

## CHATS Regulatory Review Combined Community Meeting Notes

**Attendees December 12, 2008, West Senior Center:** Andy Allison, Lou DellaCava, Bruce Dierking, Dick Harris, Beth Hendorf, Ryan Hibbard, Jonathon Hondorf, Jane Jenkins, Jim Leach, John Lovell, John McElveen, Barbara Nason, Kurt Nordback, Susan Peterson, Steve Pomerance, Joseph Rosenblum, Eduardo Velasco, Bob Walker, Liz Wolfert

**Attendees December 15, 2008, East Senior Center:** Matt Appelbaum, Cindy Brown, Tucker Brown, Jared Hall, Charles Gee, Sarah Harman, Dick Harris, Shane Higbee, Sarah McClain, Susan Petersen, Steve Pomerance, Morgan Rogers, Lynn Segal, Pat Shanks, Phil Shull, Bob Walker, David Zucker, Tucker Brown

**HHS Staff:** Michelle Allen, Luanne Bobo, Barbara Long, Cindy Pieropan, Karen Rahn, Heather Shea, B.J. Suter, Jeff Yegian

**Facilitator:** Kon Damas

**Spanish Translator:** German Velasco

### A. OPENING/WELCOME

Kon Damas gave opening remarks and facilitated introductions of all attendees.

### B. REGULATORY REVIEW - UPDATE

Michelle Allen provided an update on current Affordable Housing goals and Phase I of the CHATS review process and reviewed the issues handout and summarized concerns around each issue.. Following the current round of community meeting, staff will be presenting goals and options for regulatory review at a City Council Study Session on February 24, 2009.

### C. COMMENTS SECTION

Input from the attendees was gathered regarding the current Affordable Housing in general and for the first “big five” issues.

#### *1. Affordable Housing General*

- Staff working well with resources available.
- Community input should have been sought prior to creation of issues list.
- Original structure of program is fine. Look at best practices of other cities; review 2008 Leeds Business School Report; element of unreality in program that will cause it to eventually collapse.
- Expand boundaries outside of Boulder

- Concern: current program raises housing prices. Increases workers buying outside of Boulder.
- Look for market based solutions – more streamlined approach for developers/city/non-profits.
- Likes hearing discussion about affordable housing and maintaining economic diversity. Diversity housing = Yes!
- Concerns about discussion relating Inclusionary Zoning to whole problem. IZ solves one piece very well. Don't move away from IZ.
- Need more public input/financial support rather than more regulation.
- Need more “out of the box” thinking.
- Numbers are not working.
- Affordable resales are tough; problem: trapping buyers
- Get smaller (affordable) units downtown. Denser.
- Decentivize parking, especially near transit corridors.
- Density bonus might be height.
- Is the affordable housing (in program) attractive? No investment potential. Lack of appreciation for affordable units is a problem. Wait for house. Check demand.
- How to get affordable housing without program. Example: size limit; incentives; ADU. Market rate affordable?
- DATA: source of cash for affordable housing. Plus number of units.
- DATA: Resale, satisfaction, etc.
- Location = incentives/disincentives in town.
- Sub-prime problems affecting own vs. rental.
- Explore links between housing and transportation.
- Is current homeownership program attractive to buyers? Is there a demand for it? Some people don't utilize the program because of investment reasons; will rent until can afford a house they want.
- Would be illuminating to determine, over the past 20 years, where funding has come from in addition to where it has gone/is going. How many affordable housing units before funding? Since?
- Need more clarity on requirements.
- We will never solve affordable housing problem; need to look at transportation and housing as a regional issue; invest in transportation to help address problem.
- 10% affordable housing goal is below actual need.

#### Family Needs

- Need for family friendly units; need more single family, detached homes. Question is how to make that happen. Buy existing? Stacked units not as attractive to families and middle income; want townhomes or single family.
- Family unit sizes; larger units needed = incentives to encourage?
- Need a diversity of housing; design mix; single family; multi-family; Data? Peloton, for example, not diverse.
- More single family (AHA/BHP's Poplar Project). Sweat equity. Poplar Project was affordable because the land was provided for free by Boulder Housing Partners. Otherwise it would have been too expensive.

#### Middle Income

- Vast middle ground (middle income) not being served.

- How to bridge gap between low income and high income to serve middle?  
Maybe: deed restrictions?? \$200,000 – 400,000
- Upper and middle income pay more; consider rent control.

Priorities

- Mobile homes? Is there a goal? Preservation of mobile homes is a BVCP goal; should it be an affordable housing goal also?
- Rental vs. homeownership = balance? Where is Boulder on reaching goal?
- 10% goal set when prices were lower and more choices existed. Ratcheting up has reduced choices. Speculative improvements/part of problem.
- 60/40 rental/homeownership is OK? Look at again.
- New vs. existing units. Rationale changed. Clarify goals.
- Do we still think the goals are right? (not just balance) More than 10% is needed. More like around 13,000 affordable units? Thinks about 45% of Boulder’s population is at or below median income.

Who Pays for the Program

- How are we paying for the program? Maybe a tax? Currently being passed through to new and existing housing. Are we getting the benefit we want?
- Issue: other approaches, i.e., charging commercial and industrial.
- If more jobs coming, why not tax commercial/industrial?
- Re: ADU = consider exemption. More? Look at Santa Cruz model.
- Cash-in-lieu is counter to mixed goal.
- Head tax for affordable housing.
- If affordable housing is valued in the community, how do you fund it? Tax industrial/commercial?
- Ten years ago a broad based tax was proposed for affordable housing. Ask citizens: do they want to pay for affordable housing?
- Possible real estate transfer tax to fund?

**2. Cash-In-Lieu**

- Cash-in-lieu is not always bad; helps non-profits (Washington Project example). Funding source for Boulder Housing Partners, Thistle Community Housing, others. Good for rental.
- Cash-in-lieu is a nimble funding mechanism; leverages other funds; can realize more than one unit for one unit cash-in-lieu.
- Cash-in-lieu: lots of questions organizations like Habitat or non-profits. Other options than cash-in-lieu/funding, i.e., donating land and infrastructure to agencies like Habitat. Or Lafayette program when the developer is getting a two for one deal – one lot dedicated for two on-site units.
- Question: is the amount right? Is it enough?
- Undermines societal benefits of integration of locations.
- Off-site and cash-in-lieu sprinkles housing around city. Would be helpful to have a map showing location of permanently affordable units. Concentrated in a few areas? Cash-in-lieu should be tooled toward getting scattered units. Compared to other cities, Boulder’s cash-in-lieu is on target amount wise.
- Boulder’s cash-in-lieu is higher than other IZ cities in Colorado.
- No incentives to reach working/middle income people.
- Drop in-lieu; moves people out further; contributes to jobs/housing imbalance.

- Educate people about in-lieu. Cash-in-lieu helps to cover non-profit housing funding gaps to make projects work; leverages other funding; only way to get affordable rentals in Boulder due to state rent control prohibition.
- If get rid of cash-in-lieu, how would we fill the gap for non-profits?
- Idea. An alternate option to cash-in-lieu: have developers partner with non-profits (skills plus money).
- Could allow trade-offs, but should be limits.
- Put amounts in ordinance.
- Question is how is cash-in-lieu used? Educate/inform; where does cash go? Post use on city website? Difficult to find information on website regarding where/how cash-in-lieu is spent.
- Cash-in-lieu allows flexibility to distribute affordable units better.
- Maybe the only way it works if through zoning – need diversity bonus for on-site. Consider ADU’s.
- Real estate transfer tax would be good, but illegal under Tabor. Can we simulate?

**3. On Site Requirement**

- Provide incentives for on site infill.
- Incentives for on site (Habitat or non-profit) Look at Holiday Neighborhood: got density bonus; only way it could work to get the 40% affordable units there.
- Zoning changes will be required – problem with density increase in Boulder is that there is no land left. NIMBY (Education about density). Plus the more you do, the more you increase prices. May need to look at more density through height.
- Price fixing on permanently affordable units problem = no incentive/appreciation.
- Style and design affect single family vs. family. Need to look at style of units and buyer needs. Townhomes and single family affordable units sell like hotcakes.
- Look at projects; if a development is stacked flats, is it better to get cash-in-lieu that can be used to get housing that meets needs?
- Can push market prices up to \$600,000+.
- IZ in site review a good idea to increase on-site.
- Issue is what kinds of variances and trade-offs does the city want to make. Allow cash-in-lieu? If on site is goal, make it a requirement.
- Goal should be highest number of units – quickly.
- Consider limits outside %.
- Makes Planning Board’s job easier if there is a set criteria, i.e., 10% have to be on site.
- Providing on-site units is becoming more complicated; this makes cash-in-lieu option more attractive.
- Off-site getting bad reputation – not accurate. Have some good stories where units provided off-site provided community benefit and worked well. Have families that want/need larger single family detached homes.
- Dogma of some City Council members, i.e.: “greedy” developers; off-site is bad; cash-in-lieu is bad; not enough affordable housing being obtained through program; etc. City Council needs reality education prior to February study session.

- Need to have a density bonus on site, e.g., Holiday as an example. Current system works against that. Look at zoning and create some higher densities; would have to deal with the public.

**4. Middle Income**

- We don't have a program that works for this income group. At 80% AMI, getting close to the point that buyers are able to go out of town and purchase non-deed restricted homes.
- Does not make sense without equity gain.
- Look at equity sharing (soft seconds). Down payment assistance? Public money would come back to continue to provide benefit.
- Deed restrictions on middle income; higher appreciation level might help.
- Middle income programs will be counter productive; will drive market prices even higher, so won't meet objective.
- Middle income gap will not be solved. What are program priorities?
- Middle income program; lots of owners are unhappy with the lack of appreciation. Is there another way?
- Tweak program to allow appreciation. Re-evaluate.
- Need to have a relationship between price and market to make it fair. Thistle Community Housing's resale pricing formula is related to market value.
- Get data on owner and renter satisfaction. Resale data; are units selling?

**5. Should Redevelopment be Included in Inclusionary Zoning?**

- Currently no redevelopment is included under IZ. Example of concern: 20 unit existing property torn down and replaced with fewer or higher priced units is exempt from IZ.
- Projects such as example above should be included in IZ.
- Need to do something to discourage reducing the amount of affordable housing stock.
- Sliding scale based on price of units. New units vs. existing units, low/medium split. IZ to get more affordable housing.
- Redevelopment should be in inclusionary zoning.
- Inconsistency in redevelopment for more than existing units.

**6. Incorporate Inclusionary Zoning in Site Review**

- Concerns: predictability and consistency of current process vs. unpredictability and uncertainty of site review. To review IZ in site review is a bad idea.
- Developers need to know the rules of the game/trade-offs before going to site review. Site review is too unpredictable and it's too large a percentage of a pro-forma to leave until late in the process.
- Clarify in advance – predictable.
- By right projects may not meet our goals (due to zoning).
- Contradictory: by-right projects can bypass IZ goals.
- Zoning code, especially by right, is part of the problem. Commercial/industrial: if Boulder is going to continue to add jobs in the community, why aren't we collecting from them for housing?

## ATTACHMENT A

- Would like to see smaller size units in downtown; the smaller the unit, the less expensive; get more people in smaller area.
- Reason to do is for trade-offs. Need to keep the minimum 20% affordable.
- Cash-in-lieu is hard to understand; including in site-review might be good; public process so people would see what is happening.
- Doesn't have to be in site-review; process is transparent now; set in city policies.
- Have site review for a specific period of time.
- What kind of variances and trade-offs do you make? Don't allow this as another variance process to allow off-site – just require on-site.
- IZ in site review to make trade-offs, i.e., more density. Set parameters that Planning Board has to follow.
- Requirements should be clear.