

Merit Award - General Planning Project: City of Aspen Affordable Housing Credit Program



The City of Aspen faces an issue likely familiar to most resort communities: how to provide quality, affordable housing to allow Aspen's workforce to actually live within the city limits. Like many resort towns, Aspen struggles with maintaining a well-rounded community of diverse population, and finding a successful planning tool to support this is challenging. Development within Aspen is subject to Growth Management review, and affordable housing is mitigated for with all new development. So why does this issue persist?



Image A, left. 301 W. Hyman Ave., Aspen Colorado. A completed and occupied 100% affordable housing project located blocks from downtown Aspen. It includes 8 affordable housing units which is equivalent to 14 housing credits.

Prior to the adoption of the affordable housing credit program Aspen provided three options for meeting affordable housing mitigation requirements, including the construction of on-site units, building or purchasing off-site units, or providing cash-in-lieu payment. Typically developers opted to pay their way out of the housing requirement. The unfortunate result was a lack of workforce housing, as the cash-in-lieu amount was substandard and did not accurately reflect current Aspen real estate prices. This put local government in the position of developing housing projects to meet community demand, a task which lies outside the expertise of local government.

Response to the Issue. In 2010 the Aspen City Council adopted the affordable housing credit program which provides a fourth option for meeting mitigation requirements associated with new development. Simply put, the program encourages the private sector to voluntarily develop affordable housing that is not required for mitigation purposes. The developer receives certificates for the voluntary deed-restricted housing. These certificates can then be sold on the free market to offset future housing requirements in other projects. The end result is more successful and planned affordable housing projects as developers have the ability to purchase affordable housing credits rather than try to squeeze affordable housing units into a mixed use project to meet minimum mitigation requirements.



Image B, right. The first affordable housing credit issued. Peter Fornell, a private developer, is pictured at left and Chris Bendon, Community Development Director, is pictured at right.

Outreach: The creation of the affordable housing credit program included different members of the community. The local planning office met with developers, planners, the local housing authority and other interested parties to gain feedback on the new concept of housing credits. Public hearings were noticed in the paper to invite all members of the community to the hearings at the various board reviews. Individuals that lived in or desired to live in affordable housing contributed to the discussion. Participants indicated a need for more housing and better quality units.

Why it Works: The affordable housing credit program is an innovative planning tool that other communities, particularly resort towns, may benefit from adopting. Effectiveness comes from the simplicity of the program's components and methodology, which puts the private sector in the driver's seat to develop affordable housing. Housing is constructed, deed-restricted, and sold to qualified employees. In addition to selling the units at pre-set rates according to income categories, the developer receives housing credits which are sold on the free market, thereby off-setting their development costs and mitigating future housing requirements.

The concept of housing credits was readily supported by public and private entities within the community. It is a win-win situation - the community gains quality affordable housing that is the primary focus of a development and not an afterthought, and the private sector has another option to mitigate for affordable housing.

The affordable housing credit program furthers the cause of good planning by encouraging developers to use their expertise to develop employee housing and removes the role of local government as developer. Furthermore, it ensures that the affordable housing units are actually built and occupied. This creates a benefit for the local workforce and the overall community experience.

Progress: Since its adoption in 2010, three projects have received approval to develop affordable housing in accordance with the housing credit program, with a fourth project under consideration. Two of the affordable housing projects have been completed, are fully occupied and located within Aspen residential neighborhoods, and housing credits have been sold and used as mitigation for other projects. One of these projects incorporates historic preservation of a local landmark and new construction in a historic district, in addition to providing 10 deed-restricted housing units with a mix of bedrooms and unit sizes.

An increasing number of new developments are requesting approval to purchase affordable housing credits as mitigation rather than construct units or pay cash-in-lieu. The interest in using housing credits for mitigation drives the market to develop non-mitigation housing units and will continue to grow the program, leading Aspen to a more balanced and diverse community.

Image C, top. 518 W. Main St., Aspen Colorado. A recently completed affordable housing project. It includes 10 affordable housing units while preserving a local landmark in a historic district.

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