



**CITY OF BOULDER
CITY COUNCIL AGENDA ITEM**

MEETING DATE: May 4, 2023

AGENDA TITLE

Consideration of a motion authorizing the City Manager to convey the permanently affordable housing units at 1187 Bear Mountain Unit A, Boulder, CO and 180 South 31st, Boulder, CO to eligible buyers and sign all associated agreements.

PRESENTER/S

Nuria Rivera-Vandermyde, City Manager
Kurt Firnhaber, Director of Housing & Human Services
Jay Sugnet, Housing & Human Services Senior Manager
Eric Swanson, Homeownership Manager

EXECUTIVE SUMMARY

Approval from City Council is required to dispose of City property. In October 2022 and November 2022, the City, through its Housing & Human Services Department, purchased the homes at 1187 Bear Mountain Unit A, Boulder, CO and 180 South 31st, Boulder, CO. The homes were purchased with the intention of providing homeownership opportunities to middle income buyers. The homeownership program seeks approval to sell the properties to program qualified buyers. This will allow the homes to be added to the City's Permanently Affordable Homeownership Program.

STAFF RECOMMENDATION

Suggested Motion Language:

Staff requests council consideration of this matter and action in the form of the following motion:

Motion to authorize the City Manager to dispose of the permanently affordable housing units at 1187 Bear Mountain Unit A, Boulder, CO and 180 South 31st, Boulder, CO to eligible buyers and sign all associated agreements.

COMMUNITY SUSTAINABILITY ASSESSMENTS AND IMPACTS

- Economic – The City of Boulder Permanently Affordable Homeownership Program is committed to making homes in our community available to a variety of people. We offer opportunities for homeownership to those with low, moderate, and middle incomes throughout the city. Authorizing the City Manager to dispose of 1187 Bear Mountain Unit A and 180 South 31st to certified applicants, through the Permanently Affordable Homeownership Program Fair Selection Process, will provide properties for permanently affordable homeownership in the City of Boulder.
- Social - The sale of these homes will give income qualified applicants the opportunity to purchase an affordable home in Boulder.

OTHER IMPACTS

Fiscal – The purchase and sale of these properties will have a net cost of approximately \$207,000, with an average per unit subsidy of approximately \$103,500.00. The majority of this represents the subsidy needed to convert these homes from market rate homes to permanently affordable homes. To make them affordable the price needed to be lowered. In addition, some of the systems in the two homes were in need of maintenance or replacement. The net cost was anticipated and budgeted for within the new Housing & Human Services initiative that creates middle-income affordable homes and the Homeownership risk fund.

Table A – Property Purchase, Rehabilitation and Resale Costs

	1187 Bear Mountain Unit A	180 South 31 st , Boulder, CO
Purchase Amount	(\$564,400.00)	(\$306,000.00)
Rehabilitation Costs	≈ (\$32,400.00)	≈ (\$51,000.00)
Resale Costs	≈ (\$13,100.00)	≈ (\$10,000.00)
Total Costs	≈ (\$609,900.00)	≈ (\$367,000.00)

Table B – Property Sale

Property Resale Amount	\$402,900.00	\$367,000.00
Total Costs	≈ (\$609,900.00)	≈ (\$367,000.00)
Affordable Housing Fund	≈ (\$207,000.00)	≈ \$0

- Staff time - Staff time needed to facilitate the property sale would be a part of the normal work plan. No additional staff resources would be required.

BACKGROUND

To build the inventory of permanently affordable homes available to middle-income earners (80-120% AMI), the Housing and Human Service department established a new initiative in 2021. The goal of this initiative is to buy homes at market prices and resell them at lower prices that are in line with the Permanently Affordable Program specific to middle-income. A permanently affordable covenant is attached to the property with the goal of maintaining affordability into the future. 1187 Bear Mountain Unit A was purchased at market rate with the intention to convert it to a permanently affordable home. 180 South 31st was an existing home in the Permanently Affordable program. The previous owner wanted to sell this older home. The home was in need of repairs to meet the affordable program's quality standard that were above what most newer homes in the program require. The city purchased the home with the intention of making the needed repairs and then bringing the home into the middle-income program.

ANALYSIS

The Housing & Human Service's mission is to preserve and provide safe, quality and affordable housing opportunities through collaborative community planning and funding of programs. The purchase and resale of these properties upholds the mission of the program. The disposal of these properties will afford certified applicants' opportunities to own a home in the city. These properties will serve applicants who earn up to 120% of the Area Median Income. Approval from City Council is required to dispose of City property, § 2-2-8(a) "Conveyance of Real Property Interests," B.R.C. 1981.