

From Conflict to Compassion: A Colorado Housing Development Blueprint for Transformational Change

June 2021



The Terry J. Stevinson fellowship was established in honor of Terry J. Stevinson, a founding board member of CSI. Thanks to Mr. Stevinson's continuing dedication to free enterprise these fellowships have been named in his honor. The fellowship is awarded to two individuals with different backgrounds and perspectives to research a critical public policy issue facing Colorado and also presenting achievable solutions. This year, the fellowship research topic selected was housing affordability.

2021 Terry J. Stevinson Fellows

Evelyn Lim



Evelyn is the Director of Policy and Research at the American Cornerstone Institute. She was formerly the Department of Housing and Urban Development's (HUD) Regional Administrator for Region 8 which covers Colorado, Utah, Wyoming, Montana, North Dakota, and South Dakota.

Peter LiFari



Peter is the Executive Director of Maiker Housing Partners. As one of 3,000 Housing Authorities across the country, Maiker works alongside other members from communities across the country to ensure housing needs are advocated for on a national level.

The housing affordability crisis is reaching a breaking point in many markets across Colorado. May 2021 set a record-low number of home listings in the Denver Metro at just 2,075 compared to the monthly average of 15,563, and the 12-month increase in the price of the average single-family detached home sold grew by 29%.

However, this is not a new problem. The average annual number of new homes built every year in Colorado since the 2008 financial crisis is 46% lower than the annual average in the 8 years leading up the recession. Our **state will need to develop 54,190 new housing units annually over the next five years** if we want to return to a more stable housing to population ratio. This will demand adding 7,500 new skilled laborers each year as well. Despite housing being a foundational human need, its cost burden has threatened too many Coloradans' way of life.

We need transformational changes that can bridge the divide we have in our communities that has led to a broken housing development value chain. The conclusions of this report offer practical solutions to break us from the status quo. While they require bold action from our state's housing leaders both in the public and private sectors, the time to act is now.

The research and policy ideas of this paper were informed by over 40 conversations and interviews with housing experts across Colorado. We went into each interview with open minds and listening hearts.

Our methodology was simple: ask the questions no one else is asking. What are the force multipliers? Where are the rabbit holes? Where are they doing it right? What is no one talking about but needs to be part of the conversation? If you had the magic wand for the day, how would you fix this issue? The conversations around these questions shaped our thoughts, influenced our recommendations, and in some cases, changed our minds.

The following guiding principles serve to ensure conversations around reforms recognize we share a common interest in seeing positive change.

Colorado Housing Development Guiding Principles

LET US:

- 1. Be honest with ourselves** - and do away with binary constructs that distill people into characters. No more "us vs them", "good vs bad", NIMBY vs YIMBY. Simply, us as Coloradans, in need of an affordable home.
- 2. Embrace growth** - a vibrant, growing economy, supported by a healthy housing supply, benefits us all; increasing our tax base, sustaining our communities' basic needs.
- 3. Reform the popular notion** that all development, most specifically affordable development at or below 60% AMI, must pay its own way.
- 4. Be proportional, equitable, and inclusive.**
- 5. Acknowledge that the private market** will not create deeply affordable units at the scale required on their own, nor will inclusionary zoning tools alone accomplish this in our current construct.
- 6. Embrace new building methodologies** to increase productivity and growth.
- 7. Act with a sense of urgency and purpose.**

Building from our guiding principles, stakeholder conversations and our collaborative research, we offer a sequence of reforms that can disrupt the broken system holding back housing supply. These solutions are distilled into ideas that work as told by our stakeholders, force multipliers that could bring about a change to the development landscape, and a Colorado Housing Development Blueprint that could lead to transformational change.

A horizontal process flow diagram consisting of three chevron-shaped boxes pointing to the right. The first box is blue and contains the text "Ideas that Work". The second box is gold and contains the text "Force Multipliers". The third box is green and contains the text "Transformational Change".

Ideas that Work

Force Multipliers

Transformational Change

Ideas that Work and Force Multipliers

We have curated a list of the most recommended policies discussed during our stakeholder engagement and subsequent research, for our state and local governments to consider in addition to our own recommended policies. We passionately reiterate the sobering fact that all the tools in the world won't make a difference if we don't first change our entire mindset when it comes to housing development and growth. The policies below are only as effective as we allow them to be and any one of them alone will not solve our problem.

Ideas that Work, If We Let Them

These options for policymakers to consider come from a broad range of housing professionals in our state; the people doing the work. We have seen some of these ideas in play in other cities and so we dug into how they worked and what could work differently in our state.

1. Prioritize the Use of Public Property for the Development of Mixed-Use Affordable Housing
2. Prioritize Homes Over Parking Spaces and Create Greater "Use By Right" Zoning Overlays
3. Unlock Large and Non-Traditional Sites for Housing Development (e.g., Malls and Large Retail Sites)
4. Utilize Community Land Trusts to Create and Maintain Affordable Home Ownership
5. Allow for Accessory Dwelling Units - An Important Step Towards Standardization
6. Expedite the Review, Permitting and Public Hearing Scheduling Processes for Qualified Projects
7. Reduce or Waive Impact Fees for Qualified Projects
8. Introduce Other Forms of Capital in Addition to Low Income Housing Tax Credits

Force Multipliers

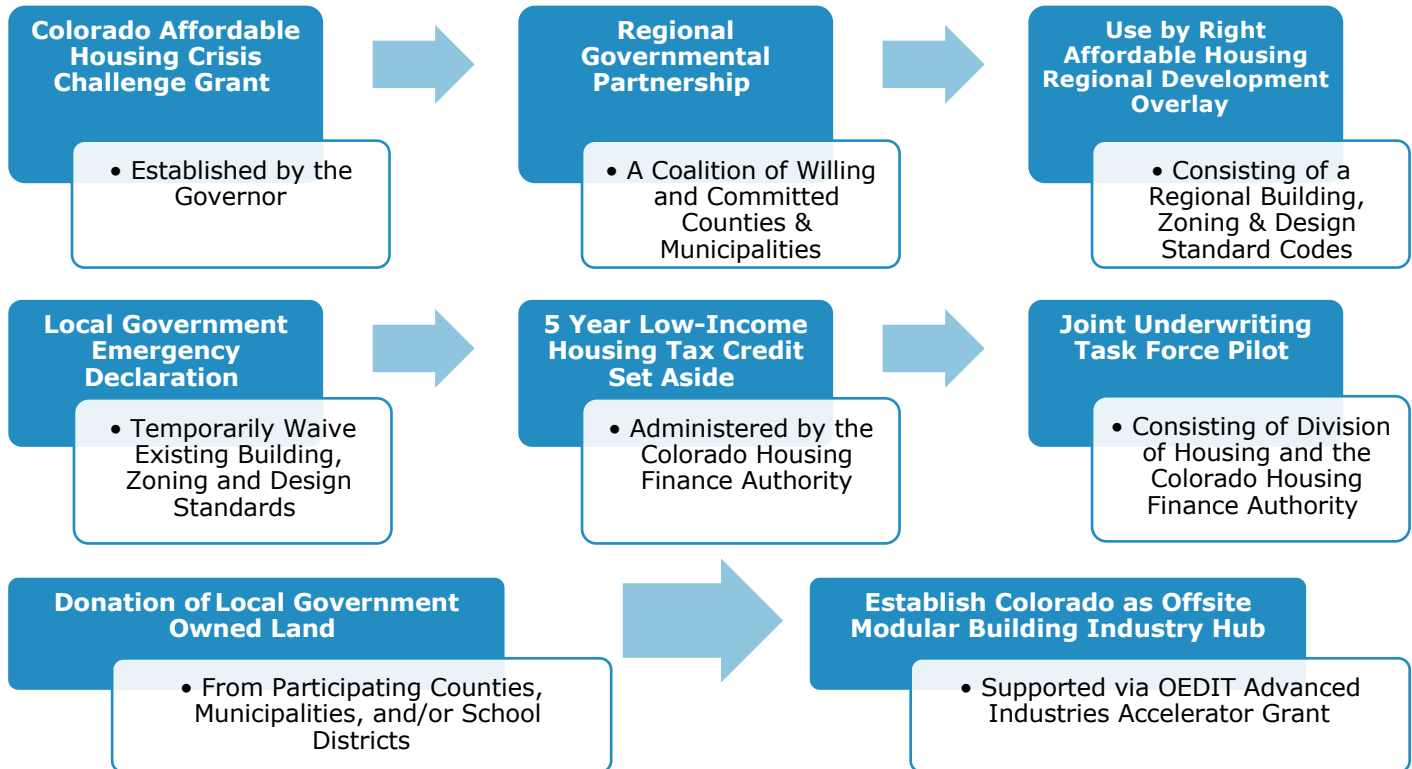
Common sense means practical and pragmatic. But, when applied correctly, it can also be a force multiplier. We were not restricted by ideological constraints. Because we want solutions that unleash the talent and skill we possess in our state, we released ourselves from any tribal loyalties and trusted one another to pressure test and think through big ideas. We are asking our leaders and housing partners to do the same and we have some ideas to share.

1. Implement a uniform statewide building code to kickstart productivity gains
2. Expand pathways to careers in construction
3. Scale the Telluride Foundation Rural Homes: For Sale, For Locals pilot project

Transformational Change

We have the ability to jump start progress using the funds of the American Rescue Act. This influx of cash from the federal government can make a generational impact on a problem that will last for decades if we don't act now.

The Colorado Housing Development Blueprint



The solutions we offer are aimed at increasing housing opportunities for our fellow Coloradans. They would be all for naught with the implementation of anti-growth measures. **We view no growth ordinances as the biggest threat to affordable housing in Colorado, and our state legislature should act to eliminate these threats.** These measures negatively impact any and all development which has deleterious effects on our economy and infringes on individual property rights which is just plain un-American.

The events of the past 15 months have caused seismic shifts in how we view and see the world, each other, and what we value most. They have also further stressed our already broken system of housing development and caused unsustainable pressure on affordability. With a little ingenuity, collaboration, and good old pioneering spirit (and of course funding), the Blueprint we designed could make a measurable impact on our housing challenges and be on the forefront of transformative change in the housing industry.

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