Updated SB23-213
More Housing Now

Breakdown of Updated Legislation and Amendments
There are six major parts: (1) Statewide Housing Needs Assessments and Urban Housing Needs Plans; (2) Rural Resort Job Center Housing Plans and Strategies (3) Accessory Dwelling Units; (4) Corridors and Centers (TOCs, Key Corridors, Revised Middle Housing) (5) Removing Barriers to Affordability; (6) Supporting Strategic Growth and Water Efficiency.

Key: changes to the bill through proposed amendments

Updates to Timeline
- Affordability and anti-displacement:
  - Affordability menu in statute, so no rulemaking needed.
  - Anti-displacement menu moved up to March 2024.
  - Deadline to conduct displacement analysis and select strategies, and select affordability strategies moved to June 2025 to align with infill housing deadlines.
- ADUs, Middle Housing, and Transit-Oriented Communities:
  - Timeline moved back six months to align with affordability and anti-displacement (minimum standards-compliant code would be due June 2025).
- Key Corridors:
  - Minimum standards in statute, so no rulemaking needed.
  - Timeline moved forward to align with other infill housing policies and affordability (minimum standards-compliant code would be due June 2025).


a. **Purpose:** The Housing Needs Assessments sets housing goals at the statewide, regional, and local levels so that Colorado can track progress toward creating housing opportunities for every budget. Local Housing Needs Plans identify how municipalities will seek to meet their housing goals. **Municipalities are encouraged to utilize their existing housing plans and work and add data/information as necessary from the state assessments.** Note that Housing Needs Plans goals are NOT regulatory, and this policy does not set penalties for not meeting housing goals. Housing Needs Plans are also a mechanism for municipalities to report implementation efforts for ADUs, Middle Housing, Transit Oriented Communities, and Key Corridors.

b. **Geographic Application:**
  - Housing Needs Assessments: Statewide
  - Geographic application for Urban Housing Needs Plans: Tier 1 and 2 Urban Municipalities.
c. Policy Summary:

- **Housing Needs Assessment:** The state will conduct a Housing Needs Assessment for different income levels and household types every 5 years. The Assessment will assess total housing needs at the state level. It will address housing needs at the regional and local levels, using regional and local factors such as jobs-housing balance, transit accessibility, and income levels. The assessments will consider the existing housing stock and projected housing needs over the next 20 years. The local Housing Needs Assessments will serve as goals to complete a Housing Needs Plan.

- **Housing Needs Plans for Urban Municipalities:** A Housing Needs Plan must be completed every five years and include:
  - An analysis of how the municipality will provide a realistic opportunity for development to meet its local housing needs assessment.
  - A summary of how the municipality is complying with the applicable housing requirements.
  - A description and implementation plan of each strategy selected from the Menu of Affordability Strategies that address the identified income levels in the housing needs assessment.
  - An assessment of displacement risk in their community and any strategies selected from the Menu of Displacement Mitigation Strategies.
  - A description of stakeholder engagement conducted.

  - **Urban municipalities that are smaller and have lower household median incomes may choose to opt out of a housing needs plan.**

- **Menu of Affordability Strategies for Urban Communities:** As part of the Housing Needs Assessment, the state will develop a Menu of Affordability Strategies. As part of a Housing Needs Plan, subject municipalities must choose at least two strategies from the Menu of Affordability Strategies, and three strategies if they are a municipality to which Transit Oriented Communities applies. A menu of strategies was added to the statute in addition to an updated timeline to ensure the strategies align with the infill housing policies for Corridors and Centers: transit oriented communities and key corridors.

- **Displacement Analysis and Menu of Displacement Mitigation Strategies:** As part of the Housing Needs Assessment, the state will develop a Menu of Displacement Mitigation Strategies. The Menu will provide Urban Municipalities with guidance on identifying communities at risk for displacement and appropriate strategies to mitigate displacement, which local jurisdictions may use at their discretion. More details on the requirements and indicators for assessing displacement risk and the development of displacement strategies were added to the bill in addition to moving up the timeline.

**Part 2. Rural Resort Job Centers**

- **Rural Resort Job Centers:** Rural Resorts have unique challenges that require additional assurances that new housing will meet affordability needs and include
protections on short-term rentals and deed restrictions. The approach for Rural Resort Job Centers involves the following elements:

- Regional Housing Assessments that translate into Local Housing Plans
- Encouraging and supporting regional housing planning
- Requirement to adopt five strategies from a menu of Affordability Strategies (menu added into statute)

**Part 3. Accessory Dwelling Units (ADUs)**

a. **Purpose:** These policies give property owners the option to build ADUs within existing residential areas.

b. **Geographic application:**
   - Tier 1 and 2 Urban Municipalities

c. **Minimum Standards:**
   - Use-by-Right
   - **Size:** must allow between 500 and 800 square feet, with larger or smaller units at the discretion of local governments.
   - **Parking:** Urban Municipalities may not require new off-street parking for these housing types, but homeowners or developers may provide any amount of parking they determine is needed. ADA parking requirements would continue to apply.
   - **Flexibility on Affordability:** Municipalities have flexibility to regulate short term rentals or encourage affordability in these housing types.

**Part 4. Corridors and Centers**

a. **Purpose:** Corridors and Centers consists of requirements to add multi-family housing and middle housing (duplexes to quadplexes) in (a) Transit Oriented Communities and (b) Key Corridors. These housing types are ideally located near jobs and transit within walkable mixed-use neighborhoods in reach of daily needs. Municipalities also have flexibility to locate these housing types outside of TOCs or Key Corridors as needed, with consideration of their displacement risk analysis. Tier 1 Municipalities without TOCs or Key Corridors must still zone for a minimum area of multi-family housing and middle housing to ensure all are providing a moderate amount of these housing types, with some considerations.

b. **Geographic Application:**
   - Tier 1 Urban Municipalities

c. **Transit-Oriented Communities (TOCs) and Key Corridors Summary:**
   - **Transit Oriented Communities:** housing around fixed rail stations
   - **Key Corridors:** housing around bus transit corridors
   - **Revised Approach for Middle Housing:** duplexes, triplexes, and quadplexes
   - **Minimum Standards:**
     - Use-by-right
Parking. May require 0.5 parking spaces per unit, which may be rounded up (though developers may provide more)

d. **Amendment to Middle Housing Approach**: Middle Housing (duplexes to quadplexes) are now focused in Transit-Oriented Areas and Key Corridors: transit corridors, walkable neighborhood centers, and nearby residential areas. Tier 1 municipalities will need to allow Middle Housing in their key corridor and transit-oriented areas, or at least 30% of the areas where they allow single-unit dwellings, whichever is greater. Municipalities will have the flexibility for where to locate zones for middle housing, but must do so based on their displacement risk analysis, and are encouraged to locate Middle Housing near transit and in walkable neighborhoods. The introduced version of the legislation allowed middle housing by right in all single family residential zones in Tier One municipalities.

<table>
<thead>
<tr>
<th>Section</th>
<th>Geography</th>
<th>Density in minimum standards</th>
<th>Eligible parcels</th>
<th>Current percent of eligible parcels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Oriented Communities</td>
<td>½ mile of fixed-rail stations</td>
<td>40 dwelling units per acre</td>
<td>Commercial, institutional, mixed use, multi-family, and other non-residential zoned parcels, minus exempt parcels</td>
<td>50%</td>
</tr>
<tr>
<td>Key Corridors</td>
<td>• ½ mile of commuter BRT stations</td>
<td></td>
<td>Commercial, institutional, mixed use, multi-family, and other non-residential zoned parcels, minus exempt parcels</td>
<td>25% of eligible parcels in key corridors, or 10% of eligible parcels, whichever is greater</td>
</tr>
<tr>
<td></td>
<td>• ¼ mile of: urban BRT, frequent bus corridors; and</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Middle Housing</td>
<td>½-mile of fixed-rail and commuter BRT, ¼-mile of urban BRT and frequent bus with flexibility.</td>
<td>Middle Housing (2-4 units per lot)</td>
<td>Parcels in single-family zones</td>
<td>All single-family zones in TOC/key corridors, OR, 30% of residential area, whichever is greater (with considerations)</td>
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**Part 5. Removing Barriers To Affordability**

a. **Purpose**: These policies include a variety of approaches that are intended to reduce the cost of housing and increase the availability of new housing.

b. **Summary**:
   - Removing family status occupancy restrictions
   - Streamlining manufactured housing
Part 6. Strategic Growth Planning and Water Efficiency

a. **Purpose:** This section includes consistent data collection, analysis, planning, and collaboration between local, regional, and state entities to promote strategic growth and development patterns. Strategic growth can help make progress towards state goals around cost savings for residents and governments, reduced water consumption, lower greenhouse gas and air pollution emissions, and reduced loss of open space and agricultural lands. This section does not give the state new authorities over growth and development. It sets a "north star" to guide state, regional, and local entities as they make funding and planning decisions.

b. **Summary of State Agency action Items:**
   - **Strategic Growth Objectives.** The state shall set Strategic Growth Objectives to incentivize growth in transit-oriented areas, infill areas, and strategic and efficient growth at the edges of urban areas. The process shall include opportunities for public input and engagement. The intent is to guide state, regional, and local agencies to update plans and make funding decisions that align with the housing policies set by this statute. The amendments include additional goals clarifying the intent of the strategic growth objectives.
   - **Water Availability, Development, and Growth Study:** The Interagency Working Group must submit to the legislature a report on the issue of water availability, development, and growth.
   - **Natural and Agricultural Land Values Report.** The Interagency Working Group shall consult with Colorado Parks and Wildlife, Department of Agriculture, Outdoor Recreation Industry Office, and Colorado Tourism Office to develop a report housed at DOLA to serve as a resource for localities that identifies priority connectivity, open space and greenspace values within MPO areas.
   - **Transportation Planning.** Ensure transportation planning is consistent with state Strategic Growth Objectives through updates to the following:
     - Processes involved with the development of CDOT/MPO regional plans and the statewide plan.
     - CDOT project prioritization criteria for regionally significant transportation projects in the next 10-Year Plan.
     - CDOT discretionary grant funds as well as other funds where the proposed prioritization criteria would not violate federal law or rules.
     - the State Highway Access Code to ensure that CDOT access control standards are optimized for efficiency for dense and affordable housing, while continuing to ensure that basic safety standards are met.

b. **Summary of Local Government Analysis for Strategic Growth:**
   - **Buildable Lands Analysis.** MPOs and local governments will complete a comprehensive analysis of vacant, partially vacant, and underutilized land within an existing municipality which can accommodate infill development, redevelopment, and new development. The analysis includes greyfield development, brownfield development, and undeveloped urban land within a municipality, as well as greenfield
development. The Buildable Lands Analysis is also integrated with Strategic Growth Objectives and Housing Needs Planning.

- **Additional elements within Comprehensive Plans.** Updates to Comprehensive Plans for cities and counties who are required, or choose to, complete Comprehensive Plans must include the following Elements in order to encourage more efficient development patterns and align Comprehensive Plans with housing policies. This does not mandate that Comprehensive Plans become a regulatory document, they may continue to be advisory.
  - **Water Element** the existing water efficiency element that is optional becomes required.
  - **Housing Element** Municipalities shall incorporate the local Housing Needs Plan.
  - **Natural and Agricultural Lands Element** Values shall be defined by the report.
  - **3-Mile Plan Element.** Comprehensive Plans for municipalities shall include the 3-Mile Plan process. 3-Mile Plans may continue to be produced in accordance with the current statute, which in individual circumstances may differ from the direction set within the Comprehensive Plan. However, the Comprehensive Plan must be updated to reflect the changes in the 3-Mile Plan.
  - **Require adoption** of the Comprehensive Plan by elected boards (for counties).
  - **Consultation requirement:** the municipality must identify NGOs, municipalities, housing authorities, and other entities that ensure an inclusive process should be consulted in the Comprehensive Plan and send a notification letter to potential consultation entities.

- **Water loss reporting:** Amend HB10-1051 to include required annual water loss reporting by covered entities to the Colorado Water Conservation Board. Amendments streamline and simplify this component of the bill.

**APPENDIX**

**Structural Parts of the Policy:**

a. **Geographic Application**
   - **Urban Municipalities (Tier 1)** mean all municipalities that are:
     - In an MPO with a population greater than 1 million, and within a Census Urbanized Area with greater than 75,000 population, and with at least 1,000 municipal population; or
     - In an MPO with a population less than 1 million, and with a municipal population greater than 25,000.
   - **Urban Municipalities (Tier 2)** means all other municipalities that are:
     - In an MPO with a municipal population of at least 5,000 and less than 25,000, and in a county with greater than 250,000 population.
   - **Rural Resort Job Center Municipalities** mean municipalities that are outside MPOs, have a minimum of 1,000 population, a minimum of 1,200 jobs, a minimum 0.64 jobs to population ratio, and have current regional transit service with at least 20 trips per
day (note: future transit service expansions will not qualify a community for this category).

- **Non-Urban Municipalities** mean all other municipalities with greater than 5,000 population.
- **Small or Rural Municipalities** mean small or rural municipalities that are not included in the above criteria and are only required to meet Statewide policies.
- **Statewide** means all cities, counties, and city/counties. The only statewide policy in the package is Occupancy Restrictions.
- **Counties**: Policies requiring housing do not apply to counties. Counties would follow Statewide policies (occupancy restrictions), and Larger Counties would follow the analysis and reporting requirements involved in Strategic Growth Planning.

b. **Exemptions from Housing Types**

- **Exemption for hazards and sensitive areas**: Housing types in the bill (ADUs, Middle Housing, Transit Oriented Communities, or Key Corridors) are not required in areas:
  - outside Census Urbanized Areas
  - not served by domestic wastewater services
  - in active agricultural use
  - high wildland-urban interface (WUI) risk
  - floodway or floodplain
    - *industrial uses, zoning, and Comprehensive Plan designations*
    - *airports*

- **Extension or exemption for lack of water supply or infrastructure**: Municipalities may notify DOLA, at the discretion of the municipality, of extensions or exemptions that are needed for specific areas where they can demonstrate that water, sewer, or stormwater services and water supply are currently or expected to become deficient.

DOLA/Division of Local Government (DLG):

  a. The Executive Director of DOLA is authorized to promulgate rules, policies, or procedures to implement these sections. *The amendments added more detail in statute so that significantly fewer rules will need to be made through this mechanism.*

  b. DLG provides technical assistance, compliance, reporting, and other functions.

**Multi-agency advisory committee:**

  c. *The multi-agency advisory committee will propose rules, policies, and procedures to the DOLA Executive Director, as well as conduct public comment periods, public meetings and hearings. The committee consists of:*

     The ED or designee of the following state agencies: DOLA, CEO, CDOT, DNR and CDA

     i. Two staff-level representatives of Metropolitan Planning Organizations (MPOs).

     ii. Two staff-level representatives with land use planning experience from Urban Municipalities.
iii. Two staff-level representatives with land use planning experience from Rural Resort Job Centers.
iv. One staff-level representative with land use planning experience from a county.

**Summary of Policies and Application to Local Governments**

<table>
<thead>
<tr>
<th></th>
<th>Urban Municipalities Tier 1</th>
<th>Urban Municipalities Tier 2</th>
<th>Rural Resort Job Center Municipalities</th>
<th>Non-Urban Municipalities</th>
<th>Statewide (Counties, small munis)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Housing Needs Assessments &amp; Plans</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Accessory Dwelling Units (ADUs)</td>
<td>X</td>
<td>X</td>
<td>in menu of affordability strategies</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>3. Corridors and Centers (Transit Oriented Communities, Key Corridors, and Some Middle Housing)</td>
<td>X</td>
<td></td>
<td>In menu of affordability strategies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Removing Barriers (Miscellaneous)</td>
<td>X</td>
<td>X</td>
<td>some elements apply</td>
<td>X</td>
<td>Occupancy restrictions only</td>
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<tr>
<td>5. Strategic Growth Planning &amp; Water Efficiency</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>Larger Counties only</td>
</tr>
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