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Soaring home prices challenge city officials

Faced with a call for thousands of new housing units, the question remains: where?



Housing prices in Littleton have soared beyond income growth, and city officials are debating how they might use zoning to increase supply.
FILE PHOTO BY DAVID GILBERT

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After decades that have seen housing prices climb far faster than income growth, Littleton officials are wrestling with how to address calls to increase the diversity and affordability of the city's housing stock.

Littleton's median single-family housing price sat at \$596,000 in February, according to the Denver Metro Association of Realtors, an increase of 14.4% over the year before, and an increase of 294% from the 1999 median sale price of \$151,000. Average household income between 1999 and 2019, meanwhile, rose by 51%, from \$50,254 to \$76,015, according to census data.

The impacts of the home price increase are playing out in different ways across the city, according to recent studies.

A study presented to the Tri-City Homelessness Initiative earlier this year showed high housing prices are a major driver of homelessness. Littleton Public Schools is moving to consolidate several elementary schools, saying high housing costs are pushing young families away. A 2020 update to the Littleton Housing Study found that the proportion of young families has been steadily declining in recent years.

The city's comprehensive plan, passed in 2019, says the city needs 6,550 new housing units by 2040 to meet demand and stave off cost growth that could render the city increasingly unaffordable to much of the workforce.

The comprehensive plan is serving as the basis of the forthcoming Unified Land Use Code (ULUC), an overhaul of city zoning and land use codes. A draft of the ULUC is slated to be released in June, with plans to ratify the finished product in October.

City staff arrived at the 6,550 number by taking a midpoint based on a range of scenarios for population growth between now and 2040, which came up with an estimated population growth of 15,000 people.

Where to put those people, and those new housing units, is a tricky question.

Many possible solutions could come through zoning, said Bret Keast, a principal at Kendig Keast Collaborative, a consulting firm hired by the city to help develop the ULUC. Keast and members of the city's Housing Task Force discussed the situation with city council at a March 23 study session.

Littleton has 708 acres zoned for business or industrial uses that could be changed to allow mixed-use housing, Keast said. If all those acres were developed with mixed-use housing, it would only take a housing density of 9.25 units per acre to reach the 6,550 goal — well below the 45 units per acre currently allowed as a maximum in high-density zoning, he said.

Keast also touted accessory dwelling units or ADUs — often called carriage houses — as a way to spread more attainable housing into different parts of the city.

ADUs are currently not allowed in Littleton except as non-conforming uses — generally existing structures grandfathered in. An ADU ordinance could spell out specific types in specific neighborhoods, Keast said, including units built above garages, out of sight from the street in backyards, or incorporated entirely into existing structures.

Councilmember Carol Fey expressed dismay at the proposal, saying she was concerned ADUs could stress existing sewer, internet and parking infrastructure and cause increased traffic.

Fey expressed skepticism at Keast's assertion that ADUs could be useful for people hoping to keep aging parents close.

"While mama may be very quiet and have just one vehicle, who knows what moves in there next," Fey said. "If you take a neighborhood of 500 homes and make it so every property or most of the properties have ADUs, you change a respectable neighborhood into a shantytown."

Keast said he sees it as highly unlikely that if ADUs were allowed that every homeowner — or even most — would end up building one, and that any ADU ordinance could be specific about which neighborhoods allow them, what parking requirements would be enforced, and what size or type would be allowed.

Littleton could also increase housing supply by allowing duplexes or triplexes in neighborhoods currently zoned for single-family homes, Keast said.

Councilmember Pat Driscoll, who works in the mortgage lending industry, said he's skeptical that allowing greater density in single-family neighborhoods would increase affordability, saying if it costs \$500,000 just to buy an existing house, a developer would need to turn a tidy profit in order to justify demolishing an existing home and building a new multifamily dwelling in its place.

"Are we trying to be everything to everybody?" Driscoll said. "We have to go down a road of what's realistic."

Citing Keast's observation that much of Littleton's workforce can't afford to live in the city and must commute from outside — a condition City Manager Mark Relph has called a driver of traffic congestion — Councilmember Karina Elrod said perhaps Littleton should also be looking at attracting higher-paying employers.

"The solution isn't one-sided on creating housing, but creating economic and employment opportunities," Elrod said.

The key to addressing housing challenges in Littleton is to seek a diversity of new housing types, said Kyle Henderson, who sits on the city's Housing Task Force. Much of that could be aimed at the so-called "missing middle" — housing affordable to those at 80% to 120% of the area median income for a family of four, ranging from \$80,000 to 120,000 a year.

Much of that new housing would likely make the most sense along Littleton's corridors, including Mineral Avenue, Broadway, Santa Fe Drive and Belleview Avenue, he said.

Fey maintained a steady drumbeat of opposition to much of the proposals, saying she feared pursuing them would degrade the character of established neighborhoods.

"Are we trying to provide housing for everyone who wants it or needs it?" Fey said. "Housing for people who can pay nothing? People who just got out of high school and want to buy a house in the neighborhood they grew up in? Do we want to make it a place that attracts low-paying employers?"

Fey proposed hypothetical scenarios like a homeowner forced to sell a home worth \$500,000 to someone who could only pay \$100,000, asking where the money to make the hypothetical seller whole would come from.

Henderson said there is no need to significantly alter established and affluent neighborhoods.

"If you're a waiter, of course you're not going to buy a \$500,000 home," Henderson said. "We need more choices and options for different folks. If you're a two-income college-educated household and you can buy a \$600,000-700,000 home in Littleton, great, but we need options for other folks."

Mayor Pro Tem Scott Melin said he was frustrated by his perception of hesitancy and skepticism from fellow councilmembers toward building more housing, saying the city already commissioned and accepted studies showing a need for more housing, heeded calls for diverse housing stock gathered into the comprehensive plan, and ratified those in the plan itself.

"From my perspective, the question is resolved," Melin said. "We as a community have often said we don't like change so we're going to resist change, and change happens to us inevitably and we don't like the result and we become resentful ... I understand the nervousness about change, but when we start talking about shantytowns as an adjective for ADUs, that's too nervous. We have to maintain an optimistic outlook on how we can use change to improve our community."

Mayor Jerry Valdes, who has sat on city boards and commissions for decades, said the city does change and will continue to.

"We don't just jump into change, but the city does move forward," he said. "You may get a few naysayers, but that doesn't stop the city from making good decisions."