MAINTAIN THE MIDDLE: FACT SHEET *February 3, 2015*

GOAL: Maintain the Middle

Prevent further loss of Boulder's economic middle by preserving existing housing and providing greater variety of housing choices for middle-income families and for Boulder's workforce.

EXAMPLES OF POTENTIAL OBJECTIVES

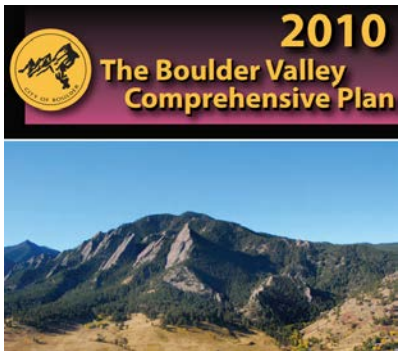
The list below provides examples of how the city might advance this goal:

- *Preserve Affordability* – Explore options to preserve the affordability of existing housing.
- *Attached Housing* – Facilitate the creation of relatively affordable attached townhomes and other higher-density, but family-supportive, housing types. This could be in areas currently zoned for these housing types as we as through land use and zoning changes, which would need to be addressed through the 2015 Boulder Valley Comprehensive Plan Update).
- *Location-Efficient Mortgages* – Identify opportunities for the city to support greater use of location-efficient mortgages to increase purchasing power for prospective homebuyers.
- *Home Financing Assistance* – Create a middle-income down-payment assistance or low-interest financing program.

KEY CONSIDERATIONS

- *Middle-Class Loss* – The share of middle-income households in Boulder shrunk by 6 percent between 2000 and 2010.
- *Upper-Income Gain* – The share of high-income households ($200,000 annually) is growing rapidly.
- *Detached Housing is Expensive* – In 2013, the median detached home sale price in Boulder was $631,250. The median attached home sold for $266,250.
- *Negative Effects* – Boulder's housing market increasingly serves high-income rather than middle-income households, resulting in less socioeconomic diversity in Boulder.
- *If Trends Continue…* – Unaddressed, the trend toward loss of Boulder's middle income households is expected to increase.

Boulder Valley Comprehensive Plan Policies Related to Maintain the Middle

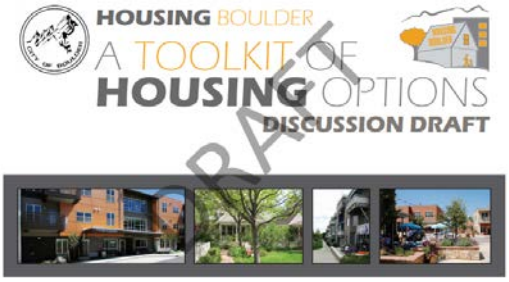


Neighborhoods Policy 2.10 Preservation and Support for Residential Neighborhoods: The city will work with neighborhoods to protect and enhance neighborhood character and livability and preserve the relative affordability of existing housing stock. The city will seek appropriate building scale and compatible character in new development or redevelopment, appropriately sized and sensitively designed streets, and desired public facilities and mixed commercial uses. The city will also encourage neighborhood schools and safe routes to school.

Mixed-use and Higher-density Development Policy 2.16:
The city will encourage well-designed, mixed-use, and higher-density development that incorporates a substantial amount of affordable housing in appropriate locations, including in some commercial centers and industrial areas and in proximity to multimodal corridors and transit centers. The city will provide incentives and remove regulatory barriers to encourage mixed-use development where and when appropriate. This could include public-private partnerships for planning, design or development; new zoning districts; and the review and revision of the floor area ratio, open space and parking requirements.

Housing for a Full Range of Households 7.09: The city and county will encourage preservation and development of housing attractive to current and future households, persons at all stages of life, and to a variety of household configurations. This includes singles, couples, families with children and other dependents, extended families, non-traditional households and seniors.

Potential Tools/Policies to Address Goal (Starting Point for Discussion)



The Housing Boulder Toolkit of Housing Options has a number of tools that could address this goal, including, but not limited to:

A2. Accessory Dwelling Unit/Owner's Accessory Unit Requirements

B2. Homebuyer Assistance Programs

B3. Inclusionary Housing (IH) Program

B4. Revenue Sources for Affordable Housing

B5. Annexation

C2. Land Banking

C3. Preservation of Rental Affordability

C4. Historic Preservation of Smaller Houses and Accessory Buildings

D1. Employer-Assisted Housing

D2. Green and Location-Efficient Mortgages

E1. Bonuses for Permanently Affordable Housing and Certain Housing Types

E3. Height Limit

E4. Land Use Designation and Zoning Changes

F1. Homeowners' Association (HOA) Fee Affordability

F4. Rent Control

KEY DATA

Middle-income

In the 2013 Housing Market Analysis prepared by BBC Research and Consulting, middle-income was defined as an annual household income between $65,000 and $150,000[1]. Using the standard methodology for setting prices for the city's permanently affordable homeownership program, a home priced at $222,000 is affordable to households earning $65,000 annually and a home priced at $548,000 is affordable to households earning $150,000 annually, both well below the median sales price ($631,250) of detached housing in Boulder in 2013.

2013 Housing Market Analysis, BBC Research and Consulting:

Income Category as Share of City Population

	Low- to Moderate-Income	**Middle-income**	High-income
1999	43%	**43%**	14%
2010	47%	**37%**	16%
Trend	Up	**Down**	Up

Source: BBC Research and Consulting based on 2000 Census and 2011 ACS three-year estimates.

Note: These data include all households, including off-campus college student households.

[1] The City of Boulder has a permanently affordable middle-income housing program. For this program, middle income is defined differently, as approximately 80 to 120 percent of the area median income (AMI) or, for example, a four-person household with an annual income up to $109,110 (2014). This program was established as part of the City of Boulder's goal of 450 permanently affordable middle-income housing units. This goal was adopted in 2008 as a separate goal in addition to the "10 Percent Goal." So far, the city has deed-restricted 110 units as permanently affordable. Currently, annexation is the city's only path to create permanently affordable middle-income housing.

Figure 1.

For-Sale Market by Price and Type, City of Boulder and Surrounding Communities, 2012

All Listed/Sold Units, 2012	Boulder		Lafayette		Longmont		Louisville		Balance of County	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Total	**2,150**	**41%**	**466**	**9%**	**1,547**	**30%**	**308**	**6%**	**335**	**14%**
Less than $200,000	299	29%	83	8%	544	53%	20	2%	60	8%
$200,000 to $300,000	274	25%	143	13%	484	43%	61	5%	64	14%
$300,000 to $400,000	327	34%	77	8%	261	27%	92	10%	60	21%
$400,000 to $500,000	325	48%	72	11%	98	14%	66	10%	49	18%
$500,000 to $750,000	463	60%	69	9%	92	12%	55	7%	52	12%
$750,000 to $1 million	214	74%	14	5%	27	9%	10	3%	16	8%
$1 million or more	248	74%	8	2%	41	12%	4	1%	34	10%

Detached Units Listed/Sold, 2012	Boulder		Lafayette		Longmont		Louisville		Balance of County	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Total	**1,295**	**37%**	**353**	**10%**	**1,297**	**37%**	**259**	**7%**	**312**	**9%**
Less than $200,000	10	2%	29	6%	382	81%	1	0%	44	10%
$200,000 to $300,000	26	4%	86	13%	404	59%	44	6%	60	19%
$300,000 to $400,000	170	22%	75	10%	255	33%	84	11%	57	25%
$400,000 to $500,000	264	43%	72	12%	97	16%	61	10%	49	20%
$500,000 to $750,000	404	57%	69	10%	92	13%	55	8%	52	13%
$750,000 to $1 million	205	73%	14	5%	27	10%	10	4%	16	9%
$1 million or more	216	72%	8	3%	40	13%	4	1%	34	11%

Attached Units Listed/Sold, 2012	Boulder		Lafayette		Longmont		Louisville		Balance of County	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Total	**855**	**66%**	**113**	**9%**	**250**	**19%**	**49**	**4%**	**23**	**2%**
Less than $200,000	289	54%	54	10%	162	30%	19	4%	16	3%
$200,000 to $300,000	248	61%	57	14%	80	20%	17	4%	4	1%
$300,000 to $400,000	157	89%	2	1%	6	3%	8	5%	3	2%
$400,000 to $500,000	61	91%	0	0%	1	1%	5	7%	0	0%
$500,000 to $750,000	59	100%	0	0%	-	0%	0	0%	0	0%
$750,000 to $1 million	9	100%	0	0%	-	0%	0	0%	0	0%
$1 million or more	32	97%	0	0%	1	3%	0	0%	0	0%

Source: BBC Research & Consulting and 2012 MLS.

The next 10 to 20 years may show Boulder changing more than it did during the past decade if demand for living in the city continues, employment expands and opportunities to increase housing stock are limited. Future workforce may be more likely to commute in from areas on the outskirts of or outside of Boulder County, given the limited growth within many parts of the county. Surrounding communities, including Longmont, Westminster, Arvada and even Denver offer much more affordability.

- Housing Market Analysis, BBC Research and Consulting, p. 2

Profile of Middle Income In-Commuters

43% of in-commuters are middle income ($65,000 - $150,000)

80% own a home

80% live in single-family homes

6% live in an apartment

5% live in a townhome

39% live with spouse/partner

40% live with spouse and kids

44% have children under 18

9% live alone

6% have retirement, pension, trust fund

11% sought additional employment to pay expenses

Average household size **2.7**

Average age **43**

Average vehicle payment= $441
Median vehicle payment= $400

Average mortgage= $1,609
Median mortgage= $1,500

Average rent= $1,336
Median rent= $1,300

Average HOA fees= $105
Median HOA fees= $60

Source: BBC Research & Consulting from the 2014 In-Commuter survey.

Figure I-30.
Attracting Middle Income In-Commuters to Boulder

Out of every 10,000 in-commuters,

4,300 are middle income (43%)

54%, or 2,322

middle income in-commuters would consider moving to Boulder in the future

To live in Boulder I would……

1,950 Live in an older home (84%)

1,742 Live in a small, single-family detached (75%)

1,138 Live in a townhome (49%)

813 Live in a duplex/triplex/ fourplex (35%)

581 Live on a busy street (25%)

581 Live in a condo (25%)

"New multi-unit housing in Boulder needs to be kid-friendly, not just dog-friendly."

"As long as the housing provided my own small courtyard—not a deck/balcony—but an actual outdoor fenced-in space, it would work."

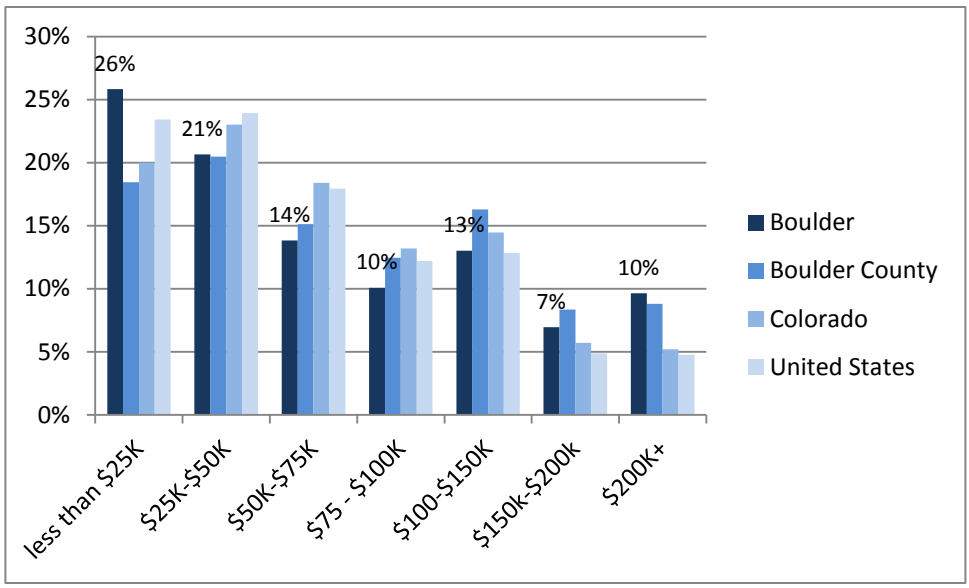
"Shared garden space/shared yard a must if condo/townhome…"

Source: BBC Research & Consulting from the 2014 In-Commuter survey.

Comparative Household Income Data: To explore the loss of middle-income households in Boulder, city staff compared the distribution of households by income category in Boulder to those of Boulder County, Colorado and the United States, then looked at the change in household income distribution between the 2000 census and the 2013 American Community Survey (ACS) five-year estimate in these same geographic areas. There is some variation between the BBC Research and Consulting data from 2011 on page 3 and these data from 2013.

Comparison of Household Income Distribution: The chart below shows the distribution of household incomes in Boulder, Boulder County, Colorado and the United States.

Distribution of Household Income, Boulder, Boulder County, Colorado and the United States, 2013



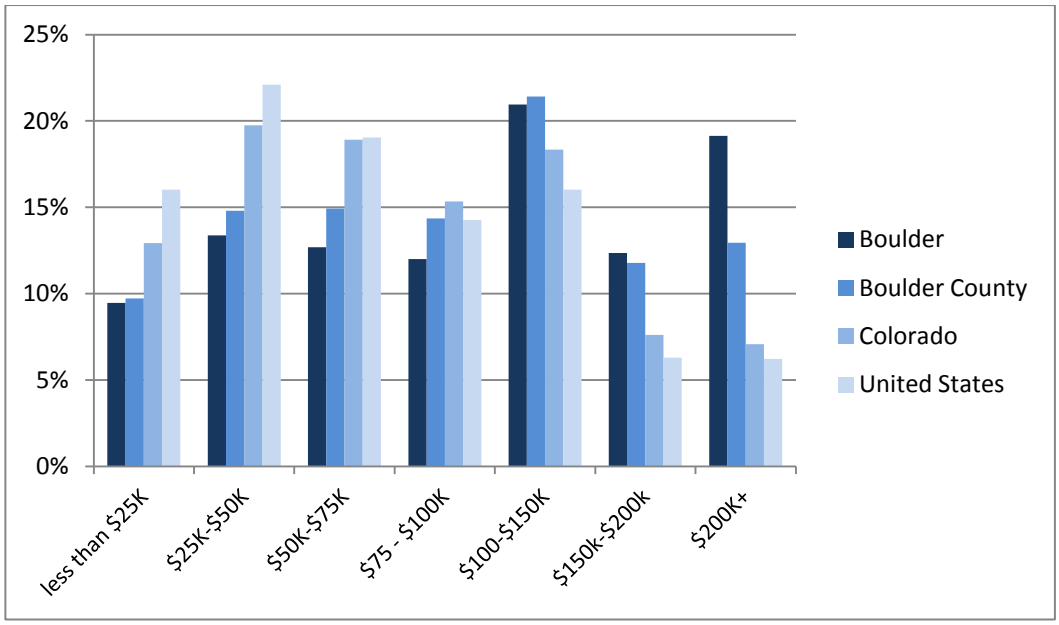
Source: 2013 ACS 5-year estimates

Observations:

- **Low- to moderate-income:** Among the four geographic areas, Boulder has the largest share of households with annual incomes below $25,000 and the lowest share of households earning between $50,000 and $75,000.
- For the two "**middle-income**" categories above, Boulder has
    - $75,000 to $100,000: the smallest share; and
    - $100,000 to $150,000: the same share (13 percent) as the United States, but a smaller share than Boulder County and Colorado.
- **Upper income:** Boulder has the greatest share of households earning $200,000 or more.

Because Boulder is a university town with a large share of nonfamily households accounted for by students, city staff looked at these same data for family households only.

Distribution of Family Household Income, Boulder, Boulder County, Colorado and the United States, 2013



Source: 2013 ACS 5-year estimates

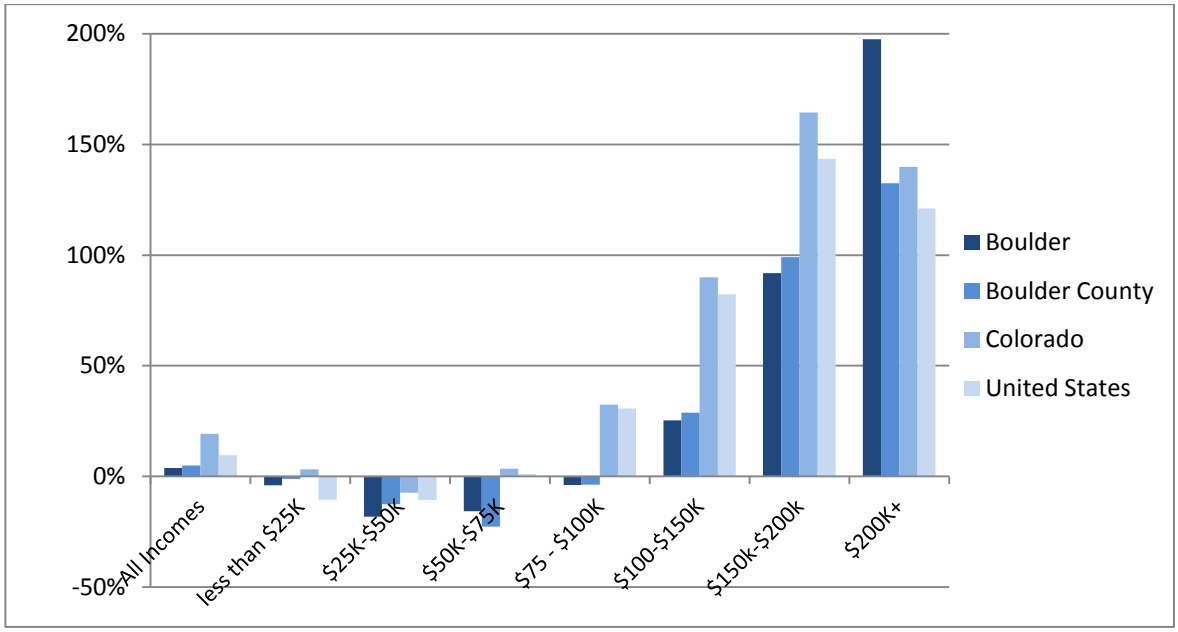
Note: The census bureau defines a ***family*** as consisting of two or more people (one of whom is the householder) related by birth, marriage, or adoption residing in the same housing unit.

Observations:

When looking at family households, among the four geographic areas, Boulder has the smallest share in each income category from $0 to $100,000, the second highest share of households earning between $100,000 and $150,000, and the largest share of family households earning above $150,000.

Change: Though broader factors such as inflation, changes in the makeup of the economy (e.g., jobs), and changing demographics (larger Millennial [born approximately 1980 to 1995] and Boomer [born 1946 to 1964] and smaller Generation X [generation between Millennials and Boomers]) contribute to changing household income distribution at all geographic levels; how changes in Boulder *compare* to changes in these other geographic areas provides clues as to whether changes in the income and wealth in Boulder result from economic and policy factors unique to Boulder.

Percent Change in Households by Income Category, Boulder, Boulder County, Colorado and the United States, 1999 - 2012



Source: 2000 Census and 2013 ACS five-year estimates

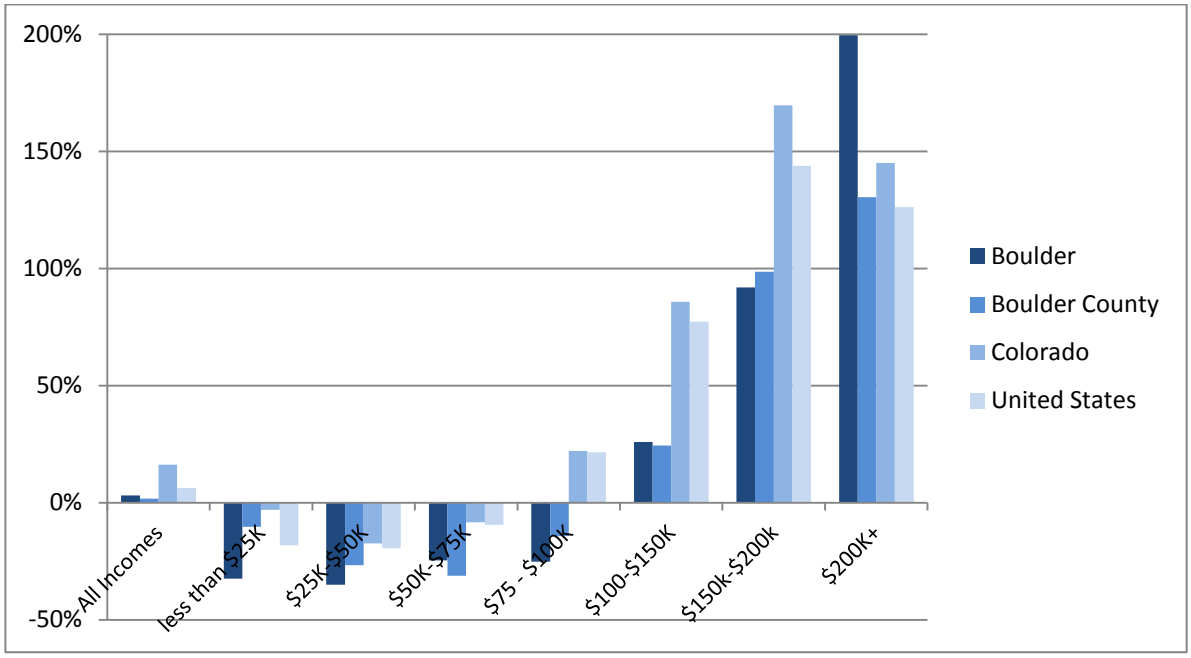
Note: Annual incomes are reported for the previous full year of earning.

Observations:

- **Growth:** All geographic areas (Boulder, Boulder County, Colorado and the U.S.) grew between 1999 and 2012, though Boulder grew the least (*see "All Incomes"*).
- **Low to moderate-income:** Though all geographic areas lost households with incomes between $25,000 and $50,000, Boulder lost the largest share of these households.
- **Opposite trends:** While Colorado and the United States gained households with incomes between $50,000 and $100,000, Boulder and Boulder County lost a share of these households.
- **Smaller gains:** Since 1999, Boulder gained a much smaller share of households earning between $100,000 and $200,000 than did Colorado and the United States.
- **Upper-income households:** Boulder gained a much larger share of households with incomes above $200,000 than all other geographic areas.

To moderate for the impact of the university population, city staff also looked at changes in *family* households by income.

Percent Change in Family Households by Income Category, Boulder, Boulder County, Colorado and the United States, 1999 - 2013



Source: 2000 Census and 2013 ACS 5-year estimates

Note: The census bureau defines a ***family*** as consisting of two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing in the same housing unit.

Observations:

- **Larger losses of families earning below $100,000.** When the family household income chart (above) is compared to the previous one (households in general), the loss of households earning between $0 and $100,000 in Boulder is more dramatic.
- **Biggest losses:** Among the geographic areas compared, Boulder has lost the greatest share of family households earning between $0 and $50,000 and Boulder's lost share of those earning between $75,000 and $100,000, the lower end of the "middle-income" spectrum, and was only outpaced by losses by Boulder County.
- **Smaller gains:** Boulder is gaining middle-income family households earning between $100,000 and $150,000, but at a lower rate than the other geographic areas.