



**CITY OF BOULDER
CITY COUNCIL AGENDA ITEM**

MEETING DATE: March 19, 2013

AGENDA TITLE: Consideration of a motion to accept the February 12, 2013 study session summary on a Comprehensive Housing Strategy.

PRESENTERS

Jane S. Brautigam, City Manager

Paul J. Fetherston, Deputy City Manager

Comprehensive Housing Strategy / Integrated Planning Team

Jeff Yegian, Acting Housing Division Manager

Eric Ameigh, Senior Project Manager, City Manager's Office

David Driskell, Executive Director of Community Planning and Sustainability

Susan Richstone, Deputy Director of Community Planning and Sustainability

Lesli Ellis, Comprehensive Planning Manager

EXECUTIVE SUMMARY

This agenda item provides a summary of the February 12, 2013 study session on a Comprehensive Housing Strategy. The purpose of this study session was for council to have an opportunity to provide input on:

- Perceptions of critical housing issues and opportunities;
- Aspirations for housing outcomes in relation to other community goals; and
- Expectations for the upcoming Comprehensive Housing Strategy planning effort

This input will assist the staff team in developing the agenda and related materials for a May 14, 2013 study session on scoping options for this important planning effort.

During the discussion, council reiterated its desire to maintain a housing stock that supports diversity and inclusiveness. It was recognized that Boulder's high quality of life and desirability have driven housing prices upward. In turn, many households of middle and lower incomes have sought housing outside the city, resulting in a loss of diversity and negative environmental effects from in-commuting. Council acknowledged that

Boulder's successful efforts at growth control have affected housing affordability and that effective responses will need to consider new or alternative strategies and their inherent tradeoffs.

STAFF RECOMMENDATION

Suggested Motion Language:

Staff recommends Council consideration of this summary and action in the form of the following motion:

Motion to accept the February 12, 2013 study session summary on a Comprehensive Housing Strategy.

NEXT STEPS

City Council's feedback from the February 12 discussion will be incorporated into the preparation for the May 14 study session, where further direction will be sought on the process and potential areas of focus for the Comprehensive Housing Strategy. It is anticipated that the May study session will cover the following:

- Present data in order to further refine the problem(s) identified by council on February 12
- Identify and further explore key issues that will be important in development of the Comprehensive Housing Strategy
- Define high-level goals for the Comprehensive Housing Strategy
- Discuss process options for developing the Comprehensive Housing Strategy

ATTACHMENTS

- **Attachment A** – February 12, 2013 Study Session Summary on a Comprehensive Housing Strategy

ATTACHMENT A
February 12, 2013
Study Session Summary on a
Comprehensive Housing Strategy

PRESENT

City Council: Deputy Mayor Lisa Morzel, Council Members Suzy Ageton, KC Becker, Macon Cowles, Suzanne Jones, George Karakehian, Tim Plass, and Ken Wilson. (Mayor Matt Appelbaum was not present.)

Staff members: City Manager Jane S. Brautigam, Acting Housing Division Manager Jeff Yegian.

Facilitator: Charles Buki of czb.

PURPOSE

The purpose of this facilitated study session was for staff to gain an understanding of the following in advance of a May 14, 2013 study session on scoping options for a Comprehensive Housing Strategy:

- Council perceptions of critical housing issues and opportunities;
- Aspirations for housing outcomes in relation to other community goals; and
- Expectations for the upcoming Comprehensive Housing Strategy planning effort

Staff sought council direction for the agenda and packet preparation for the May study session so that it serves as an effective launch for this important planning effort.

OVERVIEW OF THE PRESENTATION AND DISCUSSION

The discussion began with opening remarks made by City Manager Jane Brautigam. Ms. Brautigam said it has been more than ten years since the last major housing planning effort in Boulder. She explained that the study session conversation is meant to be broad and take a long term view of housing in Boulder. She further noted that the community has been successful with these types of conversations, the most recent example being Boulder's Energy Future. She then introduced Charles Buki of czb as the facilitator for the evening.

Mr. Buki asked council members to introduce themselves through a "housing lens." Members of council described how they came to be on council and the nature of their interest in housing.

Mr. Buki began by stating that the conversation should be about what council hopes to accomplish, not how it hopes to accomplish it. The "how" will be addressed at a later

date. Mr. Buki informed council that he hoped they would clarify the answers to two questions:

1. Who do you want to live in Boulder?
2. How committed are you to achieving the outcome?

Conversation ensued about what commitment really means. Answers included:

- Money (allocation of public resources)
- Zoning and regulations (using political capital to enact regulations that will be opposed by some)
- Priorities and tradeoffs (deciding what the community might be willing to give up in order to achieve housing outcomes)
- Values choices (deciding which of our values are most important to us—e.g., environmental, social, etc—and making policy accordingly)
- Philosophical choices about the role of government and the free market (some believe the market should be allowed to work unfettered, while others believe government should intervene actively to achieve desired policy outcomes)

Mr. Buki asked council to reflect on what is working well in the housing market and what is not working so well. Council agreed that the market is very effective at producing expensive “high end” housing. It was agreed that the negative effects of this include:

- More carbon emissions from larger homes using more energy.
- High end housing is housing unavailable to lower and middle income working people.
- The demand for this housing results in the replacement of more affordable market-rate options and thus displaces lower and middle income working people.

There was also agreement that the city and its partners do well providing housing for households earning less than 30% of the Area Median Income but that more could be done. The need is far greater than what the city and its partners can provide. There was further agreement that the market is good at providing student housing, specifically on University Hill, but it is of low quality, distorts the market, and comes with its own negative side effects. Mr. Buki summarized:

- The market effectively produces housing for those with high incomes and that has negative effects.
- The city and its partners do a good job serving those with very low incomes, but there is more that could be done.
- It is not clear what is happening in the middle – those with neither very high nor very low incomes.

Members of council expressed concern that middle income households are having a difficult time staying in Boulder. Providing better housing choices for middle income households in Boulder will help preserve the overall diversity of the community. There

was a specific desire expressed to make it easier or more attractive for those who work in Boulder to also live in Boulder. Council members described the “barbell” effect, which is a reference to a graphic representation of the distribution of households by income in the community. There is a perception that such a graph would resemble a barbell with a large number of households at the bottom of the distribution, a large number of households at the top of the distribution, and fewer households in the middle.

Mr. Buki indicated to council that there are likely costs and/or tradeoffs involved in keeping or attracting middle income households to Boulder. He asked if there is a constituency for this outcome in the community. Mr. Cowles said he hears from many parts of the community about the importance of the issue. Mr. Wilson responded that he’s not sure anyone actually wants to change. Mr. Buki felt that was a valid hypothesis. It is entirely possible that Boulder does not serve those with middle incomes because it does not want to. After all, the city’s policies have led to this result. Ms. Ageton concurred and described the ballot initiatives that have passed or failed, which reflect the community’s commitment to many causes, but not necessarily to affordable housing.

Mr. Buki explained that there are three important variables in home prices: hard costs, soft costs, and land. (“Land” and “space” are somewhat interchangeable terms.) Boulder has limited space available for housing because of the height limit and strong urban growth boundary. It was also noted that within that space, current city regulations (such as minimum amounts of parking, on-site open space, setbacks, etc.) limit the number of units that can be built or add to costs. How the city limits or facilitates housing within its constrained space is a fundamental part of the affordability challenge in Boulder. Few solutions will significantly improve affordability unless the challenge of space is addressed in a meaningful way. He asked council if these are issues that can be discussed in the community.

Council members agreed that more housing could be built in the available amount of space if unit sizes could be kept small. But there was concern that the city would not be able to control unit sizes and that the new units could end up as larger more expensive housing. Several council members expressed their feelings that there is not a community consensus to continue residential growth in order to address affordability and that growth should be carefully regulated.

To conclude the discussion, Mr. Buki asked council for the types of information they might need in order to continue a meaningful conversation about housing issues at the May study session. Answers included:

- Information about employees who work in the city (e.g., City of Boulder employees)
- Amount of space that would be required to meaningfully address affordability
- What types of housing units will meet the needs of the households the city would like to keep or attract
- How much other communities are spending per unit to solve similar problems

- Information about the gap between supply and demand of housing in the city for middle income households
- Information about the amount and types of “relatively” affordable housing (older and/or smaller non-deed restricted units) that are occupied by lower and middle income households
- A review of how our zoning and regulations (e.g., parking minimums) are limiting or adding cost to the production of housing units or disincentivizing small units
- Ideas for working with CU to build more on-campus housing
- Information about revolving loan programs or shared equity programs that can assist borrowers with good credit and income
- How other communities are successfully using density bonuses
- Information about how entitlement costs are increasing housing prices

Ms. Brautigam told council that it may not be possible to gather all of that information for the May study session but that staff would do its best to compile information in sufficient quantity and quality to inform the next discussion.