Date: 10/20/2022

Subject: An ordinance of the City of Littleton, Colorado, repealing and reenacting Chapter 2, to be named Inclusionary Housing, to Title 4 Building Regulations.

Passed/Failed: Passed on first reading on 10/18/2022

CITY OF LITTLETON, COLORADO

ORDINANCE 27
SERIES 2022
CITY OF LITTLETON, COLORADO

ORDINANCE NO. 27

Series, 2022

AN ORDINANCE OF THE CITY OF LITTLETON, COLORADO,
REPEALING AND REENACTING CHAPTER 2 TO BE NAMED,
INCLUSIONARY HOUSING, TO TITLE 4 BUILDING REGULATIONS

WHEREAS, in 2017, the city commissioned a housing study to analyze the
housing needs in the City of Littleton; and

WHEREAS, this housing study identified numerous housing gaps and needs
within the City of Littleton; and

WHEREAS, trends identified in the 2020 update of the Littleton Housing Study
indicate declining affordability for Littleton households; and

WHEREAS, the 2020 update of the Littleton Housing Study highlighted among
the five largest industries for Littleton residents, two of five can’t afford median rent; and

WHEREAS, Action H&N 2 of the City’s Comprehensive Plan identifies
convening a Housing Advisory Committee, comprised of residents, real estate and development
professionals, and South Metro Housing Options (SMHO) representatives, to focus on the details
and logistics of implementing the 2017 Housing Study recommendations; and

WHEREAS, City Council has adopted Goal 6: Housing and Livability as part of
their 2022-2023 Council Work Plan that includes Objective 2: Housing Affordability and the
consideration of an Inclusionary Housing Ordinance; and

WHEREAS, Policy L&C 3 of the City’s Comprehensive Plan supports creating a
regulatory framework that encourages development of diverse and attainable housing options in
Littleton in terms of type, size, and cost to buyers and renters; and

WHEREAS, GOAL H&N 1 of the City’s Comprehensive Plan identifies the
desired outcome and long term goal of a quantity and diversity of housing options that makes
living in Littleton attainable for a wide range of age groups and income levels; and

WHEREAS, the lack of affordable housing is detrimental to the public health,
safety, and welfare of the City, and

WHEREAS, the City wishes to adopt requirements for inclusionary housing
depending on the size of developments, provide alternatives, and incentives for both market rate
NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF
THE CITY OF LITTLETON, COLORADO, THAT:

Section 1: Chapter 2, Housing Code of Title 4, Building Regulations of the
Littleton City Code is hereby repealed and reenacted as follows:

CHAPTER 2: INCLUSIONARY HOUSING

4-2-1: Legislative Purpose.

(a) The City Council hereby finds that various studies and findings performed for the
City of Littleton and in the Denver metro area show a lack of housing that is being built to
serve persons of all income levels as envisioned in our comprehensive plan and City
Council goals.

(b) Current development trends do not serve a large segment of our population who
desire to live and work in our city and who are from low- and moderate-income households.

(c) Numerous factors including market conditions, continued population growth in the
region, unmet demand for new housing, and a lack of economic incentives for developers
or requirements for developers to offer housing for those low- and moderate-income
households.

(d) The City wishes to provide incentives and/or requirements for the development
community to help meet some of these Council and community goals to allow for more
attainable housing options both for rent and for sale.

(e) In compliance with HB 21-1117, the City has demonstrated the following actions
to increase the overall number and density of housing units within the city:

(1) Changing its zoning regulations to increase the number of housing units
allowed on a particular site;

(2) Promoting mixed-use zoning that permits housing units be incorporated in
a wider range of developments;

(3) In certain zones, permitting more than one dwelling unit per lot in traditional
single-family lots;

(4) Increasing the permitted household size in single-family homes;

(5) Promoting denser housing development near transit stations and places of
employment;
(6) Granting reduced parking requirements to residential or mixed-use developments that include housing near transit stations or affordable housing development;

(7) Granting density bonuses to development projects that incorporate affordable housing units;

(8) Materially reducing or eliminating certain utility charges, regulatory fees, or taxes imposed by the city applicable to affordable housing units; and

(9) Granting affordable housing development material regulatory relief from any type of zoning or land development regulations that would ordinarily restrict the density of new development.

(f) Encourage the construction of new affordable housing units alongside market rate housing units within mixed income residential developments by offering incentives to increase the overall supply and availability of housing;

(g) Provide property owners or land developers with alternatives to the construction of new affordable housing units as required by HB 21-1117;

(h) Implement the comprehensive plan goal to create a Littleton that's equitable, affordable, and inclusive;

(i) Increase the availability of additional low- and moderate-income housing to address existing and anticipated future housing needs of the workforce in Littleton and the unmet needs of residents in Littleton; and

(j) Ensure diverse housing options continue to be available for households earning at or below the area median income; and

(k) Adopting mandatory provisions for inclusionary housing while providing reasonable alternatives and incentives for developers to achieve these goals.

4-2-2: Definitions.

The following words and phrases, as used in this article, have the following meanings:

(a) *Adjacent* means being in close proximity. Properties that are directly across a public right-of-way or access easement are adjacent.

(b) *AMI* or *area median income* means the median income for the Denver metropolitan area, adjusted for household size, as calculated by the U.S. Department of Housing and Urban Development.
(c) **Affordable housing development** means a residential development that focuses on or includes as a major portion of the development permanent measures to address the housing needs of lower- or middle-income households.

(d) **Affordable for sale** unit means a unit or dwelling unit required to be affordable per this ordinance for those making less than 80% of the AMI.

(e) **Affordable rental unit** means a unit or dwelling unit required to be affordable per this ordinance for those making less than 60% of the AMI.

(f) **Applicant** means any person, firm, partnership, association, joint venture, corporation, or any other entity or combination of entities, or affiliated entities and any transferee of all or part of the real property at one location that submits an application for a project that would provide a total of five (5) or more new dwelling units at one location in Littleton.

(g) **At one location** means all real property under common ownership or control by the applicant if:

(1) The properties are contiguous at any point;

(2) The properties are separated only by a public or private right-of-way or utility corridor right-of-way, at any point; or

(3) The properties are separated only by other real property owned by the applicant which is not subject to this article at the time of any building permit(s), site development plan, subdivision, or other zoning development application by the applicant.

(h) **Building permit** means any residential or commercial construction permit issued for the construction of any structure, foundation and/or superstructure or any similar term used to issue permits for such work as the terminology may be modified by the city’s building department. A building permit does not include permits for shoring or excavation and any associated permits for such work as electrical, mechanical, plumbing or similar permits.

(i) **Comprehensive plan** means the Envision Littleton Comprehensive Plan adopted October 15, 2019 as may be amended, or its successor.

(j) **CPI-U or Consumer Price Index** means the United States Department of Labor Statistics (Bureau of Labor Statistics) Consumer Price Index for All Urban Consumers, All items, for the Denver-Aurora-Lakewood Colorado area (1982-84=100). In the event that the CPI-U is substantially changed, renamed, or abandoned by the United States Government, then in its place shall be substituted the index established by the United States Government that most closely resembles the CPI-U, as determined by the city’s finance director.

(k) **DMU/DMU3** means Downtown Mixed Use shall have the same meaning as set forth in the City’s land use code.
(l) **Dwelling unit, including dwelling, multi-family, single-family attached / duplex and single-family detached** shall have the same meaning as defined in the City’s land use code.

(m) **On-site** means at the same location of a residential development.

(n) **Qualified resident** means an individual or family who earns an annual income that does not exceed eighty percent (80%) of the AMI for sale properties, or does not exceed sixty percent (60%) for rentals, and who occupies or will occupy a residential unit as their principal place of residence.

(o) **Rental development** means a residential development where dwelling units are offered for rent.

(p) **Residential development** means the development of single-family detached residences, townhomes, duplexes, condominiums, apartments or multi-family dwellings as those terms are commonly understood or defined under the City’s unified land use code and:

- means any project that would create five (5) or more new dwelling units at one location by: (i) the construction or alteration of structures; or (ii) the conversion of a use within an existing structure to a residential use from any other non-residential use. If a project has both residential and non-residential uses, the residential portion of a project shall be considered a residential development if it would create five (5) or more new dwelling units.

(q) **Residential unit** means a dwelling unit of four hundred (400) square feet or more containing sleeping, kitchen and bathroom facilities, designed for and used or held ready for use as a permanent residence by one (1) family.

(r) **Restricted unit** means a residential unit that is deed restricted or by rental covenant as provided in this chapter, and priced at initial sale and resale to be affordable to qualified residents for thirty (30) years from the date of issuance of a certificate of occupancy.

(s) **Tier 1 Inclusionary Housing Requirements** are those requirements that are mandatory for all residential developments that create five (5) or more dwelling units that are not considered Tier 2 projects.

(t) **Tier 2 Projects** are residential development projects that consist of at least five (5) dwelling units whereby at least fifty percent (50%) of rental units are affordable to those making no more than sixty percent (60%) of the AMI, or those for-sale units are affordable who are making no more than eighty percent (80%) of the AMI.

(u) **Townhouse** shall have the same meaning as defined in the City’s adopted land use and zoning code.
(a) The requirements of this Chapter apply to all new residential development with five
(5) or more units in the City regardless of whether units are to be sold individually or
retained and otherwise leased or rented for residential use.

(b) Affordable housing developments or residential housing developments constructed
or operated by any local or regional housing authority or an entity that qualifies for a tax
exemption under C.R.S. § 29-4-507 or C.R.S. § 29-4-227 are exempt from this Chapter.

(c) It is the intent of City Council that when there is a chapter, section, requirement, or
variance within this Chapter that may be directly in conflict with the City’s land use code,
that this Chapter controls subject to the reasonable interpretation of the City Manager.

4-2-4: Tier 1 Inclusionary housing requirements.

(a) Number. New residential developments of five (5) or more units shall include at
least five percent (5%) of the new residential units as affordable units, rounded up.

(b) Affordability Requirements for Rental Units. Those five percent (5%) of affordable
units shall be rented to those individuals whose earnings do not exceed sixty percent (60%)
of the AMI.

(c) Affordability Requirements for “For Sale” Units. Those five percent (5%) of
affordable units that are available for sale, shall be affordable to those whose earnings do
not exceed eighty percent (80%) of the AMI.

(d) Fee in Lieu.

(1) Applicants for residential developments containing a range of five (5) to
nineteen (19) total units may pay a fee in lieu to the City for each required
affordable unit. Said fee shall be established by City Council by resolution during
annual fee adoptions or at such time as may be determined by City Council.

(2) Applicants for residential developments of twenty (20) or more total units
may pay a fee in lieu to the City for each required affordable unit. Said fee shall
be established by City Council by resolution during annual fee adoptions or at such
time as may be determined by City Council.

(3) It is the intent of City Council that the fee in lieu be calculated based on
seventy-five percent (75%) of the development cost method to construct affordable
units as determined after market evaluation and adjusted annually by CPI for those
residential development of twenty (20) or more units, the fee in lieu calculated
based on fifty percent (50%) of the development cost method to construct
affordable units as determined after market evaluation and adjustment annually by
CIP for those residential developments units between five (5) and nineteen (19)
(4) Payment of the fee in lieu shall be made to the City prior to the issuance of any building permits for the residential development.

(5) Funds collected from fees in lieu shall be used by the City for the purposes of planning for, subsidizing, acquisition of properties for, or developing affordable housing in partnership with other organizations and developers whose interest is to provide these housing options.

4-2-5: Tier 1 Inclusionary Housing Incentives.

For those qualifying residential developments that choose to construct affordable units en lieu of fee-in-lieu the following incentives shall apply.

(a) The City shall expedite any application seeking to provide affordable housing as set forth in this Chapter.

(b) Required Parking as set forth in the City’s land use code may be reduced by an additional twenty-five percent (25%) for those projects within one-quarter mile of a transit station.

(c) Open Space requirements as set forth in the City’s land use code may be reduced up to fifty percent (50%) if the location is within one-quarter mile of a City park or designated open space with no need to demonstrate hardship.

(d) An allowable increase of fifteen percent (15%) in dwelling units per acre for single family, multi-family, duplex, and townhome projects for all residential districts.

(e) Administrative adjustments as set forth in the City’s land use code to allow for twenty-five percent (25%) reduction on minimum lot requirements as opposed to the current ten percent (10%).

(f) Permit fee rebate of $2,500 per unit for affordable units built not to exceed fifty percent (50%) of the total city permit fee obligation.

(g) Reduction in required neighborhood meetings from two to one.

4-2-6. Tier 2 Inclusionary Housing Incentives.

Tier 2 Inclusionary Housing Incentives shall only apply to those residential developments of which the majority of units for sale are affordable for those making no more than eighty percent (80%) of the AMI or residential developments of which the majority of units for rental units are affordable for those making no more than sixty percent (60%) of the AMI,
or twenty-five percent (25%) of for sale units affordable to one hundred percent (100 AMI in duplex, triplex, quadplex, townhome, or cottage court communities.

(a) The City shall expedite any application seeking to provide affordable housing as set forth in this Chapter.

(b) Required Parking as set forth in the City’s land use code may be reduced by thirty-five percent (35%) in addition to those parking reductions that apply to developments within one-quarter mile of a transit station.

(c) Open Space requirements as set forth in the City’s land use code may be reduced up to fifty percent (50%) if the location is within one-quarter mile of a City park or designated open space without the need to demonstrate hardship.

(d) An allowable increase of fifteen percent (15%) in dwelling units per acre for single family, multifamily, duplex, and townhome projects for all residential districts.

(e) Administrative adjustments as set forth in the City’s land use code, may allow for a twenty-five percent (25%) reduction on minimum lot requirements as opposed to the current ten percent (10%).

(f) Administrative approvals will be allowed by the Community Development Director of Master Development Plans (MDPs) where projects include a majority of inclusionary housing are constructed as set forth in this chapter.

(g) Permit fee rebate of $2,500 per unit for affordable units built not to exceed fifty percent (50%) of the total city permit fee obligation.

(h) If within the DMU or DMU3 zoning district an allowable increase of stories to five (5) provided the overall height as measured in the City’s land use code does not exceed fifty-five feet (55ft) may be allowed.

(i) Residential developments in Tier 2 may use the equivalent density of the next residential district that is adjacent to the proposed development.

(j) A reduction in minimum lot size by twenty-five percent (25%) may be allowed.

(k) Reduction in required neighborhood meetings from two to one.

4-2-7. Quality, Size, and Amenities of Affordable Units.

(a) Quality of Units. Affordable units shall be of comparable quality, design and materials to the market units creating the inclusionary housing obligation and constructed
with durable materials that promote sustainable, energy efficiency and attractive affordable housing.

(b) Size of Affordable Dwelling Units: Units shall be sized in relation and proportion to other units in the development and reflect the type of units that are being constructed in the previous year and are sized to meet unmet community needs.

(c) Affordable Owner and Renter Access to Amenities: When affordable units are provided on-site in any location or configuration, the affordable owners and renters shall have access equal to that of the owners and renters of the market units. Such amenities shall include but not be limited to; parks, outdoor play areas, pools, exercise facilities and equipment, dog washing rooms, bicycle repair facilities, cafes, and similar on-site amenities.

4-2-8. Relationship of Affordable Units to Market Units.

(a) Purpose: Affordable housing shall be comparable in quality, design and general appearance to the market units creating the inclusionary housing obligation.

(b) Attached and Detached Dwelling Units: When a development contains a mix of both single-family attached and detached dwelling units, a proportional number of the required affordable dwelling units shall also be single-family detached dwelling units.

(c) Mixed Dwelling Unit Types: In developments with a mixture of dwelling unit types, including, without limitation, single family detached dwelling units, townhomes, duplex, triplex, and multifamily, the required affordable dwelling units shall be comprised of the different dwelling unit types in the same proportion as the dwelling units that are not permanently affordable within the development.

(d) Number of Bedrooms and Bathrooms: Affordable units shall have the same proportion of studio, one-, two-, three- and four-bedroom dwelling units as in its market rate dwelling units.

4-2-9. Location and Timing.

Except as otherwise provided in this Chapter, affordable dwelling units shall be provided as follows:

(a) Location of For Sale or For Rent Affordable Units: For sale or For rent affordable units shall be distributed evenly throughout the development to achieve integration and avoid concentration or segregation of the affordable households.
(b) Timing of Construction: The construction of on-site affordable dwelling units in any development shall be timed such that the units shall be constructed and pass final inspection concurrently or prior to the market-rate dwelling units in that development.

(c) Timing of Marketing: On-site affordable dwelling units shall be marketed concurrently with or prior to the market-rate dwelling units in that development.

4-2-10. All Inclusionary Housing Technical Requirements.

(a) Income Eligibility Required: No person shall sell, rent, purchase or lease an affordable dwelling unit created pursuant to this Chapter except to a qualified resident. All sales, rentals, purchases and leases shall comply with the provisions of this Chapter.

(b) Deed restriction or Rental Covenant. Each restricted unit shall be subject to a deed restriction or rental covenant in a form approved by the City as necessary to carry out the purpose of this Chapter, and no permits shall be issued for the residential development until the required deed restrictions or rental covenants have been executed. The duration of any deed restriction or rental covenant shall be no less than thirty (30) years.

(c) Good Faith Marketing Required: All sellers or owners of permanently affordable dwelling units shall engage in good faith marketing and public advertising efforts each time a permanently affordable dwelling unit is rented or sold such that members of the public who are qualified to rent or purchase such units have a fair chance to become informed of the availability of such units.

(d) Required Agreements: Those applicants creating residential developments shall enter into an affordable housing agreement with the City and shall execute such restrictive covenants and additional agreements, in a form acceptable to the City, as necessary to carry out the purposes of this Chapter. Such agreements shall be on a form provided by the City and shall document how the applicant will meet the requirements of this Chapter. The applicant shall provide all documentation and any other material requested by the City. An applicant shall not be eligible to submit for a building permit until the affordable housing agreement and any required restrictive covenants are approved by the City.

(e) Residency Requirement: No single owner or renter of an affordable dwelling unit shall fail to occupy the rented or purchased dwelling unit as a primary residence.

4-2-11. Sale or lease of restricted units.

(a) No person offering a restricted unit for rent or sale shall fail to disclose the deed restriction required by this Chapter.

(b) No person shall sell, rent, purchase, or lease a restricted unit except to a qualified resident.
(c) The maximum sales price for a restricted unit shall be set no higher than at a price affordable to households earning eighty percent (80%) of AMI.

(d) The rental rate for a restricted unit shall be set no higher than at a price affordable to households earning sixty percent (60%) of AMI.

(e) Restricted units shall not be rented for a period of less than thirty (30) consecutive days.

(f) Restricted units shall be continuously occupied by a qualified household and shall not remain vacant for more than ninety (90) consecutive days unless reasonable and documented efforts to occupy the restricted unit are unsuccessful.

(g) The owner of a restricted unit is solely responsible for verifying the eligibility of a tenant as a qualified resident, and may require the prospective tenant to provide the following information on an application to be provided by the owner of a restricted unit:

1. Verification (e.g., wage stubs, tax return, W-2 or other appropriate documentation) of the tenant's AMI;

2. A valid form of identification, such as a driver's license, state-issued identification, passport or military identification;

3. Any other documentation which the owner deems necessary to make a determination of eligibility; and

4. A signed statement certifying and acknowledging: that all information submitted in such application is true to applicant's best knowledge; that the applicant understands that they may not sublet the restricted unit; that the applicant authorizes the owner to verify any and all past or present employment, financial and residency information and all other information submitted by an applicant; and that applicant has read and understands the deed restriction.

4-2-11. Violation and Penalty

(a) It is unlawful to operate a restricted unit in violation of this Article, and violations shall be punishable as set forth in 1-4-1 of this Code. Each day of violation shall be deemed a separate offense.

(b) In addition to the remedies provided by this Code, the City shall have any and all remedies provided by law and in equity for a violation of a deed restriction, including
without limitation: (i) damages; (ii) specific performance; and (iii) injunctions, including
without limitation an injunction requiring eviction of the occupant(s) and an injunction to
prohibit the occupancy of the restricted unit in violation of the deed restriction.

Section 2: Severability. If any part, section, subsection, sentence, clause or
phrase of this ordinance is for any reason held to be invalid, such invalidity shall not affect the
validity of the remaining sections of this ordinance. The City Council hereby declares that it would
have passed this ordinance, including each part, section, subsection, sentence, clause or phrase
hereof, irrespective of the fact that one or more parts, sections, subsections, sentences, clauses or
phrases may be declared invalid.

Section 3: Repealer. All ordinances or resolutions, or parts thereof, in conflict
with this ordinance are hereby repealed, provided that this repealer shall not repeal the repealer
clauses of such ordinance nor revive any ordinance thereby.

INTRODUCED AS A BILL at a regularly scheduled meeting of the City Council
of the City of Littleton on the 18th day of October, 2022, passed on first reading by a vote of _5_
FOR and _0_ AGAINST; and ordered published by posting at Littleton Center, Bemis Library,
the Municipal Courthouse and on the City of Littleton Website.

PUBLIC HEARING on the Ordinance to take place on the 1st day of November,
2022, in the Council Chambers, Littleton Center, 2255 West Berry Avenue, Littleton, Colorado,
at the hour of 6:30 p.m., or as soon thereafter as it may be heard.

PASSED on second and final reading, following public hearing, by a vote of _____FOR
and _____ AGAINST on the 1st day of November, 2022 and ordered published by posting at
Littleton Center, Bemis Library, the Municipal Courthouse and on the City of Littleton Website.

ATTEST:

__________________________   ______________________________
   Colleen L. Norton      Kyle Schlachter
   CITY CLERK      MAYOR
487
Reid Betzing
489 CITY ATTORNEY