Middle Income Housing Strategy

City Council – Study Session

October 25, 2016

Agenda:

Overview of Draft Middle Income Housing Study

1. Highlights: Middle Income Housing Study
2. Working Group Work Plan
2. Draft Goal
3. Middle Income Housing Tools

HIGHLIGHTS: MIDDLE INCOME HOUSING STUDY

PEOPLE

Who is the middle market?

– 80-150% of Boulder Area Median Income (AMI)

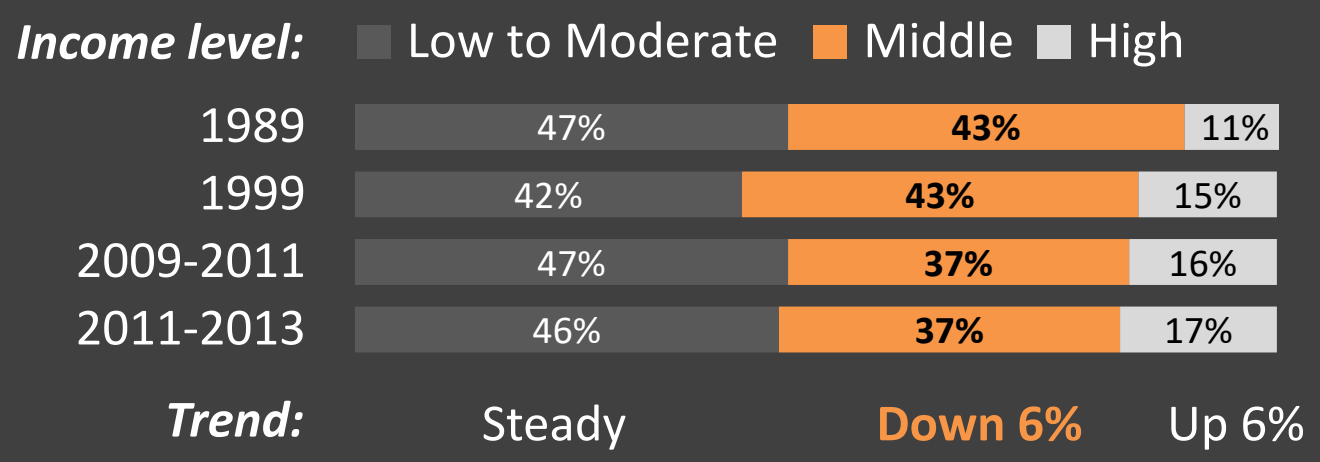
1-person households earning $53,000-$104,000

3-person households earning $68,000-$134,000

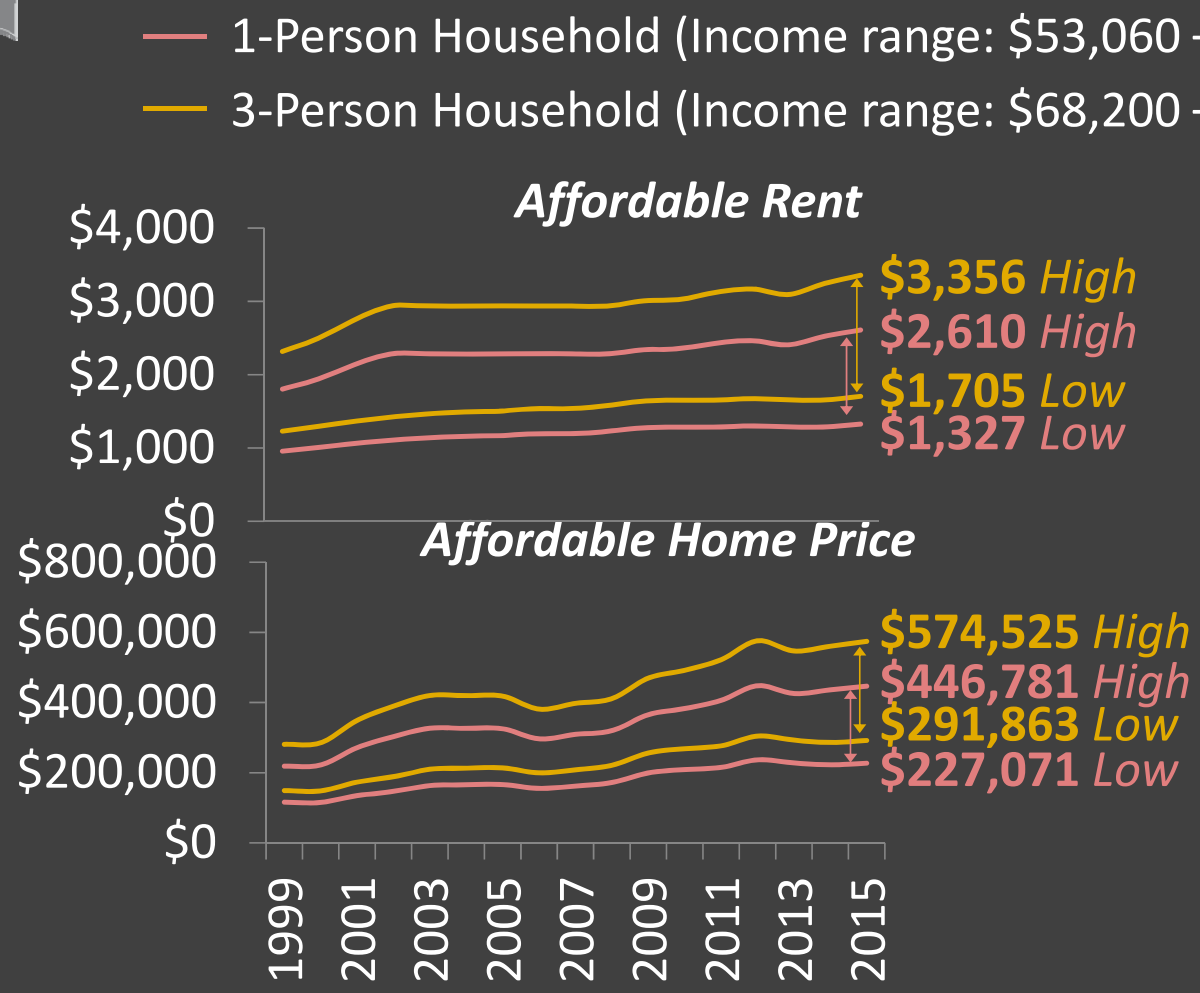
Middle income jobs include:
accountants, architects, librarians, veterinarians, and web developers.

PEOPLE

Share of Middle Income Households in Decline



What can the middle market afford?



Falling mortgage interest rates from 2010 – 2015 increased affordability

INCOME

MARKET

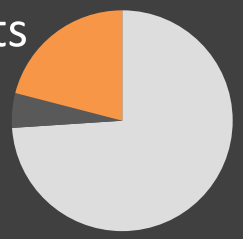
What is available to the middle market now?

- City's Rentals **99%**
- **Detached** Homes for sale **17%**
  - **72** units, **2** of which are deed-restricted
- **Attached** Homes for sale **67%**
  - **262** units, **15** of which are deed-restricted

Of the 334 homes affordable to the Middle Market in 2015:

21% were privately provided *detached* units

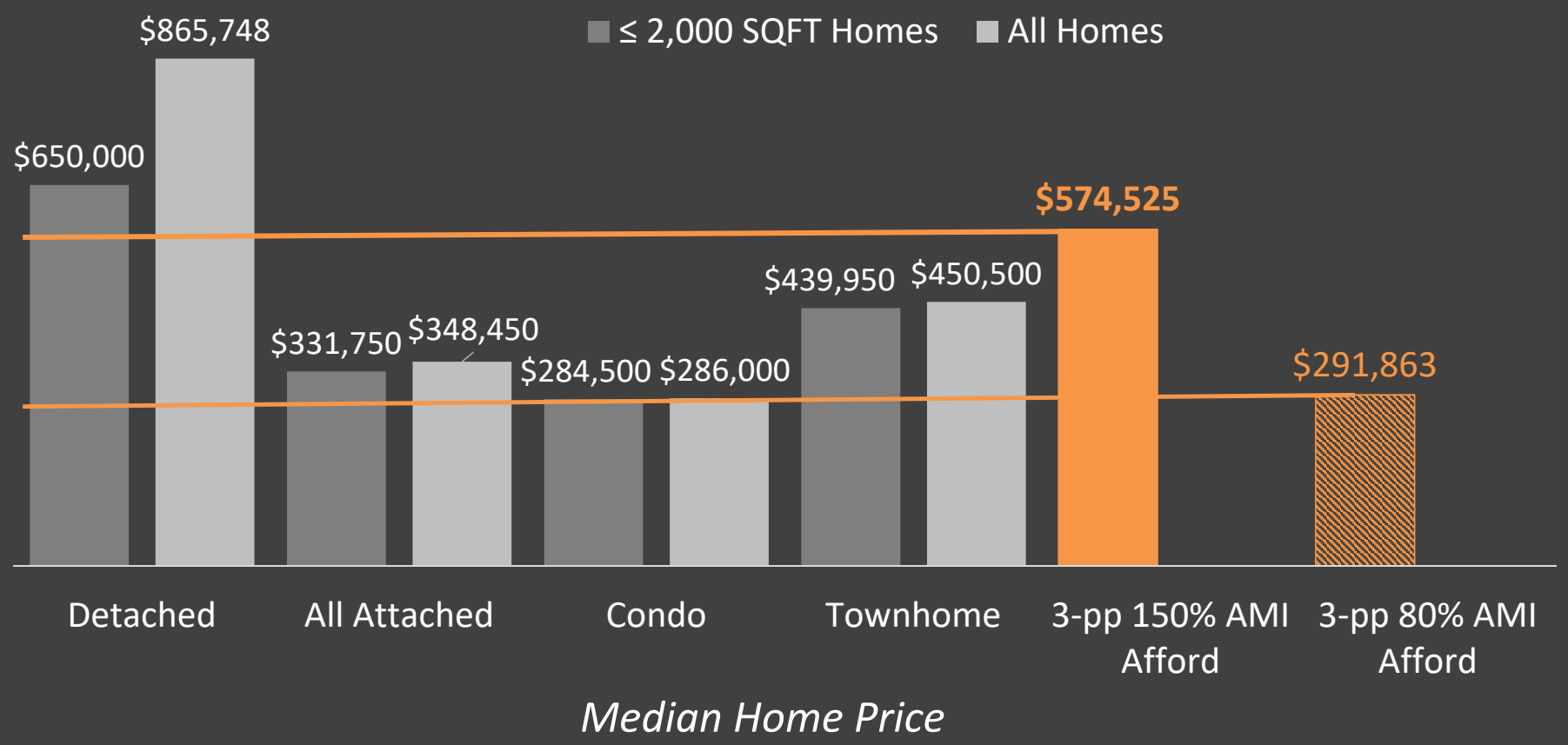
5% were deed-restricted units



74% were privately provided *attached* units

Detached housing is no longer affordable to middle income households

MARKET



MIDDLE INCOME WORKING GROUP WORK PLAN

Middle Income Working Group Work Plan

TASK

1. Modify the current goal
2. Define community benefit policies and tools to preserve and create middle income housing
3. Identify funding options

Work Group- Draft Strategy Completion: September 2016

MIDDLE INCOME WORKING GROUP WORK PLAN

Philosophy 1: Values-Based, Be Diverse

GOAL

1. <u>BVCP Housing Policy 7.06 Mixture of Housing Types</u>:

   Encourage private sector to provide and maintain mixture of housing types with varied prices, sizes and densities to meet housing needs of full range of Boulder Valley population

2. <u>Sustainability Framework:</u>

   Facilitate housing options to accommodate a diverse community

Philosophy 2: Be Realistic

GOAL

1. Make the best use of remaining residential development capacity
2. Stay within RGMS (1% annual residential growth cap)
3. Understand likely unit potential of strategy's key policies and tools

Philosophy 3: Be Bold

GOAL

A middle income housing goal should be highly ambitious in order to inspire the innovation, creativity and focus to achieve as much as possible.

Goal Recommendation

GOAL

Middle Income Housing Goal:

Build or preserve 3,500 middle income homes by 2030

2,500 market-rate

1,000 deed restricted permanently affordable

Goal Calculation

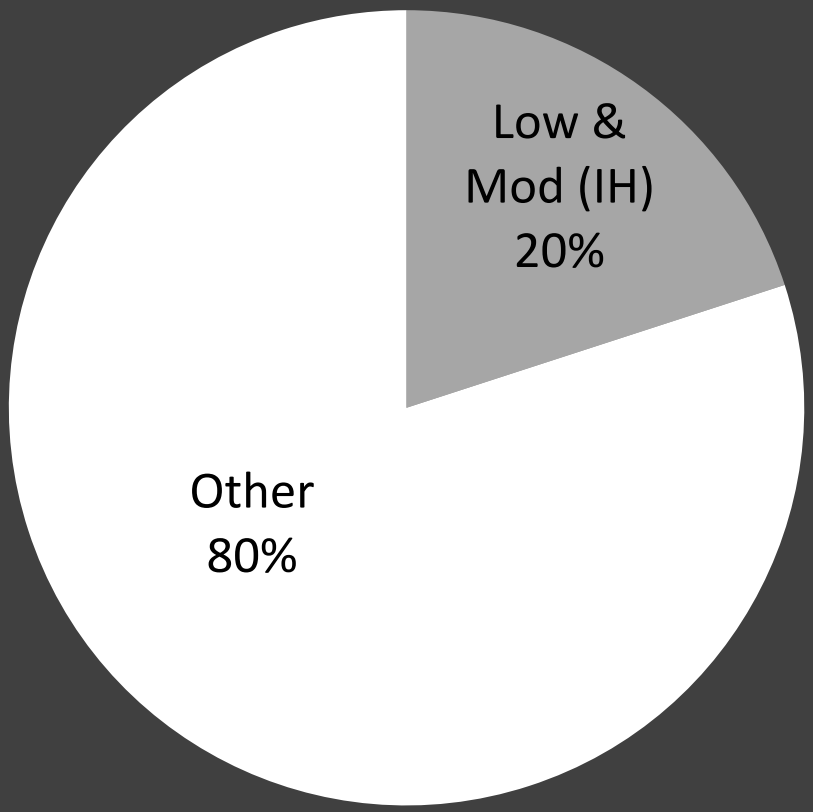
GOAL

	Number
New Construction	
Additional Housing Units by 2030 (assuming 0.8% growth rate, land use changes enacted):	5,360
Low to Moderate Income Share Deed Restricted Share (20%):	1,072
Middle-income Units, Market & Deed-restricted (60%):	**3,000**
Preservation of Existing Units through Deed Restriction	**500**
Goal (new construction + preservation):	**3,500**
Deed Restricted:	1,000
Market-rate (3,500 – 1,000)	2,500

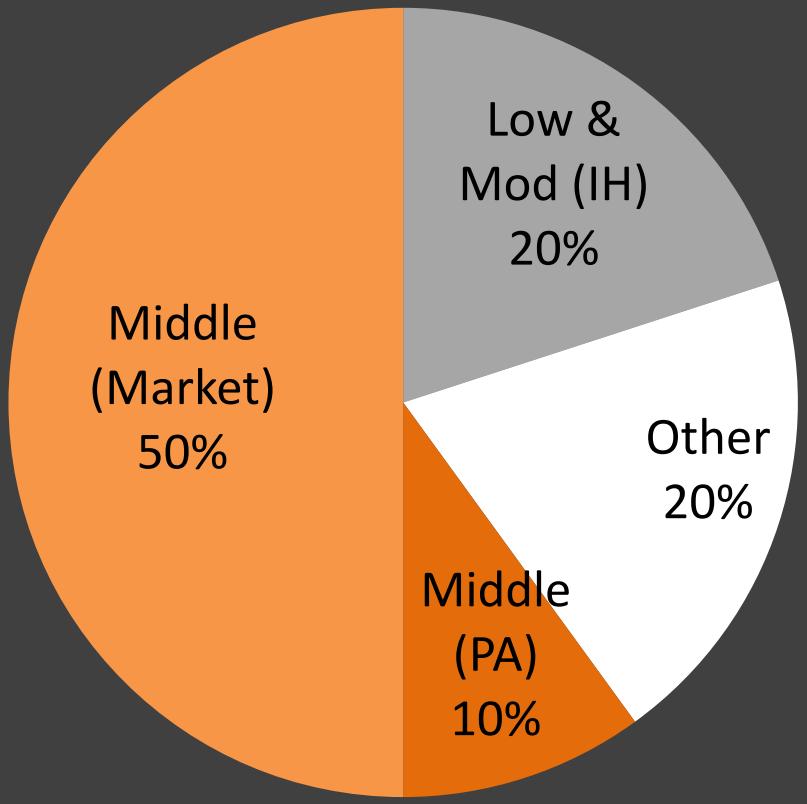
New Construction: 20/60/20

GOAL

CURRENT

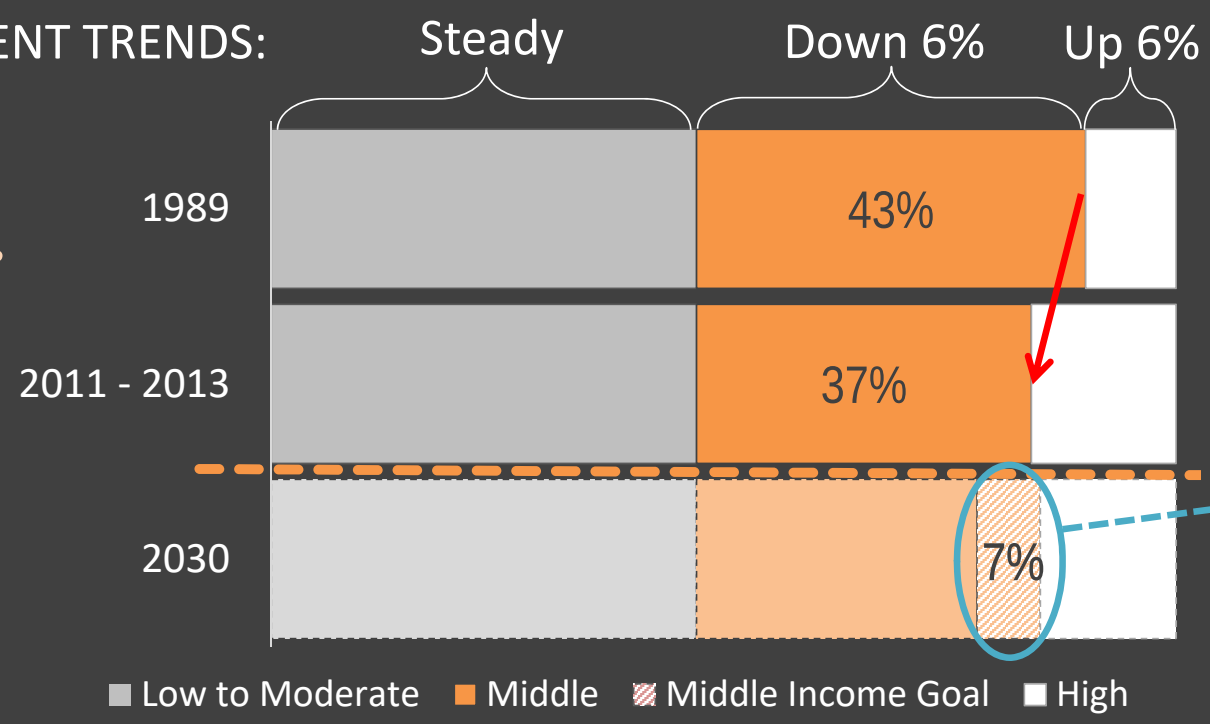


PROPOSED



A 7% Goal

In 2030, 3,500 new and preserved middle income units would represent 7% of the city's housing stock.



3,500 new and existing units would help achieve the city's goal: ***Maintain the Middle***

MIDDLE INCOME HOUSING TOOLS

TOOLS

4 Key Tools

1. **Land Use & Policy:** Provide policy direction related to middle income housing and recommended land use changes to enable new middle income housing.
2. **Middle Income Community Benefit Zoning:** Adopt community benefit policies and outline incentive-based rezoning/community benefit zoning.
3. **Inclusionary Housing:** Amend Inclusionary Housing (IH) regulations to include a middle income tier.
4. **Additional Community Benefit (Annexation):** Adopt policies requiring more middle income community benefit.

TOOLS

B List (↑ Hurdles, ↑ Cost, Fewer Units)

1. Preservation (deed restricting existing housing)
    1. Some middle income in affordable acquisition/rehab
    2. Targeted funding
    3. Home donation
    4. Homebuyer & homeowner assistance
    5. Additional funding to deed restrict existing homes
    6. Rehab/redevelopment path for nonconforming properties
2. Neighborhood Innovation Pilot Program
3. Amend the ADU/OAU Ordinance

Does Planning Board have feedback on…

1. Proposed middle income housing goal?
2. Proposed policies and tools to preserve and create middle income housing?
3. Proposed next steps and timeline?
4. Updating the inclusionary housing ordinance to include a middle income requirement?