Maintain the Middle Working Group #3

1777 West Conference - 1777 Broadway St., Boulder, CO 80302

March 9, 2015

5 – 7 p.m.

(Light refreshments will be served)

Objective: review the updated fact sheets by goal and discuss if what you've heard and learned changes your thoughts on the goal; discuss homework results and develop a short list of tools for the working group to discuss; review the Housing Boulder schedule and offer any suggestions on how to best engage the broad community.

5:00 – 5:05	**Agenda overview/logistics**	**Facilitator**
5:05 – 5:30	**Data Discussion Continued** **– what is your key takeaway from the fact sheet** **that informs the goal and how we measure success?**	**All**
5:30 – 6:30	**Discuss homework results** **and create shortlist of policies or tools** **for working group discussion**	**All**
6:30 – 6:50	**Schedule overview** **- your ideas for community engagement**	**All**
6:50 – 7:00	**Public Comment**	

MAINTAIN THE MIDDLE: FACT SHEET *March 6, 2015*

GOAL: Maintain the Middle

Prevent further loss of Boulder's economic middle by preserving existing housing and providing greater variety of housing choices for middle-income families and for Boulder's workforce.

NEW: See the last page for a list of what's new in the revised Fact Sheet.

EXAMPLES OF POTENTIAL OBJECTIVES

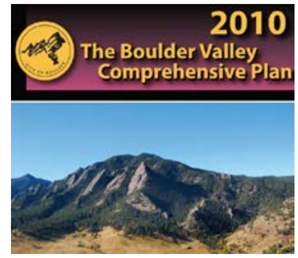
The list below provides examples of how the city might advance this goal:

- *Preserve Affordability* – Explore options to preserve the affordability of existing housing.
- *Attached Housing* – Facilitate the creation of relatively affordable attached townhomes and other higher-density, but family-supportive, housing types. This could be in areas currently zoned for these housing types as we as through land use and zoning changes, which would need to be addressed through the 2015 Boulder Valley Comprehensive Plan Update).
- *Location-Efficient Mortgages* – Identify opportunities for the city to support greater use of location-efficient mortgages to increase purchasing power for prospective homebuyers.
- *Home Financing Assistance* – Create a middle-income down-payment assistance or low-interest financing program.

KEY CONSIDERATIONS

- *Middle-Class Loss* – The share of middle-income households in Boulder shrunk by 6 percent between 2000 and 2010.
- *Upper-Income Gain* – The share of high-income households ($200,000 annually) is growing rapidly.
- *Detached Housing is Expensive* – In 2013, the median detached home sale price in Boulder was $631,250. The median attached home sold for $266,250.
- *Negative Effects* – Boulder's housing market increasingly serves high-income rather than middle-income households, resulting in less socioeconomic diversity in Boulder.
- *If Trends Continue…* – Unaddressed, the trend toward loss of Boulder's middle income households is expected to increase.

BOULDER VALLEY COMPREHENSIVE PLAN POLICIES RELATED TO MAINTAIN THE MIDDLE



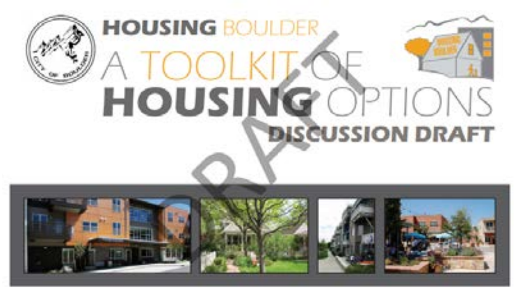
Neighborhoods Policy 2.10 Preservation and Support for Residential Neighborhoods: The city will work with neighborhoods to protect and enhance neighborhood character and livability and preserve the relative affordability of existing housing stock. The city will seek appropriate building scale and compatible character in new development or redevelopment, appropriately sized and sensitively designed streets, and desired public facilities and mixed commercial uses. The city will also encourage neighborhood schools and safe routes to school.

Mixed-use and Higher-density Development Policy 2.16:
The city will encourage well-designed, mixed-use, and higher-density development that incorporates a substantial amount of affordable housing in appropriate locations, including in some commercial centers and industrial areas and in proximity to multimodal corridors and transit centers. The city will provide incentives and remove regulatory barriers to encourage mixed-use development where and when appropriate. This could include public-private partnerships for planning, design or development; new zoning districts; and the review and revision of the floor area ratio, open space and parking requirements.

Housing for a Full Range of Households 7.09: The city and county will encourage preservation and development of housing attractive to current and future households, persons at all stages of life, and to a variety of household configurations. This includes singles, couples, families with children and other dependents, extended families, non-traditional households and seniors.

POTENTIAL TOOLS/POLICIES TO ADDRESS GOAL (STARTING POINT FOR DISCUSSION)

The Housing Boulder Toolkit of Housing Options has a number of tools that could address this goal, including, but not limited to:



A2. Accessory Dwelling Unit/Owner's Accessory Unit Requirements
B2. Homebuyer Assistance Programs
B3. Inclusionary Housing (IH) Program
B4. Revenue Sources for Affordable Housing
B5. Annexation
C2. Land Banking
C3. Preservation of Rental Affordability
C4. Historic Preservation of Smaller Houses and Accessory Buildings
D1. Employer-Assisted Housing
D2. Green and Location-Efficient Mortgages
E1. Bonuses for Permanently Affordable Housing and Certain Housing Types
E3. Height Limit
E4. Land Use Designation and Zoning Changes
F1. Homeowners' Association (HOA) Fee Affordability
F4. Rent Control

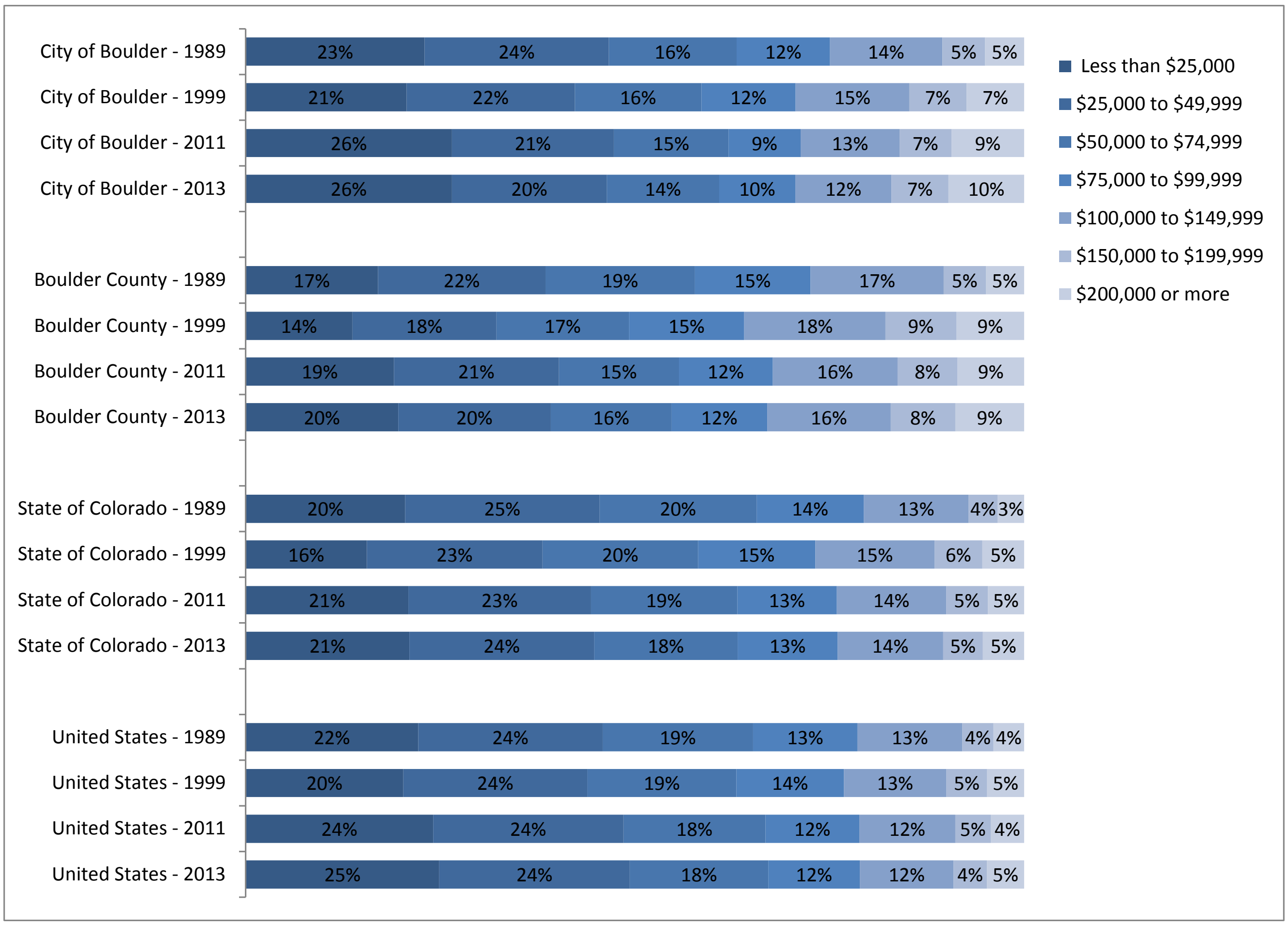
KEY DATA

Middle Income

In the 2013 Housing Market Analysis and the 2014 Housing Choice Survey, both prepared by BBC Research and Consulting, middle-income was defined as an annual household income between $65,000 and $150,000[1]. Using the standard methodology for setting prices for the city's permanently affordable homeownership program, a home priced at $222,000 is affordable to households earning $65,000 annually and a home priced at $548,000 is affordable to households earning $150,000 annually, both well below the median sales price ($631,250) of detached housing in Boulder in 2013.

The two tables below are updated to show 1989 and 2013 3-year ACS data. Both 1989 and 2013 data were inflation adjusted to 2011 dollars for consistency, which is shown in 2011 dollars.

UPDATED Household Income Distribution, Boulder, Boulder County and Colorado, 1989, 1999, 2011 and 2013



[1] The City of Boulder has a permanently affordable middle-income housing program. For this program, middle income is defined differently, as approximately 80 to 120 percent of the area median income (AMI) or, for example, a four-person household with an annual income up to $109,110 (2014). This program was established as part of the City of Boulder's goal of 450 permanently affordable middle-income housing units. This goal was adopted in 2008 as a separate goal in addition to the "10 Percent Goal." So far, the city has deed-restricted 110 units as permanently affordable. Currently, annexation is the city's only path to create permanently affordable middle-income housing.

UPDATED Income Category as Share of City Population

	Low- to Moderate-Income	**Middle-Income**	High-Income
1989	47%	**43%**	11%
1999	42%	**43%**	15%
2009-2011	47%	**37%**	16%
2011-2013	46%	**37%**	17%
Trend		**Down**	Up

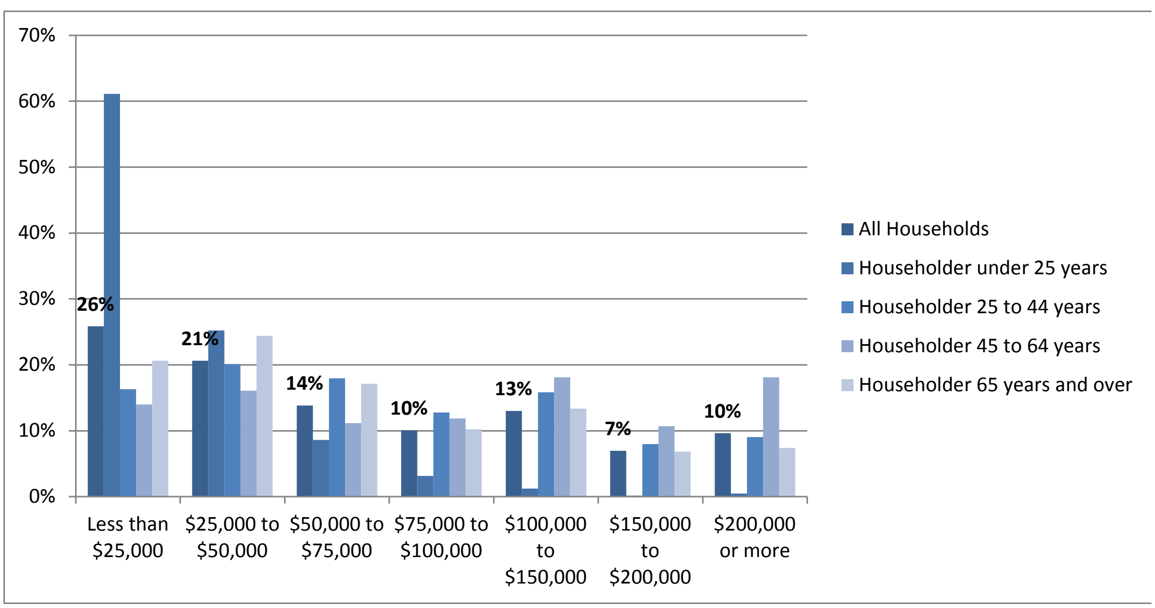
Sources: 1994 Economics Research Associates Boulder Economic Base Study, 2000 Census, 2011 3-year ACS, 2013 3-year ACS and BBC Research & Consulting.

Working Group Question: Is there data by attached versus detached housing? In 2014, the median sales price for attached housing was $285,000 (747 sales) and the median for detached housing was $685,000 (724 sales). Source: Boulder Area Realtor Association (BARA) IRES (Information Real Estate Services) data.

***Working Group Question:* Could we get data that breaks out the middle income group by low versus high ends of the group?** In the table above, "Middle Income" combines the three census reporting categories between $50K and $150K shown in the table below. For example, in the table below, in 1999 16% ($50K to $75K) +12% ($75K to $100K) + 15% ($100K to $150K) = the 43% shown in the table above. For consistency with the table above, 2013 data was inflation adjusted to 2011 dollars which is shown in 2011 dollars.

***Working Group Questions:* Can we get demographic data by age?**
Data on income by age is provided in the table below.

NEW FIGURE Household Income by Age of Householder, City of Boulder, 2013



Source: 2013 5-year ACS and BBC Research & Consulting.

Working Group Question: **What percentage of households earning more than $200,000 have multiple earners? Has this statistic changed over time?**

Percentage of households earning more than $200,000 per year that have multiple earners:

2000 – 80%

2009 – 85%

2012 – 84%

Sources: IPUMS 2000 Census, 2009 3-year ACS and 2012 3-year ACS and BBC Research & Consulting.

Working Group Question: **Is the number of high income households increasing? Or are middle-income households simply getting wealthier? And are they displacing middle-income households based on available housing?**

Yes, the number of high-income households is increasing. We cannot tell from the data the share of middle-income households that are becoming wealthier relative to those that are being displaced; however anecdotally, middle income homebuyers now struggle to compete with wealthier homebuyers to purchase in Boulder.

For-Sale Market by Price and Type, City of Boulder and Surrounding Communities, 2012

All Listed/Sold Units, 2012	Boulder		Lafayette		Longmont		Louisville		Balance of County	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Total	**2,150**	**41%**	**466**	**9%**	**1,547**	**30%**	**308**	**6%**	**335**	**14%**
Less than $200,000	299	29%	83	8%	544	53%	20	2%	60	8%
$200,000 to $300,000	274	25%	143	13%	484	43%	61	5%	64	14%
$300,000 to $400,000	327	34%	77	8%	261	27%	92	10%	60	21%
$400,000 to $500,000	325	48%	72	11%	98	14%	66	10%	49	18%
$500,000 to $750,000	463	60%	69	9%	92	12%	55	7%	52	12%
$750,000 to $1 million	214	74%	14	5%	27	9%	10	3%	16	8%
$1 million or more	248	74%	8	2%	41	12%	4	1%	34	10%
Detached Units Listed/Sold, 2012	**Boulder**		**Lafayette**		**Longmont**		**Louisville**		**Balance of County**	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Total	**1,295**	**37%**	**353**	**10%**	**1,297**	**37%**	**259**	**7%**	**312**	**9%**
Less than $200,000	10	2%	29	6%	382	81%	1	0%	44	10%
$200,000 to $300,000	26	4%	86	13%	404	59%	44	6%	60	19%
$300,000 to $400,000	170	22%	75	10%	255	33%	84	11%	57	25%
$400,000 to $500,000	264	43%	72	12%	97	16%	61	10%	49	20%
$500,000 to $750,000	404	57%	69	10%	92	13%	55	8%	52	13%
$750,000 to $1 million	205	73%	14	5%	27	10%	10	4%	16	9%
$1 million or more	216	72%	8	3%	40	13%	4	1%	34	11%
Attached Units Listed/Sold, 2012	**Boulder**		**Lafayette**		**Longmont**		**Louisville**		**Balance of County**	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Total	**855**	**66%**	**113**	**9%**	**250**	**19%**	**49**	**4%**	**23**	**2%**
Less than $200,000	289	54%	54	10%	162	30%	19	4%	16	3%
$200,000 to $300,000	248	61%	57	14%	80	20%	17	4%	4	1%
$300,000 to $400,000	157	89%	2	1%	6	3%	8	5%	3	2%
$400,000 to $500,000	61	91%	0	0%	1	1%	5	7%	0	0%
$500,000 to $750,000	59	100%	0	0%	-	0%	0	0%	0	0%
$750,000 to $1 million	9	100%	0	0%	-	0%	0	0%	0	0%
$1 million or more	32	97%	0	0%	1	3%	0	0%	0	0%

Source: BBC Research & Consulting and 2012 MLS.

The next 10 to 20 years may show Boulder changing more than it did during the past decade if demand for living in the city continues, employment expands and opportunities to increase housing stock are limited. Future workforce may be more likely to commute in from areas on the outskirts of or outside of Boulder County, given the limited growth within many parts of the county. Surrounding communities, including Longmont, Westminster, Arvada and even Denver offer much more affordability.

- Housing Market Analysis, BBC Research and Consulting, p. 2

Profile of Middle Income In-Commuters

43% of in-commuters are middle income ($65,000 - $150,000)

80% own a home

80% live in single-family homes

6% live in an apartment

5% live in a townhome

39% live with spouse/partner

40% live with spouse and kids

44% have children under 18

9% live alone

6% have retirement, pension, trust fund

11% sought additional employment to pay expenses

Average household size **2.7**

Average age **43**

Average vehicle payment= $441
Median vehicle payment= $400

Average mortgage= $1,609
Median mortgage= $1,500

Average rent= $1,336
Median rent= $1,300

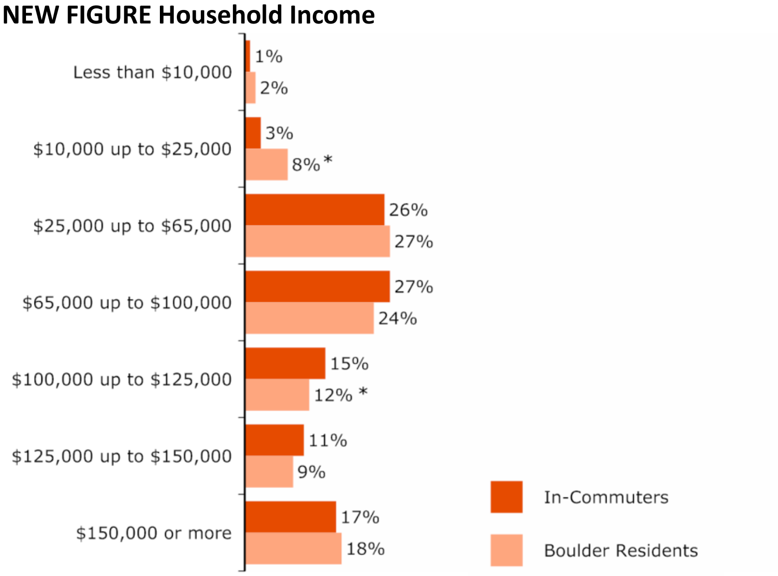
Average HOA fees= $105
Median HOA fees= $60

Source: BBC Research & Consulting from the 2014 In-Commuter survey.

Working Group Question: **The "other 57%" of population not reported in survey: where do their income levels fall?**

This detail is provided in the table below.

NEW FIGURE Household Income



Note: * statistically significant difference at the 95 percent confidence level. n=1,131 in-commuters and n=1,344 Boulder residents.

Source: BBC Research & Consulting from the 2014 In-Commuter and Boulder Resident surveys

Figure I-30.
Attracting Middle Income In-Commuters to Boulder

Out of every 10,000 in-commuters,

4,300 are middle income (43%)

54%, or 2,322

middle income in-commuters would consider moving to Boulder in the future

To live in Boulder I would……

1,950 Live in an older home (84%)

1,742 Live in a small, single-family detached (75%)

1,138 Live in a townhome (49%)

813 Live in a duplex/triplex/fourplex (35%)

581 Live on a busy street (25%)

581 Live in a condo (25%)

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

"As long as the housing provided my own small courtyard—not a deck/balcony—but an actual outdoor fenced-in space, it would work."

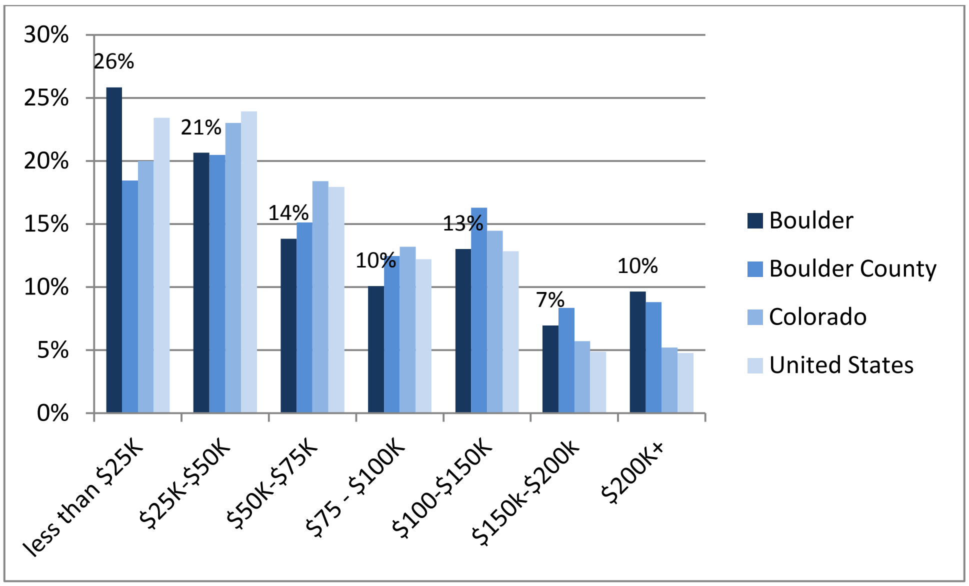
"Shared garden space/shared yard a must if condo/townhome…"

Source: BBC Research & Consulting from the 2014 In-Commuter survey.

Comparative Household Income Data: To explore the loss of middle-income households in Boulder, city staff compared the distribution of households by income category in Boulder to those of Boulder County, Colorado and the United States, then looked at the change in household income distribution between the 2000 census and the 2013 American Community Survey (ACS) five-year estimate in these same geographic areas. There is some variation between the BBC Research and Consulting data from 2011 on page 3 and these data from the 2013 American Community Survey.

Comparison of Household Income Distribution: The chart below shows the distribution of household incomes in Boulder, Boulder County, Colorado and the United States.

Distribution of Household Income, Boulder, Boulder County, Colorado and the United States, 2008 - 2012



Source: 2013 ACS 5-year estimates

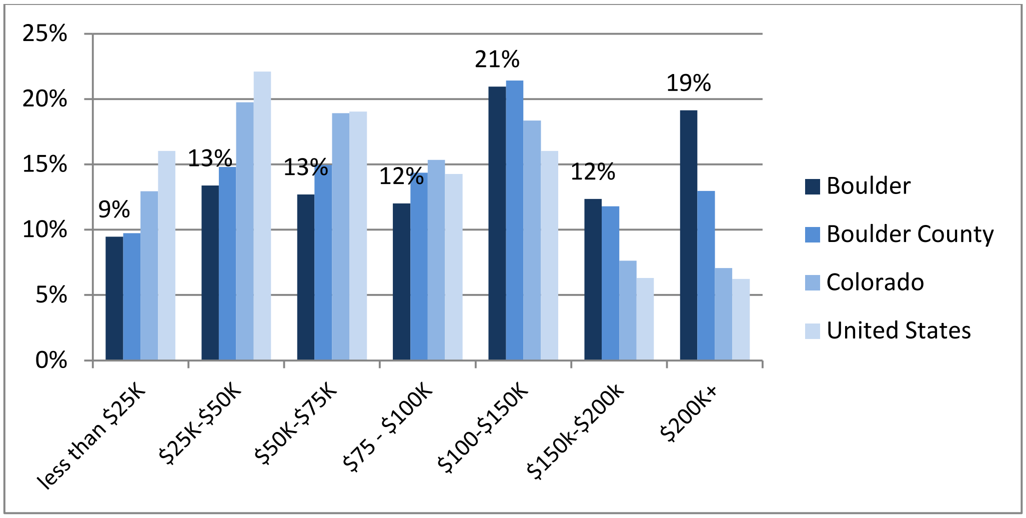
Note: Household Income data reported are for the prior year.

Observations:

- **Low- to moderate-income:** Among the four geographies, Boulder has the largest share of households with annual incomes below $25,000 and the lowest share of households earning between $50,000 and $75,000.
- For the two "**middle-income**" categories, Boulder has the smallest share ($75,000 to $100,000) and the same share as the United States ($100,000 to $150,000), but a smaller share than Boulder County and Colorado.
- **Upper income:** Boulder has the greatest share of households earning $200,000 or more.

Comparison of Family Household Income Distribution: Because Boulder is a university town with a large share of nonfamily households accounted for by students, city staff looked at these same data for family households only.

Distribution of Family Household Income, Boulder, Boulder County, Colorado and the United States, 2008 - 2012



Source: 2013 ACS 5-year estimates

Note: Household Income data reported are for the prior year.

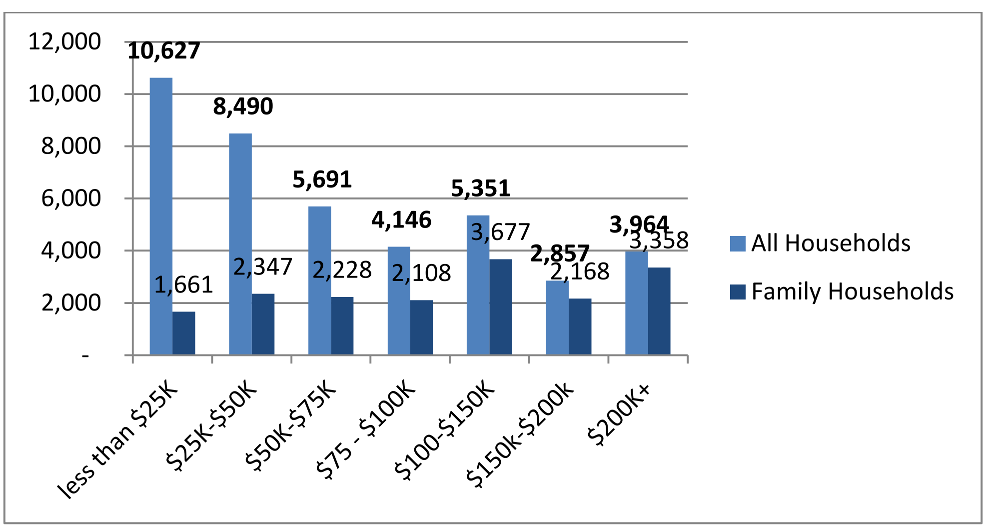
Note: The census bureau defines a ***family*** as consisting of two or more people (one of whom is the householder) related by birth, marriage, or adoption residing in the same housing unit.

Observations:

When looking at family households, among the four geographic areas, Boulder has the smallest share in each income category from $0 to $100,000, the second highest share of households earning between $100,000 and $150,000, and the largest share of family households earning above $150,000.

This table responds to working group request for the count (number) households in Boulder.

NEW FIGURE Distribution of Household Income, Boulder, 2008-2012

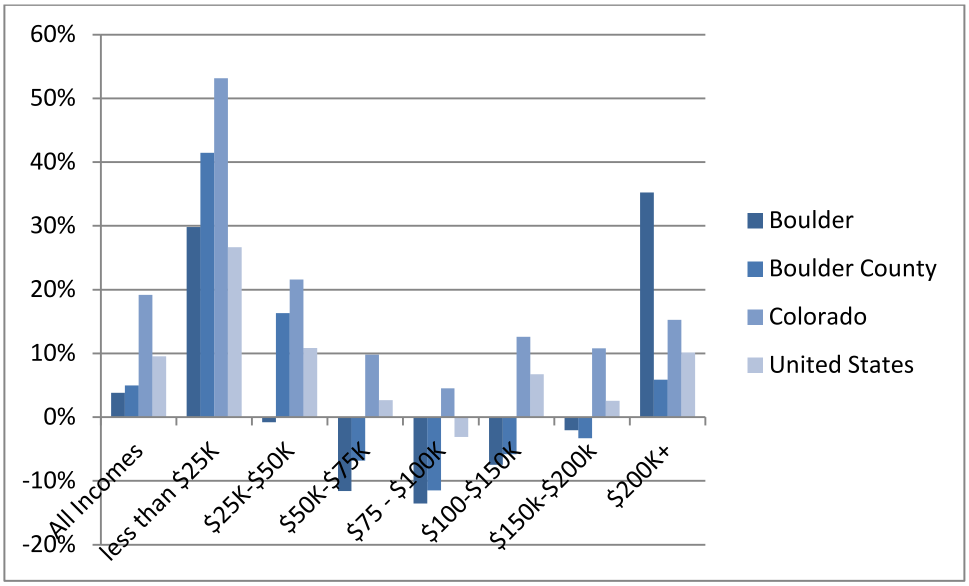


Source: 2013 ACS 5-year estimates

Note: Household income reported is for the previous full calendar year.

Change in Household Income Distribution: Though broader factors such as inflation, changes in the makeup of the economy (e.g., jobs), and changing demographics (larger Millennial [born approximately 1980 to 1995] and Boomer [born 1946 to 1964] and smaller Generation X [generation between Millennials and Boomers]) contribute to changing household income distribution at all geographic levels; how changes in Boulder *compare* to changes in these other geographic areas provides clues as to whether changes in the income and wealth in Boulder result from economic and policy factors unique to Boulder.

NEW INFLATION ADJUSTED FIGURE Percent Change in Households by Income Category, Boulder, Boulder County, Colorado and the United States, 1999 - 2012



Source: 2000 Census and 2013 ACS five-year estimates

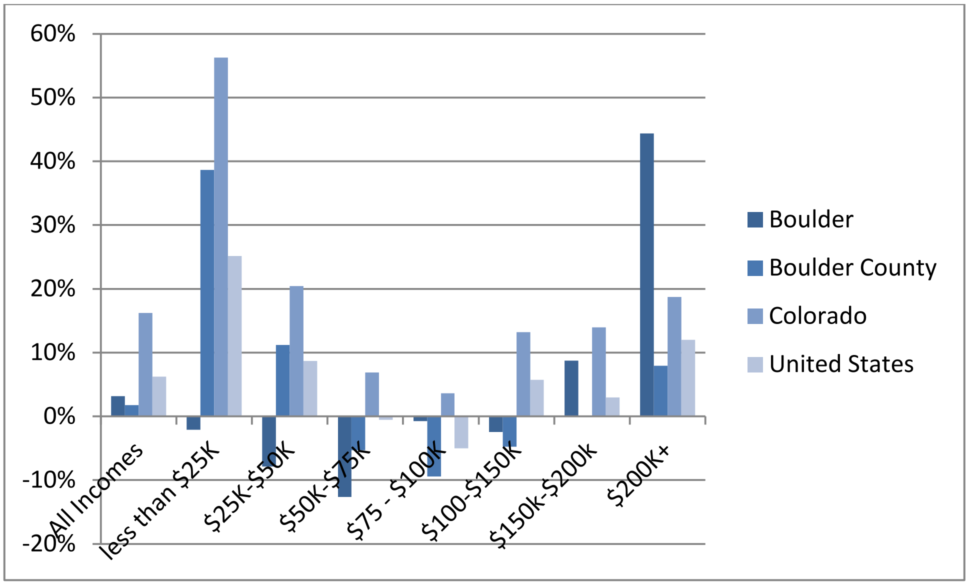
Note: Household Income data reported are for the prior year.

Observations:

- **Growth:** All geographic areas (Boulder, Boulder County, Colorado and the U.S.) grew between 1999 and 2012, though Boulder grew the least (*see "All Incomes"*).
- **Low to moderate-income:** Boulder was the only community that lost households with incomes between $25,000 and $50,000 between 2000 and 2013.
- **Greatest loss of middle income:** Across all "middle income" categories ($50,000 to $75,000, $75,000 to $100,000, and $100,000 to $150,000) Boulder lost a larger share of middle income households than the other geographic areas.
- **Upper-income households:** Boulder gained a much larger share of households with incomes above $200,000 than all other geographic areas.

To moderate for the impact of the university population, city staff also looked at changes in *family* households by income.

NEW INFLATION ADJUSTED FIGURE Percent Change in Family Households by Income Category, Boulder, Boulder County, Colorado and the United States, 1999 - 2012



Source: 2000 Census and 2013 ACS 5-year estimates

Note: The census bureau defines a ***family*** as consisting of two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing in the same housing unit.

Note: Household Income data reported are for the prior year.

Observations:

- **Larger losses of families earning below $100,000.** When the family household income chart (above) is compared to the previous one (households in general), the loss of households earning between $0 and $100,000 in Boulder is more dramatic.
- **Losing the upper end of middle income too:** Boulder, similar to Boulder County, lost household earning between $100,000 and $150,000 while the State of Colorado and the United States gained these households.
- **Large gains of high income households:** Boulder gained a much larger share of family households earning above $200,000 than all other geographic areas compared.

DEFINITIONS

Accessory Dwelling Units/Owner Accessory Units (ADUs/OAUs): Several common terms for ADUs and OAUs include "mother-in-law apartment," "granny flat," and "garage apartment". Per the Boulder Revised Code (BRC) 1981, an accessory dwelling unit is a "separate and complete single housekeeping unit within a detached dwelling unit". ADUs are allowed in Boulder by permit. Either the ADU/OAU or detached dwelling unit must be owner-occupied. ADUs differ from Owner Accessory Units (OAUs) in that an ADU is located within an owner's primary dwelling unit, whereas an OAU may be located either within or separate from the owner's primary dwelling unit.

Annexation: The process by which a city adds land to its jurisdiction.

Area Median Income (AMI) is the midpoint of household incomes for federal government-defined areas adjusted for family size; half of household incomes are higher and half are lower than the AMI. Annually, the U.S. Department of Housing and Urban Development (HUD) publishes the AMI for the Boulder, Colorado, MSA (Metropolitan Statistical Area, Boulder County). AMI is used to determine if a household's gross income qualifies for affordable housing and assistance.

Family: The U.S. Census Bureau defines a family as two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing in the same housing unit.

Homeowners' Association (HOA): A Homeowners' Association (HOA) is a self-governing association that, in most cases, is created by a real estate developer for the purpose of controlling the appearance of the community and managing common area assets. HOAs are handed off for private control to the homeowners. Association dues are used to cover maintenance, capital improvements and upgrades.

Homeownership Programs: The City of Boulder Division of Housing's Homeownership Programs help qualified homebuyers purchase affordable homes in the city. Programs include Homeworks (permanently affordable new development and resale homes available to households with low- to middle-incomes), House to Homeownership (H2O) Loans (a deferred loan program, NOT resale restricted), and the Solution Grant (one-time grants to assist low-/moderate-income households with down payment and closing costs on permanently affordable homes; grants remain invested in the homes).

Household: The U.S. Census Bureau defines a household as all the people who occupy a housing unit as their usual place of residence.

Inclusionary Housing (IH): Adopted in 2000 to help the city's housing market to produce housing that is permanently affordable to low- to moderate-income households, Boulder's Inclusionary Housing (IH) Ordinance (formerly "Inclusionary Zoning") requires that new residential development contribute at least 20 percent of the total units as permanently affordable housing. Inclusionary Housing options for meeting this requirement include constructing on-site permanently affordable units, dedicating off-site existing or newly built units as permanently affordable, dedicating vacant land for affordable unit development or paying cash in lieu (Also, see "Cash-in-Lieu Contribution, CIL"). Affordable units produced through IH are priced to be affordable to low- and moderate-income households and have deed restrictions which limit appreciation and require they be sold or rented to income-qualified households in perpetuity.

Land banking: Land banking can be pursued to achieve a broad array of community goals. In the housing context, land banking is the purchase of land by the city or a nonprofit housing corporation as a future site for affordable housing or other housing that meets community goals.

Middle Income: In the 2013 Housing Market Analysis and the 2014 Housing Choice Survey, both prepared by BBC Research and Consulting, middle-income was defined as an annual household income between $65,000 and $150,000[2].

Rent Control: Laws or ordinances that set price controls on residential rental housing. In Colorado, rent control is prohibited by state statute (CRS 38-12-301). An exception is included for housing authorities or similar agencies. To meet the statute requirements, rent-controlled units provided through the Inclusionary Housing (IH) Program must be owned in whole or in part by a housing authority or similar agency.

CHANGES TO THE MAINTAIN THE MIDDLE FACT SHEET

Edits Made Prior to Working Group Meeting #3:

- Answers to the questions asked at Meeting #2 are interspersed through the revised document. Look for the paragraph heading, **"Working Group Question"**.
- Additionally, we answer the following questions and data requests here:
    - *Working Group Question: Are the numbers adjusted for inflation?* Yes.
    - *Working Group Question: Can we get numbers instead of percentage shares*? Tables were added. Percentage shares had been used in order to compare geographies (City of Boulder vs. Boulder County, etc.) and to understand the relative representation of the middle class in Boulder over time.
    - *Working Group Question: Clarify the difference between the descriptions of "loss of the middle" between pages 1, 3, and 10 (of the February 4th version of the fact sheet).* Page 1 of the February 4 version of the Maintain the Middle Fact Sheet states that the share of Middle-Income households in Boulder shrunk by six percent. This refers to the table on page 3, which comes from the 2013 market study, which used 2000 Census and 2011 American Community Survey. The data on page 10 were based on 2013 American Community Survey.
    - *Working Group Question: How many households are in Boulder, versus how many units are in Boulder?* In 2013, it is estimated there were 42,307 households (American Community Survey) and 43,620 housing units (BBC Market Analysis)
    - *Working Group Question: Does the student population include the on-campus population?* From page 2 of BBC Market Analysis:
      Recent data estimate that 21,000 CU students live in Boulder during the academic year. Data from the university's housing department suggest that 6,000 may live in university-provided housing. T his leaves approximately 15,000 students living in private housing; at an average household size of 2.0, as many as 7,500 units could be occupied by current students. These students affect the rent al market in a number of ways but their true economic need for affordable units is unknown.

[2] The City of Boulder has a permanently affordable middle-income housing program. For this program, middle income is defined differently, as approximately 80 to 120 percent of the area median income (AMI) or, for example, a four-person household with an annual income up to $109,110 (2014). This program was established as part of the City of Boulder's goal of 450 permanently affordable middle-income housing units. This goal was adopted in 2008 as a separate goal in addition to the "10 Percent Goal." So far, the city has deed-restricted 110 units as permanently affordable. Currently, annexation is the city's only path to create permanently affordable middle-income housing.

- *Working Group Question: Does a price test exist? i.e. "I'd pay $xx.00 more to live in Boulder"* No, a price test was not part of the Housing Choice Survey.
- *Working Group Question: Does the document (fact sheet) identify household or individual income?* All income data is household income data.
- *Working Group Question: Do we know where "lost" populations are going? Are they leaving because of income and housing cost?* The 2014 Housing Choice Survey tells a portion of this story. Among in-commuters surveyed, 69% stated they wanted to live in Boulder, but chose not to, primarily due to (a) affordability and (b) the poor quality of housing available for rent or purchase. Slightly more than half of in-commuters used to live in Boulder. Among those former Boulder residents, one in three moved away from Boulder in the past five years—even though they would have preferred to stay in Boulder. Additionally, 69 percent of in-commuters considered purchasing a home in Boulder; however, 72 percent of those who did not cited affordability as the reason for not considering Boulder.

- Data request not yet answered:
  - Can we get employment data? Particularly sector data, and pay data.

  A good source of employment data is the Economic Indicators for December 2014 – Economic Indicators Report (2 pages)

  A more detail report documents recent data on the city of Boulder's economy including population and demographic characteristics, employment and job growth, top industries and employers, retail sales, commercial and residential real estate trends, venture capital investment, and tourism – Boulder Market Profile (32 pages)

- A "Definitions" section was added, which includes the U.S. Census Bureau definition of *household*, requested by a working group member.

Maintain the Middle
Working Group #3 Homework
Results Summary

Summary

Draft Screening Considerations for Possible “Maintain the Middle” Tools

These were highlighted by the “Maintain the Middle” Working Group at the Feb. 9, 2015 meeting:

- Likely to have broad community support
- No negative impacts on others in community (identify winners and losers)
- Encourages alternative transportation
- Sustainable in the long term
- Provides housing choices
- Holistic solution that considers related variable: economic, social, environmental
- Considers Boulder as a whole, as well as its distinct (but connected) parts
- Greatest good for greatest number
- Lowers costs to build in Boulder
- Accommodates renters

Additional Considerations proposed in survey

Allows greater density and open space as a result

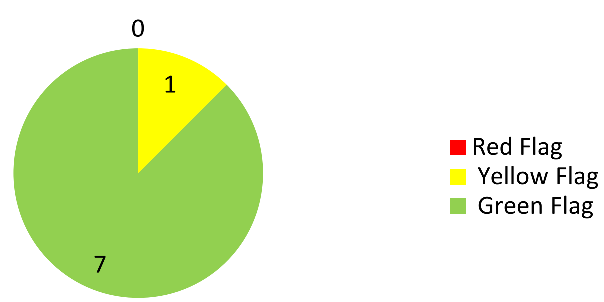
I do agree with including "no negative impact" that is way to subjective and those that want no change will always find negative impacts. Plus "identifying winners & losers" just set us up for a battle, rather than cooperation.

Builds community, encourages civic engagement

preserves affordability of housing into the indefinite future, so cannot be market rate;;; restricted to people within the "middle" income bracket, and maintained over time

Possible Tools for Maintain the Middle Goal

A2. Accessory Dwelling Unit/Owner’s Accessory Unit Requirements



Red Flag – tools and policies that do not merit further consideration	0	0%
Yellow Flag – tools and policies that may have merit but additional understanding is required	1	13%
Green Flag – tools and policies that have merit and deserve addition discussion and analysis	7	88%

Seems worth doing, but seems like the potential volume is inherently limited.

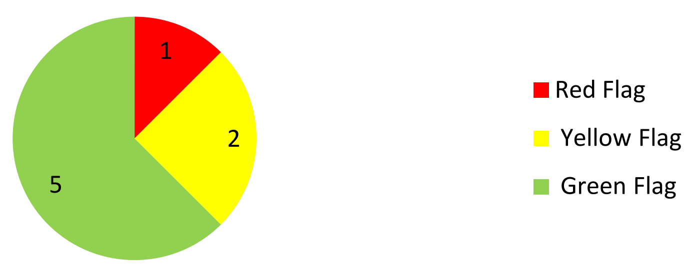
This could be a cost effective and sustainable way for the city to create instant inventory. It would also create a financial incentive for high density living. It could allow middle income individuals the opportunity to live in a single family home affordably and also allow the healthy elderly population an opportunity to stay in their homes with the support from the additional income. Largest issues I foresee: Managing parking. Potential fire risks if not done to code...another reason why this should be legal, so many people are doing it illegally already.

These will allow greater density while having minimal impact on neighborhoods since they are small units by definition. It will also allow middle class ciitizens to better afford purchasing a home since an ADU can help payment the mortgage.

I strongly support this & thing we need to make this easier with less setback, etc rather than ore restrictive.

there must be limits on the percentage of ADUs and/or OAUs in any area

B2. Homebuyer Assistance Programs



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Green Flag – tools and policies that have merit and deserve addition discussion and analysis	5	63%

Given the high home values in Boulder, the amount of resources required to fund this program seems unrealistic. It would seem those funds could be used on a project that benefited more residents.

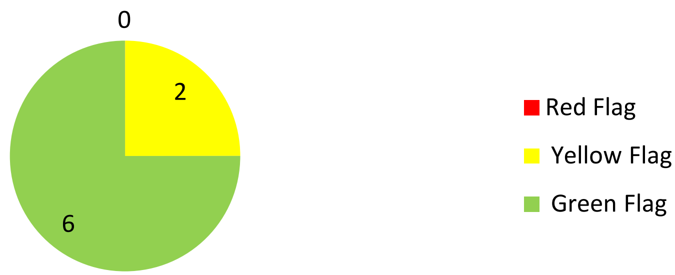
this is very risky unless the money actually goes toward buying down and fixing the price of the units, so that it is not lost after one use

These should target the middle class particularly since lower class assistance, financial and housing, is already widespread in Boulder

The city should issue a bond to support location efficient mortgages that would be available to middle income people and people like teachers and city workers.

Consider adding more options for the lower-end of the middle income spectrum.

B3. Inclusionary Housing (IH) Program



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Yellow Flag – tools and policies that may have merit but additional understanding is required	2	25%
Green Flag – tools and policies that have merit and deserve addition discussion and analysis	6	75%

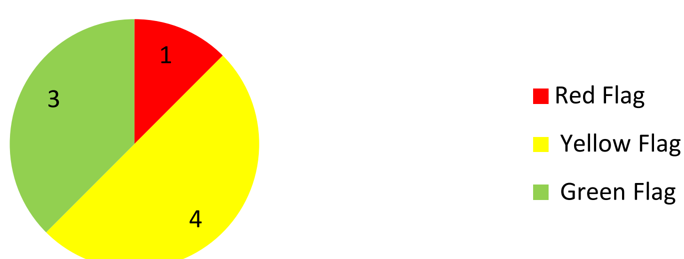
Moves in a direction away from supporting the lowest income of Boulder. However, when doing a local market analysis, it's easy to see that the affordable housing market is the least saturated of all our housing markets. The restrictions associated with the affordable housing inventory is enough to turn the average low-middle income buyer away. Perhaps creating a small percentage of higher priced middle income inventory would be beneficial to a greater population. Builders would be happier with the larger profit margins and buyers would be more incentivized even though the values are higher, as long as the restrictions associated with the home are reduced from where they're at now.

OK, but needs some actual analysis so it is defensible legally, and must be integrated with the linkage fees so that there is not double counting of demand, once on the residential and once on the employment side

THis needs to be clearly defined. If the inclusion of one category limits those of another, then it can become a net negative

Are there mechanisms to increase the percentage?

B4. Revenue Sources for Affordable Housing



Red Flag – tools and policies that do not merit further consideration	1	13%
Yellow Flag – tools and policies that may have merit but additional understanding is required	4	50%
Green Flag – tools and policies that have merit and deserve addition discussion and analysis	3	38%

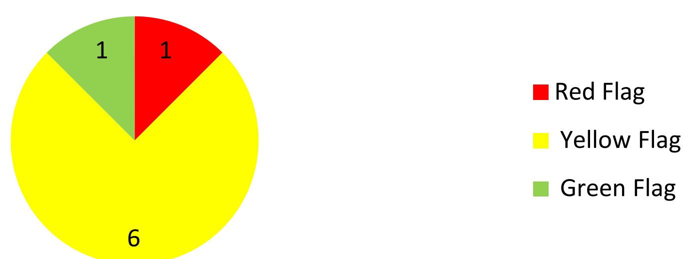
What sorts of taxes might be increased to support this? Property tax? Sales tax? Other?

There needs to be a citizen ballot and vote on how much affordable housing people want and how much they're willing to pay, either directly in terms of taxes, or indirectly, e.g. where bonus height is given in a "lets make a deal" type planning to get a higher percentage of PA units. Aslo, all permanently affordable housing should be on site, so that there is diversity in income ranges within each project.

revenue needs to be generated somehow, this would be worthwhile to continue studying. off hand, most likely to agree on hotel tax over others listed, seems as though residents of boulder would agree more quickly to this since it primarily impacts out of town visitors...also think creating more transportation fees/taxes is part of the solution but maybe not for this section...need clearly defined programs (unless for already existing ones) in order to successfully manage this topic.

By forcing builders to pay for/build a certain percentage of affordable units, these programs de facto limit the availability of middle class houses since it forces the developers to build higher income units to help pay for the affordable penalties. When the City then buys units/land for affordable housing, it reduces the availability of units/land for middle class homes. An alternative would be an increase in the annual taxes on high end houses, part of which would go to affordable lower end housing and part for middle class mortgage assistance.

B5. Annexation



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Green Flag – tools and policies that have merit and deserve addition discussion and analysis	1	13%

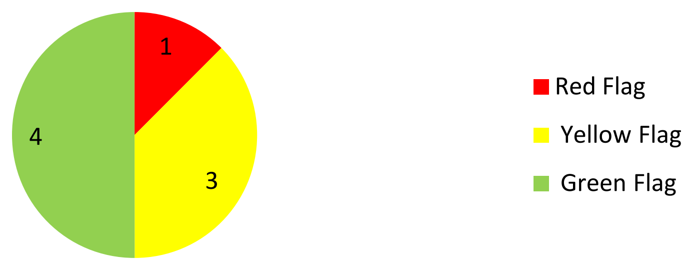
I am 100% against annexing more land into Boulder. The notion that we can grow our way to more affordability is ludicrous. And with the continued rapid job growth, the whole notion that market rate housing will be affordable is a chimera.

I need to understand how this would be helpful. If we would annex properties and up-zone them so they could be denser, that would be a good idea.

Merit's more study.

Boulder should annex wherever possible but should charge little or no fees to those who are being annexed. Whatever costs the City incurs will more than be recovered by the increased property tax revenues and water income. Or, the City should offer a long term property tax forgiveness related to the cost of annexation for those annexed.

C2. Land Banking



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Green Flag	– tools and policies that have merit and deserve addition discussion and analysis	4	50%

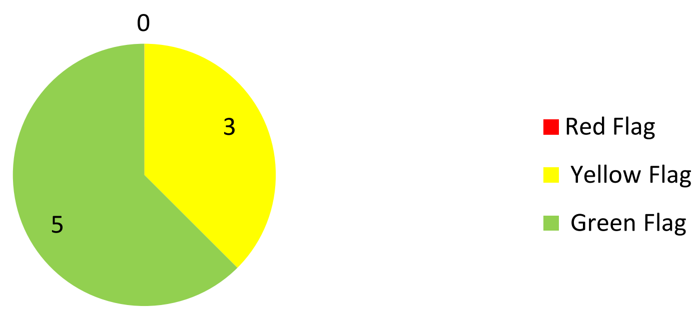
Depends on availability of land in specific locations.

There is no land to be banked.

Since there are virtually no foreclosures in Boulder, doesn't seem like a likely given the high cost of property.

Certainly for future City-wide needs including recreation, affordable and middle class housing and infrastructure needs. The only reason, for instance, that Boulder does not have a community ice rink is that Boulder refused to provide land to the folks who offered to build a rink for free if Boulder would only provide the land.

C3. Preservation of Rental Affordability



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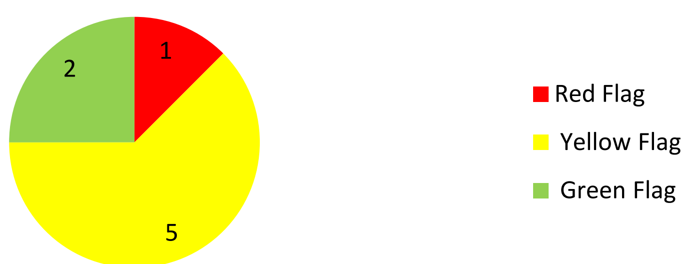
Green Flag	– tools and policies that have merit and deserve addition discussion and analysis	5	63%

Whatever this term means, I think that the only way to "preserve" rental affordability is to increase occupancy allowances. Whatever few problem houses this creates should be dealt with through policing/legal solutions. The fact is that in the not too distant past, before occupancy limits, there were few problems since most people/houses want to be and are good neighbors and/or can be taught to be (one expensive ticket or weekend on a cleanup crew will teach kids to respect the nuisance ordinances). In addition, higher occupancy does not increase pollution since it costs no more to heat a house for 6 people than for three. Also, considering the limited land in Boulder, we have to increae heighth allowances so that more units can be built thus increasing the housing stock and hopefully therefore reducing the cost of housing since prices for more units will have to be more competitive. By increasing occupancy, the City automatically increases housing availability and lowers rents at no cost to the City. With something like a $50/year charge to landlords per extra bedroom over current limits, the income could be used to enforce any few problem houses that this may create and/or for rent subsidies.

A public housing commission (Boulder Housing Partners??) should be able to purchase a percentage of IH units to increase the amount of affordable rental opportunities. Boulder may just need to accept that very low income residents will not be able to afford to buy homes here. This makes having affordable rental units available that much more important. New construction units should have a percentage of units go through a public housing commission to manage these properties and provide lower income rents to individuals working within the city limits.

This will probably require a change in state law, because of the Telluride rent control case. This would be a good project for the city in conjunction with CML to do, so that voluntary rent control agreements would be legal.

C4. Historic Preservation of Smaller Houses and Accessory Buildings



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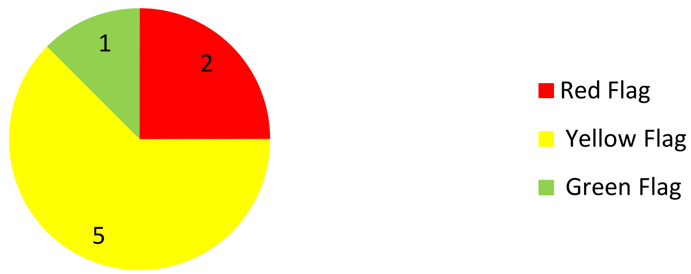
Yellow Flag – tools and policies that may have merit but additional understanding is required	5	63%
Green Flag – tools and policies that have merit and deserve addition discussion and analysis	2	25%

Personally like this but realistically, we shouldn't Landmark a home without the owner's consent. And really who's right should it be? Perhaps bypassing the Landmark and creating incentives for people not to expand, allowing more Accessory units would be one way...need more information on this one.

The prices still will go up, just they won't be as high because the units are smaller.
Historic preservation is too often really a way for the wealthy to keep the less affluent out. Unless a property is an extreme example of some historic period or style, and I mean pretty universally acknowledged, then it should not be considered historic. A city cannot be vibrant and dynamic, architectually or economically, if it tries to remain in the past. Every period in history changes and we should not be afraid to change architectually. I would rather see

emphasis on interesting/creative buildings than on so-called historic preservation.

D1. Employer-Assisted Housing



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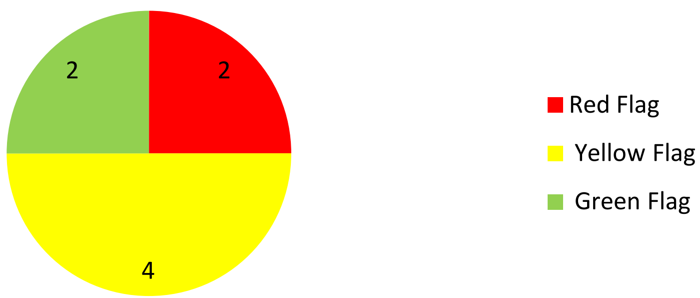
Yellow Flag – tools and policies that may have merit but additional understanding is required	5	63%
Green Flag – tools and policies that have merit and deserve addition discussion and analysis	1	13%

Tax on employers seems interesting, but we'd need to be clear about the effects of taxation on small and local employers vs. taxes on employers with much higher revenues.

This should be up to employers. The market will dictate whether and how they need to supply housing.

I don't understand what this is, at least separate from a linkage fee, or whether this is even legal, if it's an ongoing requirement to subsidize employee's housing. Why not just pay them more?

D2. Green and Location-Efficient Mortgages



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Yellow Flag – tools and policies that may have merit but additional understanding is required	4	50%
Green Flag – tools and policies that have merit and deserve addition discussion and analysis	2	25%

There's already such a high demand for the most central parts of Boulder that reducing interest rates any further would only increase home values. This wouldn't help the population it's trying to serve.

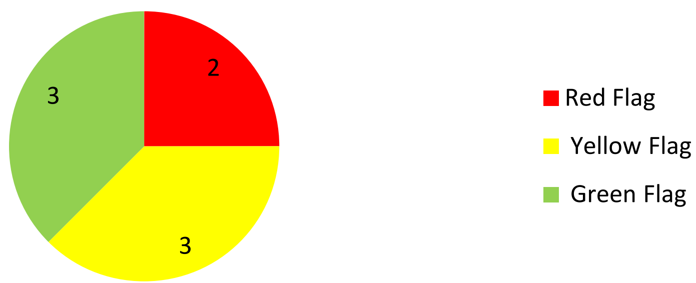
I strongly support this. If people are spending less money on expensive private automobiles for transportation because they can walk and bike, studies show they can afford considerably more on a mortgage.

Sounds good, but might it disadvantage people who can't afford homes with green technologies?

So-called green requirements are often unproven in their conservation results and increase the cost of housing, often very disproportionately higher even if they do conserve some energy.

I don't understand this. And if it only benefits one borrower, it's throwing money away. For me, every dime spent should be a PERMANENT investment in affordability.

E1. Bonuses for Affordable Housing and Certain Housing Types



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Green Flag – tools and policies that have merit and deserve addition discussion and analysis	3	38%

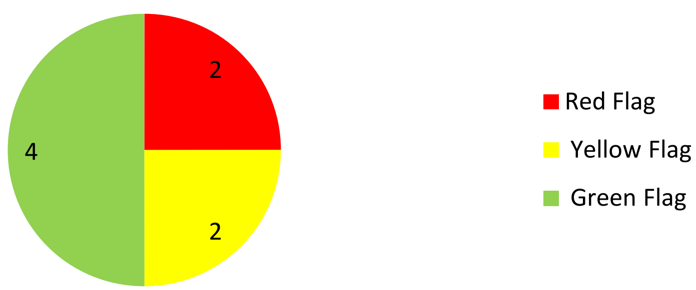
Additional research stated in the toolkit would be important to understanding the merits of this option.

Be careful, because if you create lower end affordable housing through bonuses but don't offer such for middle class housing, then you will only exacerbate the lack of middle class housing.

Most interested in learning how this could be applied to elderly residents. Think they could be the largest beneficiary of affordable housing programs.

I do not support granting exemptions from height, setback, or other urban design standards for housing benefits. Those who have to live with these oversized projects aren't the same people who benefit. Keep urban design and AH separate.

E3. Height Limit



Red Flag – tools and policies that do not merit further consideration	2	25%
Yellow Flag – tools and policies that may have merit but additional understanding is required	2	25%

Green Flag	– tools and policies that have merit and deserve addition discussion and analysis	4	50%

Absolutely allow higher buildings for commercial and housing. With our limited land due to open space and occupancy limits and our desire for more density/affordable housing/decreased student sprawl/energy conservation/transportation efficiency, it is the only way to accomplish all of these goals. Victoria, British Columbia is a perfect example of this idea working wonderfully. There are plenty of areas where high rises can be built without undueley impacting our mountain vistas. If creative design is included, it will enhance the City's beauty as well.

Would it be possible to attach increased height to increased percentage of affordable units or some other measure of subsidizing that could discourage irresponsible development?

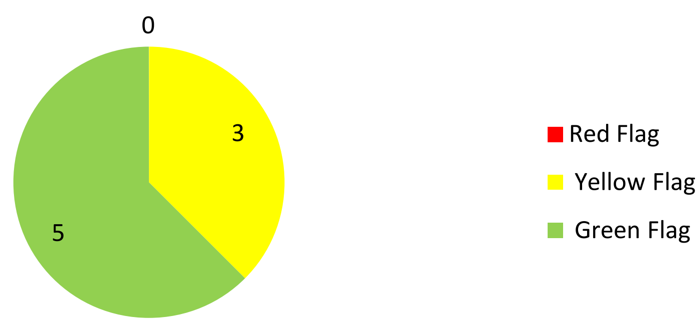
If by height limit, you mean actually allowing 55 ft attractive buildings without the city acting like the world will end, yes, I support this and think it is necessary, especially in Boulder Junction where you need high levels of density to support the planned transit.

Again, I oppose granting extra height for AH. Too big is too big, whatever is going on inside.

In certain circumstances, especially in public corridors on the periphery of town, height restrictions should be addressed.

I'm interpreting "height limit" to mean "lifting the height limit in most areas of the city."

E4. Land Use Designation and Zoning Changes



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Yellow Flag	– tools and policies that may have merit but additional understanding is required	3	38%
Green Flag	– tools and policies that have merit and deserve addition discussion and analysis	5	63%

It is ridiculous that right beside high rises and/or big developments, especially near CU, there are areas that are limited to three people per unit even though these houses are on large lots with plenty of parking. In expensive neighborhoods, it is also ridiculous that developers are not allowed to increase density simply because local residents don't want more density. This essentially creates restricted neighborhoods rather than mixed income neighborhoods (which have been shown to create better human relationsions/empathy, not to mention affordability).

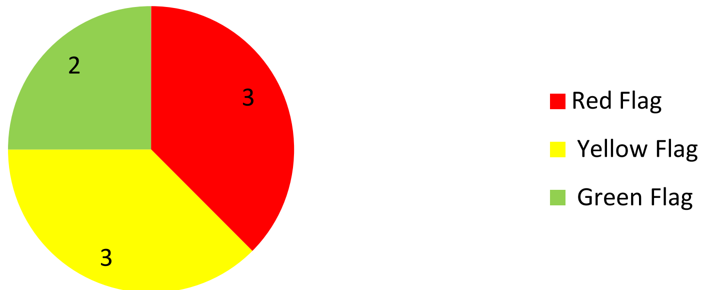
Reducing job growth would be a major step to removing the pressure on housing prices, so downzoning land to lesser job levels, like to service industrial, would be a good idea.

The nature of required community benefits associated with developments in changed zoning designations would be important to debate.

The current system is broken and makes it too expensive to build, so of course the end product is expensive.

Seems impossible to move forward without addressing this issue.

F1. Homeowners' Association (HOA) Fee Affordability

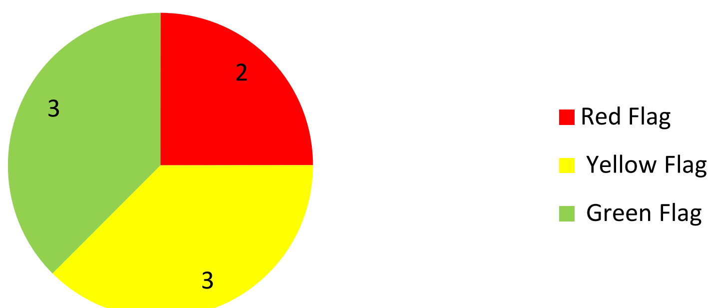


Red Flag – tools and policies that do not merit further consideration	3	38%
Yellow Flag – tools and policies that may have merit but additional understanding is required	3	38%
Green Flag – tools and policies that have merit and deserve addition discussion and analysis	2	25%

Implementation option 2 looks promising.

Should be strictly regulated to restrict abuse.

F4. Rent Control



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Green Flag – tools and policies that have merit and deserve addition discussion and analysis	3	38%

Always, always a bad idea. All research shows that rent control leads to deteriorating neighborhoods, not to mention that it is a slap in the face of democratic principles of ownership.

Creating affordable rentals seems imperative however, given Rent Control is not allowed in the State of Colorado this avenue seems dead on arrival. The time and energy needed to overcome this would be better spent somewhere else...like issue C3.

This will need a change at the legislature, which is not likely except for voluntary agreements.

Additional Tools

A3 + A4 (and E6); and A7 + A8

How to properly increase occupancy limits while increasing affordable

housing Co-operative Housing

price

regulation

Traffic

Controls

Co-ops

This tool is indirectly related to the housing issue but I think it's imperative to address. Whether we like it or not, the space to build further housing in Boulder is limited and we are close to full saturation. The demand to live here is increasing rapidly and our commuter population is going to continue to grow at a high rate. The traffic in Boulder is already an issues and widening roads is only a temporary, not to mention obnoxious, fix. Following London, and I believe Berkeley and/or Stanford, have adopted a system that charges vehicles whenever they pass through certain high density intersections. Using those proceeds to fund more public transportation options, especially more bus lines out to areas where a high commuter population areas exist, Louisville, Lafayette, Longmont, Erie, Superior, Broomfield, etc... Creating incentives for commuting via bicycle could be looked at/studied. Increase parking fees downtown. I know I love the free parking streets but that is becoming more and more unrealistic to have.

Any units built from now on should have price controls. Everything becomes relatively unaffordable otherwise.

Co-ops seems like a positive part of the toolkit, and I'd like to see them included in the discussion. A permanently affordable solution that encourages a sense of community ownership and thus dignity for low-income resident.

By increasing occupancy, the City automatically increases housing availability and lowers rents at no cost to the City. With something like a $50/year charge to landlords per extra bedroom over current limits, the income could be used to enforce any few problem houses that this may create and/or for rent subsidies.

Co-ops are not for everyone, but they are certainly for some and can provide middle income housing. I support them without restrictions, but especially for seniors they make so much sense and allow people to age in place, conserve resources, share cars, etc. We should be making as many of these as possible, not demonizing people who want to share resources. Co-ops should be plentiful and easy to create for all ages, but especially for seniors.

Co-housing and cooperative housing seem like they could be quite relevant to the goals of maintaining the middle. I would rank them both with a green flag. E6 is related here too. Small and tiny houses also seem quite relevant for maintaining the middle. I would rank both with green flags.

Additional Tools

Tiny Homes/Mobile Home Parks

taxation tools?

income regulation

More townhomes

Shared walls conserve space, energy & construction costs.

I don't have a strong opinion on Tiny Homes yet but do know demand for them is rising...further study on this seems wise. It seems likely that the mobile home community in Boulder could eventually vanish. Talks of the North Boulder mobile home park selling is already underway..perhaps transforming these parks into Tiny home communities would be an option...need more information on this..may already exist.

The people who get any units that are made "affordable" should only be those with incomes that are not otherwise able to buy or rent. If this is not done, the same income progression will occur with these units as others.

Are there mechanisms for increasing taxation on luxury developments (attached or detached)?

Additional Tools

Get rid of set backs

revisiting "cash in lieu"

Why do we require these silly little patches of lawn between the sidewalk and buildings, like on 29 North? If the building met the sidewalk it would allow for more inhabitable space, greater density and a more pedestrian friendly street. We need to think more about building streets that are great places for pedestrians. Buildings have a lot to do with that and buildings that touch the sidewalk- like on Pearl Street- give us dense but really pleasant, interesting places to walk 24 hrs a day.

Are the costs and benefits of this option well understood? What affect do they have in the short term and in the long term?