

HHS Master Plan Advisory Committee Housing Study Group

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Overarching Goal for Housing: *Preserving and Increasing Affordable Housing Opportunities*

Study Group Focus

The Housing Study Group, composed of four members from the Housing and Human Services Master Plan Advisory Committee, met three times over the course of the summer to focus on the work of the Housing Division. The study group began with an examination of the lack of affordable housing in Boulder and research and strategies to increase the stock of affordable housing. With this as a background, the study group turned to the City's existing affordable housing goal and priorities, and identified trends, gaps and issues for the future.

Background

Current home prices and rents are clearly out of reach for many people who work in Boulder, including teachers, health care staff, service and retail employees, child care providers and others. In recent decades, home prices have increased at a much higher rate than have incomes. The disparity between high housing costs and incomes leaves many people with little choice but to find affordable housing elsewhere and join tens of thousands of other commuters who contribute to traffic congestion, pollution and urban sprawl. The high cost of housing places the economic diversity of the community at risk as many low and middle income families seek more affordable housing options outside of the city limits.

Many households are "cost burdened" – paying more than the national standard of 30% or less of income for housing. A disproportionate amount of income used for housing reduces money available to take care of other needs – such as food, clothing, child care, and health care – and can create additional demand for human services to assist in meeting those basic needs. Research has shown that stable, affordable housing is pivotal to enable people to attend to other needs and be self-sufficient and productive members of the community.

In 2000, City Council established a goal of securing 10% of Boulder's total housing stock as affordable in ten years. This translates to a total of 4,500 units by year 2011. A number of strategies are being pursued to reach the 10% affordable housing goal, including:

- Affordable housing requirements for new residential development;
- Funding for non-profit and for-profit housing developers who create affordable housing;
- Certain fee waivers and subsidies; and
- Regulatory and land use incentives.

Affordable Housing Goal and Priorities

Affordable Housing Goal

The establishment of the 10% affordable housing goal has garnered substantial support and political commitment toward affordable housing. In 2003 the half-way point toward that goal was passed; nearly 2,400 affordable dwelling units are now affordable. Of these, over 600 were added since the year 2000, with just under 1,800 units produced over the three prior decades (1970 to 2000).

The affordable housing goal established in 2000 by City Council covered a ten year timeframe. The Housing and Human Services Master Plan will cover a ten year period from 2005 to 2015. This presents a good opportunity for a mid-point check-in with the housing goal, priorities and issues.

As illustrated in Chart 1, assuming current production levels of about 150 affordable units per year, the 10% affordable housing goal will not be accomplished in the ten year timeframe. It would take double the number of additional units per year – up from 150 to 300 – to reach the goal by 2011. Alternatively, extending the time to at least 2018 would allow for the goal to be reached at the current rate of the addition of affordable housing, although escalating costs and limited land supply will further challenge development.

While doubling the current production rate of affordable homes seems daunting, the study group concurred that maintaining the goal is very important. The goal was the result of substantial research and community discussion; it serves as important leadership for surrounding communities. To support more regional efforts, it is important for the City to make every effort possible to accomplish the goal.

The study group considered the possibility of lifting the growth management restrictions, but increasing affordable housing requirement as an incentive for more affordable housing. An analysis of the last four years showed that there have been sufficient growth management allocations available, and, as such, this change would not yield more units. Increasing the 20% affordable housing requirement was considered, but significant developer resistance would be anticipated, which could jeopardize the existing requirements.

The study group discussed the possibility of generating additional funding to accomplish the affordable housing goal in the ten year timeframe. The possibility of an additional tax initiative was raised. If a recommendation were to emerge from the HHS Master Plan to explore the option of additional resources through a tax initiative, it was recognized that this would require substantial study and could not be pursued before a 2006 election at the very earliest. Any such initiative would need to be framed in accordance with “lessons learned” from the past housing initiative and more recent successful initiatives, such as the County’s Worthy Cause Tax. Successful initiatives have demonstrated that the approach must be very well focused so that voters know what amount of affordable housing would be supported, how, and who would benefit. For instance, the initiative could specify that funds would be used to acquire existing properties. Such specification could help allay the fears of no/slow growth advocates. The timing of any such initiative, if pursued, would need to take into account other initiatives and the current political and economic situation.

Priorities

In 2000, the Housing Implementation and Funding Task Force developed priorities for the 10-year goal regarding the distribution of affordable housing, based on: incomes; rental and homeownership units; and new construction and acquisition of existing units. These priorities have been used to provide guidance for production, but were not intended and have not been used as strict annual production goals. Charts 3 – 5 illustrate the priorities and their past and current status.

The study group discussed the priorities and concurred that these targets and priorities seem reasonable when used flexibly. The group recommends retaining the current goal for now and reevaluating after the completion of an upcoming, county-wide, housing needs assessment, scheduled to be finished in early 2005.

Summary

The study group reaffirms City Council’s 10% affordable housing goal in 10 years and recommends considering additional strategies to achieve that goal, including – potentially – an initiative to generate additional financing. The group also concurs that the targets and priorities concerning incomes, rental/homeownership, and new construction/acquisition of existing homes seem reasonable when used flexibly, and recommends continuing with these priorities with review after the upcoming regional housing needs assessment. The study group also discussed a series of trends, gaps and issues affecting housing, as outlined below.

Trends, Gaps and Issues

Policy Issues

County Responsibilities: The group noted that although Boulder County invests in affordable housing in the County, it does not do so in the city of Boulder. City residents pay taxes and should be entitled to benefits. Boulder County could provide some level of matching funds to

support efforts of the municipalities in providing affordable housing, or otherwise provide support for City efforts.

Regional Strategies: There is a Regional Affordable Housing Initiative underway, which is an important effort toward increasing regional planning. The timing of this effort does not afford the Housing and Human Services Master Plan Advisory Committee the opportunity to review its findings before beginning the recommendation phase of the master planning project. There will, however, be time for adjustments to the Mater Plan before its completion if information or policies generated by the regional initiative warrant it.

University of Colorado: The University appears to be stabilizing enrollments at the present time. However, discussions need to continue with the University of Colorado regarding future enrollment, student housing and the impact on housing for the rest of the community.

Trends and Gaps

Types of Housing Produced and Populations Served: Boulder's "inclusionary zoning" ordinance requires that at least 20% of all new residential development be provided as permanently affordable. The majority of affordable homes being produced through this requirement are condominiums and stacked flats, which appeal primarily to individuals and couples, not families. Additionally, the City encourages mixed-used developments, which again generally involves condos and stacked flats. Thus, many of the new units being produced are not the housing type desired by families; there is a lack of smaller single family or townhomes or attached housing with private entries and some yard space. As a result, families tend to look outside the city for single family homes.

Aging of the Population: With the future growth of the senior population, efforts need to be pursued to encourage the preservation and development of housing appropriate for the elderly.

Transitional Housing: More options are needed for special populations, such as people with mental illness or people transitioning into society from the justice system, and a need for more transitional housing options. The national trend for transitional housing is to secure people in permanent housing with services provided for some period of time, rather than temporary housing with services. Additionally, there is a lack of very inexpensive housing, such as SROs (single room occupancy) for people with very marginal incomes, which may be the result of circumstances beyond their control.

Limited Land Supply: There is very little remaining land available for development in Boulder. This will mean more redevelopment rather than new development in the future. The current trend is for increased densities, particularly along transit corridors and in the core of the community.

Aging of the Housing Stock: Constructed homes and mobile homes in the community are aging and may require significant repair or replacement in the not too distant future.

Aging of Mobile Homes: In the past, funds have been provided for rehabilitation of mobile homes, primarily to address code and safety concerns. A substantial number of seniors are living

in dilapidated mobile homes. Some investment of rehabilitation funds is continuing for mobile homes when there are serious emergency, health and safety concerns. However, most of the mobile homes in the community are very old; owners could potentially benefit from replacement rather than putting additional money into rehabilitation.

Rising Costs, Shrinking Funding: The costs of housing acquisition, development and rehabilitation are increasing at the same time funding for these purposes is decreasing. As future costs per unit continue to rise, the rate of acquisition, development or rehab will be necessarily reduced unless funding is increased.

Depleting "Market Rate" Affordable Housing: In many cases, investors are purchasing the more affordable market rate housing, often turning it into student rentals. This depletes the availability of "market rate" affordable housing for others in the community.

Land Use Opportunities: The City is pursuing land use opportunities to create additional residential stock rather than more commercial or industrial development. This involves the conversion of some industrial areas for residential uses.