1. CALL TO ORDER and ROLL CALL / 6:00 p.m.

2. AGENDA REVIEW / 6:03 p.m.

3. APPROVAL OF MINUTES / 6:08 p.m.
   a. October 10, 2018

4. PUBLIC PARTICIPATION (non-agenda items) / 6:10 p.m.

5. BOARD STUDY & DISCUSSION / 6:20 p.m.
   a. Area Agency on Aging – Informational Item

6. MATTERS FROM COUNCIL / 7:00 p.m.
   a. Affordable Housing Goal - Input

7. MATTERS FROM THE BOARD / 7:45 p.m.
   a. Standing committee reports
      • Public Engagement
      • No reports: Regional Housing, Boards Liaison, CU
   
   b. Special committee reports
      • Affordable Housing Resident Concerns – Feedback
         o Staff report and discussion of next steps
      • No reports: Area Median Income, Alpine-Balsam, Community Benefit, Subcommunity Planning

   c. Unfinished business

   d. New business
      • HAB priorities and annual letter to city council – Feedback
      • Review and update HAB application - Decision
      • Elect Chair (and Vice-Chair if necessary) - Decision

8. MATTERS FROM STAFF / 8:45 p.m.

9. DEBRIEF MEETING AND CALENDAR CHECK / 8:50 p.m.

10. ADJOURNMENT / 9:00 p.m.

Informational Item: updates and education; no action to be taken
Feedback: discussion and comments on board processes; may result in action to change them
Input: discussion and comments to shape staff work on housing issues, projects and policies; no action to be taken
Decision: Vote on board processes, work plan, agenda items, etc.
Recommendation: Vote on the board’s input to city council

For more information please contact the HAB Secretary at 303.441.4134, or via Email at marinc@bouldercolorado.gov. Board agendas are available online at https://bouldercolorado.gov/boards-commissions/housing-advisory-board. Please note agenda item times are approximate.
MEMORANDUM

TO: Housing Advisory Board

FROM: Kurt Firnhaber, Director of Housing and Human Services (HHS)
       Kristin Hyser, Community Investment Program Manager (HHS)
       Jay Sugnet, Senior Planner (HHS)
       Christian Koltonski, Data and Analytics Project Manager (HHS)

DATE: October 24, 2018

SUBJECT: Introduction to Boulder’s Affordable Housing Goals

EXECUTIVE SUMMARY
The City of Boulder is committed to creating and preserving permanently affordable housing options to meet the diverse housing needs of the community. This commitment is grounded in the 10 percent goal in which 10 percent of the city’s housing stock is secured as permanently affordable. To date, the city has successfully deed restricted 7.5 percent (3,468) homes serving low- and moderate-income persons. In 2016, the city expanded its commitment to ensuring the availability of diverse housing options by adopting the Middle-Income Housing Strategy committing to build or preserve 3,500 middle income homes by 2030, of which 1,000 would be permanently affordable. Currently, the city has 110 deed restricted middle income homes.

Simultaneous to the city’s progress towards achieving these stated goals, the multi-jurisdictional Boulder County Regional Housing Partnership (Partnership) was convened to expand access to diverse housing across the county, serving low to middle income households (30–120% Area Median Income). Driving the Regional Housing Strategy is the established goal to secure 12 percent of the county’s housing inventory as permanently affordable, serving a diverse mix of low, moderate and middle income households by 2035. In 2017, Boulder City Council adopted Resolution 1218 supporting the work of the BCRHP and the goals established by the Partnership, which includes a 12 percent goal for the entire county.

The purpose of this memo is to introduce the topic of the city’s housing goals and propose a process to potentially update them as follows:

- Consider combining the low-, moderate- and middle-income goals into one goal; and
- Consider raising the current goals and aligning with Regional Housing Strategy.
On Nov. 14, staff proposes that the Housing Advisory Board (HAB) hold a study session to explore the issues raised in this memo in more detail. The study session will be followed by a formal public hearing on Dec. 12 to gather community input prior to HAB making a recommendation for City Council consideration in early 2019.

**QUESTIONS FOR HOUSING ADVISORY BOARD (HAB)**

1. Does the HAB have any feedback on the why statement or the project’s guiding principles?
2. Does the HAB have any feedback on the proposed process to amend the city’s housing goals?
3. What additional information is needed to consider a change to the city’s housing goals?

**BACKGROUND**

**“Why” Statement**

The following “why” statement is proposed to clearly articulate the problem we are hoping to solve:

_The City of Boulder has made great strides in continuing to achieve its goal to secure 10 percent of all housing units as permanently affordable for low- and moderate-income residents (0-60 percent of Area Median Income (AMI)). The city currently has 7.5 percent of its housing stock as permanently affordable and expects to achieve the goal of 10 percent in the next several years. In addition, the recently launched Middle Income Housing Strategy set a goal of 1,000 deed restricted homes (currently there are 110 serving 80-120% AMI). While these achievements are remarkable, there remains a dearth of affordable housing options available to many of the city’s residents. To continue to provide a diversity of housing types and prices, the city will revisit our affordable housing goals to ensure continued prioritization and investment in affordable housing._

**Process Goal**

A housing goal should be aspirational and time-bound. It must also be set with certain implications in mind including: availability of local funding source; status of federal and financial resources /factors (e.g., tax credits, interest rates, construction costs); development potential; and regulatory constraints. While points of consideration, these matters are outside of the scope of this work item. Each of these items are being pursued as part of a suite of strategies and tools to facilitate future housing production.

The housing goal discussion will consider the following amendments to the city’s housing goals:

- Combine the current housing goals to assert one goal serving low- to middle-income (0-120% AMI) households.
- Update the goal to ensure the city’s continued prioritization and investment in creating and preserving homes meeting the diverse housing needs of the Boulder community.
- Establish the goal as time-bound to be achieved by 2035.
- Amend the Boulder Valley Comprehensive Plan in 2020 to reflect the amended housing goals.
Please note, a consultant has been engaged to quantify the costs related to each goal. This information will be available further in this process of consideration.

**Guiding Principles**
In considering amending the city’s housing goals, the following guiding principles frame the consideration:

- Affordable housing goals must be easy to explain and understand.
- Allow flexibility to be opportunistic to direct affordable housing resources to address the greatest need in any given year while leveraging resources and maximizing opportunities.
- Periodically review progress toward goals and adjust course as necessary.

**Additional Background**
As the Boulder Valley Comprehensive Plan (BVCP) states, “Boulder aspires to be a complete community with a diverse and integrated population. Supporting that aspiration, the range of available housing opportunities helps to define a community. The social, economic and environmental well-being of the community is enhanced when individuals and families are retained, workforce housing is available and residents with changing or special housing needs are served.” To this end, the Boulder community, its leadership and residents, have held a long commitment to securing diverse housing options to meet the needs of the Boulder community serving low-, moderate- and middle-income households.

**10 Percent Goal and Progress**
In the early 2000s, the city committed to securing 10 percent of all residential properties within Boulder as permanently affordable to serve low- and moderate-income households. Below is a snapshot of the families and individuals who live in the city’s safe and affordable housing. More in-depth information can be viewed at the [Affordable Housing Dashboard](#).

It is important to note that the city does not have specific targets within the goal (e.g., income levels, ethnicity, seniors, etc.). While previous city conversations have discussed creating these targets, the city relies on the ability to remain flexibility in responding to opportunities to create affordable units. As a result, the city can create more units with the end result of serving a broad spectrum of the community (as shown in the data below).
Through the city’s partnerships, regulatory requirements, policy actions and actively investing city funds -- the city has successfully secured 3,468 homes as permanently affordable to low- and moderate-income persons, housing approximately 8,500 persons on any given night. To reach the 10 percent goal, the city needs to secure approximately 1,442 additional homes. Based on the current rate of affordable housing production, the units needed to reach this goal could be built in approximately 5 years, depending on development activity and schedules.
The attainment of the 10 percent goal requires the city to continue to partner with the development community employing a variety of strategies including: leveraging outside financial resources; new construction/preservation/redevelopment/land banking; regulatory tools (e.g., inclusionary housing); and policy inducement (e.g., annexation).

Middle Income Goal and Progress
With the decline of middle-income households in Boulder, in 2016 the city adopted the Middle-Income Housing Strategy. The Strategy defined a comprehensive approach to create and preserve housing choice for middle income households and puts forth a new aggressive, but obtainable goal that will increase housing options for middle income households. The goal of the Strategy is to build or preserve 3,500 middle income homes by 2030. The goal will be achieved with the development/preservation of 2,500 market-rate middle income and 1,000 deed restricted permanently affordable homes. Currently the city has 110 deed restricted middle income owner-occupied homes as part of the permanently affordable inventory.

Boulder County Regional Housing Partnership 12 Percent Goal
In 2017 the Boulder County Regional Housing Partnership, a multi-jurisdictional, regional collaboration, prepared the Regional Housing Strategy adopting a regional approach to expanding housing options to meet the diverse needs across the county. Using the latest figures, the Strategy asserts a regional goal of 20,400 homes affordable to a diverse mix of low- and middle-income households by 2035. This goal is based on the population and land use projections from communities across the region, and accounts for the 5,700 permanently affordable homes already secured across Boulder County. The regional collaborative established a 12 percent county-wide goal. Aspirational yet realistic, the goal is grounded in regional population and build out projections. Since the adoption of the plan, nine communities across the county of adopted resolutions supporting the work of the Partnership and its asserted goals, including the Boulder City Council.
A core component of achieving the 12% goal will be significant investment in acquiring existing properties that would otherwise be lost to market escalation. Therefore, a goal of 540 home acquired per year will be necessary in addition to the 320 new homes created each year to achieve the 12% goal.

Similar to any goal, it will be achieved through a variety of strategies including: bolstering of financial resources; securing land, development and redevelopment options; preserving existing affordability; and alignment of regulatory processes to facilitate production of housing options to reach the goal.

**ANALYSIS**

The previously mentioned goals and progress have successfully served as a blueprint for the city’s regulations, policies and funding investments toward the development of affordable housing. While making great progress in meeting the housing needs of the Boulder community a critical need remains.

**Critical Housing Needs Remain**

While the city has made great strides towards the 10 percent goal and is now setting its sights on addressing the middle-income housing needs of the community -- housing affordability and availability remains a critical issue. Escalating home prices are taking a toll on the household and economic security of Boulder’s residents, put businesses and institutions at a disadvantage in attracting and retaining competitive workforce, and place pressure on the community value of inclusivity and diversity.

The following statistics show the rapidly increasing housing costs occurring in Boulder and across the region:

- Since 2010, the median home price in Boulder has increased 60%, from $535,000 to $855,000 as of December 2017.
- Market median rents have jumped 31% in Boulder since 2010, from $1,480 to $1,940.
- Wages have only risen 9.6% since 2010 while the cost of housing has increased by over 60%.
- In 2017, 54% of renters in Boulder County were cost-burdened meaning they are paying more than 30% of their household income on their rent. Of those renters, 15,000 are severely cost-burdened, paying more than 50% of their total household income on housing costs.

**Implications of Amending the Goal**

In preparation for the HAB study session in November, staff assembled some basic information on the current goals and middle-income housing needs, the first step is to estimate affordable housing production. Based on the production of units over the past 18 years, the city produces an average of 132 units per year either through acquisition or new construction. This is a conservative estimate of unit production. By one estimate based on current projects in the pipeline, the city could achieve the 10 percent goals in approximately 5 years. However, this does not factor in a potential decline in the housing market that would affect affordable housing production significantly.
Assuming the middle-income goal is translated from a numerical unit count to a percentage of the city’s total housing stock, the follow table shows different goals as a percentage of the total number of housing units in the city.

**Low-, Mod-, and Middle-Income Percentage Goal Scenarios**

<table>
<thead>
<tr>
<th>Low/mod affordable housing goal</th>
<th>Current Goal 10%</th>
<th>10%</th>
<th>11.5%</th>
<th>13%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle Income affordable housing goal</td>
<td>1000 deed-restricted 2,500 market rate (not included in 10% goal)</td>
<td>2%</td>
<td>2.5%</td>
<td>3%</td>
</tr>
<tr>
<td>Total Percent affordable housing</td>
<td>10%&lt;sup&gt;1&lt;/sup&gt;</td>
<td>12%</td>
<td>14%</td>
<td>16%</td>
</tr>
</tbody>
</table>

The following table reflects population and build-out projections by 2035 as estimated in the recent update to the BVCP. It also presents a range of goal options – the existing 10 percent goal and 12, 14 and 16 percent goals.

According to the BVCP, the city will reach residential housing capacity by 2040 with a projected build out of a maximum 52,000 homes. The following goal scenarios demonstrate the number affordable units needed to be developed by 2035 (aligning with the Regional Housing Partnership) and using 50,680 homes as the projected number of total residential units in Boulder.

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<sup>1</sup> Middle income has separate goal of 1,000 deed-restricted and 2,500 market-rate units by 2030. This equates to approximately 2% of the housing inventory in 2030.
Affordable Unit Development Calculations

<table>
<thead>
<tr>
<th>Additional Housing Units needed to reach goal</th>
<th>10% Goal</th>
<th>12% Goal</th>
<th>14% Goal</th>
<th>16% Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>2029 Housing units as denominator (49,097)</td>
<td>1,442 (low/mod)</td>
<td>1,600 (10% low/mod)</td>
<td>2,360 (11.5% low/mod)</td>
<td>3,120 (13% low/mod)</td>
</tr>
<tr>
<td>2035 Housing units as denominator (50,680)</td>
<td>904 (2% middle)</td>
<td>1,157 (2.5% middle)</td>
<td>1,410 (3% middle)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Existing Units</th>
<th>3,468 (low/mod)</th>
<th>3,468 (low/mod)</th>
<th>3,468 (low/mod)</th>
<th>3,468 (low/mod)</th>
</tr>
</thead>
<tbody>
<tr>
<td>110 (middle)</td>
<td>110 (middle)</td>
<td>110 (middle)</td>
<td>110 (middle)</td>
<td>110 (middle)</td>
</tr>
</tbody>
</table>

| Total Units if goal met | 4,910 | 6,082 | 7,095 | 8,109 |

Based on the current rate of development over the past 18 years at 132 units created/preserved per year, the varying goals (presented above) are estimated to be achieved by the following dates:

Affordable Unit Production Scenarios

Current Rate of Development over past 18 years = 132 units/year

<table>
<thead>
<tr>
<th>Year Goal will be met using current projections and development rate²</th>
<th>2029</th>
<th>2037</th>
<th>2045</th>
<th>2052</th>
</tr>
</thead>
</table>

Boulder Build Capacity (Area I) = 52,000 Residential Housing Units. Will reach capacity by 2040.

PROPOSED PROCESS

Present Proposal to HAB  
October 24, 2018

Staff will prepare a memo and all necessary elements proposing amending the city’s affordable housing goals. Staff will present the memo to the HAB and seek input on additional information needed to consider amendments.

HAB Study Session  
November 14, 2018

Staff will prepare a memo and all necessary elements to conduct study session considering amendments including additional information requested by HAB. Information to include cost analysis.

² The 10% goal was calculated using the denominator of estimated year of goal attainment using 18-year development rate. The other scenarios used 2035 housing units as the denominator and the 18-year development rate.
HAB Board Public Hearing December 12, 2018
Staff will prepare a memo and all necessary elements to conduct public hearing considering amendments. The desired outcome is a recommendation to City Council.

Planning Board Public Hearing January 2019
Staff will prepare a memo and all necessary elements to conduct public hearing considering amendments. The desired outcome is a recommendation to City Council.

City Council Public Hearing February – March 2019
If amendments are recommended, staff will prepare a memo and all necessary elements for City Council consideration to amend the city’s housing goals.

Implementation of Amended Housing Goals Following Approval

Update Goals in the Boulder Valley Comprehensive Plan 2020

Deliverables: Adopted housing goals.

NEXT STEPS
The HAB will hold a study session on Nov. 14 and a formal public hearing on Dec. 12. If you have any questions, please contact Kristin Hyser at hyserk@bouldercolorado.gov.
HAB Priorities for 2019

In addition to all of the items on City Council’s 2019 Work Plan, here are my top three ideas for HAB’s priorities in 2019.

ACCESSIBILITY

HAB would liaise with the Human Rights Commission (and, if they so choose, the Area Agency on Aging and the Center for People with Disabilities) to take all appropriate steps to provide specific recommendations to Council about accessibility that result in improvements to accessibility in housing for Boulder’s older adults and adults with disabilities.

Rationale. Boulder anticipates a “silver tsunami”, as it has been called, because people are aging in Boulder at an increased rate. Both older adults and adults with disabilities currently struggle to find housing in Boulder. If a person can’t live in a home because it is not modified to address their disability, general housing availability is of no value. If we want older adults and adult with disabilities to age in place, rather than face institutionalization, we need to provide housing options for them.

HAB and HRC would undertake a review of accessibility programs in other cities, and may consider changing accessibility aspects of building codes, pursuing a program of advisors for housing modifications, and enacting some sort of financial support (or loans) for accessibility modifications or other related matters.

There are many compelling reasons to pursue this priority: 1) Accessibility, specifically, is addressed in the ordinance that formed HAB; 2) Liaison with other boards also is mentioned in the ordinance; 3) Public engagement is also mentioned and two public groups (Area Agency on Aging and CPWD) have come to our board seeking help; and 4) Diversity is also mentioned in the HAB ordinance. Older adults and adults with disabilities are to minorities that add to our rich diversity.

Additionally, the Human Relations Commission already has achieved success in getting their initiatives adopted by Council. Working with them could be helpful for our new board.

This is a very worthy priority for HAB.

DEVELOPMENT OF INNOVATIVE MODEL TO ENHANCE PRODUCTIVE CIVIL DISCOURSE ON HOUSING

HAB would create an innovative model to provide Council with a pathway towards more civil discourse concerning housing issues - seeking as much consensus as possible and providing a way forward for identify common ground among people with seemingly opposing views.

Rationale. Council, staff and the public all agree that conflict over housing issues are divisive. These battles exhaust the public and slow down progress on housing issues. An immense amount of time and effort is spent on addressing the polarization of many issues. The degree to which public discourse can be more productive is the degree to which housing goals can be achieved more equitably, effectively and efficiently.

The Public Participation Working Group provided an excellent report on public engagement. While boards and staff are incorporating these ideas, the next step would be to move from “engagement” about housing options to actually finding common ground on as many issues as possible.

While positions on various housing issues are very polarized, conversations with diverse members of the public indicate much more common ground than one might expect.
Neighborhoods that have sought affordability without extreme density already have found common ground with Council and planning staff.

Council doesn’t have time to experiment with models for enhancing public discourse but would greatly benefit from HAB’s exploration into such models.

If you remember Venn diagrams from high school (and I don’t know how to insert and example into this paper), you will realize that HAB, with this priority, would find the common ground where the circles intersect. If HAB could achieve consensus, that would be great. However, finding some common ground would be a most successful start.

Pursuing such a model would reflect HAB’s ordinance with: 1) innovation; and 2) public engagement. Additionally, such a HAB priority would not consume extensive staff time.

Much groundwork for this effort already has been laid by the Engagement Committee, as HAB is well aware.

Please consider this effort as a priority that would do much to help with housing issues in Boulder.

**SMALL BUT MIGHTY**

HAB would make recommendations twice a year to Council on small individual matters that either could alleviate critical housing issues for individuals OR increase overall effectiveness and efficiencies in housing efforts.

These issues are too small to find a place on Council’s agenda without support from HAB, but their benefits would be mighty.

**Rationale.**

When HAB sought input from the public on housing solutions, people suggested a myriad of small fixes, many/most of which have great merit.

Examples of issues suggested by the public range from a request that homeowners shouldn’t have to remove their extra sinks if they don’t qualify for an ADU to a request that staff conduct a salary study of Boulder residents as an additional tool to AMI in housing choices.

Providing a means of forwarding small but worthwhile housing solutions to Council would be a great benefit to Council and to residents.

It would reflect the HAB ordinance mandates for innovation and public engagement – completing the feedback loop to demonstrate that the city not only listens to the public but values its residents. Additionally, most of these suggestions would not require a lengthy process of changing any ordinances.

This process could be managed with a HAB committee to collect and vet all small solutions, recommending some every six months to the full board who would then discuss, weigh, and select no more than five or six at a time.

Selecting this priority would be a great way of demonstrating the unique potential of HAB.
Priorities HAB 2019

Tiny Homes / Micro Units:

Assist CC by researching and developing a comprehensive and innovative strategy for the implementation of tiny homes and micro units. Our strategies could include pioneering new public engagement tools to including a tiny house working event and a multi-board committee approach to a recommendation.

Incentivize Affordable Housing

Explore and advise CC on proposed policy recommendations to incentivize affordable housing development including reducing fees, creating competitive advantage, simplifying the process, and modifying land use codes. Our strategy could include a short-term working group of industry experts in collaboration with the Boulder County Regional Housing Partnership.

Subcommunity Planning

Study and support the subcommunity planning process within the City by suggesting long and short-range goals, ordinances and funding priorities that preserve existing middle income homes, diversity and accessibility. Our strategy could include an inventive national working think tank with other city officials, the development of subcommunity working groups, and a joint effort utilizing the Cities online engagement platform and CU’s urban planning department to pilot a creative design process.

Incentivize Affordable Housing

I took this directly from Masyn because I thinks she said it perfectly.

Explore and advise CC on proposed policy recommendations to incentivize affordable housing development including reducing fees, creating competitive advantage, simplifying the process, and modifying land use codes. Our strategy could include a short-term working group of industry experts in collaboration with the Boulder County Regional Housing Partnership.

Explore Occupancy Rule Changes

Utilizing existing space to its best housing purpose should be a major priority for us, especially when it doesn’t cost the community anything. We should look at and advise council on changes to our occupancy limits so that housing spaces don’t go unused and the people who need housing most can live with others. One potential avenue
is limiting based on square footage instead, and increasing parking zones to keep car overcrowding to a minimum.

**Explore Transfer Fee On Housing Sales For Additional Affordable Housing Funding**

This may be a regional or local strategy, but I think it’s the least regressive means of raising additional funds for our affordable housing goals. I think it's worth HAB's time to get feedback from the community and make a recommendation about this possible funding source. Most of our problems stem from not having enough money to subsidize the projects our community wants to act on, so a funding source that only hits people who already have built equity makes a lot of sense.