Maintain the Middle Working Group #4

1777 West Conference Room – 1777 Broadway St., Boulder, CO 80302

April 13, 2015

4 – 6 p.m.

4:00 – 4:10	**Agenda overview/logistics** - Speaker panel on Apr. 27 (6-8pm) - Five sub-community meetings early to mid May - Coordination among working groups	**Facilitator**
4:10 – 5:30	**Develop short list of tools**	**All**

Please see the worksheet instructions on the next page and the attached worksheet. *Please take the time before our meeting to think about the questions, review the tools, and work through the worksheet to prepare for our April 13 meeting. At the meeting, each working group member will be asked to take 2-3 minutes to identify your top one or two tools and why.*

5:30 – 5:50	**Code for America and Community Engagement Tools**	**All**
5:50 – 6:00	**Public Comment**	

HOUSING BOULDER WORKING GROUP #4
WORKSHEET INSTRUCTIONS

The objective for this meeting is to narrow down the list of tools to those that seem most promising for meeting the Maintain the Middle goal and that would benefit from a broader community discussion. Please use the attached worksheet in preparing for our meeting.

- The worksheet is meant to help you come to the meeting with your top tools in mind. It is simply an outline for you to think about the screening considerations that make the most sense to you and the tools that you think are most promising.
- The worksheet is not meant to be a scoring sheet and will not be collected or tallied. Don't feel that you need to fill in the entire sheet; just write notes for yourself as you wish.
- The screening considerations on the worksheet have been consolidated from your last meeting, but you should feel free to ignore any that you don't agree with or that aren't clear to you, as well as to consider other factors not listed on the sheet.
- Please read each tool description and its options as you go through the worksheet.

Two fundamental questions for you to think about BEFORE you get into the details of the worksheet are:

1) Do you generally support tools that increase the supply of housing (likely through additional density), or tools that focus on preserving existing housing and its affordability, or a combination?

2) Do you think city funds should be used to subsidize middle income housing, or should that funding come from other sources, or a combination (or neither - middle income housing shouldn't be funded at all)?

Considering these questions may help you clarify your thinking on each tool.

At the meeting we will ask each working group member to take 2-3 minutes to state his/her top one or two tools and why. Then after a short discussion you'll be asked to "dot vote" (using stickers on a poster) on the top five tools you think will advance the Maintain the Middle goal.

Maintain the Middle Homework #1 Results Summary				
	Maintain the Middle Goal Tools	Green Flag	Yellow Flag	Red Flag
A2	Accessory Dwelling Unit/Owner's Accessory Unit Requirements	7	1	0
B3	Inclusionary Housing (IH) Program	6	2	0
C3	Preservation of Rental Affordability	5	3	0
E4	Land Use Designation and Zoning Changes	5	3	0
B2	Homebuyer Assistance Programs	5	2	1
C2	Land Banking	4	3	1
E3	Height Limit	4	2	2
B4	Revenue Sources for Affordable Housing	3	4	1
E1	Bonuses for Affordable Housing and Certain Housing Types	3	3	2
F4	Rent Control	3	3	2
C4	Historic Preservation of Smaller Houses and Accessory Buildings	2	5	1
D2	Green and Location-Efficient Mortgages	2	4	2
F1	Homeowner's Association (HOA) Fee Affordability	2	3	3
B5	Annexation	1	6	1
D1	Employer-Assisted Housing	1	5	2

HOUSING BOULDER Working Groups' Discussion Topics

	Strengthen Current Commitments	Maintain the Middle	Diverse Housing Choices	Strengthen Partnerships	Aging in Place
GENERAL HOUSING					
A1. ACCESSIBLE HOUSING					X
A2. ACCESSORY DWELLING UNIT/OWNER'S ACCESSORY UNIT REQUIREMENTS	X	X	X	X	X
A3. CO-HOUSING		X	X		
A4. COOPERATIVE HOUSING		X	X	X	X
A5. MOBILE HOME PARKS	X				
A6. SENIOR HOUSING OPTIONS					X
A7. SMALL HOMES	X	X		X	
A8. TINY HOMES	X	X	X	X	
A9. HOUSING THE HOMELESS	X				
EXISTING PROGRAMS					
B1. HOME REHABILITATION LOAN PROGRAM					X
B2. HOMEBUYER ASSISTANCE PROGRAMS		X			
B3. INCLUSIONARY HOUSING (IH) PROGRAM	X	X		X	
B4. REVENUE SOURCES FOR AFFORDABLE HOUSING	X	X			
B5. ANNEXATION	X	X			
PRESERVATION STRATEGIES					
C1. COMMUNITY LAND TRUSTS					
C2. LAND BANKING	X	X			
C3. PRESERVATION OF RENTAL AFFORDABILITY	X	X			X
C4. HISTORIC PRESERVATION OF SMALLER HOUSES AND ACCESSORY BUILDINGS		X			
PARTNERSHIP INITIATIVES					
D1. EMPLOYER-ASSISTED HOUSING	X	X			

	Strengthen Current Commitments	Maintain the Middle	Diverse Housing Choices	Strengthen Partnerships	Aging in Place
D2. GREEN AND LOCATION-EFFICIENT MORTGAGES		X			
D3. HOUSING CHOICE (SECTION 8) VOUCHER OPTIONS	X				
D4. REVERSE MORTGAGES					
D5. UNIVERSITY STUDENT, FACULTY, AND STAFF HOUSING	X				
LAND USE AND REGULATIONS					
E1. BONUSES FOR HIGHER AFFORDABILITY AND CERTAIN HOUSING TYPES	X	X	X		X
E2. FEE REDUCTIONS, EXPEDITED REVIEW PROCESS, AND/OR MODIFICATION OF STANDARDS	X				X
E3. HEIGHT LIMIT	X	X			
E4. LAND USE DESIGNATION AND ZONING CHANGES	X	X	X		
E5. LINKAGE FEES FOR NON-RESIDENTIAL DEVELOPMENT	X				
E6. OCCUPANCY LIMITS		X	X	X	X
E7. RESIDENTIAL GROWTH MANAGEMENT SYSTEM	X				
58. SERVICE AREA EXPANSION					
OTHER					
F1. HOMEOWNERS' ASSOCIATION (HOA) FEE AFFORDABILITY		X			
F2. HOUSING ADVISORY BOARD					
F3. REGIONAL SOLUTIONS AND STATE-LEVEL ADVOCACY	X				
F4. RENT CONTROL	X	X			

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

An Accessory Dwelling Unit (ADU)/Owner's Accessory Unit (OAU) is a secondary living unit that is located within a residence or in an accessory building on the same property. Most often, accessory units are created through the conversion of basement or attic space, or space above a garage (sometimes known as "granny flats" or "in-law apartments"). They are allowed in an owner-occupied house in low-density residential zones and must meet specific criteria to ensure compatibility with the neighborhood.

Key Issues:

- Amending some or all requirements in the ADU/OAU ordinance (e.g., no more than 10% ADUs in a specific area, parking requirement, neighborhood notice, and size limitation of 6,000 square feet for OAUs) could create more ADUs and OAUs within the city.
- This type of housing can impact neighborhood character due to change in density, diminished privacy and increased noise, activity, and traffic created by accessory unit tenants.
- ADUs and OAUs can provide additional affordability options in existing neighborhoods with amenities and access to services.
- ADUS and OAUs can allow seniors to downsize by moving into the ADU while renting out the primary house.
- ADUs and OAUs use land efficiently and advance many city sustainability and historic preservation goals.

Background:

- The Boulder Valley Comprehensive Plan (BVCP) policy on accessory units (2.11) states: "Consistent with existing neighborhood character, accessory units will be encouraged in order to increase rental housing options in single family residential neighborhoods. Regulations developed to implement this policy will address potential cumulative negative impacts on the neighborhood. Accessory units will be reviewed based on the characteristics of the lot, including size, configuration, parking availability, privacy, and alley access."
- ADUs are regulated by section 9-6-3, "Specific Use Standards – Residential Uses" of the Boulder Revised Code 1981.
- Year ADU Ordinance (BRC 1981, 9-6-3(a)) was adopted: 1982.
- The 2012 ADU Study found 186 ADUs and 42 OAUs in Boulder.
- General Provisions (ADU, OAU, LAU): (i) Owner Occupied—the owner of the property must reside in one of the permitted dwelling units on the site; (ii) The occupancy of any accessory unit must not exceed two persons. Overall, the occupancy for one dwelling unit cannot exceed the occupancy requirements set forth in section 9-8-5, "Occupancy of Dwelling Units," B.R.C. 1981; and (iii) Additional Roomers Prohibited—the property cannot also be used for the renting of rooms pursuant to paragraph 9-8-5(a)(1), B.R.C. 1981.
- ADUs are fairly evenly distributed through the city, with slight concentrations in the Newlands, University Hill neighborhoods, and in South Boulder. OAUs are primarily located in the Whittier neighborhood in Central Boulder.

Implementation Options:

1. Consider amendments to the current ordinance to encourage this housing type and respond to neighborhood concerns.

Goals Addressed Through this Tool:

✓ ***Strengthen Our Commitments***

✓ ***Maintain the Middle***

✓ ***Create Diverse Housing Choices in Every Neighborhood***

Create 15-Minute Neighborhoods

Strengthen Partnerships

✓ ***Enable Aging in Place***

Above-Garage Accessory Dwelling Units.
Source: accessorydwellingunits.org/what-adus-are-and-why-people-build-them/, accessed November 17, 2014

B3. Inclusionary Housing (IH) Program

Inclusionary Housing (IH) in Boulder requires that new residential development contribute at least 20% of the total units as permanently affordable housing. Options for meeting this requirement include providing the permanently affordable units on-site, dedicating off-site newly constructed or existing units as permanently affordable, dedicating vacant land for affordable unit development, or making a cash contribution to the Affordable Housing Fund in lieu of providing affordable units (cash in lieu).

Key Issues:

- Unless the 20% IH requirement is increased, diverting IH unit production to middle-income homes or other community benefits would reduce the number of low-/moderate-income units or cash in lieu realized through the program.
- IH preserves affordability by limiting appreciation. Resale of middle-income permanently affordable homes often takes much longer than for moderate-income homes. Analysis should be done to determine if this is the best method to preserve middle-income prices.
- If the 20% requirement is not adjusted, substituting middle-income units for low-/moderate-income units will effectively reduce the Inclusionary Housing requirement (middle-income units are less expensive for a developer to provide than low-/moderate-income units).
- A minimum of one half of the required for-sale affordable units are required on-site; however, all of the requirements may be met with a cash-in-lieu payment or provided off-site if the developer provides additional community benefit (defined as 50% higher cash in lieu).
- Due to a State Statute on rent control, rentals do not have an on-site requirement and may provide the units off-site or through cash in lieu at no additional community benefit.
- The IH Program is in place, staffed, and would be relatively quick and easy to modify.
- It is reasonable to assume any modification would piggyback on the program's proven success to produce desired outcomes.
- As the city approaches build-out, a reduction in housing development will provide fewer opportunities to gain community benefits through this program.

Implementation Options:

1. Modify the IH Program to include housing affordable to middle-income households.
2. Modify IH requirements to incentivize other community benefits (e.g., accessible units, providing free office space for non-profits in development, or free child care space).

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True Corner—22 permanently affordable condominiums.
Source:*www.forumre.com/communities/colorado/boulder/true-corner-condominiums*

B2. Homebuyer Assistance Programs

Boulder's Homeownership Program operates two down-payment assistance programs: the Solution Grant—a down-payment grant to assist with the purchase of permanently affordable homes in Boulder—and the H2O Loan (House to Homeownership), which helps low- to moderate-income households cover down payment and closing costs when purchasing homes on the open market. These loan assistance programs have evolved from earlier programs. It is possible to adjust these programs to serve more or different households.

Key Issues:

- The city offers two down-payment assistance programs: the Solution Grant for low- to moderate-income households purchasing permanently affordable homes in Boulder and the H2O (House to Homeownership) Down-Payment Assistance Loan for low- to moderate-income households for homes on the open market.
- The maximum qualifying income for a 4-person household for both of the city's loan programs is in the mid $70,000 range.
- The median detached single-family home value in Boulder (2013) was $631,250 and the income needed to purchase it was $158,280.[1]
- Rapid increases in Boulder home prices make some homebuyer assistance tools unsustainable.
- When designing a homebuyer assistance program in an expensive market like Boulder's, factors to consider include: the relative merit of retaining homebuyer households in Boulder, the amount of public subsidy needed to do so, and what that money could do if used differently (e.g., funding other housing options or community development initiatives).

Background:

- Homebuyer assistance tools in the '99 Toolkit included a **shared equity loan program**. Shared equity entails sharing of a home's equity at resale between the homeowner and the community/future qualified home buyers. In 1996, the city established First Home, the first shared equity loan program. It was replaced with a down-payment grant program that required permanent affordability. The rapid increase in Boulder's home prices led to concern that the recapture on resale would be insufficient to ensure 1:1 replacement.
- The **purchase program for existing units**, a tool included in the '99 Toolkit, involved public funds being used by the city or nonprofits to purchase existing housing units for resale or rental to low- or moderate-income persons. The city has not used public funds for direct purchase of homeownership units.
- The **Solution Grant** is limited to up to 5% of the purchase price, has no repayment requirements, and remains invested in property, reducing the purchase price to the next owner. The program serves approx. 20 households annually.
- The **H20 Loan** is limited to up to 50% of the home's purchase price up to $50,000. The H2O loan must be paid as a balloon payment at the end of 15 years or upon transfer. This program serves 3 to 4 households each year. Dramatically fewer households use this loan now than 5 years ago. It is most popular among 1- to 2-person households as the allowable amount does not bridge affordability gap for larger households seeking larger homes.

Implementation Options:

1. Explore expanding the down-payment assistance program to include middle-income homebuyers and to increase the maximum amount per unit.
2. Explore reinstating the First Home Gap Financing Grant.

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SOLUTION GRANT MAX INCOME (LOW/MODERATE INCOME)

1 PERSON	$51,490
2 PEOPLE	$58,850
3 PEOPLE	$66,220
4 PEOPLE	$73,520
5 PEOPLE	$79,450

H20 LOAN MAX INCOME (LOW/MODERATE INCOME)

1 PERSON	$53,870
2 PEOPLE	$61,600
3 PEOPLE	$69,340
4 PEOPLE	$76,940
5 PEOPLE	$83,200

Maximum allowable incomes for different sized households to qualify for two Homeownership programs. *Source: bouldercolorado.gov/homeownership*

[1] Assumptions: 5% down payment; 4.6% interest rate; 30-year fixed term mortgage, no debt

B4. Revenue Sources for Affordable Housing

This tool would broadly explore other sources of revenue for affordable housing, such as a local housing trust fund, a revolving loan fund, occupation/head tax, hotel/accommodations tax, sales tax, and property taxes.

Key Issues:

- Raising or implementing new taxes for affordable housing requires conducting feasibility studies and often has political consequences.
- In Colorado, taxes are fixed and all new taxes are subject to the Tax Payer Bill of Rights or TABOR. Under TABOR, state and local governments cannot raise tax rates without voter approval.
- Raising or implementing any additional taxes requires public will.
- In the past, proposals to raise taxes, including occupation taxes (1994) and hotel taxes, were defeated by voters.

Background:

There are four main sources of city-administered funds that help to subsidize the acquisition and construction of affordable housing in Boulder: the Affordable Housing Fund, the Community Housing Assistance Program (CHAP), HOME, and the Community Development Block Grant (CDBG) Program. Revenue for these funds comes from a combination of city property taxes, a housing excise tax, Inclusionary Housing cash in lieu, the downtown linkage fee, city sales tax, and state and federal funds (2013). There have been efforts in the past to raise a variety of taxes to support affordable housing; all proposals were defeated at the ballot by voters.

Illustration. *Source: http://njplanning.org/wp-content/uploads/Affordable-Housing.jpg, accessed November 17, 2014*

Implementation Options:

1. Consider raising or implementing new taxes for affordable housing (i.e., occupational tax, hotel/accommodations tax, general sales tax, and property tax).*

   2010 AHTF RECOMMENDED

2. Explore establishing a revolving loan fund.

   2010 AHTF RECOMMENDED

3. Explore establishing a housing trust fund.

Goals Addressed Through this Tool:

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C2. Land Banking

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. In Boulder, one of the options for fulfilling the Inclusionary Housing (IH) requirement on a market-rate housing development is to donate land. The city has used this tool selectively in the past and can continue the practice of land banking as opportunity arises.

Key Issues:

- Banked land presents the city with flexibility to develop innovative projects that deliver significant and varying community benefits.
- Land banking promotes equity across time (i.e., future generations can weigh in on a vision for the community and make decisions that are appropriate to those later conditions).
- Land banking could reduce future development costs.
- Visions regarding site development often change from the time of original banking to time of actual development; there is no guarantee that land banked with the intent of developing affordable housing will ultimately serve that purpose.
- There is a limited supply of undeveloped land in Boulder.
- Land banking requires political support and must be significant or an otherwise high priority action item to the community. In Boulder, there are many other current opportunities and needs that require immediate funding, thus land banking a site that will not be developed for a number of years is often not viewed as a priority.

Background:

As opportunity arises, the City of Boulder banks sites with the intention of future development. There is a mechanism and process in place to identify sites for acquisition.

Implementation Options:

1. Explore specifically earmarking funds for future land banking activities.

Goals Addressed Through this Tool:

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Illustration of Land Banking. *Source: landbanking.com, accessed November 13, 2014*

C3. Preservation of Rental Affordability

As rental and for-sale home prices continue to escalate in Boulder, it is important to consider options to preserve the existing affordability of the housing stock well into the future. This tool would explore preservation of the affordability of housing currently affordable to low- to middle-income households.

Key Issues:

- In the future, there will be less opportunity for new-built affordable housing.
- As the amount of vacant land in Boulder diminishes and land values increase, there is increasing pressure to rehab and raise rents on existing “market affordable” rental properties.
- Possible risks to the affordability of this housing include expiration of federal affordability requirements, sale of the property or asset, and organizational instability, among other factors.
- According to the Boulder Housing Partners (BHP) Strategic Plan Draft Update, Boulder has lost an average of 1,000 units of market affordable housing inventory per year, every year, for the past 12 years.
- The BHP Strategic Plan Update found that there was a 61% decline in for-sale homes valued below $300K in Boulder. The study concluded that if this rate of decline continues, by 2020, Boulder will have no market-rate, for-sale homes affordable to households earning less than $100,000.
- The 2014 CHS Housing Choice Survey identified a variety of factors that Boulder residents and in-commuters consider in purchasing a home. This information could be incorporated into a preservation strategy.

Background:

- Within the city’s 10% permanent affordability housing goal, the city tracks a category of housing deemed “likely to remain affordable” (LTRA). This category includes 1,005 rental and for-sale homes without permanent affordability covenants; residents are still subject to income qualifications and pay below market housing costs.
- Most of the 1,750 affordable housing units created prior to the year 2000 were not considered permanently affordable. Of the 1,750 affordable housing units in the year 2000, 520 (including 122 shelter or group home beds) were secured by covenant, while the remainder—1,230—consisted of public housing units or units owned by other community agencies and fell into the “likely to remain affordable” category.
- The BHP Strategic Plan Update seeks to preserve middle-income housing; BHP aspires to add 2,000 mixed-income units to its portfolio over the next 10 years.
- There are 450 permanently affordable homes targeted to middle-income homeowners in the city’s portfolio.
- There are 99 middle-income units in the city’s portfolio that become permanently affordable as part of annexations.

Implementation Options:

1. Consider using Inclusionary Housing to deed restrict LTRA units.
2. Study risks to LTRA units.
3. Explore expanding the supply of permanently affordable middle-income housing.
4. Study ways to maintain middle-income housing opportunities that will remain affordable into the future and are not covenanted.
5. Include mechanisms to preserve affordability of market-rate units, such as ensuring a right of first refusal for renters to purchase their lower-cost apartment buildings if they are proposed to be converted to expensive condominiums.

2010 AHTF RECOMMENDED

Goals Addressed Through this Tool:

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E1. Bonuses for Higher Affordability and Certain Housing Types

An affordable housing bonus would allow for more housing units to be built than allowed by zoning if the proposed project provides more affordable units than required by Inclusionary Housing. This would be based on—and expand—the bonuses already offered for affordable housing in the Mixed Use 1 (MU-1) and Residential - Mixed 2 (RMX-2) Zone Districts.

A bonus could also be offered to incentivize developers to provide specific housing types. Possible examples include micro-units, age-restricted/senior and family-friendly housing.

Key Issues:

- The current bonus system is used solely by affordable housing developers, as it does not provide enough incentive for market-rate developers. That is because affordable units are a net loss to market developers.
- Additional research would be needed to determine whether a bonus in additional parts of the city or for certain housing types would be attractive to market developers.
- Allowing additional units may be controversial.

Background:

The bonus for affordable housing is offered in two zones:

- The RMX-2 Zone District was originally created for the North Boulder Holiday Neighborhood with the intention of facilitating a high percentage of affordable housing there. The zone also exists in Palo Park, however, Holiday is the only development that has used the bonus and it is now completely built out. The zone allows 10 units per acre without the bonus. The bonus allows five additional units per acre to be built if at least 30 percent of units (in the entire project) are permanently affordable. Additional units are allowed for projects that are at least 35 percent and 40 percent affordable.
- The MU-1 Zone District is also located in the North Boulder Holiday Neighborhood. It allows bonus units to be built in predominantly residential projects if at least 35 percent of units (in the entire project) are permanently affordable. This bonus has not been utilized very much, because affordable housing developers tend to not build mixed-use developments. Therefore, this type of bonus may be most effective in high-density residential zones rather than in mixed-use zones.

Implementation Options:

1. Consider providing a housing bonus in additional zones.
2. Consider providing a bonus for specific housing types.

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Holiday Neighborhood: RMX-2 Zone. *Source: www.holidayneighborhood.com*

E3. Height Limit

Raising the 55-foot height limit for residential development in select locations—for example, along transit corridors and in commercial centers—could increase the housing supply. This change would require a voter-approved amendment to the City Charter. Whether to put this issue on a future ballot could be analyzed and discussed as part of the Boulder Valley Comprehensive Plan (BVCP) 2015 Major Update. Another alternative approach, which would not require voter approval, would be to revise the zoning code so that more residential development proposals over 35 feet are allowed by right, rather than by special review.

Key Issues:

- Although the Boulder Valley Comprehensive Plan (BVCP) supports increased density in select locations, such as in commercial and industrial areas and along transit corridors (Policy 2.16), and also has policies about appropriate building scale, the plan does not directly address the issue of building height.
- The current height limit is found in the City Charter and therefore any change would need to be approved by voters. Through the 2015 BVCP Update process, the community and decision-makers could analyze and discuss whether the issue should be placed in a future ballot.
- Exceeding the height limit could be conditioned for only certain housing types or levels of affordability.
- Raising the height limit for residential development could increase the supply of attached housing units. The amount would depend on location and building height.
- Allowing more by-right residential developments over 35 feet could incentivize and facilitate construction of additional attached housing units.

Background:

The current 55-foot height limit was added to the City Charter (Article V. Section 84) by popular vote in 1971, after citizens petitioned City Council to place the issue on the ballot. In 1998, voters approved a special exception in the charter for how height is measured in the Crossroads area, as a way to help facilitate redevelopment of the Crossroads Mall, now 29th Street.

The land use code requires that proposed buildings exceeding 35-40 feet in height (depending on the zone district) go through a discretionary review process for approval. This introduces more risk and adds cost to the development process than if the development were allowed by right.

Implementation Options:

1. As part of the BVCP 2015 Major Update, consider whether a charter amendment should be pursued to increase the height limit in certain parts of the city.
2. Consider revising the zoning code to allow more by-right development of residential proposals over 35 feet in height.

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A3. Co-Housing

Co-housing is a type of intentional community that provides individual dwelling units, both attached and detached, along with shared community facilities. Members of a co-housing community agree to participate in group activities and members are typically involved in the planning and design of the co-housing project. Private homes contain all the features of conventional homes, but residents also have access to extensive common facilities, such as open space, courtyards, a playground, and a common house. This tool would encourage development of more co-housing.

Key Issues:

- Co-housing creates an option for people who wish to live in an intentional community.
- Co-housing provides housing choice, but not necessarily affordability.
- Because co-housing does not have a land use definition, new co-housing projects must be held to the same standards as any other subdivision or development. Most co-housing projects apply for a parking requirement reduction, but this can be difficult to qualify for. Creating a separate definition for co-housing would enable development standards to be customized to this unique housing type.
- Co-housing will not substantially expand the number of units in Boulder because it is a specialized type of housing and lifestyle.
- The provision of communal amenities can reduce affordability.

Background:

Several co-housing communities exist in Boulder, including:

- Washington School Village (http://www.washington-village.com/);
- Nomad (http://nomadcohousing.org/);
- Wild Sage (http://www.wildsagecohousing.org); and
- Silver Sage (http://bouldersilversage.wordpress.com).

All were developed by Wonderland Hill Development Co., a Boulder-based co-housing developer.

Wonderland Hill Development's Peter Spaulding made the following argument in support of co-housing for seniors: "A recent national study contends that 40 percent of the seniors in assisted care today are prematurely institutionalized. That's what happens when you don't live in a supportive community. It is also unfortunate that, instead of sitting on one of their front porches discussing the issues of the day or playing a game of Scrabble with their neighbors, the average senior in America is watching over 6 hours of TV per day. That's a lot of humanity left on the table. Americans drove 5 billion miles last year between taking meals to seniors at home and nurses on-the-go providing services. For many seniors, that is their only contact with another human during the day. And it is hard on our environment."

Implementation Options:

1. Consider revising land use regulations to facilitate development of more co-housing.
2. Explore working with developers to identify appropriate locations for new co-housing.

Goals Addressed Through this Tool:

Strengthen Our Commitments

Maintain the Middle

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Wild Sage Co-Housing. *Source: wildsagecohousing.org accessed September 9, 2014*

A4. Cooperative Housing

Cooperative housing is a form of rental or ownership housing where unrelated individuals live in one or more residential buildings owned by a membership-based corporation. Cooperative housing is characterized by shared management and consensus (i.e., arriving at a common decision rather than voting) or other egalitarian governance. Cooperative rental housing typically features shared common areas (e.g., kitchen, community room, bathrooms) and private bedrooms, though there are many variations on this model.

Key Issues:

- Advocates for cooperative housing have cited the following barriers to using the Cooperative Housing Ordinance B.R.C. 1981 9-6-3(b) (CHO):
  - Conditional land use with 5-year renewal period;
  - 6- to 8-person occupancy limit: 10+ residents would be required for a viable co-op;
  - Ownership requirement: Existing legal co-ops in Boulder are 501(c)3-owned;
  - Parking requirements are too high for cooperative housing;
  - The bus pass is expensive for low-income residents; and
  - There is a one-time revocation of conditional use for code violation (i.e., weeds, trash, noise).
- The ordinance was written for ownership cooperatives, yet the greatest interest has been expressed for rental co-ops.
- Concerns related to cooperative housing in existing neighborhoods include noise, activity, trash, traffic, and parking.
- Cooperative housing, as practiced by the Boulder Housing Coalition (BHC), is a more efficient use of land and advances many city sustainability goals.
- Cooperative living is a lifestyle that will work for and/or appeal to a relatively small portion of the population; thus enabling cooperative housing is likely to create additional housing opportunities for only a small niche of Boulder residents, including primarily service and nonprofit workers, seniors and some families. It is often cited as an affordable housing option.
- Cooperative living builds the capacity of residents who must equitably share responsibility for the household, participate in governance, and navigate shared living. Many residents translate these skills into volunteer efforts, work in local nonprofits, and community activism.

Background:

- The existing CHO was adopted in the mid 1990s and has yet to produce any cooperative housing.
- Boulder Housing Coalition (BHC), a HUD-recognized CHDO (pronounced "chodo"—Community Housing Development Organization), reports strong demand for their rooming and family units.
- A handful of informal rental cooperatives exist in Boulder, demonstrating interest in this model as well.
- BHC bypassed the CHO to establish its 3 affordable rental cooperatives as grandfathered non-conforming uses.

Implementation Options:

1. Amend one or more of the current restrictions to encourage this housing type (e.g., requirements for homeownership, minimum habitable space, EcoPasses, off-street parking, and the six-person occupancy limit) and also respond to neighborhood concerns.

   See also, "Occupancy Limits".

The Masala Co-op. *Source: boulderhousingcoalition.org*

Goals Addressed Through this Tool:

Strengthen Our Commitments

Maintain the Middle

✓ ***Create Diverse Housing Choices in Every Neighborhood***

Create 15-Minute Neighborhoods

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✓ ***Enable Aging in Place***

E6. Occupancy Limits

Land use regulations limit the number of unrelated persons who may occupy a dwelling unit. Use of this tool would raise or eliminate the limit—citywide or in specific areas—so that more people can share and thereby reduce their living costs.

Key Issues:

- Increased or eliminated occupancy limits could greatly increase housing choice and opportunity in Boulder.
- The current code, 9-8-5 Occupancy of Dwelling Units, allows up to three unrelated persons in low-density residential districts and up to four in medium-density and high-density districts.
- Two exceptions to the occupancy limits: The cooperative housing ordinance allows an increase over the occupancy limit on a limited and selective basis. There are also a limited number of legal non-conforming units which have occupancies greater than currently allowed in the zone.
- Preliminary outreach found that many residents, particularly in single-family neighborhoods, are concerned that raising the occupancy limit could create more noise, activity, trash, traffic, and parking problems.
- Considering higher occupancy limits for seniors was identified as an “early win” task for Housing Boulder and is currently underway.
- A study/analysis could help to predict demand for people electing to live at higher occupancies than they currently are.
- Removing or significantly increasing occupancy limits could normalize a number of currently illicit rentals and increase legal housing availability.
- Higher occupancy limits could enable new housing models. For example, new student housing tends to default to four bedrooms, yet other unit types could emerge if occupancy limits change.

Background:

Boulder: Current occupancy limits have been in place since 1981. Occupancy limits in Boulder are enforced on a complaint basis.

Elsewhere: Most university towns nationwide have occupancy limits in place; however, a number of Northeast cities have no limits on unrelated roommates—the Oregon State University (OSU) campus in Bend, Oregon is one of them.

California Supreme Court held that it was impermissible to have different zoning rules for related individuals than for those unrelated, writing, “In general, zoning ordinances are much less suspect when they focus on the use than when they command inquiry into who are the users.” California cities have been unable to enforce any occupancy restrictions. Instead, occupancy limits are determined by size of units, rather than their number of bedrooms. California codes establish limits based on square footage: 70 to 119 square feet can accommodate two people and 120 to 169 square feet can accommodate three people.

Implementation Options:

1. Explore revisions of occupancy limits by zone.

   2010 AHTF RECOMMENDED

2. Consider establishing a pilot project in a specific site or neighborhood district.
3. Explore eliminating occupancy limits.

Goals Addressed Through this Tool:

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A7. Small Homes

Smaller homes, not just those that are deed restricted, may provide a source of relatively inexpensive housing. This tool suggests exploring incentives and/or regulations to encourage new smaller homes and preserve existing smaller homes and their relative affordability. It would also explore regulations and/or disincentives to construction of very large units and major expansions of existing smaller homes.

Key Issues:

- Smaller, older homes are inherently more affordable than new, larger homes.
- Some members of the community have expressed concern with the demolition of smaller homes in favor of very large, expensive homes.
- While housing unit size factors into affordability, unit type (attached vs. detached) and location may be even more influential to affordability.
- Small units promote energy efficiency and resource conservation, thus aligning with city sustainability goals.
- Small units may appeal to a specific segment of the population due to relatively lower costs. They may be less appealing to larger households.
- Many in the community argue that the lack of flexibility with linkage fees, Inclusionary Housing, parking, and other per-unit development requirements create unintended incentives to build bigger housing units.

Background:

- In the 1990s, the City of Boulder introduced the “Built to Be Affordable” Program featuring size-restricted units. The price to the first buyer was required to be below market value, but subsequent sales prices were not restricted. The program produced 108 restricted units that are in existence today, and of the original 108, 20 owners bought out of the restriction. However, the program failed to establish or require an ongoing re-sale price or buyer income limitations. Right away, the units were bought by realtors/developers and flipped for large profit.
- Micro-units are often cited as a potential new housing type that offers rents 60-80 percent of market-rate rents. Each unit is less than 300 square feet and shares common facilities such as kitchens and common gathering spaces—each with a separate lease. Anything larger than 300 square feet is considered simply an “efficiency” unit and not considered “micro”. Seattle, Portland, and San Francisco have recent examples of this type of housing. City staff is developing a proposal to test this housing type on a partner-owned site (the parking lot at Spruce and Broadway is one possible site).

Implementation Options:

1. Identify and implement incentives and/or regulations for *building* smaller units.

   2010 AHTF RECOMMENDED

2. Identify and implement incentives and/or regulations for *preserving* smaller units.

   2010 AHTF RECOMMENDED

Goals Addressed Through this Tool:

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Courtyard Housing. *Source: daily.sightline.org*

A8. Tiny Homes

Tiny homes or tiny houses are generally 400 square feet or less, but can range up to 800 square feet and down to as little as 80 square feet. Many tiny houses are built on trailers. The tiny house movement is driven by a number of concerns, including environmental, affordability and "simplicity".

Key Issues:

- Tiny homes use land and energy efficiently and conserve resources, which align with city sustainability goals.
- Tiny homes are inherently more affordable and considered one approach to addressing homelessness.
- Building regulations that protect life and safety could reduce the affordability of tiny homes. Though some tiny home manufacturers are choosing to comply with International Building Code standards, tiny houses are typically designed to avoid code compliance by building the structure to be non-permanent structures by building the home on chassis or other means and limiting the footprint (size) below a community's regulatory threshold.
- Similar to ADUs and OAUs, rent from tiny homes could help offset the primary homeowner's housing costs or tiny homes could house people who support older and/or disabled homeowners with home maintenance and care needs.
- Tiny homes in existing single-family neighborhoods may raise concerns about additional parking demand.
- Tiny homes are often built to be mobile and may be a dynamic source of housing.

Background:

- Tiny homes already exist in Boulder.
- Other communities across the country are:
  - Using tiny homes to address homelessness
  - Allowing tiny home R/V parks
  - Allowing tiny home pilot and/or temporary communities;
  - Allowing tiny home coops

Photo source: http://www.nbcnews.com/business/real-estate/tiny-houses-big-idea-end-homelessness-n39316 accessed January 29, 2015

Implementation Options:

1. Explore the use of tiny homes as one approach to address homelessness.
2. Explore current regulatory barriers to encourage backyard tiny homes.
3. Explore a pilot project for Option 1 and/or Option 2.

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Photo *Source: countryliving.com accessed January 22, 2015*

C4. Historic Preservation of Smaller Houses and Accessory Buildings

Preserving smaller, historic houses and accessory buildings is important on many levels in addition to historic preservation: These buildings are relatively more affordable, their embodied energy makes them greener, and their small size could make aging in place more affordable and allow neighborhoods to evolve in an organic, contextual way. This tool suggests creating additional incentives for owners of historic properties to preserve, rather than demolish, their smaller buildings through the city's landmarking process.

Key Issues:

- Historic small homes and accessory buildings are being demolished and replaced with larger structures at a rapid rate, especially in Boulder's central core.
- Preservation of smaller, historic homes advances city goals for retaining the historic character of our central core.
- Removing current barriers to subdivision and designation of ADUs and OAUs in exchange for landmarking (concentration, parking, size, occupancy, permitting, etc.) merits reconsideration.
- Smaller homes, ADUs, and OAUs provide additional affordability options in existing neighborhoods with amenities and access to services.
- Senior homeowners may be able to stay in their neighborhoods and downsize by moving into an ADU or OAU while renting the primary residence to a larger family.
- Historic smaller homes, ADUs, and OAUs use land efficiently and advance many city sustainability goals.
- Subdivision of large lots that contain small historic houses will allow a small, scattered increase in housing diversity in neighborhoods without blanket rezoning or other dramatic changes.

Background:

- ADUs are a "separate and complete housekeeping unit within a single family detached dwelling unit." They are currently only allowed in zones RL-1, RL-2, RE, RR-1, RR-2, A, or P, and there cannot be more ADUs than 10% of the single-family homes in a given neighborhood area.
- OAUs are "separate and complete housekeeping unit[s] within a single family detached dwelling unit," but may be located within a detached accessory structure. They are currently only allowed in zones RR, RE, and RMX and are limited to 450 sq. ft. in size.
- Subdividing lots to allow an owner to preserve a small home while constructing a second house on the site is not allowed for lots smaller than 6,000, 7,000, 15,000, or 30,000 square feet for RMX-1, RL-1, RE, RR-1/RR-2, 2, respectively.

Implementation Options:

1. Allow ADUs and OAUs in lower density zones.
2. Remove the "10% saturation rule" restrictions for landmarked ADUs.
3. Allow detached OAUs that exceed 450 square feet if the site is landmarked.
4. Allow exception of the minimum lot size limitation of 6,000, 7,000, 15,000, or 30,000 square feet for RMX-1, RL-1, RE, RR-1/RR-2, respectively, for subdivisions.
5. Relax parking requirements.
6. Allow subdivision of property into multiple small, non-conforming lots or create a Planned Unit Development (PUD) with multiple units on one lot to preserve an existing historic house or accessory building.
7. Allow relief from Maximum Building Coverage requirements for accessory buildings in rear yard setbacks in exchange for landmarking all of the structures on the site.

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B5. Annexation

When properties in the county annex to the city, they must meet certain requirements. One of the recent requirements for properties with residential development potential has been provision of permanently affordable housing. These requirements could be revised to help meet the community's housing goals.

Key Issues:

- The policy and practice for the past several years has been that 40-60 percent of the new development in an annexation be permanently affordable to low-/moderate- and middle-income households, usually split evenly between the two income groups. This mix could be modified depending on the desired housing outcomes identified by Housing Boulder.
- Meeting annexation requirements can be especially difficult for small properties. If the city is seeking more small property annexations as a way to increase housing supply, it may be possible to adjust the requirements for small annexations.

Background:

- Proposed annexations with additional development potential need to demonstrate community benefit consistent with Boulder Valley Comprehensive Plan (BVCP) policies in order to offset the potential impacts of additional development. For proposed residential development, emphasis is given to the provision of permanently affordable housing.
- The BVCP lists the following additional benefits that may be considered as part of an annexation request:
  - o Receiving sites for transferable development rights;
  - o Reduction of future employment projections;
  - o Land or facilities for public purposes over and above that required by the land use regulations;
  - o Environmental preservation; or
  - o Other amenities determined by the city to be a special opportunity or benefit.

  If other important community benefits are provided in the proposed development, a minimum of 40 percent of the new development could be provided as permanently affordable to low- and middle-income households.
- Annexation requests that do not result in additional density are not expected to provide the same level of community benefit required of vacant, developable parcels.

Implementation Options:

1. Depending on analysis of development feasibility and market for more deed-restricted middle-income housing, consider modifications to the required mixture of housing types.
2. Consider adjusting requirements to facilitate annexation of smaller properties, which could increase the overall number of new housing units.

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Middle-income, permanently affordable units come into the city through annexation. *Source: City of Boulder Homeownership Program*

D1. Employer-Assisted Housing

Employer-assisted housing (EAH) can be provided directly to the individual employee in the form of mortgage subsidies, down-payment assistance, relocation payments, and the like; or the city can help to increase the supply of housing by requiring or encouraging employers to participate in the development of additional housing units through such actions as the provision of land, construction financing or purchase/lease guarantees, and down-payment assistance.

Key Issues:

- Jobs/Housing Balance Project: The job growth rate was historically double the housing growth rate (1980-1995).
- Only 41% of employees live in Boulder, with the remainder commuting from a variety of other counties.
- People who live and work in Boulder drive fewer miles to work and are less likely to drive alone than their in-commuting counterparts. Longer commutes increase household expenses.
- Housing vacancy rates in Boulder are extremely low for both rental and ownership housing; they are among the lowest in Colorado.
- Many employers will not invest their own money in housing assistance programs; therefore, this tool could require either a tax on employers or a tax on the city to design and implement programs.
- Employers are not usually interested in providing affordable housing for workers unless they view high housing costs as a significant barrier to worker recruitment and retention.
- Small employers may not find it cost-effective to manage an EAH program.
- The potential benefit will depend on the scope and design of a program (e.g., mandatory vs. optional) and the interest of employers in such a program.

Background:

Currently, some Boulder employers independently offer some level of housing assistance, such as relocation assistance or down-payment assistance.

Implementation Options:

1. Educate and encourage employers to assist employees with housing.
2. Consider a demonstration project to develop housing for essential (i.e., police, fire, etc.) City of Boulder employees.
3. Explore options such as a matching funds program to partner with employers to establish employer-assisted housing programs.

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	Homeowners		Renters	
Income	*In-Commuters*	*Boulder Residents*	*In-Commuters*	*Boulder Residents*
Less than $10,000	0.4%	1%	1%	2%
$10,000 up to $25,000	1%	3%	7%	13%
$25,000 up to $65,000	16%	17%	50%	40%
$65,000 up to $100,000	28%	23%	24%	25%
$100,000 up to $125,000	18%	16%	9%	7%
$125,000 up to $150,000	15%	12%	3%	6%
$150,000 or more	22%	29%	6%	6%
n=	797	720	306	579

Comparison of In-Commuter and Boulder Resident Income by Housing Tenure. *Source: BBC Research and Consulting Market Analysis Report, 2014*

F1. Homeowners' Association (HOA) Fee Affordability

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.

Key Issues:

- General HOA issues:
  - HOA regulations are established by the state legislature. The city has limited power to intervene in HOAs' bylaws.
  - There is a tension between ensuring homes remain affordable and meeting ongoing and long-term maintenance and emergencies needs.
  - The best run HOAs commission complete capital needs studies, anticipate and handle maintenance needs, and structure fees to sufficiently cover anticipated costs.
  - There is a tendency to reduce fees initially and under save for long-term needs, resulting in larger fees and assessments for older HOAs.
  - Small associations can run into problems when they can't afford professional management.
  - Increasingly, older market-rate owners report being priced out of their homes as HOA facilities age and capital needs increase.
  - Fee controls established by the city can be amended by HOAs.
- HOAs and permanently affordable homes:
  - Master-developed land, a major source of new affordable ownership opportunities in Boulder, typically comes with HOA membership.
  - HOA fees are included in the initial pricing and affordability calculation; however, the city has no control over future HOA dues increases.
  - Affordable buyers in HOAs hold a minority vote.
  - Currently at Dakota Ridge and the Peloton, HOA fees are over $300/month; this ends up being one-third to one-quarter of the homeowner's monthly housing debt. High HOA fees deter some affordable buyers from these communities.

Implementation Options:

1. Explore requiring an income-based sliding scale for any new HOAs formed and distributing HOA fees according to home value.
2. Explore offering loans and grants to people facing special assessments and analyze the possibility of providing a city subsidy to units that exceed a certain ratio of monthly housing payment to HOA fee.

   2010 AHTF RECOMMENDED

3. Continue outreach efforts with HOAs.

   2010 AHTF RECOMMENDED

Goals Addressed Through this Tool:

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D2. Green and Location-Efficient Mortgages

***Green mortgages**, also called **energy-efficient mortgages**, allow the homebuyer to roll the costs of making specific energy-saving improvements into the purchase price of a home. **Location-Efficient Mortgages® (LEMs)** increase the borrowing ability of homebuyers in areas that are more walkable and provide good multimodal access, on the assumption that households in these areas will have more income available that can be directed toward housing.*

Key Issues:

- The city has limited ability to affect the mortgage market.
- Both mortgages allow borrowers to borrow more money than standard underwriting would otherwise allow.
- Both mortgages present the homebuyer with a more diverse range of options in the housing market by allowing households with lower energy and transportation costs to qualify for a larger home loan amount.

Background:

National: In June of 2013, Senator Michael Bennet introduced a bill, the Sensible Accounting to Value Energy Act (SAVE), which would allow buyers of energy-efficient homes to qualify for larger mortgages.

The Green Resources for Neighborhoods Act of 2010, also referred to as the Green Act of 2010, directs the Secretary of Housing and Urban Development (HUD) to establish annual energy efficiency participation incentives to encourage participants in HUD programs to achieve substantial improvements in energy efficiency. Specifically, section 7 amends the Energy Policy Act of 1992 to require the Secretary to "establish a commission to develop and recommend model mortgage products and underwriting guidelines that provide market-based incentives to incorporate energy efficiency upgrades and location efficiencies in new mortgage loan transactions."

Beginning in 1995, Location-Efficient Mortgages® (LEMs) were a concept developed by the nonprofit Institute for Location Efficiency. Based on their research, in 2003, Fannie Mae sponsored a market test of LEMs in Los Angeles, Chicago, and Seattle. The LEM Program allowed borrowers who lived near mass transit to qualify for larger mortgages and coupled their location-efficient mortgage with a 30-year transit pass. LEMs were discontinued in 2008 during the national lending crisis.

Implementation Options:

1. Study the city's role in promoting green mortgages and location-efficient mortgage options to homebuyers.

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Boulder Junction. *Source: www.bouldercolorado.gov*

E4. Land Use Designation and Zoning Changes

The Boulder Valley Comprehensive Plan (BVCP) Land Use Designation Map broadly indicates the type of land use appropriate for each parcel of land in the city and the range of development intensity that should be allowed by the parcel's zoning. Changes to the Land Use Map can be made through regular updates to the BVCP (next update in 2015). Land use and zoning changes can also be considered as part of an area planning process.

Key Issues:

- Changes to land use designation are usually made as part of regular updates to the BVCP, with the next update to occur in 2015.
- Zoning changes follow any land use designation changes. Zoning regulates on a more detailed level the specific types of uses and the intensity of development that is allowed in each zone. For example, zoning changes can be made to reduce minimum lot size or increase allowed building size.
- As part of every five-year BVCP Major Update, the city updates its projections of how many additional housing units and jobs can be added based on zoning. While there is little vacant land left to develop in the city, a lot of redevelopment could occur under current zoning. The BVCP 2015 Update will provide an up-to-date view of development/ redevelopment potential prior to community discussions about whether land use designation changes should be considered.
- Two key ways to increase the amount of housing in the city would be to allow higher densities in residential areas and/or along transit corridors and/or allow more mixed use in commercial and industrial areas (see BVCP policies 2.16 and 7.10). These types of development would provide mostly attached units. However, without additional regulation, there's no guarantee that these would be small or affordable. For example, much of the mixed use that has been built downtown and elsewhere is relatively upscale. But regardless of price, mixed-use development can reduce residents' transportation expenses, if commercial and other services and/or jobs are within walking or biking distance.
- Another avenue for analyzing and considering land use changes is through an area planning process. The city can initiate an area planning process for a particular part of the city at any time. Zoning changes usually follow adoption of an area plan. Examples of area planning include the North Boulder Sub-community Plan, the Transit Village Area/Boulder Junction Plan, and Envision East Arapahoe project, currently underway.
- A "community benefit" requirement could be added specifying that for any "upzoning" (giving a property more development potential), the developer must provide more affordable housing than normally required.

Background:

- Major updates to the BVCP occur every five years and include consideration of land use designation changes with community and property owner input. Changes within the city must be approved by both Planning Board and City Council. Changes within the Boulder Valley but not within the city (Areas II and III) must also be approved by the Boulder County Planning Commission and Board of Commissioners. Area plans are approved by Planning Board and City Council.
- The BVCP has policies supporting mixed use and higher densities in select areas (e.g., Policy 2.16). Over the past couple of decades, changes have been made through BVCP updates and area planning processes to allow more mixed use and higher densities in specific parts of the city, for example, downtown, North Boulder, and Transit Village/Boulder Junction.

Implementation Options:

1. Consider land use changes in the BVCP 2015 Major Update to allow additional residential development in certain areas, potentially in exchange for an affordable housing "community benefit" requirement upon re-zoning.
2. Identify specific areas for an area planning process that would consider land use and zoning changes to allow more residential development, potentially in exchange for an affordable housing "community benefit" requirement upon re-zoning.

Goals Addressed Through this Tool:

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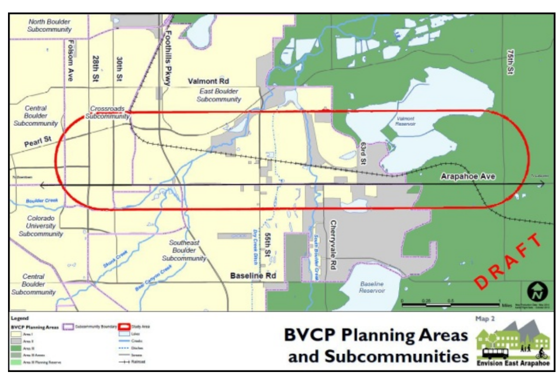

Envision East Arapahoe Project Planning Area. *Source: bouldercolorado.gov/planning/east-arapahoe-planning-project, accessed November 13, 2014*

F4. Rent Control

A rent control system would regulate the levels of rent, or rent increases, permitted within the city. Rent control is currently illegal in Colorado.

Key Issues:

- In response to a 1980 citizen initiative in the City of Boulder which imposed rent control on existing buildings, the 1980 Colorado statute banned rent control (CRS 38-12-301). This statewide rent control ban ensured that, notwithstanding home rule authority, no city or county in Colorado would be able to institute a rent control measure.
- The city's Inclusionary Housing (IH) Program applies to rental projects, but due to current statute, as of August 2014, no IH affordable rental units have been provided on-site.
- Rent control is limited to rental housing stock.
- Enabling rent control would require a legislative change at the state level.

Background:

State statute, **HB10-1017**, enacted in 2010, serves to:

- Clarify that the rent control statute applies only to private residential property or private residential housing units.
- Clarify that nothing in the statute prohibits or restricts the right of a property owner and a public entity from voluntarily entering into an agreement that controls rent on a private residential housing unit or places a restriction on the deed to the property.
- Rent control through police power and regulation, such as inclusionary zoning, is prohibited.
- Rent control through a contract in return for some type of consideration is allowed.
- The other exemption from rent control by municipalities and counties is through a housing authority or a "similar agency" (affordable housing non-profits).

Implementation Options:

1. Consider initiating a community discussion regarding rent control.
2. Explore expanding use of the voluntary agreement.

Goals Addressed Through this Tool:

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Source: www.inkcinct.com.au, "Still in control", November 9, 2007. Illustration: Ditchy

Submitted by Housing Boulder "Maintain the Middle" Working Group member
Sue Prant, March 26, 2015

Info on Location Efficient Mortgages from Center for Neighborhood Technology

The below excerpt is from Scott Bernstein, the President and Co-Founder of Center for Neighborhood Technology, a nonprofit, that came up with the original concept of Location Efficient Mortgages and did a lot of work on it. He includes suggestions for Boulder.

Our experiment in Location Efficient Mortgages was carried out in partnership with Fannie Mae and local lenders from 2000-2005; approximately 2,000 mortgages were made. They were marketed under various names: Location Efficient Mortgages, Walk to Work Mortgages, Smart Commute Mortgages. In the most common form, credit was granted to a prospective borrower for the value of living near mass transit, and used to offset the presumed fixed cost of housing (Principle + Interest + Taxes + Insurance aka PITI) in a qualifying debt-service ratio screen (for example, PITI/Income < 28% became (PITI-Location Savings)/Income < 28). In metro Chicago, metro LA, metro San Francisco, and the city of Seattle, CNT prepared a web-based tool to calculate the location savings associated with a place, known as the Location Efficient Value. In other places a fixed amount of credit was granted for location efficiency within walking distance of transit. The LEV was based on a data base similar to the Housing + Transportation Affordability Index we offer today at http://htaindex.org ; the Smart Commute Mortgage credit was generally $150-$200 per month. The difference was that with an LEM a borrower could qualify for up to $40,000 more loan for the same income; in a Smart Commute Mortgage the more typical level was $12-15,000, respectively. In one variant, the Boston MBTA and Mass Housing offered the "Take the T Home Mortgage" for long term transit pass holders, raising the qualifying extra borrowing capacity to as much as $57,000. In 2008 we assembled a sample of roughly 300 representative mortgages; there was only one technical delinquency (late payment) and that was "cured" by restructuring; there were no foreclosures. By that time the housing crash was underway and Fannie Mae was in no shape to expand experimental offerings. To the best of our knowledge, there are no location efficient mortgages offered today. My 2009 testimony to the House Financial Services Committee on all this is at http://www.cnt.org/repository/bernstein061109.pdf and my testimony to the House Judiciary Committee on using these tools to prevent foreclosures and bankruptcies is at http://www.cnt.org/repository/Testimony.Memphis.Foreclosures.7.19.10.pdf

A different approach is Employer Assisted Housing. Programs such as REACH Illinois have employers split the cost of a down payment with employees who want to become first time homebuyers. There is some sensitivity to proximity, so in a sense the mortgages that result are a form of LEMs. See http://www.reachillinois.org/ for a description. Unlike LEMs there is no auditing of the degree of nearness to transit. The state housing finance agency, known as IHDA, does provide matching dollars for employer contributions to such down payment assistance, and the assistance provided does qualify as an employee benefit. A list of participating employers is at http://www.reachillinois.org/employers.asp . A more general introduction written in 2007 by the Office of the Comptroller of the Currency is at http://www.occ.gov/topics/community-affairs/publications/insights/insights-employer-assisted-mortgage-programs.pdf which has short descriptions of public employee oriented programs in Seattle and Philadelphia

A third approach is anchor institutions that offer direct assistance in the form of loans or down payment assistance. If you search on "colleges that offer employee mortgage assistance" you get quite a list, and among the list is the University of Colorado at Boulder "Work Life Benefit" offering down payment assistance and access to affordable mortgages, and the Faculty Housing Assistance Program at http://www.cu.edu/treasurer/faculty-housing-assistance-program-0 .

Baltimore offers city employees a cash incentive of up to $5,000 for living near work see http://livebaltimore.com/financial-incentives/details/baltimore-city-employee-homeownership-incentive/#.VRNfEI5WJ48 and also offers a more generally applicable incentive for living near work see http://livebaltimore.com/financial-incentives/details/live-near-your-work/#.VRNfW45WJ48

The Congress for a New Urbanism has advocated for lifting obscure restrictions that Fannie Mae, Freddie Mac and the Federal Housing Administration use to limit the amount of space covered by a residential mortgage that is for a non-residential purpose such as storefronts; in effect this discriminates against mixed use development, which in our book is automatically location efficient. I'm a CNU board member and chair the Federal Housing Finance Reform initiative; one victory you could use is that FHA has relaxed this requirement but only for condominium development; we're still working on rental housing. As a result, to use an FHA loan guarantee for mixed use development you need to meet a limit of no more than 10 percent of floor area for commercial space, meaning you would need to build a 10 story building to include storefronts. See http://www.cnu.org/liveworkwalk/resources

A pathway to making Location Efficient Mortgages available in Boulder should include:

1. Set up a web site that links to either our Housing + Transportation Affordability Index, to HUD's Location Affordability Index (locationaffordability.info) or both, and require that advertising of both for-rent and for-sale housing disclose the local block-group average cost of transportation

2. Convene a meeting of human resources directors in Boulder and secure voluntary participation in a program to provide employer assistance for living near work

3. Work with the Colorado Housing Finance Authority to ensure that direct loans made and subsidies such as the use of Low Income Housing Tax Credits apportioned from the federal government are prioritized for use in location efficient, walkable and transit oriented communities.

4. Work with local counseling programs to help directly market the cost of living benefits of location efficient, transit served communities

5. Work with the city and County of Boulder to orient homebuyer assistance programs to such places

6. Work with RTD, Go Boulder and Bolt to offer finance long term Eco Passes as an eligible mortgage expense (that is, the home loan comes with the prepaid pass)

7. Explore a relationship with the Denver TOD Fund operated by the Enterprise Foundation and with Mile High Connects. The Fund helps provide critical early stage financing for affordable housing near transit, and recently secured funding to expand their reach from the

city/county of Denver to go metro-wide. Brad Wienig or Melinda Pollack at Enterprise or Dace West at MHC.

8. Start a discussion with local credit unions about offering such mortgages; for example, the first dozen or so multifamily projects built without parking but offering carsharing and bike facilities in Portland OR were financed by local credit unions. There are two kinds of credit unions: those oriented toward a class of members, such as employees or students; and place-based community development credit unions. Both should be contacted and explored

The logic of targeting assistance to public employees is that its desirable for teachers, police, firemen etc. to live in town, but its hard to afford on public salaries

Here's an editorial from the Chicago Tribune in 2000 in support of the LEM program

Chicago Tribune

18 Section 1 Sunday, June 4, 2000

Skip the car, buy a house

There's a lot of hand-wringing nowadays about suburban sprawl and the need for "smart growth."

But like the weather, nobody's doing much about it.

Much of the home-buying public still opts for wide-open spaces along the metropolitan fringe. And despite thoughtful warnings from civic and regional groups, political realities in Illinois militate against significant governmental action.

Now comes a modest but innovative pilot program that just might make a small difference. Maybe even a big difference—*if* it educates the public about the true cost of living "out there."

It's called the Location Efficient Mortgage, or LEM, and it has been developed by environmental groups such as Chicago's Center for Neighborhood Technology along with Fannie Mae, the government-chartered, stockholder-owned repurchaser of home mortgages.

It works like this: Participating lenders, in evaluating applicants, take into consideration how close the dwelling is located to public transportation. If it's so close the applicant can live without a car, or a working couple can get by with just one, the estimate of disposable income is increased, and with it, the size of the mortgage for which they qualify.

A couple jointly earning $60,000 and buying into Chicago's transit-rich Edgewater neighborhood, for instance, would qualify for a home selling for $212,218. Out in the boonies, under traditional guidelines, the limit would be $158,364.

And there are sweeteners. LEMs are not subject to income limits and they offer more flexibility, including lower down payments, than conventional mortgages. The City of Chicago, moreover, is offering vouchers worth $900 toward the purchase of energy-efficient appliances to the first 100 LEM borrowers.

Downsides? There's mandatory counseling. And for now it's limited to Chicago and three West Coast cities.

The ultimate value of LEM, however, may be to show, in ways people readily understand, that sprawl does impose costs. Some of that cost is paid, knowingly and gladly, by those who choose to live "out there." Much of it, however, is hidden, and paid indirectly by those who live "back here."

For more information about LEMs call 1-800-732-6643.

For rental housing, owner/developers need financing too; for tenants, there's the possibility of offering a package that includes a pre-paid pass along with rent, and a discount on car-sharing, bike-sharing etc.

Rick Garcia is the HUD Region 8 administrator and was a big fan of Location Efficient Mortgages and of all the strategies advocated by the Partnership for Sustainable Communities and should be an ally

Check out the current status of mortgage revenue bond proceeds issued by Boulder County