

CHATS Regulatory Review Round Table Meeting Notes

Attendees: Andy Allison, Liz Black, Robin Bohannon, Cindy Brown, Lou Della Cava, Bruce Dierking, Dick Harris, Beth Hondorf, Jonathan Hondorf, Stephanie Iannone, Judy Richtel, Bill Roetker, Bob Walker,

EPS Staff: Joshua Birks, Michael Gaughan

HHS & Planning Staff: Michelle Allen, Janet Fulton, Barbara Long, Cindy Pieropan, Karen Rahn, Robert Ray, B.J. Suter, Jeff Yegian

A. INTRODUCTIONS/OPENING

The meeting participants were welcomed and introductions were made.

Michelle Allen provided background information on the CHATS regulatory review three phase process. Phase I, completed in 2008, was a review of the existing affordable housing program which included determining if the program is on track for meeting the 10% affordable housing goal, if it is addressing the needs of the target income groups, and how affordable housing is being obtained – new or existing? Results of the Phase I work will be included in the February 24, 2009 City Council Study Session Memo.

Phase II, of which this Round Table Discussion is a part, is a review of the City's Inclusionary Zoning (IZ) program.

Phase III will look at overall affordable housing program options and broader issues, current practices and potential programs.

The goal for the Round Table Discussion is to get the participant's input and opinions on the IZ program for the February 24th Study Session. Is the IZ program on track? How has it been going since its adoption in 2000? Is there satisfaction with the results?

The main focus for today's meeting is to gain feedback on the "Big Five" issues about which City Council (CC) has concerns and has directed staff to focus on during Phase II:

1. Cash-in-lieu (CIL) and annual adjustment: CC feels the current amount is too low and gives developers the incentive to opt for CIL over providing units on site. An additional concern is that CIL for luxury/high end units is the same as lower priced/non-high end units. How does IZ work in downtown and Transit Village area?
2. Is the primary goal of IZ to get affordable units on site?
3. Should residential redevelopment be included in IZ?

4. Middle income; how to best serve; include in IZ?
5. Incorporate IZ into Site Review?

Input from this meeting and prior community meetings will be included as an attachment to the February 24th Study Session memo and will also be used to develop the options presented to CC. There will be one or two more CHATS public meetings before proposed options/changes are presented to City Council in April.

B. COMMENTS SECTION

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

1. Affordable Housing General

Phase II Review Feedback

Question: Where did the original assumptions/conclusions come from for the “Big Five” issues and were they based on accurate information?

City Council has given very specific direction/expressed concerns for what to focus on in Phase II of the review. Broader information will be provided in the Study Session memo and during the Study Session to help clear up misconceptions.

Question: Is it possible to say to City Council that the Round Table Discussion group thinks the wrong problem is being focused on?

Staff will be including input from this Round Table discussion and the other community meetings in context sections of the Study Session memo, especially in the next steps section. The February 24 Study Session, however is just about Inclusionary Zoning and not the other tools available. Staff is trying to provide input on the proposed changes to Inclusionary Zoning, however, and will be letting council know that other tools will be looked at in the future through the lens of community sustainability. It would be helpful today to have specific feedback on the “Big Five” issues we have been charged with for the Study Session.

Workforce/Family/Housing

- If we don't know what the problem is, we won't be able to figure out a solution. As a Realtor and owner of Housing Helpers, seeing a big need for more Section 8 housing and larger unit (3+ bedrooms) rentals for families. Is homeownership for 1-2 bedroom condos meeting a need?
- Difficult to sell income/appreciation restricted units. Buyers don't have ability to realize a profit and move up. Increasing IZ is not a good idea in the current economic

ATTACHMENT B

environment. Potential buyers will have a hard time qualifying for mortgages. Look more at providing rental units.

- The original thinking behind the income/appreciation restricted units was not for them to be a stepping stone so much as a place for people to be able to buy and live in the community.

Question: What is current breakout of affordable rental and ownership units in Boulder?

Current affordable housing stock is comprised of 2,200 permanently affordable low income rental units and 650 permanently affordable homeowner units.

- One problem we're trying to solve is getting the workforce to live in Boulder. More rental housing is needed. There is no incentive to build rental housing. Rental development has to either build affordable units on site or pay CIL, so can't make new rental affordable. Remove IZ requirements on rental to encourage rental construction.

Research/Data

- In this room – our understanding of the problem is different from what council sees.

Question: There are assumptions on both sides – do we have data around issues?

Staff is collecting data; EPS is assisting with data and analysis, including a study on how IZ affects market sales prices. A lot of information is available on CIL and how it is used. We will not be able to do a lot of additional data collection between now and the February 24 Study Session. We will have time for additional data collection prior to the April council meeting.

Recommendation: The attendees agreed that there is a need for an updated needs study and data collection, especially around the affordable housing needs of families.

Broader Based Housing Solutions

- What about rezoning efforts so people can put money into their own homes? Such as accessory dwelling units and running businesses out of homes. In current economic situation where people have huge homes they can't afford, is there a way that they could divide the homes into more units, some of which could be affordable?
- Look at decreasing fees for smaller residential units. Need a mechanism if people want to build smaller, more units, ADUs.
- The IZ program can be a useful tool, but a minor one. Problem is it is on the back of new development in an area with limited land/opportunities to develop new housing. Development in Boulder has allowed for around 200 units per year, of which 20% or 40 units are affordable. Can't get to 10% goal quickly enough through IZ alone. Picture should be broader based community support to reach 10% goal.

ATTACHMENT B

- City's current CHAP program is a great model. It's funded by the housing excise tax, and as a result spreads the "pain" to residents and commercial. Acknowledge that through IZ residential development is bearing the biggest burden. How does it get spread further?
- A number of people in the community don't want to see growth. Is there a way to get affordable housing without pushing growth?
- Current annual residential growth rate in Boulder is 1%.
- Would like to see an incentive for more innovation; is there a way for developers to bring greater community benefit in some innovative way?
- Span of opinions on IZ in this room; but thinks all would agree IZ is not the only solution. IZ, however, has raised the most funds with the exception of federal funding. Two issues: 1) How are funds raised and the impact on builders; 2) How funds are spent – on rental or ownership? Need to hammer out what we want Boulder to be in 50 years.

2. Cash-in-Lieu & On-Site Requirement

Question: Where is the CIL going? Can't really provide feedback on what CIL changes are needed if we don't know how the money is being used.

CIL is combined with Federal (CDBG, HOME) and local CHAP funds to be distributed during the City's annual Housing Fund process. The vast majority of the funds go to non-profits for the preservation, acquisition and development of affordable housing. Examples of specific projects mentioned were Boulder Housing Partners' redevelopment of Boulder Mobile Manor, Thistle projects such as the acquisition of Mapleton Mobile Home Park, and the acquisition and construction of the Shelter for the Homeless. The annual funding recommendations are developed by the Housing Technical Review Group (citizen committee) and approved by the City Manager in a memo to council each year. This information is being given to council and will be part of the information/context for the development of options.

- Thinks council has some seemingly inaccurate conclusions, i.e., CIL is not as good as on-site. Feels like council thinks developers and Realtors® are scamming the community; a real "us" and "them" mentality.
- The 10% housing goal is seven years old. We're on an achievement track – what is the problem? May be some deficiencies, i.e., getting units not needed? Notion that CIL is inadequate comes from an ideology not an analysis. A study done a year ago is not being included in this process. CIL is causing market rate prices to increase.
- Question for council: what is the current formula for CIL, and should it be changed?
- CIL is available to do work that can't be done otherwise; city staff has done a formidable job doing the best it can.

- CIL is not inherently bad. It creates a source of funds for non-profits who are extremely good at meeting the housing needs of low income. If CIL went away, it would not be to the community benefit.

- Boulder's CIL is already relatively high compared to other communities' IZ programs (Denver's CIL is too low), but still no incentive to build on site. Need to look at whether we're getting the units we need through IZ. Also, if require on-site, will get more units in certain neighborhoods, but not scattered in the community. If rental units are needed, state law rent control law says we can't require developers to have specific rents, so for developers building rental projects to build IZ units on-site means the units must either be in a separate ownership unit building or be condo-ized if mixed in with rental.

- Show the amount of CIL funds coming in and what they're spent on. Benefits of CIL is that it meets the need of low income rental.

- CIL as a funding source is too narrow – need a broader funding source.

Question: If the on-site approach were to keep the current 50% on-site requirement, but with stricter guidelines/requirements, what would that look like?

- Show that CIL and on-site are connected. Show clearly how requiring on-site can cause congregation of units for which CIL can be a solution. CIL is not bad.

- Regarding height/density bonus – should CIL be based on price of market units?

- If an IZ unit is required in a very high end development, who will pay the Homeowner Association fees?

- It would be a mistake to introduce less flexibility. What is the perception in the community and of other affordable buyers when one buyer gets an affordable unit in a high end development? Should IZ get more units from high end developments?

- Is CC's impetus to raise CIL amount based on not getting units downtown on site?

3. Should Redevelopment be Included in Inclusionary Zoning?

- Look at in terms of less demolition and more use of what's there.

- IZ on demolished and rebuilt single family homes OK. Be careful of consequences of applying IZ to remodels or additions; could create disincentive for families to stay in Boulder.

- Absolutely wrong to do IZ on residential remodel or where anything is added to existing. Just adds to disincentive to remodel and adds to overall housing prices.

- Look at a two tiered property tax? Second tier targeted to people who've gotten "rich" on property in Boulder. Require IZ on developments of few than five units and on

additions as a possible way to “pay back”. Also, when a homeowner adds an addition to their home, the value of the home increases and they get that back at time of sale.

- Senior citizens would be negatively impacted by the two tiered tax idea. Many can currently only afford to stay in homes because of property tax rebates.
- Look at providing more provisions for homeowners to get accessory dwelling units. Would help people be able to afford to stay in homes (especially seniors).
- Revisit philosophy behind IZ; don't see a strong tie to applying to additions.
- Next step would be to do an impact study.
- The recent Broadway Brownstones development is an example of a redevelopment where affordable units were scraped and replaced with high end units that wasn't subject to IZ. Redevelopment of this type should be included under IZ.
- Look at current code and zoning for transition areas such as high traffic corridors currently zoned lower density. Higher density may be a way through which affordable housing could be obtained, although may be more expensive to develop.

4. Middle Income

Question: What is HUD+10 to which IZ units are targeted?

In Boulder, the current HUD low income limit is 71% AMI; +10 adds 10% more making the current maximum target income 81%.

- Encourage looking a targeting a higher AMI, up to 120% for IZ. Issue could be the appreciation cap.
- Study and gather information and data on middle income first, then come back to question of including in IZ.
- Look at middle income; why people live out of town? What would bring them back?
- Have seen that the needs/desires of the younger generations are very different from suburban housing.
- In any circumstances, there are a limited number of families who want to live in the community where they work. If we want to keep families here, what do we need to do? What kind of product will appeal to them?
- Only 34% Community Hospital employees and staff live in Boulder. Only one Western Disposal employee lives in Boulder – the CEO. Suggest finding out from other large employers in town the percentage of their employees who live in town.

5. Incorporate Inclusionary Zoning in Site Review

Insufficient time was left to discuss this item. Attendees were encouraged to mail, e-mail, or call with feedback on this and any other item.

Staff will e-mail the attendees with a link to the February 24th Study Session memo when the final has been distributed to Council.