



Root Policy Research
6740 E. Colfax Avenue, Denver, CO 80220
www.rootpolicy.com
970.880.1415

Grand Junction

Housing Strategy

FINAL REPORT

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GRAND JUNCTION HOUSING STRATEGY

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PURPOSE

This Housing Strategy builds upon the Grand Valley Housing Needs Assessment (HNA) by outlining strategies tailored to address needs identified in the HNA.

The recommendations presented in this report are intended to offer a balanced approach for promoting housing affordability and attainability within Grand Junction. This intent is supported by residents' expressed value of inclusiveness, which was evident in survey results and focus group findings, discussed in detail in Section V of the HNA, as well as Comprehensive Plan Principle 5, discussed in more detail below.

COMPREHENSIVE PLAN ALIGNMENT

Comprehensive Plan Principle 5: Strong Neighborhoods and Housing Choices. The City's Comprehensive Plan outlines the following objectives to achieve strong neighborhoods and housing choices:

1. Promote more opportunities for housing choices that meet the needs of people of all ages, abilities, and incomes.
2. Partner in developing housing strategies for the community.
 - Develop a targeted housing strategy to facilitate and incentivize the creation of affordable housing units for low-income residents and attainable housing for the city's workforce. Update the strategy periodically to address changing needs.
 - Explore options for providing incentives for projects that incorporate units affordable to income levels identified in the housing strategy.
 - Work cooperatively with Mesa County, the Grand Junction Housing Authority, Catholic outreach, Homeward Bound of the Grand Valley, Karis Inc., and other partners to pursue regional efficiency in all matters related to affordable housing:
 - pursuing funding regionally at all levels;
 - retaining and maintaining existing affordable housing stock;

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- publicizing and marketing affordable housing opportunities throughout the region, including rehabilitation and funding;
- working to preserve viable affordable housing stock and ensure long-term affordability for new units built with financial assistance; and
- providing supportive housing for at-risk and homeless populations.

3. Support continued investment in and ongoing maintenance of infrastructure and amenities in established neighborhoods.

4. Promote the integration of transportation mode choices into existing and new neighborhoods.

5. Foster the development of neighborhoods where people of all ages, incomes, and backgrounds live together and share a feeling of community.

The strategies outlined in this report support the vision of the Comprehensive Plan and align with plan principles and objectives. This Housing Strategy specifically satisfies the Comprehensive Plan directive to **“develop a targeted housing strategy to facilitate and incentives the creation of affordable housing units for low-income residents and attainable housing for the city’s workforce.”**

DEFINING AFFORDABILITY

The most common definition of affordability is linked to the idea that households should not be cost burdened by housing. A cost burdened household is one in which housing costs—the

rent or mortgage payment, plus taxes and utilities—consumes more than 30% of monthly gross income. The 30% proportion is derived from historically typical mortgage lending requirements. Thirty percent allows flexibility for households to manage other expenses (e.g., childcare, health care, transportation, food costs, etc.).

However, the term “Affordable housing” is often used to specifically describe housing that has some type of income restriction or public support or subsidy, such as public housing, HUD housing, Low Income Housing Tax Credits, etc. “Attainable” or “Workforce” housing are also common terms used to describe affordable options for moderate income households.

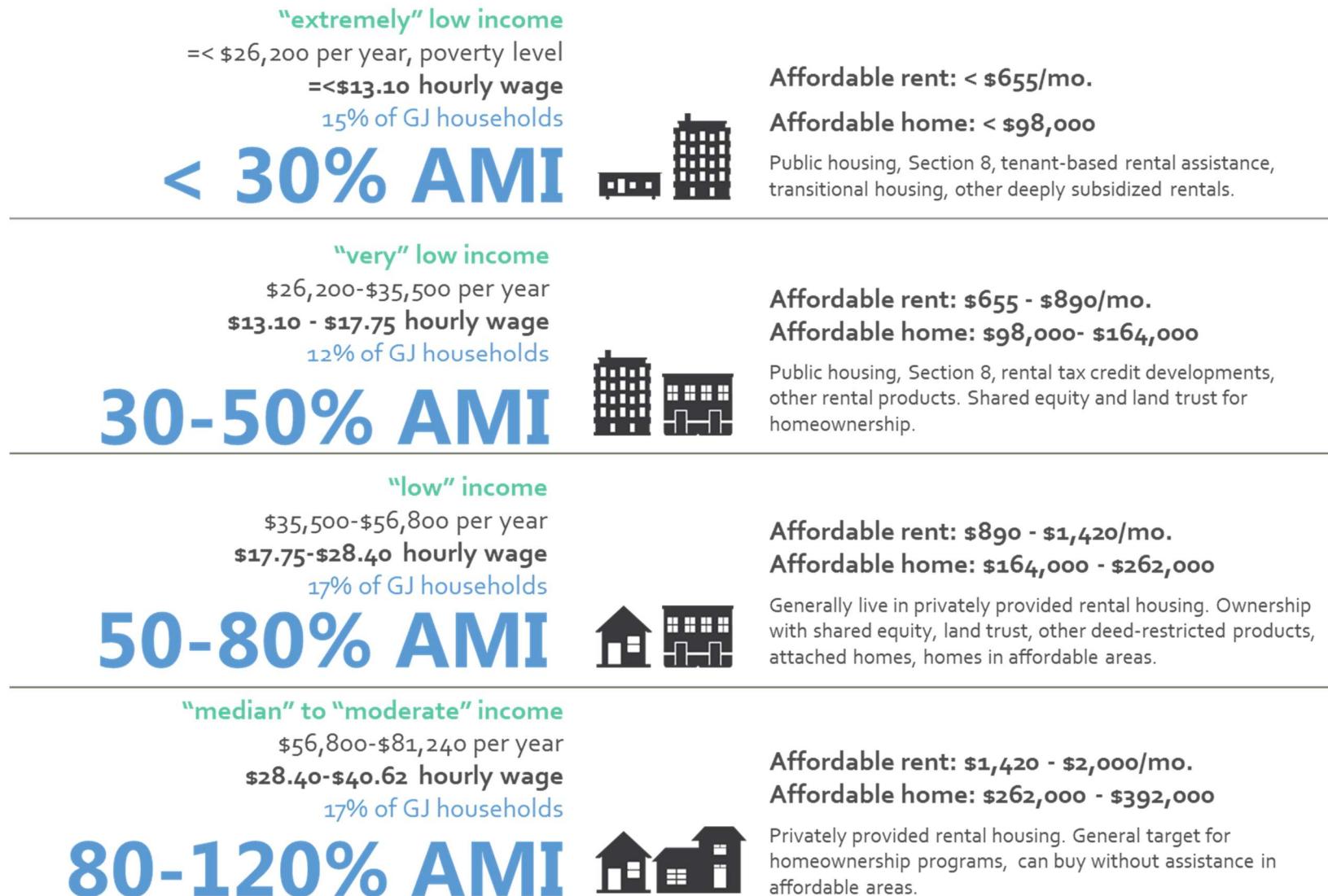
Figure 1 shows the income thresholds typically used to evaluate income qualifications for various housing programs, based on the Grand Junction MSA 2020 area median income (AMI). AMI is defined annually by HUD market studies. The figure provides AMI ranges and the housing types that typically serve the households in the AMI range.

REPORT ORGANIZATION

The Housing Strategy begins with a brief review of the top housing needs identified in the Grand Valley HNA, followed by an overview of existing programs and resources to address housing needs alongside a discussion of potential barriers to housing creation. Policy recommendations to address the identified issues follow.

GRAND JUNCTION HOUSING STRATEGY

Figure 1. Income Thresholds and Target Housing



Note: AMI = HUD Area Median Family Income, 4-person household. The 2020 AMI estimate for the Grand Junction MSA is \$67,700.

Source: Root Policy Research and HUD 2020 income limits.

TOP HOUSING NEEDS

TOP HOUSING NEEDS IN GRAND JUNCTION

Housing needs across the Grand Junction Area are discussed in detail in the Grand Valley HNA and summarized herein. Housing pressures are unlikely to improve if the region continues to be a destination for economic development and population growth. Housing price increases have significantly outpaced incomes over the past decade resulting in rapidly declining affordability within both the rental and ownership markets. Due to the severe drop in the for-sale inventory, widening affordability gaps are particularly acute in the for-sale market, pushing ownership further out of reach for many households.

Top needs are summarized below to provide context for the subsequent recommendations.

Additional affordable rentals (or rental assistance), specifically for residents earning less than \$25,000 per year. Rental affordability declined in both the county overall and in Grand Junction over the past decade, as rent prices rose faster than incomes. Grand Junction currently has a shortage of 2,168 units priced below \$625 per month (30% AMI).

Starter homes and family homes priced near or below \$250,000. Over the past decade, for-sale affordability and ownership rates have fallen in Grand Junction (and the county overall even with favorable interest rates). A large drop in inventory and low construction levels since the recession

exacerbated price trends and contributed to even higher increases in recent years. Cash offers for affordably priced homes crowd out other buyers, while rising rents and home prices raise barriers to ownership (and financing).

Additional housing resources to address unique needs among special needs populations including residents with accessibility/mobility needs, older adults, people experiencing homelessness, and low-income households.

Diverse housing options to accommodate evolving needs of residents and a wider array of market preferences and special needs. Increasing the variety of product types (e.g., smaller homes, single family attached products, mobile/manufactured and prefab homes, as well as more multifamily housing) can help address affordability needs for middle income households and create opportunities for a more efficient market response to demand.

Another way to frame the top needs outlined above is to consider the key challenges to address including:

- Shortage of affordable housing;
- Barriers to homeownership;
- Unique needs of special needs populations;
- Housing instability and displacement; and
- Housing condition.

EXISTING PROGRAMS & RESOURCES

EXISTING PROGRAMS & RESOURCES

Financial resources to address housing needs in Grand Junction are limited. The City receives about \$450,000 annually from the US Department of Housing and Urban Development (HUD) in the form of Community Development Block Grants (CDBG) which are allocated to infrastructure improvements in low- and moderate-income neighborhoods as well as housing and public service needs of low- and moderate-income persons and households. Over the past 5 years the City has expended approximately 23 percent of its CDBG allocation for affordable housing and housing-related services. The CDBG 2021-2025 Five-Year Plan anticipates at least this commitment of funds in the future. Expenditure has included: predevelopment costs, acquisition of vacant land, acquisition of existing units, rehabilitation of existing units, and purchase of major appliances for new residential units.

A crucial asset to the City in addressing ongoing housing needs is its strong network of service providers and housing-related non-profits, including the Grand Junction Housing Authority. Figure 1 highlights some of the key providers and their primary housing programs.

This network of housing and service providers not only serves the needs of their individual clients but also work collaboratively to strategize their collective approach, discuss gaps and targeted needs, and share best practices. There is an active Homeless Coalition and an ad hoc Housing Coalition that meets periodically and contributed to the development of this Housing

Strategy. Even so, the reach and impact of their services is constrained by the limited financial resources available.

Figure 1.
Grand Junction Housing Program Providers

| Organization | Housing Programs/Services |
|--|--|
| Grand Junction Housing Authority | Affordable rental housing construction/property management, Housing Choice Voucher (and other voucher programs) administration, transitional housing program for homeless families with school-children, homeownership education and counseling, housing advocate and family stability program, family self-sufficiency program. |
| Housing Resources of Western Colorado | Affordable rental housing, housing counseling, homebuyer education, housing rehabilitation loan program, weatherization assistance program, and Self-Help Build Housing program (supports affordable home ownership construction). |
| Grand Valley Catholic Outreach | Permanent supportive housing, transitional supportive housing, rapid rehousing, utility assistance (one-time financial aid for qualifying households), day center for people experiencing homelessness, and affordable housing search assistance. |
| Homeward Bound of the Grand Valley | Year-round homeless shelter and services for people experiencing homelessness. |
| Karis, Inc. | Shelter, housing, and services for individuals experiencing homelessness, primarily youth. |
| Hilltop Community Resources | Provides a wide range of human services. Housing specific programs include shelter for victims of domestic violence and transitional housing and case management to youth transitioning from the foster care system. |
| Habitat for Humanity of Mesa County | Affordable homeownership construction and non-profit home improvement stores and donation centers. |

Source: Root Policy Research.

EXISTING PROGRAMS & RESOURCES

Though the City does not directly administer housing programs it does play a key role in allocation of HUD and discretionary funds as well as regulating land use and development. The City recently adopted a forward-thinking Comprehensive Plan which governs the long-term vision for growth and development, services, and city priorities. Overall, the city's land use code poses relatively few regulatory barriers to residential development (see Appendix A).

Affordable housing inventory. The Low-Income Housing Tax Credit (LIHTC) program originated in 1986 under the Tax Reform Act and was part of an effort by the federal government to devolve the obligation of publicly-supported housing to states and local governments. Today, the LIHTC is the largest single producer of affordable rental housing in the country. At the most basic level, the LIHTC provides investors with a credit against their taxes in exchange for equity capital to support development of affordable rental units. States administer the program, including setting the criteria for scoring applications.

Grand Junction has 664 units developed using LIHTC, all of which are designated affordable to households earning less than 60% median family income (MFI). In addition, the city has 887 units of HUD-funded housing, including project-based Section 8, public housing, and other multifamily units. The City works to facilitate the development of affordable housing—including LIHTC—in

Grand Junction through negotiations with developers, incentives, fee structuring and land donations.

There are also about 1,300 housing choice vouchers in use in Mesa County, with which income-qualified recipients (earning 50% AMI or less) can find market-rate units that meet their needs. It should be noted that vouchers and units are not necessarily additive as vouchers can be used in subsidized units, creating overlapping subsidies.

Despite these existing units and vouchers, the need continues to outpace supply: According to data from the Grand Junction Housing Authority, as of March 2021 there are 2,266 applicants on the waitlist for affordable housing units and/or vouchers.

Future resource opportunity. State resources, administered through Colorado Division of Housing (CDOH) may offer an untapped resource for future housing efforts in the City of Grand Junction: CDOH's budget is forecasted to double in the coming years based on recent legislative changes. Though the state is still determining their strategic priorities, much of the increase is expected to go into the Housing Development Grant program.¹ Grand Junction should be prepared to apply for funding and/or support local non-profit applications and should plan for financial or in-kind contributions. (While there is no required minimum local financial match from applicants, CDOH expects some local contribution in the form of funding and/or in-kind contributions).

¹ For more information on CDOH's existing programs, visit <https://cdola.colorado.gov/housing>

EXISTING PROGRAMS & RESOURCES

In addition to expanding local funding, CDOH is also receiving substantial federal resources as part of the CARES Act and American Rescue Plan Act. Details on state allocations and guidance on use of funds is still pending, but Grand Junction should continue to monitor developments and opportunities.

Recent legislative changes may also provide opportunities for Grand Junction. HB21-1271 provides funding and technical assistance to local governments to make regulatory and land use changes that promote affordable housing; and HB21-1117 authorizes inclusionary housing policies for both rental and ownership housing.

BARRIERS ANALYSIS & REGULATORY REVIEW

BARRIERS ANALYSIS & REGULATORY REVIEW

The following section summarizes market barriers to affordable/attainable development and evaluates regulatory factors that could contribute to the city's housing challenges.

As noted in the previous section, the City recently adopted a forward-thinking Comprehensive Plan and has relatively few regulatory barriers to residential development. Even so, this section identifies areas of opportunity that may facilitate the creation of attainable housing. The findings are also included in the policy recommendations in the subsequent section.

Market Barriers

Market barriers to affordable and attainable housing development are discussed throughout the HNA and are summarized below:

High cost of building materials. Shortages in raw materials, such as lumber, and supply chain disruptions have caused sharp increases in building costs over the past year. For builders, the volatility of commodity prices makes the planning process and costs difficult to manage. Though some commodity prices may stabilize in the wake of the COVID-19 pandemic, material costs are forecasted to remain high in the coming years.

High cost of land. As the area grows and continues to diversify its economic base, combined with a hot housing market and positive net migration, demand for raw land increases, raising

land costs region-wide. In addition, given that most easy sites to develop are gone, lot development can add to cost and challenging soils, or other site-specific constraints make affordable housing development difficult to achieve.

Labor shortages. According to input gathered from stakeholders in the community, the local construction infrastructure is stretched thin—with shortages in occupations key to the housing industry such as framers, electricians, carpenters, roofers, and even engineers.

NIMBYism. As the area continues to grow, current residents' opposition to increased density is likely to increase. This is a problem in all communities, from Fruita to Clifton. There is a cultural preference for space and low-density housing in the region. This resistance to higher density creates uncertainty in the building process, given that pressure from public input can lead to a project not receiving timely or applicable entitlements that would allow for higher density housing.

Regulatory Review: Land Use & Zoning

The Zoning and Development Code for the City of Grand Junction was last updated in 2010 to align with the Comprehensive Plan adopted at that time. In conjunction with this strategy development Root Policy Research conducted a review of Grand Junction's zoning and development regulations to evaluate their impact on development activity and ultimately housing affordability. The review provides a high-level review

BARRIERS ANALYSIS & REGULATORY REVIEW

and comparison of the jurisdiction's zoning regulations against best practices and assesses if the jurisdiction's regulations could create barriers for housing affordability. The full regulatory review is included in Appendix A and includes:

- Zoning and land use best practices to remove barriers to housing affordability,
- Grand Junction's current land use and development code, including current zoning,
- The adopted Land Use Plan, and
- An evaluation of development impact fees for residential development.

Areas of opportunity identified in the land use and development review are summarized below:

- **Allow residential infill in traditionally single family districts.** The City of Grand Junction provides for a robust mix of housing types in residential and mixed use districts. To allow for residential infill development, the city should consider permitting duplexes/triplexes and rowhomes in lower density residential districts by right.
- **Consider relaxing minimum lot sizes and maximum densities.** The City of Grand Junction has relatively flexible land use development standards with minimum densities and in some instances no minimum lot sizes. However, there are development standards that are prohibitive for the development of housing products such as townhomes and duplexes—and limit the number of units in multifamily developments—through maximum densities. The City has

an opportunity to increase development capacity and affordability by relaxing the lot size and density standards.

- **Adjust parking standards to align with the type and intensity of land use.** Although the city's parking requirements are not atypical, many cities are adopting lower parking standards for more urban areas, particularly for multifamily housing. For housing in areas of mixed use and served by transit, walking and/or biking, Grand Junction might consider adjusting those standards downward to maximize development potential and reduce overall project costs.
- **Formalize existing incentives and consider additional incentives for affordable housing development.** Consider adopting additional incentives for residential developments that meet the city's affordability goals such as deed restricted affordable units and reflects the vision of the community. Ensure available incentives, and fee waivers, are formal and documented in either city policy or ordinance to reduce subjectivity in the process and project long-term benefit to the community.
- **Explore the feasibility of an inclusionary zoning requirement.** Through the comprehensive planning process and the development of the Housing Needs Assessment, the City of Grand Junction has made strides in understanding the housing needs of the community which is the first step toward increasing the supply of housing and promoting housing affordability. The City should explore the economic feasibility of an inclusionary zoning ordinance to increase the long-term supply of affordable units.

STRATEGIES TO ADDRESS HOUSING NEEDS

RECOMMENDED STRATEGIES

The following recommendations are based on Root Policy Research's experience working with peer communities and best practices; they were developed in conjunction with Grand Junction City Council, City staff, and Grand Junction Area housing stakeholders. Figure 3 summarizes the recommendations in order of anticipated implementation timeline; detailed descriptions of each recommendation follow the figure.

Figure 3. Recommended Strategies

| Strategy | Need(s) Addressed | Timeline | Related Comprehensive Plan Objective |
|--|---|-----------|--|
| 1 Participate in regional collaboration regarding housing/homelessness needs and services. | Shortage of affordable/ attainable housing; barriers to affordable ownership; unique needs of special interest populations, housing diversity | 1-2 Years | Work cooperatively with Mesa County, GJHA, Catholic outreach, Homeward Bound of the Grand Valley, Karis Inc., and other partners to pursue regional efficiency in all matters related to affordable housing. |
| 2 Adopt a local affordable housing goal(s). | Shortage of affordable/ attainable housing. | 1-2 Years | Develop a targeted housing strategy |
| 3 Implement land use code changes that facilitate attainable housing development and housing diversity. | Barriers to affordable ownership; shortage of affordable/ attainable housing; unique needs of special interest populations. | 1-2 Years | Promote more opportunities for housing choices that meet the needs of people of all ages, abilities, and incomes |
| 4 Encourage development of accessory dwelling units (ADUs). | Shortage of affordable/ attainable housing. | 1-2 Years | Promote a variety of housing types that can provide housing options while increasing density in both new and existing neighborhoods |
| 5 Formalize existing incentives and consider additional incentives for affordable housing development. | Shortage of affordable/ attainable housing. | 1-2 Years | Explore options for providing incentives for projects that incorporate units affordable to income levels identified in the housing strategy. |
| 6 Allocate city owned land (and/or strategically acquire vacant or underutilized properties) for affordable and mixed-income housing. | Shortage of affordable/ attainable housing. | 1-2 Years | Promote more opportunities for housing choices that meet the needs of people of all ages, abilities, and incomes. Develop a targeted housing strategy. |

STRATEGIES TO ADDRESS HOUSING NEEDS

Figure 3 (continued). Recommended Strategies

| Strategy | Need(s) Addressed | Timeline | Related Comprehensive Plan Objective |
|--|---|-----------|--|
| 7 Create a dedicated revenue source to address housing challenges. | Shortage of affordable/ attainable housing; unique needs of special needs populations. | 1-2 Years | Pursuing funding regionally at all levels. |
| 8 Provide financial support to existing housing and homelessness services and promote resident access to services. | Housing instability and displacement; unique needs of special needs populations; barriers to homeownership. | 2-4 Years | Promote more opportunities for housing choices that meet the needs of people of all ages, abilities, and incomes. Providing supportive housing for at-risk and homeless populations. Publicizing and marketing affordable housing opportunities throughout the region. |
| 9 Support acquisition/ rehabilitation that creates or preserves affordable housing. | Shortage of affordable/ attainable housing; housing instability and displacement; housing condition. | 2-4 Years | Retaining and maintaining existing affordable housing stock. |
| 10 Consider implementation of an inclusionary housing/linkage fee ordinance. | Shortage of affordable/ attainable housing. | 2-4 Years | Working to preserve viable affordable housing stock and ensure long term affordability for new units built with financial assistance. |
| 11 Explore designation of an Urban Renewal Areas (URA) and utilization of Tax Increment Financing for affordable housing. | Shortage of affordable/ attainable housing. | 4-6 Years | Pursuing funding regionally at all levels. |
| 12 Consider adoption of a voluntary rental registry program in conjunction with landlord incentives. | Housing instability and displacement; housing condition; shortage of affordable/ attainable housing. | 4-6 Years | Retaining and maintaining existing affordable housing stock. |

Source: Root Policy Research.

STRATEGIES TO ADDRESS HOUSING NEEDS

STRATEGY 1. PARTICIPATE IN REGIONAL COLLABORATION REGARDING HOUSING/ HOMELESSNESS NEEDS AND SERVICES.

The Grand Junction Area has a strong network of housing providers already collaborating regionally (e.g., Homeless Coalition and an ad hoc Housing Coalition). These stakeholders desire to increase regional efficiency and advocacy in pursuing funding and in implementing for effective housing strategies throughout the region. The City should participate in the efforts of the ad hoc housing coalition and other opportunities to advance regional housing/homelessness efforts and funding.

Benefits. Presents a unified approach to regional housing issues; increases efficiency in applications for funding and allocation of resources and defines common goals.

Challenges. Political challenges and differing perspectives on regional strategies.

Expected outcomes and keys to success. Works best with well-connected and collaborative stakeholders.

Recommended actions for Grand Junction:

- Continue to participate in Homeless Coalition and ad hoc housing coalition meetings and discussions;
- Participate in a policy and action group which would help spearhead policy efforts regional resource allocation throughout the Grand Junction Area;

- Monitor/investigate new and innovative potential funding sources (e.g., CDOH programs, health foundations, COVID relief funding sources and others).
- Partner with local employers and advocate for employer sponsored/subsidized housing.
- Consider regular data updates for the regional Housing Needs Assessment (every 3-5 years).

STRATEGY 2. ADOPT A LOCAL AFFORDABLE HOUSING GOAL(S).

Formally adopting local affordable housing goals helps establish a target for the city to monitor progress. Goal structure varies by community; for example goals can be:

- Output oriented (e.g., 10% of all housing units will be affordable to households earning less than 80% AMI by 2040);
- Input oriented (e.g., the City will allocate 20% of housing trust fund resources to services for people experiencing homelessness); or
- Value oriented (e.g., increase the supply of attainable ownership housing available to those making less than 100% AMI).

Goals should be related to identified needs, reflect City priorities, and provide clear direction with measurable outcomes.

Benefits. Signals to development community the City's desire for affordable development; provides a benchmark for the City

STRATEGIES TO ADDRESS HOUSING NEEDS

in navigating negotiations with developers and/or establishing incentives.

Challenges. Political challenges in defining goal; if goal specifies income category, may reduce flexibility in future; outcome-oriented goals are not always in the city's control.

Expected outcomes and keys to success. Outcomes vary depending on the goal as well as the other tools in place to help the city achieve its goal. This works best when paired with other tools and strategies designed to support the goal.

Recommended actions for Grand Junction:

- Work with housing coalition and non-profit partners to identify specific housing targets over the next five years to inform affordable housing production goal.
- Consider committing to a goal related to the housing gap or related to annual production of affordable housing units. For example "Reduce the housing gap by 500" or "Create 500 new affordable units over the next 5 years." Note actual target should be informed by anticipated production (see previous bullet).
- Include clear definitions of "affordable" and "attainable" housing in targets.
- Track annual affordable housing production (or other metrics) to measure progress toward goal.

STRATEGY 3. IMPLEMENT LAND USE CODE CHANGES THAT FACILITATE ATTAINABLE HOUSING DEVELOPMENT AND HOUSING DIVERSITY.

Land use and zoning regulations that provide flexibility, clarity, and incentives for residential development are essential for promoting the development of affordable housing. Zoning regulations that negatively impact residential development affordability include restrictions such as minimum house and/or lot sizes, limited land zoned for moderate density (missing middle) options and/or multifamily, prohibitions on accessory dwelling units, and prohibitions on manufactured housing. Specific opportunities for improvement in Grand Junction's code are identified and attached to the strategy report as Appendix A.

Benefits. This aligns with the City's comprehensive plan and provide an opportunity to increase housing diversity and affordability.

Challenges. Changes in allowed density, product type and parking are often met with public opposition.

Expected outcomes and keys to success. Increase housing diversity and naturally occurring affordable/attainable housing stock. Works best in communities with additional development capacity and where community vision (i.e., Comp Plan) is aligned with code updates.

Recommended actions for Grand Junction:

STRATEGIES TO ADDRESS HOUSING NEEDS

- Allow residential infill in traditionally single family districts.
- Consider relaxing minimum lot sizes and maximum densities.
- Adjust parking standards to align with the type and intensity of land use.
- Actively rezone property to densities of R-8 (Residential 8 units per acre) or greater aligned with the 2020 One Grand Junction Comprehensive Plan.

See Appendix A for additional details.

STRATEGY 4. ENCOURAGE DEVELOPMENT OF ACCESSORY DWELLING UNITS (ADUS).

Accessory dwelling units (ADUs) are smaller independent living spaces on the same lot as a single-family home. ADUs can be attached to the home itself or be separate structures on the owners' property. They have minimal impacts on the character of single-family neighborhoods. Strategies to encourage their development and affordability include: eliminating parking requirements, assist with site planning and provide free off-the-shelf plans, short-turnaround approval process for ADUs, provide financial assistance for homeowners to create ADUs, waiving development fees for ADUs that will be restricted to low-income occupants, provide low- and moderate-income homeowners interest-free loans for an ADU project. In addition, some communities are moving to allow secondary ADUS. This should be considered for appropriateness in Grand Junction or within specific areas of Grand Junction.

Benefits. ADUs can be a relatively inexpensive way to create low-cost housing units, free up low-income housing, and increase density in single-family areas, while reusing existing infrastructure such as water and sewer.

Challenges. Requires additional staff capacity for development review.

Expected outcomes and keys to success. Can expand the housing stock and allow low-income owners to generate income from their property. Works better with a rental license program and regulation of short-term rental units.

Recommended actions for Grand Junction:

- Conduct focus group(s) or surveys among residents who have recently constructed ADUs to evaluate the overall process of permitting/constructing ADUs as well as the impact of potential incentives (as outlined in the description above).
- Consider creating an easy-to-follow guide for homeowners looking to build ADUs (example from San Marcos: www.sanmarcostx.gov/1567/Accessory-Dwelling-Units) and proactively communicate opportunity for ADUs to residents.
- Consider allowing secondary ADUS.
- Based on focus group/survey responses consider pilot program for ADU incentives.

STRATEGIES TO ADDRESS HOUSING NEEDS

STRATEGY 5. FORMALIZE EXISTING INCENTIVES AND CONSIDER ADDITIONAL INCENTIVES FOR AFFORDABLE HOUSING DEVELOPMENT.

Development incentives to encourage developers/builders to build affordable housing can take many forms:

- Permit or process-oriented incentives (e.g., fast track development approval; city-assigned, dedicated planning advocate to help move the development through the approval process; reduction in public meeting requirements);
- Regulatory incentives such as density or height bonuses (allows for more units to be built than allowed by right by zoning);
- Fee waivers/rebates (Colorado state law allows impact fees to be waived for affordable housing); and
- Tax incentives for affordable development (or land donation to affordable development).

Development incentives are tied to a contractual commitment to produce an agreed-upon share of affordable units (can be rental or owner). Most policies mandate set asides of between 10 and 30 percent of units affordable to 50% to 80% of area median income (AMI), depending on the market, and set affordability periods that range from 15 to 99 years. The average length of time for deed restrictions is 30 years.

Benefits. Places burden on developers to create (or contribute to) city's housing goals but does so by providing benefit (typically in the form of additional profit) to developers--can be a win-win for developers and city. Can be structured to incentivize any kind of development (e.g., missing middle), not just affordable development. Signals City's development priorities to developers.

Challenges. Requires staff capacity to monitor compliance; can be challenging to structure in order to create affordable units depending on existing zoning and development process. (For example, density bonuses only work if the entitlement density is low enough to entice developers to accept the incentive).

Expected outcomes and keys to success. When well structured, incentives can be relatively high impact (generate moderate number of units) for very little cost to the city. Works best in growing markets and in communities with additional capacity for development.

Recommended actions for Grand Junction:

- Evaluate informal incentives previously extended to affordable (or other) development over the past 5 to 10 years.
- Convene local developers (affordable and market-rate) to evaluate the market demand for potential incentives.
- Codify desired incentives in City codes or affordable housing policy focusing on incentives that increase the supply of affordable housing.

STRATEGIES TO ADDRESS HOUSING NEEDS

STRATEGY 6. ALLOCATE CITY OWNED LAND (AND/OR STRATEGICALLY ACQUIRE VACANT OR UNDERUTILIZED PROPERTIES) FOR AFFORDABLE AND MIXED-INCOME HOUSING.

Property acquisition costs, especially in developed areas of the city, is a major component of the cost of developing affordable housing. The city and other public agencies, such as Mesa County and the State, own properties which could potentially reduce costs and facilitate development of affordable housing. While much of this property is either already utilized for public facilities or is inappropriate for residential development, there may be opportunities to leverage additional affordable and mixed-income housing through better utilization of publicly owned property.

It is increasingly common for local governments to donate, discount, or lease vacant land or underutilized properties (e.g., closed schools, vacant or out-of-date public sector offices) for use as residential mixed-income or mixed-use developments. Some properties are acquired after businesses have been closed for illegal use or very delinquent taxes.

These properties are held in a “land bank” by the City and eventually redeveloped by nonprofit or private developers through a Request for Proposal (RFP) process. Land banks vary in forms from single parcels to multiple, scattered site properties, to large tracts of land. The land can be donated,

discounted, or offered on a land lease to the selected developer

who agrees to a specified affordability level or community benefit. A good starting point in this process for any community is creating an inventory of existing public land that could be used for housing sites in the future.

Benefits. Conducting an initial inventory of publicly owned land is a low/no-cost step. Land banking and donation can reduce future development costs (particularly if acquired when land costs are low) and maintains flexibility in meeting future needs because the land can be held and then used for acute needs as they arise. Converting vacant land or underutilized retail can also have tax benefits to the city (performing residential, even if with a lower property tax value, is better than vacant and abandoned land from a revenue perspective).

Challenges. Acquiring land can be costly (depending on market cycle); limited supply and can require quick response to land available (staffing/authority concern); and there is a risk that future needs will not align with expected land use.

Expected outcomes and keys to success. Outcomes depend on existing land inventory and committed resources though there is potential for high impact (substantial number of units). This works best in communities where there is land available to repurpose; when the city can acquire land at reasonable costs (e.g., during a down market); and when the city has strong partnerships with non-profit developers or existing land trust programs.

STRATEGIES TO ADDRESS HOUSING NEEDS

Recommended actions for Grand Junction:

- Inventory existing public land (including land owned by the City, the County, State, the schools district, and others) and evaluate feasibility for residential development.
- Establish partnerships with local affordable developers and land trusts who may be able to develop the land into affordable rental or ownership units.
- Evaluate funding sources for land/property acquisition that could be utilized to create or preserve affordable housing.
- Actively watch for property and land to acquire to repurpose (this could include vacant land, underutilized/vacant commercial, and/or small naturally occurring affordable multifamily housing).

STRATEGY 7. CREATE A DEDICATED REVENUE SOURCE TO ADDRESS HOUSING CHALLENGES.

Local funding or a “Housing Trust Fund” can have an impact on meeting housing needs. “Trust funds” have grown immensely in popularity with reductions in federal funding for housing. Revenue sources are varied and include: General Obligation Bonds, Real Estate Transfer Taxes (RETT), commercial and/or residential linkage fees, sales tax, jurisdictional general fund set-aside or cash-in-lieu from inclusionary zoning buyouts, and other types of taxes, generally those that are directly tied to demand for housing.

Benefits. Can be used on a variety of programs to address needs across the housing spectrum; flexible funding source without federal regulations.

Challenges. Does not always have political support; efficacy is tied to level of funding; requires staff capacity to manage and allocate resources.

Expected outcomes and keys to success. Can be very effective, depending on funding amount and priorities. Works best when City has clear housing plan/goals and has staff capacity to manage.

Recommended actions for Grand Junction:

- If possible, appropriate funding in the short-term for implementation of the Housing Strategic Plan.
- Establish working group to evaluate the potential for sustainable, dedicated local funding and determine the most appropriate source of funds. Often, a General Fund allocation is the easiest way to initiate a Housing Trust Fund, but a dedicated stream is ideal for the long-term.
- Conduct analysis of the cost of other prioritized housing strategies and/or related capital items.
- Determine priorities for the fund—what programs/policies should it support? Consider the other strategies outlined in this report that require funding for efficacy.

STRATEGIES TO ADDRESS HOUSING NEEDS

STRATEGY 8. PROVIDE FINANCIAL SUPPORT TO EXISTING HOUSING AND HOMELESSNESS SERVICES AND PROMOTE RESIDENT ACCESS TO SERVICES.

Some CDBG funds are currently allocated to support nonprofits that are providing housing, housing services, and/or services to people experiencing homelessness, but additional funding would increase capacity. Top priorities among stakeholders included:

- Services and housing for people experiencing homelessness;
- Homeowner rehab program (grants or loans to assist low-income homeowners with needed repairs; can be emergency repairs or maintenance needed to preserve homes).
- Foreclosure and eviction prevention (can include housing counseling generally for mortgage debt restructuring; short-term emergency rent and utilities assistance for renters; and/or landlord-tenant mediation).
- Home ownership education outreach/workshops to lower income citizens who may qualify to own a home.
- Down payment assistance (programs that help households attain homeownership through financial support for closing costs and down payments).

In addition to financially supporting existing programs, the City could also promote participation by ensuring there is an

accessible online inventory of housing programs (local and state) and qualifications in an easy-to-access format and in multiple languages. Programs can also be affirmatively marketed to historically marginalized populations and those with historical disparities in homeownership.

Benefits. Preservation is much less costly than new development; prevents displacement of existing residents. Generally low cost and high impact; provides assistance to those who need it most and reduces public costs related to homelessness and other social services by preventing foreclosure and eviction. Creates access to homeownership and housing stability.

Challenges. Requires funding and administration as well as strong non-profit partners

Expected outcomes and keys to success. Improves existing housing stock; reduces foreclosures and evictions; increase homeownership and can help with workforce retention. Works best with a trusted non-profit partner.

Recommended actions for Grand Junction:

- Evaluate the potential for a database (and source of communication) of affordable housing options in the community and/or promote the state's affordable housing search platform (www.coloradohousingsearch.com)
- Use the City's website to help promote existing housing options and services in the community.

STRATEGIES TO ADDRESS HOUSING NEEDS

- Contingent on implementation of Strategy 7, include additional funds in annual program allocation (alongside CDBG allocations).

STRATEGY 9. SUPPORT ACQUISITION/REHABILITATION THAT CREATES OR PRESERVES AFFORDABLE HOUSING.

In this strategy nonprofits or for-profit affordable housing developers purchase privately-owned but low-priced housing options, or subsidized units with affordability periods ending ("at risk" affordable housing). Owners make needed improvements and institute long- term affordability. This strategy can also support conversion of hotels/motels into affordable or transitional housing. At-risk housing stock may include private rentals with rising rents, manufactured housing parks, or lower-cost single- family homes and real estate owned (REO) properties. Rental properties can be maintained as rental or convert to cooperative ownership. Ownership properties can be resold to lower-income families or leased as affordable rentals. A City's role is often to provide financial resources to non-profits for the acquisition and rehab projects. This program can also be structured as rehab grants to existing multifamily owners in exchange for contractual affordability.

Benefits. Generates guaranteed affordability out of existing stock (less costly than new development); can be used for rental or ownership.

Challenges. Can be difficult to identify properties, though it can be structured at the city level as a resource pool for non-

profits, which reduces the staffing and management burden on the city.

Expected outcomes and keys to success. Generates some affordable units. Works best with a trusted non-profit partner.

Recommended actions for Grand Junction:

- Establish partnerships with local affordable developers who would own/manage the units.
- Contingent on Strategy 7, dedicate local resources to an acquisition/rehab program.
- Design RFP process for entities who wish to access funds or prioritize CDBG spending for the purpose of acquisition and/or rehabilitation of housing resources.

STRATEGY 10. CONSIDER IMPLEMENTATION OF AN INCLUSIONARY HOUSING/LINKAGE FEE ORDINANCE.

Policies that require or incentivize the creation of affordable (income-restricted) housing when new residential and/or commercial development occurs, either within the same development or off-site. Some inclusionary housing ordinances allow the developer to pay fees "in lieu" of developing the affordable units. Policies can be implemented as required or voluntary and can include "off-sets" and/or incentives for the provision of affordable housing.

Benefits. No direct cost to city other than enforcement, has the ability to generate a substantial number of units.

STRATEGIES TO ADDRESS HOUSING NEEDS

Challenges. Regularly faces opposition from development community who view such ordinances as putting full burden of current housing challenges onto new development.

Expected outcomes and keys to success. Generates substantial number of units when structured well. Works best in communities with additional capacity for development and that are experiencing growth.

Recommended actions for Grand Junction:

With the recent passage of Colorado HB21-1117, Colorado communities can now implement inclusionary housing that applies to both rental and for-sale development. Given this recent change, the City should consider this as a 5+ year strategy:

- Monitor new inclusionary programs implemented throughout the state and continue to evaluate whether such a program would be effective and appropriate in Grand Junction.
- Evaluate the option of inclusionary housing every 2 years to consider whether the City desires to institute a program.
- Interview existing program administrators and an economic feasibility study of the potential affordable requirements

STRATEGY 11. EXPLORE DESIGNATION OF AN URBAN RENEWAL AREAS (URA) AND UTILIZATION OF TAX INCREMENT FINANCING FOR AFFORDABLE HOUSING.

Revenue generated by borrowing against projected growth in property tax revenues within designated redevelopment (urban renewal) areas. All or a portion of the tax increment can be set aside for affordable housing preservation and production.

Benefits. Can generate affordable units or provide monies for incentives in new units within targeted areas; leverages new and/or existing funding source.

Challenges. Can impact total TIF package as property tax revenue on affordable developments may be low. URA can be cumbersome, expensive and time-intensive to establish and manage.

Expected outcomes and keys to success. Generates modest volume of affordable units. Works well when affordable housing is paired with uses that generate higher future tax revenue (e.g., retail)

Recommended actions for Grand Junction:

Convene task force to evaluate the viability of URA designation and TIF priorities. Interview other communities where this approach is used to evaluate how it could apply in Grand Junction, such as Colorado Springs, Fort Collins, Loveland, and Denver.

STRATEGIES TO ADDRESS HOUSING NEEDS

STRATEGY 12. CONSIDER ADOPTION OF A VOLUNTARY RENTAL REGISTRY PROGRAM IN CONJUNCTION WITH LANDLORD INCENTIVES.

Having a rental registration or license program (a program in which landlords are required to obtain a license from the City) make it easier to promote best practices and resources to landlords, identify problem landlords, and implement a variety of renter protections (such as housing quality standards). Voluntary registration programs can be paired with landlord incentives; examples include:

- Access to security deposit insurance in exchange for accepting housing choice vouchers;
- Access to grants or interest free loans for rehab in exchange for keeping units affordable (income restricted); and
- Access to grants or incentives in exchange for converting short term rentals to long terms rentals.

Landlords participating on voluntary programs typically also receive access to city-provided resources such as template leases (in English and Spanish), fair housing training, landlord-tenant mediation services, etc.

Benefits. Promotes equity, relatively easy to implement, provides resources to landlords.

Challenges. Monitoring and compliance is difficult (requires staff capacity).

Expected outcomes and keys to success. Depends on structure of program. Can improve existing housing stock (quality inspections and rehab), can create additional affordable housing stock, can improve conditions for renters and better equip landlords. Works in any market

Recommended actions for Grand Junction:

Form task force to review best practice research on program design and evaluate priorities for program implementation. Consider community and landlord engagement to help refine policy proposal.

STRATEGIES TO ADDRESS HOUSING NEEDS

RELATIVE COST AND IMPACT OF STRATEGIES

Figure 4 plots the strategy recommendations along two axes to help gauge their relative cost and impact. It should be noted that “cost” is used broadly and can mean financial cost, staffing resources, political effort, etc. Note that cost and impact may differ from the figure depending on final policy/program design

Strategies in the lower left portion of the figure are generally low cost but also low impact. Cost increases as you move to the right (x-axis) and impact increases as you move up (y-axis). Strategies in the upper right are generally high cost but also high impact. Strategies are color-coordinated based on their implementation timeline.

This matrix should not be the only criteria for evaluating strategies but does provide some guidance in considering the most effective options given resource constraints.

Figure 4. Relative Cost and Impact of Recommended Strategies



Source: Root Policy Research.

NEXT STEPS

CONCLUSION AND NEXT STEPS

As the City of Grand Junction continues to pursue implementation of the Comprehensive Plan—including building “Strong Neighborhoods and Housing Choices”—the strategies outlined above provide a roadmap for achieving desired outcomes and addressing identified housing needs.

A balanced housing stock accommodates a full “life cycle community”—where there are housing options for each stage of life from career starters through centenarians—which in turn supports the local economy and contributes to community culture. Encouraging the market to develop sufficient supply to meet demand as well as actions that help mitigate price increases and preserve both market-rate and publicly assisted housing affordability will help provide essential housing for residents of Grand Junction.

Implementation of the strategies will require the City to address housing challenges head-on, pursue new policies, programs, and funding sources, and work collaboratively with regional stakeholders and public-private partnerships.

APPENDIX A.

Land Use and Development Review

APPENDIX A.

Land Use and Development Review

The Zoning and Development Code for the City of Grand Junction was last updated in 2010 to align with the Comprehensive Plan adopted at that time. This appendix provides a high-level review of the jurisdiction's zoning regulations against best practices and assesses if the jurisdiction's regulations could create barriers for housing affordability.

The review includes zoning and land use best practices to remove barriers to housing affordability—discussed in the context of Grand Junction's current zoning ordinance and opportunities for improvement—focusing on zoning districts and permitting uses, development standards, parking standards, and incentives for affordable housing. The review also discusses the future land use plan presented in the Grand Junction Comprehensive Plan along with an evaluation of development impact fees for residential development. The section concludes with a summary of opportunities for Grand Junction; these opportunities are also discussed in the Grand Junction Housing Strategy.

Zoning Districts and Permitted Uses

In response to housing affordability challenges and lack of diversity in housing typology, jurisdictions across the country are increasingly modifying land use codes to allow missing middle housing—duplexes/triplexes, rowhomes, and Accessory Dwelling Units (ADUs)—in single family zones.¹ Missing middle housing refer to a diverse set of housing types that result in smaller, more affordable, and provide more density compared to single family homes. It is a best practice to include a broad range of mixed-use zone districts that occupy the majority of the spectrum of zone districts to permit a variety of housing types for middle income households. Additionally, permitting multifamily development across a wide variety of mixed-use districts more effectively produces communities that support neighborhood-serving retail and commercial operations and small businesses by allowing the market to supply services near households.²

Grand Junction's current code. The city has adopted ten residential districts, a variety of mixed-use and commercial districts, and form based residential districts. The ten residential districts provide for a range of residential development, in

¹ Affordability in this context encompass both income restricted as well as naturally occurring affordable housing.

² Elliott, Donald L. *A better way to zone: ten principles to create more livable cities*. Island Press, 2012.

addition to the mixed use districts, shown in Figure A-1. Residential districts range from rural densities to districts intended to discourage large lot development and encourage concentrated urban growth in community centers. According to the city's zoning ordinance, the purpose for the R-12, R-16, and R-24 districts are to, "allow a mix of residential unit types and densities to provide a balance of housing opportunities in a neighborhood."

Figure A-1.
Residential Use Table

Note:

A=allowed; C=conditions; Blank=not permitted.

Source:

Chapter 21.04 Grand Junction Municipal Code.

| | R-R | R-E | R-1 | R-2 | R-4 | R-5 | R-8 | R-12 | R-16 | R-24 | R-O | B-1 | B-2 | C-1 | C-2 | CSR | M-U | BP | I-O | I-1 | I-2 |
|-----------------------------------|-----|-----|-----|-----|-----|-----|-----|------|------|------|-----|-----|-----|-----|-----|-----|-----|----|-----|-----|-----|
| Business Residence | | | | | | | | | | | A | A | A | A | A | A | A | A | A | A | |
| Two-Family Dwelling | | | | | A | A | A | A | A | | A | C | | | | | | | | | |
| Single-Family Detached | A | A | A | A | A | A | A | | | | A | C | C | | | A | | | | | |
| Multifamily | | | | | | | A | A | A | A | A | A | A | A | A | A | A | A | A | A | |
| Accessory Dwelling Unit | A | A | A | A | A | A | A | A | | | A | A | | | | | | | | | |
| Agricultural Labor Housing | A | | | | | | | | | | | | | | | A | | | | | |
| Manufactured Housing Park | | | | | | | A | A | A | | | | | | | | | | | | |
| All Other Household Living | | | | | | | A | A | A | | | | | | | | | | | | |

Areas of opportunity. The City of Grand Junction provides for a robust mix of housing types in residential and mixed-use districts. To allow for residential infill development, the city should consider permitting triplexes and rowhomes in lower density residential districts by right.

Residential Development Standards

Flexibility in development dimensional standards provides opportunities for residential product diversity (e.g., multifamily, townhomes, and duplexes) and a mix of uses to encourage more affordable residential development—compared to traditional single-family zoning. Conversely, zoning regulations that negatively impact residential development affordability include minimum house and/or lot sizes, limited land zoned for missing middle options and/or multifamily, prohibitions on ADUs, secondary ADUS, restrictions on land zoned and available for multifamily and manufactured housing.

Grand Junction's current code. The residential development standards summary table in Figure A-2 below provides land development requirements in each district. Overall, these residential development standards allow for a wide range of housing types in the city. Minimum density requirements for R-5 to R-24 residential zones discourage large lot single family

detached housing development and may promote the development of missing middle housing types and promote affordability. These zones provide an alternative to the traditional single-family regulations in zones R-R to R-4. However, minimum lot sizes and densities may increase the cost of residential development and discourage missing middle housing.

Figure A-2.
Residential Use Table

Source:
Chapter 21.03 Grand Junction Municipal Code.

| | R-R | R-E | R-1 | R-2 | R-4 | R-5 | R-8 | R-12 | R-16 | R-24 |
|--|-----------|--------|----------------|----------------|---------------|---------------|---------------|------|------|------|
| Minimum Lot Size (min.) | 5 acres | 1 acre | 30,000 sq. ft. | 15,000 sq. ft. | 7,000 sq. ft. | 4,000 sq. ft. | 3,000 sq. ft. | n/a | n/a | n/a |
| Lot Coverage (max) | 5% | 15% | 20% | 30% | 50% | 60% | 70% | 75% | 75% | 80% |
| Height (max) | 35 | 35 | 35 | 35 | 40 | 40 | 40 | 60 | 60 | 72 |
| Density (min. units per acre) | n/a | n/a | n/a | n/a | 2 | 3 | 6 | 8 | 12 | 16 |
| Density (max units per acre) | 1/5 acres | 1 | 1 | 2 | 4 | 6 | 8 | 12 | 16 | n/a |

Figure A-3 shows the development standards for mixed use and commercial districts. For mixed use and commercial districts, maximum heights and residential development densities are likely to have the most impact on the number of units constructed and the affordability of those units. Similar to mixed use minimum densities in residential districts, minimum densities along commercial corridors increase the opportunity for more residential units and helps provide access to transit.

Figure A-3.
Mixed Use and Commercial Development Standards

Source:
Chapter 21.03 Grand Junction Municipal Code.

| | R-O | B-1 | B-2 | C-1 | C-2 | CSR | M-U | BP | I-O | I-1 | I-2 |
|--|---------------|----------------|------|----------------|----------------|--------|--------|--------|--------|--------|--------|
| Minimum Lot Size (min.) | 5,000 sq. ft. | 10,000 sq. ft. | n/a | 20,000 sq. ft. | 20,000 sq. ft. | 1 acre |
| Lot Coverage (max) | 70% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Height (max) | 40 | 40 | 80 | 65 | 65 | 65 | 65 | 65 | 65 | 50 | 50 |
| Density (min. units per acre) | 4 | 8 | 8 | 12 | n/a | n/a | 8 | 8 | n/a | n/a | n/a |
| Density (max units per acre) | n/a | 16 | n/a | 24 | n/a | n/a | 24 | 24 | n/a | n/a | n/a |

Areas of opportunity. The City of Grand Junction has relatively flexible land use development standards with minimum densities and in some instances no minimum lot sizes. However, there are development standards that are prohibitive for the development of certain housing products—townhomes and duplexes—and limit the number of units in multifamily developments—through maximum densities. There is an opportunity to examine the potential for reducing or eliminating these standards to increase development capacity and thereby affordability.

Parking Standards

Parking standards can vary based on use rates and existence of public parking lots in the area. The traditional standard of two parking spaces per dwelling unit is reasonable in low density residential districts, but many cities are adopting lower parking standards near transit, multifamily development, and mixed-use areas.

Some communities establish parking standards to account for lower vehicle ownership rates among certain types of households, such as seniors and low-income households. Senior apartments, assisted-care units, congregate care facilities, and studio and one-bedroom apartments are likely to have lower parking demand than developments of the same size. A zoning policy that requires an equal number of parking spaces per bedroom will result in an oversupply of parking.

Grand Junction's current code. Grand Junction requires the typical two parking spaces for single family and duplex units with one additional unit required per accessory dwelling unit (ADU)—for example, a duplex with an ADU would require five off-street parking spaces. For multifamily development, the number of spaces required is based on the number of bedrooms per unit. For one-bedroom units 1.25 spaces are required, two-bedroom units require 1.5 spaces, and three or more-bedroom units require 2 spaces. The city does allow projects to request an alternative parking plan but this can be cumbersome and add expense to a project.

Areas of opportunity. Although these requirements are not unreasonable, many cities are adopting lower parking standards for more urban areas, particularly for multifamily housing. Grand Junction should consider adjusting parking standards downward to promote affordability and greater land utilization.

Incentives for Affordable Housing

Incentives are formalized affordability requirements in exchange for development benefits such as fee waivers, expedited permitting, tax abatements, and density bonuses. To encourage the development of affordable housing, the code should recognize the difficult economics involved and should offer incentives. Common incentives include smaller lots, increased density in multi-family areas, reduced parking requirements, or waivers or reductions of application fees or development impact fees.

While zoning and subdivision incentives alone are often not enough to make development for lower levels of AMI economically feasible, they can be part of a broader package of incentives (for example, including financial incentives or land contributions) that make those projects feasible.

Grand Junction's current code. Grand Junction currently discounts transportation impact fees (50% reduction per additional story) in the city "redevelopment areas" to encourage development in those areas. Additionally, Grand Junction's Zoning and Development Code currently allows for the City Council to waive impact fees imposed on affordable housing development.

Areas of opportunity. Consider additional incentives for residential developments that meet the city's affordability goals and reflects the vision of the community.³ The recently adopted Comprehensive Plan suggests the City, "explore options for providing incentives for projects that incorporate units affordable to income levels identified in the housing strategy." The city should ensure available incentives, including the existing fee waivers, are formal and documented in either city policy or ordinance to reduce subjectivity in the process.

A note about inclusionary zoning. In 2021, the Colorado General Assembly enacted House Bill 21-1117 which permits local governments to enact inclusionary zoning ordinances on rental units (for-sale was already allowed). Inclusionary zoning generally regulates new development or redevelopment to encourage the construction of new affordable units. Local governments must provide one or more alternative options to constructing the units such as a fee in-lieu or land dedication.

Additionally, in order to adopt an inclusionary ordinance, local governments must take one or more of a set of actions to increase the overall number and density of housing units. As specified in HB21-1117, these potential actions include:

- *Adopt changes to its zoning and land use policies that are intended to increase the overall density and availability of housing, including but not limited to:*
 - *Changing its zoning regulations to increase the number of housing units allowed on a particular site;*
 - *Promoting mixed-use zoning that permits housing units allowed on a particular site;*

³ See Housing Strategy for additional details on specific incentive recommendations.

- *Permitting more than one dwelling unit per lot in traditional single family lots;*
- *Increasing the permitted households size in single family homes;*
- *Promoting denser housing development near transit stations and places of employment;*
- *Granting reduced parking requirements to residential or mixed use developments that include housing near transit stations or affordable housing developments;*
- *Granting density bonuses to development projects that incorporate affordable housing units; or adopting policies to promote the diversity of the housing stock within the local community including a mix of both for sale and rental housing opportunities;*
- *Materially reduce or eliminate utility charges, regulatory fees, or taxes imposed by the local government applicable to affordable housing units;*
- *Grant affordable housing developments material regulatory relief from any type of zoning or other land development regulations that would ordinarily restrict the density of new development or redevelopment;*
- *Adopt policies to materially make surplus property owned by the local government available for the development of housing; or*
- *Adopt any other regulatory measure that is expressly designed and intended to increase the supply of housing within the local government's jurisdictional boundaries.*

Areas of opportunity. Through the recent comprehensive planning process and the development of this housing needs assessment, the City of Grand Junction has made reasonable strides and efforts toward increasing the supply of housing and promoting housing affordability. The city should explore the economic feasibility of an inclusionary zoning ordinance to increase the supply of affordable units.

Future Development

Adopted planning documents including the Comprehensive Plan and Zoning Ordinance establish a vision for future development and a roadmap to achieve that vision through land use regulations. In addition to the most common regulatory barriers, the geographic zoning patterns and development trends influence housing choice and affordability.

The City of Grand Junction adopted the updated Comprehensive Plan in December 2020. The Comprehensive Plan provides insight into the vision for future residential development in the community. The following excerpts from the Plan provide population growth estimates, housing unit estimates, and the future land use plan to provide needed housing types.

- **Population growth estimates.** “Grand Junction is expected to continue to represent approximately 40 percent of Mesa County’s population over the next 20 years. This would result in a population of approximately 90,000 people within City limits by 2040—an increase of 23,071 people. Similarly, the State Demographer has estimated that, by 2040, the population within the Urban Development Boundary will account for an additional 34,000 people for a total of approximately 124,000 in the City’s planning area.”
- **Housing unit estimates.** “Based on the projected population growth and the city’s average household size of 2.29 people, approximately 11,400 additional housing units will be needed within City limits by 2040. Housing options that address a variety of needs such as cost, quality, age, and type are a key concern in Grand Junction.

Grand Junction’s housing supply will need to grow and diversify to meet the community’s future needs. Today, Grand Junction has an estimated 27,990 housing units. This inventory is predominantly single-family homes: 62 percent of all housing units are detached. Of owner occupants, 85 percent live in single-family units compared to 32 percent of renters, while 55 percent of renters reside in apartment units.”

- **Future land use.** “To support the community in meeting current and anticipated housing needs, the Comprehensive Plan policies and the Land Use Plan encourage the creation of more mixed-use, walkable neighborhoods and mixed-density neighborhoods with a wider range of housing types. Policies also encourage higher density development in areas located within urban intensification areas as well as priority growth areas such as the city’s core, University District, Downtown District, and areas along transit corridors.

The Land Use Plan is a tool to guide future development within the City and its Urban Development Boundary. It will be applied through day-to-day decision making as a means to help implement a shared vision for the physical growth of the City. The plan includes a map that depicts locations for different types of land uses and a description of each land use.”

Figure A-4 shows a map of the Land Use Plan for the City of Grand Junction presented in the Comprehensive Plan. Medium to high density residential development is concentrated near downtown, near shopping and employment centers and along major transportation corridors.

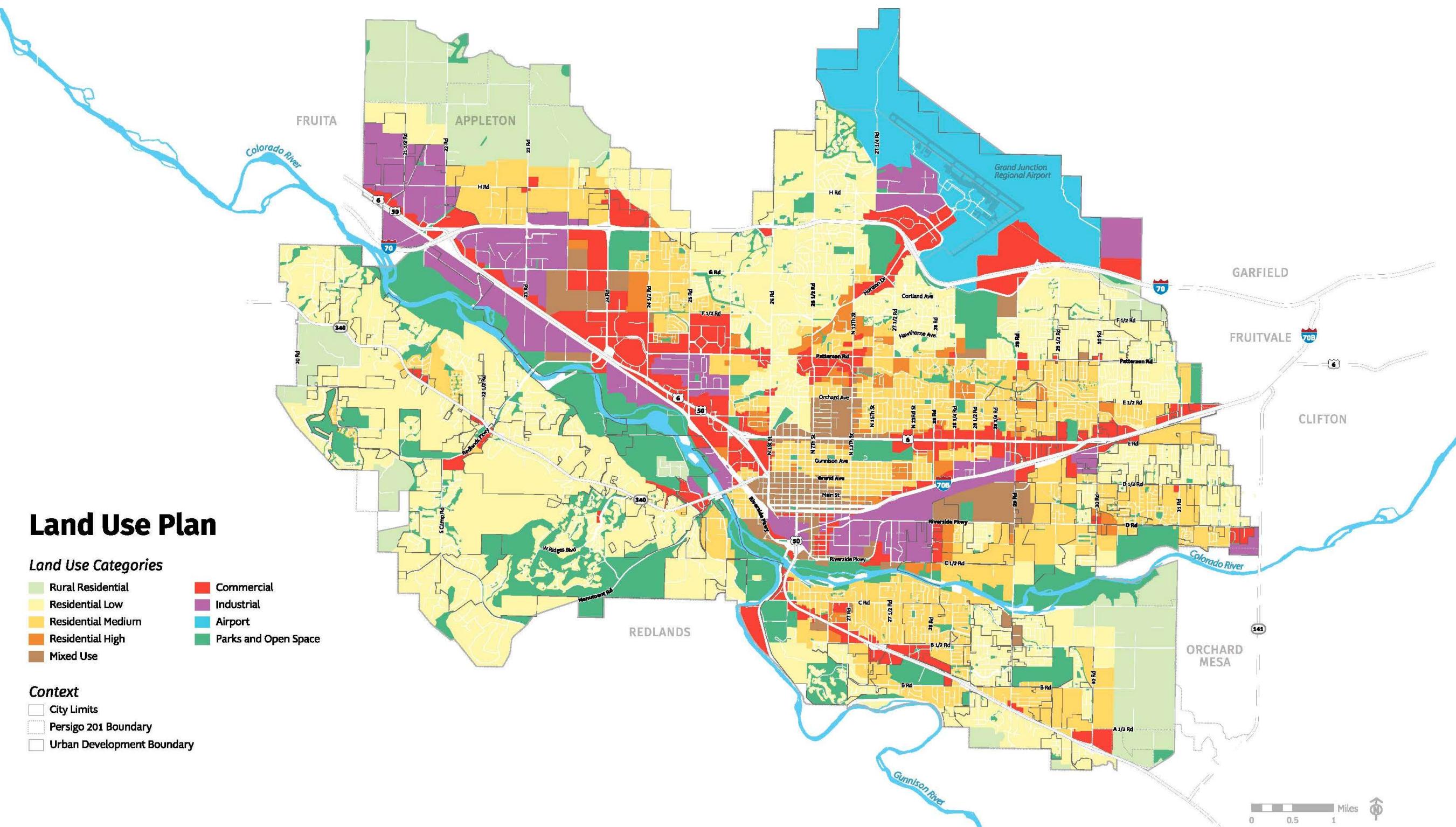
Development impact fees. Impact fees are imposed on new development to support the additional infrastructure required to service new development. Common impact fees include water, wastewater or sewer, transportation, fire, police, parks and recreation, and schools. Stakeholders indicated the City of Grand Junction’s impact fees are prohibitive for multifamily

residential development. A comparative analysis of fees with other communities in Colorado was conducted to evaluate the city's fees, and the city's impact fees have not been identified as a barrier to development.

Areas of opportunity. The recently adopted comprehensive plan provides a roadmap for land use code updates to prioritize Plan Principle 5, "Strong Neighborhoods and Housing Choices." The plan outlines the following actions to achieve this principle.

- Promote more opportunities for housing choices that meet the needs of people of all ages, abilities, and incomes.
- Partner in developing housing strategies for the community.
- Support continued investment in and ongoing maintenance of infrastructure and amenities in established neighborhoods.
- Promote the integration of transportation mode choices into existing and new neighborhoods.
- Foster the development of neighborhoods where people of all ages, incomes, and backgrounds live together and share a feeling of community.

Figure A-4. Future Land Use



Summary of Areas of Opportunity

The following opportunities were identified through this land use and development review:

- **Allow residential infill in traditionally single family districts.** The City of Grand Junction provides for a robust mix of housing types in residential and mixed-use districts. To allow for residential infill development, the city should consider permitting triplexes and rowhomes in lower density residential districts by right.
- **Consider relaxing minimum lot sizes and maximum densities.** The City of Grand Junction has relatively flexible land use development standards with minimum densities and in some instances no minimum lot sizes. However, there are development standards that are prohibitive for the development of “missing middle” housing products—townhomes and duplexes—and limit the number of units in multifamily developments—through maximum densities. The City has an opportunity to increase development capacity and affordability by relaxing the lot size and density standards.
- **Adjust parking standards to align with the type and intensity of land use.** Although the city’s parking requirements are not atypical, many cities are adopting lower parking standards for more urban areas, particularly for multifamily housing. For housing in areas of mixed use and served by transit, walking and/or biking, Grand Junction might consider adjusting those standards downward to maximize development potential and reduce overall project costs.
- **Formalize existing incentives and consider additional incentives for affordable housing development.** Consider additional incentives for residential developments that meet the city’s affordability goals and reflect the vision of the community. The recently adopted comprehensive plan suggests the city, “explore options for providing incentives for projects that incorporate units affordable to income levels identified in the housing strategy.” The city should ensure available incentives, including the existing fee waivers, are formal and documented in either city policy or ordinance to reduce subjectivity in the process.
- **Explore the feasibility of an inclusionary zoning requirement.** Through the recent comprehensive planning process and the development of this housing needs assessment, the City of Grand Junction has made strides toward increasing the supply of housing and promoting housing affordability. The city should explore the economic feasibility of an inclusionary zoning ordinance to increase the supply of affordable units.

- **Implement the comprehensive plan.** The recently adopted comprehensive plan provides a roadmap for land use code updates to prioritize Plan Principle 5, "Strong Neighborhoods and Housing Choices." The plan outlines the following actions to achieve this principle.
 - Promote more opportunities for housing choices that meet the needs of people of all ages, abilities, and incomes.
 - Partner in developing housing strategies for the community.
 - Support continued investment in and ongoing maintenance of infrastructure and amenities in established neighborhoods.
 - Promote the integration of transportation mode choices into existing and new neighborhoods.
 - Foster the development of neighborhoods where people of all ages, incomes, and backgrounds live together and share a feeling of community.