STUDY SESSION MEMORANDUM

TO: Mayor and Members of City Council

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DATE: October 27, 2022

SUBJECT: Council Priority to update the existing Inclusionary Housing (IH) program to focus on increasing middle income units.

EXECUTIVE SUMMARY

City Council identified two priorities related to middle income housing for 2022-2023. The first is to launch the middle income down payment assistance pilot that was adopted by voters in 2019. The second is to consider an ordinance to update the existing Inclusionary Housing (IH) program to focus on increasing middle income homeownership units. The purpose of this study session is twofold: 1) review how affordable housing is financed and produced in Boulder and progress to date; and 2) provide feedback on the upcoming IH update, including potential changes to increase middle income ownership opportunities and get feedback on other substantive program updates. Staff is not prepared to discuss implementation of the down payment pilot at this time and will schedule a separate study session later in the year to share preliminary findings from the consultant. The consultant's work will analyze the feasibility of the pilot program with updated market and lending assumptions.

This memo summarizes the tools used to construct or acquire affordable housing, how these tools work together, the challenges around middle income affordability, and proposals to secure homes affordable to middle income households. The memo proposes additional analysis of the differences between for-sale and rental developments and several possible updates to IH including:

- Strengthening incentives for middle income outcomes.
- Expanding the IH required rents to serve a range of low income households.
- Changes to the cash-in-lieu contribution option to close loopholes.

The proposed IH updates presented are designed to maximize affordable housing production efficiency and outcomes.

Staff is requesting council feedback on the proposed updates to IH prior to preparing a formal proposal to the Housing Advisory Board in spring 2023 and City Council for consideration in early summer 2023.

Please note that housing staff are working closely with staff in Planning and Development Services on other council priorities related to housing, including Boulder Junction Phase 2, accessory dwelling unit updates, zoning for affordable housing, occupancy reform, and the planning reserve.

Questions for Council

1. Does Council have any questions about the existing affordable housing program and its evolution?
2. Are there any IH updates Council wishes to add?
3. Does Council agree with staff's proposed schedule and approach to community engagement prior to formal hearings with the Housing Advisory Board and City Council?

Inclusionary Housing Update "Why" Statement

Inclusionary Housing (IH) is a living program that should be updated regularly to address current housing challenges and goals, in this case exploring ways to create more homeownership opportunities for middle income households in Boulder.

- **Areas of Program Advancement.** Evaluate the IH program and propose updates including: 1) Incentives designed to encourage on-site for-sale affordable outcomes and create more middle income for-sale affordable units; 2) Provide affordable housing to a wider range of household incomes; 3) Update the cash-in-lieu methodology and potentially requiring larger homes to pay more; 4) Apply IH to demolished and replacement homes; 4) Include other code updates and clean-up items; and 5) Hire a consultant to analyze development trends and assist with evaluating alternatives.

BACKGROUND

Half a century ago, Boulder recognized that housing affordability was an emerging issue and took bold steps to address those challenges. That history is summarized in **Attachment A**. Boulder's affordable housing programs have evolved over that time into a nationally respected approach for addressing housing needs. The strengths of our programs are how they work in combination with an ability to adapt to changing markets and changing community priorities. The proposed update will build on the 2018 update to address the need for middle income homeownership opportunities in the city. While the Inclusionary Housing (IH) program has not produced middle income homeownership housing directly, it is a key tool in generating the necessary funding to produce a broader range of homeownership opportunities (including middle income housing). This background section defines key terms and briefly explains key concepts to help better understand the evolution and challenges facing Boulder's affordable housing programs.

Key Terms and Concepts

Affordability Challenges. Single family homes have long been out of reach for most Boulder residents and that gap keeps growing. Between 2010 and 2021, Area Median Income (AMI) within the city grew by 30%, while the median sale price of single-family homes grew by 134%.

- **Few Affordable Ownership Opportunities.** In 2016, middle income households were able to afford 99% of the city's rentals, but only 17% of detached for-sale homes. Affordable ownership remains the challenge for renters looking to buy a home in Boulder. Therefore, the focus of this work is on creating ownership opportunities (not rental opportunities).
- **Power of Local Funding.** Non-local funds, such as low income housing tax credits, are traditionally not available to support affordable middle income homeownership. The cost to produce affordable homeownership opportunities is supported either by local funds or a local regulatory requirement, such as IH and annexation. An explanation of these local tools is provided below under 'Tools to Acquire Affordable Housing'.

Missing Middle vs. Middle Income. Missing middle housing and middle income households are often conflated but are two different concepts.

- ***Missing middle*** refers to a building type (e.g., duplexes, fourplexes, and bungalow courts) in contrast to what the housing market has mostly provided post WWII (e.g., single-family housing, and larger apartments, or condo buildings). Missing middle housing in Boulder, particularly new construction, is NOT affordable to middle income households.

- ***Middle income*** refers to household income (i.e., affordability) and can apply to any building type. In 2016, City Council adopted the Middle Income Housing Strategy that defined middle income as households earning between 80% and 150% of Area Median Income. Using this metric, a three-person household in 2022 earning between $90,320 and $169,350 per year is considered middle income. Since adoption of the strategy, discussions favored lowering the upper limit of middle income households to 120% AMI (i.e., Downpayment Assistance Pilot, H2O program). This income range for a three-person household in 2022 is between $90,320 and $135,480.

Housing Market Limitations. The housing market has been slow to recover from the 2009 housing crisis and the city has not returned to prior production levels of for-sale housing. Recent inflationary pressures and higher interest rates created new challenges to housing affordability. Other challenges include:

- **Market Shift to Rentals**. In the early years of the city's IH program (2000-2014) developments were primarily ownership with very few rentals. Since 2015, however, fewer larger scale condo developments have been constructed. This shift from ownership to rental development mirrored national trends.
- **New Construction vs. Existing Housing.** New housing construction in Boulder and nationwide is relatively expensive. Due to escalating land values and high labor and material costs, new homes coming on the market are not affordable to middle income households regardless of the housing type. Existing older homes, primarily in the form of condos, can be relatively affordable. But these are often small, are dated with limited amenities, and rarely come on the market.
- **Colorado Construction Defect Law.** Over the last couple of decades, the risk of construction defect litigation has been identified by developers as a significant deterrent to building large for-sale condo projects. Smaller scale development is generally considered to be less risky but smaller projects typically cannot financially support an affordable unit. More details about Colorado's Construction Defect Law can be found in **Attachment B**.

Tools to Acquire Affordable Housing

The three regulatory tools that generate affordable housing in the city are:

- *Annexation*
- *Inclusionary Housing*
- *Funding*

The following section is a summary of how the city utilizes these tools and how they work in tandem to leverage even greater affordable housing opportunities throughout the city.

Tool #1: Annexation Community Benefit

Annexations historically provided the greatest opportunity to create affordable ownership opportunities in the city (e.g., Holiday, Northfield Commons, etc.). Proposed annexations need to demonstrate community benefit consistent with Boulder Valley Comprehensive Plan (BVCP) policies to offset potential impacts of development in the Boulder Valley. For residential development, emphasis is given to the provision of permanently affordable housing. Although emphasis is placed on affordable housing, community benefit is not restricted to housing. An affordable housing benefit must be balanced with other benefits such as land or property dedications (e.g., landmarking, flood and open space easements, etc.) or other provisions that help meet BVCP goals.

Annexations of different sizes provide community benefit in varying ways:

- Very small annexations with the potential for one to four additional homes are typically requested to provide community benefit equal to twice the standard cash-in-lieu for each new home constructed.
- Larger annexations are typically requested to provide between 40-50% of the new homes as permanently affordable and more recently, that the homes be for-sale and affordable to middle income households. In addition, recent annexations include a maximum size limit on both the affordable and market homes to prohibit the construction of very large homes. Once an annexation is approved there is no time limit for development of the annexed property.
- Mid-sized annexations have the potential for more than five additional homes but without the economy of scale of large annexations. These annexations have to date been treated similarly to large annexations. This approach is not working well, and staff will return at a later date to discuss what should be considered appropriate community benefit for these mid-sized annexations.

Outcomes
To date almost all the 113 middle income priced homes in the city inventory have been a result of annexation requirements. Annexations are wholly negotiated agreements so the city can require affordable ownership units be provided on-site and disallow the cash-in-lieu option.

Recent annexations that include affordable housing requirements include:

- 90 Arapahoe – 45% affordable (19 affordable homes); all homes for-sale; 25% priced for low/moderate income households, 75% for middle income households; market units may not exceed 2,200 sq. ft.
- 302-334 Arapahoe – 50% affordable (4-7 affordable homes); all homes for-sale, all priced for middle income households.
- 4215 Vine Street – two new homes; cash-in-lieu on sliding scale per the Crestview East Annexation Agreement.

Tool #2: Inclusionary Housing

Adopted in 2000, Boulder was one of the first communities in the country to adopt Inclusionary Zoning as a strategy to address rising housing prices. Renamed Inclusionary Housing (IH), the program has undergone two major updates in 2009 and 2018. This highly successful program is often referred to as the "work-horse" in Boulder's affordable housing tool kit and has resulted in the development of hundreds of affordable homes directly and thousands indirectly through leveraging of cash-in-lieu contributions. Communities throughout Colorado are following Boulder's lead and adopting inclusionary housing programs. Other municipalities throughout the country regularly contact Boulder to learn from our IH program.

The IH program requires that all developments, regardless of size, contribute a percentage of new housing as permanently affordable; for developments with more than five units, the IH program requires 25% of new units to be permanently affordable. Smaller developments including single family homes have a 20% requirement. IH can be satisfied by one or more of the following options:

- Provide the affordable units on-site (integrated within the development).
- Provide the affordable units off-site.
- Make a cash-in-lieu contribution.
- Dedicate vacant land for affordable housing development.

Because IH can occur only in new residential development, the location, type, size, and other details are dictated by the developers. The city cannot influence the tenure (ownership/rental), location, or any other characteristics of the IH required affordable housing in a new housing development.

- **IH Ownership Program Requirements.** Homeownership developments should provide at least half of the required permanently affordable units on-site that is integrated within the new development. The other half may be met by any combination of the options listed above. If a developer does not want to provide any affordable units either on- or off-site, the ordinance allows the requirement to be satisfied with 100% cash-lieu if additional community benefit (e.g., additional CIL) is provided.
    - ***Affordability Requirement:*** 80% of the IH affordable homeownership units are priced for low- and moderate-income households, and 20% are required to be priced for middle income households.
- **IH Rental Program Elements.** Rental developments do not have an on-site requirement and may satisfy the inclusionary requirement through any of the options listed above.
    - ***Affordability Requirement:*** 80% of IH affordable rental units are required to have rents affordable to households earning up to 60% of the area median income (AMI), and 20% of the units to households earning up to 80% of the AMI.

A Note on Inclusionary Housing and Rent Control
Historically, required affordable units have not been incorporated into rental developments. Of the 28 rental developments constructed between 2013 and 2021, no affordable rental units were provided on-site. This is a result of a state law adopted in 1981 banning rent control. The law was interpreted by the Colorado State Supreme Court in 2000, commonly referred to as the Telluride Decision, that seriously impaired city's ability to work with developers to provide affordable rental units. Because of the statewide rent control ban, the only option for a developer to provide the necessary rental units was through a voluntary public-private partnership agreement with the housing authority or a similar agency. For developers, this partnership approach was undesirable as it required a public private partnership in perpetuity which included: continuous governmental compliance monitoring, limited access to project financing, and complications to the future resale of the project. These complications present unacceptable risks to most developers and funders.

Last year, House Bill 21-1117 amended state law to allow local governments to require affordable rental units in new developments that could be owned and operated without the public private partnership described above. The amendment requires that at least one other option is available to the developer (i.e., cash in lieu), and that local government adopt zoning and land use policies that are intended to increase the overall density and availability of housing. The passage of this law removed barriers for developers to provide affordable rental units within a development. Since the changes in state law, two new rental housing developments in Boulder plan to incorporate privately owned and operated affordable rental units. The on-site affordable units make the development eligible for federal dollars via a tax credit partnership.

- ***5801 Arapahoe Ave. (Weathervane)***. Currently under construction, contains 22 townhouse units and 295 apartments for rent. The developer is providing two townhouse units and 78 apartments at affordable rents, dispersed throughout the development. In return for modest city funding, the developer has voluntarily agreed to provide additional community benefit of deeper affordability than required by the IH program, by including 10 units with rents affordable to 50% AMI households.
- ***4775 Spine Road***. Contains 224 rental units. The developer is proposing 59 affordable rental units on-site in four buildings to satisfy the IH program requirements.

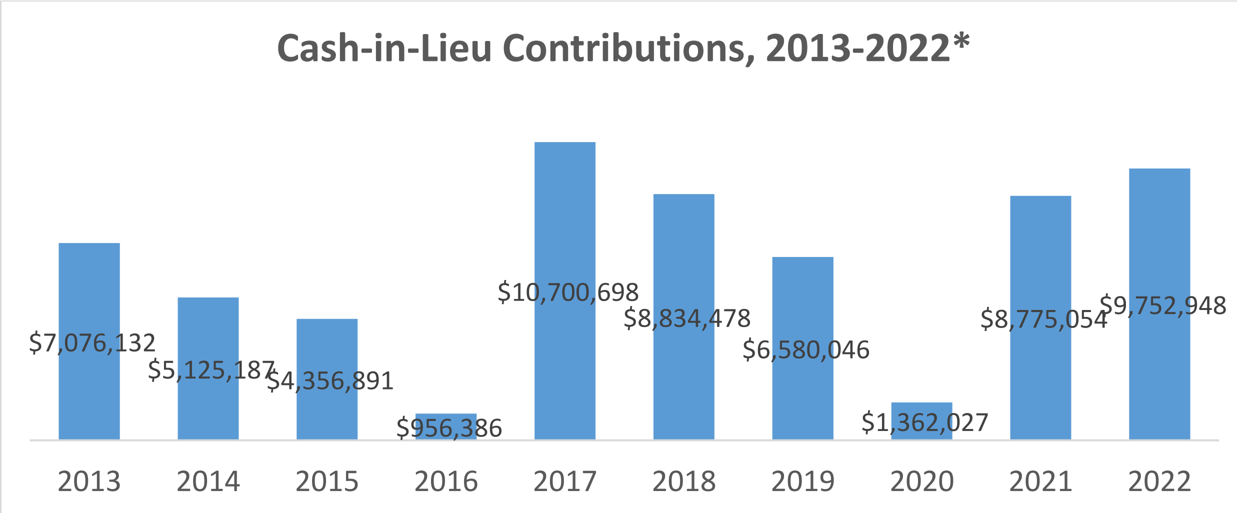
Outcomes

Between 2013 and 2021, 146 developments, primarily single-family homes, with five or fewer dwelling units satisfied IH program requirements with a cash-in-lieu contribution. Thirty-six residential developments with five or more units were subject to IH program requirements. Of these 36 developments, 29 satisfied IH with cash-in-lieu contributions. These numbers do not include residential development that were the result of annexation requirements.

Of the seven medium developments (5-20 units) and large developments (>20 units) that did not pay CIL (satisfying IH with on-site units):

- Three were affordable homeownership projects, providing a mix of on-site units and CIL.
- Four were rental projects: one provided a mix of on-site units and CIL, one dedicated vacant land, and two provided the affordable units off-site (i.e., at a different location).

Based on this data, the IH program is producing significant funds and very few affordable units directly. The chart on the following page includes details of the IH cash-in-lieu contributions between 2013 and Oct. 5, 2022. Cash-in-lieu produced over $63.5 million in funding to the city, which accounts for almost half of all housing funding sources for the city.

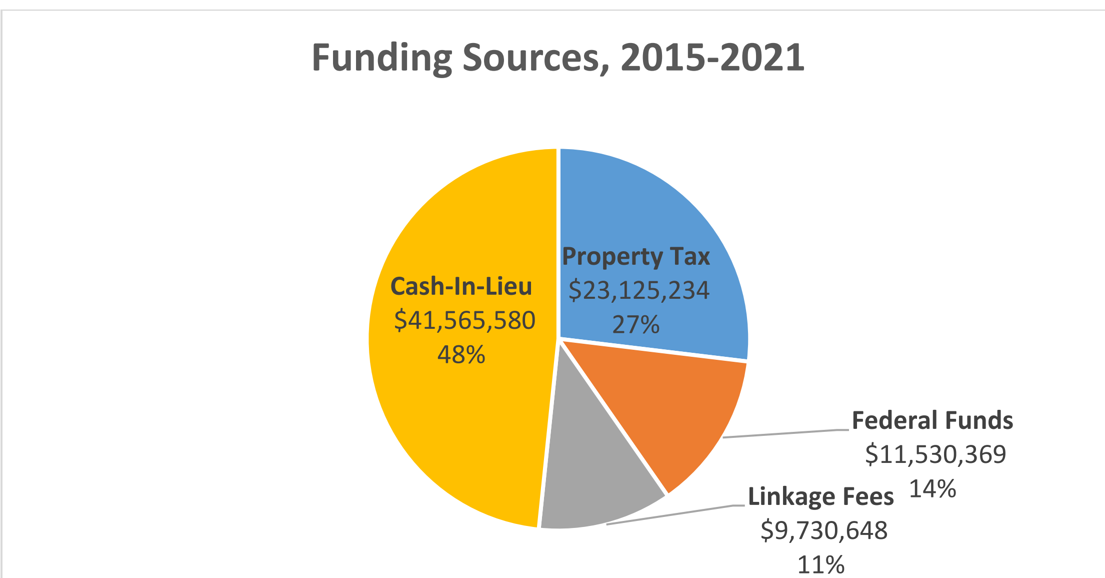


* 2022 amounts are incomplete and include CIL contributions up until 10/5/2022. Complete 2022 amounts will be calculated at the end of 2022.

A more complete discussion of the city's funding sources and strategies is included in the 'Funding for Affordable Housing' section below.

Tool #3: Funding for Affordable Housing

Since 2015, the city received over 85 million dollars from a variety of sources including: inclusionary housing cash-in-lieu contributions, commercial linkage fees, property taxes, and federal funding sources. The amount of funding from cash-in-lieu and linkage fees varies year-to-year based on development activity within the city.



Local Sources of Funding

- **Inclusionary Housing Cash-in-Lieu Contributions.** Cash-in-lieu contributions provide significant funds and are the "workhorse" of affordable housing funding. Between 2015 and 2021, $85.95 million were invested in the city; 48% of those funds originated from these cash-in-lieu contributions.
- **Commercial Linkage Fees.** Adopted in 2013, the affordable housing linkage fees are gaining more importance as a funding source for affordable housing. These one-time payments are made by non-residential developers to offset the impacts of new developments in the city. In 2018, the non-residential linkage fee was increased from $12 per square foot to $30 per square foot; that same year the city collected $3.5 million in these fees.
- **Property Tax.** Property taxes and housing excise taxes generates around $3 million per year for the Community Housing Assistance Program (CHAP) fund. This fund was established in 1991 and provides a simple, flexible, and locally administered funding source to increase the supply of affordable housing.

Cash-in-lieu and linkage fees go the city's Affordable Housing Fund. This fund, and the CHAP fund, are entirely made up of local funds and as a result are highly flexible and can be used alone or in combination with state and federal dollars. As stand-alone funding they are not subject to strict state and federal reporting and other requirements. Most notably state and federal funds are not available for middle income affordable homes, but local funds can be used to meet this goal.

Federal and State Sources of Funding

Boulder receives federal funding directly from HUD from two major federal funding sources: the Community Development Block Grant (CDBG) and the HOME Investment Partnership Program. CDBG and Home funds are allocated to Boulder and to the Boulder Broomfield Regional Consortium and are awarded based upon the priorities identified in a plan, the 2020-2024 Consolidated Plan, submitted by the city every four years.

Indirect funding is provided by state and federal low income housing tax credits (LIHTC), which gives state and local agencies the authority to issue tax credits for the acquisition, rehabilitation, or construction of rental housing targeted to low income households. The Colorado Housing Finance Agency (CHFA) allocates these housing tax credits and administers the program in Colorado.

Benefits of City Funding: Distribution and Diversity

The city funds a wide variety of housing types, from small transitional apartments to larger townhouses equipped to house families. Local funding sources are leveraged with outside funding sources (e.g., state and federal tax credits, HOME, and CDBG funds). Currently, IH results in 60% AMI affordable rentals when built by a private developer, which does not serve the needs of the community for homes that are affordable to lower income households earning 30, 40, and 50% of AMI. Over a recent five-year period, out of every 100 homes created, the city's investments and regulations have resulted in the securing of 36 permanently affordable homes: 19 achieved through new construction and an additional 17 preserved through acquisition.

Cash-in-lieu contributions and other local funds allow the city to provide affordable housing units throughout the city and produce new sustainable permanently affordable housing. Housing produced serves a full range of needs from for-sale homes to permanent supportive housing and a range of incomes from very low to middle without the extensive regulatory requirements of state and federal funds. The Affordable Housing Fund also allows the city to acquire affordable housing units throughout the city; without investments from CIL and commercial linkage fees these acquisitions would not be possible.

The city has a goal for 15% of all homes to be affordable for low-, moderate- and middle-income households by 2035. As of June 2022, there are 3,815 affordable homes, which is more than halfway to the 15% goal. Almost 80% (3,004) of these affordable homes are rental units, while 21% (811) are homeownership units. Since 2013, more than 90% of these permanently affordable homes have been created as rental units. The Affordable Housing Dashboard is an interactive webpage that tracks progress towards meeting the goal and who we serve.

Potential Strategies for Increasing Middle Income Housing

Boulder's three tools for creating permanently affordable housing – annexation, inclusionary housing, and funding – all contribute to the growth and maintenance of the community's affordable housing stock. To date, annexation has been the most effective tool at producing middle income homeownership units. Increasingly, inclusionary housing has resulted in an outcome of nearly entirely cash-in-lieu contributions. However, this shift in the IH outcome has resulted in considerable growth in the city's affordable housing stock as it creates a robust local funding source. The discussion below includes a list of proposed updates and next steps for the IH program.

1. **Strengthen Existing IH Incentives for On-Site and Middle Income Affordable Units**
   The 2018 IH Update included the following incentives to provide affordable ownership and middle income units on-site:
   - All for-sale affordable units provided on-site in developments with 20 or fewer total units qualify for middle income pricing.
   - When 50% or more of the required affordable homeownership units are provided on-site, the remaining cash-in-lieu is reduced by 50%.

- When 75% or more of required affordable homeownership units are provided on-site the pricing mix may be adjusted to allow half of the affordable units to be priced to be affordable to middle income households.

To date, these incentives have not resulted in developers satisfying IH with on-site or middle income homes. These incentives could be strengthened by allowing more on-site for-sale units to be priced at higher percent or entirely middle income levels.

2. Adjust IH Rents

IH currently has two rent categories. The program requires that:

- 80% of any required rental units have rents affordable to households earning no greater than 60% area median income ("AMI").
- 20% have rents affordable to households earning no greater than 80% of the AMI.

This has resulted in a wave of affordable rental housing available to households earning at or near the 60% AMI income limit. These relatively high rent levels are relatively close to market rents and are not serving many lower income households that need affordable rental housing in Boulder (e.g., 30%, 40%, and 50% AMI). The chart below shows current maximum rents for affordable homes in Boulder.

2022 Affordable Rents
ALL Units – Detached, Attached, Townhome

Number of Bedrooms	0 & 1 BR <475 sq ft	0 BR ≥ 475 sq ft	1 BR ≥ 475 sq ft	2 BR	3 BR	4 BR
Area Median Income:						
30%	$658	$658	$705	$846	$978	$1,091
40%	$878	$878	$941	$1,129	$1,304	$1,455
50%	$1,097	$1,097	$1,176	$1,411	$1,630	$1,818
IH Rent – 60%	$1,185	$1,317	$1,411	$1,693	$1,956	$2,182
IH Rent – 80%	$1,317	$1,756	$1,882	$2,258	$2,609	$2,910

Source: Colorado Housing and Finance Authority and City of Boulder

Affordable rental housing is almost always created using low income housing tax credits (LIHTC). Tax credits can only be used for rental units affordable to households earning 60% AMI or less. As a result, the current IH 80% rents are not allowed in a LIHTC funded project.

3. Adjust IH Cash-in-Lieu

In 2018, the rate at which cash-in-lieu is increased was increased from 7% to 10% annually. However, higher CIL is not resulting in more on-site outcomes. Over time a 10% increase each year could have negative impacts on the financial viability of housing developments. Also, when the IH program was adopted cash-in-lieu was set to not increase for larger homes over 1,200 square feet and, as a result, larger homes are not paying a proportionate share of the cash-in-lieu contributions.

Additionally, homes in developments with four or fewer units that are demolished and replaced can have IH waived if the new home is constructed within three years. Almost all new single-family homes in the city are the result of a demolition which removes a smaller, relatively more affordable, home and replacing it with a large expensive home. The following are some of the proposed updates to IH:

- Strengthened incentives for on-site middle income housing.
- Scale IH so larger homes pay a proportional fee.
- Apply IH to demo/replacement homes.
- Additional IH code updates and clean-up items.

Additionally, staff proposes to hire a consultant to explore the following**:**

- Look at current development trends, assist in evaluating alternatives, and recommend updates to IH such that there is sufficient incentive for developer to put for-sale affordable units on-site.
- IH was adopted and has run for 20 years with similar rules and requirements for rental and for-sale developments. Staff proposes to look at separating the two as the financial realities of these two types of tenure are increasingly different.

4. Focus Annexation Community Benefit on Middle Income Affordable Homeownership Housing

Maintain the current approach taken with larger annexations to provide all new homes as for-sale with a significant percentage permanently affordable to middle income households. Consider allowing all middle income homes in annexations.

5. Focus on Funding Strategies

By far, funding is the most productive tool for preserving, increasing, and diversifying Boulder’s affordable housing stock. A critical advantage of this tool is that locally funded developments can leverage outside resources, which stretches local dollars farther, producing far more affordable homes than a unit-only outcome under IH. Funded projects can be developed throughout the community, and unlike inclusionary units, funding supports a range of desirable outcomes:

- Housing affordable to a range of households, from families with children to older adults living alone, very low income people transitioning out of homelessness, to low-, moderate-, and middle-income households.
- Creation of more for-sale housing opportunities.

- Increased distribution of affordable housing throughout the city.
- Housing production and management carried out by partners, primarily BHP, the city housing authority, Thistle, and Flatirons Habitat for Humanity who are buffered from bankruptcy, are mission driven, have extensive experience with affordable housing management, and have resources to maintain affordable projects over time.

Several local and state policies have been enacted to correct an imbalance between AMI and real estate prices, with a specific focus on affordable homeownership. Below is a summary of some of these efforts:

- *Acquisition and Rehab*. 1,033 permanently affordable units have been acquired and/or rehabbed by the city. While these units are typically for-rent, recent efforts by city staff have focused on middle income homeownership acquisition. HHS purchased a home in South Boulder earlier this year, made improvements and then sold the home to an eligible household. HHS currently has three additional homes under contract to be included as middle income units in the homeownership program.

- *H2O Down Payment Assistance Program*. Since 2000, a total of $2.38 million of House to Homeownership (H2O) shared appreciation down payment loans have been utilized by 85 resident households throughout Boulder to purchase a home on the market. As of 2022, the revolving loan program has recouped 78 loan repayments with zero losses. Of the $709,654 total initial investment, the current funds available are $729,604.

- *Middle Income Down Payment Assistance Pilot Program*. This Pilot Program was put on hold in 2020 due to the pandemic and the uncertainty it created regarding the housing market. Since that time, the market for homes in Boulder has changed dramatically and some assumptions may need to be revisited. With the goal of seeking to better understand potential financial and social impacts of this Pilot Program, the city hired a consulting firm to conduct a financial impact analysis and feasibility study. Specifically, the city wishes to explore the potential short-, medium-, and long-term financial impacts of this pilot program on the city and middle income homebuyers. Staff will return later in 2022 with an update on progress.

- *Statewide Grant Programs*. The Colorado Department of Local Affairs recently announced the creation of two new programs: the Transformational Affordable Housing, Homeownership, and Workforce Housing Grant Program and the Transformational Homelessness Response Grant Program. The aim of these programs is to *"increase the number of affordable housing units and the availability of housing opportunities across Colorado to ensure everyone has a safe, stable, and affordable place to live and thrive."*

- *Statewide Middle Income Access Program.* In 2022, the Colorado Legislature passed Senate Bill 22-146, which appropriated $25 million from the affordable housing and home ownership cash fund, which money originates from the general fund, for expansion of the middle income access program created and administered by the Colorado Housing and Finance Authority (CHFA).

- *Encouraging the city's housing partners to focus on creating affordable ownership opportunities.* Flatirons Habitat for Humanity and Thistle are important partners who focus on homeownership opportunities for Boulder residents. The city will continue to provide gap funding to these organizations to provide additional homeownership. The city is also pursuing a unique opportunity for Habitat to build an affordable housing modular factory to increase production and lower costs through modular construction. The modular factory will focus on homeownership exclusively in the early years of production.

Racial Equity Assessment and Public Engagement Plan

In alignment with the city's commitment to racial equity and good public process and engagement, staff prepared a racial equity assessment and public engagement plan, included in **Attachment C**. These will inform staff considerations and the public process for the update to the IH program.

Next Steps

Staff proposes the following project schedule for the IH Update, subject to Council's feedback:

Nov – Dec 2022	*Initial Engagement.* Staff will meet informally with stakeholders and affordable housing partners and formally with the Housing Advisory Board, and Technical Advisory Group.
Jan – Feb 2023	*Alternatives Development.* Informed by initial engagement, a consultant will assist staff to develop alternatives.
Mar – Apr 2023	*Evaluate Issues.* Policy alternatives and analysis will be shared with Housing Advisory Board for feedback on design.
May – Jun 2023	*Code Development.* Policy and code amendments will be developed and informed by the Housing Advisory Board and any further feedback.

In addition to the IH update, staff will return to Council in late 2022 with an update and evaluation of the voter approved Middle Income Down Payment Assistance Pilot program.

Attachments

Attachment A: Timeline of City of Boulder’s Affordable Housing Efforts
Attachment B: Construction Defect Law
Attachment C: Draft Racial Equity Assessment and Public Engagement Plan

Attachment A: Timeline of City of Boulder Affordable Housing Efforts

1966

Boulder establishes the Housing Authority of the City of Boulder (dba Boulder Housing Partners), which becomes the primary provider of subsidized rental housing for low- and very-low income households, as well as special populations.

1973

Adoption of a moderate-income housing annexation strategy. The policy requires all new residential developments seeking annexation or requesting an out-of-city utility permit to commit at least 15% of such units to be low and moderately priced housing units.

1975

City begins receiving Community Development Block Grant (CDBG) funds, which have been used since to finance housing and community service projects for low income persons, including the homeless, seniors, and persons with disabilities.

1976

City adopts a formal growth management plan with a limit on the number of housing permits issued each year. A merit system based on points determined which developments would receive the limited allocations. The provision of low- and moderate-income housing earned the applicant extra points.

1980

Citizen initiative is passed in the city to impose rent control in existing buildings. In response, the Colorado State Legislature instituted a statewide rent control ban to ensure that no city or county in Colorado would, as a matter of law, be able to institute a rent control measure.

1982

- First Accessory Dwelling Unit (ADU) Ordinance is adopted that allows a second unit to be constructed in single family homes within low density residential zone districts. The intent of the ordinance was to provide a broader mix of housing choices for various ages and incomes, while preserving single-family neighborhood character; reduce the number of illegal and unsafe rental units constructed; and offer homeowners a way to offset the increasing cost of living in the area.

- The growth management plan is reworked, now referred to as the Residential Growth Management System (RGMS). A two percent growth rate is set on residential building permits. Allocations for residential building permits are given out on a first-come, first-served basis until the number of permits reach a trigger point. Specific exemptions to the allocation system are intended to incentive low- and middle-income housing, including low income housing projects approved by the Housing Authority as well as the first 100 qualified moderate income rental units per year.

1985

- Moderate Income Housing Program (MIHP) is established, which is an inclusionary zoning program that generally required that 15% of the total units in a project be sold to moderate income households. Prices were not limited, only the incomes of eligible buyers. Resale restrictions remained in place for a period of 10 to 20 years, at which point the homes could be sold as market rate homes. Developers could earn "credits" by building more than the required number of MIHP, and these credits could then be sold to other developers to help meet MIHP requirements.

- City adopts a Mobile Home (MH) zoning district. The new zoning district serves the dual purpose of guiding development of new mobile home parks and reducing the risk of redevelopment and displacement of residents.

1990

Housing excise tax is adopted and levied on all new development on a per square foot basis. The excise tax establishes a modest source of funding to contribute to the provision of affordable housing. The funds are used to acquire, construct, or rehabilitate permanently affordable housing for households within 15 - 60% of the Area Median Income (AMI) defined as the "working poor" within the adopted ordinance.

1991

City convenes a working group to develop a new, affordable housing program. As a result, the mandatory MIHP from 1985 is discontinued and replaced with the Community Housing Assistance Program (CHAP). CHAP served as a local housing trust fund to provide subsidy funds for developers to acquire and build permanently affordable housing in the community. Property taxes and a housing excise tax on new development produces approximately $1M per year that is used to fund housing for low income and special populations. The fund is still in place today, although the housing excise tax was repealed. This fund provides a simple, flexible, and locally administered funding source to increase the supply of affordable housing.

1992

- City begins to receive federal HOME Investment Partnerships Program (HOME) funds, a block grant for affordable housing. Boulder receives approximately $650,000 per year in HOME funds which may be used for a variety of housing projects for low- and very-low income households.

- The Boulder Valley Comprehensive Plan (BVCP) is updated to include a housing goal to have 5% of the total housing stock as permanently affordable to low income households.

1993

City's First Home program is established. Initially, First Home was a shared equity loan program. The rapid increase in Boulder's housing prices led to a concern that insufficient funds would be recaptured from the shared equity proceeds to enable the city to replace units on a 1:1 basis. This led to the program being changed to a down payment grant in exchange for permanent affordability.

1995

- The Residential Growth Management System (RGMS) revised to cut the growth rate to one percent and reduce the number of available allocations on an annual basis. The update divided the annual allocations into three categories: market rate, permanently affordable, and restricted. The exemptions to the allocation system are intended to incentivize the types of housing identified as the most needed in the community. The permanently affordable allocations were deed restricted units for low income households and the restricted units were size restricted, owner-occupied units with initial prices set to be affordable to middle income households but with no ongoing resale or income restrictions. Projects which included at least 20% permanently affordable and 35% restricted units were able to receive the required RGMS allocations faster than those projects that contained market rate units exclusively. The policy objective was to ensure that new residential growth helped to meet the city's affordable housing goals. This was still a voluntary system. Given Boulder's rapidly escalating land values, it made more sense for someone to wait for an allocation for a market rate unit rather than produce an affordable unit.

- The Major Site Review process was established as part of the discretionary land use review process, which gave priority consideration to residential projects that contained at least 20% permanently affordable and 35% restricted units.

1996

- The city's first cooperative housing ordinance is adopted. Cooperative housing is a form of housing where unrelated individuals choose to share a dwelling unit and where each family or individual has rights commensurate with ownership. No co-ops were created under these strict code provisions.

- City began administering a down payment assistance program. The purpose of the down payment program was to provide gap financing to make up the difference between what the purchaser can afford as a down payment and the amount needed to make the financing work for the purchaser.

- City requires that all units assisted through the Housing Fund Program remain permanently affordable in perpetuity.

1997

- City establishes its first cash-in-lieu option for developers of projects that were in progress at the time the new RGMS was adopted. Approximately $1.3M was generated from this option. These funds were used for low- and moderate-income housing projects.

- The housing policies of the Boulder Valley Comprehensive Plan were amended to reflect the city's goals for maintaining existing and integrating new affordable housing throughout the community and establishing the goal to have at least 10% of the total housing stock be permanently affordable to low- and moderate-income households.

1998

- The city begins work on the Comprehensive Housing Strategy. The Strategy, accepted by Council in 2000, is organized around five themes: managing density and growth; strengthening partnerships; holding and gaining ground on support for low- and very low income households; keeping moderate-income workers in Boulder; and helping special populations and seniors. The Housing Strategy included the objective of reaching the goal to have 10% of the total housing stock as permanently affordable within 10 years.

- City voters voted to increase the housing excise tax and market developments and to waive the development excise tax on permanently affordable housing projects.

2000

- The city's Housing Division establishes an Asset Management Program to ensure that the affordability requirements of all the city's affordable rental and homeownership units are met. This includes annual monitoring of permanently affordable rental units and an annual letter sent to permanently affordable homeowners to remind them of the program's requirements. The city also begins to expand its homeownership assistance program for moderate income households.

- City adopts the Inclusionary Zoning program. The Inclusionary Zoning program requires that 20% of all new residential development is permanently affordable for low and moderate-income households. The program provides options for meeting the Inclusionary Zoning requirement, including the option of paying a cash-in-lieu amount for the required permanently affordable units. Cash-in-lieu funds are combined with other city housing subsidy funds and used to rehabilitate existing affordable units, acquire market rate units, and convert them to permanently affordable units as well as construct new permanently affordable units and help make units permanently affordable to very low income households.

- The Residential Growth Management System (RGMS) is amended to remove the affordable housing components added in 1995. At the time the growth management system, as well as annexation policy, were the only methods of securing some affordable housing through development projects. However, the adoption of the Inclusionary Zoning program described above allowed the city to achieve the goal of affordable housing in a less cumbersome, more direct way than through growth management limitations. Additional exemptions were added to growth management allocations, including mixed-use developments, developments with a significant portion of affordable housing. These were housing types that the city, as a matter of policy, desired to encourage. The memo sent to City Council stated that this change “would have the effect of permitting more residential construction, more quickly” than the previous growth management system.

- Manufactured Housing Land Use and Policy adopted as part of the Boulder Valley Comprehensive Plan update. A policy titled *Preservation and Development of Manufactured Housing* is adopted and the Manufactured Housing (MH) land use category is established. The new policy recognizes the importance of manufactured housing as an option for many households and commits to preserving mobile home parks, developing new ones, increasing opportunities for resident ownership, addressing health and safety concerns in these communities, and helping to mitigate for the loss of housing through support for rehousing.

2004

The Residential Growth Management System (RGMS) is amended to add an exemption for land that has been rezoned from non-residential zoning district to a residential zoning district. The update was made in response to blanket rezonings done by the city to implement updates made to the comprehensive plan, including the rezoning of the 28th Street frontage road to high density residential zoning. This growth management system adopted in 2004 is still in place today.

2007

- The city forms a Regional HOME Consortium with Boulder County, the City of Longmont and the City and County of Broomfield. The Consortium has increased locally controlled funding for affordable housing and formed collaborative partnerships to address affordable housing concerns in the region.

- The Boulder County Homeownership Consortium and its sponsors support the Boulder County Housing Authority’s HUD-approved Housing Counseling Program. Both the City of Boulder and the City of Longmont provide the program with financial support. Thistle

Community Housing provides valuable in-kind training support through the NeighborWorks Training Institute.

2008

The city initiates the Affordable Housing Program Review which consists of three phases: Council reaffirmed the existing goal to have 10% of the city's housing be permanently affordable including the income targets and homeownership rental mix. They removed the goal for some percentage to be acquired through acquisition and some through new development and adopted an additional goal of 450 units affordable to middle income households.

2010

In an update to Inclusionary Zoning, the program was renamed Inclusionary Housing (IH). The updated modified the annual adjustment for cash-in-lieu and mitigated the adjustment for smaller developments, applied IH requirements to redevelopment projects when the total number of redeveloped or newly constructed dwelling units equals five or more, and modified the land dedication option to clarify specific requirements for the dedicated land.

2013

- A community conversation commences to inform city housing goals and city efforts, refer to as Comprehensive Housing Strategy (CHS). The CHS provided the city with an action plan organized around five themes: 1) address housing as part of the Comprehensive Plan Update, 2) create a middle income housing strategy, 3) preserve existing affordable housing, 4) achieve our 10% goal, and 5) projects, partnerships, governance, and other.

- Affordable housing linkage fees are adopted, which apply to non-residential development in the city. The funds are used offset the impacts of new developments in the city and are an important funding source for affordable housing.

2015

- City establishes stiff penalties for interference with the sale of pre-1976 mobile homes, disallowing excessive home upgrade requirements by a mobile home park owner and clarifying that tree maintenance is exclusive responsibility of the park owners. Council also commits funding for legal services for mobile homeowners.

- Short-term home rentals (rented for 29 days or less at a time) are expressly permitted in the rental licensing code with specific regulations. The rental property must be the owner's principal residence; principal residence is defined as the dwelling unit in which a person resides for more than one-half of the year.

- A Housing Boulder Toolkit was developed as a compilation of ideas to begin a community discussion on housing. The Housing Boulder community conversation was brought to a close and rather than adopt a full housing strategy, Council chose to identify approximately 20 work plan items known as the Housing Boulder Action Plan.

2016

- Middle Income Housing Strategy (MIHS) adopted as a new component within Boulder's Comprehensive Housing Strategy. The strategy provides a housing policy framework, including community priorities for action and specific tools to help meet the adopted Housing Boulder goal to "Maintain the Middle."

- Affordable Housing Preservation Ordinance adopted, which was aimed at long-term preservation of affordable housing that would otherwise be lost over time. The ordinance enables permanently affordable properties to rebuild to the number of existing units in situations where zoning was changed after the property was built (legal nonconforming uses).

2017

- The 2015 Major Update to the Boulder Valley Comprehensive Plan (BVCP) strengthened housing policies and goals for middle income units were included. Council also adopted specific policies related to achieving additional affordable housing when the city grants additional intensity, height, or any other benefit to a developer.

- City's regulations on cooperative housing are substantially revised to facilitate the creation of new cooperative housing units and to legitimize existing illegal units.

- Code changes are made to support mobile home park residents, including the establishment of a homeowner's right to privacy, prohibiting retaliation by the park owner, and mandating mediation. The regulations are intended to "level the playing field" between homeowners and park owners.

- Updates made to the Inclusionary Housing Program to achieve three goals; create a middle income requirement, incentivize on-site units, and create a new design review process. To implement the middle income strategy, IH was updated to add a 5% middle income component consisting of three tiers of pricing: 80%, 100%, and 120% of area median income (AMI). The resulting standard IH requirement is 25% of all units as permanently affordable, with a pricing mix of 80% low/moderate income and 20% middle income. Incentives and a couple of disincentives were built into the program to encourage for-sale developments to provide the affordable units on-site.

- Housing excise tax is repealed and replaced with non-residential capital facility impact fee.

2018

- ADU regulations updated, which increased the maximum allowable saturation in a neighborhood area, increased the allowable area, loosened parking requirements, created exemptions for historic properties, and established an affordable ADU option. Newly created accessory units are unable to be used as short-term rentals.

- Affordable housing linkage fees, originally adopted in 2013, are increased on non-residential development in the city, increases the funds available for affordable housing development.

2019

Manufactured Housing Strategy and Action Plan adopted, which frames the city's approach to and understanding of Mobile Home Communities in Boulder into the future. The strategy and action plan encourages the preservation of existing mobile home parks and the development of resident-owned parks.

2020

Ordinance No. 8412 approved to support eviction prevention services. Excise tax was approved on dwelling units with rental licenses to be used to fund legal representation for persons facing eviction proceedings and for rental assistance for persons that may be facing an eviction or need emergency rental assistance.

2023

Proposed date for update to the Inclusionary Housing program to increase on-site and middle income outcomes and make other substantive program changes.

Attachment B: Construction Defect Law

The risk of construction defect litigation has, over the last couple of decades, been identified by developers as a significant deterrent to building attached homeownership housing. This is considered especially true for larger condominium projects that, according to the Middle Income Housing Study would offer the most durable affordability. Developers and affordable housing advocates report that House Bill 2017-1279, "Construction Defect Actions Notice Vote Approval" (HB17-1278) has reducing construction defect risk. Major requirements introduced by HB17-1278 include: (1) notification by the association board to all homeowners and impacted contractors of their intent to commence a construction defect action, (2) an association board-convened meeting 10-15 days after the notice, (3) the option for a contractor to the community and offer a remedy for the defect, and (4) a majority vote by homeowners in favor of pursuing litigation. Despite passage of HB17-1279, construction defect risk is still considered in a developer's assessment of risk and general contractors and their subcontractors continue to struggle to secure insurance to build attached for-sale housing. Though developers generally consider smaller scale development to be of less risk of construction default litigation, these smaller projects typically cannot financially support an affordable unit.

Attachment C: Racial Equity Instrument and Public Engagement Plan

Introduction

For the 2022-23 Inclusionary Housing Ordinance (IHO) update, in alignment with the city's commitment to advance racial equity and to good public process and engagement, staff assessed racial equity and developed a public engagement plan. They are presented together here because they inform one another. Also, both must consider that the update builds upon more than two decades of public process and program operation and seeks neither to change the intended beneficiaries nor the program intent, but instead to better align program design with the primary goal of the 2017 update: produce middle income housing. The IHO does not preserve or construct in neighborhoods in a predictable manner, but only requires contributions of housing units, cash in lieu of units or land, as new development occurs limiting the spatial understanding of its impact.

Background

The city adopted the first iteration of Inclusionary Housing in 2000 to provide a diversity of housing types in the city. Most recently, in 2017, Chapter 9-13, "Inclusionary Housing" was updated by Ordinance No. 8201. Among other objectives, this update sought to promote middle income homeownership. The findings section of that ordinance, summarized below, establishes the city's current considerations and intent under the IHO.

- A diverse housing stock is necessary to serve all people.
- Inclusionary housing is important and necessary to provide housing that serves households ranging from very low to middle income.
- Increasing housing prices are reducing housing affordability.
- Reduced affordability impacts the ability of local employers to retain a local workforce.
- University-related housing needs should not preclude access to housing by other community members.
- Housing shortages are detrimental to public health, safety and welfare and impact transportation and the environment.
- The trend toward building larger, more expensive homes, increases overall realty values and reduces affordability.
- The remaining land in the city is limited, so it is worthwhile to dedicate land for affordable housing.
- Affordable housing should not be over-concentrated in certain areas.
- Special consideration should be given to smaller developments to avoid disproportionately impacting them.

This update to the ordinance has been in effect for five years. Since its adoption, no new middle income homeownership units have resulted directly from the updated ordinance (although cash-in-lieu has contributed to other programs to promote homeownership). The purpose of this update is to examine the ordinance and market to understand how best to align it with the goal of promoting middle income homeownership opportunities.

Draft Racial Equity Assessment

Title:	**Inclusionary Housing Ordinance Update**		
Description:	Revise Inclusionary Housing (IH) ordinance to incentivize more middle income homeownership opportunities in Boulder.		
Department:	Housing and Human Services	Contact:	Michelle Allen, Housing Principal Planner allenm@bouldercolorado.gov

☒ Policy ☐ Program ☐ Budget Issue

Step 1. Establish outcomes.

a. *Community result*: By 2035, 15% of all housing units in Boulder are affordable to low-, moderate- and middle income households, providing diverse housing options that meet the needs of all people, regardless of their income.

b. *Organization result:* The inclusionary housing ordinance will effectively increase the share of middle income housing opportunities in Boulder.

c. *Indicators*: Affordable units as a share of total units, affordable rental vs. homeownership units, affordable housing types, bedroom count (different bedroom counts support different household types), affordable homes by area medium income (AMI) category and tenure type, household income, occupation, race, and ethnicity.

d. *Potentially impacted populations:* Middle income households (80 to 150% AMI) that wish to own a home in Boulder. This update may also impact…

☒ Infants	☒ Children	☒ Teens	☐ Students	☒ Older adults
☒ Men	☒ Women	☒ LGBTQIA	☒ Immigrants	☒ Undocumented
☐ Low-income	☐ Homeless	☒ Disabled	☒ Health-impacted	☐ Other ________

☒ African American/ Black	☒ Asian/Pacific Islander	☒ Hispanic/ Latino	☐ Other __________
☒ Mixed-Race	☒ Native American	☒ White	

e. *Potentially impacted issue areas:* Increased middle income housing opportunity in Boulder is expected improve the community's housing options and somewhat reduce in-commuting, by allowing middle income homeowners to live closer to where they work. Additional middle income housing could help employers retain middle income employees such as teachers and firefighters.

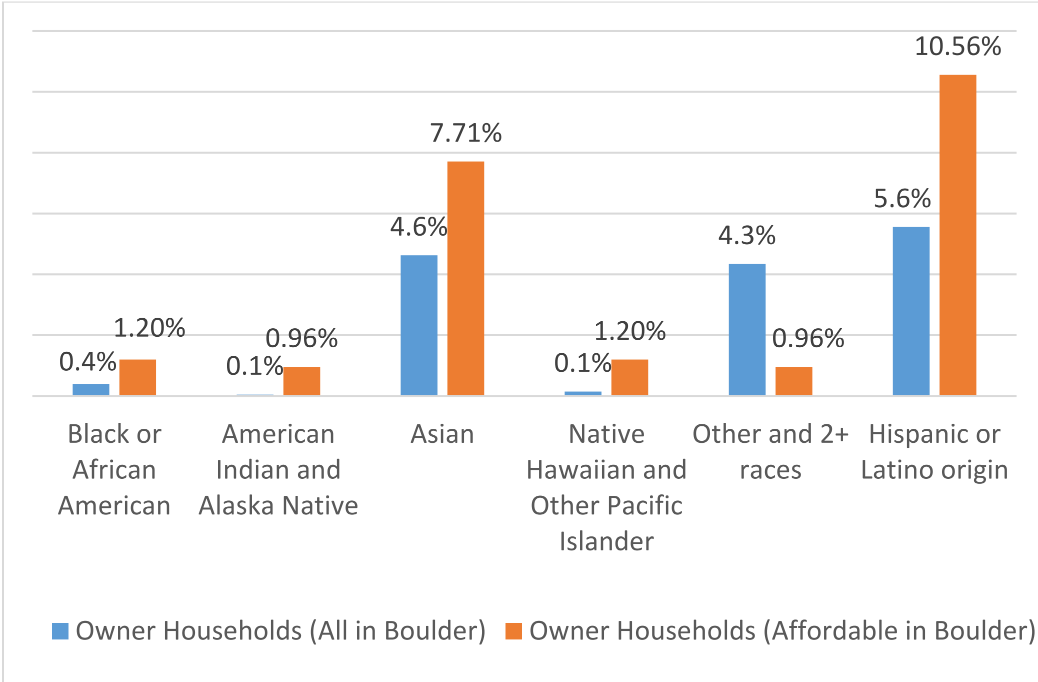
- ☐ Community Engagement
- ☐ Civic Engagement
- ☐ Criminal/restorative justice
- ☒ Economic development
- ☐ Education
- ☐ Environment
- ☐ Food access and affordability
- ☐ Government decision-making processes
- ☐ Health
- ☒ Housing / Homelessness
- ☐ Human services
- ☐ Jobs
- ☐ Parks and recreation
- ☐ Planning / development
- ☐ Procurement
- ☐ Technology systems
- ☒ Transportation
- ☐ Utilities
- ☐ Workforce policies
- ☐ Other specific City departments

Step 2. Collect data.

a. *Anticipated geographic areas to be impacted in Boulder:* All areas of Boulder where new housing can be developed and/or existing housing can be acquired could be impacted.

b. *Racial demographics*. Race data for the heads of household of owner-occupied homes in Boulder were compared to owner-occupied affordable homes in the city's affordable housing program. Compared to all owner-occupied homes in Boulder, these affordable homes had higher rates of heads of households identifying with the race categories shown below, except for the "other and 2+ races" category (details provided in the figure below). This suggests that, overall, affordable homeownership increases the rate of homeownership for most nonwhite race categories. Increasing affordable middle income homeownership opportunities is expected to advance race equity in Boulder. Since the racial wealth gap is driven primarily by racial disparities in homeownership that resulted from state, local and federal housing policy, such as redlining and discriminatory lending, expanding affordable homeownership opportunities today is a step towards reducing the racial wealth gap.

Figure 1: Race of Heads of Household in Owned Homes in Boulder, All vs. Affordable



Sources: Affordable Housing in the City of Boulder Data Dashboard and 2020 American Community Survey 5-year estimates, S2502, Demographic Characteristics for Occupied Housing Units.

c. *Other Quantitative Data*. Various data sources, such as Home Mortgage Disclosure Act (HMDA) data, can demonstrate racial disparities in homeownership, but the update only seeks to efficiently expand resources to provide more middle income homeownership opportunities. Funding decisions, housing development and home sales are areas where there is increased potential for racial disparities but only after resources are gathered through the IHO.

d. *Qualitative Data*. Like quantitative data, because the intent of Inclusionary Housing is inclusion across household type, race, ethnicity, etc., and the update will only seek to better align the IHO with the middle income goal and will seek to avoid reducing resources for lower income households, qualitative race-related data is not believed necessary to the IHO update.

Step 3. Determine Benefit and Burden.

a. *Potential of IHO Update to Increase or Decrease Racial Equity.* On the one hand, page 11 of the city's Racial Equity Plan states that, "The imposition of affordable housing impact fees and inclusionary housing requirements that provide permanently affordable housing have the indirect impact of increasing the cost of all residential development." This is understood to occur because developers report offsetting those costs by raising rents or sales prices, therefore transferring the cost to the tenant or buyer, which increases costs for new development. Adoption of the IHO was a response to an already high and escalating housing market. Today, across much of the state, and especially where economic opportunity exists, first-time homebuyers have limited options to gain entry into homeownership. While inclusionary housing is understood to increase rents and home prices of new development in Boulder, eliminating a means to produce housing would not increase racial equity and would, in fact, have the opposite effect. And, as noted in the race data section above, if the IHO update can increase funding resources for middle income owned homes, staff anticipates increased homebuying opportunities for middle income households of color with negligible opportunities on the open market.

Step 4. Develop Strategies.

a. The following strategies will be pursued to monitor and remain open to, racial equity impacts from increasing the effectiveness of the IHO in producing middle income homeownership opportunities in Boulder.

1. Consider the indirect impacts of Inclusionary Housing on the housing market.
2. Consider the benefits of homeownership in exploring policy options.
3. Present to the Human Relations Commission, an advisory committee with an equity focus, so they may consider the proposed update and provide feedback on racial equity.
4. Use a racial equity lens to continuously evaluate the proposed changes to better understand potential benefits and unintended consequences.

Draft Public Engagement Plan

Staff developed a public engagement plan for the Inclusionary Housing update informed by the city's adopted Engagement Strategic Framework. More than two decades in effect and with several updates over the years, Step 9. "Reflect and evaluate", has led to this current update, especially the desire to better produce middle income homeownership opportunities. Below Figure 2, staff lays out the Planning Stage (Steps 1-3) the Shared Learning Stage (Step 4) and the Options Phase (Step 5 and 6), which will support a Council decision in Step 7.

Figure 2: 9 Steps to Good Engagement, [Engagement Strategic Framework](#) (p. 9).

Step 1: Define the issue before embarking.
Desired Outcome: Align housing programs, especially the Inclusionary Housing Program, with the city's goal to increase middle income homeownership opportunities in Boulder.
Note: Previous policy efforts have demonstrated that middle income homeownership is both desirable and lacking in Boulder. The purpose of this project is not to establish the need. The 2017 update to the IHO sought to promote middle income homeownership, yet the five years it has been in effect have not produced that outcome directly.

Step 2: Determine who is affected.
Primary Stakeholders: Market-rate housing developers who must meet the Inclusionary Housing requirement.

Important Sources of Input:
1. City's affordable housing partners
2. City of Boulder Technical Advisory Group (HHS)
3. City of Boulder Housing Advisory Board (HHS)
4. Other organizations and/or jurisdictions with middle income homeownership programs
5. Other city departments with resources or incentives that could help expand access to middle income homeownership opportunities in Boulder

Secondary Sources of Input:
1. Market-rate homeownership developers
2. Housing professionals, including architects, planning consultants, general contractors, lenders, realtors
3. Human Relations Commission

Secondary Audience:
1. Middle income households interested in homeownership in Boulder.
2. Employers and other organizations seeking to retain middle income employees and members.
3. Community members more generally concerned about social, environmental, economic, or other consequences of less middle income ownership housing in Boulder.
4. Broader public.

Step 3. Create a public engagement plan.
Level of Engagement. Based on the technical nature of the desired outcome, "adjust Inclusionary Housing program to efficiently produce middle income homeownership units", the project team proposes the following approach to public engagement.

	Inform	Consult	Involve	Collaborate
Parties	Secondary audience	Market-rate homeownership developers Housing professionals City Council Human Relations Commission Other MI homeownership programs Other city departments with resources	City's affordable housing partners Technical Advisory Group Housing Advisory Board	
Participation Goal	Provide with balanced and objective information to assist them in understanding a problem, alternatives, opportunities and/or solutions	Obtain public feedback on public analysis, alternatives and/or decisions.	Work directly with throughout process to ensure that concerns and aspirations are consistently understood and considered.	Partner with, in each aspect of decision, including development of alternatives and identification of preferred solution.
Promise	We will keep you informed.	We will keep you informed, listen to you and acknowledge your concerns and aspirations, and share feedback on how public input influenced the decision. We will seek your feedback on drafts and proposals.	We will work with you to ensure that your concerns and aspirations are reflected in any alternatives and share feedback on how the input influenced the decision.	We will work together with you to formulate solutions and to incorporate your advice and recommendations into the decisions to the maximum extent possible.

Tools and Chronology of Engagement. This chronology presents the proposed engagement methods and timing.

Nov – Dec 2022	*Initial Engagement.* After the Study Session, an email will be sent to stakeholders and other interested parties that will include the Study Session memo, City Council input and link to the project page which will be updated throughout. In this initial phase, staff will meet informally with stakeholders and affordable housing partners and formally with the Housing Advisory Board, and Technical Advisory Group.
Jan – Feb 2022	*Alternatives Development.* Informed by initial engagement, a consultant will assist staff to develop alternatives.
Mar – Apr 2023	*Evaluate Issues.* Policy alternatives and analysis will be shared with Housing Advisory Board for feedback on design.
May – June 2023	*Code Development.* Policy and code amendments will be developed and informed by the Housing Advisory Board and any further feedback.
July 2023	*Public Hearings and Adoption*

Step 4. Share a foundation of knowledge.
The study session memo and presentation will provide the initial foundation of knowledge, to be built upon in a project webpage. Stakeholders who wish to follow the project may subscribe to a newsletter and will be updated on the events/input opportunities and new knowledge.

Step 5. Identify options.
Staff will work with a consult, incorporating initial feedback to identify options.

Step 6. Evaluate options.
A public hearing at the Housing Advisory Board will allow for options feedback, which will inform the proposed code changes.