and coordination between local governments, transit agencies and the development community.

As many have pointed out, increasing density and housing supply alone will not bring more affordable options to communities. TOD must also feature an affordability component, which can be accomplished through various planning tools such as inclusionary zoning or deed restrictions. There are also a number of infrastructure challenges associated with TOD, such as parking infrastructure (for light rail stations), dealing with stormwater run-off, and the need for additional pedestrian amenities (sidewalks, bridges, etc.). The financing environment involved with TOD can be problematic and could benefit from more public-private partnerships.

Research & Case Studies

Adams County
The county has been working for several years on the Clear Creek at Federal Station TOD project (adjacent to the Gold Line). The county was recently turned down for a CHFA grant because of insufficient sidewalk infrastructure at the CDOT light rail station that would serve the development.

Larimer County
The county is seeking to develop TOD along the US 34 corridor in Loveland and unincorporated Larimer County, utilizing both public and private investment dollars. The county has received a $100,000 grant from CDOT to create a transportation management organization (TMO) to increase bus rapid transit opportunities along the corridor.

Solutions

- **Allow shared stormwater capacity in TODs.** Shared stormwater capacity (such as regional detention ponds) can reduce the overall infrastructure costs associated with TOD projects, making them more economically viable while still ensuring adequate infrastructure is in place.
- **Increase state investment in transit and infrastructure to incentivize TOD.** State grant dollars and tax credits should be made available not only for infrastructure improvements in TODs, but the enhancement of transit services as well. The state should also be open to providing grants where the density does not yet exist (but is proposed) in order to incentivize the density.