

**CITY OF BOULDER
PLANNING BOARD AGENDA ITEM**

MEETING DATE: October 20, 2016

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

REQUESTING DEPARTMENT:

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

OBJECTIVE:

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

SUMMARY

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

ATTACHMENTS:

[Attachment A: October 25, 2016 Study Session Memo: 30th and Pearl Redevelopment Scenario Analysis](#)



STUDY SESSION MEMORANDUM

TO: Mayor and Members of City Council

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

DATE: Oct. 25, 2016

SUBJECT: 30th and Pearl Redevelopment Scenario Analysis

I. PURPOSE

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

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

II. QUESTIONS FOR COUNCIL

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

III. BACKGROUND

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

Transit Village Area Plan

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

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

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

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

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

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

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

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

City-owned Site at 30th and Pearl streets

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

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

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

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

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

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

IV. ANALYSIS

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

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

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

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

1. Meet, to the greatest extent possible, the goals of TVAP as well as the site acquisition goals.
2. Comply with the recently adopted Form Based Code (FBC) for the site.
3. Take into account existing market conditions.
4. Maximize the value of the site where possible to facilitate achievement of policy goals.

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

Analysis Assumptions and Constraints

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

Policy and Planning History

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

Regulatory

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

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

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

Parking

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

Highest and Best Use

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

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

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

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

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

Middle Income Housing Strategy

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

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

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

- 1) *Land Use and Policies* that will create more moderately sized homes on land currently zoned industrial and residential.
- 2) *Middle Income Community Benefit Zoning* to establish incentive based re-zoning that encourages additional housing opportunities.
- 3) *Inclusionary Housing* policies to include a middle income tier.
- 4) *Annexations* that require a higher level of middle income community benefit.

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

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

Unmet Goals of TVAP

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

Housing Unit Counts and Affordable Housing

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

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

Range of Prices

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

Variety of Housing Types and Tenure

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

Non-Residential Space (Including Retail)

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

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

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

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

Urban Design and Neighborhood Character

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

Weighing Pros and Cons of Scenarios

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

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

1. **Parking:** All assume approximately one space per dwelling unit and one space per 500 square feet of non-residential space.
2. **Use mix:** All assume approximately 21,500 square feet of neighborhood-serving retail at ground level along 30th Street and Pearl Parkway, and adjacent to the Hyatt hotel, in line with TVAP and FBC. The vast majority of the site is dedicated to housing, including a large amount of affordable housing.
3. **Site plan:** The site plans for all scenarios are very similar, reflecting rigid adherence to the FBC.

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

1. **Unit count:** Different scenarios contain different numbers of total housing units.
2. **Permanent affordability:** The scenarios offer different numbers of permanently affordable housing units for low and moderate income households and middle income households.
3. **Unit type variety:** Some scenarios include only stacked flat units, while others offer a variety of stacked flats and lower density options such as townhomes.
4. **Range of incomes served:** All scenarios feature different combinations of low-mod affordable, middle income, and market rate units.

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

1. Because TVAP Phase 1 has not yet met its goals for total number of housing units, which scenario provides the most housing units?
2. Because TVAP Phase 1 has not yet met its goals for total number of permanently affordable housing units, which scenario offers the most permanent affordability?
3. Because TVAP Phase 1 has not yet met its goals for variety of housing types, which scenario adds the most unit type variety to the neighborhood?
4. Because TVAP is in need of more variety in rents and sales prices, which scenario offers the most price variety to the neighborhood?

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

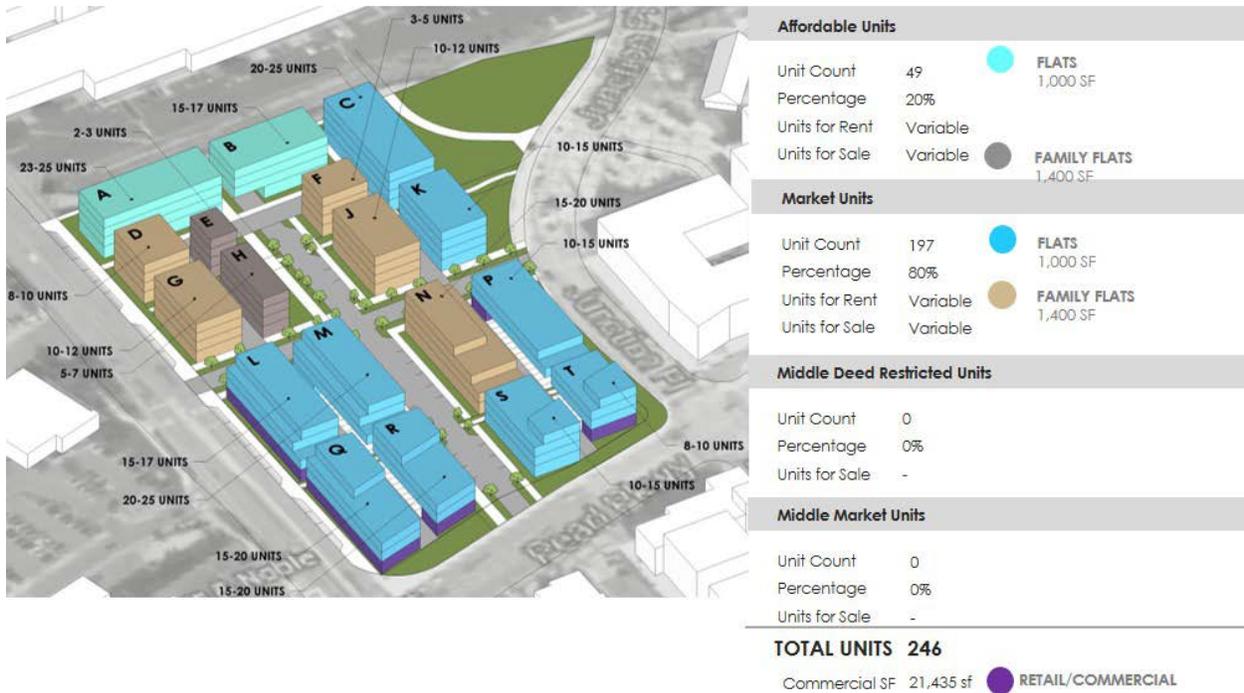
The Scenarios

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

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

Scenario 1: Sell property, maximize density, achieve 20% onsite affordable

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



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

Pros:

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

Cons

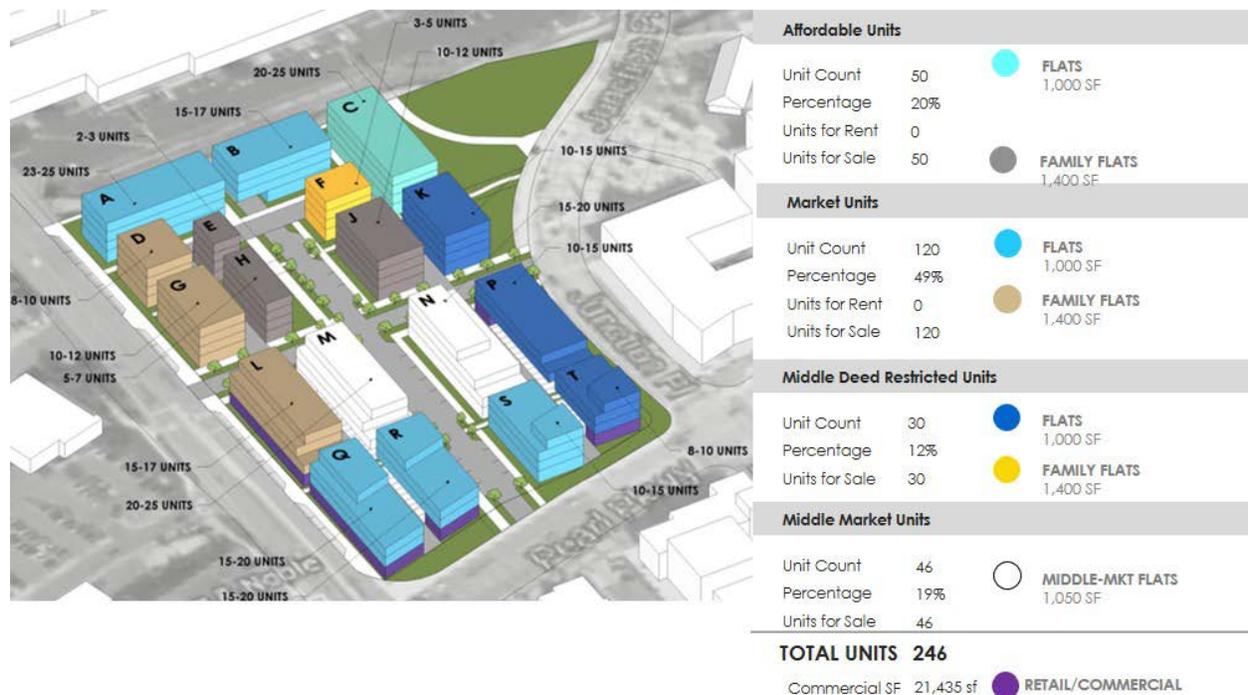
- The scenario would not provide a percentage of affordable units approaching 50 percent.
- The scenario does not provide enough affordable units to help meet the TVAP area goals for affordable housing units.
- The scenario does not attempt to meet the draft middle income housing strategy.
- The focus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

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

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

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

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



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

Pros:

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

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

Cons:

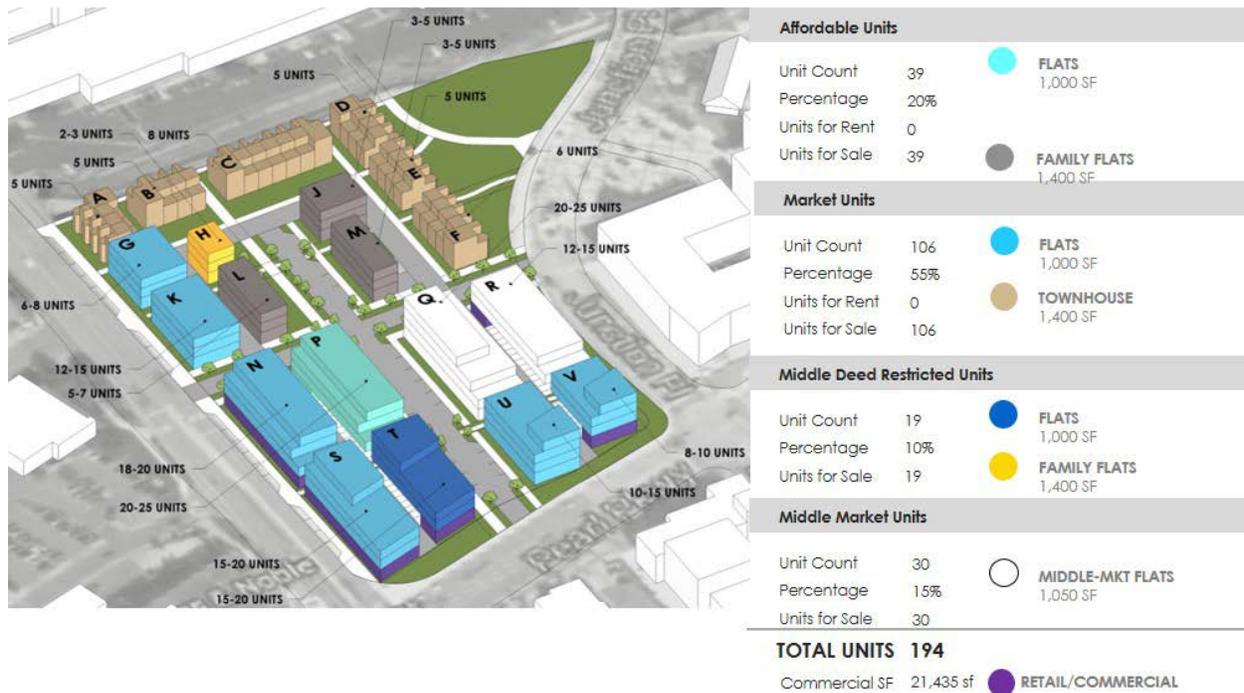
- The scenario only creates permanent affordability for 32 percent of the units.
- The housing units are all stacked flats, which is already the dominant housing type in the area. Goals for variety in housing types is not achieved.

Scenario 3: Similar to Scenario 2, but with 24% of units being family-oriented townhomes (fewer units overall, with 30% onsite affordable and 15% ‘market rate middle income’)

The third scenario has fewer units, at a total of 194. The scenario introduces a lower density housing type fronting on Goose Creek and the pocket park. For the purposes of this discussion, they are referred to as townhomes, but they could be rowhomes, courtyard housing, or another type. Twenty-four percent of units in this scenario are townhomes.

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

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



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

Pros:

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

Cons:

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

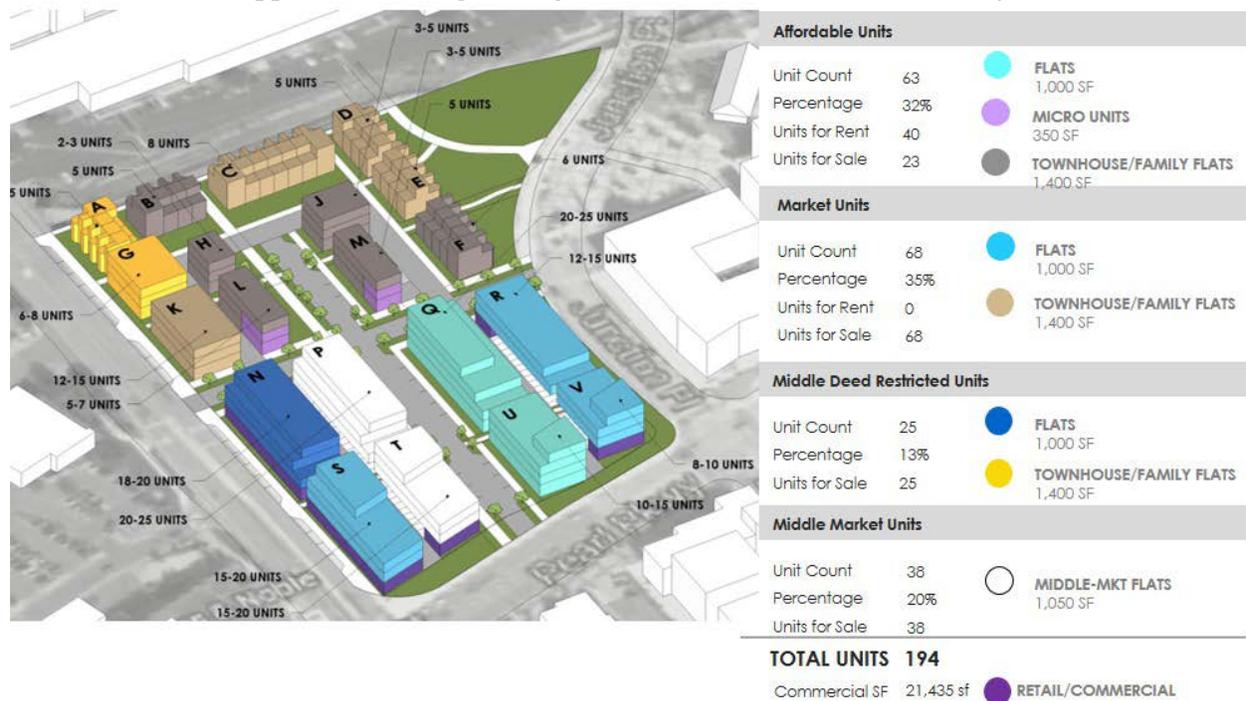
Scenario 4: Similar to Scenario 3, but with greater affordability, including for-sale affordable units, but requiring additional city investment

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

This higher level of affordability is achieved in three ways:

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

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



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

Pros:

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

Cons:

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

Comparative Scenario Evaluation

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

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

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

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

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

Defining a Preferred Scenario – Staff Recommendation

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

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

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

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

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

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

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

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

V. NEXT STEPS

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

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

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

ATTACHMENTS

Attachment A – Scenarios Side by Side

Attachment B – Scenario Summary



| Affordable Units | |
|------------------|----------|
| Unit Count | 49 |
| Percentage | 20% |
| Units for Rent | Variable |
| Units for Sale | Variable |

| | |
|----------------|----------|
| ● FLATS | 1,000 SF |
| ● FAMILY FLATS | 1,400 SF |

| Market Units | |
|----------------|----------|
| Unit Count | 197 |
| Percentage | 80% |
| Units for Rent | Variable |
| Units for Sale | Variable |

| | |
|----------------|----------|
| ● FLATS | 1,000 SF |
| ● FAMILY FLATS | 1,400 SF |

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

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

TOTAL UNITS 246
 Commercial SF 21,435 sf ● RETAIL/COMMERCIAL



| Affordable Units | |
|------------------|-----|
| Unit Count | 50 |
| Percentage | 20% |
| Units for Rent | 0 |
| Units for Sale | 50 |

| | |
|----------------|----------|
| ● FLATS | 1,000 SF |
| ● FAMILY FLATS | 1,400 SF |

| Market Units | |
|----------------|-----|
| Unit Count | 120 |
| Percentage | 49% |
| Units for Rent | 0 |
| Units for Sale | 120 |

| | |
|----------------|----------|
| ● FLATS | 1,000 SF |
| ● FAMILY FLATS | 1,400 SF |

| Middle Deed Restricted Units | |
|------------------------------|-----|
| Unit Count | 30 |
| Percentage | 12% |
| Units for Sale | 30 |

| | |
|----------------|----------|
| ● FLATS | 1,000 SF |
| ● FAMILY FLATS | 1,400 SF |

| Middle Market Units | |
|---------------------|-----|
| Unit Count | 46 |
| Percentage | 19% |
| Units for Sale | 46 |

| | |
|--------------------|----------|
| ○ MIDDLE-MKT FLATS | 1,050 SF |
|--------------------|----------|

TOTAL UNITS 246
 Commercial SF 21,435 sf ● RETAIL/COMMERCIAL

SCENARIO 1

SCENARIO 2



| Affordable Units | |
|------------------|-----|
| Unit Count | 39 |
| Percentage | 20% |
| Units for Rent | 0 |
| Units for Sale | 39 |

| | |
|----------------|----------|
| ● FLATS | 1,000 SF |
| ● FAMILY FLATS | 1,400 SF |

| Market Units | |
|----------------|-----|
| Unit Count | 106 |
| Percentage | 55% |
| Units for Rent | 0 |
| Units for Sale | 106 |

| | |
|-------------|----------|
| ● FLATS | 1,000 SF |
| ● TOWNHOUSE | 1,400 SF |

| Middle Deed Restricted Units | |
|------------------------------|-----|
| Unit Count | 19 |
| Percentage | 10% |
| Units for Sale | 19 |

| | |
|----------------|----------|
| ● FLATS | 1,000 SF |
| ● FAMILY FLATS | 1,400 SF |

| Middle Market Units | |
|---------------------|-----|
| Unit Count | 30 |
| Percentage | 15% |
| Units for Sale | 30 |

| | |
|--------------------|----------|
| ○ MIDDLE-MKT FLATS | 1,050 SF |
|--------------------|----------|

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



| Affordable Units | |
|------------------|-----|
| Unit Count | 63 |
| Percentage | 32% |
| Units for Rent | 40 |
| Units for Sale | 23 |

| | |
|--------------------------|----------|
| ● FLATS | 1,000 SF |
| ● MICRO UNITS | 350 SF |
| ● TOWNHOUSE/FAMILY FLATS | 1,400 SF |

| Market Units | |
|----------------|-----|
| Unit Count | 68 |
| Percentage | 35% |
| Units for Rent | 0 |
| Units for Sale | 68 |

| | |
|--------------------------|----------|
| ● FLATS | 1,000 SF |
| ● TOWNHOUSE/FAMILY FLATS | 1,400 SF |

| Middle Deed Restricted Units | |
|------------------------------|-----|
| Unit Count | 25 |
| Percentage | 13% |
| Units for Sale | 25 |

| | |
|--------------------------|----------|
| ● FLATS | 1,000 SF |
| ● TOWNHOUSE/FAMILY FLATS | 1,400 SF |

| Middle Market Units | |
|---------------------|-----|
| Unit Count | 38 |
| Percentage | 20% |
| Units for Sale | 38 |

| | |
|--------------------|----------|
| ○ MIDDLE-MKT FLATS | 1,050 SF |
|--------------------|----------|

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

SCENARIO 3

SCENARIO 4

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

Assumptions/Notes:

Low Income Housing Tax Credit 30%-60% AMI
4% Bond Tax Credits w/ NO Competitive State Tax Credits
Unit Size Range 350 sq ft - 1,400 sq. ft.

| Average Sales Prices and Rent Rates Unit Type | Sales Price(est.) | Rent Month | AMI Target | |
|--|-------------------|-----------------|------------|---------|
| | | | Sale | Rent |
| Flat/Affordable | \$182,770 | \$555-\$1,172 | 60-80% | 30%-60% |
| Flat/Market | \$530,000 | \$2,700-\$3,300 | MKT | MKT |
| Flat/Middle | \$258,200 | N/A | 80-120% | N/A |
| TOWNHOUSE/FAMILY FLAT/Affordable | \$227,388 | \$629-\$1,342 | 60-80% | 30%-60% |
| TOWNHOUSE/FAMILY FLAT/Market | \$742,000 | \$3,800-\$4,200 | MKT | MKT |
| TOWNHOUSE/FAMILY FLAT/Middle | \$329,798 | N/A | 80%-120% | N/A |
| Middle Rate Market | \$393,750 | N/A | 150% | N/A |

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