



Comprehensive Housing Strategy

Planning Group:

Dan Corson

Thom Krueger

Lisa Morzel

Beth Pommer

Louise Smart



How to Participate

Call 441-4195 to leave a recorded comment on the Comprehensive Housing Strategy, get a schedule or request information.

Mail your comments to:
Comprehensive Housing Strategy
City of Boulder
1101 Arapahoe, second floor
P.O. Box 791 Boulder, CO 80306

FAX your comments to 441-4368.

E-mail your comments on the Comprehensive Housing Strategy to:
housingstrat@ci.boulder.co.us

Visit the Comprehensive Housing Strategy home page and the Virtual Home Tour on the World Wide Web at:
[HTTP://bcn.boulder.co.us/boulder/planning/bpindex.htm](http://bcn.boulder.co.us/boulder/planning/bpindex.htm)

Watch Cable TV Channel 8 for Comprehensive Housing Strategy updates and a tour of Boulder housing.

Preface

This is the second draft of the Comprehensive Housing Strategy, a synthesis of the Planning Group's recommendations on actions to produce more housing diversity and affordability in Boulder. The first draft was released on December 18, 1998. Since that time there has been a meeting of the strategy group, meetings with individual Council members, a significant amount of written public comment, various outreach efforts by members of the Planning Group, and a study session with the City Council on January 12.

This has resulted in a variety of comments. There were a host of suggestions for better ways to present the strategy in terms of words and graphics. We have edited and improved this document to better communicate the strategy that was originally proposed. Also, there were a number of things that were just missed or not refined enough. For instance, the suggestion that we consider accessory units in new construction in the near term is consistent with the Planning Group's direction to consider expansions to this program and has now been added.

Finally, there were some new ideas that the Planning Group agrees with and these have been incorporated. There are some ideas that the Planning Group did not support, but the process is designed to bring those issues out for broader discussion by the community, the Housing Authority, Planning Board and City Council.

There are specific changes in this draft that are substantive in nature and bear mention:

1. There was a considerable amount of comment that a community discussion regarding occupancy limits should occur within the 5 year time frame of the strategy. The report now includes a recommendation that it be looked at in the 2 to 5 year time frame.
2. In the section on special populations and seniors, these groups have been treated separately and the section on special populations has been rewritten and enhanced.
3. A regulatory change allowing detached accessory units within lower density zoning districts and in new construction has been moved up to coincide with the marketing of the current program.
4. The section that previously listed the items that would not be considered within five years has been changed to reflect the notion that while there are clearly priorities in the plan and that some items are considered more effective in the near term, the other ideas that were advanced in the project should be considered as other efforts are completed.
5. The action item on the Residential Growth Management System has been strengthened to give a little more detail. Given the goals of securing a significant amount of affordable housing from new construction and providing a wider range of affordable housing options to homebuilders, other approaches are possible as the specific program is developed.
6. Consideration of a new accessibility building standard that would integrate design features

into all new residential building is suggested to occur within the 2 to 5 year time frame.

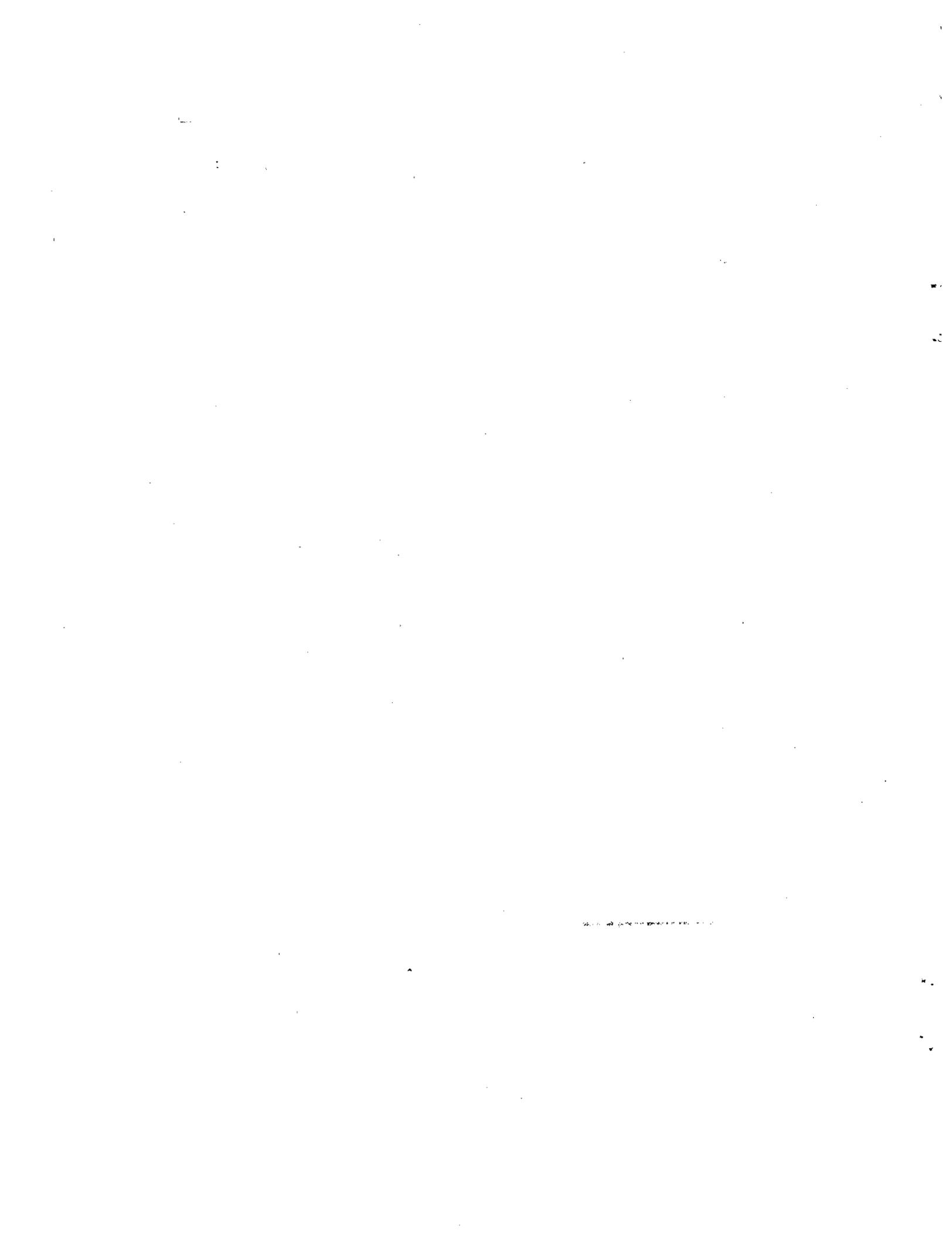
The Planning Group has received many questions about the goal for the strategy. There are two major issues that must be dealt with before we can refine our goal. First, through a broader community discussion during the major update to the Comprehensive Plan, we'll be better able to determine how much additional housing the community can support and where. The funding task force will determine the appropriate level of funding for a variety of programs and projects, and that will determine just how much can be accomplished. After these efforts, it will be possible to revise our current housing goal and develop a numerical target.

The initial period of public comment has been very valuable. We are now asking that the public review this report and make comments through mail, phone, fax and e-mail, as well as at a joint Planning Board/City Council Public hearing on January 26 at 7 pm in the Council Chambers in the Municipal Building. This hearing will be televised.

The Housing Authority will give its recommendation on January 25, the Planning Board on January 28, and the Council will give its direction on February 16. As this process draws to a conclusion, we are eager to begin the important work needed to gain more housing diversity and affordability in Boulder.

Table of Contents

Using This Document	1
Executive summary	2
Developing the Housing Strategy	12
What do we know about Boulder's housing situation?	14
<u>The Draft Comprehensive Housing Strategy</u>	19
1. Managing density and growth	19
2. Strengthening partnerships	24
3. Holding and gaining ground on our support for the very low and low income	28
4. Keeping the moderate income worker in Boulder	33
5. Helping special populations and seniors	38
Implementation Plan	46
Funding options	46
Responsibilities	50
Public Education and Outreach	53
Monitoring/Measuring Our Success	53
The Target Groups	55
Low and very low income households	56
Moderate income housing	61
Worker housing	64
University of Colorado housing	67
List of Strategy Group Participants	69
What Actions May Not Be Included Within the Five Year Period	70



Using This Document

The opening section of the draft Housing Strategy includes an executive summary, some background on Boulder's housing situation and problems, and an explanation of the process that was used to develop the strategy.

The second section is the heart of the document. This section describes the five themes of the strategy:

- Managing density and growth;
- Strengthening partnerships;
- Holding and gaining ground on our support for the very low and low income;
- Keeping the moderate income worker in Boulder; and
- Helping special populations and seniors.

The section includes summaries of the action tools that are proposed and a general time frame. The reader of this section will get the essence of the proposed strategy.

The third section is an implementation plan. It includes options for increasing the funding to housing programs, the designation of the city departments responsible for implementing each action, plans for public education and outreach, and a plan for monitoring and measuring the success of the various proposed actions.

The strategy was built around general goals for four target groups: the very low and low income, the moderate income, Boulder's workers, and the students, faculty and staff of the University of Colorado. Attachment A includes background on each of these groups and outlines the actions tools targeted to them.

Executive Summary

Introduction

- **Housing is a basic need;** there is perhaps no issue as important or complex. The increasing cost of housing in our region is requiring more people to spend an increasing percentage of their income on housing or to move farther from their work in order to find housing that they can afford.
- **The range of housing opportunities defines a community.** It determines who will be able to live here and who will not. In Boulder, we cannot house everyone who would like to live here, nor can we prescribe exactly who should live here. On the other hand, we can make a definitive difference in the type, number and affordability of new and existing housing units and in the programs and assistance available to those who have limited resources.
- **A wide variety of actions are necessary, actions that reflect the diversity of issues and needs to be addressed.** In examining the possibilities for increasing choices and ensuring that the income diversity that has historically characterized Boulder is maintained, it became clear that there is no single solution, but rather a shifting and focusing of city-wide priorities toward affordable housing.
- **The draft housing strategy is essentially a five year work program.** The work to be done next year is spelled out below. Actions are recommended which can be implemented quickly, with minimum cost and which may have significant effect. Part and parcel of the proposed actions are evaluation criteria to gauge success, and these criteria will be developed concurrently with each program. The Planning Group expects modifications to the work program as project successes are realized or as projects don't produce as planned. Also included below are the work tasks to be done in years two through five. Some of these projects are dependent on increasing housing funding.

Comprehensive Housing Strategy Framework

The Planning Group found common ground on the following:

The Five Themes Organize the Strategy.

The Comprehensive Housing Strategy is organized around five themes.

1. Managing density and growth
2. Strengthening partnerships
3. Holding and gaining ground on our support for the low and very low income
4. Keeping the moderate income worker in Boulder
5. Helping special populations and seniors

The recommended actions for the first year are grouped under these five themes. While there is some duplication, it has been helpful hold these five themes as organizing elements for the project.

Low Cost Actions Are First.

As tools were explored, it became evident that there were many effective actions that could be taken that were of low or no cost. Many of these are proposed in the first year in order to jump start the effort.

Residential Growth Management System Revisions Are A Priority.

A low cost action that could yield important benefits is the revision of the growth management system to make it easier to build projects that provide affordable housing. With carefully crafted changes, the Planning Group believes that both the development community and those seeking affordable housing in the future could benefit.

New Affordable Housing Opportunities Will be Identified As Part of the Boulder Valley Comprehensive Plan Major Update.

The Planning Group believes that there may be locations where new housing opportunities could help housing affordability with no or few negative impacts. The next major update will begin this year, and identifying these locations through the course of a community discussion is proposed.

Help for the Very Low and Low Income Population Remains Important.

The housing needs of the very low and low income groups are least likely to be met in the private market. The housing strategy recommends:

- Identifying additional funding to expand existing successful programs;
- Looking at the existing housing stock for methods to guarantee permanent affordability;
- Taking actions that help renters, including expanding the supply of rental housing.

Measurement and Evaluation Criteria Are Essential to the Strategy.

The Planning Group, in moving away from setting numerical goals for the housing strategy, chose instead to focus on a commitment to measure and evaluate each action selected for implementation. The expectation that there will be many mid-course adjustments as we seek the most effective set of programs for Boulder.

The chart on the following page depicts the timing for the implementation of each of the tools according to the five themes.

Managing Density and growth

Strengthening partnerships

Holding and gaining ground on our support for the very low and low income

Keeping the moderate income worker in Boulder

Helping special populations and seniors

<p><i>What's happening now?</i> Speed up the Development Review Process</p>	<p><i>What's happening now?</i> Start a regional dialogue on housing</p> <p>Engage in a partnership with the University to create more housing for students, staff, and faculty.</p>	<p><i>What's happening now?</i> Housing Fund Programs</p> <p>Development excise tax waiver</p>	<p><i>What's happening now?</i> Revise the Cooperative Housing ordinance</p>	<p>Special Populations <i>What's happening now?</i> Helping special populations</p>
<p><i>What can be done right away?</i> Revise our Residential Growth Management System</p> <p>Amend the City's annexation policy to define affordable housing as the highest priority community benefit</p> <p>Identify new housing opportunities through the major update to the Boulder Valley Comprehensive Plan (BVCP)</p> <p>Expand the number of ADUs and OAOs under today's regulations</p>	<p><i>What can be done right away?</i> Coordinate Housing Strategies with Related City and County Efforts</p> <p>Start a partnership with employers on housing benefits and programs for their employees</p> <p>Increase the number of on-campus housing units</p> <p>Increase the number of off-campus housing units targeted for students in locations close to campus</p> <p>Work with the University of Colorado to provide housing or housing assistance for faculty and staff</p> <p>Develop a partnership with the neighborhoods, the university and the student government to address off-campus student housing issues</p>	<p><i>What can be done right away?</i> Enhance the Section 8 Program</p> <p>Fast Track the development review process for affordable housing</p>	<p><i>What can be done right away?</i> Promote and expand Partnerships for Gap Financing</p> <p>Encourage more Mixed Use Development</p>	<p><i>What can be done right away?</i> Draw on tools proposed for low and very low income households</p> <p>Maintain financial support for programs targeted at special needs populations</p> <p>Begin a regional dialogue on how to support homeless populations</p> <p>Be innovative in our approach to homeless issues</p> <p>Increase resources targeted to these programs</p> <p>Include accessible housing in future development and redevelopment projects</p>
<p><i>What can be done within the next five years?</i></p> <p>Rezone land for new mixed use development; multi-family housing; and co-housing</p> <p>Revise the ADU/OAU ordinance to expand the number and types of accessory units</p> <p>Have a community discussion about revisions to the occupancy limit regulation</p>	<p><i>What can be done within the next five years?</i> Purchase existing mobile home parks</p> <p>Rezone land for new mobile home parks</p> <p>Waive Fees for Affordable Housing</p> <p>Expand the Acquisition and Development of permanently affordable housing</p> <p>Expand Land Banding and Community Land Trusts</p>	<p><i>What can be done within the next five years?</i> Expand the rehabilitation Loan pool</p> <p>Purchase existing housing organize an equity pool</p> <p>Partner with a Mutual Housing Association on a rental project</p>	<p><i>What can be done within the next five years?</i></p>	<p><i>What can be done within the next five years?</i> Draw on tools proposed for low and very low income households</p> <p>Utilize universal design in new developments to meet a range of residential needs</p> <p>Seniors <i>What's happening now?</i> Existing senior housing</p> <p><i>What can be done right away?</i> Promotes and/or expand the reverse mortgage program</p> <p>Look for opportunities to incorporate senior housing in new development</p> <p><i>What can be done within the next five years?</i> Rezone land for senior housing</p>

What We Can Do This Year

Managing Growth and Development

There are a number of tools that fall under this theme which can be implemented quickly and which will provide the impetus for more affordable housing. These are described below. Those that will take more time, particularly changes to be evaluated during the major update to the Comprehensive Plan will be described in a following section.

- **Speed up the development review process.** Complete the implementation of a revised development review process which is more predictable and efficient. The result of this current project will benefit all housing projects through more timely and predictable reviews.
- **Revise the Residential Growth Management System to reflect the objectives of the Comprehensive Housing Strategy.** Projects could move forward without waiting for an allocation by selecting from a "menu" of affordable housing options. These would include: creation of permanently affordable units; a permanently affordable accessory dwelling unit; size restricted units; contributing cash in lieu to the housing trust fund; land dedication; and other ideas. Growth exceeding 1 percent could occur in any year if the additional growth represents affordable housing.
- **Amend the annexation policy to define affordable housing as the highest priority community benefit.** Currently permanently affordable housing is one of several possible community benefits. This tool would: define affordable housing as the city's highest priority community benefit.
- **Identify new affordable housing opportunities through the major update to the Boulder Valley Comprehensive Plan(BVCP).** The update is scheduled to begin in 1999. Land use map changes, possible rezonings, Area II sites for affordable housing opportunities, or changes to the planning reserve will be considered during the course of the major update. An updated analysis of the projected build out in the City will be conducted as a first step of the major update.
- **Expand the number of accessory dwelling units (ADUs) and owner accessory units (OAUs).** Please see Educational Outreach and Marketing Section.

Strengthening Partnerships

Some partnerships, such as between the City and the University, have been started and will be continued; others should be initiated as quickly as possible. Actions include:

- **Coordinate housing strategies with related city and county efforts.** The

increased demand for housing requires a regional county-wide effort to identify and implement housing solutions as well as transportation strategies. The Consortium of Cities will be discussing affordable housing in February. There are two transportation efforts underway which can be integrated with affordable housing efforts, the County's Regional Transportation Task Force and the City's Transportation Master Plan project prioritization.

- **Start a partnership with employers on housing benefits and programs for their employees.** The City should host a workshop for employers explaining various innovative approaches to providing housing assistance to their employees.
- **Increase the number of on-campus housing units.** The City should support the university's plan to construct housing for 500 new students, encourage them to construct even more units to accommodate increased enrollment.
- **Increase the number of off-campus housing units targeted for students in locations close to campus.** The City should identify potential areas suitable for new student rental housing, such as the 28th-30th Street corridor between Arapahoe and Baseline, the Boulder Valley Regional Center, and south of Baseline between Broadway and 30th Street.
- **Work with the University of Colorado to provide housing or housing assistance for faculty and staff.**
- **Develop a partnership with the neighborhoods, the university and the student government to address off-campus student housing issues.** Resolution of off-campus student housing issues will require joint ongoing efforts by the university and the community, which might include: activities aimed at behavioral issues and prevention; enforcement; city/university investments in the University Hill area.

Holding and gaining ground on our support for the very low and low income population

This population is very vulnerable to rising housing costs, and their housing needs are of major concern in this Comprehensive Housing Strategy. Renters are particularly susceptible to rising rents. Boulder has been recognized nationally as a leader in providing affordable housing and has many successful programs and innovative funding through the Community Housing Assistance Program (CHAP.) Expansion of existing programs and implementation of new ones will require additional public funds. For these reasons, it is recommended that a task force be appointed immediately to examine the feasibility of new or increased revenue sources.

- **Convene a task force to study the feasibility of providing additional revenues for affordable housing projects.** A calendar and work program for the task force should be developed immediately to analyze possible increased funding sources.

- **Create incentives for landlord participation in the Section 8 rental program.** Section 8 is a federal program that subsidizes the difference between what a person can afford for a rental payment and the fair market rent of the participating unit. The number of landlords participating in the program has been decreasing. The City should meet with private landlords to discuss and identify incentives to increase participation by landlords.
- **Create a deposit assistance pool for renters.** The City should create a pool of funds to loan to renters who can't afford the required rental deposit.
- **Fast track the development review process for affordable housing.** The development review process should be revised to accelerate affordable projects by assigning them top priority.

Keeping the Moderate Income Worker in Boulder

The City Council has adopted changes to the cooperative housing provisions in the Land Use Regulations with the hope that it will better used. Other actions proposed for this year are:

- **Encourage mixed use housing in order to provide housing alternatives.** We heard from the public that this housing type is needed and it also meets other community goals. These goals include supporting transit use by adding housing along transit corridors, enhancing our retail centers by including a pleasing mix of residential units and corresponding amenities, and encouraging cost savings by allowing housing to be built where existing infrastructure is already in place.

The first step is to convene a workshop to identify the barriers and corresponding incentives that are needed in order to see increases in mixed use housing. The workshop should include builders, bankers or others in finance, designers, development review staff, and others.

- **Promote and expand partnerships for gap financing enabling moderate income workers to purchase housing.** Please see Educational Outreach and Marketing Section.

Helping Special Populations and Seniors

Special populations include people with disabilities, the chronically mentally ill, and homeless individuals and families. The majority of funding for this group's housing comes from the federal government and is thus vulnerable to changing federal priorities. Seniors may reflect a variety of income levels and have unique housing demands. The following actions are proposed:

Special Populations

- **Maintain financial support for programs targeted at special needs populations.**
- **Begin a regional dialogue on how to support homeless populations**

- **Convene a task force to study the feasibility of providing additional revenues for affordable housing projects.** As described above, this task force should be convened immediately to analyze possible new or increased funding sources.
- **Include accessible housing in future development and redevelopment projects.**

Seniors

- **Promote the Reverse Mortgage Program.** Please see Educational Outreach and Marketing Section.
- **Look for opportunities to incorporate senior housing in new development.** Research done for the Senior Services Division has pinpointed what Boulder's seniors are looking for in housing. These preferences could guide the selection and design of future senior projects.

Educational Outreach and Marketing

There are a number of very good housing programs or regulations which exist, but are not very well known, nor well utilized. The public urged us to get the word out about these existing programs. Consequently, one of the first priorities will be to develop a marketing/ public education and outreach program to market the following existing programs:

- **Accessory dwelling units (ADUs)** There are only 102 active ADUs, and 180 approvals for ADUs since the ordinance was adopted in 1982. The City should get the word out about this option. Additional research is needed to determine why it is not being better utilized and what changes should be made. (Managing Growth and Development theme)
- **Gap financing** Existing programs should be marketed, and new programs be designed as specific needs are identified in the marketplace. Fannie Mae is very interested in working with the City of Boulder on this. (Keeping the Moderate Income Worker in Boulder theme)
- **A reverse mortgage program** currently exists and is implemented by local banks with the help of a Boulder County Housing Counselor who advises seniors and elderly homeowners who would like to stay in their homes but may have financial limitations. The City can promote this program among the elderly, as well as conduct market research to determine if the program is meeting the needs of existing elderly homeowners. (Helping Special Populations theme)

What We Can Do in the Next Five Years

During the next two to five years, we anticipate two major efforts:

- Completion of the major update to the Boulder Valley Comprehensive Plan and implementation of the approved changes to increase affordable housing in Boulder;
- Development of a new funding source to expand existing programs and add new ones

Managing Growth and Development

- **Rezone land for affordable housing.** Through the major update to the Comprehensive Plan, appropriate land should be identified for possible land use changes and rezoning to accommodate affordable housing opportunities.
- **Develop monitoring criteria in conjunction with the major update to evaluate any land use and zoning changes.**

Strengthening Partnerships

- **Work with Employers on housing opportunities.** The City should take a role in researching possible sites for employer-assisted housing and other assistance for employers.

Holding and gaining ground on our support for the very low and low income population

Additional funding is needed to “hold and gain ground on our support for the very low and low income population.” Including both federal and local funding, since the inception of the Community Housing Assistance Program (CHAP), approximately 2 million dollars per year has been available to do the following each year: build or acquire units; rehabilitate existing affordable units; and assist households to purchase their first home. With increased funding, successful existing programs could be expanded, and targeted new programs could be added.

- **Expand the acquisition and development of permanently affordable housing.** By increasing the amount of public subsidy available, additional permanently affordable units can be built by private developers or not-for-profit organizations. It may also be possible to increase the number of rental units under the Section 8 program through incentives.
- **Expand land banking.** Suitable parcels of land identified during the major update to the Comprehensive Plan should be purchased for future affordable housing.

- **Purchase existing mobile home parks.** Mobile home parks are an important affordable housing alternative. Two mobile home parks have been purchased by the City and the Housing Authority. With additional funding, other mobile home parks could be purchased for possible sale to the occupants.
- **Waive fees for affordable housing.** This would include new policies to address fee waivers for affordable projects.

Keeping the Moderate Income Worker in Boulder

- **Purchase existing housing for resale or rent with a permanently affordable covenant.** With additional funding, the City or the Housing Authority could purchase existing units, place permanently affordable covenants on them, and either resell them to qualified buyers, or rent to qualified renters. This may work best for those at the lower end of the moderate income range.
- **Organize an equity pool.** An equity pool is an alternative method for qualified buyers to bridge the gap between the purchase price they can afford and the market price of the housing unit. Initial seed money would be required to start an equity pool. Both investor and homeowner would share in future equity appreciation. Market research would be needed to determine the feasibility and the market demand for this type of program.
- **Expand successful existing programs.** First Home provides down payment assistance for low and moderate income first time home buyers. First Home can be combined with other programs and expanded in conjunction with partnerships between the City, local lenders and Fannie Mae. The Rehabilitation Loan Pool provides low interest loans to single family homeowners for code and safety repairs, modernization, and limited additions. Guidelines should be developed for home improvements that do not exacerbate the housing affordability problem. Mobile Home Rehabilitation programs provide grants to correct housing code and life safety problems for mobile home residents.
- **Identify opportunities for mutual housing.** This is a rental housing option where a property is owned by a housing non-profit and the tenants are actively involved in the management of the property. Appropriate properties or vacant lands need to be identified.
- **Initiate a community-wide discussion on the occupancy limit regulations** to determine whether there could be modifications to the existing regulation. A task force of property owners, renters, neighborhood homeowners, and others, should convene to determine if there is a viable option to be considered by City Council.

Helping Special Populations and Seniors

- **Incorporate universal design in new developments.** Universal design is the design of products and environments to be usable by everyone, including seniors, the elderly, and people with disabilities, without the need for adaptation or specialized design. The City should consider whether all new residential development should contain these design features.
- **Rezone land for senior housing.** Through the Comprehensive Plan's major update, identify appropriate sites for senior housing.

Developing the Housing Strategy

The development of a comprehensive housing strategy is one of four City Council goals for 1998-99. This draft is proposed by the Planning Group which includes Councilpersons Lisa Morzel and Dan Corson, Planning Board members Beth Pommer and Thom Krueger, and Housing Authority Board member Louise Smart. The Planning Department and the Department of Housing and Human Services provided staff support for the project. The strategy has been developed over a ten-month period.

The development of the Comprehensive Housing Strategy began with a close look at community demographics, regional employment and growth projections, the cost and availability of housing and a summary of Boulder's current housing programs. A report was prepared titled Understanding Boulder's Housing Issues and Programs. Among other things, this initial work brought into focus the following:

- the loss of lower income residents from the Boulder community,
- the important role of the University of Colorado in the housing picture, and
- projected rising home prices as housing demand fueled by job growth increasingly out paces supply.

Initially, a group of citizens with an interest in housing were called together to advise staff on the best way to engage the public in a discussion about housing affordability and future actions. The group suggested using a variety of methods including both a citizen committee and open public meetings. They further suggested developing a web page and other outreach efforts. Among the outreach efforts that have been a part of this project are a Channel 8 program on innovative housing types, a virtual tour of some of Boulder's exemplary housing projects on the project's website, and a newspaper insert focussed on possible affordable housing tools. During the course of the project, more than 150 letters and e-mails have been received.

A Strategy Group was formed which ultimately included about 40 people selected to represent a broad spectrum of community interests. Members of the business community, housing developers, university administrators, non-profit housing providers, Realtors and neighborhood representatives were among those participating. The Strategy Group was tapped for its best ideas about who should be served by Boulder's housing programs and what the best approaches to gain more affordable housing might be. The group has served as a sounding board throughout the late summer and fall.

The Strategy Group was organized around four target groups: **very low and low income, moderate income, worker housing and housing for University students, staff and faculty**. Goals were set for each target group and appropriate tools evaluated for each. In Attachment A the goal for each target area is followed by some background information and a summary of the public comment from strategy group meetings, community workshops and correspondence.

Although not every idea is included in the recommendations of this report, the work of the Strategy Group was invaluable in shaping the direction of this report. The real world experience of its members brought both a sense of urgency and a sense of reality to the recommended actions. Strategy group members are listed in Attachment B.

Two large public workshops were held. The first workshop was held in mid-September and was attended by about 100 people. Nine break-out groups discussed target groups for housing programs and the best tools to consider. Staff took these ideas and those generated by the Strategy Group and others, and wrote a report called A Tool Kit of Housing Options. The booklet describes and initially evaluates over 60 possible actions to affect the affordability of Boulder's housing stock. This document will be updated to reflect the current thinking about the various tools in time to go out with the January 15 final draft of the Comprehensive Housing Strategy.

The tool kit became the basis for the second public meeting in November. This meeting was also attended by approximately 100 people. Eight groups spent time going over the tools and identifying those that were the most promising. Following the November meeting, each tool was assessed based on criteria such as cost, ease of implementation, effectiveness and the like. The sum of the comments from the public and this assessment are reflected in the recommendation from the Planning Group.

The Draft Comprehensive Housing Strategy includes more than half of the sixty possible actions originally identified in the Tool Kit. This represents a very ambitious program, and includes the ideas the Planning Group believes have the best potential to achieve the goals for each of the target groups. There were many good ideas generated throughout the process that have not been included in the recommendations. The tools from the Tool Kit that are not included in the recommended strategy are listed in Attachment C.

What do we know about Boulder's housing situation?

Boulder is a Desirable Place to Live. Boulder has a long history of citizens and city leaders making decisions, which, have cumulatively contributed to Boulder's desirability today. This desirability is a major contributor to the long term trend in Boulder's rising housing prices.

Today there are four key factors which affect housing prices in Boulder, either because they increase the demand for housing or because they restrict the supply. The cumulative effect of these factors described below, along with the regional job growth projections which will be detailed in a following section, is a continuing upward pressure on the cost of housing in Boulder. The four factors affecting housing prices are:

1. Boulder has a **strong employment base** which is connected to the high wage, advanced technology and communications sector. It is projected that job growth in Boulder will increase 30 percent over the course of its build out.
2. Boulder has always been an **attractive community**, which includes a beautiful physical setting as well as a rich cultural environment. It offers both small town familiarity and the cosmopolitan resources and activities of a bigger city. For these reasons, Boulder attracts a national market driven by those who choose their residential location based on quality of life factors.
3. There is a **large student population** whose housing needs are met predominantly within the community. The University of Colorado has plans to increase enrollment over the next ten years by 7 percent, or 1800 students on a base of 25,100. These students compete directly for housing affordable to low and moderate income residents.
4. Boulder has a long history of **growth management** and open space preservation. These policies effectively limit the supply of land for future residential development. The ability to provide housing in Boulder is impacted by existing policies, regulations and programs, including the Residential Growth Management System (RGMS), the Open Space Program, and the Comprehensive Plan.

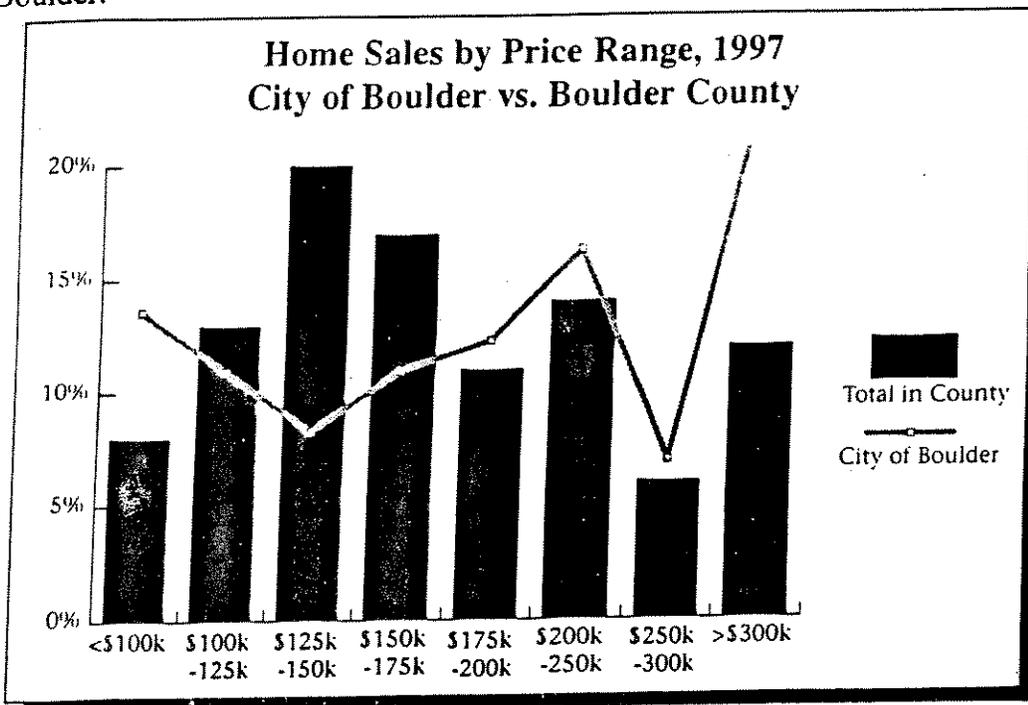
There is every indication that these factors will continue to impact housing affordability in the future, and in fact, will be intensified by projections for significant future job growth throughout Boulder County.

Relationship Between Jobs, Housing and Transportation in the Region. Future regional growth will exacerbate the demand for housing in Boulder are the regional growth projections. Boulder is part of a regional employment and housing market. In the past, the city of Boulder was the largest employment and housing center in Boulder county. Now, other county municipalities are projecting significant job growth which will affect the entire county. At the

same time, many of them are limiting new residential growth. The result of these policies will produce a serious land use imbalance between new jobs and new housing units and a corresponding transportation gridlock as workers drive further to their jobs. Based on Boulder county communities' own projections¹ for build out, new jobs in Boulder County are projected at 304,370 while new housing units are projected at 148,370. The Denver Regional Council of Government (DRCOG) estimates that there are an average of 1.6 jobs per household in the Denver-metro region. This leaves a projected shortfall of approximately 41,860 housing units in Boulder county.

Housing prices will continue to rise throughout the county as long as this demand for housing remains out of balance with new jobs. Increasing the supply of housing in this strong demand environment will not necessarily produce more affordable housing, unless a higher number of units at greater densities than environmentally and politically acceptable are developed. This situation will require a complex and multi-faceted approach county-wide.

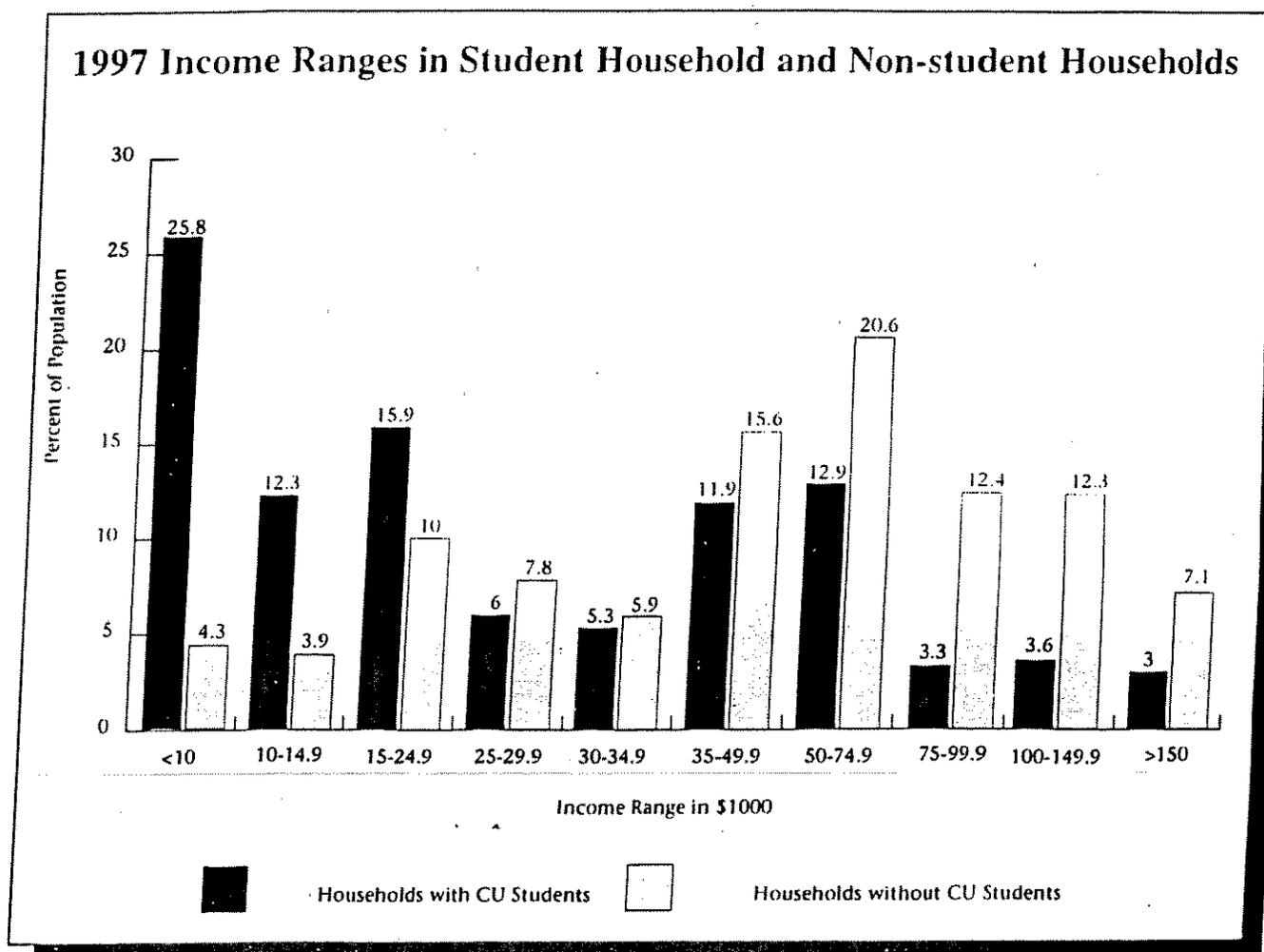
A Diverse and Sustainable Community. There is a serious concern that Boulder's population diversity may be at risk. We see this in statistics both about the cost of home sales in Boulder as well as the change in income ranges of the population. The following figure shows the sales price of all homes sold in Boulder county in 1997. It shows that the largest percentage of home sales in the city of Boulder (20 percent) were for homes over \$300,000 in value. It also shows that Boulder has a higher percentage of home sales in the lowest range (under \$100,000). These sales in the lowest range reflect the high number of attached condominium units and resales of mobile homes in Boulder.



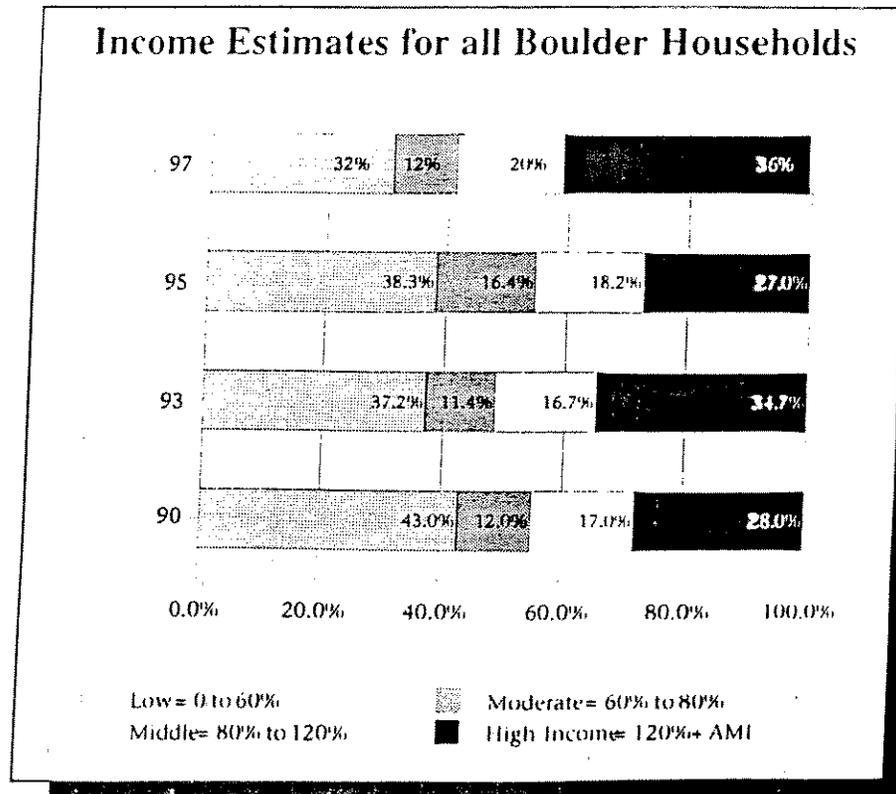
¹Source: DRCOG 11/30/98

It is important to provide housing affordable to Boulder's lower and middle wage employees who are critical to the community's functions. These include the school teachers, firemen, policemen, car mechanics, retail clerks, nurses, restaurant cooks and servers, to name just a few. In order to maintain our high quality of life we must continue to provide all the elements critical to the functioning of a vital community as well as a diversity of citizens.

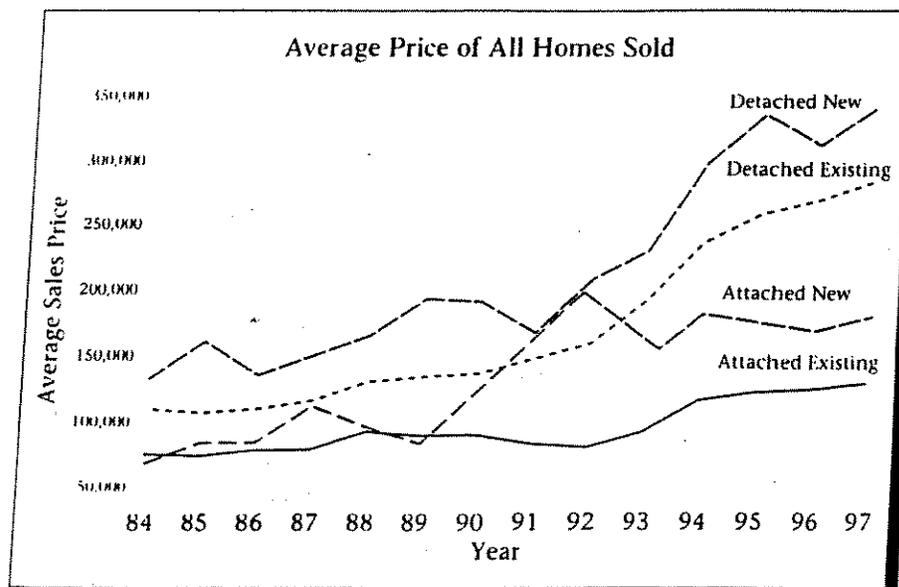
The chart below shows that University of Colorado students, approximately 20 percent of Boulder's overall population, have a major impact on overall income diversity. If University students are excluded from the income data, a different picture of Boulder's income diversity emerges. A lower percentage of people are in the low income range, and many more are in the highest range.



The graph below shows trend information for four income ranges from 1990 to 1997, and includes students. The lowest income category has decreased since 1990, from 43 to 32 percent, and the highest income group has increased from 28 to 36 percent. This points to a trend of decreasing income diversity and increasing wealth in the community.

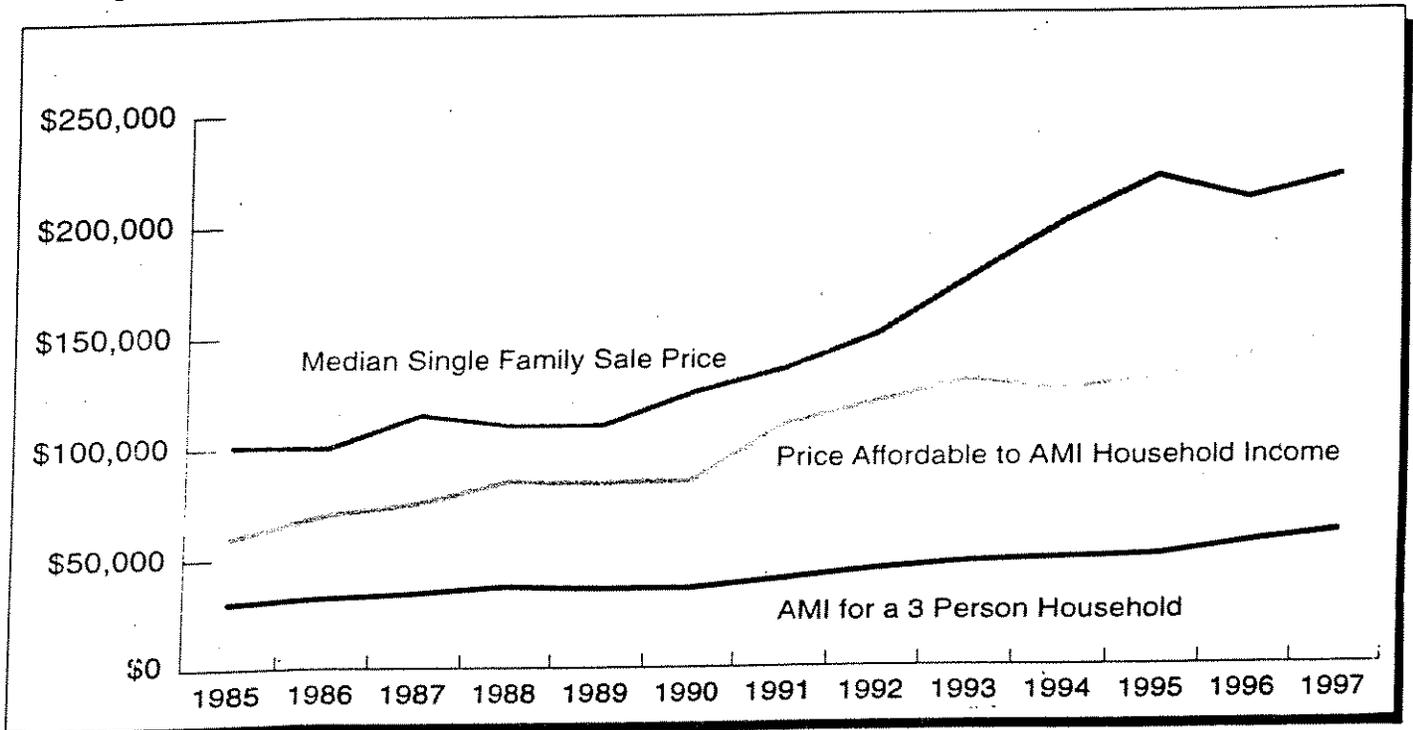


The cost of housing in Boulder has increased substantially. The 1997 average sales price of a new detached home was \$337,994, and an existing detached home had an average sales price of \$281,964. The graph below shows the dramatic increase, particularly in detached housing, from 1990 to 1997.



The gap between the average market cost of housing in Boulder and the cost of what is affordable to a household with an income equivalent to the area median has increased significantly since 1990 as shown in the graph below. This graph depicts the housing dilemma that is being addressed by this Comprehensive Housing Strategy.

Figure 21 (p.18)



There are no simple solutions to these complex problems, and Boulder cannot solve them by itself. We must be organized to use all the available resources, drawing from all segments of the community and the region, within the context of a well-defined and realistic set of policy objectives.

The Draft Comprehensive Housing Strategy

This section includes the Planning Group's recommended actions. It is organized under five themes. For each theme there is a background discussion and then brief descriptions of the actions organized under: what we are doing now? what can be done right away? and what should be done within five years?

Many tools have been considered in the development of this strategy. The Planning Group has recommended those that they feel are the most promising. Some of the tools address multiple target groups: for instance, mixed use developments could supply housing for low income and moderate income persons, and may house workers and university students as well.

All of the tools proposed will go through a process of analysis and community discussion. For proposed new or revised ordinances, public hearings and deliberation by advisory boards and the City Council will take place.

1. Managing density and growth

Boulder has long been in the forefront of communities that manage growth and development. We have a long legacy of thoughtful planning and growth control aimed at preserving our community's high quality of life. As we have worked on developing a Comprehensive Housing Strategy for the city, it has become clear that increasing the availability of affordable housing in the community and providing more diversity of housing choices to those who want to live here requires increasing the supply of housing targeted to particular groups of people. Therefore, the strategy proposes several methods to increase the amount of affordable housing available through methods such as selectively increasing density and increasing the annual number of residential allocations to gain economies of scale.

Throughout the process, we have heard significant concern expressed about the lack of fairness, time frames, and cumbersomeness of the residential building permit allocation process. The Planning Group believes that the current system unnecessarily increases the cost of development without achieving goals for more affordable housing hoped-for by the current system. Therefore, key to our recommendations are amendments to the system that are aimed at increasing its effectiveness both in terms of meeting the city objective of affordable housing and simplifying the permit allocation process.

The Planning Group believes that our recommendations are consistent with the city's long standing policies to encourage infill and a compact community. In the cases where our recommendations potentially conflict with current policies, we have recommended that these items be discussed and determined as part of the next major update of the Boulder Valley Comprehensive Plan.

The Planning Group recommends that the city actively promote increasing the diversity and amount of affordable housing by:

Creating more housing opportunities within the City by encouraging more accessory dwelling units, the construction of additional student housing by the university, and additional infill housing in locations where it is allowed under current zoning.

Amending the residential growth management system by providing a broader range of affordable housing options for those projects that do not wish to wait for their allocations. More annual growth would be permitted if the allocations are for affordable units.

Amending the City's annexation policy to specify that affordable housing is the city's highest priority.

Conducting a community discussion through the major update to the Boulder Valley Comprehensive Plan in 1999 and 2000 to identify policies and potential sites for density increases and land use changes to support affordable housing goals.

WHAT'S HAPPENING NOW?

Speed up the Development Review Process

Both new housing and the rehabilitation of existing housing are governed by the standards in the city's building code and land use regulations. The required steps for getting a new development approved and ready to build is called the Development Review Process, which is administered by the Planning Department.

Over the past several months, staff has been working with the public and a Chamber of Commerce/Boulder Tomorrow Ad Hoc Committee on Development Review to craft a new development review process for all applications. Our current process tends to involve time-consuming custom processing of applications. A more efficient, predictable process is being developed. Changing the process to have predictable, timely review schedules and decision dates for each application is one of the primary objectives of the project. All projects will benefit from the increased predictability and certainty of the development review process schedule.

WHAT CAN BE DONE RIGHT AWAY?

Revise our Residential Growth Management System

Boulder's current residential growth management system (RGMS) is designed to manage the rate of residential growth to an average of 1 percent annually and to encourage homebuilders to provide affordable housing. Anyone building a residential unit must first secure an allocation and the number of allocations is limited each year. As currently implemented, more allocations are available for affordable housing units than market-rate units.

There have been a significant number of concerns expressed about the RGMS, but it remains the main "vehicle" for producing affordable housing in new construction. It is also the case that it has not performed up to the expectations of many in terms of the number of affordable housing units produced. However, growth management is a significant value in this community and the recommendation is to continue to manage the growth rate of market rate units. Waiting would still be an option, but in order to provide an incentive for the construction of affordable housing, a larger number of options would be available to each homebuilder.

These options might include:

- building permanently affordable units (on- or off-site)
- building an affordable accessory unit
- donating land for affordable housing (on- or off-site)
- building size restricted units
- purchasing an existing unit and making it permanently affordable
- building mixed use developments or mixed income projects that provide affordable housing, and/or
- an appropriate in-lieu payment.

Developing this ordinance would include a discussion of the appropriate percentages of, and standards for, permanently affordable and size restricted units in projects that are allowed to exempt themselves from the allocation process.

Market rate units would receive their allocations within a reasonable period of time. More residential growth than currently allowed under the 1% growth rate would be permitted if the allocations are for affordable units. Part of the system design will deal with the issue of a fair transition from the existing system to the new one, so that projects that have been waiting in the old system are given credit in the new system.

The basic goal is to secure a significant amount of affordable housing from new construction by providing an expanded menu of options. Drafting of the new system may lead to other options, such as inclusionary zoning, if it is clear that modification of the RGMS will not achieve that goal.

Amend the City's annexation policy to define affordable housing as the highest priority community benefit

The current annexation policy requires that annexations of land with significant development potential provide a special benefit to the city. Permanently affordable housing is one of several possible community benefits. In order to more actively promote affordable housing or housing targeted to specific populations, like senior housing, the annexation policy should be clarified to:

- Define affordable housing as the city's highest priority community benefit.
- Identify the expected percentage and type of affordable housing that will be required to demonstrate community benefit.

- Allow the use of TDRs or public land dedication as community benefits in appropriate situations.

Identify new housing opportunities through the major update to the Boulder Valley Comprehensive Plan (BVCP)

Changes to the city's projected population, increased densities within the city, changes to land use designations in Area II, or the potential expansion of the City's Service Area into Area III - Planning Reserve Area are policy decisions appropriate to consider as part of the next update to the BVCP. Work on the year 2000 BVCP Major Update will begin in 1999. It is recommended that examining opportunities for additional housing be a major component of the update. This update would:

- Reexamine the dwelling unit and population buildout projections for Area I under current zoning. This would be compared with the current estimate of 3650 units remaining to buildout based on the BVCP residential growth projection policy, providing a baseline for reevaluation of the current policy and consideration of any land use or zoning changes.
- Reexamine Area II sites to identify opportunities to meet the city's affordable housing goals including opportunities to provide mixed density neighborhoods as well as potential sites for new mobile home parks, senior housing and cohousing.
- Discuss the future of the Planning Reserve Area. The BVCP provides that the City or County may initiate a Service Area Expansion during a five year update of the BVCP. This suggests that the Planning Board and City Council determine whether or not expansion of the Service Area is appropriate at this time.

Expand the number of ADUs and OAU's under today's regulations

Under today's definition, an accessory dwelling unit (ADU) is a housing unit allowed in an owner occupied house in a low density residential zone which meet specific criteria. Although ADUs have been allowed since the early 1980s, there are only 102 ADUs in Boulder today. An Owner's Accessory Unit (OAUs) is similar, but is allowed only in the MXR-E zone and may be built in a separate, carriage house-type building. There has never been a marketing effort to get the word out about either ADUs or OAUs. The city should actively promote their use through marketing. Concurrent with marketing efforts, an evaluation of the present program and regulations should be done.

If there are the time and resources in the first year, the Planning Group supports amending the current regulations to allow OAUs in Estate Residential and Rural Residential zones, and in new construction. A size limit and a covenant of permanent affordability would possibly be required.

WHAT CAN BE DONE WITHIN THE NEXT FIVE YEARS?

Rezone land for new mixed use development; multi-family housing; and co-housing

In order to create new opportunities for affordable housing, property in the City may be rezoned for higher densities. This might include land for new mixed use development; more multi-family housing; co-housing; student housing; senior housing; and accessory units of various kinds. This

issue will be considered during the major update to the Comprehensive Plan. As a result of that process, certain parcels of land may have their land use designation changed on the Comprehensive Plan land use map. Existing or new zoning districts will be applied in a comprehensive rezoning of land within the City.

In other cases, changing the actual zoning district may not be necessary, but rather a change in the development standards associated with the existing zoning district may be required. For example, in our neighborhood shopping centers (generally zoned Community Business, or CB) residential units are permitted uses at high density. However, to be able to take credit for sharing the use of the parking for the commercial uses, a developer would have to go through a site review process. New standards could permit limited shared parking.

Revise the ADU/OAU ordinance to expand the numbers and types of accessory units
More accessory dwelling units would create more housing choices for the community. Our existing ordinances permitting an Accessory Dwelling Unit (ADU) or Owners Accessory Unit (OAU) to an existing home will be evaluated to identify barriers and opportunities for expansion. There are a variety of possible amendments to the current ordinance suggested in the Tool Kit, and these will be brought forward for consideration by the Planning Board and City Council.

Have a community discussion about revisions to the occupancy limit regulation
Under today's regulations, housing unit occupancy in single family residential zones is limited to three unrelated people. In multi-family residential zones, occupancy is limited to four unrelated people. Increasing or eliminating occupancy limits was mentioned numerous times throughout the public process as a way to alleviate the demand for housing and to remove people from the illegal situation many currently live in.

However, many interested and concerned community members expressed opposition to this idea. The occupancy limit is perceived by some as a very important safeguard for protection against specific impacts often associated with higher occupancy (parking problems, noise, pets). And it is unclear what the direct long-lasting affordability benefit of increasing occupancy would be.

Ideas in the Tool Kit included allowing an increase in occupancy through a licensing procedure or based on the number of legal bedrooms in a house. These themes were echoed in the public meetings where interest was expressed at looking at a performance based standard for occupancy. In any case, a change to Boulder's occupancy limits is of great interest to different segments of the community, and a public process to discuss and possibly craft a change should be conducted within the five year time-frame.

2. Strengthening partnerships

Regional Partnerships. Providing housing affordable for those employed or wishing to live in Boulder is an issue with regional implications. Job growth is projected to continue to outstrip housing growth in the county, putting continued pressure on housing prices. Many low and middle income people will be living farther from their work, and those with the least resources will be the most disadvantaged in the plight to find housing. Everyone will be affected by the increase in trips being made on our roads.

The Planning Group recommends that Boulder initiate on-going discussions with our sister jurisdictions and Boulder county, and be a full partner in efforts initiated by others, as we seek approaches to providing more housing opportunities. Regional programs and funding sources should be considered. Boulder can both provide an example and act as a resource. The business community is in a unique position to foster these regional partnerships as well. Their concerns often cross city boundaries and the issues of housing, transportation, and the health of the economy are tied together.

University Partnerships. University students compete directly for rental housing with Boulder's low and moderate income renters. The university is currently projecting an enrollment increase of 1800 students over the next decade. Unless additional student housing is constructed, the community will lose ground in the availability of existing housing to other target groups. Construction of new student housing by the University has multiple benefits: it provides additional affordable housing for students; directly mitigates traffic, housing and other impacts to the community of increasing enrollment; provides more students with a residential campus experience; and reduces commuting.

Added to this is the inability of University faculty and staff to afford housing in Boulder. This affects traffic congestion, and the community loses important and typically active potential citizens. The University also loses some of its sense of community.

It is essential to foster cooperation with the University as they develop programs to house more students, faculty and staff. The initiative to increase on-campus housing is fundamentally the University's. The City can be a supportive partner through efforts to increase off-campus student housing.

WHAT'S HAPPENING NOW?

Start a regional dialogue on housing

Boulder is part of a regional housing market and the availability of affordable housing is an increasing concern throughout the region. Therefore, a regional approach to addressing affordable housing is a key component of the housing strategy. Boulder has already taken an

initial step by requesting that the Consortium of Cities discuss affordable housing as an agenda item in February, 1999. The County will take the lead in organizing the consortium discussion, which will provide the opportunity for each community to report on their affordable housing concerns and efforts, and to consider possible regional approaches to this issue. The City of Boulder should be a leader on this issue and come to the table willing to be a full partner in developing and funding regional programs. Also, the various Housing Authorities in the County meet quarterly to look for opportunities to cooperate.

Engage in a partnership with the University to create more housing for students, staff, and faculty.

Several meetings have been held with university representatives to discuss opportunities to form collaborative partnerships towards some mutual objectives. We have encouraged the University to consider constructing more on-campus housing than the 500 beds currently being considered at Williams Village west of Bear Creek, and to designate the area east of Bear Creek adjacent to Fraser Meadows for faculty and staff housing. The Planning Group has discussed opportunities to assist the University in providing faculty and staff housing by facilitating discussions between the University and private developers, and by providing the University with information on city housing programs that university faculty and staff may be eligible for. Additionally, we have discussed developing an active partnership between the community and the university in addressing the issues related to off-campus student housing.

WHAT CAN BE DONE RIGHT AWAY?

Coordinate Housing Strategies with Related City and County Efforts

Housing is inextricably linked with land use decisions and transportation systems. Particularly in the case of public transit, certain residential densities can help make transit work. There are at least two transportation efforts underway, the County's Regional Transportation Task Force (RTTF) and the City's Transportation Master Plan (TMP) project prioritization, with which the Housing Strategy can be coordinated. Such coordination will help to produce results that mutually support city-wide goals in housing and transportation and lead to land use decisions that are also consistent with our goals.

Start a partnership with employers on housing benefits and programs for their employees

There are various types of employer assistance that may be offered to employees. One type is provided directly to the individual employee in the form of mortgage subsidies, downpayment assistance, relocation payments and the like. The Planning Group recommends that the City host a workshop for employers to provide information on possible ways to integrate housing into employee benefit programs.

Increase the number of on-campus housing units

The University is currently looking at the possibility of private financing and construction of new student housing at Williams Village. The option being considered is the construction of two phases of 250 beds each. The Planning Group supports the University's plans to construct new

student housing at Williams Village west of Bear Creek, and would like the university to construct significantly more student housing than the 500 units currently being considered. The City can facilitate the construction of student housing at Williams Village through assistance in the University's development of the new micro master plan for the site and in resolving access, utility, and other city-related issues.

Increase the number of off-campus housing units targeted for students in locations close to campus

Increasing the supply of student housing close to campus increases the availability of existing housing to other target groups, such as Boulder workers, minimizes traffic impacts, and may reduce additional encroachment of student rentals into single family neighborhoods. There may be opportunities to add residential units under existing zoning in the following areas east of campus: from 28th-30th Streets between Arapahoe and Baseline, in the Boulder Valley Regional Center, and south of Baseline between Broadway and 30th. They would primarily be rental units built by private developers, although there may also be opportunities for university involvement. In order to encourage more student housing in targeted locations the following actions are suggested:

- Identify and examine potential areas suitable for new student housing.
- Work with property owners and the University to identify and remove barriers and identify incentives to encourage redevelopment.

Work with the University of Colorado to provide housing or housing assistance for faculty and staff

Affordable housing for faculty and staff has become an increasing problem over the past decade for the university. With the expected growth in student population and research activity, the University expects an additional 180 staff and 190 faculty over the next decade. Nearly all private institutions with which CU competes in the marketplace, and most public educational institutions in areas with high housing costs, offer faculty some type of mortgage support or equity sharing program. The strategy recommends that the city work with the university in the following ways:

- Establish an ongoing working group including the University, City and neighborhoods to explore opportunities for cooperation on housing issues
- Encourage the University to develop faculty/staff housing at Williams Village.
- Help the University identify other sites for faculty and staff housing, and facilitate discussions between the university and private developers.
- Provide information and assistance on City housing programs available to faculty and staff
- Work with RTD to improve regional transportation options

Develop a partnership with the neighborhoods, the university and the student government to address off-campus student housing issues

Some rental properties are in poor physical condition, particularly in the University Hill area. Resolution of off-campus student housing issues will require joint ongoing efforts by the

university and the community. These efforts probably require a combination of strategies including: activities aimed at behavioral change and prevention; enforcement; City/University investments in the University Hill area. The City would like to explore opportunities with the University for public/private partnerships and direct investment to contribute to the revitalization of both the business area and student rental housing. These efforts could include the location of university office, commercial and/or student service functions on the Hill in University-developed or leased space. Opportunities also exist for University or private/public partnership involvement in improving student housing condition and maintenance. The existing university-owned parking lot is a prime location for redevelopment, especially for university-related student services.

WHAT CAN BE DONE WITHIN THE NEXT FIVE YEARS?

Work with employers on housing opportunities

Employer assistance to increase the supply of housing might include developing additional housing units through such actions as the provision of land, construction financing or purchase/lease guarantees. The city should take a role in researching possible sites for employer-assisted new housing.

3. Holding and gaining ground on our support for the very low and low income

Very low income families have incomes up to \$17,000 annually; low income families earn from \$17,000 to \$35,000 annually. Boulder's Housing Authority and the City's Division of Housing have been recognized as statewide leaders in providing housing for these income categories. Federal and state funding and locally raised housing funds are primarily focussed on these groups. Because the lion's share of funding for housing the very low income comes from federal sources, this part of the population is especially vulnerable to changes in federal spending priorities.

About 77 percent of those in this income category are renters, and many in the very low income category rent City or non-profit owned units or have Section 8 housing vouchers (See description of Section 8 on page 21) and rent in the private market. Of the 23 percent who own their homes, many would not be able to afford their home in today's housing market.

Like households in all income groups, some very low and low income residents want to live in Boulder. However, the percentage of very low and low income people in the community has fallen from 43% in 1990 to 32% in 1997. A variety of factors are probably at play including increasing rents, the conversion of Section 8 units to market rate units and the redevelopment and upgrading of older marginal properties.

Additionally, the future pool of affordable housing for this group is uncertain as described in the target group summary in Attachment A. There is some uncertainty about federal programs, such as the Section 8 certificates and vouchers, and private owners are leaving the program for a number of reasons, thus reducing the number of potentially affordable units.

The Planning Group's recommended actions include many expansions of existing programs. An expanded effort in banking land for future affordable housing projects is suggested given Boulder's dwindling land supply and rising housing prices. Appropriate areas for landbanking would be identified in the Boulder Valley Comprehensive Plan major update process. A new initiative which calls for working with private sector owners to encourage more Section 8 units is important and should be tackled soon. Securing existing units still relatively affordable is also proposed.

Some in this income group, such as single minimum wage workers, may benefit from the development of more Accessory Dwelling Units, more mixed use units and the purchase of existing mobile home parks. Some at the higher end of this income group (and the low end of the moderate income category) are well served by the for-sale and rental housing developed by Boulder's housing non-profits - the Boulder Housing Authority, Thistle, the Affordable Housing Alliance (AHA) and Habitat for Humanity.

WHAT'S HAPPENING NOW?

Housing Fund Programs

Each year, approximately \$2 million is allocated to help build or acquire about 40 units, rehabilitate about 200 existing affordable housing units and assist 12 to 15 households to purchase their first home.

A Technical Review Group and a Citizen's Community Development Block Grant Committee each review grant requests annually and make recommendations regarding those requests to the City Manager and City Council. Both federal and local funds are allocated. Funds are granted on the condition that the units are made permanently affordable. There are a variety of funding priorities that are approved by the City Council every two years and currently include housing for special populations, home ownership and mobile home parks.

Development Excise Tax Waiver

Voters in the 1998 election approved a ballot proposal to consolidate most of the City's various excise taxes into a Development Excise Tax (DET) and to allow City Council to waive the DET and Housing Excise Tax (HET) for permanently affordable housing projects as well as other public or urban renewal projects which provide a community benefit.

Council is currently considering an ordinance that accomplishes the elements approved in the ballot issue. Following Council adoption of an ordinance, staff will establish the processes and standards necessary to handle waiver requests. This will include a decision on a definition of affordable housing and a discussion on ways to make up for the loss of revenues needed to provide the services created by new growth.

WHAT CAN BE DONE RIGHT AWAY?

Enhance the Section 8 program

The Section 8 program provides rental assistance to low income people. Low income participants pay 30% of their adjusted income for rent; the federal government provides a subsidy equal to the difference between what the person can afford to pay for rent and the market rent, known as the Fair Market rent. There are more than 600 households in Boulder receiving Section 8 assistance. The need to enhance this program comes from two concerns: 1) The support for Section 8 assistance at the federal level has been inconsistent; and 2) The number of landlords willing to participate in the program has been inconsistent. In the short term, the Planning Group proposes two immediate actions, listed below. In the long term, the local community may need to consider supplementing or replacing the federal system. The two action items are:

- Investigate the creation of an equity pool for renters. Those renting in the private market, particularly in the Section 8 program, could borrow the funds to pay the required first and last month's rent and/or damage deposit.

- Create incentives for more private landlords to participate in the Section 8 program, which could include:
 - training and technical assistance
 - financial and regulatory relief, including investigating reduction of property tax or waiver of regulatory burden for participating landlords

Fast Track the Development Review Process for Affordable Housing

Lengthy or unpredictable permit approval processes can add months or years to the time it takes for project approval which translates into additional money needed to cover higher interest costs in carrying the land. These costs may be passed on to home buyers, pushing otherwise affordable homes out of the reach of low- and moderate-income families. Projects with permanently affordable housing are especially vulnerable to excess costs since they have much smaller margins to work with.

The Planning Group recommends an expedited review process, developed especially for projects which include a certain amount of permanently affordable housing.

- The development review process could be revised to accelerate affordable projects by assigning them top priority.

WHAT CAN BE DONE WITHIN THE NEXT FIVE YEARS?

Purchase Existing Mobile Home Parks

Boulder's mobile home parks have long been an important part of our housing stock. They provide a way for low or moderate income people to own their own home, typically at a lower price than other single family options. However, mobile home owners typically rent the land upon which their mobile home sits, creating a sort of hybrid type of home ownership.

There have been conflicts between the private sector owners of some mobile home parks and their prerogative to make park rules, and the mobile home owners who feel that their rights are constrained, their concerns are ignored and their tenancy threatened. The popularity and affordability of mobile home living also means that there is seldom a vacancy within existing mobile home parks. Mobile home owners feel especially vulnerable because if they are forced out of their current park, there is no place else in the city to move their home.

There are six mobile home parks within the city. The City and the Housing Authority each own one mobile home park. The Planning Group recommends continuing our efforts to get the balance of the existing mobile home parks into some form of non-profit ownership, including resident ownership.

Rezone Land for New Mobile Home Parks

There is a significant demand for more mobile home spaces within the city. A new mobile home park would address this need as well as provide an opportunity for a resident owned and controlled park.

Boulder's only mobile home zoning category requires a minimum of 5 acres; other residential zones require a minimum of 10 acres for a mobile home park. Through the BVCP update process, sites suitable for a new mobile home park should be identified and the standards for minimum size reconsidered.

Waive fees for affordable housing

Multiple fees and taxes are required for all new housing units under Boulder's existing codes. Boulder voters recently passed a ballot issue exempting affordable housing from the Development Excise Tax (DET), of which the Housing Excise Tax is a component. Decreasing or eliminating some or all development fees provides a financial incentive to a developer to build an affordable product by decreasing up-front costs, which can ultimately mean a less expensive finished product to buyers or renters in low or moderate income groups.

The Planning Group recommends the following actions:

- Non-DET fees should be studied to determine which, if any, would be appropriate to waive for affordable housing.
- New policies would need to be developed to address fee waiver and if fees/taxes would be waived for whole projects that contained some affordable units or only for the affordable units.

Expand the Acquisition and Development of Permanently Affordable Housing

home buyers.

Not-for-profit and for-profit action:

- Use grant funds to buy or build units for rent or for sale that will remain permanently affordable

New programs:

- Grants to private landlords for rehabilitation of rental units in return for some units being held permanently affordable
- Rehabilitation or equity grants to private home owners in return for permanent affordability (similar to a reverse mortgage)

Expand Land Banking and Community Land Trusts

The supply of residential land has a direct impact on the cost of housing. Increasing the supply of land and/or reducing the price of land can have a positive impact on the cost of developing housing. A more aggressive land bank program or supporting the purchase of land by community land trusts is recommended to increase the supply of affordable housing in the future.

To expand this activity, the following steps are necessary:

- Identify suitable parcels of land.
- Identify resources necessary to acquire the land through the Funding Task Force.

4. Keeping the moderate income worker in Boulder

The Moderate Income Population. Sustaining a substantial moderate income population in Boulder will take a variety of forms. For families in a moderate income range of from \$35,000 to \$50,000 annually, expanding programs which provide down payment assistance to help with home purchase in exchange for a permanent affordability restriction is proposed. Encouraging employers, private investors and the City to establish an equity pool to provide partners in the acquisition of existing housing is recommended by the Planning Group as well. Cooperative housing will primarily help this income group.

Families and workers at the upper end of the moderate income range of \$50,000 to \$75,000 may be helped by easing the requirements for Accessory Dwelling Units and by building more mixed use housing units and size restricted homes. The use of a privately funded equity pool would be appropriate for this group. Other financing tools are provided through the City's use of private activity bonds.

Moderate and high moderate income households have remained about the same percentage of the population in the 1990s - approximately one-third. However, the purchase of a home is increasingly out of reach for this portion of the Boulder community. The choice of housing is constrained not only for moderate income workers, but also for those in the high moderate income category. At this time a family at the high end of the moderate income range could afford a mortgage of approximately \$131,600. A family at the upper end of the high moderate income range could afford a mortgage of approximately \$210,000. With the median price for single-family detached home at almost \$268,000, the moderate income household is facing a dwindling range of housing choices to either move into Boulder or move-up within Boulder.

Due to the city's limited land supply, it will be increasingly difficult to provide new single-family, detached housing for moderate and high-moderate income households. However, there will be opportunities to provide innovative attached and small lot single-family detached homes in new developments.

Housing Workers. When the "housing infrastructure" is not in place, employers have a difficult time recruiting and retaining good employees. As employees commute farther to work and congestion worsens, the quality of life for the employee worsens. In some places, most notably the San Francisco Bay area and the resort communities of Colorado, employers have chosen to help their workers find housing.

Employer programs can take two forms. In the first, the employer builds or leases housing units for the benefit of the employees. City zoning and building codes may need to be modified to make these schemes work. In the second form, the employer helps with the down payment on a house for the worker or invests in an employee's house on the condition of shared equity in the future. The city may have a role in working with employers to develop direct subsidy programs

or to create housing sites.

This broad category includes everyone from minimum wage workers, to those workers who provide a community service (firefighters, police officers, teachers, snow plow operators, to name a few), to moderate and upper income workers. Maintaining the chance for at least some workers in each income group to live close to their jobs provides a benefit to the community by maintaining economic diversity.

The Planning Group believes that transportation and air quality concerns, as well as the social interest of the community, are served by housing more of Boulder's workers close to their jobs. This will become increasingly difficult unless the public and private sectors target some housing programs to these groups.

WHAT'S HAPPENING NOW?

Revise the Cooperative Housing Ordinance

Cooperative housing allows unrelated individuals to purchase and share a dwelling unit. In turn, this allows for efficient use of the existing housing stock, particularly larger homes and enable individuals to "pool" their financial resources in order to purchase a home.

The existing cooperative housing ordinance was intended to provide this housing option on a very limited, trial basis. Currently, City Council has approved amendments to the ordinance that would:

- Expand the list of acceptable ownership structures in order to make it easier for individuals to form a non-profit organization yet still be eligible for homeowner tax benefits; and
- Allow application for a cooperative house in a low density residential district to be a conditional use instead of requiring a use review.

WHAT CAN BE DONE RIGHT AWAY?

Promote and Expand Partnerships for Gap Financing

In this case, gap financing is the financing of the difference between what a moderate income household can afford, and the market value of the property. Flexibility in financing and underwriting can make the difference between a moderate income household being able to purchase a home. Existing partnerships among the City, Fannie Mae, the federal government, local lenders, and non-profits have created various financing programs to help first time home buyers purchase a home in Boulder. These programs have been designed to overcome some of the barriers to home ownership which are described below:

- High cost of property: there is a significant gap between what the low/moderate income home buyer can afford and the market value of property. A "buy down" of the cost of the home may be necessary.

- Insufficient funds for down payment
- Insufficient funds for closing
- Inability to qualify for amount of loan
- Credit problem

The City should be strengthening these existing partnerships and creating new ones with additional local lenders. In many cases, people do not know about these existing programs. Outreach and public education is needed. The City's FIRST HOME program leverages private financing to assist low/moderate first-time home buyers by reducing the private loan amount (gap financing) or lessening the monthly carrying costs to the buyer. The City depends on the underwriting expertise of the participating lenders when these loans are reviewed.

The City of Boulder is a recognized partner of Fannie Mae, and anticipates continuing to work with them in the future. Their programs allow partnerships between non-profits, government, employers to meet minimum down payment requirements. They allow flexibility for low/moderate income buyers in the following ways: to use funds from these partnerships for their down payment; to allow a greater percentage of their monthly income to qualify for a mortgage; to accept nontraditional methods of establishing creditworthiness; and to require less cash at closing. Local Lenders can create customized programs to meet specific needs, particularly in conjunction with the FIRST HOME program, since the loan to value ratio is reduced by the FIRST HOME investment.

Encourage more mixed use development

Mixed use is the planned combination of residential uses with either commercial or industrial uses. Ideally, the various uses are carefully integrated and the project has a pedestrian orientation. Today in Boulder, mixed use is allowed in commercial and some industrial zones, and new zones have been written especially to promote this land use type. There are significant opportunities to increase the amount of housing in Boulder's neighborhood retail centers.

The Planning Group recommends amending the business and industrial zones to add incentives for mixed use that are working in the main street and mixed use zones; and developing a design prototype for a mixed use project in an existing Boulder shopping center.

WHAT CAN BE DONE WITHIN THE NEXT FIVE YEARS?

Expand the Rehabilitation Loan Pool

Home rehabilitation loans are provided by the city to low and moderate income households for the purpose of making code and safety repairs. The City has operated this program for approximately 21 years. It is most helpful to seniors and others on fixed incomes and has often meant the difference between allowing them to remain in their home or having to make other housing choices. The program is designed to act as a revolving loan fund where loans are repaid and the proceeds are used for new loans.

An expansion of the program to target moderate income households is an effort to both modernize older housing in the city and provide an incentive to moderate income workers to stay and purchase a home in Boulder. Special attention would be given to those who may have stretched their finances to purchase in Boulder and then lack the savings and equity to finance needed home improvements.

The expansion of the program would involve a partnership between the City and local banks in which the banks would provide the loans (either market rate or below market rate, depending on borrower) and the City would underwrite some of the bank's risk in lending to buyers who may not have sufficient equity for a second mortgage or income to qualify for market rate financing.

The Planning Group recommends expanding this program. Steps to follow in expanding the Rehabilitation Loan Pool would include:

- Identify loan recipient qualifications - income, assets.
- Prioritize neighborhoods where home improvement are needed.
- Develop guidelines for home improvements which allow for modernization and limited additions, but that do not exacerbate the housing affordability problem.
- Allocate seed money from City housing funds.
- Work with local banks and other resources to develop a loan pool.
- Develop a system of qualifying applicants and coordinating home improvement work.

Purchase Existing Housing

Other than one mobile home park, the City has had very limited entry into the purchase of housing units. Instead, it has provided assistance to non-profit and private sector developers who have acquired housing for targeted populations. Tenure of this housing has been both rental and owner occupied.

The Planning Group recommends that the City purchase existing single-family homes, place covenants on the units that either restrict their future sales price or expansion, and resell to targeted home buyers. This should be considered by the Funding Task Force.

Organize an Equity Pool

Shared equity or equity pool programs offer prospective home owners a way to bridge the gap between their home buying capability and the price of housing in Boulder. In simple terms, equity sharing is the way at least two parties - an owner-occupant and a non-resident owner (individual, employer, investment pool, City, etc) - pool their funds to buy a property and receive a proportionate share of the future equity. The owner-occupant's percentage of ownership could range from 20 to 90 percent. An equity sharing program in Boulder would focus on providing more choices in housing to moderate and high moderate income households, with the goal of keeping more workers within Boulder.

An equity pool would require significant investment. Therefore, the success of an equity pool would depend on the ability to attract investors, both public and private. The Planning Group

recommends that the City set up a demonstration program that converts into a privately operated investment pool.

Although this type of program has been used in other parts of the United States it is a relatively new concept. A number of educational and research steps may be required prior to developing the equity pool in Boulder. More specific actions include:

- Conduct market research to help define what is the market interest and what level of City subsidy might be needed to set up the demonstration equity pool.
- Define program parameters and adopt requirements for participation.
- Hold a workshop to attract public and private funding sources to participate in the program.
- Set up framework and legal boilerplate documents for participant's to use.
- Market the equity pool concept.

Partner with a Mutual Housing Association on a Rental Project

Mutual housing is a rental housing option where the property is owned by a housing non-profit organization, and the tenants are actively involved in the management of the housing. For example, in the case of the Rocky Mountain Mutual Housing Association (RMMHA), 51% of the board of directors and 40% of the staff are tenants of units owned by the association.

The Planning Group recommends that the Housing Authority or another local housing non-profit corporation work in partnership with RMMHA, or another mutual housing association, in the development of mutual housing projects. A mutual housing project should be considered for funding by the Funding Task Force.

5. Helping special populations and seniors

SPECIAL POPULATIONS

Special populations include people with physical disabilities, the chronically mentally ill, and homeless individuals and families. These groups are often included in the very low income group and earn on average approximately \$6,000/year. These are often people with no homes, no beds, and no choices.

Community Development Block Grant funds are allocated to meet the capital needs of agencies serving this group. The Department of Housing and Human Services provides operating support to service providers working with special populations through its Human Services Fund.

Physically Disabled Individuals

Based on interviews with service providers to the disabled population, there is a very limited supply of housing options for disabled adults and lengthy waiting lists for the few facilities which offer these options. According to the 1997 Citizen Survey, the percent of Boulder's population estimated to have access problems due to mobility impairment has remained approximately the same since 1989 when such information was first collected.

Percent of Population with Disabilities/Mobility Impairments

1989	1993	1995	1997
1.5%	1.7%	2.0%	1.7%

However, data from the Foothills Market Analysis(1997) projects an 8% increase in the number of people with disabilities in the 16-64 age bracket from 1996-2001. A demand of 187 new housing units for that same period is anticipated. The total demand for housing units for people with disabilities is 2,620, based on 1996 actual numbers and estimates for 2001.

Federal law requires that new construction projects be designed and readily accessible to persons with disabilities. A minimum of 5% or at least one unit in multifamily project (whichever is greater) must be accessible for persons with mobility impairments. An additional 2% (but not less than one) must be accessible for persons with hearing or vision impairments.

More affordable housing is needed for people with disabilities, and some need housing with supportive services. According to the *1997-1998 Report on Wheelchair Users' Housing Needs* Report prepared by the Affordable and Accessible Housing Options for Physically Challenged(AAHOP) Committee, the types of services most frequently needed is transportation, followed by housekeeping and grocery shopping. Meal preparation and personal and medical care are services in high demand as well.

Since 1980, the City has funded the Center for People with Disabilities Removal of Architectural

Barriers Program. Over 150 units of housing have been made accessible to persons with disabilities through this program.

The need for affordable rentals at very low rates is supported by the AAHOP report. The majority of wheelchair users responding to a survey spent approximately 50% of their income on rent and have a median annual income of about \$8,230.00.

How many units currently?

Sage Court	19
Mary Sandoe	24
Barriers Removal	150
Housing Authority Units	28
Independent Living Units	9
Developmental Disabilities	15 beds in two group homes

Individuals with Mental Disabilities

According to the Mental Health Center, 150 chronically mentally ill individuals are at risk of homelessness in the community. As population continues to grow county wide, and vacancy rates remain low, this group will find it increasingly difficult to locate affordable housing. The County Mental Health Center and the Housing Authority provide units to house those with mental illness, as these people attempt to stabilize their lives and find permanent housing. In conjunction with housing, individuals with mental illness need support services, such as counseling, to maintain their recovery. Their successful integration and transition depends on both a housing and service component.

Homeless Individuals and Households

Those at risk for homelessness include people and households with on-going life challenges such as those described above, as well as those who are situationally homeless due to loss of employment or change of life circumstances such as divorce or the estrangement of youths from their families. There are 185 shelter beds available to meet the needs of approximately 671 homeless persons in the county.

Federal assistance provided to homeless programs has been substantially reduced. In the fall of 1998, homeless providers, local governments and the state submitted a coordinated application through the Metro Denver Homeless Initiative to HUD requesting \$11,819,120 for thirteen projects. In December, 1998, MDHI was informed that only six of those projects received continuation funding. The total amount of funding received totaled only \$4,122,314 out of a total of \$7,449,948 needed to keep existing programs operational.

Two programs that provide outreach to homeless persons on the street will be forced to close. One of these, StreetReach, was operated by the Boulder Shelter for the Homeless.

WHAT'S HAPPENING NOW?

Helping special populations. In addition to programs which provide funding to acquire and construct units, the City's Housing and Human Services Department has provided assistance to the following programs:

Removal of Architectural Barriers Program: Community Development Block Grant funds are allocated to make homes occupied by persons with mobility impairments accessible. Funds are used to widen doors, lower counter tops and install roll in showers. Approximately 150 homes have been made accessible with the block grant over the last 18 years. Funds have been allocated to the Center for People with Disabilities, the Housing Authority, AAHOP.

Purchase of Group Homes: CDBG and HOME funds have been allocated to the purchase of group homes by: the Mental Health Center for the chronically mentally ill, Attention Homes for displaced and homeless youth, Safehouse for victims of domestic violence, Emergency Family Assistance for homeless families etc.

Capital and Operating Support: have been provided to a number of housing providers including the Boulder Shelter for the Homeless, Boulder County Safehouse, Attention, Inc. Each of these agencies provide emergency shelter and services to the homeless. Operating support is provided to the agencies through the Department's Human Services Fund; Community Development Block Grant funds are allocated to address the capital needs of each facility. Special population housing opportunities for disabled individuals and the elderly is one of the top none funding priorities identified by the city of Boulder Housing Funding Program work plan.

Many of the chronically mentally ill and people with disabilities reside in units owned or managed by the Housing Authority of the City of Boulder. In 1997, the Housing Authority had a waiting list for 781 units. Approximately 50 units become available annually. The trend of those waiting for housing has been toward more disabled, with correspondingly fewer families and seniors. The average wait for a Housing Authority unit is three years. The total number of people on the Housing Authority waiting list is up about 50 percent from the 1980's.

Approximately 1,100 housing units in the city are occupied by special population households who rely on public assistance to help pay for shelter. This funding for housing, which totals about \$4 million annually, comes from the federal government and future allocations are uncertain. In addition, some landlords who currently participate in the Section 8 program, a federally subsidized rental assistance program, are opting out of the program.

WHAT CAN BE DONE RIGHT AWAY?

Draw on tools proposed for low and very low income households, including:

- development excise tax waiver
- enhancing the Section 8 program
- fast track the development review process for affordable housing

Maintain financial support for programs targeted at special needs populations

Continued funding to these sources is critical to maintaining the existing supply of affordable and accessible units in the city. The Planning Group recommends creating active partnerships between the housing providers, i.e. the Housing Authority, Thistle Community Housing, the Affordable Housing Alliance and private developers, and those who provide services to special populations such as the disabled, chronically mentally ill, homeless, and displaced youth. Partnerships between clients in need and housing providers who could assist in acquiring or building units for these special populations should be facilitated.

Begin a regional dialogue on how to support homeless populations

As part of scheduled regional discussions between Boulder County municipalities and housing authorities, introduce the topic of homeless need and the shared responsibility to house homeless individuals and families.

Be innovative in our approach to homeless issues

Many other communities are moving beyond providing basic refuge for homeless households. Successful programs include providing transitional and more permanent housing that allows previously homeless individuals to stabilize their lives in subsidized units. Some successful programs include a home ownership element. Boulder service and housing providers should research these successful programs across the county to identify approaches that would work in Boulder and then apply the lessons to create new opportunities for formerly homeless individuals to move up and out of poverty.

Increase resources targeted to these programs

In addition to maintaining funding and programs, new fund sources should be sought to expand these programs. Although certain grant requests have not been funded, there continue to be significant federal dollars available to special populations, including the homeless. Populations in the greatest need, such as people with disabilities, chronically mentally ill and homeless individuals and families should continue to be the targets for both federal and local housing funds.

Include accessible housing in future development and redevelopment projects

Accessible housing units are those designed for people with limited mobility, including those in wheelchairs, those with hearing and visual impairments, and sometimes the elderly. This housing tool proposes to increase the number of accessible units in future development and redevelopment. Universal design techniques that would make housing units more accessible are

also proposed.

This option would set aside a percentage of housing for people with disabilities in redeveloped or newly constructed projects. The federal minimum requirement should be enforced. Criteria for these units are similar to that for the senior population, and include proximity to transportation and services, a ground floor location, a unit on one floor with no stairs, and low monthly cost.

Education is needed for private sector development community, and city departments involved with development review on the Americans with Disabilities Act. At a minimum, a check for compliance with ADA should be included in the site review process.

It is most likely that newly constructed units would be developed by a non profit entity such as the Housing Authority or Thistle Community Housing. Partnerships with the private sector are also possible. Financing might include Housing Program Funds, CHFA, State of Colorado, and long term debt. Rents paid by people with disabilities living in the units would pay a portion of debt service.

WHAT CAN BE DONE WITHIN FIVE YEARS?

Draw on tools proposed for low and very low income households, including:

- purchase existing mobile home parks
- rezone land for new mobile home parks
- waive additional fees for affordable housing, beyond the development excise tax
- expand the acquisition and development of permanently affordable housing
- expand land banking.

Utilize universal design in new developments to meet a range of residential needs

There are similarities between the needs expressed by elderly residents and people with mobility impairments. Utilizing universal design in future developments would meet the needs of both populations.

Universal design is the design of products and environments to be usable by all people, including the elderly and people with disabilities, without the need for adaptation or specialized design. The intent of the universal design concept is to simplify life for everyone by making products, communication, and the built environment usable by a variety of populations. Some elements of universal design include wider hallways and doors, wider turning radii and the like.

The actions necessary to implement this tool are identical to the inclusion of accessible housing in future developments.

The tool could be implemented in redeveloped areas and new, multifamily projects.

Universally designed units could be constructed by public/private partnerships. Financing might include Housing Program Funds, CHFA, State of Colorado, and long term debt. Rents paid by the disabled living in the units would pay a portion of debt service.

SENIORS

Seniors comprise 12% of the population. The number over 65 is expected to increase with the aging of the baby boom generation, resulting in a future increased demand for senior housing.

While the proportion of the population in Boulder over 65 is less than in the nation as a whole, it has been increasing since 1970. The number of people over 65 is expected to increase with the aging of the baby boom generation, resulting in a future increased demand for senior housing.

According to 1990 Census data, nearly two thirds of elderly one and two member renter households with incomes up to 50 percent of area median income (AMI) pay over 30 percent of their income for rent; more than one third spend more than 50 percent of their income on rent.

For those elderly requiring assistance services, the most critical issue is the cost of these programs and the current lack of subsidies. Services needed include assistance with shopping and errands to assistance in the home with chores and meals. Another major issue for the community in seniors aging in place, requiring increasing services while desiring to remain in their current homes.

WHAT'S HAPPENING NOW?

Housing choices and the approximate number of units for seniors available in Boulder include:

- 575 independent living units (subsidized)
- 442 independent living (unsubsidized)
- 274 assisted living units
- 629 nursing home beds

These units include both privately and publicly developed and managed projects. For those capable of independent living, units affordable to very low and low income elderly are in short supply. The Housing Authority owns and manages two buildings for low income seniors. These buildings are located in central Boulder and provide housing for 177 senior households.

WHAT CAN BE DONE RIGHT AWAY?

Promote and/or Expand the Reverse Mortgage Program:

Banks currently administer this financing program which enables homeowners, primarily elderly, to receive equity from their homes, either as a monthly payment or lump sum. The City of Boulder refers any interested homeowners to the Boulder County Housing Counselor who provides them information on how much they would receive, and how much their equity would be reduced, and the applicability of this program to their specific needs and age. Two options to

be considered by the City Council include:

- **Increase marketing and education** on the reverse mortgage program in order to reach more low and moderate income homeowners who could benefit. The city would partner with the county and local banks.
- **The city could purchase the house** from the elderly homeowner and lease it back to them. This program would provide security to the homeowner to be able to stay in their home as long as they wanted. The City would then place a covenant on the property for permanent affordability and resell or lease it. This tool should be considered by the Funding Task Force.

Look for Opportunities to Incorporate Senior Housing in New Development

Work with local developers to identify opportunities to incorporate housing for seniors in development and redevelopment projects in the city, especially in mixed income/mixed use developments. Provide both low income and market rate units in order to expand choices for Boulder's senior population.

In late 1996, the Senior Center Services contracted with the Center for Policy and Program Analysis to conduct a mail survey of people over 55 concerning their housing preferences. When asked what three features of a home would be considered most important to residents if they were to move to another house, the top five preferences were:

- Quiet neighborhood, good location, away from traffic
- One floor with no or few steps
- Low, no, or easy maintenance
- Affordable, low cost
- Close to shopping, supermarkets

These preferences should guide the selection and design of senior projects.

With these qualities in mind, certain development sites would be ideal for senior housing. In these instances, incentives for the private production of market rate units and city subsidy of units that would be permanently affordable to low income seniors should be sought.

WHAT SHOULD HAPPEN WITHIN FIVE YEARS?

Rezone Land for Senior Housing

Seniors, as they age, have changing requirements for their housing needs. Seniors within the city have indicated that there are few desirable options for them as they try to "downsize" and usually end up moving out of the community. Through the BVCP update process, Area I and Area II sites appropriate for senior housing will be identified.

Staff will use existing information regarding senior housing preferences in the site identification process. In addition, staff will also encourage developers of appropriate sites to include housing

specifically for seniors.

Implementation Plan

The previous section presents the various recommended tools that together make up the Draft Comprehensive Housing Strategy. This section addresses funding, responsibilities, public education and outreach, and monitoring and measuring our success.

Funding options

Task Force on Funding

The Draft Comprehensive Housing Strategy includes recommended actions to increase affordable housing without public costs. It also acknowledges that public funds may be necessary to assist very low, low, and moderate income households and workers to find affordable housing in Boulder.

Boulder currently works with a variety of lenders and funders, including Fannie Mae (known as the Federal National Mortgage Association in the past), local banks, the federal government through HOME/CDBG, and non-profits, in order to provide programs to help Boulder households below 80 percent of area median income.

Additional funding to implement new or expanded programs is needed. The Planning Group recommends that a small working group made up of people knowledgeable about the development and financing issues associated with affordable housing be formed as soon as possible. The group's work would be completed by June. Members would examine the various programs and projects that might be funded, and determine what the community might support in terms of funding amount and source.

Described below are existing and potential funding sources for programs which help very low, low and moderate income households.

Local Funding Sources

Cash-in-lieu (Residential Growth Management System-RGMS)

In place since 1997, this is an option provided to developers of projects which had development approval prior to the affordable housing provisions of the current Residential Growth Management System (RGMS), also called "pipeline" projects. A developer of a "pipeline" project may choose to build one restricted unit for every three unrestricted units or they may pay a fee for every unrestricted unit they build. The fee is approximately \$11,000 per detached unit and \$8,500 for every attached unit. To date this source has generated approximately a million dollars which has been used for home ownership opportunities in the existing housing stock for low and moderate income households with incomes from \$15,000 up to \$45,000. Units acquired with these funds are made permanently affordable through deed restrictions. As part of the revisions to the

RGMS, projects eligible to pay this fee should be increased and an analysis of the appropriate level of the cash-in-lieu fee should be prepared.

Community Housing Assistance Program (CHAP)

This is a local source of funding which began in 1991. It includes a housing excise tax (HET), assessed on new residential and non-residential construction, of approximately \$.34 and \$.16 per square foot respectively, and eight tenths of a mil of property tax. Based on the recent election, this will increase in 1999 to \$.39 and \$.18 per square foot for non-residential and residential development respectively. In the past it has generated approximately \$1 million dollars per year, and is used to landbank sites, acquire existing units, build new units, or rehabilitate existing units, with an emphasis on housing for working households with low incomes up to \$35,000 in household income. A permanently affordable covenant is placed on all properties receiving funding.

Housing Excise Tax (HET)

See Community Housing Assistance Program (CHAP)

Housing excise taxes are typically assessed on new construction, both commercial and residential. The amount of tax varies depending on the type of structure and is usually charged prior to occupancy of the building. A HET levied on non-residential construction is one type of commercial linkage program, although housing impact fees are much more common. The City of Boulder's program is the only example that has been found which uses this tax. A recent election provides for the per square foot assessment to increase each year for approximately the next seven years based on the amount of the cost of living increase. The Funding Task Force should evaluate whether this tax should be increased.

Federal Funding Sources

Community Development Block Grant (CDBG)

This is an ongoing federal Housing and Urban Development (HUD) program which can be used for community development projects, historic preservation, and affordable housing for low income households. The City of Boulder has received CDBG funds since 1975. For more than 15 years, about fifty percent of each year's allocation (approximately \$400,000) has been used for housing projects which benefit low and moderate income households, especially the elderly, disabled and homeless persons.

Federal Housing Grant (HOME)

A HUD program to be used exclusively for affordable housing projects that benefit low and moderate income households. The City of Boulder has received HOME funds since 1992 and currently receives approximately \$500,000 per year for permanently affordable housing projects that benefit low and moderate income households.

Federal Section 8 Subsidy Certificates and Vouchers

Administered by the Housing Authority and other non profits, this is a federal rental assistance program for low income households living in privately owned market rate units. If the rent is within HUD's definition of Fair Market Rent (FMR), the certificate and voucher program pays the difference between 30 percent of a low income household's gross income and the FMR. In Boulder there are currently 352 project based section 8 units, and 597 tenant based section 8 units. The voucher and affiliated Section 8 programs are being evaluated at the federal level.

Low Income Housing Tax Credits (LIHTC)

A federal program designed to encourage private sector investment in the development and rehabilitation of rental housing for low-income households. It provides a credit against regular tax liability for investors in low income housing projects. The credit is available annually over a 10-year period and requires projects to serve low income households for 15 years (although most projects now commit to a 30-year affordability period.) This program has been used in Boulder by developers of affordable housing projects.

Private Activity Bonds (PABs): Under the provisions of the Tax Reform Act of 1986, each state is granted the authority to issue \$50 of private activity bonds per capita per annum. The proceeds from such bonds are for the specific benefit of a private party rather than a unit of local government and can be used for economic development and home ownership programs (Mortgage Revenue Bond). The City has used its PAB allocation, approximately \$2 million per year, solely to fund programs which assist low and moderate income households to purchase a home for the past two years.

Described below are two programs funded through PABS which can be targeted at low and moderate income home buyers (up to \$62,000): 1. Below rate mortgages which can also include a percent of the down payment (typically 4 percent); and 2. **Mortgage Credit Certificate Program (MCC)**, a form of federal income tax credits. The amount of credit is equal to 20 percent of the yearly interest paid or accrued on a qualified mortgage. If the credit allowable exceeds the home buyer's tax liability for such taxable year, then such excess credit may be carried over to each of the three succeeding taxable years. A qualified home buyer may reduce the amount of monthly federal income tax withheld as a result of MCC, thus providing more disposable income with which to make loan payments and hence qualify for a higher priced home than they could have afforded otherwise. Sometimes the purchase price limits can be too low for Boulder.

Private Mortgage Revenue Bonds: Each year Colorado Housing and Finance Authority (CHFA) is allocated a portion of the state's private activity bond cap. The proceeds from these bond issues are used to purchase mortgage loans from participating lenders. The interest rate offered on the loan is approximately 1 percent below the prevailing market

on the day the bonds are sold. This program is used by the City to fund reduced interest rate mortgages for low and moderate income home buyers.

State Funding Sources

State Division of Housing Funds

The State allocates funds statewide for housing projects that include both state and federal funds, representing approximately 12 million dollars per year. The State Division of Housing allocates the State's HOME and CDBG funds as well as other state funds. Projects within the City of Boulder have received funding from this source.

Other Funding Options Not Currently Used by the City

Commercial linkage

A tax charged on new development that is directly linked to the need for affordable housing generated by the proposed use. Taxes charged on **commercial development** are more common since the link between employment and the demand for additional housing is relatively easy to demonstrate. The developer could build housing units on or off-site, or pay a tax instead of providing housing. This tax would need to be approved by the voters.

Occupational Tax (Employee Head Tax)

A tax levied on employees, sometimes referred to as an occupational privilege tax. This tax can be either paid directly by the employer or deducted from the employee's compensation or shared by both. Currently Aurora, Denver, and Greenwood Village levy this tax. This tax would need to be approved by voters.

Real Estate Transfer Tax (RETT) New RETTs are currently prohibited by state legislation. A tax that is assessed when real estate is bought or sold; the rate is typically a percentage of the sales price of the property or can be based as a fixed dollar amount per \$1,000 of assessed valuation.

Sales Tax for Affordable Housing

Dedicated sales tax currently exist in Boulder for open space, transportation, health and safety protection (including human service and environmental issues), and parkland. Additional sales tax for affordable housing could be approved by voters.

Responsibilities

TOOL	LEAD AGENCY	OTHERS
Managing Density and Growth		
Speed up the development review process	<i>Planning</i>	
Revise our residential growth management system	<i>Planning</i>	<i>City Attorney Housing</i>
Amend the City's annexation policy to define affordable housing as the highest priority community benefit	<i>Planning</i>	<i>City Attorney Housing</i>
Identify new housing opportunities through the major update to the Boulder Valley Comprehensive Plan	<i>Planning</i>	<i>Housing County Land Use City Attorney</i>
Expand the number of ADUs and OAU's under today's regulations	<i>Housing</i>	<i>Planning</i>
Rezone land for new mixed use development; multi-family housing; and co-housing	<i>Planning</i>	<i>City Attorney Housing</i>
Revise the ADU/OAU ordinance to expand the number and types of accessory units	<i>Planning</i>	<i>City Attorney Housing</i>
Have a community discussion about revisions to the occupancy limit regulation	<i>Planning</i>	<i>City Attorney</i>
Strengthening Partnerships		
Start a regional dialogue on housing	<i>Housing Planning</i>	<i>City Manager</i>
Engage in a partnership with the University to create more housing for students, staff, faculty	<i>Planning Housing</i>	<i>City Manager</i>
Coordinate housing strategies with related City and County efforts	<i>Housing Planning Housing</i>	<i>City and County Transportation Open Space and Real Estate</i>
Start a partnership with employers on housing benefits and programs for their employees	<i>Housing</i>	
Increase the number of on-campus housing units	<i>Planning Housing</i>	<i>University of Colorado</i>

Increase the number of off-campus units targeted for students in areas close to campus	<i>Planning</i>	<i>University of Colorado Housing</i>
Work with the University of Colorado to provide housing or housing assistance for faculty and staff	<i>Housing Planning</i>	<i>University of Colorado</i>
Develop a partnership with the neighborhoods, the university and the student government to address off-campus student housing issues	<i>Planning</i>	<i>University of Colorado City Manager Housing Development and Inspection Services</i>
Work with employers on housing opportunities	<i>Housing Planning</i>	<i>Chamber of Commerce</i>
Holding and Gaining Ground on our Support for the Very Low and Low Income		
Housing fund programs	<i>Housing</i>	
Development Excise Tax Waiver	<i>Housing</i>	<i>City Attorney</i>
Enhance the Section 8 Program	<i>Housing</i>	<i>Housing Authority</i>
Fast Track the Development Review Process for Affordable Housing	<i>Planning</i>	<i>City Attorney</i>
Purchase existing mobile home parks	<i>Housing</i>	
Rezone land for a new mobile home parks	<i>Planning Housing</i>	
Waive fees for affordable housing	<i>Planning</i>	<i>Housing Development and Inspection Services</i>
Expand the acquisition and development of permanently affordable housing	<i>Housing</i>	<i>Housing Authority</i>
Expand land banking and community land trusts	<i>Housing</i>	<i>Housing Authority</i>
Keeping the moderate income worker in Boulder		
Revise the cooperative housing ordinance	<i>Planning</i>	<i>City Attorney Housing</i>
Promote and expand partnerships for Gap financing	<i>Housing</i>	
Encourage more mixed use development	<i>Planning</i>	<i>Housing BURA DUHMD</i>

Expand the rehabilitation loan pool	<i>Housing</i>	
Purchase existing housing	<i>Housing</i>	<i>Open Space and Real Estate</i>
Organize an equity pool	<i>Housing</i>	<i>Employers Private investors</i>
Partner with a mutual housing association on a rental project		
Helping Special Populations and Seniors		
Helping special populations	<i>Housing</i>	
Maintain financial support for programs targeted at special needs populations	<i>Housing</i>	
Begin a regional dialogue on how to support homeless populations	<i>Housing</i>	<i>City Manager</i>
Increase resources targeted to homeless programs	<i>Housing</i>	
Include accessible housing in future development and redevelopment projects	<i>Planning</i>	<i>Housing Development and Inspection Services</i>
Promote and/or expand the reverse mortgage program	<i>Housing</i>	
Look for opportunities to incorporate senior housing in new development	<i>Planning</i>	<i>Housing</i>
Rezone land for more senior housing	<i>Planning</i>	<i>Housing</i>

Public Education and Outreach

One of the outcomes of the public workshops was a request for the City to provide more information and outreach to the public about existing programs. In many cases people who might need housing programs don't know about them, or don't know how to take advantage of them. Education and outreach needs to provide more information to people who need it.

This outreach element should also focus on key partnerships, such as with the County, Fannie Mae, local lenders, and Boulder employers to jointly promote and expand existing programs. A part of this effort would be developing an understanding of what each of these partners are currently doing, and how we can jointly work together to promote or expand existing affordable housing programs.

In addition, the public expressed a desire to be kept abreast of new developments in the Strategy as they occur. The City should develop a plan to keep people informed of new programs or progress in the implementation of the Comprehensive Housing Strategy

Monitoring/Measuring Our Success

Monitoring. Ongoing monitoring should be conducted to track Boulder's annual growth rate and corresponding impacts to existing services and facilities. Indices to measure impacts on the following facilities and services should be developed:

- Roads, i.e. vehicle miles traveled, # trips, transit ridership
- Utilization of schools (adequacy of existing schools)
- Utilization of open space and mountain parks
- Parks and recreation centers
- Fire department response time
- Police services
- Library services
- Water and wastewater capacities
- Human services

Employment growth in Boulder and in the region as well as population growth in neighboring communities will also impact some of these facilities and services i.e. roads, vehicle trips, bus and transit use, use of open space, to name a few.

Measuring Our Success. One way to measure success is to conduct an analysis of the progress of the overall Housing Strategy each year. This should include an annual update on what programs were implemented during the year, at what cost, and with what results. The City Council could then compare various tools and their cost benefit, based on the results produced. Of course for some tools, final results may not occur for several years, but progress should occur each year. We will measure our results, create a report, distribute it broadly to the community as a whole, and compare our progress against benchmarks.

ATTACHMENT A

THE TARGET GROUPS

Four primary target groups were identified during the process: Very Low and Low Income; Moderate Income; University Students, Staff, and Faculty; and Worker households. Strategy group members as well as public participants in the workshops divided into small groups to discuss the needs and possible tools to produce affordable housing alternatives for each of these four target groups.

This section summarizes the initial goal set by Council, some of the background information, current programs, and public comment for each target group.

LOW AND VERY LOW INCOME HOUSEHOLDS

GOAL

Identify opportunities and strategies to maintain and potentially increase the city's stock of housing for low and very low income households.

BACKGROUND

Very low income residents earn up to \$17,000 for a family of three. Approximately 19 percent (7,551) of Boulder's households are in this income range. Total household wage is up to \$8.19 an hour.

Very low income non-student households include the following groups: elderly; people with disabilities; households on assistance; the chronically mentally ill; low wage earners and the homeless. Many of these non-students households rely on public assistance to help pay for shelter. Much of this public funding for housing comes from the federal government, and future allocations are uncertain.

Low income residents earn between \$17,000 and 35,000 for a family of three. Approximately 21 percent (8,346) of Boulder's households are in this income range. An estimated 2,385 of Boulder households in this income range include a university student; 5,961 or 15% of households do not include a university student. Total household wage is up to \$16.38/hour.

People in these households are often referred to as the working poor. Home ownership is out of reach for most of these households. Affordable rents for this target group range from \$619 for a one person household to \$795 to a three person household. Rental units that fall into this range are often occupied by student households. Households in the upper end of this income range might be able to purchase a housing unit, although only 8 percent of the for-sale housing in Boulder would be affordable to this group. (\$77,000 to \$98,600.)

Like households in all income groups, very low and low income residents desire to live in Boulder. However, as a proportion of Boulder's population, there are 11 percent fewer very low and low income people in the community at the end of the 1990's than there were at the beginning of the decade. Additionally, the future pool of affordable housing for this group is uncertain as described below. There is some uncertainty around federal programs, such as the Section 8 certificates and vouchers, and private owners are exiting from the program, thus reducing the number of potentially affordable units. The existing supply of housing through current programs is not adequate to provide for the current demand in Boulder:

- The Housing Authority wait list has grown from 431 in 1984 to 781 in 1997. The percentage of families and elderly on the wait list is decreasing; the percentage of

- disabled applicants has increased.
- Approximately 2% of the population is disabled or 1,600 people, and there are approximately 245 beds available.
- There are 51 housing units for the chronically mentally ill in the City. It is estimated that there are 150 chronically mentally ill persons at risk of becoming homeless.
- 1,700 unduplicated people were served by the City's homeless shelters in 1997. On June 15, 1998 a count found 671 homeless people in Boulder County. There are 185 shelter beds in the City; 49 provided by the First Church of the Nazarene for overflow from the shelter.
- 12 percent of Boulder's population are seniors; 13% rent their homes; there are about 2,100 beds for seniors, including assisted and independent living, nursing homes, and Housing Authority units.

CURRENT PROGRAMS

Very Low Income

Most of the housing available to the very low income group is subsidized, primarily by the federal government. There is concern that future funding as well as private sector participation may be decreasing.

1. Permanently affordable rental units

In 1991, the City began using local and federal funds to subsidize permanently affordable housing. The City has been able to increase the amount of such housing as well as to target very low income households. The total percentage of grant-funded and permanently affordable units is 1,756, or 4.4% of the total housing stock.

The Housing Authority directs much of its effort to assuring that at least 1,000 housing units remain affordable to households whose average income is \$6,000 or below. Thistle owns and manages 96 permanently affordable units subsidized through funds from CHAP, CDBG, and HOME programs.

Permanently affordable units are funded by the City's Housing Fund Program. Increased funding for this activity would result in more permanently affordable units in the community.

2. Federally Subsidized Section 8 Program

This is a federal rental assistance program for low income households living in privately owned market rate rental units. If the rent is within HUD's definition of Fair Market Rent (FMR), the certificate and voucher program pays the difference between 30 percent of a low income household's gross income and the rent. In Boulder there are approximately 700 certificate and voucher holders living in private market units.

The future of this program is uncertain. Last year, Congress rescinded a significant amount of the program's funding reserves. At the same time, some landlords who currently participate in the Section 8 program are opting out of the program. It would be difficult to replace these units in the existing market.

3. Mobile Home Rehabilitation

The Mobile Home Assistance Program provides grants of up to \$5,500 to very low and low income mobile home owners to correct life and housing code safety problems, increase energy efficiency and help extend the useful life of the home. Approximately 240 homes have been rehabilitated since the inception of the program.

4. Support for Accessibility and Capital Costs

In addition to these programs, the City's Housing and Human Services Department has provided assistance to the following programs:

Center for People with Disabilities Removal of Architectural Barriers Program: Community Development Block Grant funds are allocated to make homes occupied by persons with mobility impairments accessible. Funds are used to widen doors, lower counter tops and install roll-in showers. Approximately 150 homes have been made accessible with the block grant over the last 18 years.

Mental Health Center of Boulder County: Funds are allocated for the purchase of group homes for the chronically mentally ill.

Boulder Shelter for the Homeless, Boulder County Safehouse, Attention Inc., WomanSource and EFFA: Each of these agencies provide emergency shelter and services to the homeless. Operating support is provided to the agencies through the Department's Human Services Fund; Community Development Block Grant funds are allocated to address the capital needs of each facility.

Funding from these sources will be critical to maintaining the existing supply of affordable and accessible units in the city.

PROGRAMS FOR THE LOW INCOME

Programs which are targeted to low income working households include the following:

1. Residential Growth Management (RGMS)

Approximately 103 permanently affordable units have been created through RGMS. There is the potential for an additional 238 units in projects in process. The RGMS has increased the amount of permanently affordable housing provided through new construction. It has also helped produce mixed income projects where previously there would have been entirely market rate units.

2. **Rehabilitation Loan Program**
The Rehabilitation Loan Program provides low interest loans of up to \$15,000 to single family homeowners to correct life safety and housing code problems and generally enable the homeowner to remain in their home under decent, safe and sanitary conditions. This program has been especially helpful to seniors and single parents on fixed incomes and has often meant the difference between allowing them to remain in their home or being placed in some form of public or institutionalized housing. The program is designed to act as a revolving loan fund, so that as loans are repaid, those proceeds are used for new loans.

3. **Mobile Home Assistance Program**
See description under "Very Low Income" programs.

4. **Down payment Assistance**
The City grants from \$7,000 up to \$45,000 through the First Home program to low and moderate income households in order to buy down the price of a home so that the household can qualify for a mortgage. In exchange for this assistance, a covenant is recorded on the property to insure that the home remains permanently affordable to future buyers. What this means to the recipient is that appreciation of the home is capped at approximately 3% per year. The program primarily has helped moderate income buyers purchase homes.

5. **Private Activity Bonds/Mortgage Revenue Bond Program**
This program is used to fund reduced interest rate mortgages for low, moderate and middle income home buyers. The program is successful in environments where interest rates are rising. The City has had mixed success with the program in the past. The City's allocation of private activity bonds has also been used to fund the Mortgage Credit Certificate program. This program allows low and moderate income households to receive a credit against their federal taxes.

6. **Reduced Rent Program**
The Housing Authority operates a "Reduced Rent" program, targeting low and moderate income households. The Reduced Rent program provides one, two and three bedroom apartments and mobile homes at below market rents. The units are rented at approximately 60% of their market value rent. The program is designed to help families whose income may be too high to qualify for federally assisted programs, but who would benefit from a reduced rent. The Authority currently has 120 units in its rental portfolio.

PUBLIC COMMENT

The importance of the distinction between **very low income** residents and meeting their housing needs, and **low income** residents and meeting their needs, was made throughout the public process. The very low income group includes the homeless, people with disabilities, seniors with

very limited resources and individuals and families relying on public assistance. The needs of this group appears to be great given the Housing Authority waiting lists and the number not able to be housed in the homeless shelter. The low income group includes many workers in lower paying jobs.

From the public's perspective, the best way to address the needs of these groups clustered in the following program areas:

- supporting and expanding current programs that are working. This will require additional funding;
- raising the percent of permanently affordable housing in new development to at least 80%;
- increasing residential densities, including ideas about clustering new developments and reserving open space;
- simplifying city regulations that impact the production of affordable units, including the residential growth management system;
- buying existing mobile home parks and building new; resident-owned mobile home parks, with City or non-profit ownership in an interim fashion
- land banking and land trust for future affordable housing projects;
- increasing the amount of accessible housing
- are we addressing the needs of the most vulnerable in our community - the homeless, those leaving abusive situations?
- expand available land through annexation and rezoning
- create model communities that we can be proud of
- sweat equity
- for existing units -investigate rental control
- allow an increase in number of unrelated individuals living together; eliminate the occupancy regulation

Other citizen comments included:

- the need for phased plan with objectives for 6 months; 1 year; 2 years
- a report back to the public in newspaper and mailings
- the need to show timely progress toward objectives
- the opportunity to create citizen experts, through education and trainings - ADUs, Section 8 units, reverse mortgages

MODERATE INCOME HOUSING

GOAL

Identify opportunities and strategies to maintain and potentially increase the city's stock of moderately priced housing, especially for families.

BACKGROUND

The moderate income population is one in which many Boulderites might consider themselves. In working towards formulating a housing strategy the *moderate income category* became a combination of what is traditionally defined as moderate income and middle income; for discussion in the housing strategy process these two groups were named moderate income and high moderate income. The category, in general, is one where needs have been primarily addressed by the private sector and market forces.

Moderate income residents earn up to \$35,000 for an individual and \$50,000 for a family of three. When converted to Area Median Income (AMI) statistics which are used in regulatory and housing funding programs, the moderate income category are those households making 60% - 80% of the AMI. This particular form of measurement was developed by the federal government and is adjusted annually based on the incomes in the Boulder-Longmont area. Approximately 15% (5,961) of Boulder's households are in this income range.

High moderate income residents earn up to \$50,000 for an individual and \$75,000 for a family of three. The AMI range for the high moderate income household is 80% - 120% of the Area Median Income. Approximately 19% (7,551) of Boulder households are in this income range.

Moderate and high moderate income households have remained about the same percentage of the population in the 1990s - approximately one-third. However, it is clear from the prices of new homes and resales that the purchase of a single-family detached home is increasingly out of reach of this portion of the Boulder community. The choice of housing is constrained not only for moderate income workers, but also for those in the high moderate income category. At this time a family at the high end of the moderate income range could afford a mortgage of approximately \$131,600. A family at the high end of the high moderate income range could afford a mortgage of approximately \$210,000. With the median price for single family detached home at almost \$268,000, the moderate income household is facing a dwindling range of housing choices to either move into Boulder or move-up within the City of Boulder.

Transportation and air quality concerns, as well as the social interest of the community, are served by housing more of this income group close to their jobs. This will become increasingly difficult unless the public and private sectors target some housing programs to these groups.

PROGRAMS

The following programs for moderate income households are currently in place:

1. **Residential Growth Management System**
The current residential growth management system earmarks twenty percent of the available allocations to housing units targeted to moderate income households (permanently affordable units) and 35% - 55% of the allocations to units targeted to high moderate income households (restricted units). The units are created within larger projects which need to pull allocations from the permanently affordable and restricted allocation pools in order to also have access to permits in the market rate permit pool.

2. **Down Payment Assistance and Gap Financing**
Through the FIRST HOME program the City grants up to \$45,000 to low and moderate income households in order to buy down the price of a home so that the household can qualify for a mortgage. In exchange for this assistance, a covenant is recorded on the property to insure that the home remains permanently affordable to future moderate income buyers. What this means to the recipient is that appreciation of the home is capped at approximately 3% per year. The FIRST HOME program has helped fourteen moderate income buyers purchase homes in 1998, which is the first year that the permanent affordability covenant was required. Most homes purchased are townhouse or condominium style housing. The program is successful at getting moderate income families into home ownership.

3. **Accessory Dwelling Units (ADUs)**
ADUs provide some rental housing to single working people that may be in the moderate income category. The restrictions currently placed on ADUs limit their size and location, and therefore, make them a housing option targeted to small or single person households. The owner of the ADU benefits from the additional income, thereby making home ownership more affordable. There are currently 102 licensed ADUs in locations throughout Boulder. An increase in the number of ADUs would provide more units for small families and individuals including workers, students and seniors.

4. **Protection and Purchase of Existing Mobile Home Parks**
Mobile home parks in Boulder are in mobile home zones, which protects them from redevelopment into other uses. Mobile homes provide a single family style housing option to moderate income households. There is an affordability concern when the cost of the lot lease cannot be controlled by the owner of the mobile home. The City of Boulder has purchased two mobile home parks with the intent of reselling them to the residents with some type of permanent affordability requirement.

5. **Rehabilitation Loan Program**
The Rehabilitation Loan Program provides low interest loans of up to \$15,000 to single

family homeowners to correct life safety and housing code problems and generally enable the homeowner to remain in their home under decent, safe and sanitary conditions. This program has been especially helpful to seniors and single parents on fixed incomes and has often meant the difference between allowing them to remain in their home or being placed in some form of public or institutionalized housing. The program is designed to act as a revolving loan fund, so that as loans are repaid, those proceeds are used for new loans.

PUBLIC COMMENT

Public comment in small group and community wide forums was diverse. The situation of the moderate income household was felt to be best addressed through regulations and incentives for allowing a greater supply of housing for moderate income people, with some programs involving community subsidy seen as appropriate for moderate income households. One of the dilemmas of this category of Boulder's population is the difficulty in finding an appropriate style of housing to fit the needs and the price range of the household.

There was a general sense that this segment of the population may diminish in Boulder as households make housing choices outside the city limits. This includes families desiring single family detached homes as well as young professional couples who want to start building equity and families. In many cases, there is a reluctance in this income category to accept the restrictions of the permanent affordability covenant in order to become a homeowner in Boulder. The moderate income group encompasses a variety of types of households ranging from singles (young professionals to seniors) to those looking to downsize, to families, to those desiring a more collective living arrangement. Because of this variety, a large number of ideas were generated, but not all the tools that were discussed apply to all segments of the moderate income population.

WORKER HOUSING

GOAL

Identify opportunities and strategies to provide affordable housing options for a significant portion of those people who work in Boulder and want to live here.

BACKGROUND

The current Planning Department estimate is that there are 88,500 jobs in Boulder and 94,250 residents. This estimate of jobs is based on actual 1990 employment and an estimate of the number of employees associated with the development projects that have occurred to date. Based on the results of the 1997 comprehensive rezoning, the Planning Department projects that the number of jobs at buildout will be 112,800 and the population will be 108,500. This projection is based on an analysis of vacant and redevelopable land and typical building sizes and number of employees per square foot. The sum result is that Boulder will grow from a jobs:population ratio of 0.94 to 1.04, adding 14,250 people and 24,300 jobs.

Boulder's pattern of job growth exceeding residential growth over the past two decades is currently being duplicated in the rest of Boulder County. DRCOG's 1996 estimate of the number of jobs in Boulder County is 157,167 with 102,864 households. Based on submittals recently provided to DRCOG by Boulder municipalities, local jurisdictions are projecting jobs to increase to 304,370 and households to 148,370 at buildout, an increase in the ratio of jobs per household to 2.05 from 1.53 today - almost equal to that of the City and County of Denver. Although these actual numbers may not be realized, the important trend is that of job growth exceeding housing growth and of local jurisdictions planning for and promoting more job growth than the housing needed to support those jobs.

DRCOG discounted the number of projected jobs in the Metro Vision Plan on the assumption that local municipalities are always too optimistic about capturing retail and job growth and that employers will choose not to locate in an area with too little nearby housing choices. That remains to be seen. Therefore, DRCOG's official Metro Vision projection is that Boulder County will grow to 233,301 jobs on a base of 147,746 households or a 48% increase in jobs in a 22 year period.

Approximately 54% of people working in Boulder live in the City. That means that a substantial number are commuting in and, given the imbalance in projected job growth versus housing growth, that number will continue to increase.

There are disproportionate impacts on types of workers depending on their income. For that reason, through the various strategy group meetings and community workshops, people started to focus on three specific categories of workers: low income service workers, entry level professionals, and workers who provide a community service.

Low income service workers were defined as those making less than \$35,000 in household income per year. According to the 1997 Boulder Valley Employee Survey there are approximately 20,725 low-wage service workers in Boulder, or 18.6% of the workforce.

Entry level professionals are defined as those making less than \$50,000 in household income per year. According to the 1997 Boulder Valley Employee Survey there are approximately 21,700 entry level professional workers in Boulder, or 18% of the workforce.

It is difficult to account for the number of workers in Boulder who provide a community service. But the sense is that these workers who make the City go and who provide essential emergency and life safety services. This might include firefighters, police, emergency personnel, utility workers, snow plow operators, bus drivers, hospital workers, school teachers, and other government workers of various kinds. Only 30% of government workers reside in Boulder. In addition to issues of having a more economically diverse community, in times of need, those who provide needed services may not even be close.

There is obviously significant overlap between the tools that might be applied to create housing affordable to these classes of Boulder workers and the various tools being looked at for low and moderate income persons. Most people felt that by focussing on the issues of employee housing, we might better identify promising tools. In the recent Boulder County Workforce Characteristics and Opportunities report of the Boulder Economic Council (May 1998), it is reported that 77 percent of Boulder employers surveyed expressed a need for affordable housing within a 10 mile radius of their company.

It is also clear that no matter what Boulder does in the future, it will not be able to house all of Boulder's workers. It is also clear that people choose to live in particular communities for a variety of reasons, many of them unrelated to where they have a job. For many workers, the issue is not just the price of housing, it is the cumulative cost of housing, transportation, child care, and the other costs of life. A 1997 survey determined that of the 46% of Boulder workers that live elsewhere, 41% would like to live in Boulder, 43% don't care to, and 16% are unsure.

This has led to a variety of proposals to improve regional transportation system. If peoples' mobility is enhanced in commuting from outlying communities, this could mitigate the lack of affordable housing in Boulder. Given the reality that low wage service workers are not going to commute long distances for minimum wage jobs, and the goal of economic diversity and the security of having essential workers within the community in times of need, a combined approach makes sense. To deal with the jobs/housing imbalance in Boulder, and in the remainder of Boulder County and the Northwest Denver area, it will take efforts both in enhancing regional mobility and providing options for a diverse array of affordable housing in Boulder.

PUBLIC COMMENT

In general, public comment indicated that housing assistance to workers should focus on low income service workers, entry level professionals and workers who provide a community service. Considerable public discussion and comment focused on the regional dimension of the issue and there was strong support expressed for transportation solutions. A summary of the comments is provided below:

- Minimum wage and entry level workers should be able to live in Boulder; we want an economically diverse community
- Transportation solutions are an important aspect of the solution; need a regional solution
- Employer assistance should be pursued
- Increase zoning to provide more housing choices; encourage new residential units in commercial centers, i.e. Crossroads
- Density in certain areas could provide more housing diversity
- Revisions to RGMS are key to providing more affordable housing
- More revenue is needed, such as possible head tax or increase in development excise tax (DET)
- Infill and increased density in existing city is preferable to expanding service area
- Affordable housing should be dispersed throughout the community
- Provide lots of options
- Develop partnerships between the City, the Chamber and major employers to develop solutions

UNIVERSITY OF COLORADO HOUSING

GOAL

Identify opportunities and strategies to help address the university's needs for housing which might also help achieve other city-wide goals.

BACKGROUND

Student Housing

Approximately one-quarter of the city's population are University of Colorado students. In the fall of 1997, the university's enrollment was 25,100. Approximately 6800 students lived in university housing: 5919 in dormitories, 860 family housing units. Based on the city's citizen survey, we estimate that approximately 16-17,000 students live off-campus in the City of Boulder. The citizen survey shows that 78% of the students living both on- and off-campus in Boulder are renters; 22% are homeowners.

The university has traditionally provided housing for one-quarter to one-third of the student population, and currently houses 27% of the student population. This has come mostly in the form of traditional residence hall arrangements and family housing apartments. The university is considering the construction of new student housing. This would be the first new university housing constructed in more than 25 years, while enrollment has increased by approximately 4000 students in the same time period. In recent years, the university has had demand for 350-400 beds/units that they have not been able to provide.

University enrollment is projected to increase by approximately 1800 students over the next decade, generating additional housing demand in the community. Students compete with others in the community for housing. Therefore, unless additional student housing is constructed, we will lose ground in terms of the availability of existing housing units for other target groups. We can anticipate increased demand for existing units, upward pressure on rent prices, and additional student rentals in neighborhoods.

Increasing the supply of student housing on- or near campus would directly mitigate the traffic impacts and impacts to the existing housing market of increasing enrollment. The construction of housing by CU has multiple benefits including: the provision of additional affordable housing for students, helping more students be part of the community instead of commuting; increasing the availability of the residential campus experience to students, contributing to higher graduation rates, mitigating the housing, traffic and other impacts to the community of increasing enrollment, and providing a more controlled living environment.

Faculty and Staff Housing

Provision of affordable housing alternatives for faculty and staff has become an increasing problem over the past decade for the university. According to the university's housing office, in the housing department alone, 15-18% of the staff positions are vacant and it is very difficult to recruit staff. The cost of housing in Boulder has increased at a much greater rate than faculty and staff salary increases over the past decade. As a result, many junior faculty and staff are no longer able to qualify for home ownership. Faculty are recruited from a national market, and the high cost of housing has affected both recruitment and retention of faculty. Nearly all private institutions with which CU competes in the marketplace, and most public institutions in areas with high housing costs, offer faculty some type of mortgage support or equity sharing program.

The provision of both on-campus housing and housing assistance to faculty and staff are not city responsibilities. However, there are opportunities for the city and university to cooperate on housing issues of mutual concern.

PUBLIC COMMENT

There was considerable public sentiment expressed at the workshops that the university should provide more student housing. Public comment received throughout the process is summarized below:

- City should encourage CU to build more housing for students; increased enrollment will exacerbate the housing problem unless more student housing is built CU should consider housing needs of CU staff, both administrative and service
- The City should continue to encourage the dialogue between the City and CU
- There may be appropriate locations for increased density near the campus
- Housing on Williams Village property should be in character with the existing neighborhood
- promote co-operative housing that encourages neighborhood responsibility
- Occupancy limits should be based on the square footage and location of the house
- Should develop a partnership between the City, neighborhoods, the University, and student government to address off-campus housing needs including improvements and code problems

ATTACHMENT B

LIST OF STRATEGY GROUP PARTICIPANTS

Cedar Barstow	Charlie Stein
Elizabeth Blandon	Paul Tabolt
Scott Dale	Karen Utley
Archie Demarest	Pat Vanlandingham
Bruce Dierking	Jerry Van Sickle
Mark Fearer	Michael Weatherwax
Anne Fox	Mike White
Sheila Horton	Rich Wobbekind
Ken Hotard	Stan Zemler
Betty Hoye	
Tom Hoyt	
Martha Jones	
Carl Jardine	
Willis Knierim	
Angela McCormick	
James Landau	
Jim Leach	
Rich McCabe	
Fred McGehan	
Aaron Mirapol	
Dick Montague	
Susan Morris	
Robin Newsome-Suitts	
David Norcross	
Julia Perez	
Judy Richtel	
Terry Rogers, Esq.	
Sharon Rouse	
Fred Rubin	
Irene Schaffer	
Ardie Schulster	
August Sirkin	

ATTACHMENT C

WHAT MAY NOT BE INCLUDED WITHIN THE FIVE YEAR PERIOD

Please find below a list of the tools from the Tool Kit that are not directly included in the proposed Comprehensive Housing Strategy. Developing a set of effective housing programs will be a process of testing and evaluation, and to some extent of trial and error. If a particular tool is not included in the strategy at this time, it may be considered in the future.

The one tool that is not included that generated discussion at the Strategy Group meetings and the public forums is rent control. The City Attorney's Office has consistently advised that state statutes prohibit the city from instituting rent control. Since this is a matter for state legislation, it will require that not only Boulder, but a coalition of many communities around the state call for reform. Given the many other actions proposed, city-wide rent control discussions are not recommended at this time.

Tools not included in the Housing Strategy at this time:

Accessory Dwelling Units (revised tool)

- Reduce the application fee (may be an outcome, but not an action yet)

Building Code, Land Use Regulations, Planning Review Process

- Allow less expensive building materials and construction methods
- Adopt new rehab code for existing buildings
- Change site review standards for cost savings

Linkage Program for Non-Residential Development

- Adopt a linkage program for non-residential development

Increase Residential Densities

- Density Bonuses
- TDRs

Size Restrictions on New or Existing Housing

- Explore options for maintaining or increasing the supply of smaller units (this option was touched on in the growth management and ADU recommendations)

Student Housing - Existing

- Strengthen the enforcement of codes (may be an outcome of neighborhood partnership discussions)
- Revise non-conforming use code

- Designate university hill as an historic district
- Rent Control

Very Low/Low Income Family Assistance

- provide a tax incentive to landlords who agree to rents below HUD's Fair Market Rents.