



**CITY OF BOULDER
CITY COUNCIL AGENDA ITEM**

MEETING DATE: February 17, 2015

AGENDA TITLE: Consideration of a motion authorizing the City Manager to transfer ownership of 4525 Palo Parkway to Boulder Housing Partners to develop affordable housing on the 3.2 acre site.

PRESENTERS

Jane S. Brautigam, City Manager
David Gehr, Deputy City Attorney
David Driskell, Interim Housing Director
Jeff Yegian, Division of Housing Manager
Susan Richstone, Deputy Director of Community Planning and Sustainability
Jay Sugnet, Project Manager, Housing Boulder
Betsey Martens, Executive Director, Boulder Housing Partners
Lauren Schevets, Project Manager, Boulder Housing Partners
Susan Lythgoe, Executive Director, Flatirons Habitat for Humanity

EXECUTIVE SUMMARY

This agenda item provides background on the Palo Park site and a motion to transfer ownership of 4525 Palo Parkway to Boulder Housing Partners (BHP) to develop affordable housing on the site. The city purchased the site from the Boulder Valley School District in 2006 with the goal of developing mixed income, affordable housing.



On September 2, City Council directed staff to move forward on the Palo Park opportunity site as part of the Comprehensive Housing Strategy (Housing Boulder) effort. Since then, staff has worked with our project partners (BHP and Flatirons Habitat for Humanity) to draft a set of desired outcomes for the development of the property that advance the Housing Boulder goals and provide for collaborative community engagement. The project partners are returning to Council as directed to report on the community engagement to date, the overall process, and the desired outcomes for the site as part of this motion to transfer ownership of the land to BHP.

This memo articulates the desired outcomes for the site, a summary of community comments and concerns, the proposed community engagement process moving forward, a history and background of the site, and a general timeline for designing and developing affordable housing on the site.

STAFF RECOMMENDATION

Suggested Motion Language:

Staff recommends Council consideration of this action in the form of the following motion:

Motion to authorize the City Manager to convey the 3.2 acre property located at 4525 Palo Parkway to Boulder Housing Partners for affordable housing upon such terms and conditions as she finds reasonable and advantageous to the city.

COMMUNITY SUSTAINABILITY ASSESSMENTS AND IMPACTS

- Economic – This project will provide up to 44 new units of workforce housing serving to support competitive and quality businesses. Development of the housing will also create construction jobs.
- Environmental – Potential environmental impacts will be evaluated through the development review process. The desired outcomes of the development include energy efficient and green building practices.
- Social – This project will provide up to 44 units of much needed permanently affordable housing for diverse community members. Staff worked with BHP to engage stakeholders in identifying potential neighborhood impacts, developing an overall community engagement process, and identifying the overall desired outcomes for the site.

OTHER IMPACTS

- Fiscal – The land was purchased in 2006 using Affordable Housing funds. Additional subsidy from the Affordable Housing Fund may be needed depending on the design, households being served, level of affordability and the financial model developed for the site.
- Staff time – No additional staff resources are required.

PUBLIC FEEDBACK

In a joint effort, the city of Boulder, Boulder Housing Partners, and Flatirons Habitat for Humanity staff met with neighbors to review the draft desired outcomes and community engagement process. One common theme was a desire for good communication – the how, the when, and the what – throughout the design and development process.

September – October 2014 Neighborhood Meetings

This consisted of six separate meetings with eight neighbors in the fall of 2014. These individuals were either neighborhood representatives or they expressed concern with building housing on the site. Many reiterated concerns raised by the [petition](#) distributed to City Council at the September 2 meeting and included: increased traffic on nearby streets, increased on-street parking demand, difficulty for emergency services to access the site, and general density concerns.

December 2014 Neighborhood Mailing

In early December, postcards were mailed to all residents within the boundaries of 28th Street, 47th Street, Jay Road, and Kalmia Avenue. This mailing invited the residents to visit the project website (www.palohousing.org) to get involved with the project and sign up to receive email updates. The website includes an opportunity to comment on the proposed community engagement process as well as the desired outcomes. Comments received from the website to date are included in **Attachment A**. The site will be updated throughout the project to keep everyone informed and engaged.

January 2015 Focus Groups

Focus group meetings were held on January 13, 15, 27, and 29, with 33 community members participating. The meetings were facilitated by an independent contractor and designed to encourage participants to provide feedback on the desired outcomes and overall process. More importantly, the meetings were largely devoted to listening to community concerns and identifying potential issues that will need to be addressed as part of the development process.

Overall, focus group members expressed support for the Palo Park desired outcomes and mission of BHP/Flatirons Habitat for Humanity, but many voiced concerns over the number of units allowed under the current land use designation and the potential impact on the surrounding neighborhoods. Attendees valued the opportunity to provide feedback and appreciated that there was a skilled, neutral facilitator leading the meetings.

The following is a summary of concerns heard from participants:

- General density concerns
 - More people and dogs will inevitably create an overall impact to quality of life in the neighborhood
 - Desire to maintain existing character of the neighborhood
- Transportation issues
 - Development of the site will create increased traffic and overflow parking, thus intensifying existing issues in Northfield Commons
 - Concern that increased congestion will impact access for emergency response and create an unsafe environment for children.
 - Desire to accommodate parking for future development on-site
 - There is a current lack of school bus/public transportation access to the site
- Airport proximity (*see below for more details*)
- Utility infrastructure
 - The neighborhood was heavily impacted by the 2013 flood, with sewage back-up into homes. There are concerns that the existing utility infrastructure cannot accommodate new development on this site.
- Affordable housing
 - Desire for more affordable ownership versus rental units included in the development
- Park issues
 - Development of the site will create increased park demand and overuse of the already-popular East Palo Park
 - Desire to incorporate open space/park space in future design of the site.
- Desire to see protection of the floodplain and other sensitive habitats (e.g. fireflies)

The focus groups were helpful to many participants in understanding how the development process works and when their specific issues would be addressed. Some participants expressed a strong desire to have the list of potential issues addressed prior to the city transferring ownership of the land.

The full text of the focus group notes is in **Attachment A**.

The issues described above will be addressed at various points in the development process. For example, the airport proximity concern will be addressed at the time of concept planning (see 9-3-10 “Airport Influence Zone” B.R.C. 1981). BHP will work with airport staff to determine whether the effect of proposed construction is a hazard to air navigation in compliance with the Federal Aviation Administration’s (FAA) [Part 77—Safe, Efficient Use, and Preservation of the Navigable Airspace](#). Although formal communication with the FAA is not required until a construction permit is filed, BHP will work to understand and address the issue prior to submitting a Concept Plan to the city.

BACKGROUND

The property is located at the eastern end of Palo Parkway and roughly northwest of the Pleasant View Soccer Fields. The property is located in Unincorporated Boulder County (Area IIA of the Boulder Valley Comprehensive Plan). It is vacant and has a medium density residential land use designation (see **Attachment B** – Palo Park Vicinity Map). The northern portion of the property is located within the Four Mile Canyon Creek drainage basin and as a result, approximately 23 percent of the 3.216 acre site will remain undeveloped.



In 2007, the Parks and Recreation Department discussed having the undevelopable portion dedicated as park land in order to expand the existing Palo East Park. At that time, Parks and Recreation did not recommend acquiring any portion of the property for park usage. Currently, the area is well served by East Palo Park, which is a four-acre neighborhood park. The Fourmile Canyon Creek and bike path is adjacent to the park. East Palo Park clearly fulfills the requirements for a small neighborhood park, as defined in the department’s master plan and is immediately north of the proposed housing site and is connected by an existing multi-use path. Additionally, Boulder Parks and Recreation owns and manages the adjacent Pleasantview Fields sports complex and understands that further coordination is necessary to ensure compatibility among the residential development and the use of the fields. Staff will develop strategies to accommodate parking, access and other opportunities that have been identified to ensure a successful project.

The site is in Area II. Because it has contiguity with Area I land, it is eligible for annexation.

Land Use Designation:	Area II, Medium Density Residential
Zoning:	Not Applicable (zoning would be established at annexation)
Parcel Size:	3.2 acres
Potential new units:	A maximum of 44, based on BVCP Land Use Designation
Process:	Annexation and Site Review

The city acquired the property in 2006 with the intent of using it for an affordable housing development. At that time, the idea was for city staff to take the property through the annexation and initial zoning process and conduct a public process. That process would identify and encourage development partners as well as hold neighborhood meetings to discuss development options. The city would then issue a request for proposals to select a development partner to carry out the project.

City staff no longer recommends this process for the following reasons:

- The 2006 approach is staff intensive and currently there is not capacity to take the property through annexation and lead the necessary public engagement.
- The additional resources required means more time on the part of the city and will result in Palo Parkway not being an early opportunity site for Housing Boulder. Boulder Housing Partners has the capacity and the experience to ensure a successful project.

Instead, staff recommends the process as outlined in this memo.

Funding Sources

City Council authorized the purchase of the site on April 4, 2006. The sources of funding were the Affordable Housing Fund, which includes Inclusionary Housing Cash-in-Lieu funds, and the Community Housing Assistance Program. No general fund appropriation was required for this acquisition.

History of Acquisition

The Boulder County Assessor's website shows the following transaction history for the site:

Grantor	Grantee	Date	Deed Reception No.
Pinecrest Homes Inc.	Boulder Valley School District No Re-2	08/10/1988	935022
Boulder Valley School District No. Re-2	City of Boulder	12/12/2006	2825464 and 2825463

History of Planning

The property has a medium density residential land use designation, and was originally included in the neighborhood planning process that preceded the Northfield Commons and Vojta Farms development. Initially, city staff discussed with Boulder Valley School District staff the options for creating faculty and staff housing at the site. Eventually, the school district decided that this was not something it wished to pursue and began instead to look at selling the site. None of these discussions resulted in a contract to sell the property for reasons unknown to city staff. No development proposals were submitted to the city during this time by potential purchasers. Towards the end of 2005, school district staff contacted the city about the city purchasing the property for residential development. It was agreed that the price would be based upon a March 2004 appraised value of \$1,250,000 in recognition of the city's intent to produce an affordable housing development.

September 2, 2014 Council Direction

Council discussed Palo Park as one of the opportunity sites identified by Housing Boulder. The following initial steps were proposed for Palo Park as part of the [staff memo](#):

1. Continue to work with BHP to draft a set of desired outcomes for the development of the property that advance the Housing goals and provide for collaborative community engagement;
2. Return to City Council with the draft set of desired outcomes for Council and community input as part of a motion to transfer ownership of the land to BHP;
3. BHP and city staff will engage the community in creating a development program for the site prior to annexation; and
4. Council action on annexation.

Steps one and two have been completed and a process crafted to complete steps three and four in the next two years. It is important to note that the city's role as partner in the process will change at the time BHP submits an application for annexation and Concept Plan Review. At that time, the city's role will be regulatory.

DRAFT DESIRED OUTCOMES

As part of the September 2 Council direction, the project partners crafted a set of desired outcomes to ensure a common approach and understanding for Palo Park. These outcomes will provide high level direction throughout the development process.

The City of Boulder, Boulder Housing Partners and Flatirons Habitat for Humanity will work closely in concept planning, engaging the community, and developing options for the site. Through an open, inclusive and transparent process, the three partners will identify options that optimize the following desired outcomes:

- *Collaborative public process from concept planning through the final development approval;*
- *Design that is compatible with the existing neighborhood character and development patterns;*
- *100% permanent affordability with a mixture of ownership and rental housing;*
- *Mixed-income affordability from very low to moderate income;*
- *Housing that is consistent with the land use designation and policies of the Boulder Valley Comprehensive Plan;*
- *Development that furthers the following two goals of Housing Boulder: Strengthen Our Current Commitments and Create Diverse Housing Choices in Every Neighborhood;*
- *Financial viability and sustainability;*
- *Housing designs suitable for families and multiple generations; and*
- *Energy efficient and green building practices and outcomes.*

DRAFT COMMUNITY ENGAGEMENT PROCESS

The process diagram, **Attachment C**, is the result of discussions between the project partners and engaged community members. The diagram illustrates the overall development process and where community engagement will occur.

EXPECTED SERVICES, TIMELINE AND REQUIREMENTS TO TRANSFER OWNERSHIP

Expected Services from BHP

If City Council approves the motion allowing the City Manager to transfer ownership of 4525 Palo Parkway to Boulder Housing Partners, **Attachment D** outlines the city's expectations for services for Boulder Housing Partners. This includes project related services from a design and development team for a community engagement process, as well as architectural, civil engineering, landscaping, estimating and construction services. If BHP is unable to provide the services as expected by the city, the land will revert back to the city. The specific terms will be negotiated as part of the contract between BHP and the city and will be recorded as a covenant on the property.

Timeline

If City Council approves the motion, the following timeline is anticipated to develop the site.

March 2015 – December 2015

- City Manager conveys ownership of property
- Continuation of community engagement process
 - Community design charrette
- Application for annexation and Concept Plan review
- Planning Board meeting review of Concept Plan and proposed annexation and draft annexation agreement
- City Council first reading
- City Council second reading
- Submit application for Site Review and Subdivision (detailed impact studies required, e.g. transportation, airport, flood issues)

2016

- Applications for funding
- Site Review approval finalized
- Final review of Technical Documents and Subdivision approval
- Groundbreaking ceremony in summer

2017

- Grand opening in spring

Requirements to Transfer Ownership

Boulder Revised Code 2-2-8 titled "*Conveyance of City Real Property Interests*" states that *(a) The city manager may convey, grant or lease any interest in any city real property for a term of three years or more only if the manager first obtains city council approval in the form of a motion, after which the manager may sign the deed or other instrument making the conveyance, grant or lease*".

NEXT STEPS

The Palo Park site provides an opportunity to facilitate the construction of needed affordable housing in the near term. If Council consents to transferring ownership of the parcel, staff will work closely with Boulder Housing Partners and Flatirons Habitat for Humanity to develop a concept plan that meets the goals of Housing Boulder while engaging the community in a meaningful public

process. If Council decides not to authorize the transfer, the parcel will remain land banked until after the completion of the Housing Boulder community process.

ATTACHMENTS

- A. Focus Group Notes
- B. Palo Park Vicinity Map
- C. Community Engagement Process
- D. Expected Services from BHP



Dear Palo Parkway area neighbors,

These are high level notes from four Focus Groups held on January 13th, 15th, 27th, and 29th, and reflect a range of issues, concerns and opportunities that local residents brought forward regarding the possible future family housing project at 4525 Palo Parkway. These notes will be posted on our website and also provided to City Council as part of the February 17th memo requesting a motion to transfer the property to Boulder Housing Partners (BHP).

Overall, we heard support for the desired outcomes and mission of BHP/Flatirons Habitat for Humanity, but the neighbors have concerns over the density of the development and the impact on the surrounding neighborhood. The general feedback that we have received regarding the meetings was that those attending valued the opportunity to provide feedback on the project and were thankful to the City, BHP, and FHfH for listening to their concerns. They appreciated that there was a skilled, neutral facilitator leading the meetings, and that each individual had the chance to participate.

If you attended one of these Focus Groups and feel like we missed important issues or concerns discussed, please contact Lauren Schevets at shevetsl@boulderhousingpartners.org

Focus Group #1 – January 13, 2015

- Density and suitability of site for intended use
- Traffic and congestion through Northfield Commons
 - Access to site
 - Safety of children
 - Request for more traffic calming measures such as stop signs and speed bumps
 - Emergency response with traffic congestion/parking
 - Belief that when completed, traffic studies do not accurately reflect proposed development and actual demand
- Parking
 - Impact of additional cars from development on neighborhood
 - Impact of soccer field parking on neighborhood.
- Lack of school bus/public transportation routes nearby the site
- Sewage and water – issues related to 2013 flood and questions about the capacity of utilities
- Floodplain and habitat protection
- Airport proximity
- Disconnect between city ordinances and high density housing (e.g. noise, lighting)
- Ownership versus renter mentality – ownership breeds respect. Want more ownership units.
- Who is paying for road maintenance? Role of County in Palo Parkway.
- Desire to incorporate more open space/park/playground space on the site
- Overall impact of development on quality of life for surrounding neighbors.

- Property value surrounding affordable housing
- When purchased by the City, what went into consideration when this site was chosen as an appropriate place for affordable housing?
- Desire for increased electronic communication through the development process to get more comments from neighborhood.
- Neighbors want to see studies addressing each item in the petition prior to transfer of land and prior to design
- Pollution – noise, air, light, visual caused by future development
- Desire to maintain the existing character of the neighborhood (quiet and respect amongst neighbors)

Focus Group #2 – January 15, 2015

- Desire to see all the petition issues addressed prior to Council action
- Density
 - Parking (on-street vs. off-street, overflow into neighborhood, quality/type of vehicles)
 - Increased traffic
 - Storage (garages)
- EMS Accessibility
 - Concern that the streets in the Northfield Commons neighborhood are too narrow
- Rental versus ownership mentality
 - Fear of neighborhood becoming an eyesore
 - Desire to see more homeownership units
- Sewer/utility capacity
- Floodplain (suitability of site for development)
- Wetlands habitat (e.g. fireflies)
- Lack of public transit access to the site
- Neighborhood safety
- Air traffic flyover
- Parking (including excess weekend soccer parking)
- Design concerns
- Park overuse (e.g. East Palo Park)
 - Desire to see a park incorporated into the design for the new development
 - City not adhering to ½ mile radius for new parks
 - Disappointment surrounding City’s decision to put a gated fence around the Pleasant View soccer fields, preventing the neighbors from utilizing the open space.
- Affordable housing – how does it work?
- Who would live here?
- Tax status and burden to Boulder taxpayers
 - What amount of their tax dollars are being spent on affordable housing?
- Implications/ challenges of county land being developed next to city developments- county residents feel they are in a “no man’s land” with the city paying no attention to their interests
- Land use designation/zoning.
 - “Medium Density Residential” land use designation offers too much of a range of density

- Can the neighborhood work to change the land use designation on the Boulder Valley Comprehensive Plan prior to annexation so that the land could be a park or much less dense?
- Desire for a mixed-use development
- The neighborhood believes that they should have been notified when the City purchased the property from BVSD for affordable housing.
- Privacy for immediate neighbors

Focus Group #3 - January 27, 2015

- Density
 - Neighborhood already too dense
 - How many units need to be provided on-site in order to make project feasible?
- Parking
 - Do not want to see overflow into surrounding neighborhoods
 - Development will contribute to existing issues in Northfield Commons
 - Northfield Commons HOA regulates commercial, oversized vehicles
- Traffic
 - Too much congestion
 - Northfield Commons streets already only accommodate a single lane of moving traffic
 - Dead-end street is already very busy for neighborhood
- Schools
 - Can neighborhood schools accommodate additional children?
 - Property Tax Exemption – who pays for students?
- Affordability
 - Affordable housing in Boulder – how does it work?
 - Permanently affordable housing in Northfield Commons seems to be poorly constructed
 - Desire to see affordable housing interspersed with market rate homes
 - Desire to see more homeownership units
 - Why do larger developers get to buy their way out of building affordable housing on-site? This forces it into inappropriate neighborhoods
- Capacity of utilities: sewer and water pressure
- Design of buildings/site
 - Desire to see the following amenities included in design:
 - Places for children and teens to play
 - Community space
 - Bike security
 - Desire for high-quality design and construction
 - Desire for more than 1 or 2 bedroom units
 - Desire to see future residents involved in design process
 - Amenities for dogs
- Airport proximity
- Protection of habitat: fireflies
- Impacts of dogs
- Lighting – provide enough light for a safe neighborhood

- Desire for communication throughout process to inform neighbors of community meetings
- Land use/zoning
 - Desire for mixed-use space – e.g. café
- East Palo Park
 - Needs updating if it is going to accommodate new residents
 - Needs a public restroom

Focus Group #4 – January 29, 2015

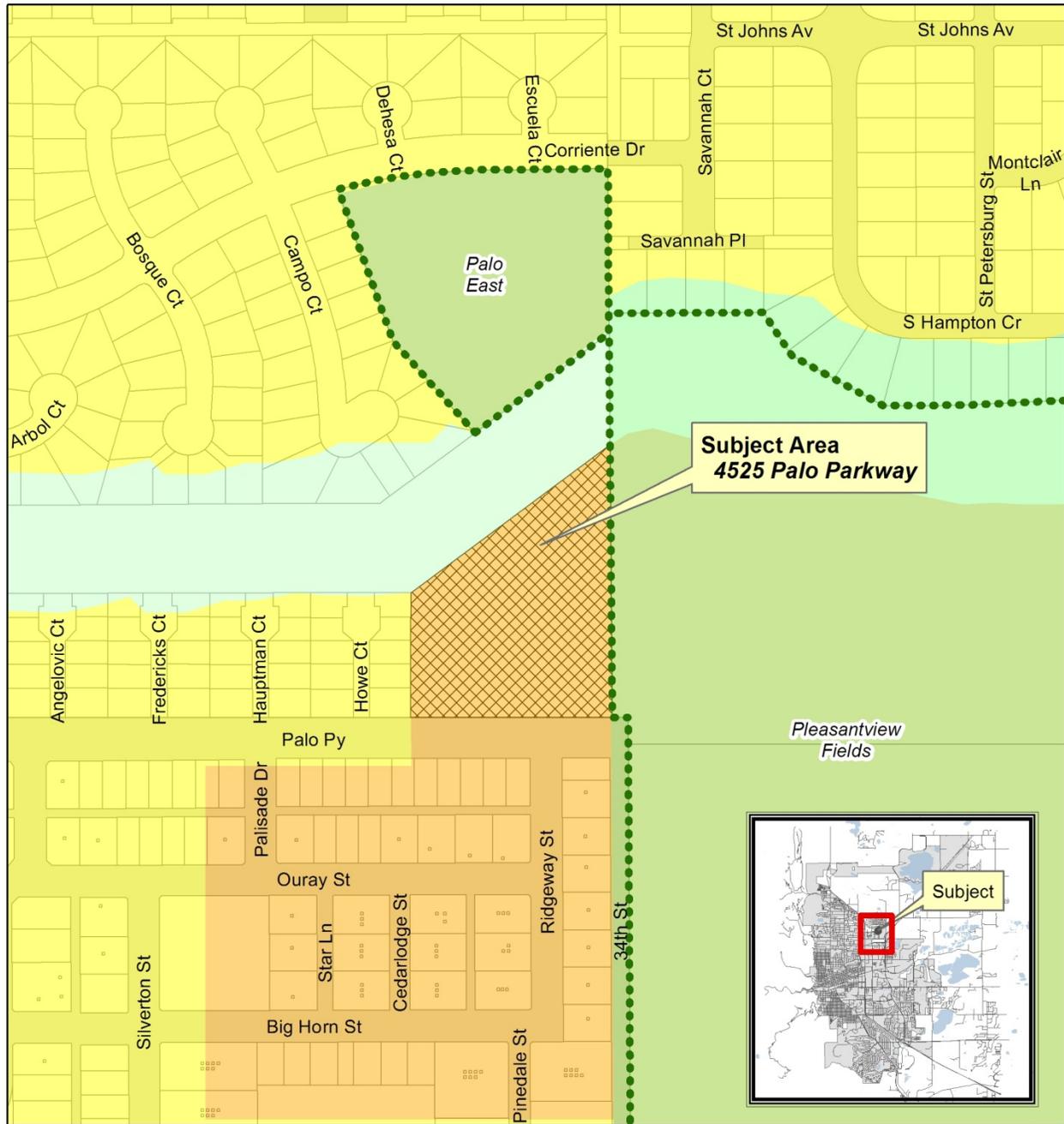
- RTD concerns
 - Desire to see route on 30th reinstated to accommodate new residents
 - Desire to see bus stops along 28th street improved
 - Desire for a neighborhood wide EcoPass
 - Neighbors volunteered to participate in a committee to work with BHP to address RTD issues affecting the entire neighborhood
- Other transportation
 - Desire to see the use of alternative modes of transportation encouraged
 - Desire to see multi-use paths and underpasses maintained
 - Need to change address of site – will be confusing to Via/Access-A-Ride drivers
- Parking
 - Parking needs to be accommodated on-site.
 - Currently an issue for Northfield Commons neighborhood, and streets are very narrow
- Design of site/buildings
 - Desire to see green, energy efficient, zero energy design. (e.g. Passive House)
 - Desire to see smaller buildings: single family and duplex (not just triplex and four-plex)
 - e.g. Red Oak Park
 - Need to carefully plan how new homes will impact adjacent homes in older Palo Park
 - Desire to see buffer to floodplain
 - Desire to see the following amenities included in site:
 - Community gardens
 - Amenities for dogs – fenced in dog park
 - High-quality recreational options/playground for children to spread some noise away from East Palo Park
- Density
 - Desire to see compatibility with surrounding neighborhoods
 - Keep neighborhood at same density as it is now
- Land use/zoning
 - Some desire for mixed-use/retail space on-site (e.g. Café or brewpub)
 - Some desire for only residential
- Areas flooded in Fall 2013 need to be remediated by City/County
- Park issues
 - Heavy current use of East Palo Park
 - Confusion on management and enforcement of East Palo Park. Could park be annexed into City to alleviate some of the confusion?

- Issues with off-leash dogs – do not want to see increase in dog population
- Desire to maintain peace and quiet of neighborhood

**Concerns Received via Email/Website
Through January 31, 2015**

- Traffic
 - Increased flow through neighborhood
 - Safety concerns
 - Streets are not designed for a high level of traffic
 - Issues anticipated at intersection of 28th and Kalmia
 - Desire to see detailed traffic study, with proposed “fixes”
- Parking will overflow into neighborhood
- Decrease in quality of life for existing neighborhood residents
- Protection of sensitive environmental habitat
 - Desire to see an environmental impact study completed
- Density
 - Desire to see lower density
- Neighborhood will no longer be a safe and quiet place to live
- Pollution – light, noise and air
- Decrease in property values
- Wants to see multiple generations accommodated
- Park use
 - Desire to see a park incorporated into site design
 - East Palo Park is too crowded
- Parking
 - Desire to see garages and storage
- Changing the character of the town
- Airport proximity
 - Desire to see this addressed prior to transfer of land to BHP

City of Boulder Vicinity Map

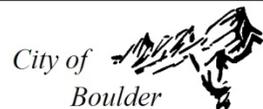


Location: 4525 Palo Parkway

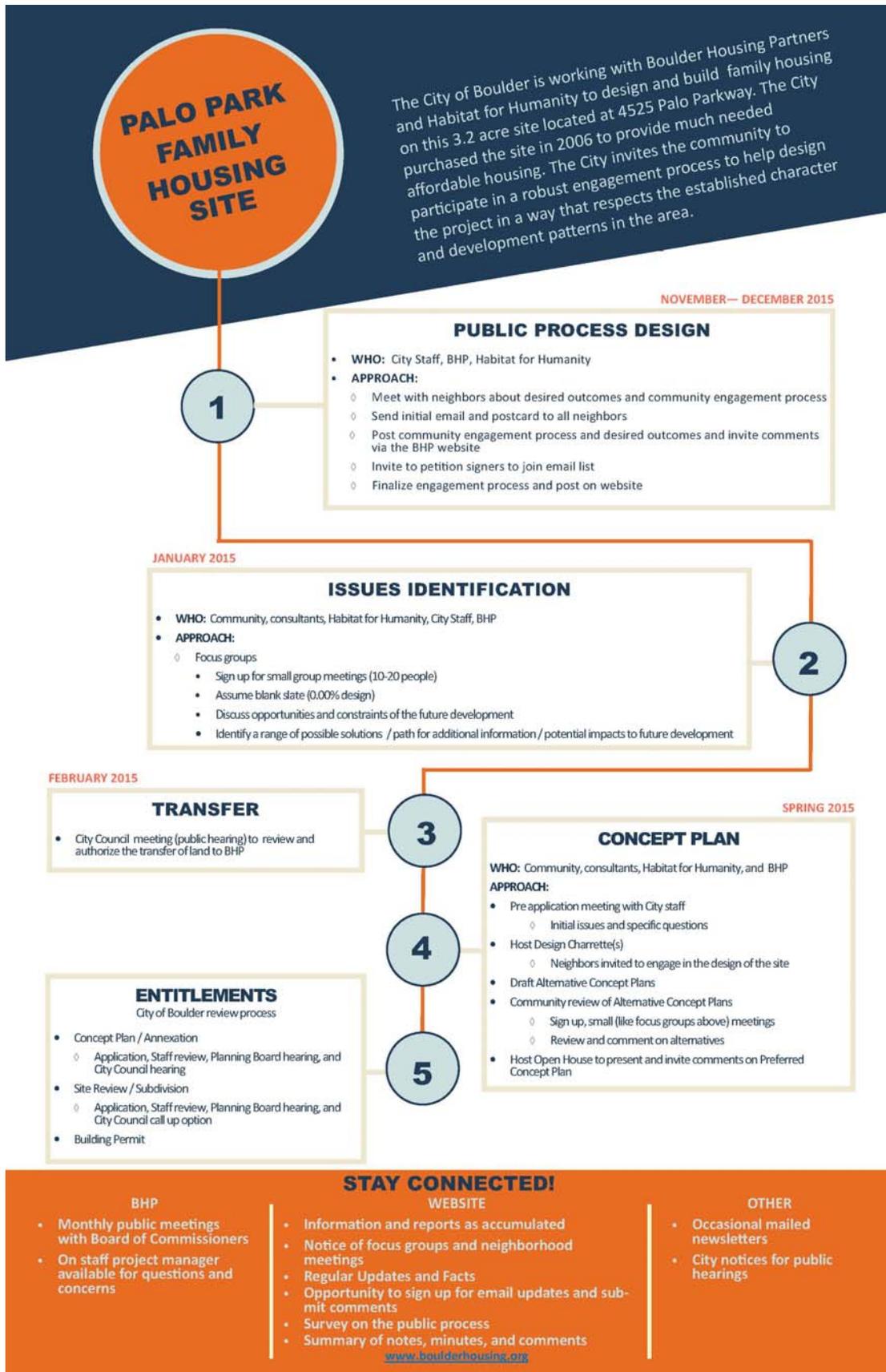
- | | |
|--|---|
|  Urban Parks |  Open Space and Mountain Parks |
|  BVCP Land Use |  Open Space, Acquired |
|  Residential |  Open Space, Other |
|  Low Density Residential |  Other |
|  Medium Density Residential |  Park, Urban and Other |



1 inch = 250 feet



The information depicted on this map is provided as graphical representation only. The City of Boulder provides no warranty, expressed or implied, as to the accuracy and/or completeness of the information contained hereon.



EXPECTED SERVICES FROM BHP

The city expects Boulder Housing Partners to provide project related services from a design and development team that includes community engagement, architectural, civil engineering, landscaping, estimating and construction services.

- A.** Work with city staff and members of the community to design a financially viable and socially sustainable mixed-income, permanently affordable housing project including but not limited to the following:
 - 1. Neighborhood open houses and meetings:
 - a. Dreams and fears for the site to put together a preliminary site plan that may be similar or quite different than as originally proposed;
 - b. Individual and small group meetings as needed;
 - c. Community design charette;
 - d. Planning Board and City Council hearings;
 - 2. Monthly opportunities to address the BHP Board of Commissioners on the proposed plan;
 - 3. Inclusion of minutes/comments from those meetings in applications and reports to the City, Planning Board and City Council;
 - 4. Website updates including copies of plans, reports, applications, etc;
 - 5. Email updates or notices on a regular basis to interested people who sign up online or at meetings; and
 - 6. Close cooperation with the Housing Division and the Parks Department to be responsive to neighborhood wide concerns such as parking and look for ways to address those in the plan.
- B.** Develop and manage the design and public process meetings, where the project design and public process serves a specific, underserved segment of the community in need of affordable housing.
- C.** Estimate pricing, quality and build-time for a range of construction methods in order to determine the most cost-effective and sustainable method for this project.
- D.** Prepare and submit the required city development review applications, including without limitation, annexation request, Concept Plan, Site Review, Technical Documents and building permits.
- E.** Prepare and complete all detailed design work, including estimates and construction drawings for the final, approved project.
- F.** Manage and supervise construction of the project through certificate of occupancy for each of the units or completion of warranty work, whichever is longer.