City of Louisville
COLORADO • SINCE 1878

Planning Commission
Staff Report
February 12, 2026

ITEM:	LMCA-000584-2026
PLANNER:	Jeff Hirt, Planning Manager
REQUEST:	Approval of Resolution No. 3, Series 2026, recommending that the City Council approve an ordinance amending Title 17 of the Louisville Municipal Code to update the City's Inclusionary Housing Ordinance.

SUMMARY:
The purpose of this item is to present targeted updates to the City's Inclusionary Housing Ordinance (IHO) in Chapter 17.76 of the Louisville Municipal Code. The proposed amendments are intended to improve the effectiveness of the IHO and increase the likelihood that affordable housing units are included with new development. The updates respond to City Council policy direction and are being advanced in the near term, ahead of a more comprehensive development code update scheduled to begin in mid-2026.

BACKGROUND:
The City adopted the IHO in 2021 to address Louisville's housing affordability challenges and align with the Boulder County Regional Housing Partnership goals. These housing challenges have increased since 2021 with the widening of the affordability gap between housing prices and household incomes. The median price of a home in Louisville is now well over $800,000, making homeownership unaffordable for approximately 75 percent of local households. In addition, about 40 percent of renter households are housing cost burdened, and rents in Louisville are increasing at a faster rate than in Boulder County overall (*see Housing Plan, p. 3*).

<u>Louisville Housing Plan</u>
ity Council adopted the Louisville Housing Plan in May 2024, which documents Louisville's housing affordability challenges and identifies actions the City can take to address them. The Housing Plan states three primary goals:

1. Increase Residential Development Opportunities;
2. Expand and Maintain Access to Affordable Housing; and
3. Diversify Louisville's Housing Stock.

This item implements Housing Plan Action Items 1.2 and 3.3, which address density and height incentives and refinements to the Inclusionary Housing Ordinance.

The City has several other related projects, policies, partnerships that also support updates to the IHO. These include, but are not limited to:

- A Comprehensive Plan update planned for Planning Commission review on February 26 and City Council adoption in March 2026. This plan update will include policies addressing where and what type of new residential growth should occur over the next 10-20 years to advance the Housing Plan policies.
- Established City goals summarized in the Housing Plan that address inclusivity, sustainability, transportation connectivity, and regional housing partnerships (*see Housing Plan p. 2*).
- The City's 2023 Proposition 123 commitment that makes Louisville eligible for applicable State funding for affordable housing projects. Such commitment is to build 77 new affordable units in Louisville by the end of 2026, per Resolution 54, Series 2023.
- The 2017 Boulder County Regional Housing Strategy goal that 12% of Louisville's housing be permanently affordable by 2035, supported by City Council Resolution 58, Series 2017. Current estimates are that less than 5% of Louisville's housing stock is restricted affordable.
- The City's Intergovernmental Agreement (IGA) with the City of Boulder for staff support administering the City's IHO through June 2026. City Council approved this IGA on May 16, 2024 through Resolution 13, Series 2024. Staff anticipate engaging with the City of Boulder staff to extend this IGA in the near term.

Summary of Existing IHO

Louisville Municipal Code (LMC) Chapter 17.76 requires new residential development to include 12% of its housing units as permanently affordable through a deed restriction. Within this 12 percent requirement, half of the units must be affordable to households earning less than 60 percent AMI and the remainder to households earning less than 80 percent AMI, regardless of unit type.

Developers have other options for IHO compliance with City Council approval besides building the units onsite. They can pay a fee in lieu of the 12%, with the fee codified in the IHO by owner ($9.24 per square feet) or renter ($4.72 per square feet) occupied units. There are also options for offsite construction of affordable housing, land dedication for affordable housing, and alternative agreements.

Most surrounding cities have IHOs including Superior, Lafayette, Boulder, Broomfield, and Longmont (*see Attachment 3, Peer City IHO Summary*). Each of these communities have unique IHOs with different percentages of units, AMI ranges, fee in lieu amounts, and incentives.

Since adoption of the Louisville IHO in 2021, no residential projects have been approved for onsite affordable housing units meeting IHO requirements. The first Planned Unit Development (PUD) approved that was subject to the IHO requirements is the 36-unit East Street Village project at 533 East Street. City Council approved the fee in lieu option for that development in October 2024 and the City is starting to receive the IHO fee in lieu for each unit as building permit applications are submitted.

City Council Discussion February 4, 2025
City Council last discussed potential updates to the Inclusionary Housing Ordinance on February 4, 2025. At that meeting, staff presented a targeted framework for changes intended to implement recommendations from the Louisville Housing Plan and improve the effectiveness of the ordinance. The framework included updates to the fee-in-lieu, expanded Area Median Income (AMI) eligibility ranges, and a set of incentives for projects that provide affordable housing.

City Council provided the following direction, which forms the basis for the proposed ordinance amendments:

- AMI Eligibility**:** Update the AMI ranges for households eligible under the Inclusionary Housing Ordinance as presented.
- Onsite Affordable Housing Incentives**:** Focus incentives for projects that provide affordable units onsite, including increases in allowable density and building height, reductions in required parking, and reductions in applicable development fees.
- Excluded Incentives**:** Do not include incentives related to reductions in required public land dedication under LMC Section 16.16.060 or additional flexibility in meeting energy code requirements.
- Fee in Lieu**:** Update the fee-in-lieu to reflect current local market conditions using the City's existing methodology, while evaluating impacts on development economics and overall project affordability.

ANALYSIS:
The following analysis examines the primary elements of the proposed Inclusionary Housing Ordinance updates and how they work together to improve development feasibility and affordable housing outcomes. Each subsection addresses a specific component of the ordinance, including affordability targets, development incentives, and the fee-in-lieu option, and explains how the proposed changes are intended to improve affordable housing outcomes.

Area Median Income (AMI) Updates
The Louisville Housing Plan documents a growing disparity between housing costs and household incomes in the community. As shown in Exhibit 20 of the Housing Plan, a household would need to earn approximately 145 percent of Boulder County AMI to afford the median home price in Louisville, while rents have increased by approximately 60 percent over the past decade. Under these conditions, the current IHO affordability targets create a wide "affordability gap" between market-rate housing prices and the restricted prices required under the ordinance.

This affordability gap directly affects development feasibility, particularly for ownership housing. The larger the gap between market prices and restricted prices, the greater the financial burden placed on the project to absorb or offset that difference. Under the existing ordinance, this gap is particularly acute for ownership units, making onsite compliance challenging without additional tools to support project economics.

The proposed AMI updates address this issue by better aligning affordability targets with documented housing needs and market realities. The ordinance would continue to require affordability for households earning less than 60 percent AMI for rental units, recognizing that lower-income households are most impacted by rising rents. For ownership units, the ordinance would expand eligibility to households earning between 80 and 120 percent AMI, reflecting the Housing Plan's finding that moderate-income households are increasingly unable to access homeownership in Louisville. These changes also bring Louisville into closer alignment with peer communities and introduce a clearer distinction between rental and ownership affordability targets.

Exhibit 20: Financially Attainable Housing by Median Family Income (MFI) for a Family of Four, Boulder Metro Area, 2023[7]

Source: US Department of Housing and Urban Development, Boulder Metro Area, 2023

If your household earns...	$43,230 <30% AMI	$72,050 50% AMI	$115,280 80% AMI	$144,100 100% AMI	$172,920 120% AMI
Then you can afford...	$1,100 MONTHLY RENT	$984 MONTHLY RENT	$1,574 MONTHLY RENT	$1,855 MONTHLY RENT	$2,226 MONTHLY RENT
	OR	OR	OR	OR	OR
	$130k–$151k HOME SALES PRICE	$216k–$252k HOME SALES PRICE	$346k–$403k HOME SALES PRICE	$432k–$504k HOME SALES PRICE	$519k–$605k HOME SALES PRICE
And you might work as a...	Medical Assistant $44,870	Middle School Teacher $72,120	Mechanical Engineer $113,610	Aerospace Engineer $138,770	Software Developer $169,750
	Cashier $33,900	Firefighter $65,110	Nurse Practitioner $122,320	Pharmacist $140,860	Dentist $161,060

Source: Louisville Housing Plan, page 21

<u>Residential Density Incentive</u>

The proposed ordinance would allow a 20 percent residential density bonus for projects that provide onsite affordable housing in compliance with the Inclusionary Housing Ordinance. The density bonus applies to market-rate units and is intended to increase overall project revenue to help offset the affordability gap created by the required affordable units.

For example, a residential project that would otherwise be limited to 100 units under current zoning and density regulations could be permitted up to 120 total units under the proposed ordinance, consisting of 108 market-rate units and 12 affordable units.

In addition to the base density incentive, the proposed ordinance includes an enhanced density bonus for projects that provide 100 percent of units as onsite affordable rental housing. Projects meeting this threshold would be eligible for a density increase of up to 30 percent, provided that all units are affordable to households earning no more than 80 percent of AMI and that the average affordability level across all units does not exceed 60 percent AMI. This enhanced incentive is intended to support projects that dedicate their full residential program to long-term affordability.

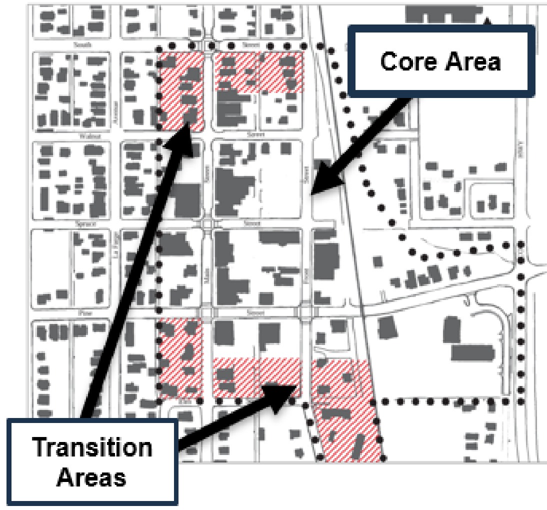
Density bonuses are an explicit strategy identified in the Louisville Housing Plan (Action Item 1.2) and are among the most effective tools available to support onsite affordable housing. By allowing additional market-rate units, the proposed ordinance improves project feasibility by helping absorb the cost of affordability requirements through increased development capacity. While the specific impact will vary by project, this added flexibility improves the likelihood that affordable housing is provided onsite while still meeting the ordinance's affordability goals.

<u>Building Height Increase Incentive</u>
The proposed ordinance would allow a limited building height incentive for projects that provide onsite affordable housing, subject to geographic limitations. Specifically, eligible buildings may exceed the applicable height limit by one additional story or 15 feet, whichever is less, provided that the building contains the required affordable housing units and is not located within the Old Town Overlay District or the Downtown Louisville Core Commercial Area.

Additional building height can help offset affordability requirements by allowing development to occur vertically rather than expanding building footprints. This added flexibility can reduce site constraints and make it easier to accommodate open space, landscaping, stormwater facilities, and internal circulation. While the incentive may result in additional units in some cases, staff expects the primary benefit to be improved feasibility and design flexibility for projects that include affordable housing.

The height incentive would apply only to buildings that include the required affordable units. Existing contextual standards, including overlay districts and adopted design guidelines, would continue to govern building form, massing, and compatibility. Below are some of the specific areas where building height increases could apply:

- *Downtown Louisville (Community Commercial – CC Zone District):* In Downtown Louisville, building heights are governed by both the Louisville Municipal Code and the Downtown Design Handbook, which emphasizes compatibility with surrounding context and generally limits buildings in the Core Area to a maximum of three stories in limited cases. The proposed height incentive does not apply within the Core Area of Downtown as defined in the Downtown Design Handbook. However, the incentive does apply within designated Transition Areas, where the current maximum height is two stories; in these areas, a building that includes onsite affordable housing could be permitted to increase to three stories under the proposed ordinance.



Downtown Design Handbook Transition Areas (shown in red cross hatching)

- *Residential Medium (RM) Zone District (Outside Old Town):* The RM zone district is also concentrated along South Boulder Road near Via Appia and in smaller areas reflecting existing multifamily or attached residential development. These areas currently allow buildings up to 35 feet (approximately three stories). With the proposed incentive, buildings containing affordable housing could reach up to 50 feet, accommodating a four-story building.
- *Mixed Use Residential (MU-R) Zone District:* In MU-R areas, including Downtown East Louisville (DELO), multifamily residential is allowed by right with a current maximum height of 45 feet or three stories. The proposed incentive would allow buildings containing affordable housing to reach up to 60 feet or four stories. The DELO area is outside of the area defined as Downtown Louisville.
- *Planned Unit Developments (PUDs) and General Development Plans (GDPs):* Many PUDs and GDPs include site-specific height limits, most of which align with the underlying zone district (e.g., the RM zone district). Under the proposed ordinance, redevelopment in these areas that include affordable housing could allow an increase of up to one additional story, subject to other applicable standards and approvals.

City Council identified building height incentives as a policy option to evaluate through updates to the Inclusionary Housing Ordinance. As part of this code amendment, staff is seeking Planning Commission input specifically on the proposed application of these height increases. The Comprehensive Plan update currently under review generally supports building heights above three stories only in targeted locations near U.S. 36 and McCaslin Boulevard, while recognizing that building height policies are intended to provide guidance and flexibility rather than rigid limits. Under existing zoning regulations, the proposed incentives could allow buildings containing onsite affordable housing to reach up to four stories in select locations, primarily along South Boulder Road and Highway 42.

Parking Reduction

The proposed ordinance would eliminate minimum parking requirements for residential projects that provide onsite affordable housing in compliance with the Inclusionary Housing Ordinance. This elimination would apply to all residential units within the development, including both market-rate and affordable units.

LMC Section 17.20.020.A currently requires a minimum of two parking spaces per dwelling unit for residential development. The Louisville Housing Plan identifies parking reductions as one of the most effective incentives for improving development feasibility, particularly for projects that include affordable housing (Housing Plan Development Feasibility Analysis, Exhibit 4). Structured and surface parking are significant cost drivers in residential development, and minimum parking requirements can constrain site design and limit the number of units that can be accommodated.

In addition, the City has recently adopted targeted parking reductions in response to State legislation. Parking is not required for multifamily developments with more than 50 percent affordable housing located within defined transit areas, consistent with House Bill 24-1304 (see Table 2, footnote 1). The proposed ordinance builds on this existing flexibility by eliminating minimum parking requirements for all residential units within projects that provide onsite affordable housing, regardless of transit proximity.

Staff’s experience indicates that most residential projects in Louisville will provide parking regardless of minimum requirements to meet market expectations. Eliminating minimum parking requirements does not eliminate parking altogether; rather, it provides flexibility for developers to determine the appropriate amount of parking based on project context, location, and market demand.

It is also important to note that the City’s parking regulations will be comprehensively evaluated and updated as part of the broader development code update scheduled to begin in 2026. That process will address parking requirements citywide, while the proposed ordinance provides a targeted, near-term incentive tied specifically to onsite affordable housing production.

Fee in Lieu Updates

The purpose of the proposed fee-in-lieu update is to recalibrate the fee to current local market conditions using the City’s existing methodology, rather than to change the underlying approach to how the fee is calculated or applied. Consistent with direction from City Council, staff has further evaluated how the fee functions within overall development economics and how associated costs are absorbed within residential projects. A more comprehensive review of the fee structure and methodology is anticipated as part of the forthcoming development code update.

While the update represents an increase, the fee is not borne in a single way, nor is it passed directly or fully to future tenants or homebuyers. Instead, it becomes one of several inputs that influence overall project feasibility.

Residential development is constrained by what the market will support in terms of rents and sales prices. As a result, higher regulatory costs cannot be fully passed through to consumers and are instead absorbed across multiple dimensions of a project's financial structure, as described below.

- *Value Engineering and Design Adjustments* – Developers may reduce overall construction costs through smaller or more efficient unit layouts, simpler building forms, fewer premium finishes, or scaled-back site improvements such as landscaping and amenities.
- *Land Value Adjustments* – Over time, known regulatory costs are reflected in land prices. Developers factor future fee obligations into land acquisition negotiations, resulting in lower land values than would otherwise occur in the absence of the fee.
- *Reduced Profit Margins* – When higher costs cannot be fully offset through design efficiencies or pricing, developers may proceed with slimmer profit margins, provided projects still meet minimum financing thresholds.
- *Leaner Operating Assumptions* – Particularly for rental projects, increased upfront costs can lead to more conservative long-term operating budgets, including maintenance, amenities, and building systems.
- *Limited Pass-Through to Rents or Sales Prices* – A portion of the fee may be reflected in rents or sales prices; however, this pass-through is constrained by market demand and is typically partial rather than proportional.

Table 1: Fee in Lieu Amount Estimates Scenarios

Residential Development Scenario	**Total Fee in Lieu Estimate with Recommended Updates**	
	Current	**Proposed**
40 Rental Units, Median Unit Size 1,000 Square Feet	$188,800 Total, $4,720/unit	$213,200 Total, $5,330/unit
40 For Sale Units, Median Unit Size 2,200 Square Feet	$813,120 Total, $20,328/unit	$1,524,160 Total, $38,104/unit

PROPOSAL:

The proposed ordinance updates the City's Inclusionary Housing Ordinance (IHO) in Chapter 17.76 and implements recommendations from the Louisville Housing Plan by updating income eligibility, introducing new development incentives, and recalibrating fees to better support the production of affordable housing. The table below provides the specific components of the ordinance included in Attachment 2.

Table 2: Summary of Proposed Changes to Inclusionary Housing Ordinance		
Category	**Existing Regulations**	**Proposed Regulations**
Area Median Income (AMI) Requirements	12% of units required to be affordable, with 50% of those units at ≤60% AMI and 50% at ≤80% AMI, regardless of tenure	12% of rental units at ≤60% AMI and 12% of for-sale units at between 80-120% AMI, distinguishing between rental and ownership housing
Residential Density Incentives	None	Allow up to a 20% density bonus for projects that provide onsite affordable housing; bonus applies to market-rate units. Projects that provide 100% onsite affordable rental housing at ≤80% AMI (with an average of 60% AMI) may be eligible for up to a 30% density bonus.
Building Height Incentives	None	Allow a one-story or 15-foot height increase for buildings that include affordable units, except within the Old Town Overlay District and the Downtown Louisville core commercial area. In Downtown transition areas, the incentive may allow an increase from two to three stories, subject to adopted design standards.
Development Fee Waivers	None	Waive zoning-related development review fees (e.g., rezoning, PUD, subdivision) for projects providing onsite affordable housing
Parking Requirements	2 spaces per unit [1]	Eliminate minimum parking requirements for all residential units (market-rate and affordable) within projects that provide onsite affordable housing
Fee in Lieu of Onsite Affordable Housing Units	$9.24/SF for market-rate ownership units; $4.72/SF for market-rate rental units	Maintain existing methodology and update inputs to reflect current market conditions: $17.32/SF for ownership units and $5.33/SF for rental units
[1] Parking is currently not required for multifamily development with >50% affordable housing located in defined transit areas in accordance with HB 24-1304 and City Council Ord. 1897, Series 2025.		

PUBLIC COMMENTS:
No public comments have been submitted as of the time of this staff report.

STAFF RECOMMENDATION:
Approval of Resolution No. 3, Series 2026, recommending that the City Council approve an ordinance amending Title 17 of the Louisville Municipal Code to update the City's Inclusionary Housing Ordinance.

ATTACHMENTS/LINKS:
1. Resolution 3, Series 2026

2. Draft Ordinance
3. Peer Community IHO Summary
4. IHO Fee Analysis
5. Link: Louisville Housing Plan
6. Link: Development Review Fee Schedule
7. Link: February 5, 2025 City Council Packet

PLANNING COMMISSION RESOLUTION NO. 3
SERIES 2026

A RESOLUTION RECOMMENDING APPROVAL OF AN ORDINANCE AMENDING TITLE 17 OF THE LOUISVILLE MUNICIPAL CODE CONCERNING THE INCLUSIONARY HOUSING ORDINANCE

WHEREAS, the City of Louisville (the "City"), is a Colorado home rule municipal corporation duly organized and existing under laws of the State of Colorado and the City of Louisville Home Rule Charter (the "City Charter");

WHEREAS, the Colorado Supreme Court has recognized that both the State of Colorado and municipal governments have a significant interest in maintaining the quality and quantity of affordable housing throughout the state; and

WHEREAS, Colorado statutes require municipalities to include within their comprehensive plans provisions that will promote affordable housing; and

WHEREAS, the City Council finds the provisions of this ordinance address the following housing principles of the City's Comprehensive Plan:

PRINCIPLE NH-5. There should be a mix of housing types and pricing to meet changing economic, social, and multigenerational needs of those who reside, and would like to reside, in Louisville.

Policy NH-5.1: Housing should meet the needs of seniors, empty-nesters, disabled, renters, first time home-buyers and all others by ensuring a variety of housing types, prices, and styles are created and maintained.

Policy NH-5.2: The City should continue to work with Boulder County Housing Authority and others to ensure an adequate supply of affordable housing is available in Louisville.

Policy NH-5.7: The City should define standards for low-income and affordable housing units, and consider reducing or waiving building permit and impact fees for all qualifying projects.

PRINCIPLE NH-6. The City should define City-wide goals for affordable and low-income housing through a public process.

Policy NH-6.1: The City should determine to what extent it would like to allow, encourage, or incentivize affordable and low-income housing.

Policy NH-6.2: The City should develop specific and achievable actions to meet the defined goals.

WHEREAS, by Resolution No. 58, Series 2017, adopted on November 6, 2018, the City endorsed the Boulder County Regional Housing Partnership, which recommends a goal of ensuring twelve percent (12%) of the housing inventory will be permanently affordable to low-, moderate-, and middle-income households by 2035; and

WHEREAS, the City Council finds a diverse housing stock within the City is necessary to serve people of all income levels; and

WHEREAS, based upon its review and consideration of housing studies, reports and analysis, the City Council on June 15, 2021 adopted Ordinance No. 1809, Series 2021, which enacted a new Chapter 17.76 of the Louisville Municipal Code establishing inclusionary housing requirements; and

WHEREAS, based continued challenges to housing for very low-, low- and moderate-income households, the City Council finds the amendments set forth herein are reasonable and necessary to provide continuing housing opportunities for such households and to help maintain a diverse housing stock that allows people to have better access to jobs and upgrade their economic status; and

WHEREAS, because remaining land appropriate for residential development within the City is limited, it is essential that a reasonable proportion of such land be developed into housing units affordable to low-, moderate-, and middle-income residents and working people, particularly since new housing, in the absence of interventions, tends to be large and expensive, which both reduces opportunities for more affordable housing and contributes to a general rise in prices for all housing in the community, thus exacerbating the scarcity of affordable housing within the City; and

NOW THEREFORE, BE IT RESOLVED that the Planning Commission of the City of Louisville, Colorado does hereby recommend approval of an ordinance amending Louisville Municipal Code to address the inclusionary housing ordinance.

PASSED AND ADOPTED this 12th day of February, 2026.

By: ______________________________
Steve Brauneis, Chair
Planning Commission

Attest: ______________________________
Cullen Choi, Secretary
Planning Commission

ORDINANCE NO. _____
SERIES 2025

AN ORDINANCE AMENDING TITLE 17 OF THE LOUISVILLE MUNICIPAL CODE REGARDING INCLUSIONARY HOUSING

WHEREAS, the City of Louisville (the "City"), is a Colorado home rule municipal corporation duly organized and existing under laws of the State of Colorado and the City of Louisville Home Rule Charter (the "City Charter"); and

WHEREAS, the Colorado Supreme Court has recognized that both the State of Colorado and municipal governments have a significant interest in maintaining the quality and quantity of affordable housing throughout the state; and

WHEREAS, Colorado statutes require municipalities to include within their comprehensive plans provisions that will promote affordable housing; and

WHEREAS, the City Council finds the provisions of this ordinance address the following housing principles of the City's Comprehensive Plan:

PRINCIPLE NH-5. There should be a mix of housing types and pricing to meet changing economic, social, and multigenerational needs of those who reside, and would like to reside, in Louisville.

Policy NH-5.1: Housing should meet the needs of seniors, empty-nesters, disabled, renters, first time home-buyers and all others by ensuring a variety of housing types, prices, and styles are created and maintained.

Policy NH-5.2: The City should continue to work with Boulder County Housing Authority and others to ensure an adequate supply of affordable housing is available in Louisville.

Policy NH-5.7: The City should define standards for low-income and affordable housing units, and consider reducing or waiving building permit and impact fees for all qualifying projects.

PRINCIPLE NH-6. The City should define City-wide goals for affordable and low-income housing through a public process.

Policy NH-6.1: The City should determine to what extent it would like to allow, encourage, or incentivize affordable and low-income housing.

Policy NH-6.2: The City should develop specific and achievable actions to meet the defined goals.

WHEREAS, by Resolution No. 58, Series 2017, adopted on November 6, 2018, the City endorsed the Boulder County Regional Housing Partnership, which recommends a goal of ensuring twelve percent (12%) of the housing inventory will be permanently affordable to low-, moderate-, and middle-income households by 2035; and

WHEREAS, the City Council finds a diverse housing stock within the City is necessary to serve people of all income levels; and

WHEREAS, based upon its review and consideration of housing studies, reports and analysis, the City Council on June 15, 2021 adopted Ordinance No. 1809, Series 2021, which enacted a new Chapter 17.76 of the Louisville Municipal Code establishing inclusionary housing requirements; and

WHEREAS, based continued challenges to housing for very low-, low- and moderate-income households, the City Council finds the amendments set forth herein are reasonable and necessary to provide continuing housing opportunities for such households and to help maintain a diverse housing stock that allows people to have better access to jobs and upgrade their economic status; and

WHEREAS, because remaining land appropriate for residential development within the City is limited, it is essential that a reasonable proportion of such land be developed into housing units affordable to low-, moderate-, and middle-income residents and working people, particularly since new housing, in the absence of interventions, tends to be large and expensive, which both reduces opportunities for more affordable housing and contributes to a general rise in prices for all housing in the community, thus exacerbating the scarcity of affordable housing within the City; and

WHEREAS, based on the foregoing findings, and in furtherance of the public health, safety, and welfare of the community, the City Council desires to adopt the amendments to the City's inclusionary housing requirements set forth herein.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOUISVILLE, COLORADO:

<u>Section 1.</u> Section 17.76.020 of the Louisville Municipal Code is hereby amended to read as follows (words to be deleted ~~stricken~~; words to be added <u>underlined</u>):

Sec. 17.76.020 Inclusionary housing requirements.

<u>A.</u> Because land appropriate for residential development within the City is limited, it is essential that a reasonable proportion of such land be developed into housing units that are affordable to low, moderate and middle income households. All development of market-rate housing

should therefore include affordable housing, and the City Council finds that 12 percent (12%) is the reasonable proportion at this time, given economic indicators and community need.

B. For purposes of this Chapter, "affordable" shall mean dwelling units that are restricted to ownership or rental by those persons meeting the income qualifications as set forth in Section 17.76.070. A minimum of ~~half~~ twelve percent (12%) of rental units ~~the affordable housing~~ shall be affordable, limited to those households at or below sixty percent (60%) of the area median income ("AMI"), ~~with the remainder limited to those persons between sixty percent (60%)~~ and a minimum of twelve percent (12%) of for sale units shall be affordable, limited to those households at eighty percent (80%) to one hundred twenty percent (120%) AMI, as calculated by the United States Department of Housing and Urban Development ("HUD").

Section 2. Section 17.76.050.B.1 of the Louisville Municipal Code is hereby amended to read as follows (words to be deleted ~~stricken~~; words to be added underlined):

Sec. 17.76.050 Options to satisfy requirements.

B. **Fee in lieu.** A developer may pay a fee in lieu of providing affordable units.

1. **Amount.** The City Council finds that studies performed by municipalities within the vicinity of the City reasonably calculates the impact to the City, including the City's finances and the welfare of the City's residents, of market-rate dwelling units being developed in the City. Accordingly, the fee in lieu is set initially at ~~$9.24~~ $17.32 per square foot of finished market-rate for-sale housing, and ~~$4.72~~ $5.33 per square foot of finished market-rate rental housing. The fee in lieu of providing any required fraction of a unit shall be pro-rated based on its proportional share (fractional quantity divided by total number of units required) of the amount of fee in lieu that would be required for the whole development. The City Manager shall periodically recalculate the fee in lieu and present the recalculation to the City Council.

Section 3. Chapter 17.76 of the Louisville Municipal Code is hereby amended by the addition of a new Section 17.76.055 to read as follows:

Sec. 17.76.055 Incentives for On-Site Affordable Units.

The following incentives are available for those projects and buildings that provide on-site affordable housing:

1. Residential Density. For any project that provides on-site affordable housing:

   a. The maximum residential density as set forth in Section 17.12.040 or Section 17.14.060, Table 3, of this Code, or established in any GDP or PUD approved pursuant to this Title that addresses residential density, may be increased by twenty percent (20%).

   b. The maximum lot coverage as set forth in Section 17.12.040, Section 17.12.050, or Section 17.14.060, Table 3, of this Code, the Old Town overlay district in Section 17.12.050 of this Code, or established in any GDP or PUD approved pursuant to this Title that addresses residential density, may be increased by twenty percent (20%).

   c. Notwithstanding subsections (a) and (b) above, a residential development in which one hundred percent (100%) of the dwelling units are provided as on-site affordable rental housing units in compliance with this Chapter shall be eligible for an increase in maximum residential density of up to thirty percent (30%), provided that:

      i. All affordable rental units are restricted to households earning no more than eighty percent (80%) of area median income ("AMI"); and

      ii. The average affordability level across all dwelling units does not exceed sixty percent (60%) of area median income ("AMI").

2. Building Height. For any project that provides on-site affordable housing:

   a. The maximum building height set forth in Section 17.12.040, Section 17.12.050, or Section 17.14.060, Table 3, or any building height requirements set forth in adopted design standards and guidelines, may be increased to include an additional one (1) story or fifteen feet (15'), whichever is less, provided that the building contains the required on-site affordable housing units.

b. The building height incentive authorized in subsection (a) shall not apply to properties located within the Old Town Overlay District as established in Section 17.12.050 of this Code.

c. The building height incentive authorized in subsection (a) shall not apply to properties located within Core Area of Downtown Louisville, as governed by the Community Commercial (C-C) zoning district and the Design Handbook for Downtown Louisville.

3. Reduced Parking. No minimum vehicle parking shall be required for any residential uses in a project that provides on-site affordable housing in compliance with this Chapter.

3. Development Fee Waivers. For projects that provide on-site affordable housing in compliance with this Chapter, the City shall waive zoning-related development review fees, including but not limited to rezoning, Planned Unit Development (PUD), subdivision, and site plan application fees, as identified in the City's adopted Development Review Fee Schedule. This waiver shall apply only to applications necessary to implement the on-site affordable housing component of the project and shall not apply to subsequent amendments or applications that do not add or modify affordable housing units, unless otherwise approved by the City Manager or designee.

Section 4. Section 17.12.040 of the Louisville Municipal Code is hereby amended by the addition of a new footnote 12 to read as follows:

17.12.040 Yard and Bulk Requirements.

FOOTNOTES

12. Projects providing on-site affordable housing pursuant to Chapter 17.76 of this Code may increase maximum residential density by twenty percent (20%), may increase maximum lot coverage by twenty percent (20%), and may increase maximum height by an additional one (1) story or

fifteen feet (15’), whichever is less, provided that the building contains the required on-site affordable housing units.

Section 5. Section 17.12.050.A of the Louisville Municipal Code is hereby amended by the addition of a new footnote 12 to read as follows:

17.12.050 Yard and Bulk Requirements; Old Town overlay district.

A. *Conflicting requirements; affordable housing exception.* Within the area designated on the zoning district map as the Old Town overlay district, the regulations of this section shall apply in addition to any other applicable section of this title. To the extent that a specific yard and bulk requirement set forth in this section establishes a standard or requirement which conflicts with a yard and bulk requirement set forth in any other applicable section of this title, the specific requirement in this section shall control. Notwithstanding the foregoing, the density, lot coverage, and building height incentives set forth in Section 17.76.055 shall be available for projects and buildings developed within the Old Town overlay district.

Section 6. Section 17.14.060, Table 3 (Mixed Use Zoning Districts Dimensional and Bulk Standards), of the Louisville Municipal Code is hereby amended by the addition of a new note 4 to read as follows:

17.14.060 Dimensional and bulk standards.

Notes to Table 3:

4. Projects providing on-site affordable housing pursuant to Chapter 17.76 of this Code may increase maximum residential density by twenty percent (20%), may increase maximum lot coverage by twenty percent (20%), and may increase maximum height by an additional one (1) story or fifteen feet (15’), whichever is less, provided that the building contains the required on-site affordable housing units.

Section 7. Section 17.20.010.F of the Louisville Municipal Code is hereby amended to read as follows (words to be deleted ~~stricken~~; words to be added underlined):

Sec. 17.20.010 Parking requirements.

F. Notwithstanding any parking requirements contained in the City’s adopted design standards and guidelines or previously approved development plans, including Planned Unit Developments (“PUDs”) and

General Development Plans ("GDPs"), off-street parking shall not be required for new multi-unit or multifamily residential developments, ~~or~~ for adaptive reuse developments in which residential dwelling units occupy fifty percent (50%) or more of the total floor area, or for any residential uses in a project that provides on-site affordable housing pursuant to Chapter 17.76 of this Code.

Section 8. Section 17.20.020.A of the Louisville Municipal Code is hereby amended to read as follows (words to be deleted ~~stricken~~; words to be added underlined):

Sec. 17.20.020 Parking standards designated for each use.

A. Residential Uses:

1. For one-family dwellings and two-family dwellings with separate driveways, two spaces per dwelling unit (driveway and garage or carport areas defined as off-street parking space);

2. For multifamily dwellings containing three or more dwelling units, except as provided in Section 17.20.010.F, two spaces per dwelling unit;

3. For a residential hotel, roominghouse or boardinghouse, one space per guest accommodation;

4. For housing restricted to the aged, disabled, etc., one-half space per unit;

5. For dormitories and other lodging facilities and rooms for unmarried students, three spaces per four occupants;

Section 9. If any portion of this ordinance is held to be invalid for any reason, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares it would have passed and approved this ordinance and each part hereof irrespective of the fact that any one part be declared invalid.

Section 10. The repeal or modification of any provision of the Municipal Code of the City of Louisville by this ordinance shall not release, extinguish, alter, modify, or change in whole or in part any penalty, forfeiture, or liability, either civil or criminal, which shall have been incurred under such provision, and each provision shall be treated and held as still remaining in force for the purpose of sustaining any and all proper actions, suits, proceedings, and prosecutions for the enforcement of the penalty, forfeiture, or liability, as well as for the purpose of sustaining any judgment, decree, or order which can or may be rendered, entered, or made in such actions, suits, proceedings, or prosecutions.

Section 11. All other ordinances or portions thereof inconsistent or conflicting with this ordinance or any portion hereof are hereby repealed to the extent of such inconsistency or conflict.

Section 12. Any person convicted of violating this ordinance may be punished as set forth in 1.28.010 of the Louisville Municipal Code, as may be amended but which currently provides violations shall be punished by a fine of not more than $2,650.00, as shall be adjusted for inflation on January 1, 2014 and on January 1 of each year thereafter, or by imprisonment not to exceed 364 days, or by both such fine and imprisonment.

INTRODUCED, READ, PASSED ON FIRST READING, AND ORDERED PUBLISHED this ____ day of _______________, 2026.

____
Christopher M. Leh, Mayor

ATTEST:

____
Genny Kline, Interim City Clerk

PUBLIC HEARING AND SECOND READING WILL BE THE ____ DAY OF __________, 2026, AT 6:00 P.M. AT LOUISVILLE CITY HALL, 749 MAIN STREET, LOUISVILLE, CO 80027.

PASSED AND ADOPTED ON SECOND AND FINAL READING, this ____ day of ____________________, 2026.

____
Christopher M. Leh, Mayor

ATTEST:

____
Genny Kline, City Clerk

APPROVED AS TO FORM:

Kelly PC
City Attorney

Inclusionary Housing Ordinance Peer City Research

City	Projects Subject to IHO	% Affordable	IHO Affordability Definition (AMI)	Incentives for Affordable Housing	Fee in Lieu Amounts
Boulder	All new residential units.	• 25% for all new residential development >/= 5 units • 20% for all new residential development < 5 units	• 120% AMI for townhouses and single family • 100% AMI for condos • 50-60% AMI for rental units	• Affordable projects are eligible for height increases through discretionary site review process for buildings with more than 40 percent of units and floor area for permanently affordable units, the amount of the increase is discretionary and in accordance with the comprehensive plan. (Boulder Code 9-2-4) • 5-10 DU/acre bonus in one zone district for projects that provide 30-40% of units as affordable. (Boulder Code 9-8-4) • No incentives for paying a higher inclusionary housing fee in lieu; but there are incentives for paying 1.43 the rate of the nonresidential development housing fee. • Affordable housing projects able to get fee waivers (sales, use tax), although those have not been effective incentives according to City of Boulder staff. • No parking reductions for affordable housing.	• $47 per square foot for developments with >/= 2 units over 18,000 square feet. • Sliding scale downward with less floor area, with single family lots paying $15 per square foot.
Broomfield	Projects with: • > 25 for sale residential units • > 5 rental residential units	• Rental Projects: 20% • For Sale Projects: 12%	• Rental: 60-80% AMI by unit types • Owner: 90-100% AMI	• Onsite affordable housing: 50% reduction in permit fees, use taxes, service fees. • Reduced parking for units meeting IHO requirements by # of bedrooms (e.g., 2 spaces vs 3 for a 3 bedroom unit). • No building height or density bonuses.	$165,669/ownership unit $106,635/rental unit (effective January 2025) *Note: fees not calculated on SF basis, but for a 2,200 SF home it is $75/SF, for a 1,200 rental unit it is $89/SF.*
Lafayette	All new residential units are subject to affordable housing development fee	No requirement for units, only affordable housing development fee.	• 120% AMI included in definition of “Affordable housing unit” • 80% AMI (“Permanently affordable dwelling unit) for any dwelling units to exceed Residential Growth Management cap (Charter Sec. 6.10)	None	$1 per square foot Affordable housing development fee required for all residential and nonresidential development not providing affordable housing on site per IHO. (Sec. 28-10)
Louisville	All new residential units that are part of a planning approval (e.g., PUD, plat) are subject to inclusionary requirements.	12% (1/2 of units for < 60% AMI, remainder for up to 80% AMI)	• 60-80% AMI	None	$9.24 per square feet of ownership units $4.72 per square foot of rental units

Updated 2/4/25

Inclusionary Housing Ordinance Peer City Research					
City	**Projects Subject to IHO**	**% Affordable**	**IHO Affordability Definition (AMI)**	**Incentives for Affordable Housing**	**Fee in Lieu Amounts**
Longmont	All new residential units that are part of a a planning approval (e.g., PUD, plat) are subject to inclusionary requirements. Exemptions for ADUs, adding one unit to an existing building.	12%	• "Affordable" for purposes of IHO: < 80% AMI for owner occupied units; < 50% AMI for rental units • "Attainable" for purposes of fee reductions: 80-120% AMI for owner occupied units • Optional agreement to reduce # of affordable units required to provide "middle tier" housing defined as 80-120% AMI	• Fee reductions for affordable housing exceeding IHO minimums and "attainable" housing (water, sewer); 25% of units affordable = cash in lieu of water rights received. • Rental units > 20 DU/acre exempt from IHO requirements • For projects meeting minimum 12% IHO requirements: ○ 20% density increase ○ 1 story/15' Increased building height ○ 20% reduction in minimum lot size, lot width • Parking reductions are allowed so that only one space is required per affordable housing unit. • No incentives for paying a higher fee in lieu.	$13.50 per square foot of ownership units $5.93 per square foot of rental units (in City Code)
Superior	New residential >10 units must provide units on site, residential <10 units can pay fee in lieu.	15%	80% AMI max, owner or renter	None	Not established yet

Updated 2/4/25

2025 Inclusionary Housing Fee Assessment Update Analysis

Louisville Sales Data				
Type	Single Family	Townhome/Condo	Total	Weighted Average
Median Home Price	$938,000	$485,000	-	$813,157
Number of sales	184	70	254	-
Average finished sf	2,346	1,295	2,056 sf	2,056 sf
Price per sf	$399.80	$374.50	-	$392.82
Affordability Assumptions – For Sale Units in Louisville				
AMI – 3 person household	$78,840 – 60% AMI	$105,120 – 80% AMI	$131,400 – 100%AMI	$157,680 – 120%AMI
Affordable Price				
Affordable Monthly Payment (33%)	$2,168.10	$2,890.80	$3,613.50	$4,336.20
Affordable principal and interest (80% of payment)	$1,734.48	$2,312.64	$2,890.80	$3,468.96
HOA dues, property taxes, insurance (20% of payment)	$433.62	$578.16	$722.70	$867.24
Mortgage interest rate	6.85%	6.85%	6.85%	6.85%
Maximum mortgage	$320,000	$374,325	$467,906	$603,000
Maximum affordable price (5% down)	$336,000	$394,026	$492,532	$634,736
Fee Development, For Sale Units				
100% - 120% Gap: $813,157- $563,634	$269,000			
80% - 120% Gap: $813,157- $507,098	$306,059			
80% - 100% Gap: $813,157 - $443,279	$369,868			
60% - 80% Gap: $813,157 - $365,013	$448,504			
Median Home Size	2,120 Sq Ft			
100% - 120% Cost Per Sq Ft	$126.88			
80% - 120% Cost Per Sq Ft	$144.37			
80% - 100% Cost Per Sq Ft	$174.47			
60% - 80% Cost Per Sq Ft	$211.55			
100% - 120% Affordable Housing Fee (12%)	**$15.22**			
80% - 120% Affordable Hounding Fee (12%)	**$17.32**			
80% - 100% Affordable Hounding Fee (12%)	**$20.97**			
60% - 80% Affordable Housing Fee (12%)	**$25.39**			

Affordability Assumptions, For Rent Units in Louisville					
2 bedroom unit	Market Rental Rate	60% AMI	80% AMI	100% AMI	120%AMI
Monthly rent amount	$2,227	$1,971	$2,628	$3,285	$3,942
X Months/Year	12	12	12	12	12
Annual Rent Amount	$26,724	$23,652	31,536	$39,420	47,304
X Gross Rental Multiplier	12.7	12.7	12.7	12.7	12.7
Rental Unit Value	$339,394.8	$300,380.40	$400,507.2	$500,634	$600,760.8
Fee Development, For Rent Units					
	60% AMI	80% AMI	100% AMI	120% AMI	
Gap	$39,014.40	$(61,112.4)	$(161,239.2)	$(261,366)	
Median Unit Size	878	878	878	878	
Cost per sf	$44.44	$69.60	$183.64	$297.68	
12% for Affordable Housing Requirement	**$5.33**	**$(8.35)***	**$(22.03)***	**$(35.75)***	
*Maximum rent as identified in CHFA 2024 Colorado Income Limits and Maximum Rents exceeds median market rate.					