

**Boulder City Council  
STUDY SESSION**

**Tuesday  
August 12, 2014**

**6-7:30 PM  
2015-2020 Capital Improvement Program (CIP)  
(Materials Available Monday, August 4)**

**7:30-9 PM  
Boulder Housing Partners (BHP)  
Strategic Plan**

**Council Chambers  
Municipal Building  
1777 Broadway**

Submit Comments to City Council  
Email: [council@bouldercolorado.gov](mailto:council@bouldercolorado.gov)  
or  
Attention: Alisa Lewis, City Clerk  
PO Box 791, Boulder, CO 80306  
Fax: 303-441-4478

# MEMORANDUM

August 12, 2014

**To:** Mayor and Members of City Council  
Jane Brautigam, City Manager

**From:** Angela McCormick, Chair, BHP Board of Commissioners  
Betsey Martens, Executive Director

**Re:** BHP's Draft Strategic Plan

**Attachments:** Attachment A: Draft Strategic Plan Executive Summary

Attachment B: Brief summary of BHP statutory role and relationship with City of Boulder

## Summary

Thank you for the opportunity to meet with you in Study Session regarding the draft of BHP's Strategic Plan. The purpose of the meeting is for the City Council and the Board of Commissioners of Boulder Housing Partners (BHP) to meet and discuss BHP's mission and strategic goals. This memorandum introduces the key issues and will be supplemented by a presentation by BHP at the Study Session.

In 2013, BHP began a process to update its Strategic Plan. The draft responds to current and projected changes in the housing market, economic conditions and demographic shifts. The plan proposes an aggressive response, particularly in the preservation of market-affordable housing. These efforts would result in a significant increase in BHP's inventory of affordable housing over the next ten years. Additional goals include an expanded role in Boulder County through regional partnerships on affordable housing or for income producing assets, expansion of current education programs for children living in BHP units, and greater advocacy for housing options.

Implementation of this draft Strategic Plan depends on the support of the City Council. The Board of Commissioners and its staff seek comments and feedback from the City Council on its willingness to act in several key areas including:

- Implementation of land use and policy changes to make affordable housing more financially feasible for development by the market, including through density bonuses, flexibility on land use regulations, etc;

- Work to preserve existing affordable housing, including public housing and housing that is priced in the market at affordable rents but is subject to strong market pressure to appreciate; and
- Prioritize funding for housing opportunities for vulnerable, hard to house, special populations, and very low income households.

## **Questions**

Questions for discussion between the City Council and the Board of Commissioners are as follows:

1. Based on the data that suggests a small window of time to preserve market affordable rentals, does the City Council support BHP's strategy of aggressively acquiring affordable and workforce<sup>i</sup> housing units and land and increasing our inventory of deeply affordable and workforce housing over the next ten years?
2. Does the City Council have any additional comments or suggestions on the proposed draft Strategic Plan which BHP would plan to implement over the next ten years?

## **Discussion**

On June 9, 2014, the BHP Board of Commissioners released a public discussion draft of BHP's Strategic Plan ("Plan") prepared by BHP staff and its Board with help from BHP's economic and planning consultant Charles Buki and Associates. Since then, we have reached out to a broad cross section of the community for comments and suggestions regarding the content of the plan, its goals, and its new initiatives and focus. This input has been very positive and the feedback very helpful. We anticipate continuing that outreach in the coming month. As close partners, your thoughts and comments about our proposed strategic direction are crucial to the plan's successful implementation and we look forward to the conversation on August 12, 2014.

BHP began our strategic planning process in November, 2013. It began with a review of our current planning documents, an analysis of the economic issues facing our community, and meetings to discuss our values, mission and purpose. The draft, included with this memorandum as Attachment A, is the initial result of that process. City staff have been engaged in the process and have provided important feedback during the early stages.

The initial timeline for the adoption of BHP's Strategic Plan was to have aligned closely with the adoption of the City's Comprehensive Housing Strategy (CHS) process. As both timelines have evolved, BHP's Plan will be ready for final consideration and adoption this fall. Your consideration now allows BHP's Board to incorporate your ideas into its planning. Following

adoption, BHP's Plan will be available to the community as a resource for the CHS. Following the adoption of the CHS, BHP will review its Plan and amend it as necessary.

BHP has enjoyed a long and successful partnership with the city since the City Council took action to create us as the city's housing authority in 1966. Additional information about BHP, its statutory basis, role in the affordable housing market and relationship with the City is provided in Attachment B. We have been actively working to address the housing needs of this community since our formation. BHP operates today with approximately 1,100 housing units that we own and manage for low and moderate income households. We also manage approximately 860 Section 8 Housing Choice vouchers that support households that qualify for housing assistance. We serve a range of households including people with disabilities, young families, and seniors. The recently completed High Mar community and the soon-to-be completed 1175 Lee Hill are examples of BHP's response to some of our community's most compelling housing needs.

Approximately 300 of our units are classified as Public Housing, which means they were developed with support from the Department of Housing and Urban Development (HUD) and are available to households with incomes between 0% and 30% of the Area Median Income (AMI). Approximately 15% of our portfolio is unrestricted and available at market rental rates.

### **Policy, Economic and Financial Drivers**

One of the primary driving forces behind our draft Plan is to interrupt current market trends and provide affordable housing so that the mix of housing opportunities in Boulder more closely aligns with the vision and goals articulated in Boulder Valley Comprehensive Plan (BVCP) including the following which are summarized from

#### **Sections 1 and 7 of the BVCP:**

- *Housing helps define a community;*
- *Affordable housing enables people to participate in their communities;*
- *Affordable housing can reduce the demands of low income households on public services;*
- *Affordable housing provides a significant community benefit;*
- *Boulder is committed to providing 10% of the housing stock as permanently affordable housing;*
- *City resources will be used to maintain the existing supply;*
- *The City will support community partnerships and local housing and service providers;*
- *Creating neighborhoods, community design and public spaces is important;*
- *The City will strengthen regional cooperation efforts;*
- *Housing shall be a mix of sizes, prices and types;*
- *Housing will be available for persons at all stages of life;*

- *Boulder will create housing for workers and foster mixed income multifamily options; and*
- *This community will avoid displacement of households.*

BHP is committed to these values and the other environmental and social goals articulated in the BVCP. We also reviewed and incorporated into the Plan some of the economic and political forces that impact affordable housing in this community including:

1. Shifting federal commitments: Capital and operations funding from HUD is flat or reduced and priorities are difficult to predict. This makes the public housing that relies on it difficult to sustain and puts families at risk;
2. BHP is a Moving to Work (MTW) organization: BHP has the opportunity to propose and implement more efficient practices, all of which shield, but don't insulate, BHP and the community from uncertainties at the Federal level;
3. Boulder demographics and needs: Because housing prices are rising so significantly, the make-up of Boulder's renter and owner households is steadily changing. We have become wealthier, older and less traditional in household composition;
4. Customer survey and internal feedback: Comments note the very low vacancy rates, the increased prices, the difficulty of finding housing using a voucher, and the consequent choice to commute into Boulder; and
5. Market and economic drivers including the following:
  - a. In the last 12 years, an average of 1,000 units of market affordable housing inventory per year have become unaffordable due to rapid market appreciation.
  - b. In 2000 there were a combined 24,723 homes for sale valued at under \$300,000 and apartments with rent less than \$1,000 per month.
  - c. In 2012 there were just 12,171 in the combined inventory, representing a 50% decline. If this rate continues, we project that by 2022 Boulder will have no homeowner units affordable to households with income under \$60,000 annually or apartments affordable to households with income under \$40,000 or \$19.23 per hour other than the 4,500 units (10% goal) protected by City covenant as permanently affordable.
  - d. Boulder has 24,000 jobs that pay at or below \$19.23 per hour, creating a demand of potentially 6 people for every 1 unit.

### **Eight Strategic Initiatives**

For the reasons noted above, BHP's Plan proposes to implement eight strategic initiatives to help Boulder respond to the affordable housing needs in the community and remain consistent with the vision articulated in the BVCP as follows:

1. **More:** Through acquisition of existing inventory and land, as well as pursuit of every opportunity to grow our housing voucher program, BHP plans to increase our inventory of housing by 2,000 units over 10 years. The strategic shift of “more” also references more alignment with the BVCP vision of a diverse community. Boulder’s appreciating market is taking us further and further away from this vision.
2. **Broader:** While maintaining our traditional focus on the most vulnerable, expand our efforts to include workforce housing opportunities;
3. **Wider:** Expand our geographic focus in two ways:
  - Welcome the opportunity to partner on affordable housing projects that have regional significance; and
  - Consider income producing assets anywhere in Boulder County;
4. **Louder:** Increase our advocacy efforts related to preservation of existing affordable inventories and pursue a more ambitious and meaningful housing goal for the city;
5. **Greener:** Focus energy investment in our own portfolio and engage with the community in reporting outcomes and drawing the connection between housing and environmental impact;
6. **Bigger:** Catalyze an increased investment in children’s educational outcomes and continue support for service coordination for all residents;
7. **Better:** Improve on organizational excellence by stewarding a strong financial core, expanding internal operations and improving community outreach; and
8. **Smarter:** BHP believes in changing the focus in the housing industry from outputs to outcomes, or in other words, from counting units created (outputs) to measuring the impact on individuals, families and the community (outcomes).

Implementation of the plan depends on the support of the City Council in several key areas including:

- Land use and policy changes to make affordable housing more financially feasible including density bonuses, flexibility on land use regulations, etc;
- Leadership support for preserving existing affordable housing, particularly public housing and housing that is operating at affordable rents but is subject to strong market pressure to appreciate; and
- Continued funds to provide housing opportunity for special populations and low income households.

Several of the opportunity sites described in the memo to City Council for the May 27, 2014 Study Session on the CHS have been identified by BHP as having strong potential to address some of the housing needs in the community including the redevelopment of the Palo Park site and the redevelopment of the northeast corner of the intersection of Valmont Road and Folsom Ave. We have also identified several multi-family sites that, upon acquisition, could have an

impact on the mix and supply of affordable housing and the availability of housing that is preserved as market affordable.

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<sup>i</sup> In the context of this Plan, the following definitions apply:

Public and Assisted Housing	0 – 30% AMI
Affordable Housing	31 – 60% AMI
Workforce Housing	61 – 80% AMI
Unrestricted or Market Housing	+ 80% AMI

# Strategic Plan Executive Summary

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## Context

In the last 12 years, Boulder has lost an average of 1,000 units of market affordable rental and for sale housing each year. Since 2000, there has been a 50% decline in the number of rentals valued under \$1,000 and homes for sale under \$300,000. If this trend continues, we project that by 2020 Boulder's market will not respond to households with income less than \$50,000 and \$60,000 respectively, other than those homes in the city's permanently affordable program. For these and other reasons, Boulder Housing Partners is updating its strategic initiative to help Boulder course correct and remain consistent with the vision articulated in the Boulder Valley Comprehensive Plan.

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## Mission & Vision

BHP's mission is to provide homes, inspire community and create change. BHP will be a catalyst for the city's goal of a diverse, inclusive and sustainable community and will be known for the diversity and strength of our portfolio and for our neighborhood-based creative solutions.

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## Values

Through the life of this plan and beyond, these are the values that will infuse our daily work:

- An **inclusive and diverse** community
- Innovative and **courageous leadership**
- Thoughtful **stewardship** of our assets
- Practice of consistent compassionate **accountability**
- **Preservation** of housing for our residents and for the community
- Active **partnerships**
- Transparent **engagement** with customers and the community
- **Resilience** in all aspects of our work

## Strategic Shifts

- . **More:** Increase production to 2000 units within 10 years.
- . **Broader:** While maintaining our traditional focus on the most vulnerable, expand our efforts to include workforce housing opportunities.
- . **Wider:** Expand our geographic focus in two ways: 1) welcome the opportunity to partner on affordable housing projects that have regional significance and 2) consider income producing assets anywhere in Boulder County.
- . **Louder:** Increase our advocacy efforts related to preservation of existing affordable inventories and pursue a more ambitious and meaningful housing goal for the city.
- . **Greener:** Focus energy investment in our own portfolio and engage with the community in reporting outcomes and drawing the connection between housing and environmental impact.
- . **Bigger:** Invest in children’s educational outcomes in a big way and continue support for service coordination for all residents.
- . **Better:** Improve on organizational excellence by stewarding a strong financial core, expanded internal operations and improved community outreach.
- . **Smarter:** BHP believes in changing the focus in the housing industry from outputs to outcomes; from counting units created (outputs) to measuring the impact on individuals, families and the community (outcomes)

## Scanning Boulder’s Affordability Horizon

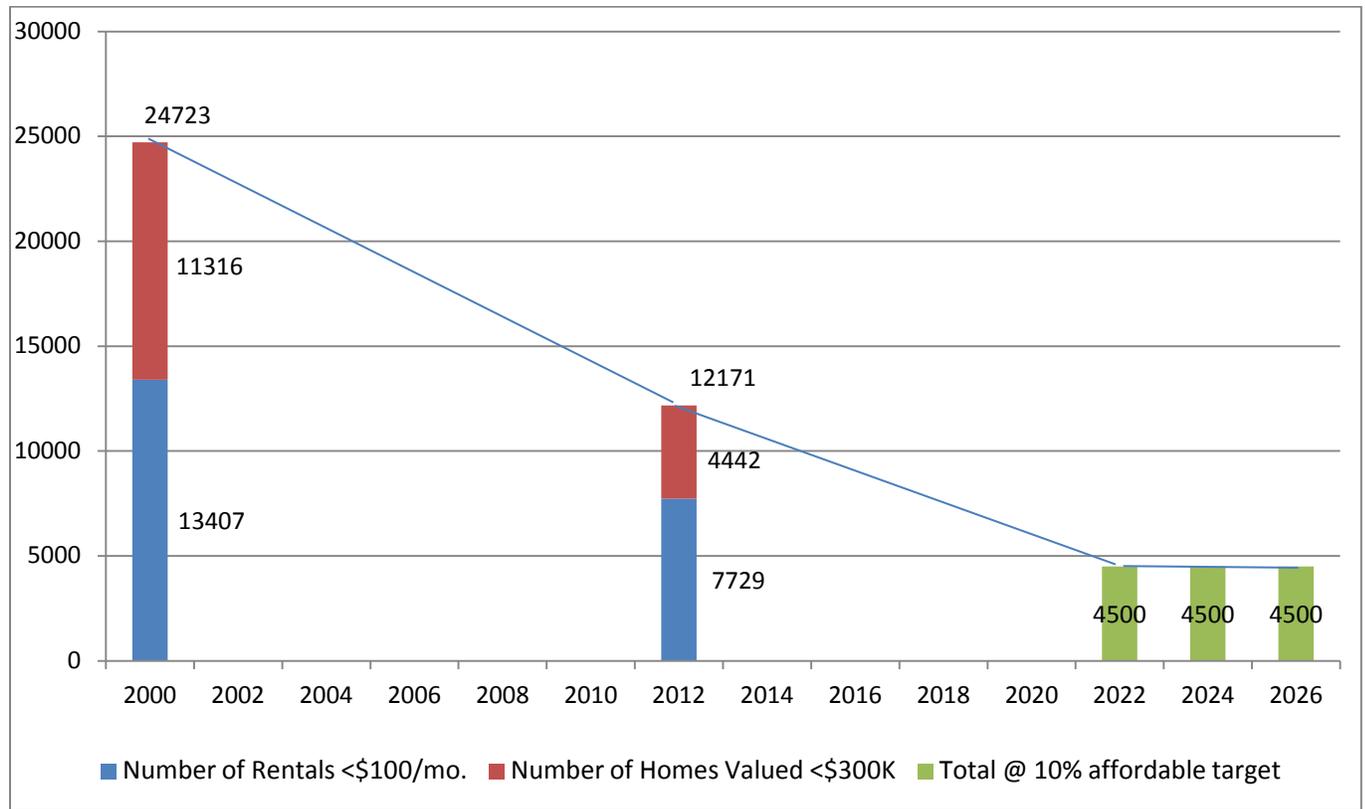
### Market and Economic Drivers

- ✓ In the last 12 years, Boulder has lost an average of 1,000 units of market affordable housing inventory per year.
- ✓ In 2000 there were a combined 24,723 homes valued at under \$300,000 and apartments with rent less than \$1,000 per month and in 2012 there were just 12,171, a 50% decline. If this rate continues, by 2022 Boulder will have no homeowner units affordable to households with income under \$60,000 annually or apartments affordable to households with income under \$40,000 or \$19.23 per hour other than the 4500 units (10% goal) protected by City covenant as permanently affordable.
- ✓ Boulder has 24,000 jobs that pay at or below \$19.23 per hour.

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*The full strategic plan may be found at [www.boulderhousing.org](http://www.boulderhousing.org) in “About Us.”*

## Sharp Decline in Market Affordable Homes and Rentals in Boulder



### Planning Context

- ✓ The Boulder Valley Comprehensive Plan (BVCP)<sup>1</sup> envisions Boulder as a “welcoming and inclusive” community with a diversity of housing types and price ranges.
- ✓ Boulder’s robust real estate market is quickly pricing the workforce out of the rental and homeownership markets (see below).
- ✓ Boulder’s many vulnerable households have long been unserved by the market and are increasingly affected by reductions in federal investment in subsidized housing.
- ✓ These factors create risk for the vision articulated in the BVCP.
- ✓ As the city’s housing authority, BHP plans to take an active role in preserving economic diversity and housing opportunities for those who the market currently and traditionally cannot reach. We believe that an aggressive community response and intervention can change the course of the loss of diversity in our city.

<sup>1</sup> <https://bouldercolorado.gov/planning/boulder-valley-comprehensive-plan>

Given Boulder's affordability horizon and the market and economic drivers listed above, Boulder is not on track to implement the vision articulated in the Boulder Valley Comprehensive Plan. Our community is at a critical juncture in which there is time to correct that course, but that course correction will require changes to land use regulation and other planning policies. The success of this plan depends on changes to the way we think about density, transportation, neighborhood and affordability. Boulder Housing Partners can help change that path.

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## Goal 1: Providing Homes

Ensure the promise of a diverse community by preserving existing affordable housing and increasing housing choice and inventory for Boulder residents. Between 2015 and 2025:

**Outcome:** Preserve the current affordability in BHP's existing portfolio of homes and vouchers.

**Outcome:** Increase service to an additional 2,000 households within a mix of income ranges.

**Outcome:** Add 250 housing options for special and vulnerable populations.

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## Goal 2: Partnerships and Community Engagement

Engage as a leader in housing policy discussions and pursue a wide range of partnerships and policy changes needed to increase housing choice and diversity in Boulder, reduce land cost per unit, and preserve the city's current affordable units.

**Outcome:** Successful progress towards the Boulder Valley Comprehensive Plan vision for the community and implementation of the aggressive goals in this strategic plan.

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## Goal 3: Resident Achievement and Quality of Life

Invest in focused service programming to improve the economic futures of children in BHP households. Develop successful partnerships to provide service coordination to work-abled adults, seniors, and people with disabilities in order to improve or preserve independence and quality of life.

**Outcome:** Youth are successful in school and have the skills necessary for self-sufficiency as an adult.

**Outcome:** Work-abled families will increase their independence and quality of life.

**Outcome:** Seniors and people with disabilities will preserve their independence and quality of life to the maximum extent possible.

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## Goal 4: Minimizing Environmental Impact

Pursue consistent and innovative improvement of portfolio and practices regarding environmental impacts to the maximum extent that is economically feasible while not reducing the number of units that can be produced.

**Outcome:** Improved building performance in BHP’s portfolio and reduced energy costs for residents.

**Outcome:** Increased access for BHP residents to bus passes and other affordable public and alternative transportation programs like bike sharing and car sharing.

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## Goal 5: Organizational Stewardship

Continuously improve BHP’s organizational sustainability, structure, and strategic outreach by stewarding a strong financial core, efficient internal operations and improved community outreach.

**Outcome:** Diversify BHP’s market reach and revenue sources; hire and retain qualified staff.

**Outcome:** Operate creatively, decisively, intentionally, and effectively, with strong and consistent values and an understanding that housing is as much about people as it is about place.

### **Housing Authority Enabling Legislation**

Housing authorities, a product of the U.S. Housing Act of 1937, are enabled by state statute and created by local government. This combination of involvement and interaction at all three levels of government makes housing authorities a unique and distinct entity. The provisions for housing authority governance differ state by state. Colorado's housing authority law is found in the Colorado Revised Statute at Chapter 29, Chapter 4, Part 2, Sections 201-233 (CRS 29-4-201 *et seq.*). The law gives each local government the authority to create a housing authority which is a "body both corporate and politic" separate from the city. Case law refers to housing authorities as "political subdivisions of the state." Housing authorities have the same boundaries as the city creating the authority, and its commissioners are appointed by the mayor. Housing authorities also have "all the powers necessary or convenient to carry out and effectuate the purposes and provisions" of the statute including:

- To determine where unsafe, unsanitary, or substandard dwelling or housing conditions exist;
- To study and make recommendations concerning the city plan in relation to the problem of clearing, re-planning, and reconstruction of areas in which unsafe or substandard dwellings exist;
- To prepare, carry out and operate projects and to provide for the construction, reconstruction, improvement, alteration, or repair of any project thereof;
- To grant or lend moneys or otherwise provide financing;
- To establish entities controlled by the authority that may own, operate, act, invest in as a partner or take any and all steps necessary or convenient to undertake or otherwise develop a project;
- To take over by purchase, lease, or otherwise any project undertaken by any government or by the city;
- To manage as agent of the city any project constructed or owned by the city;
- To act as agent for the federal government in connection with the acquisition, construction, operation or management of a project;
- To borrow money upon its bonds, notes, debentures, or other evidences of indebtedness;
- To purchase, lease, obtain options upon, or acquire by eminent domain, gift, grant, or bequest any property, real or personal, or any interest therein from any person, firm, corporation, the city, or a government.

By federal law, BHP is charged with operating U.S. Department of Housing and Urban Development (HUD) programs with a statutory focus on the lowest income households, including public housing and the Section 8 Housing Choice Voucher program. BHP's dual role as the housing authority of the city and federal agent for affordable housing in the city make opportunities available to the City of Boulder that would not otherwise be available. As a partner to the city and the largest contributor to the city's affordable housing goals, BHP also focuses on a broader range of low and moderately-low income households in order to provide affordable housing options for Boulder's workforce consistent with the city's goals.

### **Board Appointments**

The appointment of BHP's Board of Commissioners (Board) is governed by state statute at CRS 29-4-205. The Board consists of no more than nine members, one of whom must be elected by the resident body. Not more than one Commissioner can be a city official. The term of office is five years and a Commissioner may be reappointed. The Board members are "appointed by the mayor or such other appointing authority as is otherwise provided by charter or ordinance." Council may, "by resolution, change the method of appointment of commissioners after a proper notice and hearing and set a date for the changed method to become effective."

Boulder's practice has been to appoint the BHP Board members as part of the city's board recruitment and appointment process. In an effort to help maintain the working relationship between the city and BHP, a Council member is traditionally appointed as a voting BHP commissioner. Councilmember Andrew Shoemaker is the current liaison. The city has no direct responsibility for, or control over, the Board or BHP's Executive Director, with the exception of the provision that the mayor can remove a commissioner for neglect of duty or misconduct in office.

### **History of BHP and Relationship with the City**

The management of the authority was initially vested with the Planning Department and later, in the 1980's, transferred to the Housing and Human Services Department. For many years, the roles of director of BHP and the city's director of the Division of Housing were combined and filled by one city employee.

As BHP grew and operated more programs separate from the city, confusion about the relationship between the city and BHP became more of an issue. While property management operations were always separate from the city, the planning and development functions were long embedded with city staff. In the mid-1980s HUD strongly encouraged housing authorities to contract with their local governments to administer personnel programs. In 1986, BHP passed a resolution adopting the city's personnel practices and policies as its own. Soon thereafter, the city began administering BHP's payroll. BHP employees were treated as if they were city employees, rather than BHP employees being paid through city payroll.

## Attachment B: Brief Summary of BHP Statutory Role and Relationship with City of Boulder

From 1999, when Boulder Housing Partners (BHP) and the city Division of Housing separated, through 2010 the city provided an average of almost \$30,000 per year in salary support to BHP. In addition, from 2007 through 2010 the city provided BHP with an average of \$113,500 in general operating support. Both types of support were discontinued in 2011 and both BHP and the city do not anticipate resuming operating support.

BHP owns its own building, vehicles, and other assets. BHP pays for the use of the city's maintenance shop for its vehicles.

The most significant services provided to BHP by the city include legal services through the City Attorney's Office<sup>1</sup> and access to the city's health benefits programs. BHP hires separate legal counsel regarding construction contracts, funding agreements, tenant and employee relations. However, the City Attorney's Office provides general legal services related to BHP's existence as a governmental entity and housing authority of the city, acquisition contracts, and other contracts. BHP pays for all health benefits for its employees, plus an administrative fee to the city for HR to make the calculations necessary to separate the costs for city employees and BHP employees.

The only funding that BHP does receive from the city are affordable housing funds for capital projects which the city raises from several sources including federal grants (HOME and CDBG), cash-in-lieu contributions and general funds (AHF), and housing excise tax and property tax revenue (CHAP). Together these funds support the production and preservation of affordable housing, associated housing programs like housing counseling, and the city's administrative costs. Most funding is awarded to housing providers through an annual competitive funding process open to all including for- and non-profit entities and BHP. Occasionally funding is awarded outside the fund round to respond to specific or unique opportunities. BHP competes with other developers and housing providers for these funds.

<sup>1</sup> Statutory reference to the services of the City Attorney's Office is found at CRS 29-4-205