CITY OF BOULDER
PLANNING BOARD MEETING AGENDA
DATE: October 20, 2016
TIME: 6 p.m.
PLACE: 1777 Broadway, Council Chambers

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1. **CALL TO ORDER**

2. **APPROVAL OF MINUTES**

3. **PUBLIC PARTICIPATION**

4. **DISCUSSION OF DISPOSITIONS, PLANNING BOARD CALL-UPS/CONTINUATIONS**

5. **DISCUSSION ITEMS**
   A. AGENDA ITEM: Middle Income Housing Strategy - update on the draft middle income goal and strategy components

   B. AGENDA ITEM: Update on 30th and Pearl Redevelopment Scenario Analysis

6. **MATTERS FROM THE PLANNING BOARD, PLANNING DIRECTOR, AND CITY ATTORNEY**
   A. BVCP Update

7. **DEBRIEF MEETING/CALENDAR CHECK**

8. **ADJOURNMENT**

For more information call (303) 441-1880. Board packets are available after 4 p.m. Friday prior to the meeting, online at www.bouldercolorado.gov, at the Boulder Public Main Library's Reference Desk, or at the Planning and Development Services Center, located at 1739 Broadway, third floor.

CITY OF BOULDER PLANNING BOARD
MEETING GUIDELINES

CALL TO ORDER
The Board must have a quorum (four members present) before the meeting can be called to order.

AGENDA
The Board may rearrange the order of the Agenda or delete items for good cause. The Board may not add items requiring public notice.

PUBLIC PARTICIPATION
The public is welcome to address the Board (3 minutes* maximum per speaker) during the Public Participation portion of the meeting regarding any item not scheduled for a public hearing. The only items scheduled for a public hearing are those listed under the category PUBLIC HEARING ITEMS on the Agenda. Any exhibits introduced into the record at this time must be provided in quantities of ten (10) to the Board Secretary for distribution to the Board and admission into the record.

DISCUSSION AND STUDY SESSION ITEMS
Discussion and study session items do not require motions of approval or recommendation.

PUBLIC HEARING ITEMS
A Public Hearing item requires a motion and a vote. The general format for hearing of an action item is as follows:

1. Presentations

a. Staff presentation (10 minutes maximum*)
b. Applicant presentation (10 minute maximum*). Any exhibits introduced into the record at this time must be provided in quantities of ten (10) to the Board Secretary for distribution to the Board and admission into the record.
c. Planning Board questioning of staff or applicant for information only.

2. Public Hearing

Each speaker will be allowed an oral presentation (3 minutes maximum*). All speakers wishing to pool their time must be present, and time allotted will be determined by the Chair. No pooled time presentation will be permitted to exceed ten minutes total.

- Time remaining is presented by a Green blinking light that means one minute remains, a Yellow light means 30 seconds remain, and a Red light and beep means time has expired.
- Speakers should introduce themselves, giving name and address. If officially representing a group, homeowners' association, etc., please state that for the record as well.
- Speakers are requested not to repeat items addressed by previous speakers other than to express points of agreement or disagreement. Refrain from reading long documents, and summarize comments wherever possible. Long documents may be submitted and will become a part of the official record.
- Speakers should address the Land Use Regulation criteria and, if possible, reference the rules that the Board uses to decide a case.
- Any exhibits introduced into the record at the hearing must be provided in quantities of ten (10) to the Secretary for distribution to the Board and admission into the record.
- Citizens can send a letter to the Planning staff at 1739 Broadway, Boulder, CO 80302, two weeks before the Planning Board meeting, to be included in the Board packet. Correspondence received after this time will be distributed at the Board meeting.

3. Board Action

d. Board motion. Motions may take any number of forms. With regard to a specific development proposal, the motion generally is to either approve the project (with or without conditions), to deny it, or to continue the matter to a date certain (generally in order to obtain additional information).
e. Board discussion. This is undertaken entirely by members of the Board. The applicant, members of the public or city staff participate only if called upon by the Chair.
f. Board action (the vote). An affirmative vote of at least four members of the Board is required to pass a motion approving any action. If the vote taken results in either a tie, a vote of three to two, or a vote of three to one in favor of approval, the applicant shall be automatically allowed a rehearing upon requesting the same in writing within seven days.

MATTERS FROM THE PLANNING BOARD, DIRECTOR, AND CITY ATTORNEY
Any Planning Board member, the Planning Director, or the City Attorney may introduce before the Board matters which are not included in the formal agenda.

ADJOURNMENT
The Board's goal is that regular meetings adjourn by 10:30 p.m. and that study sessions adjourn by 10:00 p.m. Agenda items will not be commenced after 10:00 p.m. except by majority vote of Board members present.

*The Chair may lengthen or shorten the time allotted as appropriate. If the allotted time is exceeded, the Chair may request that the speaker conclude his or her comments.

C I T Y O F B O U L D E R
PLANNING BOARD AGENDA ITEM

MEETING DATE: October 20, 2016

AGENDA TITLE: Middle Income Housing Strategy

REQUESTING DEPARTMENT:
David Driskell, Executive Director, Planning Housing + Sustainability
Kurt Firnhaber, Deputy Director for Housing
Susan Richstone, Deputy Director for Planning
Lesli Ellis, Comprehensive Planning Manager
Jay Sugnet, Project Manager
Crystal Launder, Housing Planner

OBJECTIVE:
Provide feedback to staff and Council on the draft Middle Income Housing Strategy.

SUMMARY

On Oct. 25, 2016, City Council will hold a study session to provide feedback on the draft Middle Income Housing Strategy that would create a new component within Boulder's Comprehensive Housing Strategy. The strategy was guided by a middle income working group, comprised of members from City Council and Planning Board. The purpose of the strategy is to provide a housing policy framework, including community priorities for action and specific tools to help meet the adopted Housing Boulder goal to "Maintain the Middle."

Specifically, this study session will request feedback on the draft *Middle Income Housing Strategy* and to propose next steps towards the implementation of this strategy.

Questions
Does Planning Board have feedback on the draft strategy, including:

1. proposed middle income housing goal;
2. proposed policies and tools to preserve and create middle income housing;
3. the proposed next steps and timeline; and
4. updating the inclusionary housing ordinance to include a middle income requirement.

I. BOULDER VALLEY COMPREHENSIVE PLAN

The middle income working group was informed by staff, community and consultant discussions as part of the BCVP update. Specifically, the BVCP is exploring land use and policy changes to support middle income housing as well as other affordable housing outcomes and community objectives related to climate action,

transportation, resilience, and jobs:housing balance. Work directly related to middle income housing, includes:

- A citywide look at land use scenarios focused in potential Opportunity Areas (e.g., Regional and Neighborhood Centers, Light Industrial Areas, Major Corridors, and Gentle infill);
- Growth scenarios based on current zoning and potential land use changes in Opportunities;
- Potential missing middle housing prototypes (e.g., townhomes, rowhomes, small lot single-family, ADUs, microunits, live/work), including potential locations and economic analysis; and
- Policy options (community benefit, land use, housing policy chapter).

BVCP materials were shared with City Council at the Sept. 13 briefing. Further public engagement, including events and surveys will occur in Oct. and Nov. and policy recommendations will be considered at a joint session of Planning Board and City Council in January 2017.

II. NEXT STEPS

In addition to the scenario analysis undertaken as part of the BVCP update, staff will:

- Provide a final strategy as part of the study session summary that incorporates feedback from Council;
- As part of the larger Housing Boulder efforts, staff will convene a series of open houses in early 2017 seeking community input on updates to the Inclusionary Housing Ordinance. In the second quarter of 2017, staff will return to Planning Board and Council with an update. Staff anticipates Council adoption in the third quarter of 2017;
- Work with the BVCP update process to propose policy changes that will support the Middle Income Housing Strategy;
- Define metrics of success for maintaining, expanding and measuring middle income housing and establishing quantified targets where appropriate; and
- As appropriate and based on the outcome of the BVCP analysis and evaluation of other interventions, propose updates to other aspects of the city's Comprehensive Housing Strategy and two-year Action Plan to guide work in support of low and moderate income housing.

For more information, please contact Jay Sugnet at sugnetj@bouldercolorado.gov, (303) 441-4057, or www.HousingBoulder.net.

ATTACHMENTS

A. Draft *Middle Income Housing Strategy*
B. Feedback from the middle income working group - items not incorporated into the strategy

Middle Income Housing Strategy

With creativity, determination and partnership, we can get there

Boulder, Colorado
2016 to 2030

September 2016

DRAFT

Acknowledgements

Many individuals informed and contributed to this document.

Middle Income Housing Strategy Working Group
City Council Members:
Matt Appelbaum
Jan Burton
Andrew Shoemaker
Lisa Morzel and Mary Young (alternating)
Planning Board Members:
Bryan Bowen
Leonard May

City Council Members
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Jan Burton
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Lesli Ellis, Comprehensive Planning Manager
Jeff Yegian, Housing Planning/Policy Manager
Jay Sugnet, Senior Planner
Crystal Launder, Housing Planner

Boulder's residents and workers, especially those who, in various public meetings and surveys shared information and thoughts that informed this strategy.

Background information and data was used from previous work provided to the city by BBC Research & Consulting, Heidi Aggeler, Managing Director and Mollie Fitzpatrick, Director.

Executive Summary

Since 1989, Boulder's share of middle class households has decreased six percent, with a corresponding increase in high income households. Though complex local, national and international economic factors may underlie some of this shift, ultimately housing is the infrastructure of socioeconomic diversity. The city's sustainability framework recognizes this, calling for *housing options to accommodate a diverse community*. The 2014 Housing Choice Survey and 2016 Middle Income Housing Study, provide strong evidence that middle income households, in particular would-be homeowners, are met with diminishing choices when they seek to buy a home in Boulder. Boulder's median single-family home price is now well out of reach for even the top earning middle income households.

As home prices continue to increase, it is clear that the current goal of 450 permanently affordable middle income homes is no longer adequate. Furthermore, with annexation as the only vehicle for permanently affordable middle income housing, there are just 107 homes permanently deed restricted to middle income households. In order to expand opportunities for middle income households in Boulder, a bolder goal and more extensive suite of tools is needed.

Moving forward, it will be challenging to create middle income housing opportunities without changing our approach. With little undeveloped land left in Boulder, we must program it correctly. The Middle Income Housing Study found that attached housing in Boulder remains affordable longer, therefore new homes should be attached, and while relatively compact, designed to serve a variety of middle income households, including individuals, families with children, and seniors. To the extent feasible, permanently affordable deed restrictions must be used to secure the affordability of new and existing homes for middle income households well into the future.

This draft ***Middle Income Housing Strategy*** defines a comprehensive approach to create and preserve housing choice for middle income households and puts forth a new aggressive, but obtainable goal that will increase housing options for middle income households.

Middle Income Housing Goal:

Build or preserve 3,500 middle income homes by 2030

2,500 market-rate middle income

1,000 deed restricted permanently affordable

There is no single mechanism to arrive at this goal, but instead a suite of primary and secondary tools that, together, can achieve it. All of the tools in this strategy will need to be effectively implemented in order to secure this expanded goal.

4 Key Middle Income Housing Tools

1. **Land Use & Policy:** Provide recommendations for Boulder Valley Comprehensive Plan (middle income housing types and barriers to moderately sized units, including both the plan's policies and land use designations).
2. **Middle Income Community Benefit Zoning:** Adopt community benefit policies and outline regulations to establish incentive-based community benefit re-zoning to encourage additional housing opportunities that may be affordable to middle income households. Proposed land use changes should require additional affordable housing benefit specific to middle income affordability.
3. **Inclusionary Housing (IH):** Amend the current Inclusionary Housing (IH) regulations to include a middle income tier.
4. **Annexation:** Adopt policies requiring a higher level of middle income community benefit for annexations.

While these four key tools hold the greatest promise to unlock opportunity for middle income households, other tools that can be pursued include:

Secondary Middle Income Housing Tools

- Preservation of existing homes through deed restrictions
- Neighborhood Pilot Innovation Programs
- Amend the ADU/OAU ordinance, with the inclusion of deed restrictions

"New multi-unit housing in Boulder needs to be kid-friendly, not just dog-friendly."

- 2014 Housing Choice Survey response

A. The Process to Create a Middle Income Housing Strategy

The City Council identified the loss of middle income households in Boulder as a pressing community concern during the Housing Boulder process. On May 3, 2016 the City Council voted to create a Middle Income Housing working group comprising of members of the City Council and the Planning Board for the purpose of working with staff to develop a draft Middle Income Housing Strategy. From May to August 2016, five members of the City Council, including Matt Appelbaum, Jan Burton, Lisa Morzel, Andrew Shoemaker and Mary Young, along with two members of the Planning Board, Bryan Bowen and Leonard May, convened on five occasions to work with staff to develop a proposal for a Middle Income Housing Strategy, a new component to a broader Comprehensive Housing Strategy, building on the community's existing affordable housing efforts.

Although the loss of middle income housing has been a concern since the 1999 Comprehensive Housing Strategy, the community and City Council recently coalesced around middle income as a common theme in the Housing Boulder public process. The city expects to achieve its goal of 10 percent of all homes in Boulder affordable to low and moderate income households through continued application of existing programs and refinements, such as the update to the linkage fee for nonresidential development. However, the city is losing ground with middle income households and the current middle income goal and tools are not adequate to address the challenge. The following strategy reflects the collaborative efforts of this working group on a path forward to providing more middle income housing.

The group's charge was to:

1. Modify the Current Goal for Middle Income Housing
2. Identify Funding Options for Middle Income Housing
3. Define Community Benefit Policies and Tools to Preserve and Create Middle Income Housing

Foundational to their work was the *Middle Income Housing Study*, prepared by BBC Research and Consulting, as well as ongoing research and community input informing the Boulder Valley Comprehensive Plan update process, input from the Maintain the Middle Working Group, feedback collected through Housing Boulder sub-community meetings and other outreach activities, the Housing Choice Survey, and the contributions and ideas of various members of the public.

B. An Overview of the Middle Income Context

Housing that is affordable to middle income households is a concern for many residents and community leaders in Boulder. There is concern that Boulder's character is changing as its economic middle shrinks and rising home prices undermine efforts around community diversity, resilience and sustainability. In 2013, City Council set in motion a policy initiative to define Boulder's "next generation" housing strategy

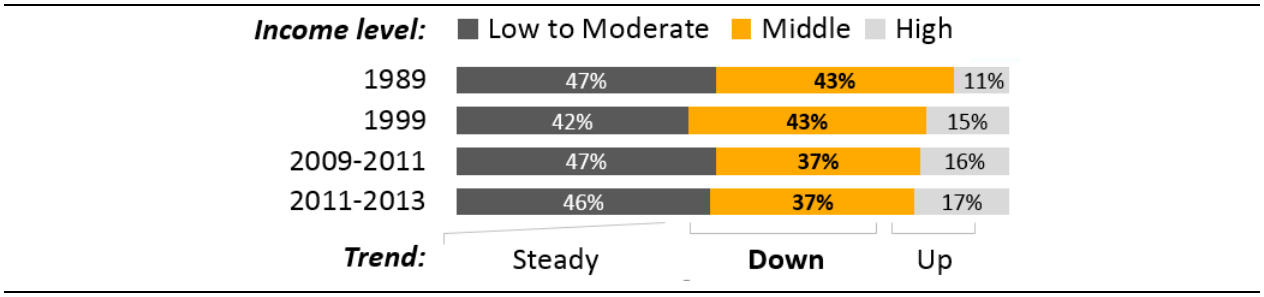
that would build upon and continue the successes of the past while expanding the city's toolkit to respond more effectively to new and emerging challenges. In September 2014, City Council adopted the goal to **Maintain the Middle** as one of six goals to help guide the development of a larger comprehensive housing strategy.

Housing Boulder Goal: Maintain the Middle

Provide a greater variety of housing choices for middle-income families and Boulder's workforce.

In early work prepared during the community outreach phase of Housing Boulder, it was found that…

The share of Boulder's middle income households has declined 6% since 1989, offset by an increase in high income households



Boulder is a university community and the graph above presents our entire community, including student households. The relative share of income categories – low to moderate, middle and high – would be different if student households, which largely fall in the low to moderate income category, were excluded. However, more importantly it shows a trend of an equivalent gain in upper income households for the loss of middle income households in Boulder.

C. Who is the Middle and What Can They Afford?

In the fall of 2015, the city commissioned a Middle Income Housing Study and in January 2016 BBC Research and Consulting provided an in-depth analysis of middle income housing options and trends in Boulder. For the study and future policy discussion, middle income was defined as ranging between 80 and 150 percent of the Area Median Income (AMI).

Middle Income:
80% to 150% of Boulder's Area Median Income

1-Person Households = Earning $53,000-$104,000

3-Person Household = Earning $68,000-$134,000

Middle income jobs include:
accountants, architects, librarians, veterinarians, and web developers

Housing Affordable to Middle Income Households:

1-Person Households =
Affordable Rent
$1,327 - $2,610

Affordable Home Price
$227,071 - $446,781

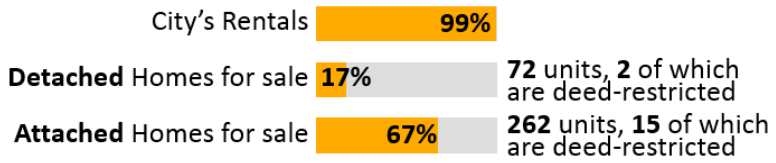
3-Person Household =
Affordable Rent
$1,705 - $3,356

Affordable Home Price
$291,863 - $574,525

D. Key Finding from the 2016 Middle Income Housing Study

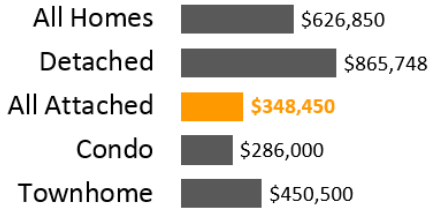
- It is increasingly difficult for middle income families to find housing in Boulder. **Housing prices have risen 31% in the past two years** alone.
- **Middle income households can afford 99% of city's rentals**, but only 67% of attached homes and 17% of detached homes for sale (including 2 middle income deed restricted homes); therefore, the main gap in middle income housing products is for-sale.

What is available to middle income households now?



- Although the vast majority of rentals are affordable to middle-income households, the **types of rentals may not match peoples' needs and preferences** (particularly families and seniors).
- The **inventory of homes affordable to middle income households decreased over the previous fifteen years**, with just 72 single-family detached homes affordable to middle income buyers in 2015 compared to 239 in 2000, and 262 attached homes affordable to middle income buyers in 2015, compared to 515 in 2000.
- **Attached homes maintain affordability better than detached homes**.

Median attached home prices remain lower



- Attached homes are lower priced **even in high-demand areas in Boulder** and are less likely to expand.
- The 2014 Housing Choice Survey revealed that **53% of in-commuters surveyed would consider moving to Boulder in the future**. To live in Boulder:
  - Half would be willing to live in a townhome;
  - One-third would live in a duplex/triplex/fourplex.

E. How Will the Middle Income Strategy Be Used?

The Middle Income Housing Strategy provides a concrete goal for middle income housing in Boulder as well as a framework of policies and tools to reach that goal. It will help to…

- **Inform policy decisions** related to the Boulder Valley Comprehensive Plan update;
- **Advance work items** on the Planning Housing + Sustainability annual work plan, that will produce the programmatic and regulatory infrastructure to reach the goal; and
- **Inform funding** decisions.

Multiplexes at Northfield Commons

"We have ordinary middle class jobs, two incomes, but with three kids we don't expect to be able to move back into the city until their teen years or so, if ever. We hate the carbon footprint of commuting, but we see it as an either-or choice between having a family and living in Boulder."

- 2014 Housing Choice Survey Response

F. A New Goal

Middle Income Housing Goal:

Build or preserve 3,500 middle income homes by 2030

2,500 market-rate middle income

1,000 permanently affordable middle income

The Current Middle Income Goal is Insufficient

Since adoption of Boulder's 1999 Housing Strategy, there has been significant progress toward achieving the city's adopted housing goals, including, notably, the goal to have 10% of the city housing stock be deed restricted as permanently affordable for low and moderate income households. In the third quarter of 2016, there were 3,354 deed restricted affordable homes for low and moderate income households, representing 7.5% of the city's housing stock. It is projected that the 10% Goal could be reached within five years. In contrast, the city's much more modest middle income goal, **450 deed restricted permanently affordable homes affordable to middle income households**, is progressing far slower. Currently annexations are the only tool to create or acquire deed restricted permanently affordable homes for middle income households. As of the third quarter 2016, there were just 107 deed restricted middle income affordable homes in Boulder.

In a time when the median home price in Boulder is well beyond reach of even the highest earning middle income household, and a six percent loss of middle income households has been documented (and is now likely greater), the current middle income goal is no longer sufficient.

"Shared garden space or shared yard a must, if townhome/condo."

-2014 Housing Choice Survey response

Silver Sage, Holiday Neighborhood

Philosophy for a New Middle Income Goal

A middle income goal was set based on our values and recent growth trends and growth projections, while being bold.

Our Values: Be Diverse

Any middle income housing goal should be based on the community values and not a calculation of unmet demand or demands specific to a particular category of households such as workforce households or in-commuters. These calculations can lead to numbers that are either too vast to be attainable or too narrow to address our values as a community.

> **BVCP Housing Choice Policy 7.06 Mixture of Housing Types** (2016 staff-proposed edits in orange) The city and county, through their land use regulations and housing policies will encourage the private sector to provide and maintain a mixture of housing types (e.g., single family, multiplexes, courtyard housing, townhomes, micro-units, and accessory dwelling units) with varied prices, sizes and densities, to meet the housing needs of the full range of the Boulder Valley population. The city will encourage developers to provide a mix of housing types within each development.

Be Realistic

To set a middle income goal, we believe it's important to consider factors such as the remaining capacity for residential development, the existing Residential Growth Management System (one percent annual growth rate), the potential of key policies and tools to produce housing within reach of the middle income households, development trends, and lending practices.

Be Bold

Because of the tremendous need for middle income housing in Boulder, a middle income housing goal should be ambitious and inspire the innovation, creativity, and focus to do as much as possible.

Calculating the New Middle Income Housing Goal

See **Appendix. Calculating the Middle Income Housing Goal** for details on assumptions and methods used to calculate the middle income goal.

G. Monitoring Success

Implementation and Progress

Successful implementation of the Middle Income Housing Strategy can be measured both by the degree to which the recommended policies are implemented and by our progress toward the middle income housing goal.

Two categories of middle income homes will be used to track the goal:

1. **For-sale homes with middle income deed restricting covenants**
2. **Market-rate middle income-oriented homes, affordable to middle income families (e.g., attached, "missing middle", potential for future homeownership, tenure)**

Missing Middle Housing = A range of multi-unit or clustered housing types compatible with single-family homes, common in pre-1940s neighborhoods. In Boulder the market currently produces larger multi-unit apartments as well as single-family homes, but few mid-sized buildings, which middle income households indicated in the 2014 *Housing Choice Survey*, they would choose. Missing middle housing also provides a good transition between established single-family neighborhoods and nearby commercial corridors.

Source: Opticos Design, Inc., www.missingmiddlehousing.com accessed August 22, 2016

Tracking the Goal

City staff currently tracks all deed-restricted affordable homes in the city, therefore deed-restricted middle income homes (#1) can be monitored with ease. Market-rate, middle income-oriented homes (#2) will be monitored through periodic review of residential new construction permit data and market activity. The primary factors that will influence relative affordability over time that serve a diversity of middle income households include:

Size (< 2,000sf) | **Type (attached, missing middle)** | **Cost** | **Tenure**

Tenure Focus on Middle Income Homeownership

Homeownership opportunities for middle income households are eroding, therefore the city's focus is on facilitating housing outcomes that serve middle income homeowners. In contrast, 99 percent of rental housing in Boulder was affordable to middle income households at the time of the Middle Income Housing Study last year. It is most appropriate then that all 1,000 deed restricted middle income homes serve homeowner households. For the homes that are not deed restricted, the city has limited ability to prescribe tenure (rental vs. homeowner). Therefore, the city will monitor housing production, regardless of whether a home enters the housing stock as rental or for sale. However, the city will track homes types that are likely or possible to shift to homeownership in the future. Those homes that match the criteria to serve middle income households will be counted as middle income market-rate homes.

Cost Monitoring Middle Income Rental Housing Affordability

Recent trends in housing overall, including increased rents, low vacancy rates, and limited future development opportunity, point to a need to develop a methodology to track rental housing affordability in order to know if and when interventions are needed. This will include the tracking of rent or sales price at the time of completion of new middle-income market homes.

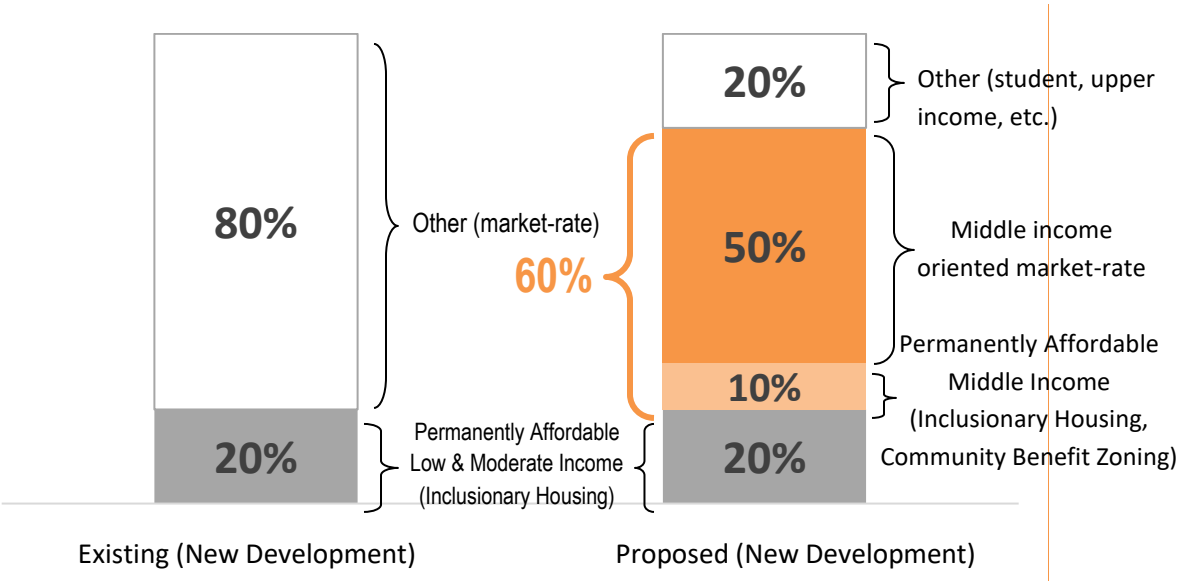
Size and Type Housing Choice and Diversity

Housing is the community infrastructure that informs who gets to live there. Diverse housing options, therefore, should support greater community diversity. Staff will monitor the production of various missing middle housing types (e.g., townhomes, live/work patio homes and condos), as well as their location, size, tenure and price points.

2- Habitat for Humanity Duplexes at Harmony Haven

New Construction and the City's Housing Goals: 20/60/20

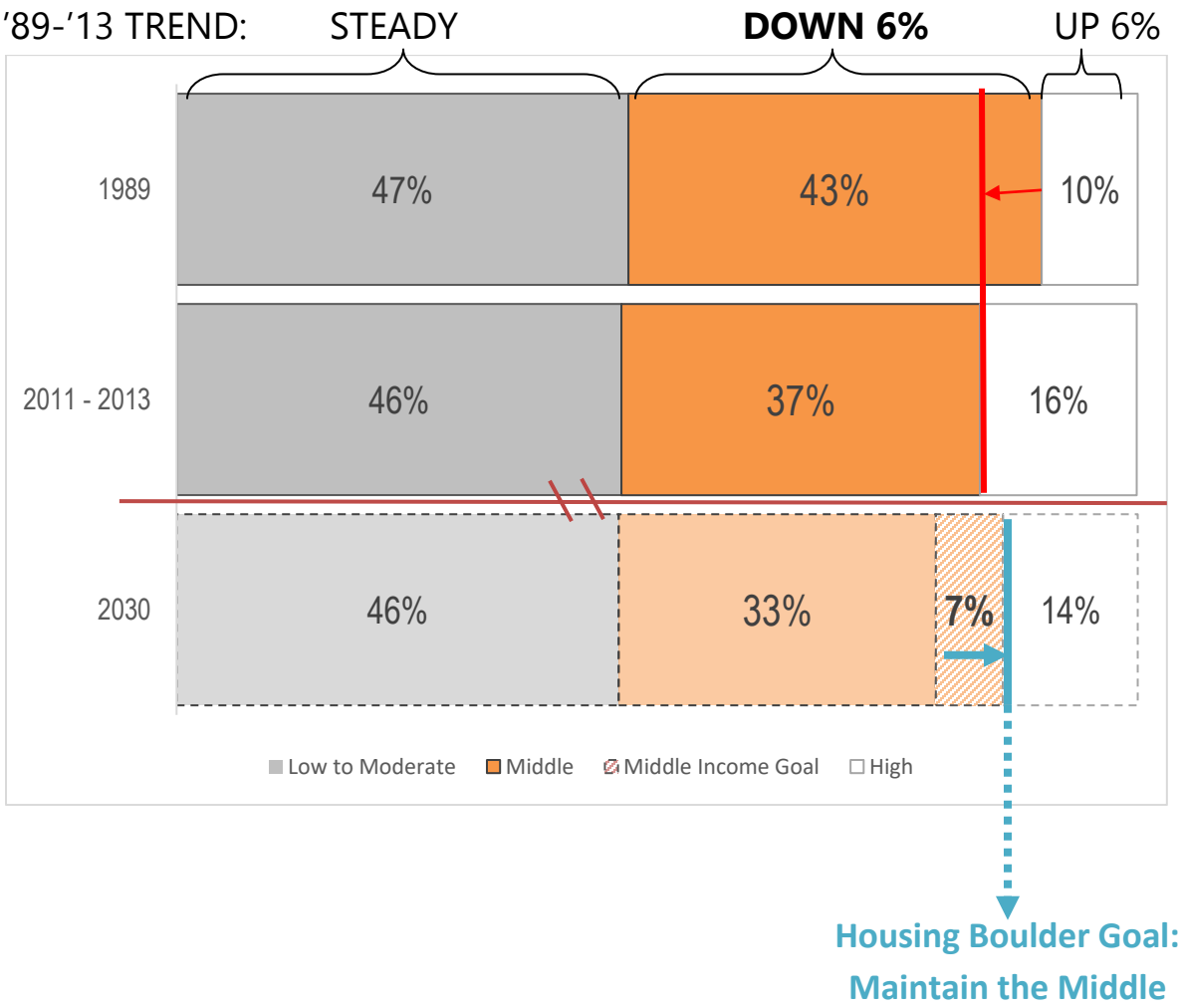
Since 2000, the Inclusionary Housing program has ensured that 20 percent of new residential construction in Boulder, is income targeted to low- and moderate-income households. The new Middle Income Housing Goal would guide 60 percent of new housing development to serve middle income households; therefore, the city's approach for new development would aspire to develop a 20/60/20 mix: 20 percent of new homes would continue to serve low and moderate-income households as permanently affordable, 60 percent would be targeted to serve middle income households (of which 10% would be permanently affordable to middle income households), and 20 percent would serve the balance of the market.



1707 Walnut in Central Boulder

A 7% Goal

Assuming adequate zoning capacity and an average annual growth rate of .8% per year (see Goal Calculation in Appendix), by 2030 the middle income housing goal of 3,500 homes will represent 7% of the city's housing stock. Between 1989 and 2013, a fourteen-year time period, Boulder's economic middle shrank by 6%. If over the next fourteen years (2016 to 2030) the goal of 3,500 homes affordable to middle income households is achieved, Boulder's economic middle will have been effectively maintained. This goal then – preservation and creation of 3,500 middle income homes – would achieve the Housing Boulder goal to Maintain the Middle.



H. Four Key Middle Income Housing Tools

The four key tools to create adequate opportunity to expand the supply of middle income housing in Boulder, include the following.

1. Land Use & Policy

- **Provide recommendations for the Boulder Valley Comprehensive Plan update**
  - **Policy:** Middle income policies
  - **Land use designations:** enable more middle income housing options on land currently zoned industrial and residential

2. Middle Income Community Benefit Zoning:

- Adopt **community benefit policies and outline regulations to establish incentive based rezoning/community benefit zoning** to encourage additional housing opportunities that may be affordable to middle income households. Proposed land use changes should require additional affordable housing benefit specific to middle income affordability. (Note that the BVCP is considering a broader range of community benefits beyond just housing.)

3. Inclusionary Housing (IH)

- **Amend Inclusionary Housing (IH) regulations** to include a middle income tier.

4. Annexations

- Adopt policies requiring a **higher level of middle income community benefit for annexations.**

Policy & Implementation

Land Use and Policy

Policy: Provide policy direction to the current BVCP update that would be consistent with the Middle Income Strategy to land use designation changes for middle income housing opportunities.

Implementation: Rezone appropriate areas to enable housing types that serve middle income households and retain middle income affordability for a longer period of time. Revisit the zoning code to reduce regulatory barriers to moderately-sized units.

Middle Income Community Benefit Zoning

Policy: In appropriate zone districts, and in cases where density or intensity is increased for a project, require an increased level of middle income housing units.

Implementation: Require and incentivize deed restriction, "missing middle" unit types, units that serve specific middle income households such as seniors or families, and potentially homeownership.

Inclusionary Housing

Policy: For new developments, require residential developers to provide a certain percentage of housing on-site units as permanently affordable to middle income households.

Implementation: Find a balanced approach to achieving middle income housing goals in addition to the current 20 percent requirement for low and moderate income housing. Financial analysis will be required to determine an appropriate percentage (e.g., 5, 10, 15%).

Annexations

Policy: Specify housing types for both market and deed restricted affordable units appropriate for specific middle income demographics (e.g., seniors, families, etc.)

Implementation:

1. Explicitly require housing types that serve target middle income demographics.
   a. "Missing middle" small to medium sized attached (e.g., duplex to 8-plex, townhomes)
   b. Seniors (e.g., patio homes, accessible, 1-2 bedrooms)
   c. Families (e.g., 2-4 bedrooms, some yard/outdoor play area)
2. Limit house size throughout a development project (e.g., maximum of 2,500 square feet)

I. Secondary Middle Income Housing Tools

Additional tools/strategies were identified as promising to allow the development and preservation of 3,500 middle income housing homes in Boulder by 2030:

Secondary Middle Income Housing Tools

- = Prioritized on 2016-17 Housing Boulder Work Plan
- = In cue on 2016-17 Housing Boulder Work Plan; will need to be prioritized
- = Would need to be added to and prioritized on Housing Boulder Work Plan

Preservation (Deed-restricting existing homes)

1. **Include some middle income homeownership opportunities in affordable acquisition/rehab projects:** When feasible require affordable acquisition rehab projects, which are typically rental, to also include some share of deed restricted ownership homes that serve middle income households.
2. **Explore providing a rehab/redevelopment path for non-conforming properties** that currently have more units than what is allowed by zoning in order to retain the additional units in exchange for deed restriction. Identify properties that have non-conforming density (additional units) due to zoning that occurred after the property was constructed. Establish an ordinance that would allow the property to be substantially rehabilitated or rebuilt with the same number of units if some share of units is deed restricted permanently affordable to middle income households.
3. **Home donation program**: Through estate planning, Boulder homeowners can donate homes or proceeds of the sale of homes to the city's housing program.
4. **Targeted funding:** Limited funding sources exist for deed restricted affordable middle income housing. When strategic opportunities present themselves, the city will make such an investment.
5. **Homebuyer and homeowner assistance:** Explore establishing homebuyer and homeowner assistance programs that could result in permanently affordable middle income deed restrictions.
6. **Additional funding for deed restricting existing housing:** Explore the establishment of a significant funding source (e.g., city issued bond), to fund large-scale deed restriction of existing housing.

Neighborhood Innovation Pilot Program

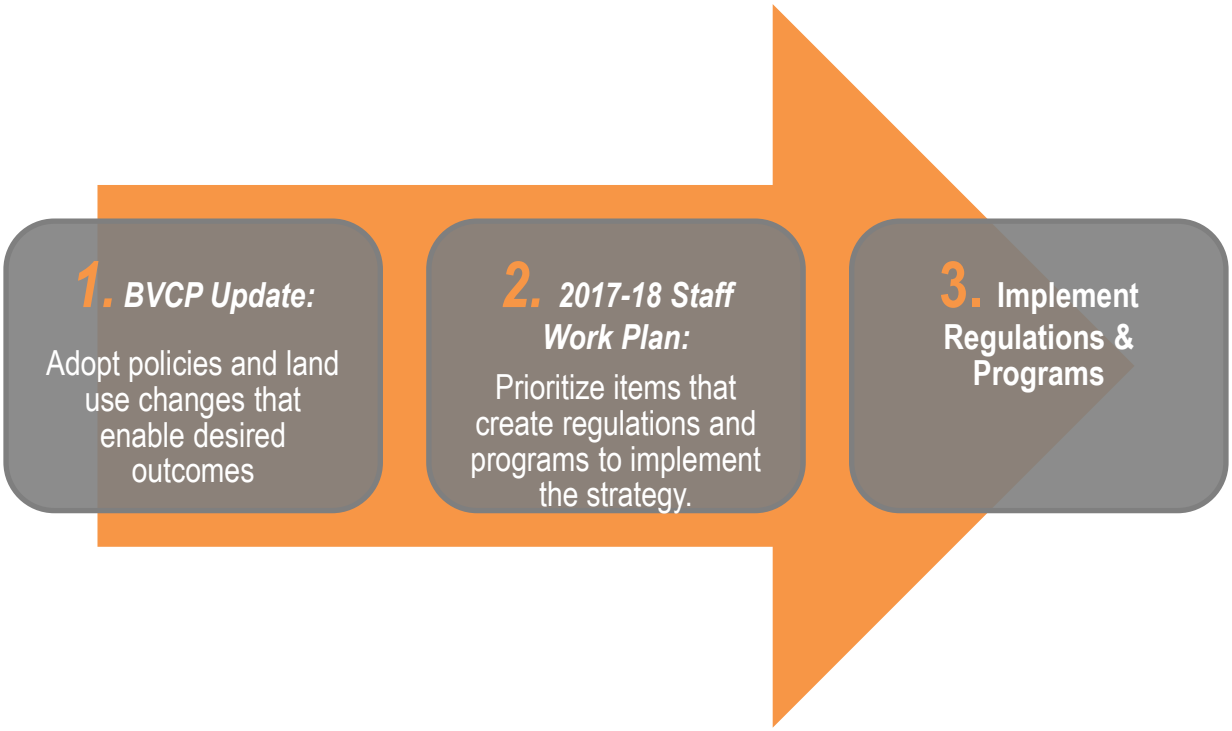
Institute a Neighborhood Innovation Pilot Program to provide a bottom up path for willing neighborhoods to re-imagine their built environment. Proposals brought to the Middle Income Housing Working Group include, infill within existing neighborhoods and re-envisioning large single-family lots within the 'residential estate' zone district.

Amend the ADU/OAU Ordinance

Amend some or all requirements in the ADU/OAU ordinance (e.g., no more than 10% ADUs in a specific area, parking requirement, neighborhood notice, size limits) to allow more ADUs and OAUs within the city. Ensure that the ADU/OAU ordinance results in deed-restricted units.

J. Implementation Steps

A goal of 3,500 middle income homes in Boulder by 2030 is highly ambitious. This strategy maps out key and secondary tools that will get us there. Housing production and preservation of existing middle income housing affordability is very unlikely to be adequate to meet this goal if the policies and tools are not put in place.



K. Conclusion

The development of this middle income strategy has engaged the diverse and thought provoking input of the committee members that represent the city council and planning board. The committee has wrestled with and largely addressed their original scope of three items: 1) a new middle income goal, 2) identification of tools and impacted polices and 3) funding mechanisms. The goal presented in this strategy of creating 3,500 middle income housing units by 2030 is clearly aspirational and will require the commitment and dedication of the city to fully implement all four strategies. 1) **Land Use and Policies** that will create more moderately sized homes on land currently zoned industrial and residential, 2) **Middle Income Community Benefit Zoning** to establish incentive based re-zoning that encourages additional housing opportunities. 3**) Inclusionary Housing** policies to include a middle income tier. 4**) Annexations** that require a higher level of middle income community benefit. The output of these tools and strategies will develop an additional 7% of affordable housing stock in the city to significantly address the losses to middle income housing that we have experienced as a community over the last fifteen years. With affordable housing being the top concern to the community through various surveys, continual engagement with the community will be a key next step in sharpening the focus of these interventions.

APPENDIX

Calculating the Middle Income Housing Goal

Methods & Assumptions

1. **Timing:** 2030, fourteen years from 2016, provides a reasonable timeframe to put policy and programs in place and generate new or preserve existing middle income homes.

2. **Parameters for Maximum Potential New Units:** Existing land use and zoning, which is projected (2015) to produce 6,750 new homes by 2040, does not support achievement of the middle income housing goal; however, land use changes explored through the 2016 BVCP update process, could result in additional capacity of 3,750 to 6,100 homes for a total capacity of 10,500 to 12,850 homes. Only if land use changes are adopted that enable an adequate number of additional homes will the suite of tools recommended in this strategy produce enough housing to achieve the middle income goal.

3. **Annual Growth Rate:** Between 2011 and 2014, the annualized growth rate in Boulder was 0.8%. The goal was based on the assumption that the tools put forward in this strategy, including changes to land use, are implemented and that future growth of residential development in Boulder will continue at this same rate through 2030.

4. **Permanently Affordable Low-to-Moderate-Income Units:** Based on city policies (Inclusionary Housing) requiring 20 percent of new residential development serve low-to-moderate income households (*not* middle income), we assumed this share of new construction would be permanently affordable to these income categories, and therefore not serve middle income households. This estimate is conservative given that between 2000 to 2015, the average annual share of units permanently affordable to low and moderate income households was 24 percent.

5. **Middle Income Share of New Development: 60 percent of new units *not deed restricted to serve low and moderate income households* could serve middle income households.** Some redevelopment activity that serves upper income households, students, and others will continue to occur; however, with aggressive adoption of middle income policies and tools, 60 percent of new residential construction is proposed to serve middle income households (both deed restricted and market-rate affordable). In the 2016 *Middle Income Housing Study*, BBC Research found that attached housing is more affordable than detached across Boulder's sub-communities. The Boulder Valley Comprehensive Plan team and consultants are exploring housing prototypes, including reviewing the durability of affordability.

Methods & Assumptions (Continued)

6. **Preservation:** Preservation (deed restricting existing homes) is typically both opportunistic and voluntary. Furthermore, the per unit subsidy to help a middle income homebuyer purchase a home and secure a deed restriction is quite high. Therefore, tools such as allowing existing density, a less funding intensive tool, will be pursued to preserve and deed restrict units. Assuming aggressive policies and programs (both funding and regulatory) are adopted to secure middle income affordability, 500 existing units could be preserved.

7. **Deed Restricted Units:** A total of 1,000 deed restricted units would be created through a combination of preservation (500) and new development (500). With the adoption of new community benefit policies for annexation and zoning districts, expansion of Inclusionary Housing to serve middle income households, and land use changes to increase residential potential in Opportunity Areas as part of the Boulder Valley Comprehensive Plan update, a total of 1,000 permanently affordable middle income units could be gained through preservation and new construction.

Calculation on following page.

Calculation: Middle Income Housing Goal

Potential Middle Income Units		Number	
New Construction Units (Middle Income Only)			
1.	Total housing units in Boulder (2016)	45,422	
2.	(Assumption 3) Average Annual Growth Rate (2011 – 2014)	0.8%	
3.	Estimated total housing units in 2030 (0.8% annual growth rate)	50,782	
4.	New housing units produced, 2016 to 2030 *would require land use changes*	5,360	
5.	(Assumption 4) Share of new units permanently affordable to low-to-moderate-income households (does not include preservation of existing units, 2000 – 2015)	20%	
6.	New units permanently affordable to low-to-moderate-income HHs	1,072	
7.	(Assumption 5) Share of new units that will serve middle income households (market-rate and permanently affordable)	60%	
8.	New market-rate and permanently affordable middle income units, rounded	3,000	
Preservation of Existing Units (Middle Income Only)			
9.	(Assumption 6) Existing units deed restricted permanently affordable	500	**Share of Housing Stock**
Middle Income Housing Goal			
PROPOSED NEW GOAL (3,000 New Units + 500 Existing Units; Share of Housing Stock: Goal ÷ Estimated total housing units in 2030)		**3,500**	**7%**
(Assumption 7) Deed Restricted (Deed restricted share: Deed restricted goal ÷ Estimated total housing units in 2030)		1,000	2%
Market Rate (3,500 Total Units – 1,000 Deed Restricted Units; (Deed restricted share: Market-rate component of goal ÷ Estimated total housing units in 2030)		2,500	5%

If the city is successful at reaching the goal – 3,500 middle income housing units – by 2030, based on the assumptions in the goal calculation, seven percent of housing produced will be restricted or targeted to middle income households. Between 1989 and 2013, it is estimated that the share of Boulder's middle income households decreased by six percent. Achieving this goal is expected to meet and potentially even exceed the Housing Boulder goal to maintain the middle (see subsection *A 7% Goal* under *Section F. A New Goal*). To reach a goal of 3,500 middle income homes by 2030, the Key (G) and Secondary (G) Tools (H), and Implementation Steps (I) identified in this strategy will need to be executed. **To the degree efforts are scaled back, the likelihood of reaching this ambitious middle income housing goal lessens.**

Feedback from the Middle Income Working Group that was <u>Not</u> Incorporated into the Middle Income Housing Strategy

The strategy is meant to provide a policy framework, including community priorities for action and specific tools, rather than reflect the working group conversation and specific points of disagreement or concerns raised. Below, we have captured those major points of conversation not otherwise represented in the Middle Income Housing Strategy and have provided a staff response.

- ***Concern:*** **Market-rate affordability.** Market-rate housing may not remain affordable to middle income households in the future.

  Staff Response: As part of the Boulder Valley Comprehensive Plan update, housing prototypes are being explored that are intended serve middle income households and provide broader housing diversity. An economic analysis of prototypes will be performed to better understand likely initial price points and changes in cost over time. Ideally, the strategy will inform the nature of those units, encouraging outcomes that align with the community's desire to have more housing options that are affordable. Costs of these housing types will be monitored to assess the affordability both of the initial sales price and resales prices over time. Adjustments to the strategy may be needed if affordability is lost.

- ***Concern:*** **Use of Boulder County AMI figures.** The Area Median Income (AMI) figures used for analysis in the Middle Income Housing Study are for Boulder County, yet the home sales price data used to discuss affordability is specific to Boulder. Shouldn't we use City of Boulder AMI?

  Staff Response: The City of Boulder's median household income is consistently lower than Boulder County's, in part, as a result of the community's large student population. For example, in 2014, City of Boulder's median household income was estimated to be $58,062, whereas Boulder County's was estimated to be over $10,000 higher; $69,407. This suggests that the Boulder County AMI is more reflective of nonstudent households, the target demographic of a Middle Income Housing Strategy. Use of the Boulder County AMI is consistent with Division of Housing practice, which uses AMI to determine if a household's income is low enough to qualify to purchase or rent particular affordable homes. This practice, using the Boulder County AMI figures, aligns with state and national funding sources.

- ***Concern: Expensive homes potentially inflate the median home price:*** Can we use a median home price that excludes the larger homes that may skew the data, particularly in the case of single-family detached homes?

Staff Response: BBC Research and Consulting provided median home price figures for homes under 2,000 square feet inclusive of basement space using the same 2015 market data used in the 2016 Middle Income Housing Study. Median *attached*, *condo* and *townhome* prices were virtually unchanged when 2,000 square foot and larger homes were excluded; however, the median *detached* home price decreased by nearly $200,000 when larger homes were excluded ($865,748 median home price when all homes included compared to $650,000 when only homes under 2,000 square feet were included). Using standard assumptions, $650,000 is still beyond the means of a 3-person household at the upper end of the middle income spectrum.

- ***Concern: Can ADUs really provide housing for middle income households?***

  Staff Response: Potential middle income beneficiaries of an update to the ADU ordinance include seniors as well as middle income individuals who inhabit the ADU as renters. Additionally, inclusion of an ADU in a higher valued home could provide an income stream to the current middle income owner that makes the home more affordable. However, the addition of an ADU may increase the overall value of the home, making it even less affordable upon resale. Therefore, ADUs could provide short-term middle income housing gains unlikely to be passed on to the next household to purchase the home.

- ***Suggestion:*** **The city should float a large bond to support deed restriction of housing for middle income households.**

  Staff Response: While there was interest in this tool from some working group members, some questioned its viability. Exploration of a large bond has been added to *I. Secondary Middle Income Housing Tools*, (item 6 under Preservation). While a large enough funding source, such as a large bond, for middle income housing could be transformative, numerous questions will need to answered, including, for example:

  1. Would there be voter support for such a bond? Past hotel and occupation tax proposals that would have yielded funding for low and moderate-income housing were defeated by voters.
  2. Housing Boulder outreach did not find support for the idea of funding middle income households.
  3. How much housing could such a bond support given the high price of market rate housing?
  4. How would the program be designed; deed restriction, shared equity?

  Some preliminary exploration is underway to answer these questions; however, with so many unknowns, this tool is listed as “secondary” rather than “key”.

- ***Suggestion:*** **Mobile home parks as a middle income housing strategy.** Include preservation and an increase in mobile home parks in the Middle Income Housing Strategy.

- ***Staff Response:*** Most residents of existing mobile home parks are low income. For example, the Orchard Grove Conservancy 2009 report found that three quarters of households in the park earned 50 percent or less of the Area Median Income (AMI) and at the Mapleton Mobile Home Park prior to the park being made permanently affordable, 89 percent of residents had incomes at or below 60 percent AMI. Therefore, the Middle Income Housing Strategy does not align with mobile home park-related issues and opportunities.

- ***Suggestion: Consider household assets as well as income.*** Income is only one aspect of what a household can afford to pay for housing. Assets should be factored in as well.

  Staff Response: The city homeownership program does factor in assets when determining household eligibility for affordable housing however, they complicate policy discussions. In addition, a variety of other factors also determine whether or not households can actually afford housing. Examples include, transportation costs, child and elder care costs, energy costs, and household debt. Generally, income and down payment availability provide an adequate picture of who may benefit from city programs sufficient for policy discussions.

C I T Y O F B O U L D E R
PLANNING BOARD AGENDA ITEM

MEETING DATE: October 20, 2016

AGENDA TITLE: Update on 30th and Pearl Redevelopment Scenario Analysis

REQUESTING DEPARTMENT:
Planning, Housing & Sustainability
David Driskell, Executive Director
Susan Richstone, Deputy Director for Planning
Kurt Firnhaber, Deputy Director for Housing
Molly Winter, Director of Community Vitality
Eric M. Ameigh, Public Works Projects Coordinator

OBJECTIVE:
Update Planning Board and solicit feedback on analysis and recommendations related to the 30th and Pearl Redevelopment Scenario Analysis

SUMMARY

Staff has prepared materials for the October 25, 2016 study session related to the future redevelopment of the city-owned site at 30th and Pearl. Planning Board feedback on this item would be helpful in informing the council conversation. Staff will present this item at the October 20 Planning Board meeting.

ATTACHMENTS:
Attachment A: October 25, 2016 Study Session Memo: 30th and Pearl Redevelopment Scenario Analysis

STUDY SESSION MEMORANDUM

TO: Mayor and Members of City Council

FROM: Jane S. Brautigam, City Manager
David Driskell, Executive Director of Planning, Housing and Sustainability
Susan Richstone, Deputy Director of Planning
Kurt Firnhaber, Deputy Director of Housing
Molly Winter, Director of Community Vitality
Eric M. Ameigh, Public Works Projects Coordinator

DATE: Oct. 25, 2016

SUBJECT: 30th and Pearl Redevelopment Scenario Analysis

I. PURPOSE

The purpose of this study session is to solicit council feedback on a representative range of potential redevelopment options of the city-owned site at 30th and Pearl. Council's input and guidance on the preferred development direction will shape the next steps. Staff, in collaboration with consultants from Coburn Development, has prepared a collection of redevelopment scenarios which meet the city's goals for the site, but which also illustrate the extent to which a focus on any one specific goal can alter the development outcome.

The purpose of the study session is not to make final decisions on site redevelopment, including mix of uses and site design, but rather to provide parameters for a future request for proposals (RFP). The feedback provided by council will assist staff in crafting an eventual RFP for site redevelopment.

II. QUESTIONS FOR COUNCIL

1. Does council have questions about the potential redevelopment scenarios?
2. Does council agree with the analysis of pros and cons related to the scenarios?
3. Does council agree with the application of the draft middle income housing strategy to redevelopment of the site?
4. Does council agree with the recommended approach to a Preferred Alternative?

III. BACKGROUND

A comprehensive update on development activities in the Transit Village Area Plan (TVAP) was provided to council in October 2015. The memo, which can be found here, also includes an extensive background on the city-owned site and the area planning effort.

Transit Village Area Plan

The TVAP was adopted in September 2007 after a planning effort that began shortly after the acquisition of the Pollard Motor property in 2004. The plan outlines a set of goals and objectives for achieving a broad vision established for the 160-acre Transit Village Area, including the following main goals.

Goal 1: *Create a well-used and well-loved, pedestrian-oriented place that includes a* special character, a mix of retail and commercial uses, a significant amount of housing and engaging, convenient and safe pedestrian and bike connections.

Goal 2: *Support diversity through land use and travel options* that expand opportunities for employees and residents of differing incomes, ethnicities, ages and abilities by including a variety of housing types at a range of prices from market rate to affordable; services that support residents, adjacent neighbors and businesses; support for locally owned and minority-owned businesses in the area; public spaces to celebrate diverse ethnicity; space for nonprofit organizations; and affordable spaces for retail, office and service industrial uses.

Goal 3: *Enhance economic vitality:* Increase economic activity for businesses, increase revenues for the city of Boulder, reduce transportation costs by including neighborhood-serving retail uses and regional retail uses that complement the large investment of the Twenty Ninth Street project, and provide convenient and safe connections to downtown and to Twenty Ninth Street. Provide additional office uses in locations close to the future transit facilities and new residential areas. To enhance economic vitality, the city should develop a realistic economic development plan that includes implementation techniques for public/private partnerships.

Goal 4: *Connect to the natural and built environment:* Create a place that reflects Boulder's commitment to environmental sustainability and "green" development, is integrated with the natural features in the area, and connects to the larger city fabric. Include innovative "green" energy-efficient site planning, architecture and urban design. Develop an overall storm water management plan for the area in lieu of property-by-property storm water detention. Provide connections to existing natural amenities such as the Goose Creek greenway, the Boulder Slough (ditch) and Boulder Creek, and take advantage of views and view sheds from key locations.

Goal 5: *Maximize the community benefit of the transit investment:* Locate homes and employment to maximize access to local and regional bus service, future commuter rail and bus rapid transit, and to allow for a pedestrian-oriented lifestyle. Develop lively and engaging commuter rail and regional bus locations. Improve the balance of jobs and housing in the community through new mixed-use neighborhoods in areas close to multiple transit facilities. Develop and adopt managed parking strategies; reduced parking requirements in the hub; and

transportation demand management strategies. Encourage multimodal access and mobility within the area and to the rest of Boulder.

Goal 6: *Create a plan that will adapt to and be resilient for Boulder's long-term future:* the plan builds in flexibility, allowing for serendipity and changes in use over time and provides for increased density in targeted locations.

City-owned Site at 30th and Pearl streets

In 2004, the city purchased eight acres on the west portion of the Pollard Motor site for mixed-use development, and RTD purchased 3.2 acres on the east portion for a transit facility. As part of the purchase agreement, Pollard Motor retained a lease to occupy the western 5.5 acres of the site through 2016. The site was acquired for $9.5 million and funded through the following sources:

1. $2.5 million in funding from RTD;
2. $2.1 million in Community Housing Assistance Program (CHAP) funds;
3. $2.4 million borrowed through a Fannie Mae line of credit established with council approval and repaid with the city's local affordable housing funds; and
4. $2.5 million financed by Pollard (terms: 6.5 percent interest with monthly payments)

The city's goals when it purchased its portion of the site were to:

- advance Boulder's long-range vision for a TOD that maximizes public investment in multimodal transportation, infrastructure improvements and affordable housing;
- create a mixed-use development with predominantly residential uses and some supporting commercial uses as determined by a future market study;
- create a range of housing types;
- create a substantial amount (up to 50 percent) of permanently affordable housing, with the remaining 50 percent of the housing sold or rented at market rates; and
- create a mix of ownership and rental housing at a range of 220 to 300 units.

Chapter 3 of the TVAP, titled "Urban Design," envisions that the city-owned site will be used to create a new transit-oriented, mixed-use neighborhood that is predominantly residential, with some retail and office space. Located in the Pearl Street Center District of the planning area, it is envisioned as a high-intensity mix of housing and associated commercial uses, capitalizing on its central location and the regional bus facility. Up to half of the residential units on the city-owned site are envisioned as permanently affordable housing for low- to moderate-income, primarily workforce, households and/or targeted to hard-to-serve populations that would greatly benefit from proximity to transit, such as people with disabilities.

The city has leased 4.3 acres of the 5.45-acre property to Pollard Friendly Motor Company through Oct. 30, 2016. The original lease ran through Oct. 30, 2014, but Pollard exercised an option in the lease to extend to 2016 and also to purchase a portion of the city's Municipal Service Center as a site to relocate its business. Pollard is currently working to complete construction at its new location.

IV. ANALYSIS

The approach to the future development of the site has been to plan for an issuance of a request for proposals (RFP) closer to the time when the lease with Pollard Motors expires. Similar to the

successful process for developing Depot Square, a RFP is envisioned to be used for development of the site, which could include identified criteria for success to guide proposals while allowing a high level of creativity and a range of design solutions. The city may, at that time, provide the land at little or no cost in return for the delivery of specified community benefits as part of a comprehensive development proposal. Those benefits would include specific unit types and mix as well as income levels, but could also include other priorities.

Following a comprehensive update on TVAP implementation in October 2015 and workplan conversations in early 2016, council directed staff to study potential redevelopment options for the purposes of determining the parameters for an eventual RFP for site redevelopment. Consultant services for assistance with scenario planning were procured through a competitive qualifications-based process in the spring of 2016. Coburn Development of Boulder was selected to assist staff in developing representative scenarios that would help guide the discussion by illustrating opportunities, constraints, and the tradeoffs inherent in different choices.

Coburn and staff worked collaboratively throughout 2016 to build scenarios that would do the following:

1. Meet, to the greatest extent possible, the goals of TVAP as well as the site acquisition goals.

2. Comply with the recently adopted Form Based Code (FBC) for the site.

3. Take into account existing market conditions.

4. Maximize the value of the site where possible to facilitate achievement of policy goals.

The scenarios focused on development assumptions and rigorous testing. The foundation of the scenarios comes from a robust pro forma analysis which details the project's financials under different circumstances. ***Urban design and architecture were studied only so far as to test the physical viability of various use mixes and to ensure conformity with zoning and the FBC. This is illustrated at a high level through the use of bulk and massing diagrams. More detailed design work will take place through the eventual development and review processes once a development partner(s) has been determined.***

Analysis Assumptions and Constraints

In developing the scenarios, it is important to note that the city site is not a blank slate and not just anything can happen there. Its future is governed by a number of factors, including past policy decisions and market realities. The scenarios take these assumptions and constraints seriously.

<u>Policy and Planning History</u>

The city site, as detailed in the Background section, has an extensive planning history, including a longstanding focus on housing and affordable housing as an end use. The scenarios meet existing goals in different ways but all are more or less in alignment with TVAP goals and responsive to more recent developments such as the FBC pilot and the draft middle income housing strategy.

Regulatory

The goals of TVAP as they relate to use, urban design, and architecture are brought to life on the site partially through zoning and the FBC. Per TVAP, the site is planned for Mixed Use 2 where the predominant uses in mixed-use areas could be business or residential, with homes mixed vertically (above businesses) or horizontally (residential buildings next to commercial buildings.) Page 17 of TVAP notes that Mixed Use 2 areas allow "*three- to four-story mixed use buildings around a floor area ratio (FAR) of 1.5 to 2.0. Predominant use may be business or residential…..parking would be "mostly structure or first floor parking; may have some surface parking*." More specifically, the site is within a sub district of TVAP entitled the "Pearl Street Center District." The Pearl Street Center district is described as an area that will "*become a high-intensity mixture of housing and retail, capitalizing on its central location and the future regional bus facility."*

The site is zoned MU-4. MU-4 areas are described as mixed use residential areas generally intended for residential uses with neighborhood-serving retail and office uses, and where complementary uses may be allowed. The site is also subject to the FBC, which supplements, and in some cases supersedes, the underlying zoning. The FBC establishes building form and design requirements for development within the area. The requirements implement the desired development, including functional characteristics, form, and design character and quality, as guided by previous plans.

All scenarios have been designed to meet not only regulatory purposes and intent, but also the "letter of the law." At the level of design detail that has been offered through the scenarios, no deviations from the existing regulatory framework have been suggested.

Parking

The provision of parking has been assumed at a gross level for the purpose of building realistic scenarios. All scenarios include a mix of tuck under, on street parallel, and underground structured parking. Each scenario assumes approximately one parking spot per dwelling unit and one spot per 500 square feet of non-residential space. The assumed amount of on-site parking was driven by a variety of factors, including required development standards, marketability of housing units and retail space, and the existing capacity of the Boulder Junction Access District's (BJAD-P) parking facilities. The ownership and management of the parking, including the role of BJAD-P, would be determined later, during the redevelopment process.

Highest and Best Use

An analysis of real estate sales and lease rates in the area during the spring of 2016 revealed that residential uses are the most valuable, reflecting the high level of demand for housing units in Boulder. The ranges of property values, as measured in dollars per square foot, were as follows:

Use Category	$/Square Foot
Residential	$475-$529
Retail	$313-399
Office	$226-$288
Land	$46-$63

Supply of housing in Boulder seemingly cannot keep up with demand and prices continue to rise. Any land that can be used for residential uses is rising in value accordingly. This is not to say

that office or retail uses are not viable, but to the extent the city hopes to harness the maximum value of the city-owned site for the purposes of achieving TVAP goals, it is best to plan for a heavily residential use. And, it follows, the more housing that can be built, the more valuable the site will be.

The uncertainty of retail feasibility means that too much neighborhood-serving retail space can negatively impact overall project finances. As such, each of the four scenarios allows for neighborhood serving retail at the ground level along Pearl and 30th streets, as called for in the TVAP's Pearl Street Center District Guidelines, but limits the total square footage to approximately 21,500 square feet.

Middle Income Housing Strategy

The Middle Income Working Group has completed its draft strategy for addressing the challenges of creating and maintaining middle income housing. This strategy defines a middle income goal to replace the 6 percent loss of middle income housing over the past fifteen years – a goal to create and preserve 3,500 middle income housing types that will include 1,000 deed restricted homes.

To accomplish this goal in part, through new construction, an increased level of affordability would be required above the current 20 percent. New developments would maintain the current 20 percent affordability for low and moderate income households; however, up to 60 percent of new units would be targeted at middle incomes, earning from 80 to 150 percent of the Area Median Income (AMI). A portion of these middle income homes would be deed restricted for permanent affordability.

To achieve this goal, strong support will be required to implement four main tools:

1) *Land Use and Policies* that will create more moderately sized homes on land currently zoned industrial and residential.

2) *Middle Income Community Benefit Zoning* to establish incentive based re-zoning that encourages additional housing opportunities.

3) *Inclusionary Housing* policies to include a middle income tier.

4) *Annexations* that require a higher level of middle income community benefit.

The draft strategy, which is being presented along with this item, is aspirational in nature. The percentage targets described above are subject to additional analysis and refinement. In point of fact, the 30th and Pearl redevelopment scenario analysis has revealed some challenges with achieving the targets. Additional information can be found in the memo for the Middle Income Housing Strategy item.

That being said, the four scenarios have been designed, to the greatest extent possible within the assumptions and constraints, to attempt to conform with the draft strategy. Three of the four scenarios include a minimum of 20 percent permanently affordable units for low-moderate income households and 10 percent permanently affordable units for middle income households, which are the envisioned inclusionary requirements under the draft strategy.

Unmet Goals of TVAP

TVAP sets a number of targets for new housing units, affordable housing units, and non-residential space (tables below). Progress has been made toward the goals as Phase 1 redevelopment has occurred, but the minimum targets have not yet been reached. Likewise, the city site has its own specific goals which also contribute to meeting TVAP goals.

Housing Unit Counts and Affordable Housing

TVAP projects 1,400-2,400 new housing units, of which 300-475 would be permanently affordable. To date, redevelopment has resulted in just over 1,000 total units and only 181 affordable units.

TVAP Total Metrics	Units	Perm. Affordable		Market Afford.	Other Market	Ownership
		Middle	Low-Mod	Prices/rents not specified		
Projected to add	1400-2400	300-475 total		1100-1925 total		Not specified
Phase 1 to date	1028	0	181	741	106	133
Minimum Difference	372	119 total		N/A		N/A
City Site Metrics						
Projected to add	200-300	100-150 total		100-150 total		Not specified

Range of Prices

Housing goals in TVAP include a desire for a range of prices, from market to affordable, to meet diverse needs. The plan specifically references workforce housing, senior housing, family housing, and housing for special populations such as those with disabilities. The addition of more permanently affordable housing units, for both low to moderate (low-mod) and middle income households, would increase the range of prices available.

Variety of Housing Types and Tenure

TVAP envisions a variety of housing types and a mix of rental and ownership units to serve a diverse collection of households. To date, stacked flats have been the dominant housing type and 87 percent of units in Boulder Junction are rentals.

Non-Residential Space (Including Retail)

TVAP includes a goal to "Incorporate neighborhood serving retail uses, as well as regional retail uses that will complement Twenty Ninth Street." At the time the plan was completed, projections indicated potential demand for up to 10,000 square feet of neighborhood-serving retail. Small scale retail, while a critical component of vibrant neighborhood and street life, faces feasibility problems when there are too few people in close proximity to patronize the businesses.

TVAP Total Metrics	
	Non-Res. (sq. feet)
Projected to add	900K-1.4M
Phase 1 to date	650,000
Minimum Difference	250,000
City Site Metrics	
Projected to add	TVAP says TBD

The plan also suggested that the feasibility of larger-scale retail near Pearl & 30th streets would be investigated at a later date. Larger scale retail is also facing conditions different from those of the mid-2000s. Shifting consumer preferences and the rise of online shopping mean that retail

development is not a sure bet. Coburn's analysis of land values and lease rates in central Boulder indicate that retail is still a less valuable land use than residential in the neighborhood, reflecting different levels of demand for residential and retail space.

Urban Design and Neighborhood Character

The redevelopment of properties within the TVAP area is taking place according to the plan and the urban design improvements have been positive. The city-owned site will be expected to meet or exceed the standard set by recent redevelopment projects. To that end, the FBC pilot, born out of the Design Excellence initiative, will insure that the site reflects the high quality design and neighborhood character called for in TVAP.

Weighing Pros and Cons of Scenarios

Knowing which goals of TVAP remain unmet is helpful in determining the criteria for evaluation of the scenarios. The main purpose of developing and analyzing the various scenarios is to illustrate the different ways that the unmet goals can be met on the city-owned site. The weight given to different goals, however, can influence the development outcome, even though all scenarios might be minimally acceptable from a policy perspective. In fact, the scenarios all represent progress toward meeting outstanding TVAP goals, but they do so by each emphasizing the goals differently and thus revealing potential choices and tradeoffs.

In weighing the pros and cons of the scenarios, it is first important to note that certain attributes are the same across all of them. All scenarios are the same in the following ways:

1. Parking: All assume approximately one space per dwelling unit and one space per 500 square feet of non-residential space.

2. Use mix: All assume approximately 21,500 square feet of neighborhood-serving retail at ground level along 30th Street and Pearl Parkway, and adjacent to the Hyatt hotel, in line with TVAP and FBC. The vast majority of the site is dedicated to housing, including a large amount of affordable housing.

3. Site plan: The site plans for all scenarios are very similar, reflecting rigid adherence to the FBC.

What is more important for a meaningful analysis is the collection of ways in which the scenarios are different. They are different in the following ways:

1. Unit count: Different scenarios contain different numbers of total housing units.

2. Permanent affordability: The scenarios offer different numbers of permanently affordable housing units for low and moderate income households and middle income households.

3. Unit type variety: Some scenarios include only stacked flat units, while others offer a variety of stacked flats and lower density options such as townhomes.

4. Range of incomes served: All scenarios feature different combinations of low-mod affordable, middle income, and market rate units.

The differences between the scenarios are where the choices and potential tradeoffs can be found. Key questions upon which to judge the scenarios therefore include:

1. Because TVAP Phase 1 has not yet met its goals for total number of housing units, which scenario provides the most housing units?

2. Because TVAP Phase 1 has not yet met its goals for total number of permanently affordable housing units, which scenario offers the most permanent affordability?

3. Because TVAP Phase 1 has not yet met its goals for variety of housing types, which scenario adds the most unit type variety to the neighborhood?

4. Because TVAP is in need of more variety in rents and sales prices, which scenario offers the most price variety to the neighborhood?

Criteria for Evaluation - Does it meet TVAP Goals?				
Design Characteristics (i.e. meets FBC)	More units?	More Low-Mod Perm. Afford. units?	More unit type variety?	Range of incomes?

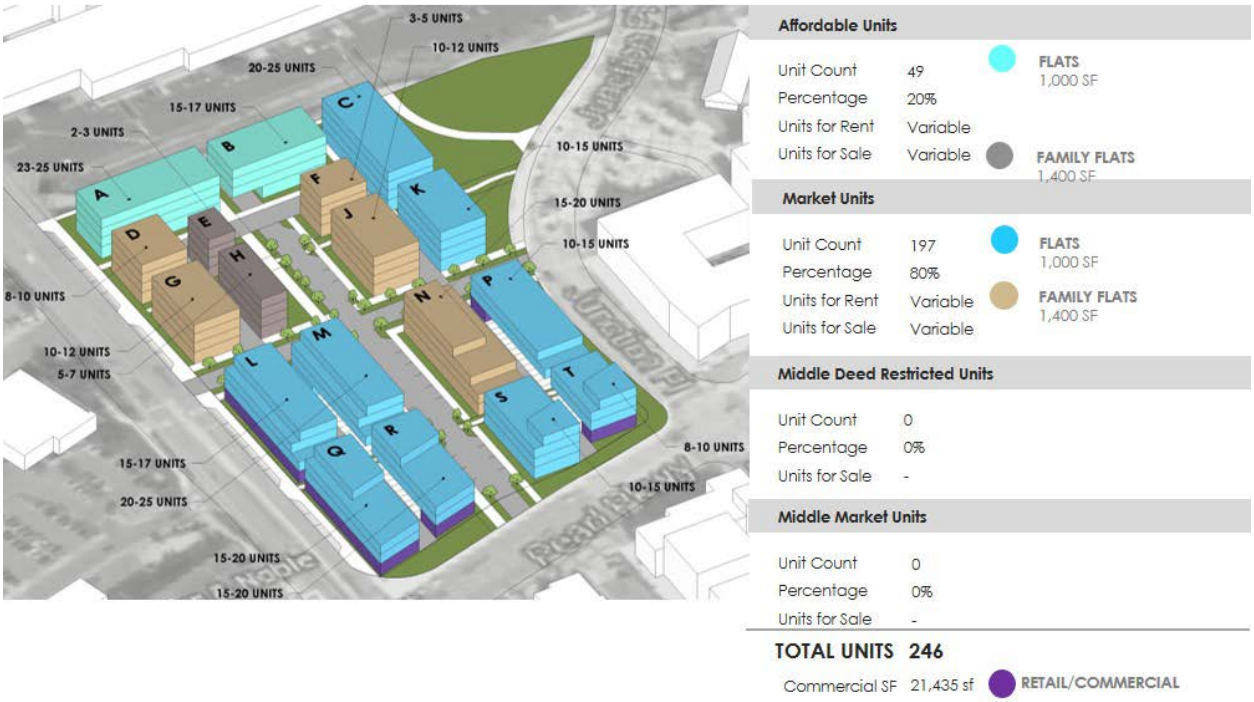
The Scenarios

Because the TVAP area has developed with 87 percent rental housing up to this point, the scenarios are weighted more heavily toward ownership units to improve the balance between rental and ownership. Stacked flats are the dominant type in all scenarios because they remain the most efficient way to build a large number of units in a constrained area. To decrease the number of flats substantially would mean to drastically reduce the number of units that could be built on the site.

The uncertainty of retail feasibility means that too much neighborhood-serving retail space can negatively impact overall project finances. As such, each of the four scenarios allows for neighborhood serving retail at the ground level along Pearl and 30th streets, as called for in the TVAP's Pearl Street Center District Guidelines, but limits the total square footage to approximately 21,500 square feet.

<u>Scenario 1: Sell property, maximize density, achieve 20% onsite affordable</u>

The first scenario features an outright sale of the property to a private residential developer with only one condition – that the inclusionary housing requirement is met on site. The scenario assumes the highest density possible, which produces 246 units. Twenty percent, or 49 units, would be on site permanently affordable units for low and moderate income households. The remaining 80 percent would be market rate units of unspecified tenure and type, determined by whatever is the most profitable for the developer. The sale price would be in the range of $13-15 million. This scenario illustrates how the city could achieve some measure of success in meeting TVAP goals while maximizing sale revenue, with the opportunity to invest that revenue elsewhere in support of the community's housing goals. (The unit sizes and locations on the site are for illustration purposes only.)



Scenario 1 Summary – Compared to Evaluation Criteria				
Meets FBC	**Units**	**Low-Mod Perm. Afford. Units**	**Unit Type Variety**	**Range of Incomes**
Yes	246	49	Unknown	20% Low-Mod Afford. 80% Market Rate

Pros:

- The scenario provides the maximum number of total units.
- It provides $13-15 million in revenue.

Cons

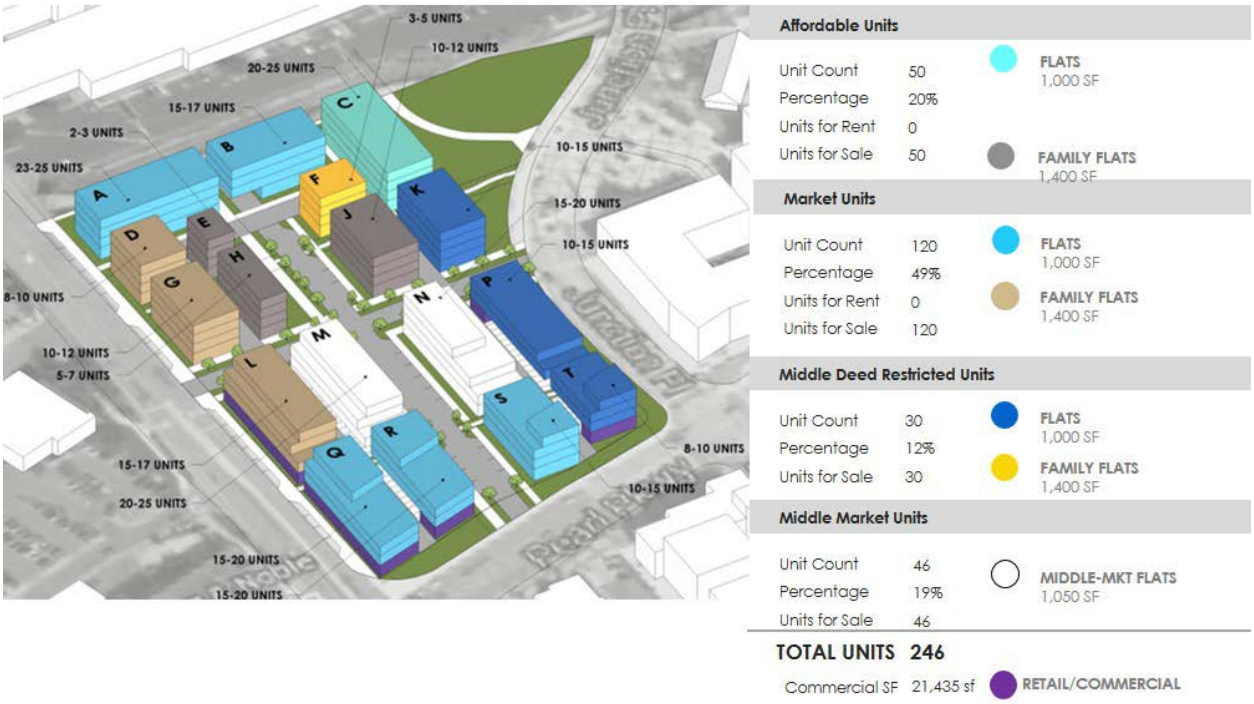
- The scenario would not provide a percentage of affordable units approaching 50 percent.
- The scenario does not provide enough affordable units to help meet the TVAP area goals for affordable housing units.
- The scenario does not attempt to meet the draft middle income housing strategy.
- The focus on maximizing revenue will mean allowing the eventual developer to build whatever type of housing is most valuable within the existing regulatory framework. If the city is interested in imposing conditions beyond meeting inclusionary housing on site, then it is highly likely the sale price of the property would not maintain its expected value.
- The scenario would fail to take advantage of a significant opportunity to create a substantial number of new affordable homes in the geographic center of the city. The original acquisition of the site and the adoption of the TVAP reflected a strong commitment to locating affordable housing on the site in order to meet longstanding social equity goals and to maximize the transit investment at Depot Square.

Scenario 2: Retain property, maximize density, achieve 32% onsite affordable plus 19% 'market rate middle income' units

The second scenario also provides for 246 housing units, all in stacked flats. However, 22 percent of the flats are larger units at 1,400 square feet, able to accommodate families or other larger households. In this scenario, 20 percent of units are permanently affordable to low to moderate income households, 12 percent are deed restricted middle income units, and 19 percent are middle income market affordable, or "middle market" units.

Per the draft middle income housing strategy, middle market units are those that are affordable to households earning up to 150 percent of the area median income but are not deed restricted. Instead of deed restricting the units, they are allowed to appreciate but will likely always be affordable in relative terms due to smaller unit size, less desirable finishes, or other value limiting factors. In this scenario, and others, the middle market units are sized at 1,050 square feet.

In Scenario 2, the land will be contributed by the city.



Scenario 2 Summary – Compared to Evaluation Criteria				
Meets FBC	**Units**	**Low-Mod Perm. Afford. Units**	**Unit Type Variety**	**Range of Incomes**
Yes	246	50	22% Large Flats 100% Ownership	20% Low-Mod Affordable 12% Mid. Inc. Deed Restricted 19% Mid. Inc. Market Affordable 49% Market Rate

Pros:

- The scenario provides the maximum number of total units.
- It provides housing affordable to a broad range of incomes.
- Although only 32 percent of units are permanently affordable, an additional 19 percent are affordable to the middle market.
- One hundred percent of the units are for sale.

- The scenario offers 12 percent of the units as middle income deed restricted units.
- Twenty-two percent of the units are larger flats (1,400 square feet) that can accommodate families or larger households for whom very little housing has been provided in the TVAP area. 40% of the larger flats are permanently affordable to low-moderate or middle income households.

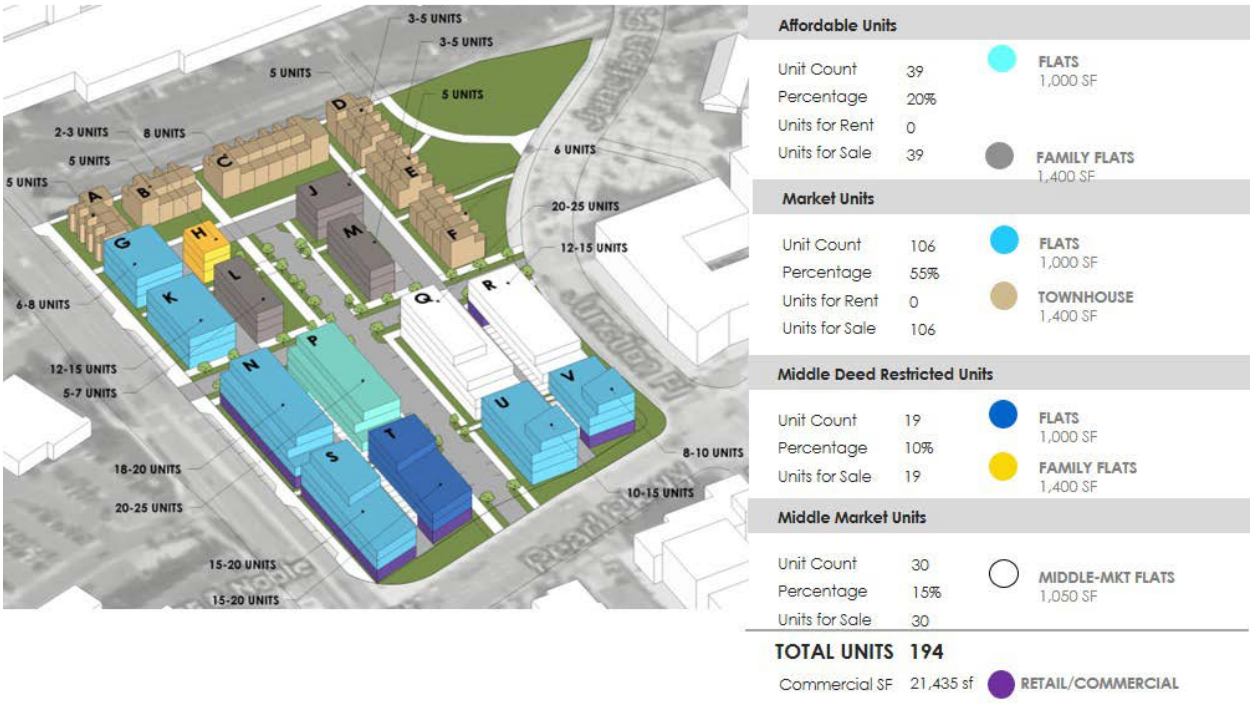
Cons:

- The scenario only creates permanent affordability for 32 percent of the units.
- The housing units are all stacked flats, which is already the dominant housing type in the area. Goals for variety in housing types is not achieved.

<u>Scenario 3: Similar to Scenario 2, but with 24% of units being family-oriented townhomes (fewer units overall, with 30% onsite affordable and 15% 'market rate middle income')</u>
The third scenario has fewer units, at a total of 194. The scenario introduces a lower density housing type fronting on Goose Creek and the pocket park. For the purposes of this discussion, they are referred to as townhomes, but they could be rowhomes, courtyard housing, or another type. Twenty-four percent of units in this scenario are townhomes.

In this scenario, 20 percent of units are permanently affordable to low to moderate income households, 10 percent are deed restricted middle income units, and 15 percent are middle income market affordable, or "middle market" units.

In Scenario 3, the land will be contributed by the city.



Scenario 3 Summary – Compared to Evaluation Criteria				
Meets FBC	**Units**	**Low-Mod Perm. Afford. Units**	**Unit Type Variety**	**Range of Incomes**
Yes	194	39	24% Townhomes 100% Ownership	20% Low-Mod Affordable 10% Mid. Inc. Deed Restricted 15% Mid. Inc. Market Affordable 55% Market Rate

Pros:

- The scenario provides a type of housing that has not recently been built in the area and which may be more appropriate for families or larger households. Thirty-eight percent of those units are permanently affordable to low-moderate or middle income households.
- It provides housing affordable to a broad range of incomes.
- Although only 30 percent of units are permanently affordable, an additional 15 percent are affordable to the middle market.
- 100 percent of the units are for sale.

Cons:

- The scenario only creates permanent affordability for 30 percent of the units.
- It does not maximize the number of units on the site.

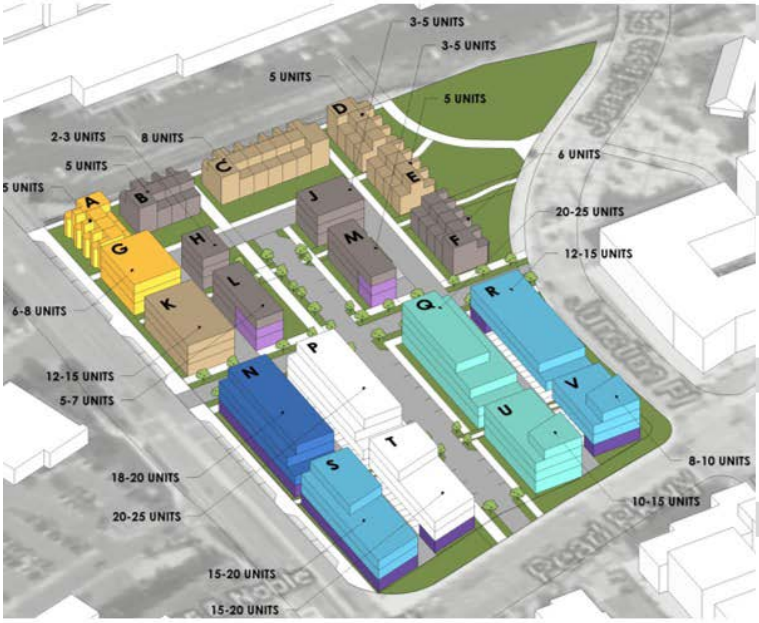
<u>Scenario 4: Similar to Scenario 3, but with greater affordability, including for-sale affordable units, but requiring additional city investment</u>

The fourth scenario also features 194 units and a unit mix that includes 23 percent townhomes. The most distinguishing attribute in the scenario is that it features the highest level of permanent affordability. Thirty-two percent of the units are low-mod affordable units and 13 percent are deed restricted middle income units. Another 20 percent are affordable to the middle market.

This higher level of affordability is achieved in three ways:

1. The scenario features 21 percent rental units.
2. Low Income Housing Tax Credits are assumed to be part of the financing approach.
3. The city would be required to contribute not only the land, but also an additional $5-6.5M in subsidy.

This scenario is also the only one to offer a limited number of micro units, which in this case could be used as supportive housing in conjunction with services based nearby.



Affordable Units		
Unit Count	63	FLATS 1,000 SF
Percentage	32%	MICRO UNITS 350 SF
Units for Rent	40	TOWNHOUSE/FAMILY FLATS 1,400 SF
Units for Sale	23	

Market Units		
Unit Count	68	FLATS 1,000 SF
Percentage	35%	TOWNHOUSE/FAMILY FLATS 1,400 SF
Units for Rent	0	
Units for Sale	68	

Middle Deed Restricted Units		
Unit Count	25	FLATS 1,000 SF
Percentage	13%	TOWNHOUSE/FAMILY FLATS 1,400 SF
Units for Sale	25	

Middle Market Units		
Unit Count	38	MIDDLE-MKT FLATS 1,050 SF
Percentage	20%	
Units for Sale	38	

TOTAL UNITS	194
Commercial SF	21,435 sf RETAIL/COMMERCIAL

Scenario 4 Summary – Compared to Evaluation Criteria				
Meets FBC	**Units**	**Low-Mod Perm. Afford. Units**	**Unit Type Variety**	**Range of Incomes**
Yes	194	63	23% Townhomes 79% Ownership	32% Low-Mod Affordable 13% Mid. Inc. Deed Restricted 20% Mid. Inc. Market Affordable 35% Market Rate

Pros:

- The scenario provides a type of housing that has not recently been built in the area and which may be more appropriate for families or larger households. One third of those units are permanently affordable to low-moderate or middle income households.
- It provides housing affordable to a broad range of incomes.
- Forty-five percent of units are permanently affordable and an additional 20 percent are affordable to the middle market.
- 79 percent of the units are for sale.
- A limited number of micro units could be used for supportive housing, in alignment with the TVAP goal for serving special populations.

Cons:

- The scenario does not maximize the number of units on the site.
- It will require an additional city subsidy of $5-6.5M.

Comparative Scenario Evaluation

The scenarios all have different strengths and weaknesses. The purpose of analyzing the scenarios and comparatively evaluating them is to potentially define a "hybrid" scenario that best balances city goals, investment and community outcomes.

As illustrated in the table below (using a "good, better, best" system), all of the scenarios can all help achieve TVAP goals in different ways.

Does it meet TVAP Goals?					
Scenario	**Meets FBC**	**Units**	**Low-Mod Perm. Afford. Units**	**Unit Type Variety**	**Range of Incomes***
1	Best Yes	Best 246 units	Better 49	Unknown	Good 20% Low-Mod Affordable 80% Market Rate
2	Best Yes	Best 246 units	Better 50	Good 22% Large Flats 100% Ownership	Better 20% Low-Mod Affordable 12% Mid. Inc. Deed Restricted 19% Mid. Inc. Market Affordable 49% Market Rate
3	Best Yes	Good 194 units	Good 39	Best 24% Townhomes 100% Ownership	Better 20% Low-Mod Affordable 10% Mid. Inc. Deed Restricted 15% Mid. Inc. Market Affordable 55% Market Rate
4	Best Yes	Good 194 units	Best 63	Better 23% Townhomes 79% Ownership	Best 32% Low-Mod Affordable 13% Mid. Inc. Deed Restricted 20% Mid. Inc. Market Affordable 35% Market Rate

*Range of Incomes is also a proxy for meeting the draft Middle Income Housing Strategy, which is:
20% Low-Mod Affordable, 10% Mid. Inc. Deed Restricted, 50% Mid. Inc. Market Affordable, 20% Market Rate

The least successful option in terms of meeting the defined goals is Scenario 1, as it falls far short of goals related to housing affordability and unit type variety. The other scenarios, however, all provide a positive outcome for redevelopment of the city-owned site in relation to the defined goals.

Defining a Preferred Scenario – Staff Recommendation
Considering the goals in TVAP, the goals for the acquisition of the site, and the development that has taken place in the area to date, staff recommends defining a preferred scenario that best meets the following criteria:

- Households with a broad range of incomes should be served.
- Permanent affordability for a wider range of incomes should be maximized.
- A true mixture of housing types should be provided.
- The way in which the land is sold, leased, or transferred should ensure the desired outcomes are achieved.

Under these criteria, the preferred scenario would be something closely resembling Scenario 4, which will be referred to as **Preferred Alternative A**. This alternative would:

- ✓ Provide the highest amount (45 percent) of permanent affordability (32 percent low-moderate and 13 percent middle income units).
- ✓ Provide the highest amount of middle income market affordability (20 percent of units).
- ✓ Offer a variety of housing unit types beyond stacked flats, with an emphasis on ownership.
- ✓ Ensure achievement of desired outcomes but not maximize revenues from a sale.

This alternative, however, would require additional subsidy. As envisioned through the current analysis, the subsidy could be in the range of $6.5 million. A decision to provide additional housing subsidy would require withholding subsidy from future projects. Tradeoffs would therefore need to be discussed over time.

If council does not support the addition of subsidy for Preferred Alternative A, the next option would be something resembling Scenario 3, or **Preferred Alternative B**. Such an alternative would:

- ✓ Provide 30 percent permanent affordability (20 percent low-moderate and 10 percent middle income units). This is less than Preferred Alternative A.
- ✓ Provide a good amount of middle income market affordability (15 percent of units). This is less than Preferred Alternative A.
- ✓ Offer a variety of housing unit types beyond stacked flats, with an emphasis on ownership.
- ✓ Ensure achievement of desired outcomes but not maximize revenues from a sale.

Both alternatives meet the criteria above, but can be adjusted to provide different levels of affordability–at the low-moderate, middle, and middle market income levels–and different amounts of subsidy. With council support for either of these preferred alternatives, staff can begin to draft a RFP for solicitation of a development partner(s).

V. NEXT STEPS

Fourth Quarter 2016 – Based on council feedback, including priorities for the site redevelopment, staff will develop a RFP for a development partner(s). Staff will also propose a review and selection process.

First Quarter 2017 – RFP and proposed selection process will be shared with council and approval sought to move forward. Following council consultation, the RFP will be issued.

Second Quarter 2017 – Selection process will commence and partner(s) will be chosen.

ATTACHMENTS

Attachment A – Scenarios Side by Side
Attachment B – Scenario Summary

SCENARIO 1

Affordable Units		
Unit Count	49	FLATS 1,000 SF
Percentage	20%	
Units for Rent	Variable	
Units for Sale	Variable	FAMILY FLATS 1,400 SF

Market Units		
Unit Count	197	FLATS 1,000 SF
Percentage	80%	
Units for Rent	Variable	FAMILY FLATS 1,400 SF
Units for Sale	Variable	

Middle Deed Restricted Units	
Unit Count	0
Percentage	0%
Units for Sale	-

Middle Market Units	
Unit Count	0
Percentage	0%
Units for Sale	-

TOTAL UNITS 246

Commercial SF 21,435 sf — RETAIL/COMMERCIAL

SCENARIO 2

Affordable Units		
Unit Count	50	FLATS 1,000 SF
Percentage	20%	
Units for Rent	0	
Units for Sale	50	FAMILY FLATS 1,400 SF

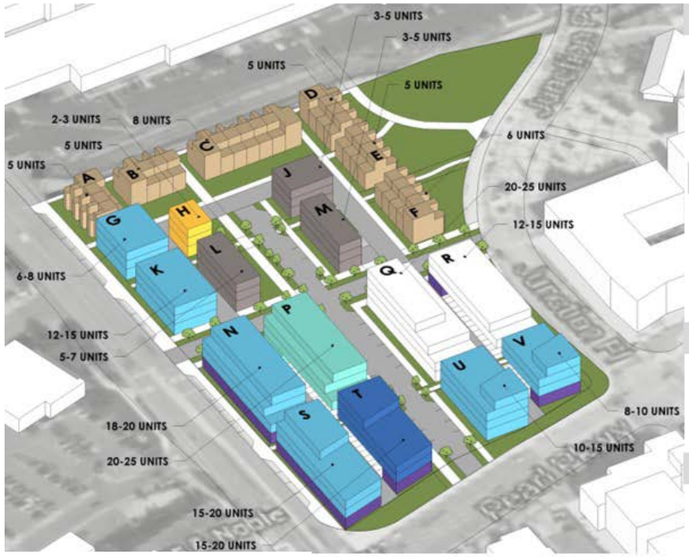
Market Units		
Unit Count	120	FLATS 1,000 SF
Percentage	49%	
Units for Rent	0	FAMILY FLATS 1,400 SF
Units for Sale	120	

Middle Deed Restricted Units		
Unit Count	30	FLATS 1,000 SF
Percentage	12%	
Units for Sale	30	FAMILY FLATS 1,400 SF

Middle Market Units		
Unit Count	46	MIDDLE-MKT FLATS 1,050 SF
Percentage	19%	
Units for Sale	46	

TOTAL UNITS 246

Commercial SF 21,435 sf — RETAIL/COMMERCIAL



SCENARIO 3

Affordable Units		
Unit Count	39	FLATS 1,000 SF
Percentage	20%	
Units for Rent	0	
Units for Sale	39	FAMILY FLATS 1,400 SF

Market Units		
Unit Count	106	FLATS 1,000 SF
Percentage	55%	
Units for Rent	0	TOWNHOUSE 1,400 SF
Units for Sale	106	

Middle Deed Restricted Units		
Unit Count	19	FLATS 1,000 SF
Percentage	10%	
Units for Sale	19	FAMILY FLATS 1,400 SF

Middle Market Units		
Unit Count	30	MIDDLE-MKT FLATS 1,050 SF
Percentage	15%	
Units for Sale	30	

TOTAL UNITS 194

Commercial SF 21,435 sf — RETAIL/COMMERCIAL

SCENARIO 4

Affordable Units		
Unit Count	63	FLATS 1,000 SF
Percentage	32%	MICRO UNITS 350 SF
Units for Rent	40	
Units for Sale	23	TOWNHOUSE/FAMILY FLATS 1,400 SF

Market Units		
Unit Count	68	FLATS 1,000 SF
Percentage	35%	
Units for Rent	0	TOWNHOUSE/FAMILY FLATS 1,400 SF
Units for Sale	68	

Middle Deed Restricted Units		
Unit Count	25	FLATS 1,000 SF
Percentage	13%	
Units for Sale	25	TOWNHOUSE/FAMILY FLATS 1,400 SF

Middle Market Units		
Unit Count	38	MIDDLE-MKT FLATS 1,050 SF
Percentage	20%	
Units for Sale	38	

TOTAL UNITS 194

Commercial SF 21,435 sf — RETAIL/COMMERCIAL

	#1			#2			#3			#4		
Affordable Units Total/Percentage		**49**	**20%**		**50**	**20%**		**39**	**20%**		**63**	**32%**
Affordable For Rent			0%		0	0.0%		0	0%		40	21%
FLAT	Variable			0			0			16		
TOWNHOUSE/FAMILY FLAT	Variable			0			0			12		
MICRO	Variable			0			0			12		
Affordable For Sale					50	20%		39	20%		23	12%
FLAT	Variable			34			25			17		
TOWNHOUSE/FAMILY FLAT	Variable			16			14			6		
MICRO	Variable			0			0			0		
Market Rate Total/Percentage		**197**	**80%**		**120**	**49%**		**106**	**55%**		**68**	**35%**
Market Rate For Rent			0%		0	0%		0	0%		0	0%
FLAT	Variable			0			0			0		
TOWNHOUSE/FAMILY FLAT	Variable			0			0			0		
MICRO	Variable			0			0			0		
Market Rate For Sale					120	49%		106	55%		68	35%
FLAT	Variable			88			77			46		
TOWNHOUSE/FAMILY FLAT	Variable			32			29			22		
MICRO	Variable			0			0			0		
Middle Rate Total/Percentage		**0**	**0%**		**76**	**31%**		**49**	**25%**		**63**	**32%**
Middle Rate For Sale					30	12%		19	10%		25	13%
FLAT				24			15			20		
TOWNHOUSE/FAMILY FLAT				6			4			5		
MICRO				0			0			0		
Middle Rate - "Market" For Sale		0	0%		46	19%		30	15%		38	20%
FLAT (1,050 sq. ft.)	0			46			30			38		
TOWNHOUSE/FAMILY FLAT	0			0			0			0		
MICRO	0			0			0			0		
Total units		**246**			**246**			**194**			**194**	
Commercial Sq. Ft.		**21,435**			**21,435**			**21,435**			**21,435**	
Land Sale Yield		$13M-$15M			$0.00			$0.00			0	
Potential Cash in lieu		$0.00			$0.00			$0.00			0	
Additional Subsidy		$0.00			$0.00			$0.00			$5M-$6.5M	
Parking												
Underground		200			200			148			148	
Tuck under		75			75			75			75	
Parallel		25			25			25			25	
Total Parking		300			300			248			248	

Assumptions/Notes:

Low Income Housing Tax Credit 30%-60% AMI

4% Bond Tax Credits w/ NO Competitive State Tax Credits

Unit Size Range 350 sq ft - 1,400 sq. ft.

Average Sales Prices and Rent Rates Unit Type	Sales Price(est.)	Rent Month	AMI Target Sale	 Rent
Flat/Affordable	$182,770	$555-$1,172	60-80%	30%-60%
Flat/Market	$530,000	$2,700-$3.300	MKT	MKT
Flat/Middle	$258,200	N/A	80-120%	N/A
TOWNHOUSE/FAMILY FLAT/Affordable	$227,388	$629-$1,342	60-80%	30%-60%
TOWNHOUSE/FAMILY FLAT/Market	$742,000	$3,800-$4,200	MKT	MKT
TOWNHOUSE/FAMILY FLAT/Middle	$329,798	N/A	80%-120%	N/A
Middle Rate Market	$393,750	N/A	150%	N/A

The contents of this presentation are for information purposes. The data is from sources deemed reliable for conceptual level planning and therefore the results are not guaranteed.