



ENVIRONMENTAL SCAN

Prepared for: DRCOG Regional Housing Strategy Project Team
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This environmental scan inventories recent, current, and planned housing initiatives across the Denver region addressing the five barriers from the Regional Housing Needs Assessment. Insights gained from the environmental scan will be used to inform a regional strategy that serves as a unifying framework that leverages cross-sector collaboration and enhances local initiatives, fills gaps, and offers tailored implementation support.

The scan is informed by a review of publicly available documents, reports, and websites¹; as well as outreach to key stakeholders. Outreach included focus groups, interviews, and surveys with:

- DRCOG Member Government housing policy and program staff (mini-survey of the 37 jurisdictions who have a dedicated housing staff member or department—18 responses across 16 jurisdictions to date);
- Public Housing Authorities (PHAs) serving the Denver Metro (17 PHAs operate in the DRCOG region);
- Local foundations active in affordable and workforce housing initiatives;
- Local Community Development Financial Institutions (CDFIs) that fund housing; and
- Affordable housing industry groups including Neighborhood Development Collaborative and Housing Colorado.

The memo starts with a brief overview of barriers identified in the Regional Housing Needs Assessment (RHNA) and is followed by the policy scan of local initiatives to address those barriers. Note that the environmental scan focuses primarily on local initiatives, rather than state legislation and programs.

¹ Document review included materials from coordinating groups, housing authorities, service providers, nonprofits, regional foundations, DRCOG member governments, and other relevant organizations.

Barriers Identified in the RHNA

The Regional Housing Needs Assessment (RHNA) identified the following barriers to addressing housing needs in the Denver Metro.

1. Land use and zoning:

- Zoning that supports a narrow range of housing types
- Development standards, such as open space and off-street parking requirements, limit residential density
- Commercial zoning is prioritized to generate more tax revenue
- Discretionary review processes for multifamily and middle housing that increase time, cost, and uncertainty
- Incentives are not matched to needed housing types

2. Infrastructure:

- Limited infrastructure funding
- Limited capacity of existing systems
- Multiple service providers
- Access to opportunity presents a dual challenge

3. Development costs and market factors:

- Rising interest rates and insurance costs
- Elevated land values
- Water supply
- Construction labor shortage
- Construction defect liability

4. Funding and finance:

- Over-reliance on limited federal resources
- Lack of a dedicated source of regional gap funding
- Local incentive programs fall short
- Existing funding programs often favor larger-scale projects.

5. Political will and collective action:

- Local resistance to new housing development.
- Lack of consistent local data
- Colorado's state tax policy

Local Initiatives to Address Land Use and Zoning Barriers

Land use barriers are primarily addressed through local governments with control of zoning codes. Highlights below identify how DRCOG Member Governments are working to unlock and diversify housing supply through zoning reform. Efforts include participation in DOLA's IHOP program to review zoning barriers, Comprehensive Plans and zoning changes that support best practices, and participation in Prop 123.

- Since 2021, 18 Member Governments received DOLA HB21-1271 **Innovative Affordable Housing Planning Grant Program (IHOP) Awards**, which are designed specifically to help communities adopt regulatory strategies that support affordable housing.
- Stakeholders perceive metro communities' leadership to be more engaged in land use and zoning conversations and more open (conceptually) to housing diversity and affordability changes. In many cases, communities have supported land use and zoning reforms through their **Comprehensive Plans**. However, codifying best practices and aspirations through actual by-right zoning changes has much less traction—and in some cases active opposition. As one stakeholder said, “the best thing DRCOG could do is push communities to actually implement [the zoning in] their Comprehensive Plans.”
- The **Colorado Housing Affordability Project** outlines best practices in land use and zoning reform for housing diversity and affordability, many of which have been addressed through state legislation—density in Transit Oriented Communities, Accessory Dwelling Units, and faster approvals for affordable housing (part of Prop 123). However, **single family zoning reform and medium density housing** would need implementation at the local level.²
 - Metro-wide, just 29% of residential land area is zoned to allow duplexes and only 8% is zoned to allow 4+ family structures.³
 - Jurisdictional approaches to addressing zoning barriers vary widely across the region. According to the National Zoning Atlas, the average town/city in the Metro region has 23% of residential land zoned for duplexes (by right) but the range is literally 0% (in 9 cities/towns) up to 100% (in 2 cities/towns).
 - The average town/city in the Metro region has 13% of residential land zoned for at 4-unit structures by right but again the range is wide: from 0% (in 11 cities/towns) up to 89%.
- Of the 59 DRCOG Member Jurisdictions, 42 officially opted into Proposition 123, which targets a 3% increase in affordable housing each year and requires **expedited review for affordable housing**. Collectively, the **Prop 123 production goals** for DRCOG Member Jurisdictions total 12,650 affordable units annually.

² <https://cohousingaffordabilityproject.org/>

³ <https://www.zoningatlas.org/>

Local Initiatives to Address Infrastructure Barriers

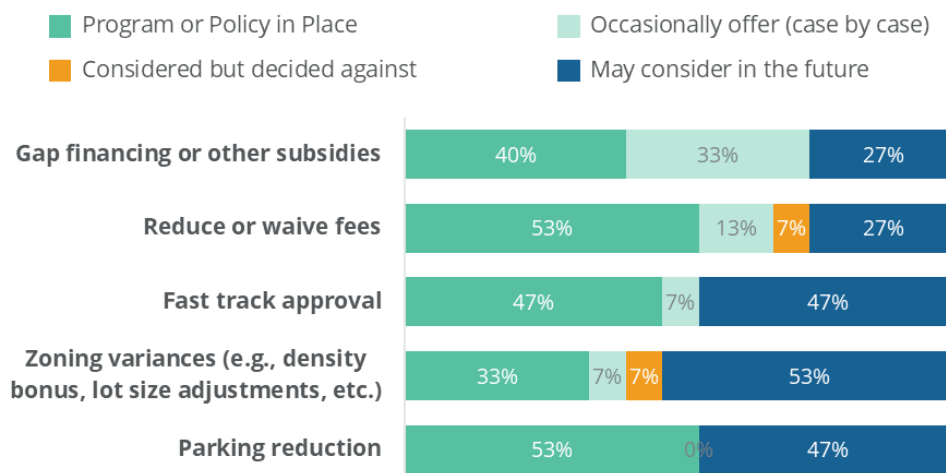
The environmental scan did not identify any current infrastructure-specific initiatives that provide innovative and alternative financing options for infrastructure (though some communities do offer infrastructure subsidies on a case-by-case basis for affordable housing).

The most common approaches to addressing infrastructure barriers are siting affordable production where infrastructure is already available and/or using the Master Plan or Comprehensive Planning process to drive production to areas where infrastructure is readily available. Additionally, as part of the state Housing Needs Assessment requirement, the Department of Local Affairs is evaluating water capacity in relation to housing production forecasts.

Local Initiatives to Address Development Costs and Market Factors

- **Municipal development incentives and affordability requirements:** The primary policy/program tools used by local government to address development cost and market barriers to affordable production are development incentives, land banking and land donation, and/or affordability requirements.
 - **Incentives** for affordable housing (that improve construction efficiency or subsidize development costs) are common across Denver metro communities. Among the Member Governments responding to the environmental scan mini-survey, two-thirds have at least some type of incentive policy or program in place for affordable housing—and all other respondents said they offer some type of incentive on a case-by-case basis. The figure below shows responses for specific types of incentives.

Figure 1. Affordable Incentives, Member Government Survey



Note: N=16.

Source: DRCOG Environmental Scan Mini-Survey, 2025.

- **Land banking or land donation program.** Among the Member Governments responding to the survey⁴, 20% said they have land banking or donation programs in place and another 27% said they occasionally (or case-by-case) bank or donate land. Another 33% said they may consider this policy/program in the future.
- **Mandatory inclusionary housing (affordable requirements)**—there are currently 7 active inclusionary housing programs in the Denver metro with affordability set-asides ranging from 5% to 25% of total units built.⁵ At least three other municipalities are currently drafting or actively considering inclusionary programs with affordability requirements.
- **Modular initiatives.** Most estimates suggest that modular construction can lower development costs by 10%-20% relative to traditional stick-built construction. Local initiatives to increase modular production include:
 - The state Innovative Housing Incentive Program awarded financing to two modular housing manufacturers in the Denver metro. The grants will increase capacity and efficiency for the production of modular housing.⁶
 - The City of Boulder partnered with the Boulder Valley School District and Flatirons Habitat for Humanity to open Boulder Mod, a modular factory dedicated specifically to delivering affordable homeownership units in Boulder County.⁷
- **Preservation initiatives:**
 - The City of Wheat Ridge received \$2 million in federal funding to create a preservation program for naturally occurring affordable housing. The City anticipates using the funds to make grants to rental property owners to upgrade aging rental units in exchange for affordable rents.
 - There are 6 resident owned manufactured housing communities in the DRCOG region, preserving affordability for 289 households.⁸ Another 6 manufactured housing communities are owned by local governments or non-profits with a mission to preserve affordability.⁹
 - The City of Boulder is considering a per-square foot demolition fee as a preservation strategy to disincentivize scrapes.

⁴ It is important to note that responses likely skew toward jurisdictions with more housing programs and resources as the survey was circulated to jurisdictions with dedicated housing staff or departments. Thus percentages are an upper bound estimate and may not be representative of all Member Governments.

⁵ Active programs in Boulder, Broomfield, Denver, Idaho Springs, Littleton, Longmont, and Superior.

⁶ <https://www.chfainfo.com/business-lending/loan-programs/innovative-housing-manufacturer-financing>

⁷ <https://bouldercolorado.gov/projects/boulder-mod>

⁸ Conversion to resident ownership was supported by ROC USA through Thistle Community Housing (Boulder-based affiliate of ROC USA and a community land trust). <https://rocusa.org/communities/>

⁹ <https://doh.colorado.gov/mobile-home-parks>

- Additional local initiatives and investments may be catalyzed by 2024 state legislation creating first right of refusal on expiring affordable properties and first right of offer on naturally occurring affordable.
- **Land trust activity.** A land trust can subsidize development costs through non-profit ownership of the land, but also provides wrap services to the homebuyers to support long-term financial and housing security. There are several active land trusts operating in the Denver metro with focus areas ranging from neighborhood-level to statewide. These include Tierra Colectiva Land Trust, Elevation Community Land Trust, Thistle Community Housing, Habitat for Humanity (offering both deed-restricted and land trust homeownership options), and the Urban Land Conservancy¹⁰.
- **Affordable development community.** The Denver metro is supported by a very strong network of affordable developers, non-profit housers, and PHAs. These implementation partners bring a depth of experience and expertise to affordable unit production and the administration of affordable programs.

Local Initiatives to Address Funding and Finance Barriers

- **Local Funding Sources.** At least 7 DRCOG Member Governments currently have a local funding source dedicated to housing (and many localities have at some point allocated General Funds to specific affordable housing efforts). The sources of dedicated funding among DRCOG Member Governments include:
 - Sales tax dedicated to housing (Denver and Longmont);
 - Property tax dedicated to housing (Boulder, Denver, and Longmont);
 - Lodging tax dedicated to housing (Clear Creek County);
 - Short term rental tax dedicated to housing (Boulder and Wheat Ridge);
 - Affordable housing linkage/impact fee (Boulder, Denver, Lafayette, and Brighton);
 - Downtown Development Authority (DDA) expansion in Downtown Denver frees up \$500 million in investments, some of which will be directed toward housing.
- **Foundation funding priorities.** There are several foundations supporting housing efforts in the Denver metro, each with a slightly different focus.
 - **Colorado Health Foundation** has 10 priority areas intended to drive health equity and racial justice, one of which is affordable housing. Their investment in housing is tied to the evidence-based link between housing

¹⁰ Note that ULC is both a land bank and a land trust but partners with other mission-oriented non-profits for operating commercial or residential uses on its land.

and health. Their housing efforts include direct funding of affordable housing investments, strategic support of policy and advocacy efforts related to equitable housing, and participation in local and national networks to expand ideas and learning on the connection between housing and health. Their educational efforts have included videos on the intersection of housing and health, a webinar series designed to help local leaders address housing needs, and research on the best messaging to support local funding initiatives.

- **Colorado Gives Foundation** (CGF) provides grant funding within Jefferson County and supports statewide non-profits through fundraising resources. CGF focuses on collective wellbeing (including attainable housing), economic freedom, and vibrant communities. Their housing efforts include:
 - Jeffco Housing Blueprint: In collaboration with the Jeffco Housing Steering Committee, CGF developed the Jeffco Housing Blueprint in 2024 to address middle-income housing challenges.
 - Build Awareness: partnering with community advocates to build awareness of the options, challenges, and implications of affordable housing in Jeffco.
 - Bring it Home Fund: CGF created a fund and seeded it with \$15 million to preserve or increase housing options that are affordable for Jeffco residents earning between 60-120% AMI.
 - Grantmaking: to local nonprofits to support immediate housing needs in the community.
- **Gates Family Foundation's** strategic priorities cover four areas impacting quality of life in Colorado: education, natural resources community development, and informed communities. As part of their community development support, they allocate endowment dollars to mission-aligned investments, such as "acquisition of sites for affordable housing, below-market-rate loans to small businesses in low-income communities, and growth capital for Colorado companies that generate strong market returns alongside social and/or environmental benefits."
- **Gary Community Ventures** uses impact investments, policy and advocacy, and direct grants to improve school readiness, youth success, and family economic mobility, with a geographic focus on Denver, Adams, Arapahoe and Jefferson counties. Gary was a key backer for Proposition 123, which dedicated state funding to affordable housing. They also support partners and innovators working to finance, build, and preserve housing, with an emphasis on home ownership and equity building for low income families.
- **Innovative financing.** The Denver Metro benefits from multiple innovative and experienced Community Development Financial Institutions (CDFIs) and a top-tier, sophisticated state Housing Finance Authority (HFA). The institutional structure for

financing is a strength; however many of the programs they offer are simply underfunded relative to demand.

- **Colorado Housing and Finance Authority (CHFA)** is the designated HFA for Colorado (created by the Colorado General Assembly in 1973) with a mission to “strengthen Colorado by investing in affordable housing and community development.” Their programs support homeownership (programs and lending direct to buyers), affordable rental housing (LIHTC, multifamily loan programs, etc.), business lending, and community partnerships.
- **Impact Development Fund** is a local CDFI focusing on mission-driven financing across Colorado. They provide consumer direct financing, non-profit facility financing, and commercial financing (including for affordable developers). They also partner with a wide range of non-profits and local governments to administer financing programs (e.g., downpayment assistance through the Metro DPA program, revolving loan funds, etc.)
- **Mercy Community Capital** is a national CDFI headquartered in Denver. Their CDFI arm focuses specifically on development financing (as opposed to direct-to-consumer services) providing “reliable, flexible funding to socially-responsible community developers in support of affordable housing and essential community infrastructure projects.”
- **The Dearfield Fund for Black Wealth** is a particularly unique financing program that provides up down-payment assistance to first-time homebuyers who have faced systemic barriers to owning a home.

Local Initiatives to Build Political Will and Collective Action

- **Local Housing Planning** has significantly increased throughout Colorado in recent years, sparked by increased awareness of housing needs and policy options as well as state programs such as IHOP, Prop 123, and the newly required Housing Needs Assessments and Action Plans. Forty-one of the 59 DRCOG Member Governments have a dedicated housing staff member or department, and about half of all Member Governments (28) have a recent, publicly available housing needs assessment or housing strategy in addition to the DRCOG RHNA.
- **Regional collaboration** models within the DRCOG region include:
 - Boulder County Regional Housing Partnership (BCRHP) was formed in 2016 and has long been a model of regional collaboration, including regional housing planning, strategy development, and setting regional, cross-jurisdictional goals for affordable housing production.
 - Jefferson County has recently increased its regional efforts through a Regional Housing Strategy (homelessness to homeownership), Jeffco

Housing Blueprint (workforce housing focus), Jeffco Housing Steering Committee, and cross-jurisdictional funding and coordination for housing navigation.

- Broomfield County hosts monthly meetings with local non-profit housing organizations, service providers, and City/County staff to improve overall collaboration including service delivery and strategy.
- The Tri-Cities Homelessness Policy Group is a cross-jurisdictional effort in Littleton, Englewood, and Sheridan to collectively address homelessness.
- Special interest collaborations such as Metro Denver Homeless Initiative and Neighborhood Development Collaborative also provide strong collaborative approach to addressing specific issues within the housing landscape.

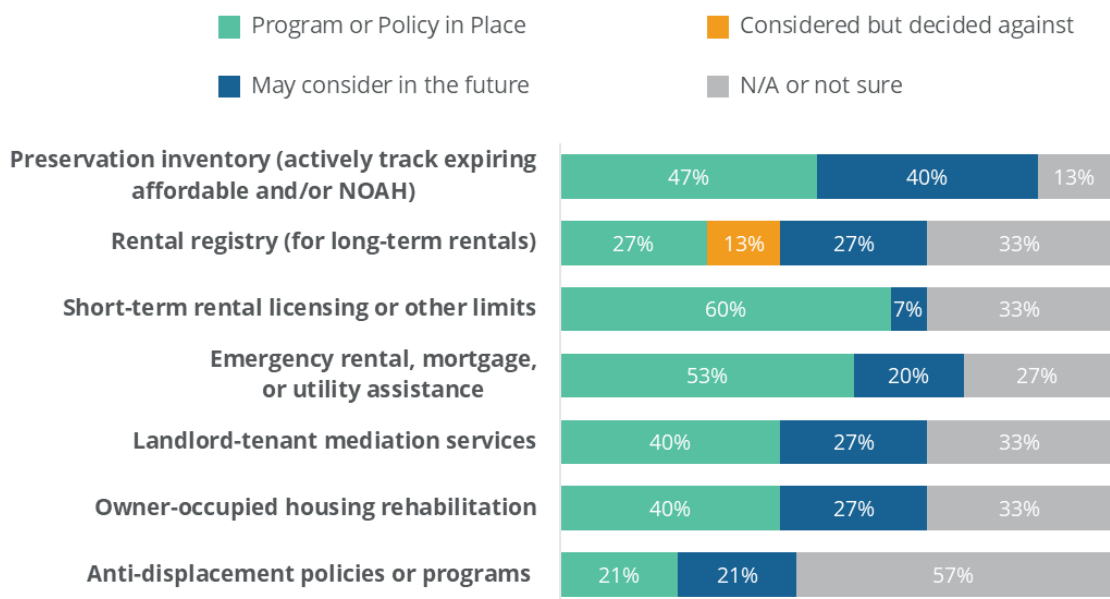
■ **Advocacy/Education Efforts** throughout the metro include:

- Bell Policy Center research and webinars¹¹ are designed to tackle current issues in housing needs and policies by offering accessible research and perspective to media, partner groups, opponents, and thought leaders throughout the state.
- YIMBY (“yes in my back yard”) is a national organization with a local Denver chapter advocating for pro-housing efforts throughout the metro.
- The Jeffco Advocacy Network is a coalition of local residents who champion innovative, practical, and impactful solutions to providing the community’s essential needs—including affordable housing. Through collaboration they are working to drive community and civic engagement, public education, and local advocacy to address challenges.
- Various grassroots efforts typically focused on specific neighborhood or municipal initiatives.

■ **Preservation and Stabilization Efforts.** Local policies and programs that preserve affordable housing and/or stabilize low income households are common among DRCOG Member Governments (though typically underfunded relative to demand). Figure 2 shows survey respondents’ approach to a variety of preservation and stabilization efforts.

¹¹ <https://www.bellpolicy.org/housing/>

Figure 2. Preservation and Stabilization Efforts, Member Government Survey



Note: N=16.

Source: DRCOG Environmental Scan Mini-Survey, 2025