AGENDA TITLE: Consideration of a motion to adopt Resolution 1252 adopting an Affordable Housing Goal to secure 15 percent of all residential properties within Boulder as permanently affordable to low-, moderate-, and middle-income households by 2035 and directing the city manager to incorporate this goal into the Boulder Valley Comprehensive Plan update in 2020.

PRESENTERS
Jane S. Brautigam, City Manager
Kurt Firnhaber, Director for Housing and Human Services (HHS)
Kristin Hyser, Deputy Director, HHS
Jay Sugnet, Senior Housing Planner, HHS
Christian Koltonski, Data and Analytics Project Manager, HHS

EXECUTIVE SUMMARY
The purpose of this matter is for City Council to discuss and consider amending the City of Boulder housing goals including the low- and moderate-income housing goal (also known as the 10 percent goal) and the middle-income goal. To align city goals with the Regional Housing Strategy, council will consider: combining the two, currently separate goals; increasing the goal; and establishing the goal as time-bound. The Housing Advisory Board held a public hearing on Dec. 12 and Planning Board considered the matter on March 21.

While this matter is primarily focused on amendment of the city’s housing goals, it is important to note that the Boulder County Regional Housing Partnership is considering a request to the County Commission to include a county-wide measure on the November 2019 ballot to bolster financial resources to address the diverse housing needs of the region. If the County Commission
votes in favor of a ballot measure, the Partnership will request all county jurisdictions to adopt a resolution in support.

The city has been long committed to creating and preserving permanently affordable housing options to meet the diverse needs of the community. This commitment is grounded in the 10 percent goal which strives to secure 10 percent of the city’s housing stock as permanently affordable. To date, the city has successfully deed restricted 7.5 percent (3,484) homes serving low- and moderate-income persons. In 2016, the city expanded its commitment to ensuring the availability of diverse housing options by adopting the Middle-Income Housing Strategy committing to build or preserve 3,500 middle income homes by 2030, of which 1,000 would be permanently affordable. Currently, the city has 110 deed restricted middle-income homes.

Simultaneous to the city’s progress towards achieving these stated goals, the multi-jurisdictional Boulder County Regional Housing Partnership (Partnership) was convened to expand access to diverse housing across the county, serving low to middle income households (30–120 percent Area Median Income). Driving the Regional Housing Strategy is the established goal to secure 12 percent of the county’s housing inventory as permanently affordable, serving a diverse mix of low-, moderate- and middle-income households by 2035. On Oct 24, 2017, Boulder City Council adopted Resolution 1218 supporting the work of the Partnership and the goals it established, which includes the 12 percent goal for the entire county.

This memo presents the purpose statement of the project, guiding principles and summarizes the existing housing goals, progress to date and the remaining housing needs of the community. The memo also presents the staff recommendation regarding amendments to the goals.

**STAFF RECOMMENDATION**

Staff finds that the housing goals must continue the city’s commitment to prioritize and invest resources to create and preserve permanently affordable housing options to meet the diverse needs of the Boulder community. This commitment must be balanced with the pressures impacting the rate of development (e.g. possible economic downturn, limited development potential). In order to achieve the desired outcome, the goal should be specific, measurable, attainable, relevant and time-bound. Based on these conclusions, staff recommends the following motion:

Consideration of a motion to adopt Resolution 1252 adopting an Affordable Housing Goal to secure 15 percent of all residential properties within Boulder as permanently affordable to low-, moderate-, and middle-income households by 2035 and directing the city manager to incorporate this goal into the Boulder Valley Comprehensive Plan update in 2020.

**COMMUNITY SUSTAINABILITY ASSESSMENTS AND IMPACTS**

- Economic: Additional permanently affordable housing provides a positive economic impact by creating opportunities for diverse housing types for Boulder workers.
• Environmental: Providing diverse and affordable housing opportunities allows workers in Boulder to live in Boulder, thereby reducing in-commuting and advancing the city’s overall climate commitment goals.
• Social: The creation of additional affordable housing opportunities provides important social and economic diversity.

OTHER IMPACTS
• Fiscal: It is anticipated that a higher affordable housing goal will not have a significant impact on city finances or infrastructure. Additional funding sources will be required to achieve the goal; however, these will be generated through a dedicated funding source and will not require the use of general funds.
• Staff Time: A higher affordable housing goal will have an impact on staff time due to a larger inventory of affordable units to manage.

BACKGROUND
Historically the city has evaluated, amended and re-affirmed the housing goals approximately every ten years, with the last occurring in 2010. In 2017, as part of the major update to the Boulder Valley Comprehensive Plan, Planning Board recommended increasing the city’s affordable housing goal from 10 to 20 percent of all residential properties be secured as permanently affordable. At the time City Council commended the aspiration of the goal but did not approve requesting further public process and analysis of factors to identify a goal that is both aspirational and achievable.

In 2018, following City Council’s creation and appointment of the Housing Advisory Board (HAB), consideration of amending the city’s housing goals was identified as a work item to be pursued by the HAB. With progress underway to achieve the current 10 percent affordable housing goal paired with furthering the city’s commitment to the work of the Partnership, on Oct. 24 the HAB was introduced to this item and asked to consider amendment of the city’s housing goals. On Nov. 14, the HAB conducted a study session to further explore amendment of the city’s housing goals. This session was followed by a public hearing held on Dec. 12. Of note, no one from the public commented at the study session or the public hearing. The HAB process resulted in the identification of a community engagement approach, clarification of the project purpose and guiding principles and a HAB recommendation (Attachment C) for City Council consideration.

Community Engagement Summary
During review of this matter multiple opportunities have been made available for the public to engage including:
• Notice of the study session and public hearing held by the Housing Advisory Board (HAB) was emailed to the city’s housing partners and stakeholders. Notice was included in the Planning Newsletter and other city media outlets.
• Presentation to the Housing Advisory and Planning boards included publication in all usual board meeting notices.
• The city’s website hosts an “Affordable Housing Goals” page. This page includes all memorandums and presentations relating to the conversation, advertises all meeting times and opportunities to comment on the possible amendment to the goal, features a means to
submit comments through the website and invites the public to contact HAB or staff regarding any questions, suggestions or support for the potential amendments.

- Information regarding the Affordable Housing Goal Update was included in the community events on Feb. 11 and 20 that highlighted the three code amendment projects (Community Benefit, Large Homes and Use Standards).

Despite all the opportunities for engagement, staff received limited community input. Staff heard a range of opinions at the two February community events. Most voiced overall strong support for the city’s affordable housing program. Approximately half support a goal higher than 15 percent and the other half were comfortable with the staff proposal.

“Why” Statement
The following “why” statement was prepared and accepted by the HAB and is intended to be visionary and aspirational and articulate the purpose of this matter.

_Boulder aspires to be a diverse and integrated community. This aspiration is predicated upon the belief that diversity is fundamental to the overall well-being of the community and depends upon resident’s ability to live in their community. To this end, the Boulder community, its leadership and residents, have long held a commitment to facilitate the provision of diverse housing options to serve the needs of low-, moderate- and middle-income households. While the city is on pace to reach current housing goals, it is evident that existing goals do not meet the needs of the community. The city is revisiting its housing goals to ensure we do our utmost to fulfill the existing and expected needs of diversity in housing affordability and accessibility._

Guiding Principles
In considering an amendment to the city’s housing goals, the following guiding principles were supported by the HAB:

- Affordable housing goals must be easy to explain and understand.
- Allow flexibility to be opportunistic to direct affordable housing resources to address the greatest need in any given year while leveraging resources and maximizing opportunities.
- Periodically review progress toward goals and adjust course as necessary.

Other considerations and factors presented and discussed impacting the achievement of any housing goal include: status of financial resources/factors (e.g., tax credits, interest rates, construction costs); development potential; and regulatory constraints. While points of consideration, these factors are outside of the scope of this matter. Each of these items are being pursued as part of a suite of strategies and tools to facilitate future housing production.

It is important to note that the city does not have specific targets within the goal (e.g., income levels, ethnicity, seniors, etc.). While previous city conversations have discussed creating these targets, the city relies on flexibility when responding to opportunities that create affordable units. As a result, the city’s affordable homes have effectively served a broad spectrum of the community (as shown in Attachment B).
Existing Housing Goals and Progress

10 Percent Goal
The city has long been committed to creating and preserving permanently affordable housing options to meet the diverse housing needs of the community. In 2000, the city adopted the Comprehensive Housing Strategy, which included the 10 percent goal. The original 10 percent goal was based on the number of dwelling units in 2000, which was 45,000, for an absolute number of 4,500 affordable units. Following the work of an Affordable Housing Task Force, the goal was reaffirmed in 2010. However, it was also revised to reflect 10 percent of the number of housing units at the time of measurement, thus being variable.

Since the original adoption of the 10 Percent Goal in 2000, the city has successfully deed restricted 7.5 percent (3,484) homes serving low- and moderate-income persons, housing approximately 8,500 persons. More in-depth information can be viewed at the Affordable Housing Dashboard and Attachment B.

Middle Income Goal
With the decline of middle-income households in Boulder the city adopted the Middle-Income Housing Strategy in 2016. The Strategy defined a comprehensive approach to create and preserve housing choice for middle-income households and puts forth a new aggressive, but attainable goal that will increase housing options for middle-income households. The goal of the Strategy is to build or preserve 3,500 middle-income homes by 2030. The goal identifies the development of 2,500 market-rate middle income and the development/preservation of 1,000 deed restricted permanently-affordable homes.

Currently the city has 110 deed restricted middle-income owner-occupied homes as part of the permanently affordable inventory with an additional 41 homes in development. The majority of these units were achieved through annexation of land into the city.

Middle Income Inventory (80% – 120% AMI)
**Boulder County Regional Housing Partnership Goal**

Simultaneous to the city’s progress towards achieving these above stated goals, the multi-jurisdictional Boulder County Regional Housing Partnership (Partnership) was convened to expand access to diverse housing across the county, serving low- to middle-income households (30–120 percent Area Median Income). Driving the Regional Housing Strategy is the established goal to secure 12 percent of the county’s housing inventory as permanently affordable, serving a diverse mix of low-, moderate- and middle-income households by 2035. In 2017, Boulder City Council adopted Resolution 1218 supporting the work of the Partnership, that includes the 12 percent goal for the entire county.

Based on population and land use projections from communities across the region, the Strategy asserts a regional goal of 20,400 affordable homes of which the 6,611 permanently affordable homes are already secured across Boulder County. The 12 percent goal is aspirational yet realistic, as it’s grounded in the regional population and build out projections. Since the adoption of the plan, nine communities across the county adopted resolutions supporting the work of the Partnership and its asserted goals, including the Boulder City Council.

Similar to any goal, it is proposed the Regional Housing Goal will be achieved through a variety of strategies including: bolstering of financial resources; securing land, development and redevelopment options; preserving existing affordability; and alignment of regulatory processes to facilitate production of housing options to reach the goal.

**Boulder County Regional Housing Partnership Revenue Generation**

Simultaneous the City Council’s consideration of amending the city’s housing goals, the County is considering a measure for the November 2019 ballot to raise revenues to support the Partnership in pursuit of the regional housing goals.

To support the pursuit of the goals of the Partnership, of which the city is a leading member, it is critical to bolster the financial resources available across the region to create and preserve permanent affordable housing offering a full spectrum of attainable housing for all incomes and stages of life. The Partnership’s adopted Strategy proposes to establish a county-wide affordable housing trust fund to be capitalized by several sources, including local and federal allocations, as well as revenues from a future voter-supported ballot initiative, dedicating a portion of property or sales taxes.

While federal funding such as the Community Development Block Grant (CDBG) Program and the HOME Investment Partnerships Program and local funding such as the city’s Affordable Housing Fund and the Community Housing Assistance Program (CHAP) being used to leverage
Low Income Tax Credits and other private and public financing, more local funding is needed to leverage even more private/public funding. Current local funding sources produce about $15 million per year (countywide) to support the creation of affordable housing; however, based on the average investment cost per affordable unit (approximately $50,000/unit), it is estimated that an additional $25 million per year is needed to allow the Partnership a chance to reach the regional 12 percent Goal.

In the fall of 2018, Boulder County conducted a poll to test voter reaction to a possible ballot proposal to fund affordable housing. The poll reached 600+ households representative of Boulder County residents and tested a property tax vs. sales tax. To generate the funds needed to support the regional 12 percent goal, the following demonstrates the impact of generating $20 million per year. Of note, the polling assumed $50,000 per unit subsidy as representative of public investments across the region.

- Sales tax increased by .365 percent translates to an increase of 36.5 cents on a $100 purchase
- Property tax increased by 2.5 mills translates to an increase one property taxes in Boulder on a $500,000 condominium by $100/year and on a $900,000 single-family home by $180/year.

Polling found that both sales tax and property tax initially garnered support from between 55 and 56 percent of likely voters. Following further education during the poll concerning housing needs of the community, how the funds will be used and who they will serve, the poll resulted in slight uptick in support.

Three statements within the polling questions received over a 60 percent agreement: 1) Housing prices are so high here that many who work here can’t afford to live where they work (86 percent agreement), 2) Cost of housing is so high that soon middle class families won’t be able to afford to live here (79 percent agreement), and 3) Elected officials in our County ought to be doing something to increase availability of affordable housing for the average citizen who lives or works here (76 percent agreement). There were also several possible roles for government in solutions around affordable housing that were agreed on by the polled households: sweat equity programs, streamline development processes, waive fees, require developments to contribute to affordable housing and partner with non-profits to build permanently affordable housing.

These results were shared with city and town managers across the county who encouraged staff to continue exploring placement of a measure on the 2019 ballot including by immediately engaging with city and town councils to gauge support of a possible measure. To address the immediacy of the region’s housing needs, maximize immediate opportunities (e.g. costs, availability, macroeconomic factors) and to prioritize and expedite the regional efforts to meet these needs, the managers suggested consideration be given to increasing property taxes in an amount that would generate approximately $20 million to support investment opportunities creating and preserving diverse housing options across the county. In addition, they requested information concerning how funds would be distributed if a measure were to be successful which is detailed in Attachment D.
In summary, if a tax is passed, the revenue would be placed into a Housing Trust Fund, and then distributed to the Partnership jurisdictions. Building on the County’s long history of collaborative resource sharing, the funding would be distributed equitably with 75 percent directly to the local communities and 25 percent used for a competitive distribution and to fund three countywide programs: Housing Rehabilitation, Down Payment Assistance and Housing Counseling. This achieves two priorities – equitable distribution of the dollars received and an equitable distribution between the jurisdictions—so that affordable housing will be able to be achieved in each and every community.

If $20,000,000 is successfully generated, based on current population counts, the city would receive approximately $3.5 million annually. Applying the region’s average per unit subsidy this funding could result in the creation of approximately 70 homes per year. As the region grows and population distribution shifts, this amount will adjust in the future.

While consideration of this topic is not the primary focus of the matter before council, its alignment with amendment of housing goals and the resources needed to reach any goal is pertinent for discussion. Staff’s intention is to introduce this topic and bring the topic back at a later date with a formal resolution of support.

Finally, the Boulder County Regional Housing Partnership will be hosting the 2019 Housing Summit on May 10. Depending on direction received from each of the jurisdictions between now and the summit, the event will feature a county-wide discussion about furthering the goals of the Partnership including the identification and distribution of financial resources.

Projected Achievement of the City’s 10 Percent Goal
As stated previously the city, in partnership with the affordable housing development community, has achieved 7.5 of the 10 percent affordable housing goal (3,484 units) and 110 units of the 1,000-unit middle income housing goal. Progress to date and anticipated continued progress is the result of a variety of city strategies including financial investments, preservation, annexation agreements, and the Inclusionary Housing Ordinance. Based on the city’s progress and historic production rates combined with multiple projects in the production pipeline, that will result in approximately 620 additional units, staff is optimistic the 10 percent goal is likely to be achieved in approximately five to seven years.

Critical Housing Needs Remain
The previously mentioned goals and progress have successfully served as a blueprint for the city’s regulations, policies and funding investments toward the development of affordable housing. While making great progress in meeting the housing needs of the Boulder community, critical needs remain. The following information will detail the existing need and impact of an amended goal.

While the city has made great strides towards the 10 percent goal and is now setting its sights on addressing the middle-income housing needs of the community -- housing affordability and availability remains a critical issue. Escalating home prices are taking a toll on the household and economic security of Boulder’s residents, puts businesses and institutions at a disadvantage in
attracting and retaining a competitive workforce, and places pressure on the community value of inclusivity and diversity.

The following statistics show the rapidly increasing housing costs occurring in Boulder and across the region:

- The area median income, which translates into wages, have only risen 9.6 percent since 2010 while the cost of housing has increased by 39 percent for rentals and 71 percent for home ownership.
- In Boulder, 43 percent of household earn less than $50,000 per year.
- In Boulder County, 21,580 households are severely cost burdened, paying more than 50 percent of their income toward housing costs (e.g. rent, mortgage, utilities).

According to the Boulder Valley Comprehensive Plan (BVCP) the city’s projects growth will add residents, housing, and jobs.

“As of January 2015, the City of Boulder (Area I) had approximately 44,725 housing units, 104,800 residents and 98,500 jobs.

Over the next 25 years, Area I is projected to add about 6,500 housing units, 19,000 residents and 19,000 jobs. CU student enrollment could increase by a range of 5,000 to 15,000 additional students by 2030.”

Boulder is, and will continue to be, a regional job center resulting in positive and negative impacts – economic prosperity, in-commuting, and high demand for existing housing. The housing demand will need to meet the needs of a diversified workforce and supporting a range of jobs and incomes. More information regarding the Jobs: Housing Balance can be reviewed on the city website.

ANALYSIS
Contextual Factors
Before exploring specific goal levels, the following information provides an overview of contextual factors needed to be considered to achieve any housing goal.

The rate of production may be impacted by a variety of factors. These factors include: land use; regulatory environment; and funding and financing availability.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Use</td>
<td>Availability of developable land; Permitted uses; Market competition</td>
</tr>
<tr>
<td>Regulatory</td>
<td>Cost and timing of entitlements; Density Limits; Parking Requirements</td>
</tr>
<tr>
<td>Funding and Financing</td>
<td>Availability of funding (equity, debt); Cost of financing (interest rates, tax credit pricing); Cost of construction (land, materials, wages); Development pace (limiting regulated revenue sources, e.g. cash-in-lieu payments)</td>
</tr>
</tbody>
</table>
While many of these factors present macro level issues requiring local communities to respond rather than control, there are strategies being pursued across the region to facilitate rather than impede housing development.

Presented in the Regional Housing Strategy, a variety of approaches are presented that will need to be pursued in concert to achieve any housing goals. Strategies include:

- **Bolstering Financial Resources** to create the fiscal supports necessary to leverage sources needed to achieve regional and local housing goals.
- **Secure Land and Development/Redevelopment Opportunities** to create diverse housing options.
- **Preserve Affordability** through the purchase and deed-restriction of currently affordable housing.
- **Consider Regulatory Processes** to ensure rules and regulations facilitate and not impede housing creation and preservation.

To continue on its path of achieving its housing goals, the city must continue to actively and effectively partner with the housing development community, prioritize and invest resources creating and preserving permanently affordable homes, and facilitate a regulatory environment supportive of the goal.

**Varying Goal Levels**

According to the BVCP the city will reach residential housing capacity by 2040 with a projected build out of 52,000 homes. While the BVCP projects out to 2040, the Regional Housing Strategy is striving to reach its stated regional housing goal by 2035 to address the immediacy of the region’s housing needs, maximize immediate opportunities (e.g. costs, availability, macroeconomic factors) and to prioritize and expedite the regional efforts to meet these needs.

To align with the Regional Housing Strategy goal and to maximize regional partnerships and investment opportunities, the following goal scenarios demonstrate the number of affordable homes needed to address the city’s housing needs by 2035. The scenarios below employ an adjusted unit count of 50,680 homes as the projected number of total residential units in Boulder in 2035. The following information assumes the low- and moderate-income goal and the middle-income goal of 1,000 units are combined into a singular goal serving area median incomes (AMI) from 0 to 120 percent, versus the Regional Strategy’s focus starting at 30 percent AMI.

The following graphic demonstrates the impact of varying goal levels, the number of additional units needed to be created and the development rate needed to reach each goal by 2035.
If the above figures reflected the current average rate of development of 175 units per year, achievement of the goal would far extend beyond 2035.

Assuming a time-bound goal of 2035 to align the regional work, the projected number of total housing units will be 50,680, resulting in an additional 4,460 units above the city’s current residential stock of 46,220 units. Varying goal increases will only be achieved through a combination of new construction and preservation and will require the following number of units, rate of development and funding.

<table>
<thead>
<tr>
<th>Goal</th>
<th>Units</th>
<th>Rate of Development Needed Per Year to Reach Goal by 2035</th>
<th>Current Funding (In Current Dollars)</th>
<th>Additional Funding Needed (In Current Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>12%</td>
<td>2,488</td>
<td>156</td>
<td>$8,500,000</td>
<td>+ $6,100,000</td>
</tr>
<tr>
<td>15%</td>
<td>4,008</td>
<td>251</td>
<td>$8,500,000</td>
<td>+ $15,000,000</td>
</tr>
<tr>
<td>20%</td>
<td>6,542</td>
<td>409</td>
<td>$8,500,000</td>
<td>+ $30,000,000</td>
</tr>
</tbody>
</table>

Based on $94,000 per unit subsidy.  

**BOARD AND COMMISSION FEEDBACK**

In 2018, following City Council’s creation and appointment of the Housing Advisory Board (HAB) consideration of amending the city’s housing goals was identified as a work item to be pursued by the HAB. In summary, following consideration, the HAB landed on a recommendation based on a 4 to 1 vote, to combine the low-moderate income and middle-income goal into one goal. This goal should be achieved by 2035 to align with the Regional Housing Strategy’s housing goal. However, departing from the Regional Housing Strategy, the HAB recommends increasing the goal to 20 percent. HAB’s recommendation is intended to be highly ambitious and address the need for housing affordability which is greater than the current

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1 Unit subsidy was estimated using recent acquisition and new construction of low/moderate rental development in Boulder Due to access to local and federal resources, the city’s per unit subsidy investment trends higher than the investment amounts across the region.
goal, the Regional Housing Strategy goal and the staff recommendation is presented below. Minutes from the hearing are available [here](#) and HAB’s formal recommendation is Attachment C.

Planning Board considered amendment of the housing goals on March 21 and supported staff’s recommendation to City Council to adopt a goal securing 15 percent of all residential development within the city of Boulder as permanently affordable serving low- to middle-income households by 2035 (**Attachment E**). The recommendation included a recommendation from Planning Board that City Council consider the distribution between low/mod units and middle-income units favor a higher percentage of low/mod units considering the cost and difficulty of achieving middle income units and the social equity implications of it.

**STAFF RECOMMENDATION**
Staff finds that the housing goals must continue the city’s commitment to prioritize and invest resources to create and preserve permanently affordable housing options to meet the diverse needs of the Boulder community balanced with the pressures impacting the rate of development (e.g. possible economic downturn, limited development potential). As well, intended to motivate a desired outcome, a goal should be specific, measurable, attainable, relevant and time-bound. Based on these conclusions, staff recommends the following motion:

```
Consideration of a motion to adopt Resolution 1252 adopting an Affordable Housing Goal to secure 15 percent of all residential properties within Boulder as permanently affordable to low-, moderate-, and middle-income households by 2035 and directing the city manager to incorporate this goal into the Boulder Valley Comprehensive Plan update in 2020.
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While this goal differs from the feedback from the HAB feedback, staff believes it is a stretch while being pragmatic given the realities of creating and preserving affordable housing within the city.

**NEXT STEPS**
If City Council adopts a new goal, it will be effective immediately with the goal formally adopted as part of the 2020 update of the Boulder Valley Comprehensive Plan.

**ATTACHMENTS**
A. Resolution 1252
B. Boulder Affordable Housing Goals
C. Housing Advisory Board Recommendation
D. Draft BCRHP Fund Distribution
E. Planning Board Recommendation
RESOLUTION 1252

ADOPTING AN AFFORDABLE HOUSING GOAL FOR THE CITY OF BOULDER TO SECURE 15 PERCENT OF ALL RESIDENTIAL DWELLINGS IN BOULDER AS PERMANENTLY AFFORDABLE LOW-, MODERATE-, AND MIDDLE-INCOME HOUSEHOLDS BY 2035; AND SETTING FORTH RELATED DETAILS.

THE CITY COUNCIL OF THE CITY OF BOULDER, COLORADO, FINDS AND RECITES THAT:

A. The social, economic and environmental well-being of the community is enhanced when individuals and families are retained, workforce housing is available, and residents with changing or special housing needs are served.

B. Affordable housing is critical to protect the public health, safety, and general welfare of the community.

C. Home prices continue to increase, exacerbating the need for additional affordable homes in the low-, moderate-, and middle-income ranges.

D. The Boulder Valley Comprehensive Plan provided that “the city will study and consider substantially increasing the proportion of housing units permanently affordable to low-, moderate-, and middle-income households beyond our current goal...” (BVCP Policy 7.02).

E. The Boulder City Council recognizes the goal set in 2000 of securing 10 percent of dwelling units as low- and moderate-income permanently affordable housing is no longer adequate to preserve and promote social, cultural, racial, and ethnic equity in the community.

F. Increasing the goal to 15 percent of all housing secured as permanently affordable in low-, moderate- and middle-income ranges is consistent with the policies in the Boulder Valley Comprehensive Plan and will support inclusivity, diversity, and economic prosperity in the community.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BOULDER, COLORADO:

Section 1. In order to benefit the residents of the city, the City Council adopts a goal that 15 percent of all dwellings will be permanently affordable to low-, moderate-, or middle-income households by 2035.

Section 2. The City Council directs the city manager to propose and adopt this goal of 15 percent in the Boulder Valley Comprehensive Plan during the next appropriate update to the Plan.
Section 3. This Resolution shall be in full force and effect upon its passage and approval.

INTRODUCED, READ, PASSED AND ADOPTED this ___ day of April 2019.

Suzanne Jones,
Mayor

ATTEST:

Lynnette Beck,
City Clerk
Boulder Affordable Housing Goals

Purpose- to consider the following:

- Combine the current housing goals to assert one goal serving low- to middle-income (0-120% AMI) households.
- Update the goal to ensure the city’s continued prioritization and investment in creating and preserving homes meeting the diverse housing needs of the Boulder community.
- Establish the goal as time-bound to be achieved by 2035.
- Amend the Boulder Valley Comprehensive Plan in 2020 to reflect the amended housing goals.

The Need

Affordability

The City of Boulder is one of the most expensive places on the Colorado front range to rent or own a home. The cost of rents and homes has been increasing faster than incomes, forcing many families to move out of Boulder. High housing costs also impacts the retention and hiring of local employees.

- 22.2% of individuals in Boulder live in poverty.²
- 43.2% of households in Boulder earn less than $50k per year.²
- 42.6% of households are burdened by housing costs, paying more than a third of their income on housing.²

Diverse Community

The lack of affordable housing impacts populations with lower socio-economic status, ultimately reducing their opportunities in Boulder. Affordable housing is an important tool to create a diverse community.

- 88.1% White
- 5.8% Two or more
- 4.7% Asian
- 0.9% Black
- 0.4% American Indian or Alaska Native
- 0.1% Native Hawaiian/Pacific Islander

- 16.5% of Boulder’s Affordable Housing program serves Hispanic households.¹ While only 8.7% of people are Hispanic Boulder residents.²

The Need for Middle Income Housing

Housing costs for a:

- Family of four
- Teacher: $55,000/year
- Paralegal: $65,000/year

Housing costs should not exceed 1/3 of income

- Maximum Rent: $2,900
- Maximum Mortgage Payment: $2,300

Based on this scenario, this family would be priced out of homeownership but would be able to rent a three-bedroom market-rate apartment in Boulder.

Affordable Housing Facts¹

- The Affordable Housing program has increased the diversity of Boulder by serving a greater proportion of blacks and hispanics compared to the general population.
- Around 8,500 people live in affordable homes in Boulder.
- Data has shown that most individuals in Boulder only stay in affordable housing for 2 to 3 years. This suggests that affordable housing provides stability until individuals/families work towards greater economic security.
- 49% of affordable housing renters earn below 30% AMI.

Quick Facts

The Area Median Income (AMI) has increased by only 9.6%* since 2010 while the cost of housing has increased by over 60% and rental pricing by over 30%.³,⁴

- 43.2% of affordable housing renters earn below 30% AMI.
- 49% of affordable housing renters earn below 30% AMI.

Median Home Price and Rent³,⁴

<table>
<thead>
<tr>
<th>Year</th>
<th>Median Home Price</th>
<th>Median Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$535,000</td>
<td>$913,000</td>
</tr>
<tr>
<td>2018</td>
<td>$913,000</td>
<td>$2,058</td>
</tr>
</tbody>
</table>

Uptrend:

- Increase 71% from 2010 to 2018
- Increase 39% from 2010 to 2018

Boulder Community Profile

- 47% Non-resident
- 53% Resident

(of the 100,148 jobs in Boulder)

- 49% of affordable housing renters earn below 30% AMI.

Boulder Employee Commuting Pattern Estimates²

- 43.2% of Boulder’s Affordable Housing program serves Hispanic households.¹ While only 8.7% of people are Hispanic Boulder residents.²

- 47% Non-resident
- 53% Resident

The Area Median Income (AMI) has increased by only 9.6%* since 2010 while the cost of housing has increased by over 60% and rental pricing by over 30%.³,⁴

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<th>Year</th>
<th>Median Home Price</th>
<th>Median Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$535,000</td>
<td>$913,000</td>
</tr>
<tr>
<td>2018</td>
<td>$913,000</td>
<td>$2,058</td>
</tr>
</tbody>
</table>

Uptrend:

- Increase 71% from 2010 to 2018
- Increase 39% from 2010 to 2018

Boulder Community Profile

- 47% Non-resident
- 53% Resident

(of the 100,148 jobs in Boulder)

- 49% of affordable housing renters earn below 30% AMI.

Boulder Employee Commuting Pattern Estimates²

- 43.2% of Boulder’s Affordable Housing program serves Hispanic households.¹ While only 8.7% of people are Hispanic Boulder residents.²

- 47% Non-resident
- 53% Resident

The Area Median Income (AMI) has increased by only 9.6%* since 2010 while the cost of housing has increased by over 60% and rental pricing by over 30%.³,⁴

- 43.2% of affordable housing renters earn below 30% AMI.
- 49% of affordable housing renters earn below 30% AMI.

Median Home Price and Rent³,⁴

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Uptrend:

- Increase 71% from 2010 to 2018
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Boulder Community Profile

- 47% Non-resident
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Housing Advisory Board Recommendation

The Housing Advisory Board appreciates the opportunity to make recommendations to Council about Affordable Housing Goals.

HAB commends the staff effort to provide cogent information in a timely manner that allowed the board to participate early and fully in the process.

HAB acknowledges that the need for housing affordability is greater than the recommended goal and has considered the balance between critical affordable housing needs in Boulder and the pragmatic realities of providing that housing.

HAB concluded that our ambitious goal recommendation appropriately reflects our board’s unique position as representatives of community voices.

Since our recommendations are ambitious, we recognize that future conversations need to be conducted to consider tools for accomplishing these goals.

This will require a variety of strategies and solutions creating and preserving housing options to meet the diverse needs of the community, including:

- Bolster financial resources
- Secure land and development/redevelopment options
- Pursue opportunities to preserve existing market affordability
- Consider regulatory processes, rules and regulations, including but not limited to entitlement process, zoning and incentives
- Engage community partners, including the University of Colorado, in pursuing strategies and solutions.

Furthermore, HAB suggests a working group of staff, two Planning Board members, and two HAB members to more fully develop such tools.

The Affordable Housing Goal recommendations from HAB are:

1. Combine housing goals to serve low to middle-income households
2. Secure 20% of all residential development within the city of Boulder as permanently affordable
3. Achieve goal by 2035
4. Align housing goals and strategies in support of the Boulder County Regional Housing Partnership
To ensure the success of the Boulder County Regional Housing Partnership, it is critical to bolster the financial resources available across the region to create and preserve permanent affordable housing that meet the diverse needs of its communities. To this end, the BCRHP will establish a county-wide affordable housing trust fund to be capitalized by several sources, including local and federal allocations, as well as revenues from a future voter-supported ballot initiative, dedicating a portion of sales or property taxes.

**DISTRIBUTION OF FUNDS**

Building on the county’s long-history of collaborative resource sharing (e.g. HOME Consortium, County Collaborative CDBG-DR Flood Recovery) the trust fund will be distributed equitably, based on population counts, across the region to serve the housing needs identified by individual jurisdictions, regional housing projects and housing programs serving the entire region (e.g. owner-occupied rehabilitation programs, down payment assistance, homeownership counseling, and asset management). The funds would be distributed through two approaches including the majority of funds to each municipality based on population as core funds and another share with distribution based on the opportunity projects, according to the following:

- **+/-75% Core Fund Distribution to Jurisdictions:** More than half of the funds (percentage to be determined) would be provided annually to each participating jurisdiction to address locally-identified housing needs. The amount of funds will be determined by a calculation informed by regional population distribution using U.S. Census data. A jurisdiction may choose its own investment opportunity, contract with BCHA or another local non-profit to provide affordable housing or return its share to the trust fund to be redistributed regionally.

- **+/-25% Set Aside for Opportunity Fund and Region-wide Programming:** A smaller percentage will be set aside to be available as an Opportunity Fund and support programming serving the entire region and support larger opportunity projects that could arise in any community.
  - An Opportunity Fund will be capitalized to address time-sensitive needs (e.g. acquisition opportunity) and support projects that require a greater amount of funds than are available to the local jurisdiction. These funds will be competitively distributed prioritized based on various criteria including levels of affordability, local match, financial leveraging, etc.
  - Funds will also support programming serving housing needs across the region. This could include enhancing access to down payment assistance for middle income homebuyers, financial resources for owner-occupied housing rehabilitation programs, and support of housing counseling programs. While local jurisdictions will continue to use federal funds to support this type of programming, Housing Trust Fund (local) dollars would be contributed to expand the eligible pool of beneficiaries earning up to 120% AMI.

To ensure the highest and best use of the funds, in addition to the jurisdictional distribution, it is proposed that the Partnership leadership maintain the flexibility, if agreeable to the majority, to forgo jurisdictional allocations at any time to support a singular project serving the regional goals of the Partnership. The approval process supporting this approach will be defined and guided by the Fund policies and procedures.
As well, to be most responsive to the community needs, Partnership leadership will maintain the ability to adjust distribution amounts to support regional-wide programming (e.g. increase funds supporting initiatives such as Down Payment Assistance for middle income homebuyers) if needed to react to changing markets/needs.
### Scenarios for Potential Regional Housing Partnership Funding

<table>
<thead>
<tr>
<th>Population Distribution</th>
<th>HOME Consortia Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018 HOME Consortia Distribution</td>
</tr>
<tr>
<td></td>
<td>2018 HOME Consortia $</td>
</tr>
<tr>
<td><strong>Total Population</strong></td>
<td><strong>% of Population</strong></td>
</tr>
<tr>
<td>City of Boulder</td>
<td>106,271</td>
</tr>
<tr>
<td>Erie</td>
<td>10,530</td>
</tr>
<tr>
<td>Jamestown</td>
<td>218</td>
</tr>
<tr>
<td>Lafayette</td>
<td>27,440</td>
</tr>
<tr>
<td>Longmont</td>
<td>91,730</td>
</tr>
<tr>
<td>Louisville</td>
<td>20,319</td>
</tr>
<tr>
<td>Lyons</td>
<td>2,085</td>
</tr>
<tr>
<td>Nederland</td>
<td>1,496</td>
</tr>
<tr>
<td>Superior</td>
<td>12,879</td>
</tr>
<tr>
<td>Ward</td>
<td>179</td>
</tr>
</tbody>
</table>

**Balance of County Option #1**
(Total County less all communities' figures)

<table>
<thead>
<tr>
<th></th>
<th>Annual Funding Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100.0%</td>
</tr>
<tr>
<td>Total County</td>
<td>316,782</td>
</tr>
<tr>
<td></td>
<td>$1,033,084</td>
</tr>
</tbody>
</table>

**Balance of County Option #2**
(Total County less only Boulder & Longmont)

|                         | 100.0%                       |
| Core Fund Distribution  | $7,500,000                   |
| Opportunity Fund        | $2,000,000                   |
| Regional Programming    | $500,000                     |
| $10,000,000             | $2,812,210                   | $232,397 | 21.7% | $1,625,630 |

All Data is from 5 year estimates - 2013-2017; ACS. Erie population comes from State's municipal population estimates for 2017. HOME Data is from 2018 HOME Consortia Builder; each communities' "contribution" figured under the Consortia Builder

25% set-aside for Opportunity Fund and Region-wide Programming: $2m for possible opportunities and $500,000 total for Countywide Programs - Rehab - $150,000; Down Payment Assistance - $250,000 and Housing Counseling/Homeownership Training - $100,000
Planning Board Recommendation

March 21, 2019

On a motion by B. Bowen, seconded by H. Zuckerman, the Planning Board voted 6-0 (L. Montoya absent) to recommend City Council adopt a goal securing 15 percent of all residential development within the city of Boulder as permanently affordable serving low- to middle-income households by 2035.

H. Zuckerman made a friendly amendment that the Planning Board pointed out that getting to the recommended 15% goal, with the proposed distribution of 12% low/mod and 3% middle-income units, meant the addition of about 4,000 units, 1,400 of which are new middle-income units. Therefore, 35% of the new units would be middle-income units, and these would be almost two times as expensive to procure or create as low/mod units. The Planning Board recommend that City Council consider the proposed distribution, and the cost and difficulty of achieving it, and the social equity implications of it, in light of the fact that the 15% goal is likely to be easier and certain to be cheaper, to achieve if the distribution favored a higher percentage of low/mod units. B. Bowen accepted.