

Backyards may see a cottage industry

BY JON MURRAY
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sits in the backyard of Denver residents Brian and Jenn Superka. The former garage, which the Superkas rent out, includes a living area, above left,



and, on the second level, a remodeled bedroom, right.

DENVER POST FILE PHOTOS



A renovated carriage house, below,

Carriage houses, garage apartments, granny flats and backyard cottages have been, for decades, part of the fabric of some of Denver's most established and well-off neighborhoods — offering a place to accommodate family members or to rent out for extra income.

But now accessory dwelling units, as they're known in the city's zoning code, are gaining new cachet in an unexpected place, offering a potential way to stabilize homeownership among lower-income residents.

West Denver is full of modest homes in neighborhoods that are among the last bastions of affordability for their heavily Latino and working-class owners. But in a fast-growing city, that stability is fading quickly.

Those same neighborhoods — from Westwood and Athmar Park northward to West Colfax and Lincoln Park — are absorbing some of the city's steepest property valuation increases in new biennial figures issued by the assessor's office earlier this year.

Those higher valuations are set to deliver property tax hikes in January on the order of 15 to 30 percent — a shock to budgets that affordable-housing advocate Renee Martinez-Stone fears could push families on the brink out of Denver.

Martinez-Stone, a redevelopment strategist who has worked on the Stapleton rebirth, aims to bring the cottage house to west Denver in a big way with a new program that carries intriguing possibilities in its goal of 250 backyard or alley homes.

“In west Denver, you have working-class families who have achieved the American dream of homeownership,” said Martinez-Stone, who early last year became director of the West Denver Renaissance Collaborative. “That is the primary way of building wealth and creating upward mobility in this country. (But) right now, because of the housing crisis, the housing market and the cost of construction — everything is really destabilizing homeowners in terms of their monthly budgets and the change it’s bringing to their neighborhoods.”

She sees two potential shots in the arm for the neighborhoods if more homeowners build accessory dwelling units, or ADUs: more financial stability for the primary homes’ owners, and greater availability of small, affordable rentals for young adults and, perhaps, older residents with fixed incomes.

Her collaborative, a city-supported initiative charged with coordinating investments in the area, is putting together Single Family-Plus, a program that could remove the many barriers keeping west Denver neighborhoods from sprouting backyard homes.

Two-year pilot

Martinez-Stone is aiming to launch the program next year for a two-year pilot, with Habitat for Humanity and other organizations as partners. The plan is to connect low- and middle-income households with access to mortgage refinancing and other loans that normally are tough to get from banks for backyard homes, she said. (One idea is for the city to take on the role of guarantor.)

The program also could streamline the permitting process by offering a half-dozen or so pre-reviewed, quickly adaptable ADU designs. Architects are working on those off-the-shelf options now.

And the program would cut costs by offering income-based development offsets and lining up willing contractors. Finding those has long been a hurdle even for higher-income homeowners willing to pay cash to build an ADU.

While a typical 600-square-foot unit might cost about \$250,000 to build in Denver, Martinez-Stone said, the goal for the program is to cut that roughly in half by leaning on efficiencies and city and partner support. That would reduce lower-income participants' borrowing needs to \$115,000 to \$125,000.

But those details are still in flux.

In the first two years, Martinez-Stone's target is to help two dozen homeowners a year build ADUs, with household income limits likely applying. If the pilot is successful, then by the fifth year, the program could foster 250 ADUs across west Denver for people with a broader range of incomes.

At the same time, the program could help homeowners who don't build ADUs get on stronger financial footing in other ways, Martinez-Stone said.

Next year, on five vacant lots owned by the city, Habitat for Humanity could begin constructing new houses with ADUs out back to provide places to live for larger families it's trying to help, Martinez-Stone said, and to test out her program's new ADU template designs.

West Denver is home to just a handful of the 139 ADUs constructed citywide since 2010, according to building permit records.

But there's a lot of potential: Owing to the city's 2010 zoning code, the nine neighborhoods that are part of Martinez-Stone's initiative have more than 9,000 parcels on which the code allows detached ADUs. Some of those properties also are permitted for tandem houses or duplexes.

A retirement boost

Miguel Ramirez, 49, a longtime resident of Westwood, bought a corner house on Raleigh Street six years ago. He said he began keeping tabs on Martinez-Stone's plans since he ran into her at a housing workshop last year.

As he nears retirement age, the city worker is eager to build an ADU that could provide extra income as a rental for him and his wife, Dana. Their son is 22, and their daughter is 17.

At the same time, his property valuation jumped 40 percent in the assessor's new figures.

The new program "couldn't happen at a better time for me," said Ramirez, who drives street sweepers and snow plows for Denver Public Works. "I'm hitting 50, and I'm looking at maybe my last five to seven years of working. If this happens, that will very much be my retirement."

Denver's housing office recently committed about \$475,000 to help set up Single Family-Plus. Martinez-Stone also plans to hire a housing counselor to help families explore financing options.

Erik Soliván, the director of the city's Office of Housing Opportunities for People Everywhere, said the commitment of "catalytic funds" comes from the Denver Office of Economic Development's 2017 budget.

City leaders also are deciding how to spend proceeds next year in Denver's beefed-up housing fund, which aims to raise an extra \$150 million over a decade from property taxes and development fees. For that, the ADU program is being considered with other options focused on helping to stabilize existing homeowners.

Potential of ADUs

"I think it can have a widespread impact," Soliván said about the program, noting that cities such as Portland, Ore., and Seattle have looked to ADUs as part of their affordable-housing strategies. "There's real opportunity for growth. ... We know other neighborhoods can benefit from it as well. Let's try the pilot (in west Denver) and see how we build up."

Martinez-Stone has spearheaded the formation of the ADU project as her highest-profile effort, but she wasn't the first to recognize the potential for ADUs in west Denver.

Councilman Paul López remembers seeing backyard homes as a possible lifeline for the neighborhoods he represented during his first term, when he was participating in community committees for the 2010 rezoning effort. At the time, west Denver was one of the city's epicenters of foreclosures during the Great Recession.

“It’s west Denver — we have tiny homes on big lots,” said López, now in his third term. “It’s just a tremendous opportunity.”

Not every neighborhood’s leaders were keen on them, but López said many came around. In the end, large pockets of the west side that were best suited for ADUs received zoning that allows them, especially in Westwood, Barnum, Villa Park and West Colfax. Others, including Athmar Park, still have zoning that tends to exclude ADUs.

But since then, López’s hope to see more built in his District 3 neighborhoods hasn’t come to fruition. He’s glad to see Martinez-Stone working to take advantage of the 2010 zoning changes.

“She’s the engine behind it, she’s the boots on the ground and she’s the mastermind,” he said. “We just helped set the table. She’s running with it now.”

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