Attachment C: Residential Growth Management System Allocations Analysis DRAFT June 4, 2015

Background

The city's current residential growth management system (RGMS) resides in Section 9-14 of the Boulder Land Use Code, and was set forth in Ordinance No. 7026, which was adopted on January 4, 2000. This RGMS updated and replaced the city's prior RGMS from 1982 and is the version that is in use today. The revised system maintained the residential growth rate at one percent, but also granted exemptions for certain types of development. These exemptions do not count against the one percent cap established by the ordinance. The stated intent of the ordinance was to simplify the administration of the system and to permit more residential construction, more quickly, than the previous growth management system. The exemptions prevent RGMS from being a barrier to the development of projects that the city, as a matter of policy, desires to encourage.

Prior to obtaining a building permit for residential construction, a developer must first apply for the required number of allocations under the RGMS. One allocation is needed to secure a building permit to construct each dwelling unit[1]. Dwelling units that meet the exemptions listed in the table below do not count against the available allocations for that year.

Exemption Type	Rationale	Year
Permanently affordable dwelling units	Meet the city's affordable housing goals.	2000
Dwelling units built pursuant to a development right contained in the intergovernmental agreement between the city and Boulder County, dated April 4, 1995, that is transferred into the city	The IGA established a transfer of development rights (TDR) program between the city and Boulder County. The city agreed to permit the use of development rights transferred from a defined Plan Area to locate development upon approved receiving sites within the boundaries of its community service area. The exemption from RGMS was used as an incentive for participation as a TDR receiving site.	2000
Housing projects built by the University of Colorado (CU) for the sole purpose of providing housing for students, staff, and faculty of the university[2]	Exempted because CU development is outside of the purview of local development regulations. City staff does not track these exemptions because permits for new buildings on university land are typically reviewed and issued by the State of Colorado.	2000
Dwelling units that are not permanently affordable units in developments with a minimum of	This exemption recognizes the importance of the internal subsidy between market rate and permanently affordable housing that is often used to get such	2000

[1] Living quarters in efficiency living units, group residences, group care facilities, and congregate care facilities require partial allocations.

thirty-five percent permanently affordable dwelling units	projects under construction and ultimately to the market.	
Exemption Type	**Rationale**	**Year**
Mixed use developments	The intent of this amendment was to encourage the construction of residential units in mixed use, commercial, and industrial zoning districts.	2000
Dwelling units built on land that was rezoned from a nonresidential zoning district classification to a residential zoning district classification after August 19, 2004	This exemption was enacted in 2004 and incentivizes the implementation of adopted plans. As the city legislatively rezones land to residential to implement adopted plans, this exemption helps to direct residential investment into those areas. In addition, the exemption allows developers to pursue a rezoning to a residential zone since housing developed within mixed use, commercial and industrial zoning districts are already exempt per the exemption above.	2004

Allocations (housing units) that count toward the available allocations for each year are referred to as "excess allocations." Dwelling units that meet the exceptions are referred to as "exempt allocations." In addition, allocations for dwelling units that are removed and replaced within three years in a development that has four or fewer units do not count against the available allocations for that year. These allocations are referred to as "demolition allocations." This exemption was intended to align with inclusionary housing requirements of Land Use Code 9-13-3. Additionally, up to twenty-five percent of allocations available, but not granted, in the prior calendar year may be carried forward to the current year.

Analysis

The city has accurate data tracking RGMS allocations by type beginning in 2011. As shown in the table below, allocations vary by year, but in recent years it has been common for a majority of the allocations in a given year to be exemptions from the RGMS: 91% in 2011, 27% in 2012, 91% in 2013, and 69% in 2014.

RGMS Allocations by Type				
Type	**2011**	**2012**	**2013**	**2014**
Excess (count toward the RGMS)	36	192	62	110
Exempt	491	80	933	327
Demolitions	10	21	25	37
Total Allocations	537	293	1020	474

Exemptions by type are shown in the table below. For the years presented, the most commonly used exemptions were for mixed use development, rezoning to a residential district, and for producing permanently affordable housing.

Exempt Allocations by Type				
Type	**2011**	**2012**	**2013**	**2014**
Permanently Affordable	97	12	262	12
Intergovernmental Agreement	0	9	0	0
Thirty-five Percent Affordable	0	0	3	12
Mixed Use Developments	316	0	353	25
Rezoned to Residential	78	59	315	278
Total Exemptions	491	80	933	327

Because RGMS allocations are obtained at the outset of the permitting process, and because several years can pass from when a project receives its allocation to when it receives a certificate of occupancy, RGMS allocations and dwelling unit growth rates are not directly comparable by year. That is to say, an allocation obtained in 2012 does not mean that a certificate of occupancy was also obtained for that same development in 2012. Still, certificates of occupancy are useful in determining the actual rate of growth of dwelling units from one year to the next. This information is shown in the table below.

Housing Units				
	2011	**2012**	**2013**	**2014**
Total Housing Units	43,178	43,617	43,791	44,271
New Housing Units Completed	449	213	247	278
Housing Units Growth Rate	1.0%	0.5%	0.6%	0.6%
Building Permits Issued for New Housing Units	106	415	878	608

Conclusion

Since 2011, a majority of the units developed in the city have been exempt from the RGMS because they were a mixed use project, such as the Gunbarrel Center, or the property was rezoned to residential zoning classification, such as the Alexan Flatirons in Gunbarrel or Landmark Lofts on the 28th Street frontage road. This is by design, as the exemptions were created as a tool for achieving residential development that meets the community's goals.

The presence of exemptions does make it possible for the increase in dwelling units to exceed one percent in a given year, and this is acknowledged in the legislative intent of the RGMS [Land Use Code 9-14-1(a)] which states that the intent is to: "Establish a residential building permit management system that provides for a long-term rate of growth in the city no greater than one percent per annum, but recognizes the potential for fluctuations in that rate on an annual basis". For the years contained in this analysis (2011-2014), the annual residential growth rate averaged 0.8 percent. This is the actual rate of increase based on certificates of occupancy and includes exempt allocations issued during those years, even though exempt units do not "count" for RGMS purposes. Thus, even when residential uses that are exempt from RGMS are included, the average annual growth rate has been under one percent.

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For additional reference, the table below summarizes various growth statistics for years prior to the 2011-2014 timeframe that was used for this analysis.

City of Boulder [1]

2003-2014 Housing, Population, and Employment Data

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Housing Units [2]												
Total Housing Units	41,031	41,175	41,482	41,812	42,120	42,260	42,574	43,037	43,178	43,617	43,791	44,271
New Housing Units Completed	189	335	376	363	204	372	489	160	449	213	247	278
Housing Units Growth Rate	0.5%	0.8%	0.9%	0.9%	0.5%	0.9%	1.2%	0.4%	1.0%	0.5%	0.6%	0.6%
Building Permits Issued for New Housing Units	284	540	217	300	583	401	141	453	106	415	878	608
RGMS Allocations [4]	558	78	229	263	254	184	309	193	537	293	1,020	474
Excess	86	21	90	65	51	108	47	80	36	192	571	110
Exempt	--	--	--	--	--	--	--	--	491	80	933	327
Demolitions [5]	39	20	44	68	62	42	23	15	10	21	25	8
Population												
Area I (City Limits) Population	97,562	97,870	98,526	99,232	99,891	100,190	100,792	97,706	98,986	101,169	101,824	102,420
Population Growth Rate	1.0%	0.3%	0.7%	0.7%	0.7%	0.3%	0.6%	-3.2%	1.3%	2.2%	0.6%	0.6%
Employment [6]												
Area I (City Limits) Employment	98,164	98,394	98,400	98,400	100,100	97,753	97,500	96,800	97,500	99,400	102,500	103,800
Employment Growth Rate	1.3%	0.2%	0.0%	0.0%	1.7%	-2.3%	-0.3%	-0.7%	0.7%	1.9%	3.1%	1.3%
Commuting Patterns [7]												
Work in Boulder, Commute from Outside Boulder	--	--	--	51,556	--	52,852	--	52,907	--	59,000	--	--
% Work in Boulder, Commute from Outside City of Boulder				52%		54%		55%		59%		
Work and Live in Boulder	--	--	--	46,844	--	44,901	--	43,893	--	40,400	--	--
% Work and Live in City of Boulder				48%		46%		45%		41%		
Live in Boulder, Commute to Outside Boulder	--	--	--	13,992	--	11,733	--	10,296	--	13,500	--	--

[1] All numbers are for Area I (city limits)

[2] Building permit numbers reflect Certificates of Occupancy issued for new residential units and do not account for demolitions and mobile home park unit variations.

[3] 2014 numbers and estimates are as of October 28, 2014.

[4] Number reflects all RGMS allocations for excess, exempt, and demolitions for years data is available. Some allocations may have expired or may not have been used. Note two corrections from the September 16, 2014 City Council memo - 1) the 2011 total RGMS allocations are 537 (not 538) and 2) the 2013 total allocations were 1,020 (not 995) as the previous number excluded demolitions. Numbers do not include reservations.

[5] Demolition allocations may be used to replace a demolished unit within three years subject to the provisions of section 9-3-13(e), B.R.C. 1981.

[6] The total employment estimate is developed using US Bureau of Labor Statistics data, reviewed for accuracy at a local level by the University of Colorado LEEDS School of Business – Business Research Division, and a self employment factor (10%) is applied to establish a total jobs estimate.

[7] The City of Boulder commuting estimates are a labor force driven estimate, using a mixture of federal and local data and assumptions. The estimate begins with an estimated number of households (City and State estimate) and develops a resident labor force (the population of workers) using a factor of 1.3 workers per household (State Department of Labor).