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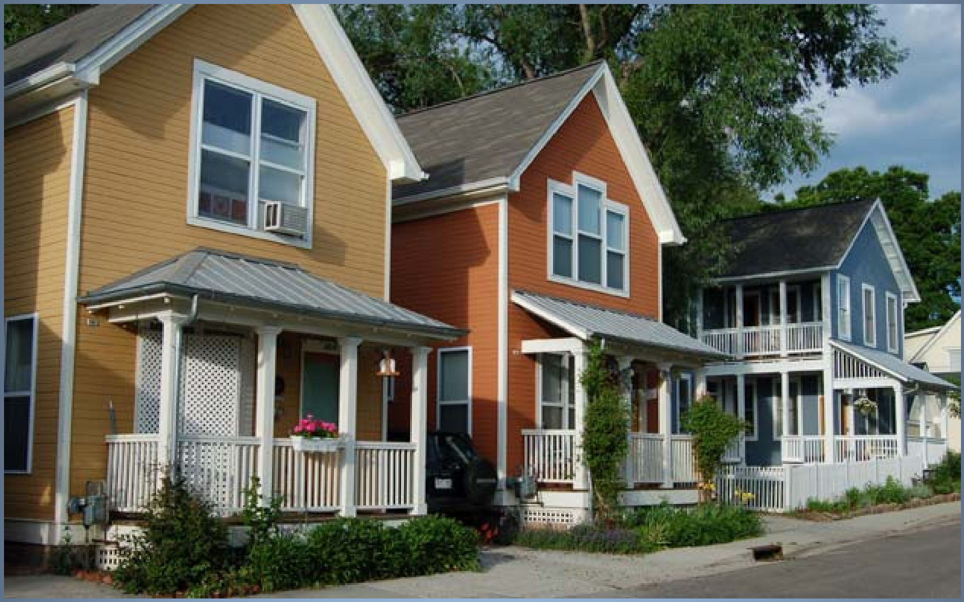

Boulder, Colorado
Affordable Housing Task Force

2010 – 2011

Report

SEPTEMBER 2011

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For 2010-2011 Affordable Housing Task Force Data,
please visit www.boulderaffordablehomes.com; "CHATs – Affordable Housing Task Force"

Executive Summary

The Boulder Affordable Housing Task Force (AHTF) was convened in June 2010 at the request of the City Council, to advise and make recommendations to council and staff on affordable housing goals, affordability issues and the city's affordable housing program. This report details the principles, recommendations and issues identified through this collaborative effort.

The AHTF is a diverse group who dedicated more than a year – from June 2010 through August 2011 – to review current affordable housing programs and explore options to increase affordable housing opportunities in Boulder. They had a broad mandate from council to consider a wide range of issues and early in the process came to consensus that the availability of affordable housing is significantly important to the well-being of Boulder.

After several months of education and review of current affordable housing programs, the people, households and beneficiaries of the programs, the needs and demands for a range of housing options in the community, and the intended and unintended consequences of the city's past housing polices, they narrowed their focus and subsequent recommendations to eight major topics. These include city-wide affordable housing goals, the manner in which the programs are funded, Inclusionary Housing (IH) and homeownership (HO), land use and development review, mobile homes, homeowner association fees, housing for seniors, and housing for students.

Much of the data and background information presented to the Task Force on current programs and issues can be found online at www.boulderaffordablehomes.com click on CHATs – Affordable Housing Task Force.

The Task Force focused its attention on high-level policy and program review, rather than implementation and agreed upon the following set of principles to guide their work:

AFFORDABLE HOUSING GUIDING PRINCIPLES

- Housing is a basic human need
- Boulder has a greater need for affordable housing than has been met
- The cost for affordable housing should be equitably shared by the entire community
- All sectors should be engaged in solutions to affordability
- Affordable housing options are a critical part of the economic, social and environmental sustainability of a city

Background

Boulder, Colorado is a city located at 5,430 feet at the base of the foothills of the Rocky Mountains. It is home to more than 100,000 people, the University of Colorado, a wealth of open space and a diversity of ideas. Its beauty and opportunity contribute to a constrained and expensive housing market that prompts the need for subsidized affordable housing.

Boulder established its Housing Authority in 1966 and has experimented with many types of affordable housing programs over the years. In 1992, the city began defining affordable housing goals through the *Boulder Valley Comprehensive Plan* (BVCP) and in 2000, after an extensive process, adopted a *Comprehensive Housing Strategy* (the Strategy) that supported adoption of the IH program, then known as Inclusionary Zoning.

Since 2000, the Strategy and its companion *Implementation Report* have been the guiding documents for development and execution of Boulder's affordable housing programs. In 2008, after eight years of implementing the Strategy, the city's Department of Housing and Human Services initiated a review of the city's affordable housing programs. The review was divided into three phases: Phase One was a review of the goals and priorities guiding the programs and was completed in June 2009. Phase Two was a comprehensive review of the IH program which resulted in the Jan. 19, 2010 adoption of a new IH Ordinance replacing the 2000 Inclusionary Zoning Ordinance. The last phase of the review focused on improvements and new initiatives. To facilitate this work, in June 2010 the 2010-2011 AHTF, comprised of community stakeholders representing a wide range of perspectives and interests, was formed.

<u>Task Force Process</u>

To kick off the work of the Task Force, Housing Division staff provided the members with background information on a multitude of affordable housing topics, including:

1. The history and background of the city's affordable housing programs;
2. The affordable housing funding process;
3. An overview of housing in the city and county, including a presentation on the relationship between the affordable housing programs and housing planning in the city;
4. Affordable homeownership and rental programs;
5. A tour of affordable housing throughout the city; and
6. Profiles of households at a variety of income levels.

During initial meetings the AHTF discussed a wide range of issues such as regionalism; commuting patterns; transportation impacts; the University of Colorado; senior housing; and the development of a long-term housing master plan. They also analyzed the particular needs of the following household incomes:

1. Zero-income and very low-income households;

2. Very-low, low-, and moderate-income households; and
3. Moderate- and middle-income households

Priority Areas

Following the analysis of the housing needs of the income groups, members compiled an extensive list of potential recommendations and/or items for further consideration and then individually voted for their highest priority items. Items receiving five or more votes moved ahead for further consideration.

Key issues identified by the AHTF were then aggregated under eight topic headings:

1. Goals and Resource Allocation;
2. Funding;
3. IH and HO;
4. Land Use Tools and Development Review;
5. Home Owner Association (HOA) Fees;
6. Mobile Homes;
7. Housing for Seniors; and
8. Housing for Students

AHTF members discussed these issues in terms of values, and costs and benefits. The members also studied affordable housing programs of similar cities, toured affordable housing developments and explored resources throughout the community.

This report details the variety of viewpoints, perspectives and observations that were represented by a diverse group. While the ambition of the AHTF was to consider different perspectives for a range of issues and arrive at a set of recommendations that all members could support, there were cases where agreement on topics of major importance could not be achieved. For that reason this report contains both recommendations agreed upon by all members of the group and ideas for further consideration agreed upon by the majority of members.

Housing Affordability in Boulder

Overall, Boulder is a community of individuals and families whose values include education, nature and innovation. In 2011, a town of 103,000 people, Boulder continues to grow in population, with an anticipated increase of about 15 percent between 2011 and 2035.[1] Boulder's median age is lower than the rest of the county, the state and the nation. However, Boulder County's population is aging faster than the nation and the population aged 60 and over is expected to more than double between 2011 and 2020.

[1] 2010 Summary of Key Trends for the City of Boulder, *Boulder Valley Comprehensive Plan.*

Single family homes are predominant in the older neighborhoods of Boulder, with Victorian-style homes that date back to the turn of the 20th century, as well as the ranch-style family housing of the 1960s. The University Hill neighborhood bordering the University of Colorado provides much of housing to meet the need of the student population through economical and roommate-friendly living environments, such as apartment buildings and subdivided single family homes. Boulder also has approximately a half-dozen mobile home communities that provide relative affordability with a high level of neighborly interaction. Boulder continues to add housing primarily as higher density attached units with a mix of housing types, including townhouses, apartment buildings, carriage houses, some single family homes and cooperative living communities. The residences are split between owner and renter occupied households. In 2010, the average median price of a single family home in the City of Boulder was $518,000 and a condominium was $246,000.[2]

The BVCP states that employment in Boulder is strong. Unemployment in Boulder County continues to be lower than the state or national averages and wages are higher in Boulder than the county average. The BVCP notes that the largest percentage of employers in Boulder is in the professional, scientific, and technical services industry (2.37 times the national average). The city also has a very high concentration of government and information industry employment. One-third of the city's workforce commutes from outside the city limits in Boulder County.

The following table, based upon data from 2010, profiles characteristics of four household income groups: extremely low income, very low income, low to moderate income, and middle income.

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[2] Boulder Area REALTORS Association website: http://www.baraonline.com/news/stats.

Income Group	0-30 percent AMI[3] Extremely Low	30-60 percent AMI Very Low	60-81.9 percent AMI Low to Moderate	81.9-120 percent AMI Middle
Typical Tenure[4]	SUBSIDIZED RENTALS	MOSTLY RENTAL	OWNER	OWNER
Who Qualifies	Single person earning less than $9/hr: People who are homeless, have special needs or are disabled	Single person earning $9-$18/hr: 3-person household earning $24,250 - $48,000/yr	Single person earning $38,000-$51,000/yr: 3-person household earning $48,000-$66,000/yr	Single person earning $51,000-$76,000/yr: 3-person household earning $66,000-$93,000/yr
Circumstances or Occupations (Based on actual clients)	Person working minimum wage job, receiving Social Security Disability, day laborer, service workers	Bank teller, receptionist, service worker, self-employed (start-up)	School teacher, police officer, health care professional, mechanic, government employee	Engineer, manager, university professor, high tech worker
Housing Type	Shelter, group home beds, transitional housing, Public Housing, Housing First, Housing Choice Vouchers, mobile homes	Rental housing, some Habitat for Humanity Homes, homes with no/low mortgage	Rental housing, owned attached condominiums, IH ownership, Thistle ownership, homes with no/low mortgage	Rental housing, owner attached condominiums, owner low price single family homes

Rising home prices impact more than just individual households. High housing costs affect the community as a whole, with implications for cultural diversity, generational integration, safety through proximity of emergency personnel, access to employees and adverse environmental results from excessive automobile commutes. Following is a snapshot of impacts to a community:

<u>Households</u>. In 2008, almost a third of households with mortgages were spending more than 35% of their monthly income on housing costs, compared with 20 percent in 2000 and 17 percent in 1990[5]. In general, mortgages benefit households that pay no more than 30 percent of their income for housing and utilities. Between 1999 and 2008, the percentage of renters spending more than 35 percent of their household income for housing rose from 44 percent of renters to 56 percent of renters[6]. Increasing housing costs burden individuals and families, forcing them to do without essentials such as proper nutrition, preventive health care and

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[3] **Area Median Income** (AMI) is determined annually by the U.S. Department of Housing and Urban Development (HUD) based upon local data. Half of all households earn less and half earn more than the median. Incomes are often described as a percentage of AMI. The 2010 AMI for a family of two people in Boulder is $71,700. Income described as 50% of AMI equals $71,700 X 50% or an annual household income of $35,850.

[4] **Housing tenure** refers to the financial arrangements under which someone has the right to live in a house or apartment. The most frequent forms are tenancy, in which rent is paid to a landlord, and owner occupancy.

[5] 2010 Summary of Key Trends for the City of Boulder, *Boulder Valley Comprehensive Plan.*

[6] 2010 Summary of Key Trends for the City of Boulder, *Boulder Valley Comprehensive Plan.*

adequate financial savings for their future. The health and welfare of housing-burdened households often becomes a responsibility for government and community social service agencies.

Diversity. A communities' strength is often a reflection of its diversity. Welcoming individuals and families at a range of income levels into a community not only brings diversity of wealth, it encourages a greater mix of culture and values. When multiple generations live near each other, elderly parents are able to receive care from their adult children, while young children can build relationships with their grandparents.

Safety. First responders such as police, fire, emergency medical technicians and hospital personnel are responsible for meeting public needs in times of crisis. When housing costs inhibit these professionals from residing in a community, the entire community faces additional risks.

Economy. A city employs a multitude of individuals that utilize a diverse spectrum of skills. Employees earning near minimum wage, including some service workers, child care providers, retail associates, restaurant staff and health aides, are vitally important to the functioning of a community, and appropriate and affordable housing must be available to meet their needs.

Environment. Boulder's economic and recreational opportunities draw thousands of people from neighboring communities into the city each day. The city is a job center and as such is not able to meet the housing needs for all of the workers that would like to live here. The impact to the environment and the highway infrastructure from commuting is significant. While alternative forms of transportation are instrumental in reducing the amount of congestion and pollution that otherwise would be generated by single-occupant automobiles, increasing the supply of affordable housing within a major employment center is another way to provide options and help address transportation impacts.

The AHTF has evaluated these and other relevant considerations, all of which have resulted in the recommendations found within this report, intended to increase the effectiveness of affordable housing programs in Boulder. The AHTF recommendations are detailed in the following chapters of this report.

Recommendations of the Task Force

This report is provided by the Affordable Housing Task Force to the Boulder City Council, which will review the included recommendations and decide whether to implement the strategies or commission further study. The City Manager will be directed by Council to allocate further city resources in support of any or all of the proposed recommendations.

At the request of the AHTF, staff will be commissioning a housing needs-assessment to better understand current demographics and needs. Further, a mobile home park strategy is planned for 2012.

This section of the report details the recommendations of the Task Force for their eight identified key issues:

1. Goals and Resource Allocation;
2. Funding;
3. IH and HO;
4. Land Use Tools and Development Review;
5. HOA Fees;
6. Mobile Homes;
7. Housing for Seniors; and
8. Housing for Students.

Each topic description contains the following sections:

- *Guiding Principles* are the values or assertions behind each of the key issue areas;
- *Recommendations* are proposals supported by the full membership of the Task Force Task Force; and
- *Ideas for Further Consideration* are items for which universal agreements could not be reached, yet were acknowledged with majority support by Task Force members.

1. Goals and Resource Allocation

Guiding Principles

1. Affordable housing goals must be easy to explain and understand.
2. Allow city staff the flexibility to be opportunistic to direct affordable housing resources to address the greatest need in any given year.
3. Affordable housing goals include making safe, decent housing available to lower-income households.

***Recommendations** supported by the full AHTF*

- City staff should determine the income priorities for funding, which allows for flexibility, leveraging of resources and maximizing opportunities.
- City staff should determine the balance of ownership and rental units, generally following the current trend of 25 percent homeownership units and 75 percent rental units, and allow flexibility to maximize opportunities.
- Periodically review progress toward goals and adjust course as necessary. Affirm the goal to have 10 percent of the total housing stock at any given time be permanently affordable. Under current conditions, with a total housing stock of 45,000 units, the goal would be 4,500. As the housing stock increases over time, the goal will increase accordingly. If or when funding allows, increase annual production rates by 50 percent above the annual average over the period 2000-2010.

***Ideas for Further Consideration** supported by majority of Task Force members present*

- Do not achieve the goal by expanding the current (2011) Area II boundary.

In an effort to avoid confusion between the goal that is in place as of the date of this report (the 10 percent goal as set in the year 2000) and the 2010-2011 AHTF's recommended goal, this Report uses one of the following two terms when referring to the goals:

1) **2000 10 percent goal** is used when referring to the goal that has been in place since its adoption in 2000. This 10 percent goal was based on the number of dwelling units projected at build-out as of 2000, which was 45,000, for an absolute number of 4,500 affordable units. This number does not change over time.

2) **AHTF recommended 10 percent goal** is used to refer to this AHTF's recommended goal, which affirms the original 10 percent goal, yet changes the way it is calculated. Their recommendation is for the goal to be based on 10 percent of the number of housing units in place at any given time.

Background: The goal to have 10 percent of the city's housing stock as permanently affordable to low- and moderate-income households (including related income and ownership/rental priorities) was adopted in 2000 as a recommendation from the Housing Implementation and Funding Task Force (HIFTF). In 2009, City Council reaffirmed the 2000 10 percent goal and related income and ownership/rental priorities and added an additional goal for 450 middle income affordable units.

These goals and priorities have served for the last decade as a blueprint for the city's policies and funding allocations toward the development of affordable housing. When the 2000 10 percent goal was adopted and reaffirmed, it was recognized that 10 percent of the housing stock would not fully address the housing needs of lower-income residents of Boulder. The 10 percent goal is, however, viewed as an aggressive and meaningful target that has the potential to be accomplished.

Progress to date for the 2000 10 percent goal

Goal – 4,500 affordable units for low and moderate income households; and 450 affordable units for middle income households.

- As of December 2010, the city's affordable inventory included 2,995 affordable low/ moderate income units, and 100 middle income units. Over the 15 years from 1985 to 2000, 1,508 affordable dwelling units and 242 shelter and group home beds were secured through various programs that preceded the 2000 efforts. In the last 10 years (from 2000 to 2010) another approximately 1,200 permanently affordable units were secured, for a total of 2,995 affordable units, shelter and group home beds in the city.
- The city has achieved 67 percent of the low/moderate income housing goal (including shelter beds) and 22 percent of the middle income goal.
- 24 percent of the affordable units are ownership.
- 76 percent of the affordable units are rentals.

Implications of the 10 percent goal

It is important to recognize that there are significant implications to the variables associated with the acceptance of the goal for "10 percent of the housing stock at any given time to be permanently affordable." These implications include:

- The time it takes to achieve the goal;
- the amount of funding resources necessary to achieve the goal;
- the amount of space to be used for all the housing; and
- the capacity to develop the housing.

The table below is a projection into the future of the shortfall in housing units if the goal is to have "10 percent of the housing stock *at any given time* as permanently affordable."[7]

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[7] The 2000 10% goal resulted in a fixed target of 4,500 permanently affordable dwelling units. The Task Force's recommendation, in contrast, would result in a goal that would change as the number of total dwelling units in Boulder changes. Community Planning and Sustainability (CP&S) Department projections for "build-out" in 2030 is a useful example of "any given time." The CP&S build-out projection for Area I is 52,500 dwelling units by 2030, plus an additional 600 units in Area II, excluding the 4,900 units already built in Gunbarrel Area II, for a total build-out of 53,100 units. The shortfall between a 10% goal at build-out (5,310) and the units already produced today is 2,315 units. At the historic rate at which units have been added over the last decade (72/yr.), it would take 32 years to produce the additional-unit shortfall needed to achieve the 10% goal. Accelerating the rate at which affordable

Affordable Housing Priorities 2000 10 percent Goal	Affordable Housing Inventory as of 12/31/2010 Total: 2,995	2030, Projected Affordable Housing Goal: 10 percent of 53,100* (5,310 dwelling units)	Shortfall (2,315 units to be produced)
1) Household Income Priorities			
Households below 30 percent Area Median Income (AMI) "very low income" 35 percent of total	517 - Includes 242 shelter & group home beds, and 216 homes that are not permanently affordable	1,858	1,341
Households between 30 and 60 percent AMI "low income" 40 percent of total	1,713	2,124	411
Households between 60 and 80 percent AMI "moderate income" 25 percent of total	765	1,328	563
2) Rental vs. Homeownership			
Rental	2,160	3,876 (73 percent)	1,716
Home Ownership	835	1,434 (27 percent)	599
3) Middle Income Goal	100 (22 percent)	450	

AHTF Analysis that Led to Recommendations: Similar to the 2000 AHTF, the 2010-2011 AHTF recognized that the need for affordable housing is greater than that which the 10 percent goal could achieve. The 2010-2011 AHTF's recommendation was based upon analysis of the goal from different perspectives such as identifying the financial obligation that meeting the goal would require in various timeframes, as well as the unit production that meeting the 10 percent goal similarly would require. Assuming a reasonable rate of production based on current program and funding conditions, an estimated 72 affordable units can be produced annually on average. To reach the 10 percent goal, a minimum of 1,500 additional affordable units would be required, and it will take approximately 21 years at current funding and production levels. While AHTF members agreed on the need for more affordable housing in Boulder, consensus agreement on the number of new units to be added, and the pace at which they should be added, was often elusive.

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units have been produced or acquired would imply allocation of additional resources including funding, developable land, and developer capacity. Without allocation of some or all of these additional resources, it would take the estimated 32 years to achieve this revised affordable housing goal of approximately 5300 units.

The AHTF recognized that reaching any goal within a short- to mid-term time frame would require additional funding sources. All AHTF members supported retaining the 10 percent goal but some would not fully endorse the goal unless there was agreement to include language that the goal should be met with no expansion of the current growth area (Area II) surrounding Boulder. Some AHTF members felt strongly that a 10-year deadline should be attached to the 10 percent goal. Additionally, a few members indicated that they would prefer a more aggressive interim goal (such as an IH requirement that 50 percent of given projects be restricted as permanently affordable), but these members agreed that 10 percent may be an acceptable target. Others preferred to leave any future decisions as to how to meet the goal to future councils.

The need for more affordable housing was discussed, as was the desire to set long-term goals; however, there was less agreement as to why, when and how much housing is needed. A formal housing needs-assessment, to be commissioned by the City of Boulder at a future date, is likely to indicate a substantially higher affordable housing need than would be met by a 10 percent goal.

In their prioritizations of the three broad income groups (0-15 percent AMI, 15-60 percent AMI, and 60-80 percent AMI), the AHTF expressed the most interest in households earning between 15 and 60 percent AMI. They also wanted to be responsive to the housing and service needs of the residents earning very low incomes, up to 15 percent AMI. AHTF members also expressed interest in homeownership opportunities and single family homes for the moderate-income group earning between 60 and 80 percent AMI.

One area of concern was the fact that the city is close to reaching the original numerical goal to provide affordable homes for households earning 30-60 percent AMI. The AHTF thought the income production targets within the current IH ordinance were too restrictive and did not allow staff and affordable housing providers enough flexibility to respond to conditions and opportunities at any given time. Consequently, they agreed that it would be more efficient to let city staff determine the income priorities in any given year.

The AHTF was particularly interested in the proportion of homeownership versus rental affordable units for several reasons. Some felt that affordable program resources are most efficiently utilized when providing rental units and many AHTF members felt the focus of the affordable programs in general should be to house those that can least afford housing in the Boulder market, for example rental units for very low income households. After examining the programs, funding constraints and current mix of homeownership to rental units (28 percent and 72 percent respectively), the AHTF felt comfortable recommending that staff have the flexibility to continue to monitor these percentages without the constraints of a specific split.

The AHTF additionally recommends that council take steps to secure additional funding to increase annual affordable housing production and attain the 10 percent goal within a shorter time frame than that estimated timeframe given current production rates. Recommendations about how such additional funding might be pursued are available in the funding section of this report, which follows.

2. Funding

Guiding Principles

1. The cost to provide affordable housing should be shared equitably among all sectors of the community.
2. Funding for affordable housing should not depend upon growth.
3. There should be a nexus, or logical relationship, between who or what creates the need for affordable housing and who pays for it.
4. City staff should determine the balance of ownership and rental units, generally following the current trend of 25 percent homeownership units and 75percent rental units, and allow flexibility to maximize opportunities.
5. Currently, new residential development is constrained due in part to the large role of the IH program in the provision and funding of affordable housing units.

Recommendations *supported by the full Task Force*

- Provide additional funding sources.
- Explore funding options the AHTF felt held the most promise (presented without prioritization):
  - Occupation/Head Tax;
  - Hotel/Accommodations Tax;
  - Sales Tax; and
  - Property Tax.

Ideas for Further Consideration *supported by majority of Task Force members present*

- Consider the other potential sources explored by the AHTF:
  - Housing Excise Tax/Linkage Fees;
  - Commercial/Business License Fee;
  - Tax Increment Financing (only if not project-specific, such as in Portland, OR);
  - Transfer of Development Rights from Open Space;
  - Real Estate Documentary Fee (flat fee received through transaction); and
- Pursue changes at the state level to legalize Real Estate Transfer Taxes in Colorado.

Background: As of 2010, there were four sources of city-administered funds that help to subsidize the acquisition and construction of affordable housing in Boulder. The following table shows the amount of total funds per source allocated through the city's affordable housing program. It should be noted that federal funds suffered cutbacks in the 2011 funding year by approximately 12 percent in HOME and nearly 17 percent in Community Development Block Grant (CDBG). Due to deficit reduction efforts in Washington D.C., this trend of diminishing federal funding for community development efforts is expected to continue and at possibly accelerated rates. Budgeting for 2012 includes a five percent cut in both CDBG and HOME projected funding below the allocations of these funds for 2011. Additionally, staff does not anticipate a budget scenario in which there is an increase in federal community development funds in the immediate future.

It should be noted that federal funds suffered cutbacks in the 2011 funding year by approximately 12 percent in HOME and nearly 17 percent in CDBG. Due to deficit reduction efforts in Washington D.C., this trend of diminishing federal funding for community development efforts is expected to continue and at possibly accelerated rates. Budgeting for 2012 included a five percent cutback in CDBG and HOME projected funding below the allocations of these funds for 2011, and staff does not anticipate a budget scenario in which there is an increase in federal community development funds in the immediate future.

An explanation of funding sources is included below.

Fund	Percentage of Total Funds Allocated through Affordable Housing Program
Affordable Housing Fund	56 percent
Community Housing Assistance Program	25 percent
HOME	13 percent
Community Development Block Grant	6 percent
TOTAL	100 percent

Affordable Housing Fund: Established in 2000, revenues primarily come from IH cash-in-lieu contributions, with the cost spread among land owners, residential developers and new homebuyers. City Council also has allocated funding to the affordable housing program through the general fund, which funds are collected community-wide. Between 2000 and 2010, the Affordable Housing Fund averages $2.9 million annually, with significant fluctuations depending upon development activity[8]. The fund benefits households with annual incomes up to 80 percent of AMI ($66,000 for a three-person household in 2010). These are the most flexible funds because guidelines are determined locally.

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[8] Absent a sizable amount of Cash-In-Lieu in 2010, funding through the Affordable Housing Fund averaged between $910,000 and $1.05 million per year from 2000 through 2010l.

Community Housing Assistance Program (CHAP): Established in 1991, property owners pay property taxes that generate revenue for affordable housing programs; the approximate annual payment equals $31.84 on a $500,000 residential property and $116.00 on a $500,000 commercial property. Developers of new residential and commercial properties pay through the Housing Excise Tax (HET); residential excise tax is $0.23/square foot and non-residential development excise tax is $0.49/square foot.

In 2009, City Council approved placing a ballot issue to the voters to balance the source of revenue collected through HET between the residential and the commercial development sectors. The shift in burden, directed toward non-residential development, would have eliminated the existing residential portion of that tax in recognition that the need for affordable housing is driven by non-residential as well as residential development. This 2010 ballot initiative did not pass although 42 percent of voters supported the issue. This fund averages $1.28 million annually, and benefits households with income between 15 and 60 percent (up to $48,380 for a three-person household in 2010).

HOME: Established in 1996, this federal program is overseen by the U.S. Department of Housing and Urban Development (HUD) and is designed to implement housing strategies that increase ownership and affordable housing opportunities for low and very low income Americans; eligible uses include tenant-based rental assistance, housing rehabilitation, assistance to homebuyers and activities related to residential development.

Boulder funding amounts to approximately $650,000 annually, plus administrative costs to administer a HOME Consortium that Boulder has entered into with Boulder County and surrounding communities. This fund benefits ownership households earning up to the HUD Low Income Limit of 71.9 percent of AMI ($58,000 for a three-person household in 2010) and rental households earning up to 50 percent of AMI ($40,350 for a three-person household in 2010).

Community Development Block Grant (CDBG): Established in 1974, this federal program is overseen by HUD. This program provides grants on a formula basis to entitled communities to carry out a wide range of community development activities directed toward neighborhood revitalization, economic development, or housing.

The housing portion of this fund amounts to approximately $330,000 annually and benefits households with annual incomes up to the HUD Low Income Limit of 71.9 percent of AMI ($58,000 for a three-person household in 2010).

Recommendations for additional funding

The following funding source recommendations have been supported by a majority of the AHTF (these recommendations have not been prioritized, nor negotiated as a package of potential funding sources):

- **Occupation/Head Tax**

  The occupation or head tax is a monthly or annual fee paid by businesses and/or employees for the privilege of working in a specific municipality. The City of Boulder does not have an occupation tax; in 1994, voters defeated a proposal for an occupation tax of $9 per employee to support transportation. An *annual* assessment of $10.23 per job ($0.85 per month) could raise $1 million per year, based upon 97,500 jobs in Boulder. Employees working in the City of Denver pay $5.75 per month.

- **Hotel/Accommodations Tax**

  Hotel and motel users are taxed based upon room usage. Some municipalities combine this tax with sales tax for a total rate, and therefore rates in other areas may appear to be much higher; Boulder assesses accommodations and sales separately with a 7.5 percent Public Accommodations Tax that is used to promote tourism. An increase in this tax would require a vote. The affordable housing link between hotels results from the lower wages typically paid to employees of the accommodations industry. Typical assessments for an accommodations tax are between five and seven percent. In Columbus/Franklin County, OH, the Housing Trust Fund receives 8.37% of hotel tax revenues generating about $1 million in funding each year.

- **Sales Tax**

  This is a tax on goods sold. The current City of Boulder sales tax rate is 3.41%, and the combined state, county and city sales and use tax rate is 8.31%. Currently there is no dedicated sales and use tax for affordable housing, however general fund allocations for affordable housing include some funds raised from sales and use taxes. An assessment of 3.9 cents per $100 spent could raise $1 million per year. With this increase, the new tax rate would amount to 8.349 percent. All consumers in the community pay this tax. Any increase in this tax requires a vote of the people. A sales tax failed at the ballot in November 2000 by a margin of 52 percent to 48 percent. That measure would have added an estimated $3,000,000 additional in affordable housing funds annually.

	Tax Rates				
Name of City	**City**	**County**	**State**	**Special[a]**	**Total**
Boulder	3.41%	0.80%	2.90%	1.20%	8.31%
Louisville	3.50%	0.80%	2.90%	1.20%	8.40%
Longmont	3.28%	0.80%	2.90%	1.20%	8.18%
Broomfield[b]	4.15%	0.00%	2.90%	1.20%	8.25%
Denver	3.62%	0.00%	2.90%	1.20%	7.72%
Lakewood	3.00%	0.50%	2.90%	1.20%	7.60%
Fort Collins	3.85%	0.80%	2.90%	0.00%	7.55%
Superior	3.46%	0.80%	2.90%	1.20%	8.36%
[a] Special includes RTD (1%), Scientific & Cultural Facilities District (0.1%), and Football Stadium District (0.1%).					
[b] City and County figures are combined.					
Source: Colorado Department of Revenue, County & City Tax Rates.					

- Property Tax

Property taxes are levied annually on residential and commercial properties based on property value. The mill levy for properties in the city of Boulder is 10.818 mills and impacts all property owners within the city.

The current amount of property tax paid by the owner of a median-priced $500,000 home is $3,216.80. (The total property tax varies, depending upon where the property is located.) In order to raise an additional $1 million per year (based upon 2010 assessed values in the city of Boulder) a 0.393 mill increase would be required, resulting in a mill levy of 11.211. The impact on the owner of a median-priced $500,000 home would be an additional $15.64 annually. The impact for owners of a similarly-priced commercial property would be $56.99 annually. Any increase requires a vote of the people.

Typical property tax assessments for the Colorado Front Range:

Municipality	Mills
Boulder County	23.667 mills
City of Fort Collins	9.797 mills
City of Golden	12.34 mills
City of Longmont	13.42 mills

2010 property tax revenues and distributions[9]:

District	2010 Mill Levy for Tax Area 0010	$500,000 Residential Property	$500,000 Commercial Property
Boulder Valley School District	43.838	$1,744.75	$6,356.51
Boulder County	24.645	$980.87	$3,573.53
City of Boulder	10.818	$430.56	$1,568.61
Northern Colorado Water Conservancy District	1.000	$39.80	$145.00
Urban Drainage & Flood Control District	0.523	$20.82	$75.84
Total:	80.824	$3,216.80	$11,719.48

Funding ideas for further consideration

- **Housing Excise Tax/Linkage Fees**

These strategies tie new development to affordable housing by requiring developers of new properties to pay fees, usually assessed per square foot of development. The City of Boulder charges a HET on residential developments at a rate of $0.23 per square foot (excluding footage for affordable housing) and non-residential developments at a rate of $0.50 per square foot (including building expansions). To earn approximately $500,000 annually one option would be to remove the current residential HET and increase the commercial HET on a sliding scale to an amount of three to seven dollars per square foot. Populations impacted by an increase in this tax for new construction include developers, lessees, land sellers and eventual owners. Any change to this tax requires a vote; rates should vary based upon nexus. Typically, assessments of this type run between fifty cents and $13.00 per square foot.

- **Commercial/Business License Fee**

This is a flat fee imposed on businesses based on number of employees, gross income or type of business or location. The City of Boulder requires a one-time fee of $25 for a sales, use, admission or accommodation license to pay for the issuance of the license, which does not expire. The typical assessment is $25 to $100 per business. The population burdened by a fee increase is business and entities requiring a sales, use, event or accommodations license. A nexus to affordable housing would be required.

- **Tax Increment Financing (TIF)**

TIF is used in blighted urban renewal areas to support redevelopment. The tax increment is the difference between the taxes generated within an urban renewal area prior to redevelopment versus after redevelopment. For a number of years, all or part of the

[9] Boulder County Budget Summary 2010.

increment that would normally be paid to local government entities and taxing districts is diverted to support the construction of public improvements in the blighted area. In Portland, Oregon for example, the set-aside policy requires that 20 percent of all urban renewal funds generated within the city be used for affordable housing. The impact of TIF is difficult to predict without considering a specific project. TIF requires a vote by City Council and is governed by state statute.

- **Development Rights Transfer**

Transfer of development rights (TDR) programs use the market to implement and pay for development density and location decisions, under the perspective that open space and urban growth boundary policies exert upward pressure on housing costs. TDR programs allow landowners to sever development rights from properties in low-density areas and sell them to purchasers who want to increase the density of development in areas identified as appropriate for high density. The price for a unit of density is based upon market demand and determined through the program. Boulder County estimates that the rights to develop one unit of density are valued between $20,000 and $50,000.

The BVCP states that "the city and county will jointly determine criteria for areas of TDRs within or in proximity to Boulder Valley, in order to secure conservation easements on valuable rural lands from which density may be transferred and shift those rural residential densities to appropriate urban settings." Seattle, Washington created a TDR program for affordable housing in 1985 and as of 2002 had created or preserved 559 units of affordable housing; subsequently it was configured to create another 900 units.

- **Real Estate Document or Recording Fee**

A document or recording fee represents fees charged on real estate documents during the course of a transaction. A document fee is typically based on the property value, while a recording fee is typically a flat fee per document or page recorded (including those associated with refinances). The City of Boulder currently does not have a document fee. Boulder County has a recording fee that varies based on the documents filed. The State of Colorado imposes a fee on any document that transfers title with consideration exceeding $500 assessed at one cent per $100. A city document fee of .001 (one-tenth of one percent) on property transfers would raise $622,000 annually, based upon a total of $622,060,213 in listed real estate transfers in 2010). Property sellers bear the burden for these fees. A nexus to affordable housing must be proven.

Analysis of Recommendations: The identified guiding principles for funding are that the burden to provide affordable housing should be broadly distributed; that funding not depend upon growth; that there should be a connection between that which creates the need for affordable housing and who pays; that city staff should have flexibility in the mix of ownership and rental units; and that IH partially constrains new residential development. These principles led to AHTF agreement that the city should pursue new funding sources and that the entire community should share the costs.

The AHTF thoroughly examined each identified funding tool in terms of:

a) Its current use in the city of Boulder,
b) examples of use from other communities,
c) typical assessments,
d) required assessments for raising a determined amount of funds,
e) population burdened,
f) average cost to the household or business,
g) administrative issues,
h) legal or nexus issues,
i) other considerations, and
j) unintended consequences.

They agreed that each tool has strengths and weakness to explore. While there were initially 14 identified funding tools, a subcommittee of the AHTF narrowed that list for analysis and consideration to the nine that were determined to have the most potential for acceptance and adoption. Of that number, the following four were recommended by the AHTF under the analysis in this table:

	Amounts to raise $1 million	PROS	CONS
Occupation/ Head Tax	$1/month tax per employee	Comparatively stable; total employment remains fairly stable from year to year	May create/ perpetuate a perception in Boulder regarding business sentiment
Accommodations/ Hotel Tax	Increase by 1.68% would generate $1 million/yr.	A nexus between typical wages paid in the accommodations industry, and the demand for affordable housing	Potential negative impact on tourism
Sales Tax	Increase by 0.1% would generate more than $1.6 million/yr.	Tax linked to residents and businesses via taxable purchases, effectively taxing a broad base of beneficiaries	Volatile; dependent on consumption; impacted by a strained economy, the current budget and tax environment, and regional competitiveness
Property Tax	Increasing by 1 mil would generate more than $2.57 million per year, amounting to an extra payment of $40 per household per year (based on $500,000 home)	Tax linked to housing, and residents (owners directly and renters via rents) and businesses, effectively taxing a broad base of beneficiaries of the program	Consumers and businesses are strained given the state of the economy, and the current budget and tax environment may not be conducive to approaching voters for tax increase

An increase in the stock of affordable housing would supply social, economic and environmental benefits to multiple constituencies in the city of Boulder. When seeking additional funding, these constituencies should be informed and consulted about the costs and benefits of any tax increase. The AHTF also discussed timing, and in particular public acceptance of additional taxes during a recession.

The ballot issue to increase sales tax to support affordable housing in November 2000 failed at the polls. Reflection on the part of some organizers pointed to the need to organize a grassroots educational campaign. There should also be consideration for how a potential affordable housing funding measure could impact other fundraising campaigns in the City of Boulder.

3. Inclusionary Housing and Homeownership

Of all the issues discussed by the AHTF, the IH program proved to be the area where the fewest points of agreement could be reached. While some AHTF members believed IH requirements on individual projects should be lessened, others argued that much higher levels of new residential development should be dedicated as permanently affordable. Despite this diversity of opinions, AHTF members agreed that the program has strengths (such as distribution of affordable units throughout Boulder) that should be retained, and found areas where agreement (and ultimately guiding principles) could be reached. Additionally, please note that some of the items in the list of ideas for further consideration are mutually exclusive.

Guiding Principles

1. New residential development currently bears a disproportionate share of the burden to provide affordable housing due to an over-reliance on the IH program.
2. The IH program has been valuable; however, it should be improved.
3. Benefits of IH should be retained, by including units in market rate projects and distributing affordable housing units throughout the community.

Recommendation

- Analyze the cost of providing affordable homeownership versus rental housing. Consider the tradeoffs when implementing IH and allocating funding (e.g., subsidizing homeownership versus rental housing, higher versus lower incomes, etc.). Allow opportunistic resource allocation.

Ideas for Further Consideration *supported by majority of Task Force members present*

Inclusionary Housing

- Continue to use IH to provide homeownership opportunities. IH is one of the few programs that provides homeownership opportunities for households earning up to 80 percent AMI.
- Institute an IH requirement of 10 percent for conversions of apartments to market rate condominiums, with an exemption for projects that have already met the IH requirement.
- Lower IH from 20 percent to 10 percent of dwelling units within a development project if replacement funding is secured and allocated. Leave IH at 20 percent for up-zoned parcels.
- Incent payment of cash-in-lieu over units by reducing the cash-in-lieu fee, in order to ultimately produce more funds.
- Reduce IH from 20 percent in return for the provision of other substantive community benefit.

Homeownership

- Secure revenue resources to add significant numbers of new ownership units that would be tied to funding, rather than dependent on IH.
- Freeze the current homeownership program (i.e., do not add new affordable ownership units) and redirect any resources to a greater number of units for lower income groups.
- Add a shared appreciation pilot program that would run alongside the current permanently affordable programs. The city already has a small-scale shared appreciation program known as H2O that provides a limited amount of downpayment assistance which is eventually repaid, as well as a proportionate share of the homeowner's appreciation on their home. The AHTF recommendation is for a shared appreciation that covers a much larger portion of the purchase price of the home, and thus garners for the city a much larger share of the home's eventual appreciation. Where the H2O program's maximum loan size is currently $50,000, the AHTF's maximum basis for calculating the appreciable would be a much higher portion of the affordable home's purchase price.
- Analyze the costs and long-term implications of permanent affordability for homeownership units vs. the cost of "recycling" units.
- Support the homeownership program in its current incarnation: no changes to the existing program.

Background: Originally adopted in 2000, IH is one element of Boulder's overall affordable housing program. IH is based on the premise that as very expensive housing is constructed, affordable housing options are reduced. Upward pressure is exerted on the costs of all housing, with the result that the city's stock of affordable housing is decreased.

IH applies to all new residential construction within the city limits, regardless of the size of a project. It applies to single family homes as well as larger multi-family projects. The general requirement is that 20 percent of all newly-constructed dwelling units must be permanently affordable to low- and moderate-income households (those with a maximum income equal to the HUD Low Income Limit [currently 71.9 Percent] plus 10 percent, or around 80 percent AMI. HUD bases its income estimates on data specific to Boulder County).

The goal of the program is to attempt to preserve economic diversity by requiring that a portion of all new housing is affordable to lower-income households. In pursuit of this goal, Chapter 9-13-1(f) of the *Boulder Revised Code* states that the provision of on-site affordable units is the primary objective of the program. These concepts correlate with the overall guiding principles.

An alternative method of compliance for building less than one-half of the required affordable units on-site is allowed if off-site units will accomplish "additional community benefits" for the city; or if housing, environmental or legal restrictions make it unfeasible to provide the required number of units on-site, either through a) a contribution of cash in-lieu of a dwelling unit, b) the provision of comparable units off-site, or c) a donation of land sufficient to build the required number of units.

Properties annexed into the city are not subject to IH but are subject to an annexation policy that requires community benefit of 40-60 percent of any residential development be provided as affordable. Projects that include four or fewer units usually contribute cash-in-lieu in compliance with the IH ordinance.

From 2000 through 2009, the city has collected approximately $11.18M in cash-in-lieu, which is pooled with other affordable housing program funds and distributed during the annual affordable housing funding allocation process. These funds are used to support:

- New construction of housing;
- Rehabilitation of existing multifamily affordable units;
- Acquisition of existing housing;
- Housing First supportive housing and the homeless shelter;
- Special needs housing (e.g. housing for people with AIDS or people with a physical or mental disability);
- Land banking; and
- Administrative costs and overhead.

Analysis of Recommendations: The funding subcommittee of the larger AHTF identified two basic funding concepts that apply to IH and homeownership: the cost for funding affordable housing programs should be equitably distributed in the community and funding should not depend heavily on growth. (These concepts correlate with those determined by the funding subcommittee.) The AHTF discussion reinforced the idea that the current emphasis on IH for funding, in particular, is in opposition to these concepts.

Some AHTF members believe that the IH program would result in better outcomes for the greater community if the burden on the development community were reduced, in part because it leads to diminished project feasibility. Alternatively, the private market could be better engaged through the use of incentives to provide lower-cost market-rate housing. Other members feel the program is sound in its current form.

Some members of the AHTF have expressed a preliminary level of support for the concept of lowering the IH requirement from 20 percent of subject properties to 10 percent, in cases where parcels have not been recently up-zoned or in parcels up-zoned in the future. This reduction would be phased-in, dependent upon securing funding sources in replacement of those potentially foregone through this reduction. Additionally, a 10 percent affordable housing requirement might be added for conversions from apartments to condominiums to preserve existing affordability. Some members felt strongly that while any reduction in the IH requirement would reduce the burden, it would be appropriate to preserve the benefits that the current IH program is specifically intended to address by seeking integration of affordable units into market-rate properties, as well as distributing affordable units throughout Boulder.

Another topic of discussion involves the opportunity costs and benefits inherent in whether affordable housing programs are targeted toward individuals and families that rent homes or own homes. Recognizing the complexity of this issue, a priority recommendation of the AHTF is to undertake further detailed analysis of homeownership and rental costs and benefits, defined in terms of both cost efficiency and values. Decision points are predicted to be both quantitative and qualitative, and may include the number of households benefiting from rental versus homeownership projects, the household incomes these product types address and demographic outcomes for the community.

There has been much discussion about which income groups benefit from and who should be served in the city's affordable housing programs and, in particular, the homeownership program. One perspective is that that program benefits a relatively small, higher-income demographic (60-120 percent AMI), and could be considered unsustainable due to required home maintenance and eventual replacement costs that are not fully addressed in the current program. This perspective maintains that affordable housing resources could be better utilized by providing affordable rental options for lower-income groups, such as sales clerks and restaurant wait staff. Another perspective advocates value in the homeownership programs as these programs retain moderate- and middle-income households in the city by making affordable homeownership available, citing the resulting income and employment diversity, stability and reduction in automobile dependency as additional positive outcomes.

Also under consideration is the concept of permanent affordability in homeownership versus a shared equity/shared appreciation model. The permanent affordability model currently in use limits appreciation, thus preserving a home's affordability into the future. Shared appreciation models allow a greater level of homeowner appreciation, and "recycles" funds back in the affordable housing program to be used in future housing efforts.

In addition, the AHTF discussed Thistle Communities' experience with Land Trusts and would like to further consider this model for preserving affordability, although some discussion indicated that land trust models do not operate effectively when in parallel with permanently affordable deed-restriction programs. Land Trusts separate the cost of land from the cost of a home, thereby theoretically reducing the cost of the home.

The AHTF also discussed how various affordable housing programs help the community achieve diversity and inclusiveness. Some members have expressed strongly that without demographic diversity, the community suffers. Others have stated that previous policies regarding land use, growth management and open space have precluded diversity and the number of units provided by the affordable homeownership program will not change the demographic trends these policies have engendered. The group also debated the effect that the IH program has had on the price of non-restricted market rate units throughout Boulder. Some members believe the IH program has explicitly caused higher costs for market rate homes throughout the community, while others cite a host of other reasons for high home prices including, but not limited to, heavily skewed demand for homes in Boulder that exceed the supply, the imbalance of jobs to population, the desirability of living in a high-value community, the presence of the University of Colorado and the effect of open space, and parks and recreation opportunities. There is substantial overlap between these factors; all contribute in putting upward pressure on the home prices.

In addition the AHTF discussed the concept of incentive-based alternatives to compliance with the IH ordinance. In this iteration of IH compliance, developers could meet their requirements by providing other community benefits that would typically go beyond those otherwise provided for in IH.

In incentive-based compliance, developers would be still be subject to the existing baseline level of IH requirements (20 percent of given projects as permanently affordable at given levels of affordability, or a corresponding amount of cash-in-lieu, etc.). In this iteration of IH however, one principal measure of "success" for the IH ordinance has been the number of units provided in satisfaction of IHO, or the number of units provided as a result of the cash-in-lieu received from IHO-subject projects.

In incentive-based IH compliance, measures of success would go beyond the metric of unit count, and be expanded into an outcome-based metric of success. In particular, while the IH program has been successful at providing housing for those with incomes typically between 30 to 60 percent of AMI, housing for extremely vulnerable populations like the frail elderly, homeless women, or single parents remains elusive. Thus incentive based IH compliance may provide potential flexibility in the number of units provided, in return for targeting units to more vulnerable populations.

Some of the potential outcomes the AHTF discussed included:

- Housing for vulnerable populations consistent with the Ten Year Plan to Address Homelessness, including Housing First units;
- Housing for Homeless women, with or without children;
- Housing appropriate for mobility impaired seniors;
- Housing with some provision of childcare; and
- Housing targeting lower-income residents than otherwise would be required.

While a large majority of AHTF members were enthusiastic about the incentive-based option, there was concern that the option be implemented in a manner that maximizes community benefit for the city. Staff presented the program as a pilot that would operate as an option at city (rather than developer) discretion, ultimately subject to city manager approval.

The AHTF voted eight to one in favor of recommending incentive-based IH compliance.

4. Land Use Tools and Development Review

Guiding Principles

1. Land use tools are not aimed at providing permanently affordable units, but rather can help address the gap in housing between permanently affordable dwelling

units and market-rate dwelling units, offering relative affordability and a greater range of housing choices in the community.

2. Land use tools represent a variety of potential strategies that can each provide some relative affordability in market-rate housing.

Recommendation *supported by the full Task Force*

- Support, only in concept, the Community Benefit Comprehensive Plan Policy, as written by Boulder Housing Partners.

Ideas for Further Consideration *supported by majority of Task Force members present*

- Expand the number of Owner Accessory Units (OAUs) and Accessory Dwelling Units (ADUs).
- Consider changing occupancy limits.
- Institute zoning or other regulations to encourage, incent or allow more small, detached units.
- Allow the subdivision of single-family lots in selected areas to allow one additional deed-restricted smaller unit, with a restriction on price.
- Zone for higher density along transit corridors and encourage or require relatively affordable smaller units.
- Provide incentives for smaller, detached dwelling units.
- Include mechanisms to preserve affordability of existing market rate units, such as ensuring a right of first refusal for renters to purchase their lower-cost apartment buildings if they are proposed to be converted to expensive condominiums.
- Require an affordable housing benefit for conversions of apartments to condominiums for projects that have not previously paid into the affordable housing program.

Background: Affordable housing can be divided into two categories: permanently affordable housing (e.g., housing that is subsidized and regulated to ensure homes will be affordable in the future) and relatively low-cost market-rate housing that may become more expensive over time and does not typically house very-low income households. Land use tools, such as zoning, designate location of housing to be built in the city, according to type and size of unit. While land use tools are put in place to meet a wide variety of city goals, and are not aimed solely at providing market-rate affordability, they can play a role in addressing the gap between permanently affordable and market provided dwelling units.

Specifically, land use tools can focus on the creation of smaller dwelling units in appropriate locations to minimize production and commuting costs for residents. These units could be offered more affordably through the market, or they could be coupled with income-based restrictions in return for city financial investment, gaining the potential to create permanently-affordable units.

The AHTF recognized that while land use tools would likely provide a limited addition of market-rate, non-permanently affordable units, the tools should be utilized to help bridge the gap between permanently-affordable units and higher-cost housing provided through the market. In addition, well crafted land use tools can engage the private market as partners in meeting the housing needs for the full income spectrum of households.

Analysis of Recommendations: Further exploration and analysis of the following issues were supported by a majority of AHTF members.

<u>Accessory Dwelling Units and Owner Accessory Units</u>
Modifications to the OAU and ADU programs require careful study to ensure that any changes are compatible with existing neighborhoods. The city currently licenses approximately 150 of these permitted uses, which are not considered to be a "permanent" use of a housing type because a permit may be revoked under certain circumstances. Further, these uses are not regulated in terms of affordability, as owners are free to charge rents of their discretion. Both OAUs and ADUs can be considered beneficial; they may provide relatively affordable market-rate rental units, and income from the rental unit may benefit a homeowner by contributing toward the mortgage of their primary home. Additional research is needed to determine actual affordability of this housing type. Once data is obtained, it would be possible to set a goal and strategy for the creation of additional units in areas of the city.

<u>Community Benefit Comprehensive Plan Policy</u>
The AHTF also discussed the Community Benefit Comprehensive Plan Policy, recommended by Boulder Housing Partners, that waives certain regulations and fees imposed through the development process in exchange for the provision of affordable housing. This is one way that market-supplied rental housing can contribute to the goal to keep lower-income households in the community.

In addition to the land use tools above, there was the desire on the part of some members to address the costs of production of affordable units and particularly the costs and complexity of Boulder's development review process.

5. Home Owner Association Fees

Guiding Principles

1. Rising HOA fees can present a challenge for owners of affordable homes, and can jeopardize a home's long-term affordability. Consequently, the city has a role in exploring ways to potentially mitigate these costs for affordable buyers.
2. Expense planning and capital reserve set-asides are essential for HOAs to properly plan for future expenses.

Recommendations *supported by the full Task Force*

- Provide one-time city-funded cash grants for capital reserves.
- Offer low- or no-interest city-funded loans to cover association-related fees for HOAs and/or individual affordable homeowners. A homeowner uses their home as collateral and re-pays at a set future date or time of sale.
- Cap HOA fees for affordable units in mixed affordable/market rate projects.
- Develop an in-depth HOA governance training program for affordable buyers; some training currently is provided.

Ideas for Further Consideration *supported by majority of Task Force members present*

- Require city approval of initial HOA fee rates, and/or index of maximum increase rates.
- Provide owners of permanently affordable units access to fewer project amenities; no fees for amenities not used.
- Require developers "endow" affordable unit reserves in mixed affordable/market rate projects.
- Have a city representative serve on the initial, developer-appointed HOA board to represent the city's ownership position. This representative would then transition off at such time as the owners elect their own HOA board.

Background: HOA fees can be problematic for owners of affordable homes when the initial fees are higher than estimated when an affordable unit's sale price was determined. Rising HOA fees often result because of a high level of project amenities, and/or fees increase over time or special assessments are levied. Staff currently reviews the initial HOA documents to determine that fees are realistic, however future costs and management approaches are unknown. Owners of affordable homes typically do not make up the largest percentage of owners in given projects, and as such do not have the same voting power as the owners of market rate homes. HOAs are regulated by the state, not the city, and are private entities. Any solutions must conform to state law.

Analysis of Recommendations: Funding sources would need to be identified. Equity issues exist as well, in providing benefits to entire HOAs where market-rate buyers may enjoy benefits otherwise intended for lower-income homeowners. Where city funding is utilized, staff could review an association's budget and use a formula to determine the amount for a loan or grant award. In some cases it may be appropriate for homeowners to use their home as collateral and the city would be re-paid at a set future date or time of sale.

6. Mobile Homes

Guiding Principles

1. Endorsement of the BVCP, which states "The city and county will encourage the preservation of existing mobile home parks and the development of new manufactured home parks, including increasing opportunities for resident-owned parks."
2. Goals or outcomes desired include: facilitate resident ownership, stabilize pad rents, and provide long-term park stability for the residents.

***Recommendations** supported by the full Task Force*

- Develop a Mobile Home Park Strategy that includes an analysis of the pros and cons of the following strategies for mobile home park ownership:
    a. Fee simple, in which an individual or corporation owns all of the land;
    b. Land trust model;
    c. Limited Equity Housing Cooperative (LEHC), in which a Cooperative entity purchases a park and residents own shares in the Cooperative;
    d. Micro-zoning (modular and fixed-foundation) in which individual lots could be bought and sold on the open market; and
    e. Right of first refusal for residents to buy a mobile home community if offered for sale.
- Identify tools and strategies whereby mobile homes and communities can be included in affordable housing programs for the purpose of preserving the homes or communities as affordable housing options.
- Explore what it would take for mobile homes and communities to be eligible for federal and other funding sources.
- Task Force members participate in a Mobile Home Park Strategy analysis that will be commissioned through the City of Boulder, Department of Housing and Human Services.

Background: Mobile Homes have long been considered an important affordable housing option in Boulder. There are approximately a half dozen established mobile home parks in the city with an estimated total of 1,297 spaces and a high proportion of low income residents. The city created the mobile home park zoning district ("MH") in 1985 which addresses development standards for mobile home parks, including setbacks and required spacing between mobile homes. Mobile home parks are the only locations within the city where mobile homes may be located.

The AHTF discussed the ways in which mobile homes contribute to housing affordability in Boulder and the challenges mobile home residents face. Some of the challenges stem from the fact that mobile home communities were conceptualized and built as Recreational Vehicle (RV) parks but in fact mobile homes stay on a site for many years and seldom moved. In general, mobile homes are not counted in the city's inventory of affordable housing because they are not deed-restricted to serve households of identified income limits. The exception is Mapleton Mobile Home Park, which, while not deed-restricted, has 120 "lots" that have income and maximum rent restrictions.

Mobile homes provide a means for low and moderate income households to enjoy a detached home, typically at a price lower than other single family housing options. However since mobile homeowners typically rent the land on which their owned-units reside, they are subject to some of the same uncertainties about price stability and landlord rules and restrictions as other renters. Some other difficulties with mobile homeownership include: purchases are financed similarly to automobiles; the homes are difficult to relocate; and the homes are typically a depreciating asset with considerable disposal costs at the end of their useful life.

Analysis of Recommendations: The Housing and Human Services Department is planning to develop a Mobile Home Park Strategy in 2012, and the AHTF felt that identified issues would be best addressed through that more comprehensive process. The AHTF's recommendations focus primarily on mobile home park ownership and are meant to be included in a larger strategy that addresses a wide range of issues. Many but not all mobile homes provide market rate affordable housing. There was a strong desire on the part of AHTF members to preserve that affordability.

7. Housing for Seniors

Guiding Principles

1. Seniors are a valuable component of the diversity in Boulder with unique and growing housing needs.
2. The senior population is an emerging demographic whose housing needs require a broader understanding and the potential for immediate attention.
3. Senior housing implies a specific demographic, with a specific inventory of senior housing options currently available, and potentially a specific set of housing and service needs. Performing a needs assessment of the housing needs of this population should be relatively simple to quantify and implement.

Recommendations *supported by the full Task Force*

- Convene a separate group, including volunteer members of the AHTF, to develop a strategy for studying and meeting the housing needs of a growing senior population.
- Commission a needs-assessment for senior housing.
- Track and count senior affordable housing separately.
- Track items such as rent and services in affordable senior housing separately in order to differentiate between affordable rents, and total senior-tenant monthly payments.
- Consider whether annexation policies should be flexible to include senior housing as a community benefit. This would need to be large-scale consideration (rather than on a project-specific basis) likely under the umbrella of a BVCP update.
- Consider how senior housing needs can be met through current AHTF recommendations, such as through subdivision of lots.

Background: According to the BVCP 2010 Summary of Key Trends, Boulder County's population is aging faster than the nation, and the population aged 60 and over is expected to more than double by 2020. While the percentage of Boulder's population 65 and older has not changed significantly over the last 20 years (growing by 0.2 percent, from 7.8 percent to 8.0 percent), the future looks much different: In 2008, 12 percent of Boulder County's residents were over the age of 60. In 2020, that age group is expected to reach 21 percent of residents.

Analysis of Recommendations: There was interest in continuing the discussion of senior housing needs as a separate process and including members of the AHTF, as well as other members of the community, stakeholders and senior housing experts. The focus of the AHTF's recommendation is on collecting data to better understand the need to quantify, plan for, and eventually provide affordable senior housing.

8. Housing for Students

***Recommendations** supported by the full AHTF*

- Work collaboratively with the University of Colorado to better understand long-term enrollment projections and employment needs, and their impacts on housing of faculty, staff and graduate students.
- The City of Boulder should not address the issue of student housing.

Background: According to the University of Colorado (CU) Master Plan Task Force, the University of Colorado at Boulder expects to see continued increases in enrollment, as well as research and support staff. Published data on the CU Boulder website (modified most recently on 4/18/2008) offers enrollment projections through 2030[10]:

- Actual undergraduate and graduate student enrollment in 2007 was 28,988, and is projected to grow by 4,103 students by 2030.
- In 2009, approximately 33 percent of undergraduate and 63 percent of graduate students lived in Boulder, not in residence halls.
- Accounting for the University's projected growth, and assuming constant off-campus living over the next 20 years and four students per unit, it is projected that students will demand 512 additional housing units in the City of Boulder between 2010 and 2030.
- The CU Office of Planning, Budget, and Analysis estimated that 64 percent of tenured and tenure track (TTT) employees and 41 percent of faculty lived in Boulder in 2009[11], however it is estimated that Boulder's high cost of housing will reverse these numbers in the future.
- Keeping ratios of employees and student enrollment constant over the 20-year projected period, it is estimated that employees may demand up to 386 additional housing units.
- Considering additional employee and student housing demands, increased enrollment may result in up to 898 additional housing units demanded.

Analysis of Recommendations: The student housing subcommittee of the AHTF established early in their discussion that City of Boulder programs should not be providing housing for "traditional" students, or faculty and staff (some "non-traditional" students, however, represent residents of affordable units whose attendance at CU is encouraged). The group agreed on the importance of staying cognizant of enrollment changes at the university.

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[10] University of Colorado Boulder, Office of Planning, Budget, and Analysis, Flagship 2010--Enrollment & Reference Materials, http://www.colorado.edu/pba/records/flagship/TXX_BSmoothVersG.xls.
[11] Office of Planning, Budget, and Analysis, http://www.colorado.edu/pba/records/zip/employees.htm.

Summary

The Boulder AHTF was convened in June 2010 at the request of City Council, to advise and make recommendations to council and staff on affordable housing goals, affordability issues and the city's affordable housing program.

The AHTF is a diverse group who dedicated more than a year – from June 2010 through August 2011 – to review current affordable housing programs and explore options to increase affordable housing opportunities in Boulder. They had a broad mandate from council to consider a wide range of issues and early in the process came to consensus that the availability of affordable housing is significantly important to the well-being of Boulder.

AHTF members initially undertook several months of education and review of current affordable housing programs, as well as the people, households and beneficiaries of the programs, the needs and demands for a range of housing options in the community, and the intended and unintended consequences of the city's past housing polices. Specific topics included:

- The history and background of the city's affordable housing programs;
- The affordable housing funding process;
- An overview of housing in the city and county, including a presentation on the relationship between the affordable housing programs and housing planning in the city;
- Affordable homeownership and rental programs; and
- A tour of affordable housing throughout the city.

AHTF members additionally discussed a wide range of issues such as regionalism; commuting patterns; transportation impacts; CU; senior housing; and the development of a long-term Housing Master Plan. They also analyzed the particular needs of the following household income groups:

- Zero-income and very low-income households;
- Very-low, low-, and moderate-income households; and
- Moderate- and middle-income households.

Following this process, the AHTF narrowed its focus and subsequent recommendations to eight major topics, including city-wide affordable housing goals, the manner in which the affordable housing programs are funded, IH and HO, land use and development review, mobile homes, HOA fees, housing for seniors, and housing for students. AHTF members then formed subcommittees to discuss each respective topic and report back to the AHTF as a whole with the subcommittees' recommendations. Following their deliberations, AHTF members agreed on the following Affordable Housing Guiding Principles:

- Housing is a basic human need
- Boulder has a greater need for affordable housing than has been met

- The cost for affordable housing should be equitably shared by the entire community
- All sectors should be engaged in solutions to affordability
- Affordable housing options are a critical part of the economic, social and environmental sustainability of a city

Where full agreement on individual topic areas among AHTF members could be reached, recommendations were agreed upon and are forwarded to City Council.

Recommendations include:

Goals and Resource Allocation:

- City staff should determine the income priorities for funding, which allows for flexibility, leveraging of resources and maximizing opportunities.
- City staff should determine the balance of ownership and rental units, generally following the current trend of 25 percent homeownership units and 75 percent rental units and allow flexibility to maximize opportunities.
- Periodically review progress toward goals and adjust course as necessary. Affirm the goal to have 10 percent of the total housing stock at any given time be permanently affordable. Under current conditions, with a total housing stock of 45,000 units, the goal would be 4,500. As the housing stock increases over time, the goal will increase accordingly. If or when funding allows, increase annual production rates by 50 percent above the annual average over the period 2000-2010.

Funding:

- Provide additional funding sources.
- Explore funding options the Task Force felt held the most promise (presented without prioritization):
  - Occupation/Head Tax;
  - Hotel/Accommodations Tax;
  - Sales Tax; and
  - Property Tax.

Inclusionary Housing and Homeownership:

- Analyze the cost of providing affordable homeownership versus rental housing. Consider the tradeoffs when implementing IH and allocating funding (e.g., subsidizing homeownership versus rental housing, higher versus lower incomes, etc.). Allow opportunistic resource allocation.

Land Use Tools and Development Review:

- Support, only in concept, the Community Benefit Comprehensive Plan Policy, as written by Boulder Housing Partners.

HOA Fees:

- Provide one-time city-funded cash grants for capital reserves.
- Offer low- or no-interest city-funded loans to cover association-related fees for HOAs and/or individual affordable homeowners. A homeowner uses their home as collateral and re-pays at a set future date or time of sale.
- Cap HOA fees for affordable units in mixed affordable/market rate projects.
- Develop an in-depth HOA governance training program for affordable buyers; some training currently is provided.

Mobile Homes:

- Develop a Mobile Home Park Strategy that includes an analysis of the pros and cons of the following strategies for mobile home park ownership:
    a. Fee simple, in which an individual or corporation owns all of the land;
    b. Land trust model;
    c. LEHc, in which a cooperative entity purchases a park and residents own shares in the cooperative;
    d. Micro-zoning (modular and fixed-foundation), in which individual lots could be bought and sold on the open market; and
    e. Right of first refusal for residents to buy a mobile home community if offered for sale.
- Identify tools and strategies whereby mobile homes and communities can be included in affordable housing programs for the purpose of preserving the homes or communities as affordable housing options.
- Explore what it would take for mobile homes and communities to be eligible for federal and other funding sources.
- AHTF members participate in a Mobile Home Park Strategy analysis that will be commissioned through the City of Boulder, Department of Housing and Human Services.

Housing for Seniors:

- Convene a separate group, including volunteer members of the AHTF, to develop a strategy for studying and meeting the housing needs of a growing senior population.
- Commission a needs assessment for senior housing.
- Track and count senior affordable housing separately.

- Track items such as rent and services in affordable senior housing separately in order to differentiate between affordable rents, and total senior-tenant monthly payments.
- Consider whether annexation policies should be flexible to include senior housing as a community benefit. This would need to be large-scale consideration (rather than on a project-specific basis) likely under the umbrella of a BVCP update.
- Consider how senior housing needs can be met through current AHTF recommendations, such as through subdivision of lots.

Housing for Students:

- Work collaboratively with the CU to better understand long-term enrollment projections and employment needs, and their impacts on housing of faculty, staff and graduate students.
- The City of Boulder should not address the issue of student housing.

In other cases where near-agreement could be reached by a majority of AHTF members, these topic areas are forwarded within this report in the form of “Ideas for Further Consideration”.

The AHTF 2010-2011 Report includes a number of recommendations that require further action and in some cases, detailed study, analysis and additional council consideration in order to implement. The AHTF has requested council’s feedback on recommendations contained in the report, and recommends staff be given direction for further research (or implementation) in areas that council has interest in pursuing.

Community Comments

I am not able to attend on Tuesday to submit my comments to the Task Force so I thought I'd email. I would like them to be sure to address the gap for folks like me. I currently pay $880/month in rent. I could afford a couple hundred more but not much more for a place. As a single person I make too much for most of the places in the affordable housing. I would have bought one already if that were not the case. Unfortunately the higher income level places that I could qualify for are too expensive for me. You could adjust these amounts. Or… I've seen places sit on the market for months and it would be good to have a program where you'd open those up to other folks rather than just having them sit there. Thanks for your time.

* * *

I think many of the land use tools are worth considering. More OAU and ADU would help increase housing options for seniors (mother-in-law units). Increased density in the transit corridors could add a number of units in ways that would have minimal effect in VMT.

* * *

We seem ill prepared for the senior housing need that is facing us. How can we better support housing options for seniors? Resources for aging in place, accessory dwelling units, community oriented co-ops/co-housing.

* * *

HOA dues that increase beyond inflation are a problem. The initial HOA dues were approved by the city at my residence but not since. My community has voted to increase my HOA dues at a higher rate than others because of a belief they were initially set too low. I will likely lose my home in part due to these rising fees. More needs to be done to set appropriate HOA dues. A big help would be to have an adequate reserve replacement study done to set realistic rates at the start of the project instead of years later recognizing replacement funding has not been adequate.

It does seem a little unfair that market units can recoup these rising costs via rising home appreciation but affordable units can not but are expected to be equal partners in paying these costs.

* * *

Boulder has lost the boarding house/hotel room housing type that in the past housed poets and others that might otherwise have been homeless. The loss of these 150 to 300 [sq] ft units has created more housing need at the lower in comes. Is there any way to incorporate this size of housing into a lower income housing option?

I have worked on two campaigns to increase taxes for affordable housing. Both failed at the ballot and I doubt another effort in these economic recession/depression times will succeed. What options are available to fund affordable housing without going to another ballot?

* * *

Please include cooperative housing via the Boulder Housing Coalition as an affordable housing option for those earning a lower income.

Mobile home parks need funding to preserve them as permanently affordable housing. The City should commit its bonding authority to help secure existing parks to become resident-controlled and permanently affordable. Funding commitment must include infrastructure improvements that have often been neglected.

In addition mobile homes need to be replaced but the loan terms are not the equivalent to regular homes. Often financing a mobile home is quite expensive for mobile homes on lots designated as permanently affordable a loan fund should be established so a home owner of a mobile home at 30%-60% AMI can buy a replacement home at reasonable loan terms. Otherwise as mobile homes age we will lose lower-income owners.

* * *

Many single family homes in the existing program are having failures at about 10 years due to repair and upkeep cost and lowered initial construction quality. Examples are homes needing all new windows, roofing, appliances etc. Many items allowable toward repairs/improvements were eliminating about 4 or 5 years ago throwing the burden as a loss to the affordable and middle income homeowners. In addition, a cap was placed on self-standing homes and condos of $25,000. This can work on condos, but not on self-standing homes. This failure is occurring nationwide in programs, including Boulder. I doubt the programs intended this huge loss of the homeowners.

A solution in many communities has been allowing single family home owners to buy out after 10 years. Possibly at $10,000 or $15,000. Another solution has been to allow single family homeowners to take a 75% profit upon selling and affordable housing 25%. Both concepts bring much needed funds into affordable housing offices and relieve the homeowner of an unintended failure in the program. Obviously allowing homeowners to pay $10,000-$15,000 to buy out brings immediate funding in.

* * *

I was disappointed that there was no presentation and Q & A. The summary boards were fine but lacked details that would allow us to really understand the issues.

The Task Force (or someone) must expand the issue to include "affordability of homes" rather than just subsidized affordable housing. The Land Use group came closest and is to be commended. If the Task Force doesn't substantially focus on how to enable and encourage the private market to help create reasonably affordable housing then this group missed a critical opportunity. Of particular note, the city should encourage the creation of apartments and small (inexpensive) for sale units by exempting them from the cash-in-lieu requirement.

Figure out a simple method to enable current affordable housing owners to move on once their income exceed the target demographic. Currently the financial penalty of leaving (due to resale restrictions) means that fewer people in true need are being served.

City-wide affordable housing goals – Focus on rental

Affordable housing funding sources – Yes, decouple funding from new development.

Land use tools and development review – Many of this group's "ideas for further consideration" were excellent and should be acted upon.

APPENDIX I

Task Force Voting on Issues

FUNDING (MAY 5, 2011):	SUPPORT	NOT IN SUPPORT
Head Tax	12	0
Hotel Tax	12	0
Property Tax	10	2
Sales Tax	10	2
Combination Open Space and Affordable Housing	10	2

LAND USE STRATEGIES (JUNE 1, 2011):	SUPPORT	NOT IN SUPPORT
Expand Owner Accessory Units/Accessory Dwelling Units	9	2
Consider changing occupancy limits	9	2
Institute zoning/other regulations to encourage, incent, or allow more small, detached units	9	2
Allow the subdivision of single-family lots in selected areas to allow one additional deed-restricted smaller unit	9	2
Deed-restrict price of the one additional smaller unit	8	3
Zone for higher density along transit corridors and encourage or require relatively affordable smaller units	8	3
Provide incentives for smaller, detached dwelling units	8	3
Include mechanisms to preserve affordability of existing market rate units	6	5

INCLUSIONARY HOUSING ("IH")/HOME OWNERSHIP (June 15, 2011):	SUPPORT	NOT IN SUPPORT
Institute an IH requirement of 10% for conversions of apartments to market rate condominiums, with an exemption of projects that have already met IH	12	1
Lower IH requirement from 20% to 10% of dwelling units within a project if replacement funding is secured and allocated. Leave IH at 20% for up-zoned parcels.	10	4
Incent payment of cash-in-lieu over units by reducing the cash-in-lieu, in order to ultimately produce more funds	9	4
Raise IH requirement to 50% of units within a project	2	11
Support the homeownership program as it exists today	2	11
Reduce IH from 20 percent in return for the provision of other substantive community benefit	8	1

GOALS (JULY 20, 2011):	SUPPORT	NOT IN SUPPORT
Replace 10% of IH with $5 million in new funds	7	1
Leave IH as is with $3 million in new funds	5	2

APPENDIX II

Matrix of Funding Options

OCCUPATION "HEAD" TAX CATEGORY IMPACTED: BUSINESS	
Description	A monthly or annual fee paid by businesses and/or employees for the privilege of working in a specific municipality.
Current Use in City of Boulder	City of Boulder does not have an occupation tax. City of Boulder voters defeated a proposal for an occupation tax ($9) for transportation in 1994.
Examples	Denver, CO – Taxes $4.00 on businesses and $5.75 for employees. Neither supports affordable housing. Research to date has not identified any communities utilizing occupation taxes to support affordable housing programs.
Required Assessment	$10.23 annually ($0.85/month) per job = $1 million per year (based on 97,500 Boulder jobs).
Average Cost to Household or Business	All employers with employees working in the city. $10.23 annually per employee.
Administrative Issues	Collection or administrative systems would need to be created.
Legal/Nexus Issues	Requires a vote.
Considerations/ Fairness	Stable and predictable revenue source. Regressive, imposed equally regardless of income.

HOTEL TAX CATEGORY IMPACTED: TOURISTS/HOTEL GUESTS	
Description	Hotel and motel users are taxed based on room usage. Some municipalities combine this with sales tax for a total rate so rates in other areas may appear to be much higher. Boulder assesses accommodations and sales separately.
Current Use in City of Boulder	City of Boulder has a 7.5% Public Accommodations Tax used to promote tourism. The total combined state and city rate is 12.40%.
Examples	Columbus/Franklin County, OH – Housing Trust Fund receives 8.37% of hotel tax revenues generating about $1M in funding each year.
Typical Assessment	5% - 7% hotel tax only. Up to 18% city, state combined.
Required Assessment	A 1.68% levy = $1million/year.
Population Burdened	Hotel/motel users including tourists and business travelers.
Average Cost to Household or Business	Primary impact is to visitors.

Administrative Issues	The City has a system in place to collect and administer.
Legal/Nexus Issues	Requires a vote.
Considerations/ Fairness	May be a weak link between hotels and affordable housing, although a connection may exist as the hospitality industry employs lower-income workers.
Unintended Consequences	Potential negative impact on tourism.

GENERAL SALES & USE TAX CATEGORY IMPACTED: RESIDENTS & TOURISTS	
Description	A tax on goods sold.
Current Use in City of Boulder	Combined State, County and City Sales and Use Tax rate is 8.31%. City of Boulder Sales and Use Tax is 3.41%. There is no dedicated Sales and Use Tax for affordable housing, however, approx. $400k in general fund monies support affordable housing. For the 2011 city budget, the General Fund gets approx. 43% of its operating funds from Sales and Use Taxes.
Examples	<u>Summit County, CO Communities</u> – Varying amounts of sales tax ranging from 5.775% to 8.275%, including 0.125% for affordable housing. <u>Aspen, CO</u> – 2.2% sales tax, including 0.45% for the affordable housing/day care fund.
Typical Assessment	Locally, sales tax ranges from 7.55% in Fort Collins to 8.36% in Superior.
Required Assessment	0.00039% (.039 per $100 spent) = $1million/yr.
Population Burdened	All consumers (incl. tourists and non-resident employees). Tax rebate for estimated taxes paid for food is available to low-income households.
Average Cost to Household or Business	The impact on a median-income household in Boulder ($89,000 annual income) would be approx. $9.02 annually, assuming 26% of income is spent on goods subject to sales tax in Boulder.
Administrative Issues	The City has a system in place to collect and administer.
Legal/Nexus Issues	Requires a vote.
Considerations/ Fairness	Demonstrate housing link for public acceptance.
Unintended Consequences	Potentially weak link to housing affordability. Policy makers must be cognizant of regional competitiveness when considering higher sales tax rates. Regressive, imposed equally regardless of income.

PROPERTY TAX CATEGORY IMPACTED: RESIDENTS	
Description	Taxes levied annually on residential & commercial properties based on property value.
Current Use in City of Boulder	The mill levy for the city assessed 2010 collected 2011 (2011 revenue) is 10.818 mills. Total property tax varies, depending on where property is located. For 2009-10, residential property was assessed at 7.96% of fair value; commercial and other non-residential property assessed at 29% of assessed value. These percentages are adjusted each odd year as prescribed by the Gallagher Amendment to the Colorado Constitution. A portion of Community Housing Assistance Program (CHAP) funding comes from property taxes, which helps produce affordable homes for renters and owners.
Examples	Montgomery County, MD – Dedicates 2.5% of property tax for a Housing Initiative Fund that provides loans and grants for affordable and special needs housing.
Typical Assessment	Boulder County: 23.667 mills; City of Boulder: 10.818 mills; Fort Collins: 9.797 mills; Golden: 12.34 mills; Longmont: 13.42 mills.
Required Assessment	0.393 mill levy = $1 million/yr. based on 2010 assessed values in the city of Boulder.
Population Burdened	All property owners within the city.
Average Cost to Household or Business	For residential, the impact on the owner of a median-priced, $475,000 home would be $14.86/yr. For commercial, the impact on a 918,000 sq. ft. manufacturer in Gunbarrel, with assessed real and business personal property value of $4.1 million, would pay an extra $1,600 per year in property taxes. A 14,500 sq. ft. downtown retailer with assessed value of $525,000 would pay an extra $206/yr.
Administrative Issues	The County has a system in place to collect and administer.
Legal/Nexus Issues	Requires vote (avoided if reallocation of current mill levy).
Considerations/ Fairness	Predictable, stable. Government exemptions.
Unintended Consequences	Increases housing costs; could adversely affect economic development. Some argue that high property taxes can reduce overall property values.

COMMERCIAL/BUSINESS LICENSE FEE CATEGORY IMPACTED: BUSINESS	
Description	Flat rate based on number of employees, gross income, or type of business or location.
Current Use in City of Boulder	City of Boulder requires a one time fee of $25 for a sales, use, admission or accommodation license to pay for the issuance of the license. License never expires.
Examples	WA State – has a $10 document recording fee, mostly on mortgages. 60% is for serving very low income house-holds; the remaining 40% goes to a housing trust fund. This was increased to $18 with the additional funding going toward programs to end homelessness.
Typical Assessment	$25 - $100
Population Burdened	Businesses and entities requiring a sales, use, event or accommodations license.

Average Cost to Household or Business	The City has a system in place to collect and administer.
Administrative Issues	A nexus to affordable housing required.
Legal/Nexus Issues	Most likely an increasing source of revenue over time.
Considerations/ Fairness	Potential negative economic impact.

HOUSING EXCISE TAX/LINKAGE FEE CATEGORY IMPACTED: BUSINESS	
Description	Linkage and excise tax strategies tie new development to affordable housing by requiring developers of new commercial properties to pay fees; usually assessed per sq. ft. of development.
Current Use in City of Boulder	City of Boulder has a Housing Excise Tax (HET): Residential - $0.23 per sq. ft. (affordable housing excluded) and nonresidential, incl. expansion - $0.50 per sq. ft.
Examples	Boston, MA (adopted 1987); Berkeley, CA (1993); Cambridge, MA (1988); Sacramento, CA (1989); San Diego, CA (1990); San Francisco, CA (1981); Seattle, WA (1989); Chicago Region – Developing a regional linkage program, fees paid by municipalities, rather than developers are calculated from increasing commercial tax base.
Typical Assessment	Excise taxes - $.50 - $13.00/sq. ft.
Required Assessment	Remove residential HET and increase commercial HET on sliding scale to $3 - $7 = approx. $500,000 annually (per 2009 HET memos).
Population Burdened	New construction; developers and lessees; land sellers and eventual owners.
Average Cost to Household or Business	$3,000 - $7,000 for the construction of 1,000 sq. ft. of commercial space accommodating approx. 2.86 jobs.
Administrative Issues	The City has a system in place to collect, and administer.
Legal/Nexus Issues	Requires a vote. Rates should vary based on nexus.
Unintended Consequences	Potential negative impact on new residential and commercial development.

TAX INCREMENT FINANCING CATEGORY IMPACTED: RESIDENTS	
Description	Used in blighted Urban Renewal Areas to support redevelopment. The Tax Increment is the difference between the taxes generated within an Urban Renewal Area prior to redevelopment versus after re-development. For a number of years, all or part of the increment (which would normally be paid to local government entities and taxing districts) is diverted to support the construction of public improvements in the blighted area. The exact nature and length of the TIF varies depending on how it is structured.

Current Use in City of Boulder	Boulder Urban Renewal Authority has numerous individual urban renewal plans working towards the common vision dictated in its approved Urban Renewal Plan. Each project contains funding sections that address how the urban renewal funds may be spent.
Examples	Portland, OR – The City of Portland's TIF set-aside policy requires that 20% of all urban renewal funds generated within Portland be used for affordable housing.
Typical Assessment	Colorado – TIF has been used by diverse Colorado cities including Fort Collins, Loveland, Denver, Arvada, Lakewood, and Golden. Projects range from downtown redevelopment & transit-oriented development, to large redevelopment projects (Stapleton and Lowry), to green-field development (the latter no longer permitted in CO).
Required Assessment	TIF is not a new tax or fee.
Population Burdened	The impact of TIF is difficult to predict without considering a specific project.
Average Cost to Household or Business	TIF is not a new tax or fee. Taxing districts included in TIF (i.e. schools) would receive a reduced property tax increment.
Administrative Issues	TIF is not a new tax or fee.
Legal/Nexus Issues	The City has established an Urban Renewal Authority that administers TIF districts.
Considerations/ Fairness	Requires a vote by Council. Governed by state statute.
Unintended Consequences	Would delay benefits of new developments to taxing entities for a number of years. However, without TIF that new development may not have occurred.

TRANSFER OF DEVELOPMENT RIGHTS (TDR) FROM OPEN SPACE CATEGORY IMPACTED: RESIDENTS	
Description	TDR uses the market to implement and pay for development density and location decisions. It allows land-owners to sever development rights from properties in low-density areas, and sell them to buyers who want to increase the density of development in areas identified as appropriate for higher density. In this scenario, the government entity owning the development rights on Open Space would be the seller. If the density purchaser is a market rate developer, the funds could be dedicated to affordable housing.
Current Use in City of Boulder	Development rights can be transferred from the non-incorporated portions of Boulder County into six cities. The Boulder Valley Comprehensive Plan states that "the city and county will jointly determine criteria for areas of TDRs within or in proximity to Boulder Valley, in order to secure conservation easements on valuable rural lands from which density may be transferred and shift those rural residential densities to appropriate urban settings."
Examples	Seattle, WA – Created a program in 1985 and as of 2002 had created or preserved 559 units of affordable housing, subsequently it was configured to create another 900 units. Sites in certain zones with a base density that provide low income housing are eligible for additional density.
Typical Assessment	The price for a unit of density is based upon market demand and determined through the program. Boulder County estimates that the rights to develop one unit are valued between $20,000 and $50,000.
Population Burdened	Voluntary, relies on market demand. Cost to market developer is most likely spread between the land seller, developer and eventual owners.
Administrative Issues	Complex to administer.

Legal/Nexus Issues	The nexus would be based on the idea that Open Space and urban growth boundary policies exert upward pressure on housing costs.
Unintended Consequences	TDRs permanently reduce flexibility on the preserved site.

REAL ESTATE DOCUMENT/RECORDING FEE CATEGORY IMPACTED: RESIDENTS	
Description	A fee charged on real estate documents. A document fee is typically based on the property value. A recording fee is typically a flat fee per document or page recorded, including those associated with refinances.
Current Use in City of Boulder	City of Boulder does not have a document fee. Boulder County has a recording fee that varies based on the documents filed. The current state fee for real estate deeds is 0.0001% ($30 on a $300,000 transfer).
Examples	State of Colorado – Any document that transfers title with consideration exceeding $500 assessed at one cent per $100. OR Housing Alliance – In 2009 proposed specific uses of recording fees, including that 70% of fee revenue go to multifamily rental housing development. Gray's Harbor, WA – In 2004 recommended that Document Recording Fee revenue be used to provide financial assistance to affordable housing projects.
Required Assessment	A city document fee of .001 (one-tenth of one percent) on property transfers would raise $622,000 annually (based on $622,060,213.00 in listed real estate transfers in 2010).
Population Burdened	Property sellers.
Average Cost to Household or Business	An additional $475 on transfer of a median-priced $475,000 house; $11,200 on transfer of 918,000 sq. ft. of industrial space in Gunbarrel with an assumed market value of $11.2 million; or $1,800 on transfer of a 14,500 sq. ft. downtown retailer with an assumed market value of $1.8 million.
Administrative Issues	The County has a system in place to collect and administer recording fees.
Legal/Nexus Issues	A nexus to affordable housing must be proven. Additional research on legal issues needed.