CITY OF BOULDER
CITY COUNCIL AGENDA ITEM

MEETING DATE: October 19, 2023

AGENDA TITLE
Introduction, first reading, and consideration of a motion to order published by title only Ordinance 8601 amending Chapter 9-13, "Inclusionary Housing," Section 9-2-14, "Site Review, and Section 9-16-1, "General Definitions," B.R.C. 1981 modifying the affordable housing requirements and incentives and setting forth related details.

PRESENTER/S
Housing & Human Services
Nuria Rivera-Vandermyde, City Manager
Kurt Firnhaber, Director of Housing & Human Services
Jay Sugnet, Housing Senior Manager
Michelle Allen, Inclusionary Housing Program Manager
Sloane Walbert, Inclusionary Housing Planner
Hollie Hendrikson, Housing Policy - Senior Project Manager

EXECUTIVE SUMMARY
The purpose of this item is for City Council to consider an ordinance on first reading to amend the city's Inclusionary Housing (IH) program and modify the community benefit requirements for projects with height modifications to align with the IH ordinance changes. The draft ordinance is found in **Attachment A**. City Council identified updates to the IH program as part of City Council's 2022-2023 Priorities.

Staff discussed the project in detail with City Council on Sep. 7, 2023. At the meeting council directed staff to remove the incentives for middle income homeownership units from the scope of the project. Most council members agreed that the provision of middle income units was not worth the potential impacts to cash-in-lieu revenues, and thus the ability to provide affordable housing elsewhere in the city.

Major topics of this update include:

- Update to the Cash-in-lieu ("CIL") methodology, amounts and structure to align with a feasibility analysis and nationwide best practices.
- Adjustments to the code and regulations to clarify IH requirements, simplify code language, and reduce redundancies.
- A financial analysis of potential program options (**Attachment B**).
- A review of Inclusionary Housing program best practices (**Attachment B**).

The Planning Board reviewed the ordinance on Sep. 26 and unanimously recommended approval with specific recommendations. Subsequently, the Housing Advisory Board reviewed the proposal on Sep. 27 without a quorum present and unanimously recommended approval. Board comments and recommendations are discussed in "Board and Commission Feedback" below.

This project is part of a larger effort to address the current housing crisis by expanding housing supply and diversity of available housing types and increasing the number of permanently affordable homes and in turn reduce housing costs and limit displacement. In recent years, land use policies combined with rising labor and material costs have made it harder and more expensive to build residential development in the city. The IH program is only one way to address housing needs. Other recent council priority projects to address these housing challenges include zoning amendments, loosening regulations on accessory dwelling units (ADUs), and occupancy reform.

The proposed ordinance is scheduled for second reading on Nov. 2. If passed, changes typically go into effect 30 days after adoption. However, since additional time is needed to implement the associated procedural changes and administrative regulations, staff recommends the ordinance become effective 90 days after adoption (Jan. 30, 2024).

STAFF RECOMMENDATION

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

Motion to introduce and order published by title only Ordinance 8601 amending Chapter 9-13, "Inclusionary Housing," Section 9-2-14, "Site Review, and Section 9-16-1, "General Definitions," B.R.C. 1981 modifying the affordable housing requirements and incentives and setting forth related details.

COMMUNITY SUSTAINABILITY ASSESSMENTS IMPACTS

- Economic – Cash-in-lieu revenue from the IH program is expected to remain constant with the proposed modifications. The Keyser Marston Associates (KMA) analysis states that the proposed CIL methodology will continue to be a feasible option for developers in meeting the IH obligations.

- Environmental – None identified.
- Social – The concept of inclusionary housing has its roots in addressing racial segregation in housing. IH was first developed to counteract a history of 'exclusionary zoning' policies that reinforced economic and racial segregation. The option to contribute CIL and other compliance alternatives are often seen as ways to advance racial equity goals. The recommended policy updates in this memo are not expected to reduce the program's CIL. The Racial Equity Instrument was applied at the initial scoping of the program update and is included in the City Council Study Session memo of Oct. 27, 2022.

OTHER IMPACTS

- Fiscal - This project is being completed using existing resources.
- Staff time - This project is being completed using existing staff resources.

BOARD AND COMMISSION FEEDBACK

Feedback from board and council meetings is summarized below, starting with the most recent meeting.

Housing Advisory Board – Sep. 27, 2023

The Housing Advisory Board met on Sep. 27, 2023 without a quorum (three board members present) and held a public hearing on Ordinance 8601. The board was supportive of the proposed modifications to the program and voted 3-0 (T. Palmos, D. Teodoru, J. Ramsey, M. Leccese absent) to recommend approval of the ordinance to Council. The board stated that they would like to see more aggressive efforts to address the housing crisis but acknowledged that IH is only one means to address housing needs in the city. Board members stated that the changes likely won't significantly boost production of desired housing based on the current market conditions but are a move in the right direction. The staff memorandum and meeting audio are available in the Records Archive for HAB.

Planning Board – Sep. 26, 2023

Planning Board held a public hearing on Ordinance 8601 on Sep. 27, 2023. At the hearing the board asked clarifying questions of staff and deliberated on a variety of topics (discussed below). Ultimately the board recommended approval (6-0) with the following motion:

> On a motion by **S. Silver** and seconded by **L. Kaplan**, the Planning Board voted 6-0 (**ml Robles** absent) to recommend that City Council adopt Ordinance 8601, amending Chapter 9-13, "Inclusionary Housing," Section 9-2-14, "Site Review," and Section 9-16-1, "General Definitions," B.R.C. 1981, modifying affordable housing requirements and incentives and setting forth related details.
>
> On a motion by **S. Silver** and seconded by **M. McIntyre**, the Planning Board voted 5-1 (**ml Robles** absent, **K. Nordback** nay) to recommend to City Council that it direct the City Manager to explore diversion of more CIL funds for the

purpose of additional middle-income ownership through scatter-site acquisition in the city.

On a motion by **J. Boone** and seconded by **S. Silver**, the Planning Board voted 6-0 (**ml Robles** absent) to recommend that City council direct the City Manager to explore the addition of an escalation metric on the Commercial Linkage Fee modeled upon the escalation metric used within the Inclusionary Housing Ordinance to keep pace with costs of development and construction.

At the hearing board members discussed council's direction to remove incentives for middle income homeownership units from the scope of the project. Some members understood the decision, and the related values tradeoffs, while others were disappointed in the direction. Board members discussed how cash-in-lieu contributions could be used as a different way to address for-sale middle income housing. Based on this discussion, the board included a motion to recommend that council and staff explore the diversion of affordable housing funds for additional city acquisition of properties for middle-income buyers, termed "scatter site acquisition".

Several board members voiced strong support for larger cash-in-lieu amounts for larger homes, particularly very large single family homes. Lastly, board member J. Boone asked about the proposed annual adjustments to the CIL amounts using the Construction Cost Index (CCI) and the Building Cost Index (BCI). Since CIL amounts are proposed to be adjusted to keep up with the cost of construction of affordable units, the board agreed the same methodology should be applied to the commercial linkage fee for affordable housing. The last motion asks council to explore a similar escalation metric on the linkage fees since the current rates are static.

The staff memorandum to Planning Board and meeting audio are available on the Records Archive for Planning Board.

City Council – Sep. 7, 2023

At the City Council meeting on Sep. 7, 2023 staff provided an update on the project and requested input on potential code changes. At the meeting council members asked clarifying questions about the current and proposed requirements. They also asked questions of the project consultant on the financial assumptions and analysis. They voiced support for the Nexus Study and potential linkage fee on new single family homes and large additions. Members also asked staff to continue to evaluate outcomes of the program and proposed conducting regular updates. One member asked about the city's middle income hosing goals and the city's progress in meeting those goals.

The majority of the conversation was around the code changes intended to increase the feasibility of middle income homeownership units produced through the IH program. There was a policy discussion around the tradeoffs between encouraging on-site middle income units and the CIL that would be paid on a project. Some felt that the proposal to reduce the on-site requirements on for-sale projects was directly pitted against the provision of additional housing since CIL can be used to provide at least double the number of units elsewhere in the city. Most of the members of the council were not comfortable with any reduction in CIL contributions. On a straw poll only three members supported the proposal to make changes to support on-site middle income housing. Thus, council directed staff to remove the proposal to reduce the for-sale on-site requirement and to increase the unit price requirements. The majority of the council were not comfortable with the values tradeoff necessary to encourage these types of housing units. Staff incorporated these changes into the attached ordinance.

Planning Board – Sep. 5, 2023

The Planning Board provided direction on the IH Update at a meeting on Sep. 5, 2023. At the meeting the board was supportive of all the program changes presented. The Planning Board recommended staff consider how the inclusionary housing updates would work with the associated zoning code changes under consideration. They also recommended gathering data going forward and evaluating if the program changes are achieving intended outcomes.

Housing Advisory Board – Aug. 23, 2023

A study session was held with the Housing Advisory Board and members of the Affordable Housing Technical Review Group (TRG) on Aug. 23, 2023. At the meeting, board members asked questions about the proposed changes and consultant findings. The board was supportive of all the proposed changes, particularly the recommended Nexus Study to establish a residential linkage fee to apply to demolitions and rebuilds of homes and significant additions and recommended that the study be conducted in 2024. They encouraged staff to consider how IH modifications would interact with proposed zoning changes currently being considered. Overall, board members acknowledged that proposed changes to IH may not move the needle significantly on the production of for-sale middle income units, adding that on-going large area plans such as Phase II of the Transit Village area could offer opportunities.

COMMUNITY ENGAGEMENT

Working with the city's engagement staff, Housing and Human Services staff developed a public engagement plan for the IH Update informed by the city's adopted Engagement Strategic Framework. Refer to **Attachment C.** The Inclusionary Housing Program has been in effect for more than two decades with several updates over the years. Due to the limited and technical nature of the update staff followed a "consult" level of engagement for this project. The engagement focused on targeted engagement using existing advisory board processes, community meetings, outreach events, and information sharing.

- Staff has continued community engagement on the project by including updates in the newsletter, updating the project website, and reaching out to interested neighborhood representatives and housing advocacy groups.
- In January, staff presented to a joint study session of the Planning Board, Housing Advisory Board, and Affordable Housing Technical Review Group to provide an overview of the existing regulations, introduce the upcoming effort, and provide board members with an opportunity to ask questions.

- On Feb. 22, staff from Planning & Development Services and Housing & Human Services hosted a *Planning for Affordable Housing* community meeting on several upcoming City Council work program priority projects, including the IH Update. About 25 community members, including representatives of several neighborhood organizations, the University of Colorado, and other advocacy groups participated. After staff provided introductions to each of the projects and explained project timelines and opportunities for public input, the group divided into several small groups to discuss the issues and opportunities related to these projects.
- The project consultant Keyser Marston Associates (KMA) conducted a series of one-on-one interviews with local developers with active projects or recent experience in Boulder. Through these interviews, KMA sought input on key pro forma assumptions as well as perspectives on market conditions and experience with the IH program.
- On Aug. 23, Sep. 5, and Sep. 7 staff presented options to the Housing Advisory Board, Planning Board, and City Council, respectively, and received feedback on upcoming code changes. These meetings were noticed and televised.
- On Sep. 10, staff participated in the city's "What's Up Boulder?" event to answer questions and share information about IH program update with the general public. At the event members of the public voiced general support for changing the IH methodology to a per square foot basis and very strong support for applying a linkage fee to demolitions and large additions.
- On Sep. 26 and 27 information was shared and there was public participation as part of the formal decision-making processes and public hearings before the Planning Board and the Housing Advisory Board.

BACKGROUND

Inclusionary Housing Program

Boulder's housing challenges are well known and long-standing. Household incomes have not kept pace with rising home values and rents. In 2000, Boulder became 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.

In Boulder, the IH requirements are zoning standards and codified in the land use code as mandatory requirements for new residential developments. A permanent deed restriction is placed on the affordable units, which must be rented or resold to households at the identified incomes. This inclusionary housing requirement is based upon the city's power to enact zoning regulations that promote the health, safety, and welfare of the community. The IH program includes multiple options for satisfying the requirement, such as making a cash-in-lieu contribution or dedicating land for affordable housing development. Thus, the cash-in-lieu option is not a fee but rather an alternative to providing affordable units on-site.

In the early years of the city's IH program (2000-2010) developments were primarily for-sale with very few rentals. After the housing crisis circa 2010 fewer condo units have been constructed. This shift from ownership to rental development mirrored national trends, and is linked to several factors including changing lending practices and the state's construction defect law. Recent inflationary pressures, including escalating material and labor costs and higher interest rates, have created new challenges to housing affordability.

The city's IH program has demonstrated considerable success over the years. New residential development continues to significantly contribute to the city's affordable housing goals. In many instances, payment of a CIL contribution to the Affordable Housing Fund is preferable to on-site affordable units. Local funding produced through CIL contributions generates more affordable housing in a greater diversity of housing types, in a variety of affordability ranges, and dispersed throughout the city. Local funding can be leveraged two to three times with state and federal funding to produce more affordable housing than could be produced on-site. This leveraging of funds to produce additional affordable housing is especially important because Boulder has opted into the Proposition 123 program with the state. Boulder's affordable housing commitment is 655 new units for the three-year cycle (by 2026) that meet the affordability requirements of Prop123 (218 new units annually).

In 2000, when inclusionary housing was first adopted, 20% of new residential development was required to contribute to city affordable housing goals. In addition, 50% of the required affordable units be provided on-site. In 2010, the on-site requirement was lifted for rental developments to ensure they complied with the state prohibition on rent control. Rental developments were allowed to choose any combination of options to meet the requirement. The program has always included an alternative for for-sale developments to providing half of the affordable units on-site if additional community benefit was provided. In 2010 the standard for meeting that requirement in for-sale developments was set at 150% of the standard cash-in-lieu for those affordable units required but not provided on-site.

At the time of adoption of IH in 2000 it was thought that most developers would choose to provide the affordable units on-site and cash-in-lieu would be a rarely utilized option. Cash-in-lieu was set at $60,000 per required affordable unit and, to encourage smaller units, could be reduced for units smaller than 1,200 square feet. Functionally this meant any development with an average unit size that exceeded 1,200 square feet was assessed the same CIL amount per required affordable unit. Flexibility and adaptability were important features of the adoptable and successful program.

In 2018 the program was updated to increase the overall IH requirement from 20% to 25% by adding a middle income pricing and rent requirement in addition to the 20% low moderate requirement, and the annual adjustment for CIL was increased from 7% to 10% to encourage on-site affordable units. This approach has not resulted in developers choosing the on-site option.

The city's inclusionary housing program has demonstrated considerable success over the years by having a balance of implementation paths. New residential development continues to significantly assist the city to meet its affordable housing goals through a variety of means. As a result, the program has greatly increased the amount of permanently affordable housing, provided housing that meets the needs of a diverse range of households and incomes, and resulted in a dispersal of affordable housing throughout the city. That said, IH is a living program that should be updated regularly to address current housing challenges and goals, in this case updating the methodology and feasibility of the program's CIL option. The code language is accompanied by a set of administrative regulations approved by the City Manager. The purpose of these regulations is to set forth the procedures for administration and implementation of the program.

Program Update

The City Council identified an update to the existing Inclusionary Housing (IH) program as a Council Priority for the 2022-2023 work program, with a focus on increasing middle income homeownership units.

Keyser Marston Associates (KMA) was hired to support this IH program update and conducted a financial feasibility study and best practices analysis to identify housing development trends in the area and to inform potential alternatives in the IH program (**Attachment B**). This memo incorporates KMA's analysis, research, and program implementation guidance.

City Council provided direction on the IH Update at a study session on Oct. 27, 2022. A summary of the study session discussion can be found here. A joint study session was also held on Jan. 31, 2023 for the Planning Board, Housing Advisory Board, and Affordable Housing Technical Review Group in preparation for upcoming updates to the IH program. At the study session the board members asked questions about the IH program and commented on the update. The minutes from the meeting can be found here.

SUMMARY OF FINANCIAL ANALYSIS AND REVIEW OF BEST PRACTICES

KMA evaluated the feasibility of the current IH program and explored nationwide inclusionary housing best practices. The analysis presents an assessment of financial feasibility for a range of development types, tests program alternative requirements, and reviews best practices and policy approaches elsewhere. The following is a summary of KMA's recommendations based on this analysis.

Continued Difficulty Achieving On-site For-sale Outcomes. Market factors, rising construction costs and perceived risks of construction defects liability have contributed to limited for-sale housing development in recent years. Changes to the IH program are unlikely to alter these dynamics.

Feasibility of Meeting the For-Sale IH Requirement On-site. Contributing cash in lieu of units ("CIL") is currently feasible for for-sale developments. 2023 cash-in-lieu amounts are at the top end of what is feasible for developments to contribute. If the city would like to enable the provision of on-site for-sale inclusionary units rather than receive CIL, a reduction in the inclusionary on-site requirement would be required, such that the on-site cost is comparable with CIL.

Align the Program with Nationwide Best Practices. Modification of the CIL structure and methodology is necessary to align the city's program with nationwide best practices. The proposed square foot methodology will remove disincentives to smaller, more affordable market-rate units and is straightforward to administer and apply.

PROPOSED UPDATES

Per the direction of City Council from Sep. 7, 2023, discussed above, staff prepared a draft ordinance (**Attachment A**) that includes the following updates. Staff recommends the ordinance amendments become effective 90 days after adoption of the ordinance to allow for updates to the IH administrative regulations, including development of a cash--in-lieu table and updating the online cash-in-lieu and unit calculator.

1. Cash-in-Lieu Methodology *Section 9-13-10(a)(b)*

Modify the city's methodology to a "per square foot" CIL structure with a $40 - $47 per square foot requirement for most residential developments and a sliding scale downward for small developments.

- ✓ *Structuring CIL on a per square foot basis is a best practice and widely used approach that results in CIL that scales with unit size, resulting in a fair burden across different sized units, and avoids an incentive for larger, less affordable market rate units.*
- ✓ *Per the consultant recommendation, CIL will be set at amounts that will generate revenues similar to 2022-23 CIL amounts.*
- ✓ *In general, applying CIL by square foot results in CIL amount that are higher than the current CIL for projects with larger sized homes and lower for projects with smaller homes. CIL will be applied to the aggregate square feet of all residential units in a market project.*
- ✓ *Remove the existing 1,200 square foot cap for calculating CIL (currently units larger than 1,200 square feet are assessed at the same rate regardless of unit size). Once removed, CIL for developments with units larger than 1,200 square feet will be higher than current amounts.*
- ✓ *CIL amounts per square foot will be the same for rental and for-sale developments.*
- ✓ *Conduct a CIL feasibility analysis at least every five years to ensure the square foot amounts remain feasible.*
- ✓ *Cash-in-lieu tables and an on-line calculator will be developed concurrent to updates to the IH regulations after ordinance adoption.*

- ✓ *Exact cash-in-lieu amounts and methodology will be implemented by the program manager and reviewed by the city manager.*

2. <u>Required Rents</u> *<u>Section 9-13-3(a)(1)(B)</u>*

Replace the current requirement that 20% of affordable rents be affordable to households earning up to 80% of the area median income (AMI) with a requirement that 20% of the affordable rents be affordable to households earning 50% of the AMI.

- ✓ *For the 25% requirement the result would be 80% of the required affordable rents set to be affordable to households earning 60% of the AMI and 20% set to be affordable to 50% AMI.*
- ✓ *Retain a diversity of affordable rents but include deeper affordability in IH units. Most affordable rental units are partially financed with state and federal funds that are more favorable to rents at or below 60% AMI.*
- ✓ *The current 80% rents compete with market rents because they are at or near market rents in older projects.*

3. <u>Increase Middle Income Pricing</u> *Section 9-13-12(a)*

Modify the unit price requirements to allow more middle-income priced homes (up to 120% AMI).

- ✓ *Affordable units provided on-site will be priced for middle income households.*
- ✓ *Based on the feasibility analysis conducted by KMA, on-site development is infeasible for developments. However, an increase in the allowable pricing for on-site units allows for more equity between the options to meet IH.*

4. <u>Cash-in-Lieu Deferral</u> *Section 9-13-9(b)*

Remove the option for single family homes to defer the payment of required CIL to the time of first sale or 10 years, whichever is shorter.

- ✓ *Deferral creates an administrative burden on the city and uncertainty for owners. The deferred CIL amount due is the amount in place at the time of payment. This creates a situation where homeowners owe a significant debt to the city that can be difficult to pay and to collect.*
- ✓ *The deferral option is rarely utilized (only 17 deferrals since 2011).*

5. For-sale On-site Incentives & Penalties — *Section 9-13-3(a)(1)(C)*

Remove the current requirements that half of any required for-sale affordable units be provided on-site and if not provided on-site CIL for those units is increased by 50%.

- ✓ *Based on direction from City Council and the financial analysis by Keyser Marston Associates (KMA), for-sale on-site units are not feasible or desirable in most circumstances.*
- ✓ *The additional 50% CIL increases the total CIL amount for-sale developments to an infeasible level and may disincentivize for-sale development.*

6. Land Dedication — *Section 9-13-10(d)*

Modify the land dedication option to include city manager approval of the proposed location of the land. If dedicated land is part of the same site review as the market rate units, the open space requirements for affordable units on the dedicated land must be met entirely on the dedicated land, and the open space requirements for the market rate units be met entirely within the market rate unit development.

- ✓ *Ensures the land proposed to be dedicated can be assessed in terms of desirability and appropriateness for affordable housing development.*
- ✓ *Ensures the dedicated land (i.e., development project) has its own open space and will not share open space or amenities with the market rate projects.*

7. Affordable Housing Design Review — *Section 9-13-4*

Increase the threshold for required design review from developments of 5 or more units to 40 or more units in projects that are not subject to site review. Add that the review is not needed if the development completes either a site review or form-based code review.

- ✓ *Both site review and form-based code review achieve oversight of the affordable project similar to the affordable housing design review.*
- ✓ *Increases the threshold for affordable housing design review of market developments to 40 units or more; containing 10 or more affordable units. Review of developments as small as five units, with only one required affordable unit is inefficient and unnecessary.*

8. Small Projects with < Units *Section 9-13-3(a)(2)*

Remove this category of CIL.

- ✓ *Originally meant to keep CIL for small projects lower, the change in CIL methodology to a square foot assessment does not require a differentiation in development size.*

9. Housing Inspection Requirement *Section 9-13-6*

Add a paragraph to the code requiring housing inspections.

- ✓ *Housing inspections are conducted by a private inspector at the expense of the affordable housing provider. The inspector ensures the affordable units meet the requirements of all affordable housing agreements, covenants, and the livability standards for affordable housing.*
- ✓ *Housing inspections ensure affordable housing is constructed with durable materials that promote sustainable, energy efficient, and attractive housing and are constructed, installed, and finished in a quality workmanlike manner consistent with industry standards.*
- ✓ *This requirement is currently in the administrative regulations but should be included in the land use code.*

10. Relationship of Affordable Units to Market Units *Section 9-13-7(b)*

Revise requirements to allow either detached dwelling units or attached townhomes to meet the affordable housing requirements within a development of detached single-family homes.

- ✓ *Currently affordable units in developments with detached single-family homes must provide the same type of homes as affordable units.*
- ✓ *The proposal provides an alternative to affordable single-family homes.*
- ✓ *Aligns with city goal to encourage alternatives to single family home development.*

11. Number of Bedrooms for Middle Income Units *Section 9-13-7(d)*

Remove requirement that middle income affordable units shall have at least one bedroom.

- ✓ *This requirement conflicts with other code requirements that on- or off-site affordable units be proportional in type to market units in the development. For* *example, if the market units are studios, then the affordable units are required to be studios.*

12. Rebuilt Dwelling Units *Section 9-13-11(4)*

Add a time limit of 10 years during which a market unit that is removed due to an act of nature or calamity can be rebuilt with no IH requirement. Clarify what entity makes the determination whether a demolished home is safe and habitable.

- ✓ *When a home that is habitable is demolished and replaced, the owner has three years to replace the home during which the IH requirement may be waived. Additionally, any home destroyed by an act of nature or calamity can be replaced and have the IH requirement waived.*
- ✓ *Adds a reasonable time frame (i.e., 10 years) for replacement to ensure that a market unit destroyed by an act of nature or calamity many years or even decades ago is not exempt from IH upon re-development.*
- ✓ *If a demolished home is not safe and habitable it may not receive an IH waiver for a replacement home. Clarify that the Chief Building Inspector will determine if the building is safe and habitable.*

13. Conversion of Rental to Ownership Dwelling Units *Section 9-13-13(b)*

Remove the requirement for an agreement to assess additional cash-in-lieu if a rental development converts to for-sale within 5 years.

- ✓ *The requirement is no longer applicable based on the change to assess CIL by square foot.*

14. Community Benefit *Section 9-2-14(h)(2)(K)*

Remove the requirement that half of any for-sale IH units be provided on-site in projects providing community benefit with height modifications.

- ✓ *The community benefit ordinance was adopted in 2017and requires an increase in the IH requirement to meet the Site Review criteria for projects with a 4th or 5th story. To align the community benefit ordinance with the IH requirement that for-sale developments provide half of the required affordable units on-site the community benefit ordinance reiterated that half of any required for-sale affordable units be provided on-site. Per item #4 above, the on-site requirement is proposed to be removed from the IH ordinance.*

- ✓ *Remove the on-site requirement from the community benefit ordinance to stay consistent with this amended IH ordinance.*

- ✓ *Based on direction from City Council on-site for-sale affordable units are not desirable in most circumstances.*

NEXT STEPS

The proposed ordinance is scheduled for second reading on Nov. 2. If approved, the requirements will go into effect three months from adoption. This will allow for staff to update the administrative regulations, implement the associated procedural changes, and lay out program details before the new code goes into effect.

The Planning Board and City Council were supportive of the recommended Nexus Study for the possible application of a linkage fee to demolitions and rebuilds of homes. Thus, staff proposes to pursue the study in 2024 and, if necessary, proposed new code requirements to apply such a fee to these types of developments.

ATTACHMENTS

Attachment A: Proposed Ordinance
Attachment B: 8601 Consultant Report .
Attachment C:

ORDINANCE 8601

AN ORDINANCE AMENDING SECTION 9-2-14, "SITE REVIEW," CHAPTER 9-13, "INCLUSIONARY HOUSING," AND SECTION 9-16-1, "GENERAL DEFINITIONS," B.R.C. 1981, MODIFYING AFFORDABLE HOUSING REQUIREMENTS AND INCENTIVES; AND SETTING FORTH RELATED DETAILS

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BOULDER, COLORADO:

Section 1. Section 9-2-14, "Site Review," B.R.C. 1981, is amended to read as follows:

. . .

(h) Criteria: No site review application shall be approved unless the approving agency finds that the project is consistent with the following criteria:

. . .

(6) Land Use Intensity and Height Modifications: Modifications to minimum open space on lots, floor area ratio (FAR), maximum height, and number of dwelling units per acre requirements will be approved pursuant to the standards of this subparagraph:

. . .

(C) Additional Criteria for a Height Bonus and Land Use Intensity Modifications: A building proposed with a fourth or fifth story or addition thereto that exceeds the permitted height requirements of Section 9-7-5, "Building Height," or 9-7-6, "Building Height, Conditional," B.R.C. 1981, together with any additional floor area or residential density approved under Subparagraph (h)(6)(B), may be approved if it meets the requirements of this Subparagraph (h)(6)(C). For purposes of this Subparagraph(h)(6)(C), bonus floor area shall mean floor area that is on a fourth or fifth story and is partially or fully above the permitted height and any floor area that is the result of an increase in density or floor area described in Subparagraph (h)(6)(B). The approving authority may approve a height up to fifty-five feet if one of the following criteria is met:

(i) Residential Developments: If the development is residential, it will exceed the requirements of Subparagraph 9-13-3(a)(1)(A), B.R.C.

1981, as follows:

a. For bonus units, the inclusionary housing requirement under Chapter 9-13, "Inclusionary Housing," B.R.C. 1981, shall be increased by eleven percent. The resulting inclusionary requirement may be satisfied by any option allowed in Chapter 9-13 to meet inclusionary housing requirements. For example, if Chapter 9-13 requires twenty-five percent of units to be permanently affordable, for bonus units that requirement is increased by eleven percent so that at least thirty-six percent of the total number of bonus units must be permanently affordable units.~~For bonus units, the inclusionary housing requirement shall be increased as follows: Instead of twenty-five percent, at least thirty-six percent of the total number of bonus units shall be permanently affordable units. If the building is a for-sale development, at least fifty percent of all the permanently affordable units required for the building shall be built in the building; this fifty percent on-site requirement may not be satisfied through an alternative means of compliance. A minimum of one bonus unit shall be assumed to be provided in the building if any bonus floor area is in the building.~~

. . .

Section 2. Chapter 9-13, "Inclusionary Housing," B.R.C. 1981, is amended to read as follows:

9-13-1. - Findings.

(a) A diverse housing stock is necessary in this community to serve people of all income levels. Based upon the review and consideration of recent housing studies, reports and analysis, it has become clear that the provisions of this chapter are necessary to preserve a diversity of housing opportunities for the city's residents and working people.

(b) The program defined by this chapter is necessary to provide continuing housing opportunities for very low-, low-, moderate-, and middle-income households. It is necessary to help maintain a diverse housing stock and to allow people to have better access to jobs and upgrade their economic status. It is necessary to provide housing to persons of all needs and abilities to have a place in the community. The strong employment base in this region, combined with the special attractiveness of Boulder, its University-related population and its environmentally sensitive urban service boundaries, all combine to make the continued provision of decent housing options for very low-, low-, moderate and middle-income and working people in Boulder a difficult but vital objective. The regional trend toward increasing housing prices will, without intervention, result in inadequate supplies of affordable housing here for very low-, low-, moderate and middle-income households. This in turn will have a negative effect upon the ability of local employers to maintain an adequate local work force.

(c) It is essential that appropriate housing options exist for university students, faculty and staff so that the housing needs of university-related populations do not preclude non-university community members from finding affordable housing.

(d) A housing shortage for persons of very low-, low-, moderate and middle-income is detrimental to the public health, safety and welfare. The inability of such persons to reside within the city negatively affects the community's jobs/housing balance and has serious and detrimental transportation and environmental consequences.

(e) Because remaining land appropriate for residential development within the city is limited, it is essential that a reasonable proportion of such land be developed into housing units affordable to very low-, low-, moderate and middle-income residents and working people. This is particularly true because of the tendency, in the absence of interventions, for large expensive housing to be developed within the city, which both reduces opportunities for more affordable housing and contributes to a general rise in prices for all ~~of the~~ housing in the community, thus exacerbating the scarcity of affordable housing within the city.

(f) The primary objective of this chapter is to obtain a significant amount of permanently affordable dwelling units. Provisions of this chapter provide for various approaches to creating additional affordable housing units. Those provisions recognize the fact that individual site, legal and economic factors have an impact on which alternatives will work for different developments.

(g) The intent of this chapter is that any resulting affordable housing units and developments will be distributed either within each development when provided on-site or at a building/neighborhood level when provided off-site and will be found throughout the community and not concentrated in certain areas of the city.

(h) As land for new residential development becomes scarcer, redevelopment of existing housing will increase. The newly built housing that results will likely be more expensive than the housing it replaces. This is especially true of larger redevelopments. Smaller scale developments are less able to absorb development costs than are larger developments that can benefit from economies of scale. This chapter recognizes the differences between developments of different sizes and the inherent inefficiencies in smaller developments and seeks to not disproportionally affect smaller redevelopments within the City.

(i) This inclusionary housing requirement is based upon the city's power to enact zoning regulations that promote the health, safety and welfare of the community. For the reasons cited above, the promotion and maintenance of a diverse housing stock is an important component of the city's zoning regulations.

. . .

9-13-3. - General Inclusionary Housing Requirements.

(a) Inclusionary Housing Requirements.

(1) ~~Developments Containing Five or More Dwelling Units:~~

~~(A)~~ A~~ny~~ development ~~containing five or more dwelling units~~ is required to include at least twenty-five percent of the total number of dwelling units as permanently affordable ~~dwelling~~ units.

(2~~B~~) For required for-sale permanently affordable units, townhouses and single-family homes shall have prices set to be affordable to one hundred twenty percent of the AMI. All other types of permanently affordable for-sale units shall have prices set to be affordable to one hundred percent of the AMI~~eighty percenttwenty percent Twenty percent of the required affordable units shall be affordable to low/moderate income households~~.

~~Five percent of the required affordable units shall be affordable to middle income households.~~

~~i. The city manager is authorized to use rule-making authority to annually adjust the percentages in A and B to incentivize on-site affordable units.~~

(3~~C~~) Required rental permanently affordable units shall include eighty percent of the required permanently affordable units as low/moderate income dwelling units and twenty percent of the required permanently affordable units shall have rents set to be affordable to households earning no greater than fifty percent of the AMI.~~In for sale developments a minimum of fifty percent of the units shall be built on the site of the development, unless such units are provided for in another manner consistent with the provisions of this chapter.~~

(4~~D~~) As an alternative to providing permanently affordable units on-site ~~Rental~~ developments ~~do not have a minimum on-site requirement and~~ may ~~provide the permanently affordable units~~ satisfy the inclusionary housing requirement through any combination of the alternative means of compliance set forth in Section 9-13-10, “Options for Satisfaction of Inclusionary Housing Requirement,” B.R.C. 1981.

(5) The city manager is authorized to use rule-making authority to annually adjust the percentages in Subsection 9-13-3(a) to incentivize on-site affordable units.

(6) Rounding Rule: In determining the number of permanently affordable units required on or off-site, any inclusionary housing requirement resulting in a fractional value with a decimal point that is 0.5 or greater will be rounded up to the next whole number. Any remaining fraction may be met through other options as allowed in Section 9-13-10, “Options for Satisfaction of Inclusionary Housing Requirement,” B.R.C. 1981.

~~(2) Developments with One to Four Dwelling Units: Any development containing one to four dwelling units must include at least twenty percent of the total number of dwelling units as permanently affordable dwelling units. Developments of this size may comply with this obligation either by including one permanently affordable dwelling unit within the development or through any combination of the alternative means of compliance set forth in Section 9-13-10, “Options for Satisfaction of Inclusionary Housing Requirement,” B.R.C. 1981(b) Rounding Rule: In determining the number of affordable units required on or off-site, any inclusionary housing obligation resulting in a fractional value with a decimal point that is 0.5 or greater will be rounded up to the next whole number. Any~~

~~remaining fraction may be met through other options as allowed in Section 9-13-10 Options for Satisfaction of Inclusionary Housing Requirement.~~

(b) Scope of Chapter: No person shall fail to conform to the provisions of this chapter for any new development which applies for a development approval or building permit for a dwelling unit ~~after the effective date of this chapter~~.

(c) Income Eligibility Required: No person shall sell, rent, purchase or lease a permanently affordable ~~dwelling~~ unit created pursuant to this chapter except to a program eligible household. A private owner of a single permanently affordable unit may rent the unit in accordance with the provisions of this chapter as set forth in Section 9-13-12~~6~~ “Program Requirements for For-Sale Units,” B.R.C. 1981. All sales, rentals, purchases and leases shall comply with the provisions of this chapter.

(d) Deed Restriction Required: No person offering a permanently affordable ~~dwelling~~ unit for rent or sale shall fail to lawfully reference in the grant deed conveying title of any such unit, and record with the county recorder, a covenant or declaration of restrictions in a form approved by the city manager. Such covenant or declaration of restrictions shall reference applicable contractual arrangements, restrictive covenants and resale restrictions as are necessary to carry out the purposes of this chapter.

(e) Good Faith Marketing Required: All sellers or owners of permanently affordable ~~dwelling~~ units shall engage in good faith marketing and public advertising efforts each time a permanently affordable ~~dwelling~~ unit is rented or sold such that members of the public who are qualified to rent or purchase such units have a fair chance to become informed of the availability of such units.

(f) Reference Information: Whenever this chapter refers to information generated by HUD but no such information is generated by or available from that agency, the city manager is authorized to adopt or create any necessary equivalent information, which can be utilized in the enforcement of the provisions of this chapter.

(g) Required Agreements: ~~Those a~~Applicants ~~creating residential~~ for a development~~s~~ with dwelling units shall enter into a permanently affordable housing agreement with the city manager and shall execute such restrictive covenants and additional agreements, in a form acceptable to the city manager, as necessary to carry out the purposes of this chapter. Such agreements shall be on a form provided by the city manager and shall document how the applicant will meet the requirements of this chapter. The applicant shall provide all documentation and any other material requested by the city manager. An applicant shall not be eligible to submit an application for a building permit until the affordable housing agreement ~~and~~, any additional agreements, and required restrictive covenants are approved by the city manager.

(h) Residency Requirement: No owner of a permanently affordable ~~dwelling~~ unit shall fail to occupy the purchased dwelling unit as a primary residence, except as otherwise agreed by the city manager.

9-13-4. - Affordable Housing Design Review.

(a) Purpose: The ~~A~~affordable ~~H~~housing ~~D~~design ~~R~~review is established to provide a uniform and consistent method for evaluating proposals for meeting inclusionary housing ~~obligation~~ requirements where site review or form-based code review is not required.

(b) Affordable Housing Design Review Required: All developments with more than ~~five~~ forty units providing permanently affordable units on or off-site to meet an inclusionary housing ~~obligation~~ requirement and all off-site developments in excess of ~~five~~ forty units providing permanently affordable units shall be subject to the ~~A~~affordable ~~H~~housing ~~D~~design ~~R~~review unless the development is approved pursuant to a site or form-based code review.

9-13-5. - Livability Standards.

The city manager is authorized to establish minimum livability standards which ~~will~~ address ~~size, distribution within a project,~~ design and materials of ~~all~~ the permanently affordable units to ensure that the ~~affordable housing~~ units are~~is~~ functional and designed with adequate circulation, room sizes, kitchen components and storage.~~comparable to the market rate units which created the obligation.~~ No person shall fail to comply with the adopted livability standards.

9-13-6. - Quality, Size, and Amenities of Permanently Affordable Units.

(a) Quality of permanently affordable ~~U~~units. Permanently ~~A~~affordable units provided on-site shall be of comparable quality, design and materials to the market rate units creating the inclusionary housing ~~obligation~~ requirement and constructed with durable materials that promote sustainable, energy efficient and attractive affordable housing. ~~If~~ Permanently affordable units provided off-site~~, the affordable units~~ shall also be comparable to the surrounding market housing in quality, design, and general appearance and constructed with durable materials that promote sustainable, energy efficient and attractive affordable housing. Permanently affordable units shall be constructed, installed and finished in a quality workmanlike manner consistent with industry standards.

(b) Size of Permanently Affordable ~~Dwelling~~ Units: The city manager is authorized to establish minimum and maximum sizes for permanently affordable units~~annually to reflect the type of units that are being constructed in the previous year and are sized to meet unmet community needs~~.

(c) Affordable Owner and Renter Access to Amenities: When permanently affordable units are provided on-site in any location or configuration, the affordable owners and renters shall have access equal to amenities to that of the owners and renters of the market rate units. Such amenities shall include but not be limited to~~;~~: parks, outdoor play areas, pools, exercise facilities and equipment, dog washing rooms, bicycle repair facilities, internet cafes, and similar on-site amenities.

(d) Housing Inspections: The city manager is authorized to require housing inspections for permanently affordable units during construction to ensure the permanently affordable units comply with the affordable housing requirements as defined in this chapter and required agreements, standards, and covenants, and are constructed, installed, and finished in a quality, workmanlike manner consistent with industry standards. All actual costs for the inspector’s time and any actual costs incurred related to the inspections shall be borne by the affordable housing developer.

9-13-7. – Relationship of Permanently Affordable Units to Market Units.

(a) Purpose: Permanently ~~A~~affordable units ~~housing~~ shall be comparable in quality, design and general appearance to the market rate units creating the inclusionary housing ~~obligation~~requirement.

(b) Detached Dwelling Units: When a development contains single-family detached dwelling units, a proportional number of the required permanently affordable ~~dwelling~~ units shall also be single-family detached dwelling units or attached townhouses.

(c) Mixed Dwelling Unit Types: In developments with a mixture of dwelling unit types, including, without limitation, single-family detached dwelling units, townhous~~om~~es, duplexes, triplexes, four-plexes, eight-plexes, and stacked flats, the required permanently affordable ~~dwelling~~ units shall be comprised of the different dwelling unit types in the same proportion as the dwelling units that are not permanently affordable within the development except as allowed in Subsection (b) above.

(d) Number of Bedrooms and Bathrooms: Permanently ~~A~~affordable units shall have the same proportion of zero bedroom/studio, one-, two-, three- and four-bedroom dwelling units as ~~in its~~the market rate ~~dwelling~~ units of the development. The city manager will determine the minimum numbers of bathrooms required for permanently affordable units with these numbers of bedrooms. ~~Middle income affordable units shall have at least one bedroom.~~

(e) Ownership Type: Permanently affordable ~~dwelling~~ units shall be for-sale in the same proportion as the ~~dwelling~~ market rate units that are for-sale ~~intended for sale that are not permanently affordable~~ within the development that generated the requirement; for example, if fifty percent of the units in the ~~original~~ development are for sale units, then at least fifty percent of the permanently affordable units must be for-sale units except as otherwise approved by the city manager. Rental developments may provide either rental or for-sale permanently affordable units.

9-13-8. – Location and Timing for Providing Permanently Affordable Units.

Except as otherwise provided in this chapter, permanently affordable ~~dwelling~~ units shall be provided as follows:

(a) Location of ~~For Sale~~ Permanently Affordable Units: ~~For sale p~~Permanently affordable units provided on-site shall be distributed evenly throughout the development to achieve integration and avoid concentration or segregation of the affordable households unless otherwise approved by the city manager.

(b) ~~Location of Rental Permanently Affordable Units: Rental permanently affordable units do not have a requirement for distribution throughout the development.~~

~~(c)~~ Timing of Construction: The construction of on-site permanently affordable dwelling units in any development shall be timed such that the permanently affordable units shall be constructed and pass final inspection concurrently or prior to the market-rate dwelling units in that development.

(~~d~~c) Timing of Marketing: On-site permanently affordable ~~dwelling~~ units shall be marketed concurrently with or prior to the market-rate dwelling units in the~~at~~ development.

9-13-9. - Developments Containing a Single Dwelling Unit.

A single lot owner that intends to construct one single dwelling unit on one building~~able~~ lot ~~site~~ that will be the primary residence of the owner for not less than three years immediately following the issuance of a certificate of occupancy ~~shall meet the standards set forth in Subsection 9-13-3(a), "Inclusionary Housing Requirements" B.R.C. 1981, or meet the following standards:~~ may satisfy the inclusionary housing requirement by making

~~(a) Designation of Home as a Permanently Affordable Dwelling Unit: The owner shall make~~ the dwelling unit a permanently affordable ~~dwelling~~ unit, except that such initial owner does not have to meet income or asset qualifications imposed by this chapter. The income and asset limitations shall apply to subsequent owners of the permanently affordable ~~dwelling~~ unit.

~~(b) In-Lieu Contribution: If the owner of a dwelling unit described in this subsection chooses to comply with inclusionary housing requirement by making a cash-in-lieu contribution, the owner shall have the option of deferring payment of that contribution until the property is conveyed to a subsequent owner or ten years from the date of execution of an agreement to that effect whichever is sooner, subject to the following:~~

- ~~(1) Amount: The amount of the cash-in-lieu contribution shall be based on the in-lieu amount for a similar single-family home that is in place at the time the contribution is made, no later than at the time of transfer of title to a subsequent owner or ten years from the date of execution of an agreement to that effect whichever is sooner.~~
- ~~(2) Legal Documents: The owner executes legal documents, the form and content of which are approved by the city manager, to secure the city's interest in receipt of the deferred in-lieu contribution.~~

9-13-10. - Options for Satisfaction of Inclusionary Housing Requirement.

(a) Purpose: ~~To obtain~~In order to create a significant amount of permanently affordable ~~dwelling~~ units, ~~. T~~to the extent permitted by this chapter, developers may satisfy the inclusionary housing requirement through any combination of the following alternate means:

(~~b~~1) Cash-in-Lieu Contribution: Developers may satisfy permanently affordable housing requirements by making cash contributions to the city's affordable housing fund. ~~The cash-in-lieu contribution will be calculated by the city manager annually~~. The cash-in-lieu contribution will be based on the residential square footage of the development creating the inclusionary housing requirement and the applicable rate will be determined annually by the city manager. The city manager may consider the number of units in the development, the size and type of units which created the obligation ~~(including small attached units and townhomes)~~, the amount that would incentivize on-site construction of permanently affordable units, and the affordability gap between market rate and permanently affordable ~~home~~ unit prices when determining the cash-in-lieu calculation.

(~~1~~A) Annual Cash-in-lieu Escalator ~~for Developments with Five or More Dwelling Units~~: The city manager is authorized to ~~increase~~adjust the cash-in-lieu contribution annually on July 1 of each year. ~~up to a maximum of ten percent compounded each year until seventy-five percent of the affordability gap in a given year is reached~~iii~~.~~

(~~2~~B) ~~Annual Escalator for Developments with One to Four Dwelling Units: The city manager is authorized to increase the cash-in-lieu contribution for developments with one to four dwelling units annually on July 1 of each year by up to a maximum of ten percent compounded each year until fifty percent of the affordability gap in any given year is reached.~~

~~(3)~~ Affordable Housing Fund Established: The city manager will establish an affordable housing fund for the receipt and management of permanently affordable ~~dwelling~~ unit cash-in-lieu contributions. Monies received into that fund will be utilized solely for the construction, purchase and maintenance of affordable housing and for the costs of administering programs consistent with the purposes of this chapter.

(~~c~~2) Provision of Affordable Units Off-site:

(~~1~~A) The intent of this option is that the off-site unit mix of permanently affordable units ~~building type (attached, townhome, detached) and number of units with specific number of bedrooms~~ will be proportionate in type and size to the mix of market rate units ~~o~~in the ~~sending site~~ development that generated the requirement for the permanently affordable units (the "Sending Site"). Recognizing that an off-site location is unique and may have different zoning and other planning considerations than the S~~s~~ending S~~s~~ite, the city manager may meet the intent of this chapter by modifying the requirements in ~~Chapters~~ Sections 9-13-6 and 9-13-7, B.R.C. 1981, to accommodate ~~receiving~~ the off-site constraints.

(~~2~~B) To the extent permitted by this chapter, inclusionary housing requirements may be satisfied by restricting existing or newly constructed rental or for-sale off-site dwelling units which are approved by the city manager as suitable permanently affordable ~~housing dwelling~~ units through covenants, contractual arrangements or resale restrictions, the form and content of which are acceptable to the city manager. Off-site permanently affordable ~~dwelling~~ units shall be located within the City of Boulder.

(C) The city manager is authorized to develop rules for approving, assessing, and monitoring the off-site development.

(~~3~~D) Off-site Agreement: Any development meeting the requirements of this chapter by providing permanently affordable units off-site shall be subject to the provisions of an off-site a~~A~~greement as approved by the city manager. The off-site a~~A~~greement must be executed prior to application for any residential building permit ~~submittal~~ for the ~~s~~Sending ~~s~~Site.

(4E) Financial Guarantee: The city manager may require a financial guarantee to secure the off-site units prior to issuing a building permit for the ~~s~~Sending ~~s~~Site~~, the development generating the need for the affordable units~~.

(~~5~~F) Timing of Construction for Off-site Units: The intent of this section is to provide concurrency of construction and marketing between permanently affordable units and market rate units.

(~~A~~i) If ~~a~~ newly constructed dwelling units are~~is~~ used to satisfy the requirements of this chapter~~, the units shall pass final inspection no later than one year after the first market-rate dwelling unit in the site that generated the requirement passes final inspection.~~ as permanently affordable units the applicant shall demonstrate that such units meet the following minimum requirements:

a. The permanently affordable units shall pass final inspection no later than one year after the last market rate unit in the Sending Site passes final inspection; and

b. The permanently affordable units shall be offered for sale or rent no later than one year after the final inspection of the last market rate unit in the Sending Site.

(ii~~B~~) If ~~an~~ existing dwelling units are~~is~~ used to satisfy the requirements of this chapter~~, the applicant shall provide a letter of completion for any rehabilitation or remodeling, subject to city manager review and approval, that establishes that the unit is habitable no later than one year after the first market rate dwelling unit in the site that generated the requirement passes final inspection.~~ as permanently affordable units, the applicant shall demonstrate that such units meet the following minimum requirements:

a. The applicant provides a letter of completion for any rehabilitation or remodeling, subject to city manager review and approval, that establishes that the permanently affordable units are habitable no later than one year after the last market rate unit in the Sending Site receives a certificate of occupancy; and

b. The permanently affordable units are offered for sale or rent no later than one year after the last market rate unit in the Sending Site receives a certificate of occupancy.

(~~6~~G) Timing of Marketing: The marketing of the permanently affordable ~~dwelling~~ units should start ~~within~~ two months ~~of when~~ before the permanently affordable units are expected to receive a certificate of occupancy~~can be~~. ~~Marketing shall occur no later than ten months after the first residential building permit for the site that generated the requirement is issued.~~

(~~7~~H) Off-Site Location Subject to Inclusionary Requirement: All newly constructed ~~dwelling~~ permanently affordable units ~~on the receiving~~provided off--site are subject to the requirements of this chapter.

(~~8~~I) Off-Site Location Review and Approval: Any proposed off-site location is required to be approved by the city manager.

(~~d~~3) Land Dedication:

(~~1~~A) Purpose: The inclusionary housing requirement may be ~~fully or partially~~ satisfied by the dedication of land to the City of Boulder or an entity designated by the City of Boulder for permanently affordable ~~dwelling~~ units in accordance with the provisions of this.

(~~2~~B) General Requirements: A land dedication shall meet all of the following criteria to the satisfaction of the city:

(~~A~~i) ~~Any proposed off-site~~The location ~~is required to be approved by the city manager.~~of the land would meet city affordable housing objectives and is required to be approved by the city manager;

(~~B~~ii) The land ~~is in the City of Boulder and has either a medium or high density residential land use and zoning classification or the city manager determines that such classification may be pursued~~can reasonably be developed for affordable housing;

(~~C~~iii) The land is in an environmentally acceptable condition as supported by a Phase I Environmental Assessment as approved by the city manager. The city manager may require other studies or assessments to make this determination;

(~~D~~iv) No greater than ten percent of the land may be within the high hazard zone~~,~~ or conveyance ~~floodplain~~zone. No greater than twenty-five percent of the land may be within the one-hundred-year floodplain. If any portion of the land is in the high hazard zone, conveyance zone or one-hundred-year flood-plain, the city manager will have the sole discretion to determine if the land is appropriate for affordable housing development.

(~~E~~v) Satisfactory proof of ~~fee~~ title is provided to the city manager within thirty days ~~of~~ before the effective date of dedication to the city or an entity designated by the city for such dedication. The land will be free of all liens and encumbrances and all property taxes and special taxes will be current before the title for the dedicated land is conveyed. The land will be conveyed by ~~general~~ special warranty deed before issuance of a building permit for the ~~originating residential development~~Sending Site.

(~~F~~vi) Dedicated land plus any cash-in-lieu contributed must be of equivalent or greater value to the total cash-in-lieu contribution amount. ~~The land must equal no less than seventy-five percent of the cash-in-lieu contribution amount, including any in-lieu requirements of Subsection 9-13-3(d), B.R.C. 1981, for providing less than one-half of the required affordable dwelling units on-site that would have been required of the originating residential development.~~ The value of the land will be determined, at the cost of the developer, by an independent appraiser, who will be selected from a list of Colorado Certified General Appraiser provided by the city, or by such alternative means of valuation to which a developer and the city may agree.

(~~G~~vii) If the land does not equal the full amount of the cash-in-lieu owed, the applicant shall contribute cash-in-lieu to make up any gap between the value of the donated land and the total cash-in-lieu contribution amount.

(C) Open Space Requirement: If land proposed to be dedicated under this subparagraph is part of the same site review as the market rate units that create the inclusionary housing requirement the open space requirements for any permanently affordable units constructed on the land proposed to be dedicated shall be met entirely on the land proposed to be dedicated and the open space requirements for the market rate units shall be met entirely within the market rate unit development.

(~~c~~4) Alternative methods of compliance. The city manager is authorized to enter into agreements to allow alternative methods of compliance for the inclusionary housing requirements contained within this chapter. The applicant shall provide all documentation and any other material requested by the city manager. An applicant for an alternative method of compliance will demonstrate that the proposed method of compliance:

(~~1~~A) Will result in additional affordable housing benefits for the city consistent with the purposes of this chapter; or

(~~2~~B) Will address unmet housing needs~~Will result in additional affordable housing benefits that are equivalent to or greater than the cash-in-lieu contribution as set forth in Subsection 9-13-9(a) including any additional cash-in-lieu that is contributed if less than fifty percent of any for-sale permanently affordable units are not provided on-site~~; or

(~~3~~C) Is necessary to prevent an unlawful taking of property without just compensation in accordance with Section 9-13-15~~0~~, “No Taking of Property Without Just Compensation,” B.R.C. 1981.

9-13-11. - Rebuilt Dwelling Units.

The provisions of this chapter apply to any dwelling unit that is removed and rebuilt, except as provided in this subsection.

(~~1~~a) Developments with Four or Fewer Dwelling Units: An applicant may request an exemption from the inclusionary housing requirements of this ~~section~~ chapter for each dwelling unit removed and replaced by a dwelling unit in a development that has four or fewer units proposed for construction. The exemption shall be valid for three years after the issuance of any permit that results in the removal of a unit if the applicant applies for a building permit for a dwelling unit, uses due diligence to commence and complete the construction of such building and meets all deadlines set by city building codes or that otherwise may be set by the city manager. Any removal of a ~~dwelling~~ unit undertaken without the issuance of a permit will not qualify for the above exemption regardless of the number of units removed.

(~~2~~b) Developments with Five or More Dwelling Units: When the total number of redeveloped or newly constructed dwelling units in a development equals five or more dwelling units, the requirements of this chapter shall apply regardless of the date of issuance of any permit resulting in the removal of a dwelling unit.

(~~3~~c) Calamity: The provisions of this subsection shall not apply to market rate units~~non-affordable dwellings~~ that may have been removed or caused to be removed by fire, flood, wind, act of nature or another calamity. Such ~~dwelling~~ units may be replaced within ten years from the time of the calamity to the time of building permit submittal for a replacement dwelling unit without meeting the inclusionary housing requirements of this chapter~~ at the time preferred by the property owner~~. ~~Deed restricted~~Property on which permanently affordable ~~dwelling~~ units ~~that may~~ have been removed or caused to be removed by fire, flood, wind, act of nature or other calamity will continue to be bound by the permanently affordable deed restriction covenant which will apply to future construction~~ must be replaced and include the deed restriction~~.

(~~4~~d) Safe and Habitable: The provisions of this subsection shall not apply to dwellings to be removed, if, at the time of removal, such unit is considered to be an unsafe structure, a structure unfit for human occupancy, or a dangerous structure under the ~~1997 Uniform Code for the Abatement of Dangerous Buildings,~~ City of Boulder Property Maintenance Code, Section 108~~302~~ adopted by the city by Section 10-2-2~~5-3~~, B.R.C. 1981, unless otherwise excepted by the Boulder Revised Code. The chief building official shall determine if the unit meets these standards.

9-13-12. - Program Requirements for For-Sale Units.

(a) Affordable Unit Price: The city manager will set the maximum allowable sales price for permanently affordable ~~dwelling~~ units required by this chapter based upon the unit type, total floor area, and number of bedrooms and bathrooms.

(1) The prices charged for permanently affordable low/moderate priced ~~dwelling~~ units shall not exceed a price that is affordable to a household earning the HUD low-income limit for the Boulder PMSA.

(2) Middle Income priced ~~dwelling~~ permanently affordable units shall not exceed a price that is affordable to one hundred and twenty percent of the area median income as determined by HUD for the Boulder PMSA. The city manager is authorized to adopt or create pricing categories within this income range to be utilized in the enforcement of the provisions of this chapter.

(b) Maximum Sales Price for Permanently Affordable ~~Dwelling~~ Units: The maximum sale price for a~~n~~ permanently affordable ownership unit shall be set by the city on at least a quarterly basis.

(c) Income Eligibility: The city manager shall determine the maximum household income allowable for each sales price.

(~~c~~d) Real Estate Commissions: A real estate commission shall be paid by any seller of a~~n~~ permanently affordable unit to a real estate agent representing the buyer. This amount shall be established by the city manager~~ and specified in the inclusionary housing administrative regulation~~.

(~~d~~e) Approved Purchasers for Permanently Affordable ~~Dwelling~~ Units: A developer or owner shall sell to a qualified purchaser after completing a good faith marketing and selection process approved by the city manager.

(~~e~~f) Asset Limitations for Program-eligible Households: Program-eligible households that wish to purchase permanently affordable ~~dwelling~~ units shall be subject to reasonable asset limitations set by the city manager. The city manager will establish maximum asset limitation requirements for purchasers of permanently affordable ~~dwelling~~ units in order to accomplish the purposes of this chapter. The standard that the city manager will use to set the asset limitation is that the housing be available to people who, without assistance, would have difficulty marshaling the financial resources to obtain appropriate housing within the city.

(~~f~~g) Sale Restriction: No person shall sell a permanently affordable ~~dwelling~~ unit except to a person that meets the income, asset and other eligibility requirements of this chapter or any asset and income eligibility requirement that is included in any contract, covenant or any other agreement to which the city is a party or beneficiary.

(~~g~~h) Rental Restrictions for For-Sale Permanently Affordable Units:

(1) Rental Restrictions Pursuant to Sale: Newly constructed or existing units that are deed restricted are initially owned by a developer. Prior to the first sale of such units to a program eligible buyer and after receipt of a temporary or final certificate of occupancy, a developer who initially owns a~~n~~ permanently affordable unit is required to actively market the permanently affordable unit for a minimum of one hundred twenty days to facilitate a sale. Subsequent program-eligible owners must also market the permanently affordable unit for a minimum of one hundred twenty days to facilitate a sale. If, after this period, the permanently affordable ~~home~~ unit has not sold, the unit may be rented for a one-time period not to exceed eighteen months. The developer or owner is required to continue to market the unit while it is being rented but may defer the sale to the end of the lease period. A written lease or rental agreement is required. The lease or agreement must be provided to the city division of housing.

(2) An owner may rent one bedroom in a~~n~~ permanently affordable unit for any period of time subject to city requirements concerning the renting of residential property.

(3) The provisions below apply to rental of the entirety of the for-sale permanently affordable units. The provisions of this section do not apply to any affordable housing developer who owns the permanently affordable unit initially prior to the first sale to a program-eligible owner.

(A) No owner shall fail to occupy a~~n~~ permanently affordable unit for a minimum of five years before renting the entirety of the unit.

(B) No owner shall fail to provide thirty days' notice to the city manager of intent to rent an affordable unit.

(C) No owner shall allow a~~n~~ permanently affordable unit to be rented for more than one year out of seven years. The one-year period may be continuous or an aggregation of shorter time periods.

(D) No owner shall fail to provide a written lease or rental agreement to the city division of housing when renting the entirety of a~~n~~ permanently affordable unit. The city manager may require additional documents the city finds reasonably necessary to comply with this section.

(E) No owner shall allow a~~n~~ permanently affordable unit to be rented for a period of less than thirty days.

(~~h~~i) Resale Restrictions: All permanently affordable ownership ~~dwelling~~ units developed under this chapter shall be subject to the following resale restrictions:

(1) Approved Purchasers: A seller of a permanently affordable ~~dwelling~~ unit must select an income-eligible purchaser by a method that complies with the good faith

marketing and selection process approved by the city manager. All purchasers of permanently affordable~~ dwelling~~ units shall be part of program eligible households.

(2) Resale Price: The resale price of any permanently affordable ~~dwelling ~~unit shall not exceed the purchase price paid by the owner of that unit with the following exceptions:

(A) Closing Costs: Customary closing costs and costs of sale as reviewed and approved by the city manager.

(B) Permanent Capital Improvements: Consideration of eligible permanent capital improvements installed by the seller that have been approved in advance by the city manager in accordance with rules or administrative guidance established by the city manager.

(C) Resale Price: The resale price may include an inflationary factor or shared appreciation factor as applied to the original sale price pursuant to rules as may be established by the city manager to provide for such consideration. In developing rules, the city manager may consider the purposes of this chapter, common private, nonprofit and governmental lending practices, as well as any applicable rules or guidelines issued by federal or state agencies affecting the provision or management of affordable housing. In the event that the city has not adopted rules that contemplate a particular arrangement for the use of an inflationary factor or shared appreciation factor, the city manager is authorized to approve a resale price formula that is consistent with the purposes of this chapter, common private, nonprofit and governmental lending practices, as well as any applicable rules or guidelines issued by federal or state agencies affecting the provision or management of affordable housing.

(3) Special Fees: The seller of a permanently affordable ~~dwelling ~~unit shall neither levy nor charge any additional fees or any finder's fee nor demand any other monetary consideration other than provided in this chapter.

(~~i~~j) Ownership Associations: When accepting a for sale unit as meeting the inclusionary housing ~~obligation~~requirement, the city manager will review the condominium association declarations to assess the impact on buyers of permanently affordable units. The city manager is authorized to establish rules regarding allowable terms in condominium declarations in order to ensure that the purposes of this chapter are accomplished.

9-13-13. - Program Requirements for Rental Units.

(a) Maximum Rent: Required rental permanently affordable units shall include eighty percent of the required permanently affordable units as low/moderate income dwelling units and twenty percent of the required permanently affordable units shall have rents set to be affordable to households earning no greater than fifty percent of the AMI~~Rents charged for permanently affordable units in any one development must be affordable to households earning no more than sixty percent of the AMI for low/moderate permanently affordable rental units and eighty percent of the AMI for middle income permanently affordable rental units~~.

~~(b) Conversion of Rental Developments to Ownership Dwelling Units.~~

~~(1) A rental development may be converted to a for sale development. If the inclusionary housing requirement for a rental development was met with a cash-in-lieu contribution and the rental development is converted to a for sale development within five years of the issuance of a final Certificate of Occupancy, the property owner shall pay the city the difference between the cash-in-lieu amount paid and the amount that would have been due at the time of building permit issuance for a for sale development.~~

~~(2) An owner of a rental development shall enter into an agreement with the city to agree to pay the difference if the rental development is converted to for sale units in the five-year period.~~

~~(3) An agreement shall be executed in a form acceptable to the city manager and shall indicate the difference between the cash-in-lieu amount owed if the development were a for sale development instead of a rental development at issuance of the initial residential building permit. The term of the agreement shall be for five years starting from the date of the issuance of a residential building permit. After this period, no additional cash-in-lieu is required if such a conversion occurs. The agreement shall provide for the appropriate adjustment to the inclusionary housing requirements of this chapter.~~

9-13-14. - ~~Residential Developments with Prior Affordable Housing Agreements.~~Reserved

~~Developments of the type described in this subsection will be permitted to develop utilizing the following provisions:~~

~~(a) Prior Development Approvals and Applications: The inclusionary housing requirements of Sections 9-13-3(a)(1)(A) and (C), 9-13-4(a) and (b) in place prior to the adoption of this chapter will apply to the following developments:~~

~~(1) A development for which a site review application was filed prior to July 1, 2018;~~

~~(2) A development subject to an affordable housing agreement and requirements imposed by prior inclusionary housing agreements; or~~

~~(3) A dwelling unit for which a building permit has been submitted prior to July 1, 2018.~~

~~After July 1, 2018 any development subject to this subsection for which the site review, affordable housing agreement or building permit is expired, denied, revoked, or otherwise is not diligently pursued must conform to the rule in effect at the time of application.~~

~~(b) City Subsidized Developments: Developments subject to agreements with the city executed prior to the effective date of this chapter in order to receive Affordable Housing Funds, Community Housing Assistance Program, HOME or Community Development Block Grant funds may either:~~

~~(1) Develop in compliance with affordable housing and restricted housing agreements executed prior to the effective date of this chapter and provide restricted units as required pursuant to ordinances in effect at the time such developments were approved;~~

~~(2) Enter into a new agreement with the city manager to allow the development to retain funding pursuant to the earlier agreements, provide permanently affordable~~

~~units as required pursuant to the earlier agreements and law, be relieved of all obligations to provide restricted units and provide ten percent additional permanently affordable units as such units are defined by this title; or~~

~~(3) Refund all monies received pursuant to such agreements and agree that contracts providing for the provision of such funding shall be void. The development shall then develop in compliance with the provisions of this chapter.~~

~~(c) Developments Subject to Annexation Agreements: Developments subject to affordable housing requirements imposed by annexation contracts may develop in conformity with those contract provisions.~~

~~(d) Moderate Income Housing Program: Any development subject to Ordinance No. 4638, "Moderate Income Housing," as amended, and which has not entered into a separate agreement with the city manager to fulfill those requirements prior to the effective date of this chapter shall be relieved of its obligations under Ordinance 4638, as amended, and shall be subject to the requirements of this chapter.~~

. . .

Section 3. Section 9-16-1, "General Definitions," B.R.C. 1981, is amended to read as follows:

. . .

A—E

Area median income *or AMI* means the midpoint of household incomes as determined by HUD for the Boulder Primary Metropolitan Statistical Area (PMSA)~~,~~ and adjusted for family size; half of all household incomes are higher and half are lower than the AMI. Income limits based on AMI are used to determine if a household's gross income qualifies for affordable housing and other assistance programs.

. . .

F—J

. . .

Floor area for attached dwelling units means the total square footage of all levels measured to the outside surface of the exterior framing, to the centerline of demising walls between units, and to the outside surface of the exterior walls if there is no exterior framing~~interior finished surface of the inside wall or portions thereof~~, which includes stairways, storage, and mechanical rooms, internal to the structure~~, but excluding up to two hundred fifty square feet of unfinished floor area in basements~~, but excluding garages. (Inclusionary Housing)

Floor area for detached single-family dwelling units means the total habitable square footage of all levels measured to the outside surface of the exterior framing, or to the outside surface of the exterior walls if there is no exterior framing or portions thereof, which includes stairways, storage, ~~excluding any additional required storage per "Livability Standards for Permanently Affordable Units,"~~ and mechanical rooms internal to the structure, but excluding garages. (Inclusionary Housing)

Floor area for townhous~~m~~es ~~*and attached small units*~~ means the total habitable square footage of all levels measured to the outside surface of the exterior framing, to the centerline of demising walls between units, and the outside surface of the exterior walls if there is no exterior framing, ~~or to the mid-wall for interior unit-defining walls or portions thereof,~~ which includes stairways, storage, ~~excluding any additional required storage per "Livability Standards for Permanently Affordable Units",~~ and mechanical rooms, internal to the unit, but excluding garages. (Inclusionary Housing)

. . .

P—T

. . .

Permanently affordable unit means a dwelling unit that is pledged to remain affordable in perpetuity to households earning no more than the maximum income limits specified in ~~this~~ Chapter 9-13, "Inclusionary Housing," B.R.C. 1981~~, and the unit:~~.

~~(1) Is owner occupied; or~~

~~(2) Is owned or managed by the Housing Authority of the City of Boulder or its agents; or~~

~~(3) Is a rental unit in which the city has an interest through the Housing Authority of the City of Boulder or a similar agency that is consistent with § 38-12-301, C.R.S., or that is otherwise legally bound by rent restrictions consistent with § 38-12-301, C.R.S., or successor statutes.~~ (Inclusionary Housing)

Program eligible household means a household ~~who~~ that meets the income and asset limitations and other requirements established pursuant to this title for the purposes of owning or renting and a permanently affordable ~~home~~unit.

(1) ~~Low and moderate-income homebuyer households' income shall not exceed ten percentage points more than the HUD low income limit for the Boulder Primary Metropolitan Statistical Area (PMSA), with adjustments for family size.~~

~~(2) Low and moderate-income renter~~Initial renter households' income shall not exceed sixty percent of the area median income (60% AMI) as determined by HUD for the Boulder PMSA~~.~~ or as determined by the city manager, with adjustments for lower rent AMI levels.

(~~3~~2) ~~Middle income h~~Homebuyer households' income shall not exceed one hundred and fifty percent of the area median income as determined by HUD for the

Boulder PMSA or as determined by the city manager, with adjustments for lower pricing AMI levels.

~~(4) Middle income renter households' income shall not exceed eighty percent of the area median income (80% AMI) as determined by HUD for the Boulder PMSA. (Inclusionary Housing)~~

. . .

Section 4. The effective date of this Ordinance shall be 90 days after adoption. This Ordinance shall apply to any development without an approved site review, use review, form-based code review, technical document review or building permit and to any development without an executed on-site agreement and deed restricting covenant; however, any development that has an approved site review, use review, form-based code review, technical document review, building permit or an executed on-site agreement or deed restricting covenant may be allowed to develop according to either, a) the requirements in place when the review was approved or agreement or covenant was executed, or b) the requirements of this Ordinance. Any development subject to the requirements of this Ordinance for which the site, use, form-based code or technical document review, affordable housing agreement or building permit is expired, denied, revoked, or otherwise is not diligently pursued must conform to the rule in effect at the time of re-application for review or permit.

Section 5. If any section, paragraph, clause, or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, such decision shall not affect any of the remaining provisions of this ordinance.

Section 6. This Ordinance is necessary to protect the public health, safety, and welfare of the residents of the City and covers matters of local concern.

Section 7. The City Council deems it appropriate that this ordinance be published by title only and orders that copies of this Ordinance be made available in the office of the city clerk for public inspection and acquisition.

INTRODUCED, READ ON FIRST READING, AND ORDERED PUBLISHED BY TITLE ONLY this 19th day of October 2023.

____
Aaron Brockett,
Mayor

Attest:

____
City Clerk

READ ON SECOND READING, PASSED AND ADOPTED this 2nd day of November 2023.

____
Aaron Brockett,
Mayor

Attest:

____
City Clerk

KEYSER MARSTON ASSOCIATES

FINANCIAL ANALYSIS AND REVIEW OF BEST PRACTICES

to support updates to Boulder's

Inclusionary Housing Requirement

Prepared for:
City of Boulder

Prepared by:
Keyser Marston Associates, Inc.

September 2023

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1.0 INTRODUCTION AND SUMMARY OF FINDINGS

This report was prepared to support consideration of updates to the City of Boulder's (City) Inclusionary Housing (IH) policy. The report presents an assessment of financial feasibility for a range of residential development types, tests alternative requirements, and reviews best practices and policy approaches elsewhere.

1.1 Background and Purpose

Boulder has a robust IH program that has been in place for decades. The current IH requirement is for new residential developments to set aside 25% of units as affordable. Alternatives include Cash-in-Lieu (CIL) payment, off-site affordable units, land dedication, or an alternative proposed by an applicant that provides a greater housing benefit to the community.

Payment of CIL has been the most frequently used means of compliance. There are several recent examples of projects that have proposed the use of other compliance methods. Diagonal Plaza dedicated a site to Boulder Housing Partners for construction of affordable units. Weathervane and 4775 Spine Road (Celestial Seasonings site) are each building 25% inclusionary units within the project. Both of these projects are situated on large sites in comparatively low land cost areas of the city.

The City is considering an update to its IH policy to ensure the program continues to align with community priorities and best practices. This report presents analysis and recommendations to support the proposed update.

1.2 Residential Development Types Analyzed

A set of five prototypical residential development projects were identified to serve as the basis for the financial analyses provided in this report. The intent is to represent the types of projects that are likely to be developed in Boulder. A summary of the five residential prototypes is presented in Table 1-1. Prototypes were defined based on a review of recent and proposed projects. Supporting information is presented in Section 2 and Appendix B.

Stacked condominiums are included as a prototype so the economics of this project type can be understood, although few such projects have been built or proposed recently. Single-family development was deemed too limited to warrant being made a focus of pro forma testing. Most single-family units built in recent years have been a result of demolition and replacement of existing homes. Four story prototypes assume use of bonus height under the City's community benefits program and are included to assist in understanding inter-relationships between potential changes to IH and the community benefits program.

Table 1-1. Residential Prototype Projects Programmatic Assumptions					
	Townhome	**Small Condo, 3-story**	**Larger Condo, 4- story**	**Rental, 3-story**	**Rental, 4-story**
Number of Units / Density	48 units	21 units	78 units	98	131
	24 du/ac. (1)	26 du/ac.	39 du/ac.	49 du/ac.	66 du/ac.
Number of stories above grade	3 stories	3 stories	4 stories	3 stories	4 stories
Average Unit Size	1,750	1,400	1,250	750	750
Parking Type	attached garage	podium garage	subterranean garage	subterranean garage	subterranean garage
Avg No. of Bedrooms	3.0	2.0	1.7	1.0	1.0

(1) Townhome density estimate is reflective of several precedent townhome projects at a similar density, as shown in Appendix Table B- 8. A townhome at a density of 11 units per acre was also tested. See Section 2.7 for more information.

1.3 Feasibility Analysis Summary

KMA prepared an analysis to assess feasibility of the five prototypical residential development projects. Pro forma analyses were prepared to model development costs and revenues of each project type under existing and alternative affordable housing requirements. One of three feasibility classifications is assigned to each scenario: feasible, marginally feasible, or infeasible / challenged. Categories are based on the adequacy of revenues, net of a threshold developer return, to fund the development costs. Section 2 presents the analysis and provides additional metrics including supported land values and the equivalent dollar cost of complying with the IH program to enable quantitative comparisons across scenarios.

(1) Base Case Pro Forma Findings

Table 1-2 summarizes the base case pro forma findings assuming existing IH requirements. Payment of CIL is assumed since most projects are using this compliance option. Use of the community benefits program is reflected with respect to the four-story prototypes.

Table 1-2. Base Case Pro Forma Under Current Requirements					
Pro Forma Summary ($millions)	**Townhome**	**Small Condo, 3-story**	**Larger Condo, 4- story**	**Rental, 3-story**	**Rental, 4-story**
Supported Developer Investment (1)	$57.46	$18.85 (2)	$54.36	$47.45	$63.43
Total Development Cost	$57.62	$19.82 (2)	$57.42	$48.75	$63.99
%Costs Supported (100% = in balance)	100%	95%	95%	97%	100%
Feasibility Category	Feasible	Marginal Feasibility	Marginal Feasibility	Marginal Feasibility(3)	Feasible

(1) Supported investment represents the amount the developer can invest in the project based on the projected net rental income, or the case of a for-sale project, based on sales revenue net of costs of sale and a threshold developer profit.
(2) Project revenues and costs substantially less than other scenarios based on analysis of a smaller project on a smaller site (0.75 acre site vs 2 acre site for the other prototype projects).

(3) Feasible when evaluated with FY 2022-23 CIL rates.

For the townhome, revenues are approximately in balance with costs, and thus the prototype project is classified as feasible.

The two stacked condo projects are both classified as marginally feasible based on project revenues that support only approximately 95% of estimated development costs, suggesting stacked condominium projects are less likely to develop overall and less likely to use the community benefit program. This generally aligns with recent development activity in that stacked condos have been far less common than other project types.

The four-story rental project was found to be feasible. The three story rental is classified as marginally feasible, but prior to the most recent 10% increase in CIL rates on July 1, the three-story rental was identified as feasible.

More favorable economics for the four-story rental compared to the three-story rental are inclusive of the increased IH requirement that applies due to use of the community benefits program to realize a fourth story. This finding is consistent with the presence of several pipeline rental developments proposing use of the program to add a fourth story.

(2) Supportable Cash-In-Lieu Levels

The prototype projects are able to support cash in-lieu amounts from $35 to $50 per square foot depending on the prototype. The four-story condo is an exception because it is subject to a minimum of 50% on-site affordable units under the City's community benefit requirements and was not found to support a CIL payment in addition to provision of the on-site units. Absent the on-site units, the four-story condo could support a CIL requirement in a similar range as the other project types.

(3) Feasibility of Meeting 25% IH Requirement On-site

Larger Sites - Projects on larger sites accommodating multiple buildings are in the best position to satisfy the 25% IH requirement in a separate building financed with low income housing tax credits (LIHTCs) and other subsidy sources that help offset the cost of affordable units. Such projects can feasibly deliver 25% affordability on-site. This finding is consistent with projects such as 4775 Spine Road (Celestial Seasonings site), that are proposing to do so. To be financeable, affordable units typically must be in a separate building and have roughly fifty or more affordable units to be efficient from a development and operating standpoint. With use of LIHTCs and other subsidy sources, the effective market rate developer cost to provide affordable units can be below the existing CIL rate. For example, with 4775 Spine Road, the contribution from the market rate component of the project (land and cash) to deliver 59 affordable units on a portion of the site is estimated to equate to around $25 per square foot, roughly half the existing CIL rate. The project is situated on a large site in a comparatively low land cost area of the City (Gunbarrel).

Smaller Sites – Developments on smaller sites and infill developments will typically lack the scale to set aside a portion of the site for a separate LIHTC project. Projects unable to leverage outside subsidy sources to finance affordable units face feasibility challenges meeting the 25% affordable housing requirement on-site. Potential exceptions include projects able to acquire a site at a discounted value and/or locations where exceptionally high pricing or rents are achievable. The cost of providing 25% affordable units on-site is estimated to be well above the existing CIL rate[1] without use of outside subsidies. A mandate that 25% affordable units be delivered on-site, rather than allowing CIL or another alternative, would make it significantly more challenging for projects on smaller sites and infill developments to move forward.

Weathervane is one example of a project providing 25% affordable units on-site without use of tax credit financing. The project is unique in that its land costs are less than half the per unit average for multifamily projects in Boulder and it is reportedly being financed with socially responsible investment capital. These factors likely contribute to the ability of this project to satisfy the 25% requirement on-site without tax credit financing.

Table 1-3 summarizes pro forma testing of existing requirements, alternative CIL levels, and meeting a 25% IH requirement on-site.

Table 1-3. Feasibility Testing Summary

	Townhome	Small Condo, 3-story	Larger Condo, 4-story	Rental, 3-story	Rental, 4-story
Existing CIL Rates	Feasible	Marginal Feasibility	Marginal Feasibility	Marginal Feasibility (but feasible with FY22-23 rates)	Feasible
Feasible CIL level (expressed per square foot)	up to $50 PSF	up to $35 PSF	marginal feasibility with any CIL amount due to 50% on-site minimum with community benefit program	up to $45 PSF	up to $50 PSF
25% On-Site Affordable	infeasible for income levels up to 100% AMI, marginal at 120% AMI	infeasible at all income levels tested	infeasible at income levels up to 100% AMI, marginal at 120% AMI	infeasible at all income levels tested unless affordable units can be financed with outside subsidies such as tax credits.	

(4) Affordable Unit Percentages Comparable to Existing CIL Option

Table 1-4 identifies on-site inclusionary requirements approximately equivalent to existing CIL rates in terms of overall impact to project pro formas. Findings assume inclusionary units are provided in a mixed-income format without use of tax credit financing. As shown, between 12%

[1] With for-sale the net cost of meeting the 25% requirement on-site is estimated at approximately $90 to $100 per square foot and, with rental, in the range of $80 to $90 per square foot, well above the cost of paying CIL under existing rates, which converts to $46 to $59 per square foot for the prototype projects, depending on project type and average unit size.

and 17% on-site affordable units would be roughly equivalent to existing CIL rates, depending on the tenure of the project and the income level of the inclusionary units.

Table 1-4. On-Site Inclusionary Percentages Representing Similar Cost to Existing CIL Option	
For-Sale	**Rental**
13.9% with 1/3 each at Low/Mod, 80%, 100% AMI	13% with half 50% AMI and half 60% AMI
14.7% MI with 1/3 each at 80%, 100%, 120% AMI	14.2% with 1/3 each at 50%, 60%, 70% AMI
13.2% Low/Mod	12% at 50%, AMI
13.6% at 80% AMI	14.3% at 60% AMI
14.9% at 100% AMI	17.5% at 70% AMI (1)

(1) To be financed with LIHTCs, projects are required to have an average AMI level of 60% or below so a project with all 70% AMI units would not qualify.

(5) Feasibility of LIHTC project with 20% of units at 50% AMI and 80% of units at 60% AMI

KMA was asked to evaluate whether a unit mix of 20% of units at 50% of AMI or below and 80% of units at 60% of AMI is feasible in a LIHTC project. KMA reviewed data on 51 new construction LIHTC projects financed in Colorado over the last five years reported by the Colorado Housing Finance Agency and financed with 4% tax credits[2]. As shown in Table 1-5, on average, projects included approximately 20% of units at 50% of AMI or below, two thirds at 60% AMI, and 13% at either 70% or 80% of AMI. Eight of 51 projects (16%) would have met the criteria of at least 20% of units at 50% AMI or below and no units over 60% AMI, suggesting a unit mix meeting the specified criteria is feasible but not as common.

Approximately one third of projects included units above 60% of AMI as part of their unit mix, the majority at 70% of AMI, taking advantage of income averaging rules allowing units over 60% of AMI, as long as the overall affordability for the project averages 60% of AMI or below. The projects that included units above 60% of AMI also accounted for approximately two thirds of all units produced at 50% AMI and below. Over 70% of projects included at least some units at 50% of AMI or below. The data indicates a requirement to include 20% of units at 50% of AMI or below is feasible in a LIHTC project, but that allowing an equal share of units over 60% of AMI, up to 70% or 80% AMI, would likely provide helpful flexibility for financing these projects.

Table 1-5. Affordability Mix for New Construction 4% LIHTC Projects, 2018 to 2023 in Colorado	
50% AMI and below	20%
60% AMI	67%
70% to 80% AMI	13%
	100%

Source: KMA Analysis of Colorado Housing Finance Agency data on 4% tax credit projects

[2] The focus was on 4% tax credits based on the assumption that the City would want the requirement to work for projects that do not receive 9% credits.

1.4 Interviews with Local Development Professionals

KMA conducted a series of one-on-one interviews with local developers with active projects or recent experience in Boulder. Through these interviews, KMA sought input on key pro forma assumptions as well as perspectives on market conditions and experience with the IH program.

Interviewees were also asked to provide feedback on why the market is primarily delivering rental housing in Boulder. The following insights were offered:

(1) Rental projects attract a different set of investors that are investing for a longer-term horizon and are willing to accept lower risk-adjusted returns on that capital.

(2) Rentals can be more tax efficient for investors.

(3) For-sale projects have more market risk since projects have “one shot” at the market and the timing of sales can significantly affect performance.

(4) Colorado’s construction defects laws increase costs and discourage production of for-sale housing, especially larger condominium projects.

(5) Stacked for-sale projects cannot be phased resulting in higher financing costs since all costs are upfront while sales revenues take time to be realized.

(6) Developers cited the cash-in-lieu premium that applies to for-sale but not rental as a policy bias favoring rental.

See Section 4 for more information.

1.5 Approaches Elsewhere and Best Practices

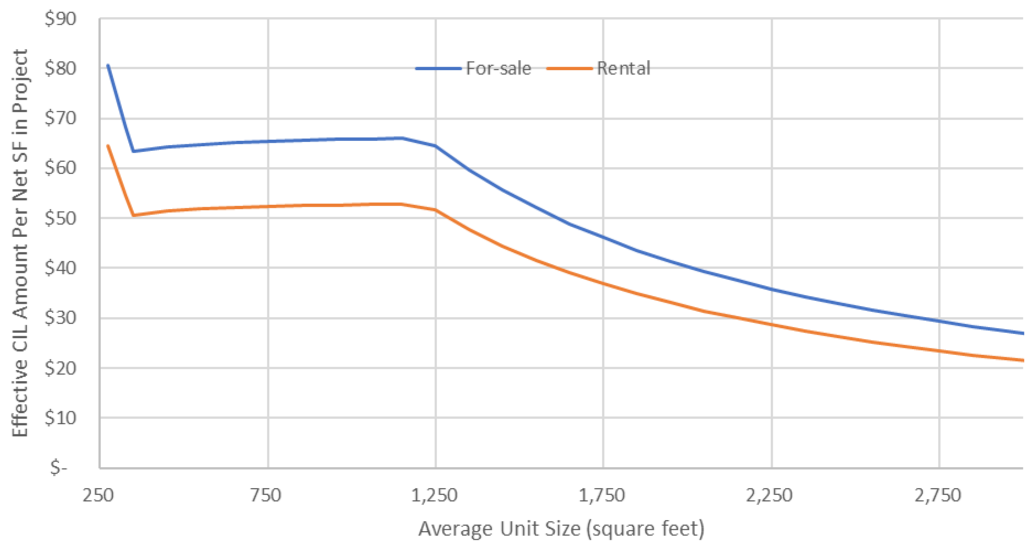
Section 3 provides context regarding best practices and the diversity of approaches used by other inclusionary programs. The focus is on provisions related to Cash-In-Lieu alternatives and middle income for-sale units. Selected highlights include:

(1) *CIL Shapes Outcomes* – The availability, structure, and amount of any CIL option shape whether units are provided on-site or through CIL payment. Onsite units contribute to mixed income communities and sometimes serve income categories, such as middle income, that 100% affordable projects do not reach based on criteria for funding sources. CIL creates funding that can be used to assist 100% affordable projects, which tend to serve households with the lowest incomes. CIL can also be leveraged with outside funding sources, potentially yielding production of more affordable units than would have been provided on-site.

(2) *Basis of CIL Amount* – Alternative approaches to establishing CIL amounts include the (a) affordability gap associated with providing units on-site, (b) average public subsidy required to replace units that are not provided on-site, (c) a nexus study documenting impacts, and (d) a feasibility analysis identifying amounts projects are able to support. Boulder currently uses the affordability gap approach, but with increases subject to an annual cap, such that CIL amounts have always lagged the full calculated gap.

(3) *CIL Structure* – The most common CIL structures are per affordable unit and per square foot. A per square foot CIL structure is considered best practice because it results in a fair burden across different unit types and avoids a disincentive for smaller more affordable market rate units. Boulder's per affordable unit CIL structure shares some attributes of a per square foot structure in that it adjusts based on unit size, but there is still variability by unit size, as indicated in Chart 1.

Chart 1-1. Boulder's Existing Effective Cash In-Lieu Rate Per Square Foot



*Based on 100% CIL payment and large attached rate for FY 23-24

(4) *CIL Annual Updates* – CIL rates must be updated regularly to ensure they keep pace with the cost of delivering affordable units. This can be accomplished through an update of the original methodology or by applying an index. Boulder currently updates its CIL rates annually based on the original methodology.

(5) *Margin Between Market and Affordable Prices* – For for-sale inclusionary units to be marketable, there must be a substantial margin between market and affordable prices. The analysis indicates this is currently the case in Boulder. Affordable prices are also below market pricing in nearby communities.

(6) *Margin Between Affordable Prices and Maximum Qualifying Income* – Affordable prices should be set below the maximum income to qualify to purchase a unit so that eligible households are able to afford the purchase prices. Boulder currently sets affordable pricing below qualifying limits consistent with this best practice.

(7) *Re-sale prices* – The formula for determining re-sale prices of affordable units must balance inherent tradeoffs between providing an opportunity for owners to build equity and recoup the cost of capital improvements and maintaining affordability over the long-term. Boulder currently limits appreciation to the lesser of CPI, the change in area median income, and 3.5%; with a minimum increase of 1%. Pricing is adjusted based on the cost of capital improvements made by the owner. Boulder's current approach emphasizes long-term affordability as a primary goal.

1.6 Recommendations

Following is a summary of KMA's recommendations based on the findings of the analysis.

- *Cash In-Lieu Structure*

    - Modify to a per square foot CIL structure so CIL obligations fully scale with unit size, and to avoid a disincentive for smaller units.

    - Step-in the CIL requirement for smaller projects using a graduated scale that increases to the full rate at a threshold project size.

    - Annually adjust the CIL amounts using an index, while periodically revisiting whether CIL requirements are keeping up with the cost of producing units, remain feasible, and continue to incentivize the compliance outcomes desired. Consider using an index tied to the cost of construction, as it would ideally allow rates to keep up with the cost of producing the affordable units. Engineering News Record publishes two construction cost indices for the Denver area. We suggest using a composite of the two indices published by ENR, the Construction Cost Index (CCI) and the Building Cost Index (BCI), because this allows both skilled and general construction labor costs to be considered. The composite of the two indices increased at an annualized rate of 4.6% over the last five years and 3.5% over the last twenty years, outpacing the overall rate of inflation (CPI) over both periods.

- *Overall Program Cost Parameter*

  Establish updated IH requirements at levels yielding an overall cost of approximately $40 to $50 per square foot of net residential area. This recommended "cost envelope" for program updates would apply to the lowest cost alternative available to a project, which could be provision of inclusionary units on-site, payment of CIL, or a combination, depending on policy preferences.

- The term “cost” is used loosely to refer to both a direct payment (i.e. CIL) and the net impact to a project’s pro forma from restricting rents or sales prices at affordable rates.

- A variety of policy options for the structure of the program are available within this recommended parameter.

- Current program costs, following the most recent 10% increase in CIL rates for 23-24, equate to approximately $65 per square foot for for-sale units and $52 per square foot for rentals under 1,200 square feet, and steadily decrease for unit sizes over 1,200 square feet due to the cap on CIL rates for units above that size[3]. Thus, with for-sale projects with unit sizes under 1,200 square feet, for which development activity has been quite limited, the recommended cost parameter would roll back approximately the last three years of 10% annual CIL increases. For rentals, a $50 cost parameter would represent a slight decrease from current. For projects with larger unit sizes, the recommended cost parameter represents a net increase.

- Stacked condominiums have been rare enough that they were not a principal consideration in identifying the recommended cost parameter for the update, although support for a lesser requirement with this project type is indicated. As discussed below, a reduced requirement for this project type could be considered.

➢ *Approaches to On-site Affordable Units*

Whether, and in which situations, the City would like to require or encourage on-site inclusionary units rather than receive CIL is a key policy decision. Below is a discussion of alternatives.

- *Option 1 Maintain Existing Incentives* – Retain a 25% inclusionary requirement and a by-right CIL option set within the cost parameter described above. This option is likely to yield similar outcomes to current in which most projects utilize the CIL option with some exceptions. A variant of this approach would be to require on-site affordable units within the largest projects that have the site-size and scale to deliver affordable units as part of a 100% affordable project financed using tax credits. With this structure, projects well positioned to deliver on-site units are able to do so while other projects for which 25% on-site affordability is more challenging will use CIL as the lower cost and more feasible option.

[3] Current program costs are based on the CIL option, since this is the alternative most projects have used.

- *Option 2 Require On-Site Units or Incentivize Through CIL Rate* – If on-site affordable units are strongly preferred over CIL, the following approaches could be considered, potentially only with for-sale projects if that is the priority for on-site units.

  a. Remove the option to pay CIL for projects over a threshold size, such as ten units, or

  b. Set the CIL rate at a significant margin above the estimated cost of providing on-site affordable units, or

  c. Incentivize projects to provide a mix of on-site units and CIL by building in incentives for this outcome into the structure of the CIL option.

  In conjunction with a mandate or strong incentive for on-site inclusionary units through the CIL rate, a reduction in the inclusionary percentage is recommended to maintain feasibility. Table 1-6 identifies on-site inclusionary percentages consistent with the recommended cost parameters described above, which vary depending on the required income levels of the units. Projects on larger sites capable of providing affordable units in a separate tax credit project are able to support a 25% requirement. Site size and/or unit count thresholds could be considered for continued application of a 25% inclusionary percentage.

Table 1-6. On-Site Inclusionary Percentages Consistent with Recommended Cost Parameter, Assuming no Outside Subsidies

Equivalent to $50/SF Estimated Compliance Cost				
For-Sale	Townhome	Stacked Condo	Rental	
120% AMI Units	14.5%	16.9%	80% AMI Units	21.7%
100% AMI Units	13.2%	15.0%	70% AMI Units	16.9%
80% AMI Units	12.1%	13.4%	60% AMI Units	13.8%
Low/Mod (71.7% AMI)	11.8%	12.7%	50% AMI Units	11.6%
Equivalent to $40/SF Estimated Compliance Cost				
For-Sale	Townhome	Stacked Condo	Rental	
120% AMI Units	11.6%	13.6%	80% AMI Units	17.4%
100% AMI Units	10.6%	12.0%	70% AMI Units	13.5%
80% AMI Units	9.7%	10.7%	60% AMI Units	11.0%
Low/Mod (71.7% AMI)	9.4%	10.1%	50% AMI Units	9.3%

- *Option 3 Incentive-Based Approach to Achieving On-Site Units* – Retain a 25% inclusionary requirement with a by-right CIL option but add incentives for projects that include 25% affordable units on-site. Examples of the types of incentives that could be evaluated include:

  a. Modification or waiver of certain development standards that tend to limit development capacity, such as density limitations, height limits, setbacks, open space requirements, parking, floor area ratio limits, or others.

b. A streamlined approval process that substantially reduces the time required for approval and increases certainty regarding approval outcomes for projects that comply with all applicable requirements and include 25% affordable units on-site.

c. Financial incentives for affordable units.

The potential incentives identified above would entail code changes beyond the scope of the IH ordinance. Success of an incentive-based approach would hinge upon identification of meaningful incentives that are both acceptable from a city and community perspective and sufficiently valuable to influence the decision-making of developers regarding provision of affordable units on-site. Each project will evaluate the use of incentives differently and a mix of outcomes would be expected.

- *Encouraging Market-Rate For-Sale Housing* – Market factors and construction defects liability considerations have contributed to limited for-sale housing development in recent years. Changes to the IH program are unlikely to alter these dynamics but can still be structured to support outcomes the City seeks to encourage. Options that would be supportive of additional for-sale development include:

  a. Modify the CIL structure so for-sale projects are no longer charged more than rentals. A per square foot structure will be beneficial to stacked condo projects with their typically smaller average unit sizes.

  b. If there is a desire to see more stacked condominium projects, consider reducing CIL and/or on-site percentage requirements for stacked condominiums projects that exceed a density threshold in recognition of the currently weaker feasibility of this project type.

  c. Depending on the structure of the updated program, consider removal of the requirement that any for-sale project utilizing the community benefit program automatically triggers a requirement to provide at least half of the units on-site. The gap between market and affordable prices has increased over time and made this requirement more challenging. It also encourages a focus on rentals because a rental project using the program does not trigger a similar on-site obligation.

- *Conforming Updates to Community Benefits Program* – The community benefit program allows additional height in conjunction with an increased inclusionary requirement. Modifications to the inclusionary program are likely to alter incentives to use the community benefits program. Adjustments to requirements to coordinate with potential updates to IH are likely to be needed.

1.7 Report Organization

The following report sections present additional background and analysis to support the findings and recommendations summarized above.

- Section 1.0 provides a summary of findings and recommendations.
- Section 2.0 presents the financial feasibility analysis evaluating five prototype residential projects and the ability to sustain alternative CIL and affordability requirements.
- Section 3.0 provides a review of best practices for inclusionary programs, with a focus on provisions related to Cash-In-Lieu (CIL) alternatives and middle income for-sale units.
- Section 4.0 summarizes themes from interviews with local development professionals.
- Appendix A provides supporting tables related to the financial feasibility analysis.
- Appendix B identifies the survey of new and newer residential development projects in Boulder that provided a foundation for the prototypical residential development prototypes used in this analysis.

2.0 FEASIBILITY ANALYSIS

This section presents a financial feasibility analysis addressing a range of residential development types in Boulder and the ability to sustain alternative inclusionary and Cash-in-Lieu requirements. The purpose is to help inform the design of updated requirements at levels that are sustainable for market rate projects and to provide information regarding how alternative requirements compare in terms of their effects on the economics of new residential development projects.

2.1 Analysis Limitations

The analysis presented in this section is intended to provide a reasonable estimate based on current conditions; however, it is useful to bear in mind the following limitations:

- *Near-Term Time Horizon* – The analysis is intended as a best estimate based on current conditions. However, real estate development economics are fluid and are impacted by constantly changing conditions with regard to rent potential or sales prices, construction costs, land costs, and costs of financing. A year or two from now, conditions will undoubtedly be different. Financial feasibility conditions are not expected to remain static over a longer time horizon.

- *Prototypical Nature of analysis* – The feasibility analysis can only provide an overview-level assessment of development economics– it is not intended (nor would it be appropriate) to reflect any specific project. Every project has unique circumstances that will dictate rents or sale prices supported by the market as well as development costs and developer return requirements. Each developer will finance their project in different ways and the determination of risk and return requirements will vary as well. The feasibility analysis is intended to reflect typical projects in Boulder for the development types described. By taking this approach, it is understood that the economics of some projects will look better and some will look worse than those described herein.

2.2 Project Types Evaluated

Five residential prototype projects are evaluated, comprised of three for-sale and two rental projects, as follows:

<u>For-sale</u>

- Townhomes
- Stacked Condos, three stories in height
- Stacked Condos, four stories in height, with use of the community benefit program to allow the fourth story.

Rental

- Rental, three stories in height
- Rental, four stories in height, with use of the community benefit program to allow the fourth story.

Prototype projects are representative of those developed or proposed in Boulder in recent years. Although stacked condominiums have been less common, they are included based on interest in encouraging additional for-sale housing opportunities, and so the economics of this project type can be understood.

Single-family development has been quite limited in recent years, likely driven by the high cost and limited availability of suitable sites. Most single-family units built in recent years have been a result of demolition and replacement of existing homes. Single-family development activity was deemed sufficiently limited to not warrant being made a focus of pro forma testing.

Rental and condo prototypes were evaluated both with and without use of bonus height under the City's community benefits program to address inter-relationships between the inclusionary and community benefits programs. The community benefits program allows projects to exceed base height limits with provision of additional affordable housing (11% additional inclusionary requirement with respect to units accommodated by the bonus height).

The prototype townhome project reflects a density of 24 units per acre based on several precedent projects at similar densities. A lower density townhome example at 11 units per acre was also tested, as described in Section 2.7.

Table 2-1 presents the programmatic assumptions for the five prototype projects. Programmatic assumptions are based on review of precedent projects, summarized in Appendix B.

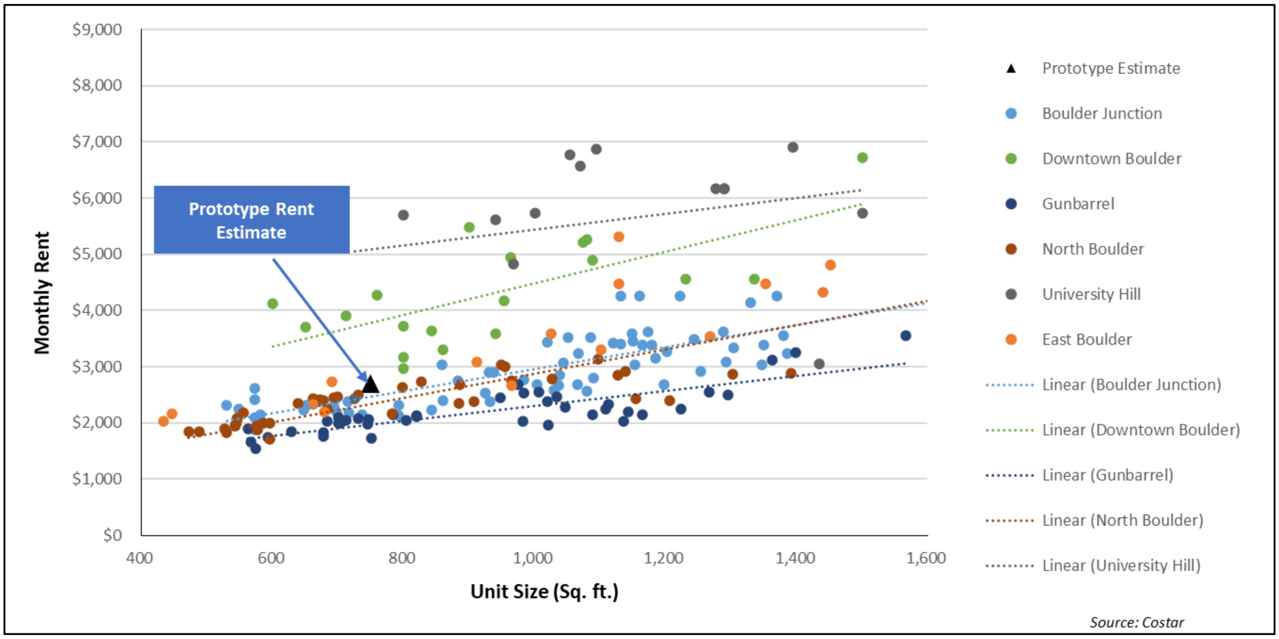
Table 2-1. Programmatic Assumptions	Townhome	Small Condo, 3-story	Larger Condo, 4-story	Rental, 3-story	Rental, 4-story
Site Size	2 acres	0.8 acres	2 acres	2 acres	2 acres
Number of Units / Density	48 units	21 units	78 units	98	131
	24 du/ac.	26 du/ac.	39 du/ac.	49 du/ac.	66 du/ac.
Number of stories above grade	3 stories	3 stories	4 stories	3 stories	4 stories
Floor area ratio	1.0	1.0	1.3	1.0	1.3
Average Unit Size - mkt	1,750	1,400	1,250	750	750
Parking Spaces	87	28	95	98	131
Parking Ratio	1.8	1.3	1.22	1	1
Parking Type	attached garage	podium garage	subterranean garage	subterranean garage	subterranean garage
Avg No. of Bedrooms	3.0	2.0	1.7	1.0	1.0

2.3 Pro Forma Methodology

To assess the financial feasibility of the five prototype projects, KMA prepared a pro forma analysis which models the development costs and revenues of each project. Key assumptions of the pro forma analysis are reviewed below.

Residential Rental Income – Average market rate rents are estimated at $2,650 per month ($3.53 per square foot), for a 750 square foot average-sized rental unit. Rents are based on the average effective rents for recently built apartment projects, as shown in Chart 2-1.

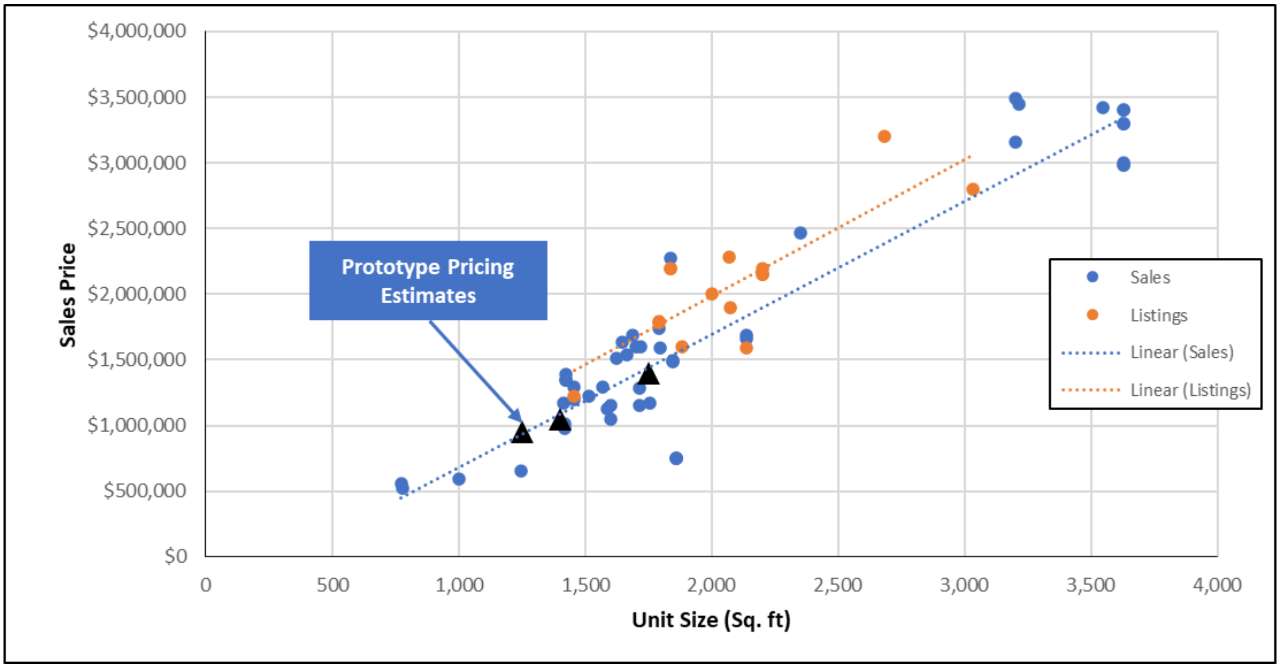
Chart 2-1: Effective Rents for Newer Apartment Projects in Boulder (built since 2010)



Residential Sale Prices– Sale prices are estimated based on sales data and current listings for attached units in Boulder built since 2020, summarized in Chart 2-2. Supporting sales and listings data is provided in Appendix Table B-2A and B-2B.

Using the sales data presented in Chart 2-2, sale prices for a 1,750 square foot-average townhome unit are estimated at $1.4 million. Pricing for stacked condominiums are estimated at $950,000 for a 1,250 square foot-average sized unit and $1,050,000 for a 1,400 square foot-average sized unit.

Chart 2-2: Sales and List Prices for Attached Units Built Since 2020



As shown in Appendix Table B-2A and B-2B, sales of new attached units in Boulder reflect a wide range of pricing from as low as $400 per square foot to over $1,000 per square foot and averaging $826 per square foot. List prices for newly built attached units currently being marketed for sale range from approximately $840 per square foot to nearly $1,200 per square foot and average $994 per square foot. Pricing variations reflect the location, quality of finishes, amenities, as well as the time of sale. The housing market has softened since peaking in spring 2022 as rising interest rates have put downward pressure on pricing. A review of list prices at multiple points over the conduct of the work (spring and summer 2023) revealed price cuts ranging from approximately 5% to 10% in some new developments for the same specific units that had not sold in the intervening months. The softening market along with the limited number of listings focused on high-end units were considerations in more weight being given to data on closed sales than current listings for purposes of pricing estimates.

The pro forma analysis is prepared with the objective of informing a citywide policy. With this objective in mind, neither the highest nor lowest pricing achievable in the market data is represented. Another objective is to provide internally consistent estimates with respect to market pricing, construction costs, and land costs. For example, units priced higher than represented in the pro forma are likely to be built on more expensive land where this higher pricing is achievable and / or have higher-end finishes that add to cost, and vice versa. A sensitivity test with higher pricing is described in Section 2.8.

Supported Investment – To calculate the developer investment supported (debt and equity) for the rental prototypes, KMA first estimated the Net Operating Income (NOI), which is equal to rental income minus operating expenses. The NOI is then divided by a return on cost (ROC)[4] to estimate the developer investment supported. A threshold developer return on cost requirement of 5.5% is utilized. This return on cost assumption represents a spread of approximately 1% over the estimated cap rate[5] of 4.5% for market rate multifamily projects in Boulder drawn from a combination of sources including review of recent sales of built apartment properties, offering memoranda for multifamily properties, CoStar, and feedback from developer interviews. In the case of for-sale scenarios, the investment supported is calculated based on the sales price, less a risk-adjusted developer return. A gross developer margin of 17.5% of sales is assumed for the townhome and small condo projects and 19.5% of sales is assumed for the larger stacked condo project based on greater market risk associated with a longer sell through period and greater exposure to construction defects liability. These equate to an estimated threshold developer profit margin, net of cost of sale and developer overhead that are included in the gross margin, of approximately 10% and 12% of sales revenue, respectively.

Development Costs Excluding Land – Development costs excluding land represent all costs to design, finance, and construct the project other than the cost of acquiring a site. Development cost estimates are informed by a series of developer interviews and construction pricing provided by one interviewee for a recently bid project. In addition to hard construction costs, development cost estimates include all indirect or soft costs of development such as architecture and engineering, governmental fees and permits costs, taxes, insurance, financing, and developer overhead and administration. The construction cost estimates assume quality construction, architecture, and finishes but do not assume any extraordinary costs that would be atypical for the market. The pro forma tables in Appendix A provide itemized cost figures by prototype.

Land Value Supported – The residual land value represents the amount a project can afford to pay for a development site. Residual land value is calculated as the difference between the supported investment and the development costs other than land. Residual value is calculated for each prototype and scenario but was not the primary criteria for evaluating feasibility. See Section 2.4 for more information.

Land Costs in Boulder – Table 2-2 summarizes land sale transactions for residential development sites in Boulder. Values range based on location, development potential, site-specific conditions, time of sale, and other factors.

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[4] Return on Cost (ROC) is a development return metric that relates the estimated NOI of the property once built to the total development cost (ROC = NOI / development cost).
[5] Capitalization rate or "cap rate" is a percentage relating the market value of a property to the annual NOI it generates (cap rate = NOI / value).

Table 2-2. Land Sale Transactions							
	No.	Land Price/ sf land (1)			Land Price/ unit (1)		
	Sales	Low	High	Average	Low	High	Average
Rental Housing							
Downtown and Vicinity	2	$62	$210	$170	$48,000	$121,000	$105,000
Outside Downtown	11	$10	$117	$31	$21,000	$89,000	$51,000
Student Housing	3	$47	$289	$241	$30,000	$219,000	$34,000
Affordable Housing	3	$37	$108	$72	$34,000	$87,500	$56,000
For-Sale Housing							
Downtown and Vicinity	4	$147	$200	$167	$255,000	$400,000	$288,000
Outside Downtown	4	$54	$136	$96	$193,000	$375,000	$201,000

(1) Averages weighted based on land area and unit count, for price per square foot and price per unit, respectively.
Sources: CoStar, CBRE Appraisal Report, Lot 3 Diagonal Plaza. James Real Estate Services appraisal reports for Geological Society of America Office Complex and Land 3300 Penrose Place, and Rally Sport Health Club & Land 2727 29th Street.

See Appendix Table B-4 for details. Includes transactions from 2015 through 2023.

Land cost estimates are identified in Table 2-3 based on the land sale data and attributes of the prototype projects. Land cost estimates for the for-sale prototypes are somewhat higher than rental based on the sale data and the fact that recent for-sale projects have tended to be located on smaller sites in higher value locations.

Table 2-3. Land Cost Estimates based on Sales Data	
For-Sale	$100 per square foot of land (~$182,000 per unit for townhome prototype)
Rental	$73 per square foot of land (~$65,000 per unit for 3 story rental prototype)

2.4 Feasibility Criteria

The financial feasibility analysis is based on the relationship between the project's revenue potential, the estimated development costs, and a threshold developer return commensurate with the cost of funds and development risk. Each prototype project is placed into one of the following three feasibility categories for each scenario tested:

1) *Feasible* – project type is generally feasible and likely to develop.

2) *Marginal Feasibility* – project type has weaker feasibility and may require some improvement in its economics to move forward in the near term.

3) *Infeasible / Challenged* – project type has more challenging feasibility and is less likely to move forward in the near term. More significant improvements to the pro forma, such as higher prices and rents or lower costs are estimated to be needed for projects to move forward.

Table 2-4 shows the specific criteria applied to place projects into these three feasibility categories. In essence, feasibility is evaluated based on whether project revenues, net of a developer return, are sufficient to support project costs. The threshold developer returns described above are incorporated into this evaluation.

Table 2-4. Feasibility Classification	
Feasibility Classification	**Criteria Applied**
Feasible	Development costs including land approximately in balance with net sales revenue or developer investment supported by the project's rental income, within 2%.
Marginal Feasibility	Development costs including land exceed net sales revenue or developer investment supported by the project's rental income by more than 2% but less than 7%.
Infeasible / Challenged	Development costs including land significantly exceed the net sales revenue or developer investment supported by the project's rental income, by more than 7%.

This system of categories allows characterization of results in a systematic fashion to facilitate simple comparisons across scenarios. A limitation is that projects with economics that are only narrowly separated can be placed in different feasibility categories. In addition to use of the qualitative feasibility categories, the following quantitative metrics are reported for each scenario tested:

1) Residual land value per square foot of land.

2) Net cost of the inclusionary program, expressed per net square foot of building.

3) Net cost of the inclusionary program, expressed as a percentage of total project costs.

4) Developer investment supportable as a percentage of project costs. This is the metric used to place projects into the three feasibility categories.

Factors that can improve project feasibility over time include increases in prices or rents, more competitive construction pricing, decreases in fees or other requirements, adjustments to land costs, more favorable investment conditions that reduce the cost of capital, or a combination of these factors. Of course, future changes could also move in the opposite direction and adversely affect feasibility.

Land prices can adjust in response to market or other factors affecting the economics of development projects, and in this way can sometimes help absorb the impact of these changes. However, there are limits on the potential for adjustments to land values, particularly in an urban context with a finite supply of high-quality development sites, competing uses for those sites, existing uses that generate income and may limit the willingness of sellers to make concessions on price, and / or sellers who may prefer to hold out until they achieve pricing consistent with their expectations.

2.5 Base Case Pro Forma With Current Requirements

Table 2-5 summarizes the base case pro forma analysis, which reflects existing requirements. Payment of cash-in-lieu is assumed since most projects have utilized this compliance option. For the four-story prototypes, use of the community benefits program is reflected to accommodate a fourth story. Bonus units made possible through the fourth story are subject to an additional 11% inclusionary requirement. For the four-story rental, all units are assumed to be satisfied with cash-in-lieu. For the four-story condominium, half of inclusionary units are assumed to be provided on-site, consistent with community benefit program requirements applicable to for-sale projects.

Table 2-5. Pro Forma Summary, Base Case Scenario Under Current Requirements

	Town-home	Small Condo, 3-story	Larger Condo, 4-story	Rental, 3-story	Rental, 4-story
Number of Units	48 units	21 units	78 units	98 units	131 units
Pro Forma Summary ($millions)					
Supported Investment (1)	$57.46	$18.85	$54.36	$47.45	$63.43
Development Cost Except Land	$48.91	$16.34	$48.71	$42.38	$57.62
Land Cost Estimate	$8.71	$3.48	$8.71	$6.37	$6.37
Total Cost	$57.62	$19.82	$57.42	$48.75	$63.99
%Development Costs Supported (100% = in balance)	100%	95%	95%	97%	100%
Feasibility Category	Feasible	Marginal Feasibility	Marginal Feasibility	Marginal Feasibility(2)	Feasible

(1) Supported investment represents the amount the developer can invest in the project based on the projected net rental income, or the case of a for-sale project, based on sales revenue net of costs of sale and a threshold developer profit.

(2) Feasible when evaluated with FY 2022-23 CIL rates.

For the townhome and four-story rental prototypes, revenues are approximately in balance with costs, and thus the project is identified as feasible.

The three-story rental is identified as marginally feasible with FY 2023-24 CIL rates but would be identified as feasible with 2022-23 CIL rates, prior to the most recent 10% increase. The four-story rental pencils slightly better than the three-story rental. This suggests rental projects will have an incentive to utilize the community benefits program. The several pipeline rental developments proposing use of the program would appear to affirm this.

The two stacked condo projects are both classified as marginally feasible based on project revenues that support only approximately 95% of estimated development costs. The four-story condo project supports a somewhat lower land value per square foot than the three-story project, suggesting stacked condominium projects are less likely to use the community benefit program.

2.6 Scenario Testing

The pro forma model was used to test the feasibility of a variety of scenarios. Scenarios included the following:

- Alternative Cash-In-Lieu amounts from $35 to $75 per square foot, in addition to existing cash-in-lieu rates.
- 25% inclusionary units on-site under various alternatives as to the income levels of the inclusionary units.
- On-site inclusionary requirements that are approximately equivalent to payment of cash in-lieu at current rates under various alternatives as to the income levels of the inclusionary units.

Results of this feasibility testing are summarized in Table 2-6. The prototype projects were able to support cash in-lieu amounts from $35 to $50 per square foot. The four-story condo project is an exception because it is subject to a minimum of 50% on-site affordable units under the City's community benefit requirements and was not found to support a CIL payment in addition to provision of the on-site units.

Table 2-6. Feasibility Testing Summary

	Townhome	Small Condo	Larger Condo, 4-story	Rental, 3-story	Rental, 4-story
Existing CIL	Feasible	Marginal Feasibility	Marginal Feasibility	Marginal feasibility (feasible with 22-23 CIL rate)	Feasible
Feasible CIL level (expressed per square foot)	up to $50 PSF	up to $35 PSF	marginal feasibility with any CIL amount due to 50% on-site minimum with community benefit program	up to $45 PSF	up to $50 PSF
25% On-Site Affordable	infeasible at income levels up to 100% AMI, marginal at 120% AMI	infeasible at all income levels tested	infeasible at income levels up to 100% AMI, marginal at 120% AMI	infeasible at all income levels tested unless affordable units are provided in separate building financed with tax credits.	

Table 2-7 identifies on-site inclusionary requirements estimated to be approximately equivalent to the City's existing CIL rates in terms of the net pro forma impact.

- With for-sale projects, between approximately 13% and 15% on-site for-sale inclusionary units are estimated to be roughly equivalent to the existing CIL rate, depending on the income level of the units.

- With rental projects, between approximately 12% and 17% on-site rental inclusionary units are estimated to be roughly equivalent to the existing CIL rate, depending on the income level of the units.

Findings assume inclusionary units are provided in a mixed-income format dispersed with the market rate units, without use of tax credits to offset the cost of providing the affordable units.

Table 2-7. On-Site Inclusionary Percentages Representing Similar Cost to Existing CIL Option

For-Sale	Rental
13.9% with 1/3 each at Low/Mod, 80%, 100% AMI	13% with half 50% AMI and half 60% AMI
14.7% MI with 1/3 each at 80%, 100%, 120% AMI	14.2% with 1/3 each at 50%, 60%, 70% AMI
13.2% Low/Mod	12% at 50%, AMI
13.6% at 80% AMI	14.3% at 60% AMI
14.9% at 100% AMI	17.5% at 70% AMI (1)

(1) To be financed with LIHTCs, projects are required to have an average AMI level of 60% or below so a project with all 70% AMI units would not qualify.

Table 2-8 (for-sale) and Table 2-9 (rental), present each of the scenarios tested along with the quantitative metrics listed in Section 2.4, to allow quantitative comparison between scenarios.

Table 2-8
For-Sale Scenario Testing Summary
Inclusionary Housing Analysis
Boulder, CO

Scenario Description and Table Reference		**Supported Land Value Per Square Foot of Land**			**Net IH Program Cost Per Net Square Foot in Project [1]**			**Net IH Program Cost, % of Total Development Cost [2]**			**Supported Investment as % of Project Cost [5]**			**Feasibility Classification [4]**		
		TH	Sm Condo	Lg Condo	TH	Sm Condo	Lg Condo	TH	Sm Condo	Lg Condo	TH	Sm Condo	Lg Condo	TH	Sm Condo	Lg Condo
	Land Cost Estimate		*$100*													
				w/ 50% onsite			w/ 50% onsite			w/ 50% onsite			w/ 50% onsite			w/ 50% onsite
CIL Scenarios																
F1a	Existing CIL (23-24 rates)	$98	$72	$65	$46	$59	$70	6.4%	8.8%	11.5%	100%	95%	95%	F	M	M
F1b	$35 PSF CIL Rate	$109	$93	$69	$35	$35	$67	4.9%	5.2%	10.9%	101%	99%	95%	F	F	M
F1c	$40 PSF CIL Rate	$104	$88	$67	$40	$40	$68	5.6%	5.9%	11.2%	101%	98%	95%	F	M	M
F1d	$45 PSF CIL Rate	$99	$84	$66	$45	$45	$69	6.3%	6.7%	11.4%	100%	97%	95%	F	M	M
F1e	$50 PSF CIL Rate	$94	$80	$64	$50	$50	$71	6.9%	7.4%	11.6%	99%	96%	95%	F	M	M
F1f	$60 PSF CIL Rate	$85	$72	$61	$60	$60	$73	8.3%	8.9%	12.0%	98%	95%	94%	M	M	M
F1g	$75 PSF CIL Rate	$70	$59	$57	$75	$75	$77	10.4%	11.1%	12.7%	96%	93%	94%	M	I	M
25% Affordable, All On-Site																
F2a	25% exist Low/Mod/MI Mix	$46	$45	$35	$101	$91	$96	14.0%	13.5%	15.8%	91%	89%	90%	I	I	I
F2b	25% Low/Mod	$40	$39	$26	$106	$99	$105	14.7%	14.6%	17.3%	90%	88%	88%	I	I	I
F2c	25% at 80%	$43	$44	$33	$103	$93	$99	14.4%	13.8%	16.2%	90%	89%	89%	I	I	I
F2d	25% at 100%	$51	$52	$46	$95	$83	$87	13.2%	12.3%	14.3%	92%	90%	91%	I	I	I
F2e	25% at 120%	$59	$60	$58	$87	$74	$76	12.0%	10.9%	12.5%	93%	92%	93%	M	I	M
On-Site Req. Similar to Existing CIL [3]																
F3a	13.9% Low/Mod, 80%, 100%	$88	$79	$78	$56	$51	$58	7.8%	7.5%	9.6%	98%	96%	97%	F	M	M
F3b	14.7% MI (80%, 100%, 120%)	$89	$81	$82	$56	$49	$55	7.8%	7.3%	9.0%	98%	96%	97%	F	M	M
F3c	13.2% Low/Mod	$89	$78	$76	$56	$52	$60	7.8%	7.7%	9.9%	98%	96%	96%	F	M	M
F3d	13.6% at 80% AMI	$88	$79	$78	$56	$51	$58	7.8%	7.5%	9.6%	98%	96%	97%	F	M	M
F3e	14.9% at 100% AMI	$88	$80	$81	$56	$50	$56	7.8%	7.4%	9.1%	98%	96%	97%	F	M	M
F4a	Absent an IH Requirement	$143	$122	$143	$0	$0	$0	0.0%	0.0%	0.0%	107%	104%	106%	F	F	F

Notes
(1) Based upon the estimated net impact to the pro forma associated with the identified requirement, expressed per net livable square foot.
(2) Net cost of requirement divided by total cost of project in base case scenario with existing CIL payment. (land and all direct and indirect costs of construction)
(3) Similar program cost based upon average of townhome and small condo prototypes.
(4) Reflects application of the following feasibility criteria (applied with revenues net of cost of sale and developer return and costs including estimated land costs).

Feasibility Classification	Criteria Applied
F = Feasible	Revenues approximately balance with costs (within 2%)
M = Marginal Feasibility	Revenues out of balance with costs, but by no more than 7%
I = Infeasible / Challenged	Revenues significantly out of balance with costs, falling more than 7% below costs

(5) Developer investment supported by sales revenues (net of return), as a percent of project cost including land. 100% = revenues balance with costs.

Table 2-9
Rental Scenario Testing Summary
Inclusionary Housing Analysis
Boulder, CO

Scenario Description and Table Reference		Supported Land Value Per Square Foot of Land: Rental, 3-story	Rental, 4-story	Net IH Program Cost Per Net Livable Square Foot (1): Rental, 3-story	Rental, 4-story	Net IH Program Cost, % of Total Development Cost (2): Rental, 3-story	Rental, 4-story	Supported Investment as % of Project Cost (5): Rental, 3-story	Rental, 4-story	Feasibility Classification (4): Rental, 3-story	Rental, 4-story
	Land Cost Estimate	*$73*									
CIL Scenarios											
R1a	Existing CIL (23-24 rates)	$58	$67	$52	$58	8.1%	9.0%	97.3%	99.1%	M	F
R1b	$35 PSF CIL Rate	$73	$88	$35	$39	5.4%	6.0%	99.9%	102.2%	F	F
R1c	$40 PSF CIL Rate	$69	$82	$40	$44	6.2%	6.9%	99.2%	101.3%	F	F
R1d	$45 PSF CIL Rate	$64	$76	$45	$50	7.0%	7.7%	98.4%	100.4%	F	F
R1e	$50 PSF CIL Rate	$60	$70	$50	$55	7.7%	8.6%	97.7%	99.5%	M	F
R1f	$60 PSF CIL Rate	$52	$57	$60	$67	9.3%	10.3%	96.2%	97.9%	M	M
R1g	$75 PSF CIL Rate	$39	$38	$75	$83	11.6%	12.9%	94.1%	95.4%	M	M
25% On-Site Affordable											
R2a	25% exist mix 60% / 80% AMI	$31	$27	$84	$94	13.0%	14.5%	91.7%	92.9%	I	I
R2b	25% mix 50%, 60%, 70% AMI	$26	$18	$91	$101	14.1%	15.6%	90.6%	91.6%	I	I
R2c	25%, Separate LIHTC project	$74	$89	$33	$38	5.2%	5.9%	100.2%	102.2%	F	F
On-Site Req. Similar to Existing CIL (3)											
R3a	13% at 50% and 60% AMI	$59	$62	$52	$62	8.0%	9.7%	97.2%	98.3%	M	F
R3b	14.2% at 50%, 60%, 70% AMI	$59	$63	$52	$62	8.0%	9.5%	97.2%	98.4%	M	F
R3c	12% at 50%, AMI	$59	$61	$52	$63	8.0%	9.8%	97.2%	98.1%	M	F
R3d	14.3% at 60% AMI	$58	$62	$52	$62	8.1%	9.6%	97.1%	98.4%	M	F
R3e	17.5% at 70% AMI	$58	$65	$52	$60	8.1%	9.3%	97.1%	98.7%	M	F
R4a	Absent an IH Requirement	$102	$132	$0	$0	0.0%	0.0%	105.7%	108.8%	F	F

Notes
(1) Based upon the estimated net impact to the pro forma associated with the identified requirement, expressed per net livable square foot.
(2) Net cost of requirement divided by total cost of project (land and all direct and indirect costs of construction).
(3) Similar program cost based upon three story rental, not subject to community benefit requirement.
(4) Reflects application of the following feasibility criteria (applied with revenues net of cost of sale and developer return and costs including estimated land costs).

Feasibility Classification	Criteria Applied
F = Feasible	Supported investment approximately balances with costs (within 2%)
M = Marginal Feasibility	Supported investment out of balance with costs, but by no more than 7%
I = Infeasible / Challenged	Supported investment significantly out of balance with costs, falling more than 7% below costs.

(5) Developer investment supported by project revenues (net of developer return), as a percent of project cost including land. 100% = revenues balance with costs.

2.7 Townhome Density, Sensitivity Test

The townhome prototype evaluated in the preceding sections is a three-story project at 24 units per acre. This density is reflective of several townhome projects built or proposed in Boulder, as indicated in Appendix Table B-8. It is also consistent with densities reflected in most of the land sales for townhome projects that are identified in Appendix Table B-4. The estimated sales price and development costs are representative of a higher-end, higher-priced unit with superior finishes and materials, built in a higher value location in Boulder. This is reflective of the townhome units the market appears to primarily be delivering in Boulder, as indicated in the sales data included in Appendix Table B-2.

Since there have also been several attached townhomes projects proposed at a lower density ranging from 9 to 17 units per acre, as shown in Appendix Table B-8, a separate pro forma was prepared to evaluate a lower density townhome project representative of these lower density examples. The analysis is included as Appendix Table FS-5. Pricing is estimated at $620 per square foot and is representative of a unit built on comparatively lower cost land with lower density zoning at a lower construction cost utilizing more moderate finishes and materials and two-story wood-frame construction. The analysis indicates the lower density townhome example can feasibly support an IH requirement established within the recommended cost parameter discussed in Sections 1.6 and 2.9.

2.8 Feasibility Results are Sensitive to Changes in Market Conditions

Findings presented above are estimates under current market conditions, which will continue to evolve. Results are quite sensitive to changes in prices, rents, costs, returns, or other pro forma assumptions. To illustrate:

- A $50 per month increase in rents would increase the feasible CIL amount to $60 per square foot from $45 in the three-story rental project. Conversely, a $50 decrease in pro forma monthly rents reduces the feasible fee level to $30 per square foot.

- A 0.25% increase in the required return on cost for rental projects (from 5.5% to 5.75%) would render nearly all rental scenarios, including all CIL levels tested (from $35 to $75/SF), marginally feasible or infeasible. Conversely, a 0.25% decrease to a 5.25% return on cost improves feasibility and would allow support for CIL amounts up to $75 per square foot and improve feasibility of a 25% on-site requirement from infeasible to marginally feasible. Rising interest rates have put upward pressure on cap rates and the yields being sought by investors to move forward with projects.

- With higher market pricing of $900 per square foot across all for-sale prototypes, the for-sale prototype projects were found to support a 25% on-site requirement, assuming no change to land or other cost assumptions. When higher land costs are also reflected based on land sales for for-sale developments near downtown (with an average land cost of $167 per square foot of land), providing 25% on-site under existing requirements was found to present feasibility challenges even with market sales prices of $900 per square foot. Supporting pro forma analyses are provided in Appendix Table FS 5B and FS 5C. Market pricing in the range of $1,000 per square foot is estimated to be needed for projects to support the existing 25% requirement on-site and a land cost of $167 per square foot of land.

Since feasibility findings are sensitive to market changes, it can be helpful to consider overall program costs as an additional measure to assist in evaluating how likely requirements are to influence development decisions, and to compare across scenarios in a quantitative manner. While feasibility conditions may fluctuate, the cost of complying with the program will be somewhat less sensitive to market changes over time. These measures are presented in Tables 2-8 and 2-9.

2.9 Recommended Cost Parameter for Update to Inclusionary Ordinance

Inclusionary policies depend on development of market rate projects for their success. If requirements are set at a level beyond what projects are able to support, neither market rate or inclusionary units will be built. Based on the findings of the pro forma analysis, KMA recommends consideration of alternatives that result in an overall program cost, whether in the form of units or CIL, that does not exceed approximately $40 to $50 per square foot. This is somewhat below the existing cost of the program for most prototypes following the recent 10% increase in CIL rates for 23-24. Existing program costs (including CIL premiums and community benefit requirements) are estimated to equate to $52 per square foot for the three-story rental, $58 for the four-story rental, $46 per square foot for the townhome, $59 per square foot for the three-story condo, and $70 per square foot for the four-story condo. For projects with larger unit sizes, the recommended cost parameter would represent an increase.

The suggested “cost envelope” would apply to the lowest cost alternative available under the program, which could be provision of inclusionary units on-site, payment of CIL, or a combination. As one illustration, an on-site requirement estimated to cost $45 per square foot paired with a CIL rate at $70 per square foot would still be within the recommended “cost envelope” because at least one available alternative is within the $40 to $50 per square foot range. For simplicity, the term “cost” is used to refer to both a direct payment (i.e. CIL) and the net impact to the project’s pro forma from restricting rents or sales prices at affordable rates. There are a variety of policy alternatives and incentive structures that could be explored which result in an overall program cost which does not exceed this recommenced parameter.

3.0 BEST PRACTICES AND APPROACHES USED ELSEWHERE

This section presents a review of best practices for inclusionary programs, with a focus on provisions related to Cash-In-Lieu (CIL) alternatives and middle income for-sale units. Approaches in use in other jurisdictions are summarized for context and to illustrate a range of approaches.

3.1 Cash-in-Lieu

The availability, structure, and amount of a Cash In-Lieu (CIL) option is a critical consideration in the design of any inclusionary program. CIL, also commonly referred to as an “in-lieu fee,” is a payment in-lieu of providing affordable units within the market rate project. The amount of the CIL option relative to the cost of providing on-site affordable units and the circumstances in which use of CIL is allowed are important determinants of whether projects satisfy the requirement through provision of units or cash payment.

Onsite affordable units have the benefit of contributing to mixed income communities and delivery of affordable units concurrent with the market rate. Collecting CIL creates a funding source that can be leveraged to provide gap funding for 100% affordable projects, with the potential to develop units at a deeper level of affordability, and sometimes more total units.

Structuring CIL options on a per square foot basis is a best practice and widely used approach. A per square foot approach results in CIL that scales with unit size, resulting in a fair burden across different unit types. It also avoids a disincentive for smaller more affordable market rate units and is straightforward to administer and apply.

CIL amounts can be determined based on the affordability gap associated with providing affordable units onsite, the funding needed to assist 100% affordable projects off-site, amounts that are financially feasible for projects to sustain or a combination of these factors.

CIL rates must be updated regularly to ensure they keep pace with the cost of delivering affordable units and, if applicable, to maintain the desired incentive for providing on-site units. This can be accomplished through annual updates or a hybrid approach with periodic updates and application of an index in interim years.

3.2 Middle Income For-Sale Units

Highlights from the review of best practices related to middle-income for-sale inclusionary units are discussed below:

- Prices should be set below the maximum income level for qualifying for a unit. For example, if households earning up to 100% of AMI qualify, pricing should be set at 80%

or 90% of AMI so that households within the applicable income range are able to afford the unit, rather than just those at the top of the qualifying income range.

- Pricing of middle-income units should be at a significant margin below market rate prices. If affordable sales prices are too close to market rate, units may be difficult to market. For cities with wide variation in market pricing by neighborhood, it may be appropriate to set affordable sales prices lower in areas where market prices are lower, or to establish a minimum differential with market prices. Boulder currently sets affordable pricing below qualifying limits consistent with this best practice.

- A resale pricing formula must balance inherent tradeoffs between providing an opportunity for owners to build equity, recoup the cost of capital improvements, and maintaining affordability over the long-term.

3.3 Example Programs

Table 3-1 provides a summary of example inclusionary programs that were selected to illustrate a range of approaches that are used. Selected jurisdictions include newly updated programs in larger cities such as Denver, Portland, San Jose, and Boston, which is currently considering an update. San Francisco was chosen because it had an onsite requirement that was similar to Boulder, until it was amended in July 2023 to significantly reduce the requirement in consideration of current feasibility challenges for projects. Several smaller cities with strong real estate markets are also represented (Palo Alto, Mill Valley, and Pasadena). Montgomery County, MD, one of the first inclusionary programs in the country, is included for its middle income program, as is Cambridge, MA.

Table 3-1. Example Inclusionary Programs, Overview of Requirements

City	Inclusionary Percentage	Income Level for Prices and Rents	Notes
Boulder	25%	Rental 60% and 80% AMI For-sale: HUD Low Income Limit, 80%, 100%, 120% AMI	<4 units: 20%
Denver	8% - 15%, depending on income level, unit type, market area	Rental: 60% or 70% (average) For Sale: 80% or 90% (average)	Requirements vary by Typical and High Market Areas. “High Impact” projects have different requirements. <10 units: pay impact fee.
San Jose, CA	15%	Rental: 50%, 60% and 100% For Sale: 110%	<10 units: exempt.
Portland, OR	10% or 20% depending on income level of units	20% at 80% MFI or 10% at 60% MFI	<20 units: exempt
Boston, MA (Current program)	13%	Rental: 70% For Sale: 80% and 100%	Rezones only. <10 units: exempt

Table 3-1. Example Inclusionary Programs, Overview of Requirements			
City	**Inclusionary Percentage**	**Income Level for Prices and Rents**	**Notes**
			Off-site and fee payments require higher percentages of units.
Boston, MA (Proposed program)	Rental: 17 – 20% For Sale: 17% – 20% Depends on project size and affordability target	Rental: average of either 50% AMI or 60% AMI depending on project size and option selected. For Sale: 80% and 100%	Would apply citywide. <7 units: exempt
San Francisco *Amended July 2023 to Reduce Requirement*	12%: pipeline projects approved by Nov. 1, 2023 15%: projects approved by Nov 1, 2026. Projects after Nov. 1, 2026: - 18% rental - 20% for-sale Increasing 0.5% per year 2028 until reaching 24% and 26%.	Rental: 55%, 80% and 110% AMI For Sale: 80%, 105%, and 130% AMI	Pipeline projects must commence construction before May 1, 2029 New projects approved by 2026 must commence construction in 30 months to be eligible for temporarily reduced requirements. <10 units: exempt. 10-24 units: reduced requirements. Off-site and fee payments require higher percentages of units. Requirements reduced July 2023 based on feasibility constraints (from 22% for rentals and 24% with for-sale with subsequent phase-in to 24% and 26%)
Montgomery County, MD	12.5% – 15% Depends on location	Set by County annually. May not exceed HUD Low Income limit	<11 units: exempt 11-19 units: may pay fee equal to 0.5% of purchase price. 20+ units: fee only if infeasible. 3% of purchase price.
Cambridge, MA	20% of floor area	Rental: qualify between 50% and 80% with rent based on actual tenant income. For Sale: 90%	<10 units or <10,000 sf: exempt
Pasadena, CA	20%	Rental: 50%, 80%, 120% For Sale: 80%, 110%	
Mill Valley, CA	25%	"Low to mid-range of income limits": Rental: 50% to 80%, For-Sale: 100 to 120%	Single Family, MF < 4 units: pay impact fee
Palo Alto, CA	For Sale: 15%	For Sale: 100%, 120%	<3 units: exempt Rental: impact fee program Large projects have higher requirements.

Additional information on various aspects of these programs is described in the sections below.

3.4 Cash In-Lieu Provisions

CIL options vary widely in terms of fee level, how fees are assessed, and whether and when fee payment is allowed. Differences are often a function of differing policy goals and respond to differing real estate market conditions. This section provides an overview of the range of approaches and the advantages and disadvantages of each.

A. Establishing Amount of Cash In-Lieu

(1) *Affordability Gap Approach*

Setting CIL amounts based upon the "affordability gap" between market rate and affordable prices and rents is a widely used approach. This method is employed in Denver, San Jose, Portland, Pasadena, Boston, and many other jurisdictions. With an affordability gap approach, CIL is determined using the difference between market rate and affordable prices and rental unit values. Combined with the onsite inclusionary percentage, the affordability gap is used to identify the estimated financial impact of providing affordable units within the project consistent with the requirements of the ordinance. This enables the cost of providing on-site units to be an explicit consideration in the CIL amount, which can be helpful if incentivizing on-site units is a goal.

Most cities that use the affordability gap approach estimate an average, or typical, affordability gap and establish a fee level that applies citywide based on that gap. Larger cities or counties with a wide range of home values and rents will sometimes vary rates by market area to account for these differences.

A few cities, including Boston with for-sale projects, establish the affordability gap on a project-by-project basis. The advantage is the potential for increased fee revenues based on actual sales prices of the market rate units and ability to balance CIL amounts with the cost of onsite compliance even in projects with above- average sales prices. The downside of this approach is that it creates a significant administrative burden and uncertainty for developers.

Boulder uses an affordability gap methodology for CIL rates with a cap on annual increases. CIL rates have consistently lagged the calculated gap even while increasing at the maximum annual rate of 10% per year.

(2) Average Public Subsidy Required

The average local public subsidy required for the development of new affordable housing is another basis than can be used in establishing cash-in-lieu amounts. The net subsidy is typically based on 100% affordable developments assisted by the local jurisdiction. The concept is that the city must build the units that the developer is not providing onsite, so the CIL amount reflects the net cost to the city to deliver the units. San Francisco uses this approach; the fee is calculated each year based on the City's average cost to construct affordable units in the prior three years and is converted to a square foot amount based on the average gross residential floor area of projects electing to pay the fee.

Typically, the public subsidy used in this calculation is after financing available through the low income tax credit program. The data required to determine the average public subsidy requirement can be more difficult to obtain for smaller cities where locally subsidized affordable housing developments are not built as often as larger cities. CIL amounts do not reflect the cost of providing onsite affordable units, which is typically higher, and therefore cities interested in establishing incentives to build onsite may prefer the affordability gap approach as it is usually more closely linked to the onsite vs. CIL decision from the perspective of the developer. Alternatively, an incentive for on-site units can be created by basing the CIL amount on a higher inclusionary percentage than applies when units are provided on-site.

A key difference between the average subsidy approach and the affordability gap approach is the type of affordable unit used to estimate the fee. In the affordability gap approach, affordable units generally reflect units within the market rate project that are set aside as affordable, with gaps based on foregone revenue from designating an onsite unit as affordable. With the average public subsidy approach, affordable units are based on affordable projects assisted by the city, usually 100% affordable rental projects. The resulting CIL levels from the two approaches can vary widely depending on residential market conditions and the range of development types in the jurisdiction.

(3) Nexus Study (Mitigation Costs)

CIL amounts can also be based on the findings of a nexus study. Nexus studies generally quantify the impact of new market rate residential development on demand for services and the affordable housing needs of those who work in these services. CIL amounts are then based on the cost of providing affordable housing to the share of workers who need it. This nexus-based approach is typically used only where an in-lieu fee cannot be implemented, or nexus support is otherwise deemed to be advisable based on advice of legal counsel. The analysis to support a nexus-based approach does not directly relate to the inclusionary requirement.

(4) Feasibility

Finally, financial feasibility, or the ability of market rate projects to sustain the cost of requirements, including CIL amounts, is a frequent consideration in conjunction with the other approaches identified above, or sometimes as the primary basis for setting the amount of the CIL option. San Jose is an example that uses an affordability gap approach to determine CIL rates, but also adjusts rates downward based on feasibility conditions.

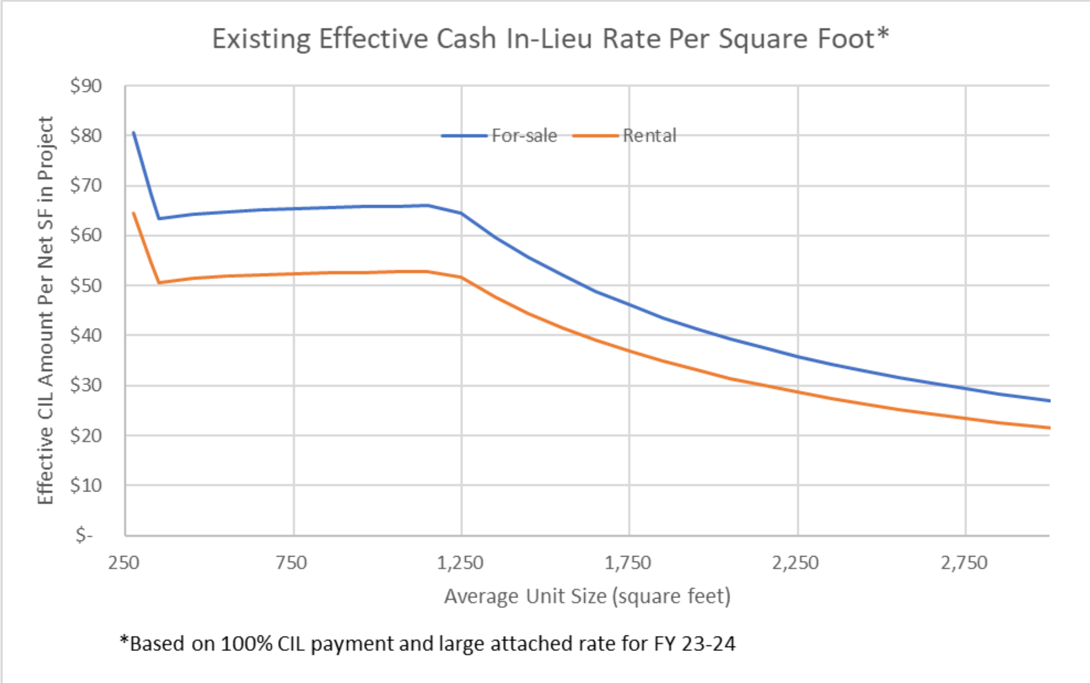
B. CIL Rate Structure

Most major west coast cities including Seattle, Portland, Sacramento, San Francisco, San Jose, Los Angeles, and San Diego employ a “per square foot” of market rate development fee structure, as do many smaller and medium size cities. Another common approach is to apply CIL on a per affordable unit basis, an approach used by programs in Boston, Chicago, Atlanta and Denver, and many others, including Boulder. In Boulder’s case, although CIL is applied on a per affordable unit basis, the amount varies depending on the average size of units in the project, up to a maximum, and thus Boulder’s fee structure shares some attributes of a per square foot structure. Another approach is a CIL rate per market rate unit, which is a simple conversion from a per affordable unit approach and is functionally the same. Other less frequent methods include a percent of construction value or a percent of sales price. Advantages and disadvantages of these alternative CIL structures are discussed below.

- **CIL rate per affordable unit owed or per market rate unit**. A per affordable unit owed CIL structure is relatively easy to calculate and apply. A CIL rate per market rate unit, usually based on an affordability gap and the onsite inclusionary percentage, is also very straightforward in its application. These structures, however, typically have the downside of smaller units paying higher fees than larger units on a per square foot basis, as the fee does not scale with unit size. This can create an undue burden on smaller units, usually rentals and condos. In addition, projects with larger average unit sizes may have less incentive to provide units onsite, depending on the specifics of the on-site requirement. This fee structure requires regular updating to keep pace with the cost of delivering affordable units and / or market changes. Denver and Boston assess fees on a per affordable unit owed basis, although proposed revisions to the Boston program include establishing fees per square foot.

  Boulder’s CIL structure, which is on a per affordable unit basis, addresses some of the downsides of a per affordable unit structure by establishing CIL rates that vary based on unit size ranges, thus mirroring a per square foot structure to some degree, but with a cap at 1,200 square feet, after which the amount no longer increases with unit size. The chart below expresses Boulder’s existing CIL rates on a per square foot basis, assuming 100% CIL payment and with application of the CIL premium that applies to for-sale projects when no inclusionary units are provided on-site. The structure incentivizes larger units over smaller units and rental over for-sale.

Exhibit 1. Boulder's Effective Cash In-Lieu Rate Per Square Foot



- **CIL rate per square foot.** A fee assessed per square foot of the residential development scales with the unit size, resulting in a more stable fee burden across different unit sizes. It is also easy for developers to estimate, while not creating a significant administrative burden. Establishing the CIL rate on a per square foot basis requires translating the affordability gap, average public subsidy, or other basis for the CIL amount into a rate per square foot. This is generally based on representative unit size for new market rate housing. This fee structure requires regular updating to keep pace with the cost of delivering affordable units and / or market changes. Use of a per square foot structure has become a standard that many new programs and program updates are adapting. Per square foot fees are considered a best practice because it is simple, fair, and easy to understand and apply.

- **Percent of construction value.** With this approach, fees are applied as a percentage of direct construction costs. Cost figures used in assessing fees are typically based on the same per square foot construction valuation schedule used by the building department in assessing other fees. An advantage is that fees mirror a per square foot structure in that they scale with unit size but adjust automatically as construction costs increase. A downside is that the amount is typically not as transparent as it cannot be determined absent an assessment of construction valuation. A percent of construction value can also create a disincentive for higher density project types because of higher construction costs per square foot, which results in higher fees, compared to lower density projects such as single family or townhomes, which usually have lower construction costs per square foot. This approach is less common but Mill Valley is an example of a program that utilizes this approach.

- **Percent of Sales Price.** Assessing CIL rates as a percentage of sales value is rare, but there are some examples of this practice. To apply the fee, the payment obligation must be recorded on each market rate unit and the fee collected out of escrow at sale. Alternatively, an estimated sales price can be used. Advantages of this approach are that it does not require annual updating to keep pace with inflation, tracks with market shifts, and scales with the value of the unit, and therefore the affordability gap. Downsides are that it presents unique complexities for implementation because the collection point is not typical and thus it creates an additional administrative burden for the city. The approach doesn't work for rentals unless an appraisal is used to determine the value to which the fee is applied. Legal concerns have sometimes been raised regarding this structure based on appearing too similar to a tax. The rare instances where this approach is used tend to be communities with very high pricing and a build on-site mandate for all but the smallest projects. Palo Alto's fee was set at 7.5% of sales price until modified to a per square foot structure in 2017.

Table 3-2 provides an overview of the fee structures used in the sample cities.

Table 3-2. CIL Rate Structure Examples

City	CIL Rate Structure
Boulder, CO	Per affordable unit with sliding scale based on average market rate unit size
Denver, CO	Per Affordable Unit
San Jose, CA	Per Square Foot
Portland, OR	Per Square Foot
Boston, MA	Per Market Unit (proposed revision to per square foot)
San Francisco, CA	Per Square Foot
Pasadena, CA	Per Square Foot
Mill Valley, CA	Percent of Construction Value
Palo Alto, CA	Per Square Foot.

C. Differentiation of Cash In-Lieu Rates

CIL rates are often differentiated based on project attributes like tenure (rental or for-sale), geographic location, or other factors. Differentiation is usually driven by market or policy factors, and/or the relationship between CIL rates and the cost of on-site units. The most common types of fee differentiation are:

- **Tenure.** Some cities set different fee levels by tenure to encourage onsite compliance for one tenure type and fee payment in the other, or to recognize differences in feasibility conditions. A city that employs the affordability gap approach to set CIL levels will generally need to use separate analyses for for-sale projects and rental projects to reflect differences in affordability gaps, which are driven both by differences in the economics of projects and usually the inclusionary requirements that apply by tenure. An affordability gap approach will typically yield different CIL rates with for-sale and rental. On the other hand, setting fees that are consistent across tenure types avoids favoring one tenure type over the other. Practices vary and the right approach for each community depends on policy goals, program structure, and market conditions.

- **Project Size.** Another common strategy is to vary CIL rates by project size (the number of units in the project), with smaller projects paying a lower fee. This strategy recognizes that small projects do not benefit from the same economies of scale that larger projects have, and they are more often infill projects, which can add expense and complexity. Sometimes the CIL amount gradually increases until reaching the full rate for larger projects. Many programs exempt projects with fewer than a minimum threshold number of units from the program altogether. Most often, the minimum threshold is set by determining the project size that owes one inclusionary unit given a city's onsite percentage requirements (for example, a 20% obligation would suggest a minimum threshold of five units, as 20% of 5 is one unit).

- **Project Attributes.** Some cities vary CIL fees based on other attributes of the project such as attached versus detached, density (units per acre), or average unit size. This can be done to capture the difference in the affordability gaps by product type (e.g., detached units tend to have higher sales prices with larger affordability gaps) or to incentivize on-site units in certain project types. It can also be a way to address feasibility considerations or policy goals for encouraging certain project types, such as higher density projects or projects with smaller more affordable units.

- **Geographic.** Larger cities with significant variation in market conditions by neighborhood will sometimes vary fees by geography. CIL rates based on the affordability gap approach support this type of differentiation because market rate sales prices and rent levels may vary widely by neighborhood and will yield different CIL rates. Programs in larger cities including Denver, San Jose, Portland, Boston, Chicago, Los Angeles, and Seattle all vary CIL rates by geographic area. Average sales prices, zoning districts, land values, planning area designations, and the amount of development activity have all been used in defining geographic area CIL rate distinctions in large cities. Varying CIL rates by location requires ongoing monitoring to ensure that the differentiation continues to be appropriate.

Table 3-3 presents an overview of how CIL amounts are differentiated in the example programs.

Table 3-3. How CIL Fee Rates are Differentiated in Example Programs				
City	Tenure	Project Size	Unit Type or Other Project Attributes	Location or Market Area
Boulder, CO		X	X	
Denver, CO	X		X	X
San Jose, CA	X	X	X	X
Portland, OR				X
Boston, MA	X			X
San Francisco, CA	X	X		
Pasadena, CA	X	X		X
Mill Valley, CA				
Palo Alto, CA	X		X	

D. Fee Payment Criteria

Unless CIL rates are set at a level that is high enough to encourage onsite units, developers will tend to choose CIL payment, if that option is available. In addition to setting fees that encourage onsite units, cities can restrict the projects that are eligible to use the CIL option. Some also require city council approval to use a fee option. The most common example of differentiating fee payment criteria is by project size; many cities allow fee payment for small projects, for which onsite compliance can be more difficult, or when a fraction of an affordable unit is required, even where onsite units are required for larger projects. Most larger cities offer fee payment to all projects while seeking to create incentives for producing onsite units through incentives like additional density, reductions in impact fees, reductions in parking standards, or property tax exemptions.

Table 3-4 provides an overview of the availability of CIL options in the example programs.

Table 3-4. Availability of CIL Option in Example Programs		
City	**Availability of CIL Option**	**Note:**
Boulder, CO	All projects are eligible for CIL option.	For-sale projects with five or more units not providing 50% onsite units are subject to CIL rate premium.
Denver, CO	All projects are eligible for CIL	
San Jose, CA	All projects are eligible for CIL	
Portland, OR	All projects are eligible for CIL.	Most projects are providing onsite units. In-lieu fee is set at a level to encourage onsite units and incentives for on-site units are provided.
Boston, MA	Rental: CIL Requires City approval. For-sale: CIL allowed by right in one market area but requires City approval in two others.	Proposed update: CIL payment “may be allowed” with City approval.
San Francisco, CA	All projects are eligible for CIL option	Fee payment is based on higher percentage of affordable units than onsite obligation.
Pasadena, CA	All projects are eligible for CIL option	
Mill Valley, CA	Projects with one to three units may pay fee	Alternatives considered only for feasibility concerns.
Palo Alto, CA	Rental: all projects are eligible for CIL option For-sale: fractional units (including small projects), OR large projects 5+ acres OR with City Council approval based on infeasibility of on-site units.	

E. Annual Adjustment of Cash-In-Lieu Rates

An annual adjustment mechanism is necessary to ensure that CIL rates keep pace with the cost of providing affordable units. Without this, over time, CIL rates will fall behind the increases in the cost of providing affordable units. Fees that do not keep pace with costs may undermine a jurisdiction’s policy goals and the level of affordable housing production of the program.

Selection of an adjustment mechanism reflects a balance of several considerations, and the preferred approach may vary depending on community priorities. The key considerations include:

- Keeping pace with the cost of providing affordable units.
- Ease of implementation / administrative burden.
- Predictability of year-to-year changes.
- Maintaining feasibility of the program.

Following is a discussion of approaches used to adjust fees, and some of the inherent tradeoffs with each approach.

- **Annual Index**. Increasing CIL fees by a published index is a simple and straightforward approach, predictable for developers, and for many cities, consistent with how other building and permitting fees are updated. Published indices are not customized to the local housing market and may not keep pace with changes in the cost to deliver affordable units over time. Examples of indices that have been used elsewhere include:

- Consumer Price Index (CPI), which tracks overall prices in the regional economy. Most programs using CPI apply the index for the applicable metropolitan area. A CPI index is available for metro Denver.

- Engineering New Record publishes two cost indices, the Construction Cost Index (CCI) and the Building Cost Index (BCI). The indices track changes in the cost of construction. The two indices are based on pricing estimates for a specific mix of materials and labor. The CCI has more labor hours than the BCI and is based on general construction labor costs, whereas the BCI includes fewer labor hours and is based on skilled trades. Both are available for metro Denver.

In addition, Mortenson also publishes a local construction cost index for metro Denver (MCI), although we are unare if it has been previously used to index fees. The index is based on costs for a representative non-residential construction project.

Table 3-5 shows the annualized rate of increase for four construction cost indices referenced above over various time periods, using the applicable index for the Denver area. In addition, a composite of the BCI and CCI is shown. Construction costs have typically outpaced CPI, but not for all indices over all periods.

Table 3-5. Published Cost Indices for Metro Denver, Annualized Rate of Increase

	Engineering News Record Construction Cost Index (CCI) [1]	Engineering News Record Building Cost Index (BCI) [1]	Composite of BCI and CCI [1]	Consumer Price Index (CPI)	Mortenson Construction Cost Index, (MCI)
1 year	3.2%	9.5%	5.8%	6.4%	0.0%
5 years	3.0%	6.8%	4.6%	3.6%	6.2%
10 years	2.1%	4.2%	3.0%	3.1%	5.5%
20 years	3.0%	4.1%	3.5%	2.6%	n/a

(1) Based on data for December for the years 2002, 2012, 2017, 2021, and 2022.

Some programs have sought to include market factors as a factor in indexing fees. For example, Sacramento County uses a composite of four factors that considers changes in home prices, rents, construction costs. and CPI.

- **Analysis to update affordability gap or average public subsidy**. Some communities prepare a custom analysis to update CIL rates each year. San Francisco is an example, as is Boulder (subject to a cap on annual escalation at 10%). This can result in CIL amounts that more accurately reflect changes in the cost of onsite compliance. The downside is the administrative burden. The CIL amount can also be more unpredictable from year to year, creating cost uncertainty for developers.

- **Hybrid Approach.** Some communities take a hybrid approach with a more thorough review and update every few years, with application of an index in between updates. This can lessen the administrative burden while providing a full recalibration of CIL rates periodically.

While many inclusionary housing ordinances include an escalator provision, some cities fail to apply the escalator, even when the escalator is a straightforward index. Adequacy of staff resources to manage implementation is a consideration in choices such as the approach to annual updates and other provisions.

Table 3-6 provides an overview of how the sample programs adjust CIL rates from year to year.

Table 3-6. Annual CIL Adjustment Mechanism in Sample Programs

City	Annual CIL Adjustment Mechanism
Boulder, CO	Recalculation of affordability gap, subject to a cap of a 10% annual increase over the prior year, and 75% of the gap (50% for projects with 1-4 units).
Denver, CO	Consumer Price Index
San Jose, CA	New affordability gap analysis every five years, Engineering News Record (ENR) Construction Cost Index in other years.
Portland, OR	Annually based on an affordability gap analysis.
Boston, MA	No adjustment mechanism but uses project-specific gap analysis.
San Francisco, CA	Annual adjustment based on average cost to construct an affordable unit in previous three years and average floor area of projects that elected to pay the fee. Increases temporarily capped at 2% per year until 2026 as part of July 2023 amendment.
Pasadena, CA	Not specified in ordinance but fees appear to be indexed.
Mill Valley, CA	Adjustment mechanism not needed as fees based on % of construction cost
Palo Alto, CA	Fees updated annually based on the ENR Construction Cost Index.

3.5 Middle Income For-Sale Housing

This section provides a review of best practices focused on middle income for-sale housing. In high cost housing markets such as Boulder, affordability challenges can extend further up the income ladder to middle income households. Inclusionary policies can be attractive as a tool to address housing needs for middle income households because outside funding is generally not available for units that serve this income group. Many inclusionary programs focus their on-site inclusionary requirements applicable to for-sale housing on middle income.

Boulder's inclusionary program identifies middle income as between 80% of Area Median Income and 150% of Area Median Income. How "middle income" is defined can vary by jurisdiction. Other terms are sometimes used to refer to the same or overlapping income ranges such as “median,” “moderate,” or “workforce”. Differences in how middle income is defined can be driven by regional variation in relationships between housing prices and median income and/or variation in state and local policies and practices.

A. Middle Income For-Sale Requirements in Example Programs

To preface the discussion of Middle Income housing practices, Table 3-7 presents an overview of the requirements applicable to for sale housing in selected jurisdictions, many of which address income levels corresponding to middle income.

Table 3-7. Overview of For-Sale Inclusionary Requirements in Sample Programs

City	For-Sale Inclusionary Percentage	Income Levels for Qualification (% of AMI)	Income Levels for Pricing (% of AMI)
Boulder, CO	25%	Mix of 80%, 100%, 120%, 150% AMI. Income mix varies based on % on-site	Mix of Low/Mod (71.7%), 80%, 100%, 120% AMI. Income mix varies based on % on-site
Denver, CO	8% - 15%, depending on income level and market area	80% or mix from 30% - 100% AMI, averaging 90% AMI or below	Same as qualifying levels
Portland, OR	20% of units or bedrooms	100%, Or 80%	20% at 80% Or 10% at 60% AMI
San Jose, CA	15%	120%	110%
Boston, MA (Current)	13%	Up to 80% and 80% - 100%	80% and 100%
Boston, MA (Proposed)	17% – 20% depending on project size, affordability	Up to 80% and 80% - 100%	80% and 100%
San Francisco, CA (as amended to reduce requirements, July 2023)	12%: pipeline projects approved by Nov. 1, 2023 15%: projects approved by Nov 1, 2026. 20% after Nov. 1, 2026: increasing 0.5% per year beginning 2028 until reaching 26%.	Low: up to 100% Moderate: 95% - 120% Middle: 120% – 150%	Low: 80% Moderate: 105%, Middle: 130% AMI Pricing at least 20% below market for neighborhood
Montgomery County, MD	12.5% – 15% Depending on location	Set by County annually. May not exceed HUD Low	Pricing based on construction costs established by County.
Mill Valley, CA	25%	50 - 80% 80 - 120%	“low to mid-range of income limits.”
Palo Alto, CA	15% 20% for projects over 5 acres	80 - 100% and 100 – 120% AMI	100%, 120%
Cambridge, MA	20% of floor area	Up to 100% AMI	90% AMI

B. Onsite Requirements and Income Levels

Inclusionary programs must strive to establish an appropriate balance between the onsite affordable unit percentage, affordable prices, and the ability of market rate projects to sustain the requirement. Following is a discussion of recommended practices relating to middle income for-sale requirements:

- Establish prices at income levels below the maximum income level for qualifying for a unit, such as 10% or 20% below the qualifying limit. If inclusionary prices are set based on the maximum qualifying income, households that are below the maximum will be paying more than they are able to afford. For example, if the income level that qualifies to purchase a unit is between 80% and 100% of AMI and sets prices are set based on 100% AMI, a household at 85% or 90% of AMI would be paying more than they are able to afford. Boulder currently follows this recommended practice[6].

- Affordable prices should be set well below market prices for comparable units. Deed restricted affordable units with sales prices that are too close to market may be difficult to market, due to limited cost savings to a purchaser and limits on the ability to build equity through appreciation in the home value. Selecting the appropriate income level for pricing middle income units requires consideration of the affordability of comparable market rate housing, including in neighboring jurisdictions. Creating a margin between affordable and market prices also helps insulate affordable units from foreclosure risk in the event of a market downturn.

- For cities with varied market strength by neighborhood or a variety of unit types, it may be desirable to provide for adjustments to affordable sales prices to address situations where affordable prices approach market prices. San Francisco's program, in recognition of variation in market pricing by neighborhood, includes a downward adjustment of affordable prices if the calculated prices are within 20% of market rate for the neighborhood. Portland includes a clause for condominium units: "..units must be sold at no more than the higher of the annually calculated amount affordable to a household earning 80 percent of AMI or 50 percent of the market price of other units."

- In cities where market rate unit sizes do not align with the most desired unit sizes for affordable units, alternative ways to express the inclusionary requirement can be helpful for achieving policy goals. For example, Portland allows inclusionary obligations to be determined by the number of bedrooms instead of the number of units. Cambridge requires, and the proposed updates in Boston would allow, inclusionary obligations to be determined by square footage. Both approaches (bedrooms and square footage) allow developers to set aside fewer larger units or more smaller units, which can benefit both the city and the developer. Most programs require developers to create units that are proportionate to the size and bedroom types in the development, which can result in mismatch between unit sizes that are desired as inclusionary units versus units that are

[6] For Low/Mod units, pricing is at 71.7% AMI and the qualifying limit is 80% AMI. For Middle Income units, there are three levels of pricing with each 20% to 30% below qualifying limits.

provided. Calculating inclusionary obligations on bedrooms or square footage provides flexibility in unit size.

C. Affordable Prices at Resale

The methodology for calculating the resale price of deed restricted affordable units is an important implementation detail with for-sale inclusionary requirements. A resale pricing formula must strike a balance between allowing households to build equity over time and maintaining affordability for subsequent purchasers of the unit. The formula must also recognize the cost of improvements to the unit. There are a variety of approaches and selection of the most appropriate method can depend on policy priorities. Examples include:

- Fixed Annual Appreciation. Some cities rely on a fixed annual appreciation rate to determine resale prices, or a fixed rate with additional maximum/minimum growth rates depending on market sales prices. The advantage of this approach is simplicity.

- Index-based. Prices can be indexed based on changes in the Consumer Price Index (CPI) or Area Median Income (AMI). A rolling average can be used to prevent short-term drops or spikes. An AMI-based index ensures prices track with median incomes, a key input in the calculation of affordable prices. A CPI approach will allow affordable prices to keep up with inflation. Boulder uses a hybrid approach, with annual appreciation levels set at the lower of the CPI or AMI indices and a fixed maximum annual adjustment set in the deed restriction. This approach allows for moderate growth in home equity, while maintaining affordability of the unit by not allowing the resale price to increase faster than the growth in median income. It is a structure emphasizing long-term affordability as the principal goal.

- Updated Pricing Calculation. Affordable pricing can be based on then-current affordable prices, as calculated using all current assumptions including AMI, expenses, interest rates and other factors. This method most closely tracks housing affordability for future purchasers and is simplest to use when affordable pricing is published regularly. Some protection against a decrease in affordable prices should be built into the formula to address potential declines in affordable prices if interest rates rise. If interest rates fall, appreciation can exceed index-based methods.

- Shared appreciation. With this structure, the unit is sold to the initial purchaser at an affordable price, with the difference between the market price and affordable price recorded as a note in favor of the City. When the unit is later sold, it is permitted to be sold at a market price. The seller receives the original purchase price plus a proportionate share of any market appreciation. The note, representing the original difference between the market and affordable price, is repaid from sales proceeds with a proportionate share of the market appreciation on the unit. Funds from the note repayment are recycled to assist a new household. The advantage of this approach is that there is no restriction on building equity and re-sale at market provides a source of reinvestment in the unit by a subsequent buyer to address any deferred maintenance or repair needs. Disadvantages are that specific units within the project do not remain permanently affordable and the city becomes responsible for recycling funds from repayment of the note to assist new households.

In addition to adjustments based on one of the above mechanisms, a mechanism for owners of affordable units to recover the cost of capital improvements and replacement (beyond ordinary maintenance) is also a necessary component of any resale formula to ensure owners have a means to recover investment made in the unit.

D. Incentives for Onsite Units

New and newly updated programs in Portland, Denver and San Jose provide a menu of compliance choices and incentives to encourage certain policy goals. The menus provide flexibility and ideally will encourage inclusion of units onsite at a variety of income levels. A brief overview of these cities' incentives for creating onsite units follows:

Portland – Portland's program is structured to encourage provision of onsite units at 60% of Median Family Income. The in-lieu fee option is set at a level to encourage production of units on-site, and the City provides a range of incentives to reduce costs when affordable units are included in the project. Incentives include a 10-year property tax exemption for affordable units, construction excise tax exemption for affordable units, parking exemptions, FAR bonuses, and System Development Charge (impact fee) exemptions for the affordable units. Projects located in the Central City Plan District with an FAR of 5 or greater that provide inclusionary units are eligible to receive a 10-year property tax exemption on the full residential portion of the building, not just the affordable units.

San Jose – San Jose's revised rental in-lieu fee structure is designed to provide a large incentive for rental projects in strong market areas to provide at least 5% inclusionary units on-site. The full in-lieu fee rate for rentals in strong market areas is $45.26 per square foot; however, by providing 5% affordable units within the project, the in-lieu fee is reduced by over half to $19.68 per square foot for median income units, $13.13 for 60% AMI units and $10.60 for 50% AMI units. This translates into an effective reduction in in-lieu fees of $420,000 to $583,000 per affordable unit provided within the project[7], depending on the income level, providing a strong incentive to include the affordable units on-site. Providing 5% affordable units at 50% of AMI also qualifies the project for a 20% density bonus.

Denver – Denver offers incentives including flexible parking requirements, height incentives and permit fee reductions to help offset the cost of the inclusionary units. There are three base incentives for projects providing onsite affordable units. Projects are eligible for a building permit

[7] Assuming a 900 square foot average unit size.

fee reduction equal to $6,500 per affordable unit in Typical Market Areas and $10,000 per affordable unit in High Market Areas. Projects are also eligible for a reduced parking standard. Ground floor commercial uses in residential buildings providing onsite affordable units are exempt from paying the affordable housing linkage fee. Projects that set aside an additional two to three percent of units as affordable (depending on the income level of the units) are eligible for an increase in building height and floor area ratio and an exemption from parking requirements, in addition to the base incentives.

While these programs are all recently adopted or updated, San Jose and Portland have had success thus far in encouraging projects to provide units onsite. Denver's program is still in the grandfathering phase, as it transitions to the new requirements; as such, there is not yet data on whether the incentives are successful in increasing production of units onsite.

E. Program Outcomes: Onsite Middle Income Units

Program outcomes for selected inclusionary programs are described below. The focus is on the extent to which the programs resulted in production of on-site for-sale middle income units. The examples illustrate production of on-site for-sale middle income units is achievable but results are highly dependent upon (a) the amount of for-sale development occurring, and (b) the strength of incentives (or an outright requirement) for projects to include middle income units on-site.

San Francisco – Of the 50 for-sale project completions in San Francisco over the previous five years, 26 of the for-sale projects included on-site below market rate units, or approximately half. The number of below market rate units within these for-sale projects totals 398 units. Figures are summarized from the data reported in San Francisco's Housing Inventory reports for 2018 through 2022. San Francisco's inclusionary program incentivizes on-site units through the structure of its cash-in-lieu option, which is calculated based on a higher inclusionary percentage than applies when units are provided on-site within the project.

Portland – Portland's inclusionary program was established in 2017. The program seeks to encourage projects to provide on-site units, with an incentive structure designed to achieve on-site units primarily at 60% of median income. The program has been successful in achieving on-site inclusionary units in rental projects. However, according to data on inclusionary unit production published by the City of Portland, of the more than 160 projects that provided or are proposing to provide on-site inclusionary units from inception of the program through 2022, just two are providing on-site for-sale middle income units, for a total of 28 for-sale middle income inclusionary units. This outcome is likely driven both by the nature of the development activity, which has been over 80% multifamily over the past ten years, and the pricing that applies to the required units, at either 80% or 60% of median income, which likely results in a large affordability gap with for-sale affordable units.

Boston – From 2000 through 2020, Boston's inclusionary policy resulted in a total of 3,238 on- and off-site inclusionary units and an additional 2,226 units were funded through cash-in-lieu contributions. Of the total on- and off-site units, 22% were for-sale inclusionary units[8], which are required to be affordable for middle income households. Overall, approximately 19% of the City of Boston's housing stock is income-restricted. Of the income-restricted housing stock, 5% is for-sale and 95% is rental[9]. Boston has required approval for for-sale projects to use the cash-in-lieu option in two of three market areas and has used a project-specific calculation to determine cash-in-lieu amounts, thus for-sale projects are generally either required or incentivized to include for-sale affordable units within the project.

San Jose – San Jose has had an inclusionary policy since the 1980s, originally only within its redevelopment areas. Under San Jose's original inclusionary policy, approximately 350 for-sale middle income units and 1,400 affordable rental units were produced, based on data reported in a city staff report. The policy was later modified and expanded citywide, with initial implementation of the citywide policy in 2016 after a delay related to litigation and was subsequently amended in 2021. In its current form, the policy is designed to encourage rental projects to provide at least a portion of required units on-site, including a share at middle incomes. The program is not designed to incentivize for-sale projects to provide inclusionary units on-site. Based on city data on inclusionary compliance plans for proposed projects since 2021, none of the few pipeline for-sale projects are proposing middle income for-sale units on-site. In contrast, a number of rental projects are proposing on-site units, with only about one third proposing to pay the in-lieu fee exclusively. Most proposed developments in San Jose in recent years have been rental.

Denver – Denver's new inclusionary ordinance went into effect July 1, 2022; however, due to provisions for pipeline projects to proceed under prior requirements, there is not yet data on outcomes under the new program. Prior to adoption of the City's new inclusionary requirements, Denver had an affordable housing linkage fee program. The program generated $24 million in fees between 2017 and 2020 (including residential and non-residential fees). Under that program, onsite units were allowed as an alternative to fee payment, but projects did not have an incentive to use the onsite option and only three total affordable units were provided on-site. Prior to the linkage fee, Denver had an inclusionary policy that applied to for-sale residential projects from 2001 through 2016. A total of approximately 2,000 for-sale inclusionary units were produced through this prior policy. Most for-sale inclusionary units were produced within large-scale developments in moderate-cost housing areas of the City. Developments in higher cost areas of the City were generally not incentivized to provide inclusionary units within the project and primarily used the cash-in-lieu option[10].

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[8] City of Boston, Bridging the Gap: Creating Income Restricted Housing through Inclusionary Development, 2020 Annual Report.
[9] City of Boston, Income-Restricted Housing in Boston, 2022.
[10] City of Denver, Expanding Housing Affordability through Market-Based Tools. Interim Background Report. 2021.

4.0 INTERVIEWS WITH LOCAL DEVELOPMENT PROFESSIONALS

KMA interviewed development professionals with the following organizations active in the Boulder market to help inform the analysis:

- Allison Management
- Boulder Housing Partners
- Coburn Partners
- Humboldt Development
- Markel Homes
- Pace Development
- Shutkin Sustainable Living

Interviewees provided a wide range of insights on topics including construction and development cost estimates, market conditions, expectations regarding their own projects, the entitlement process and land use policy in Boulder, how affordable housing obligations affect their pro forma, suggestions for changes to the program, among other topics. The following is a summary of insights and perspectives offered by interviewees.

1. Boulder is an attractive place for developers to invest because it is a highly desirable community that is seen as supply constrained. Developers expressed confidence in the long-term potential of the Boulder housing market from a developer or investor perspective.

2. The inclusionary ordinance provides opportunities for affordable housing to be built in locations where new development is occurring and where affordable housing developments might not otherwise be sited. One role it plays is as a mechanism for affordable housing developments to gain access to high quality sites.

3. Providing affordable units within a stand-alone affordable project receiving tax credits can be a cost-competitive or a financially favorable option relative to payment of cash-in-lieu under the current ordinance but not all developers are interested in taking on the complexity of a transaction of this nature.

4. Inclusion of affordable units within the project is perceived as a positive factor relative to the entitlement process.

5. When asked why the market is primarily delivering rental housing in Boulder, with for-sale projects primarily consisting of smaller-scale projects at the luxury end of the market, the following insights were offered:

    a. Rental projects attract a different set of investors that are investing for a longer-term horizon and are willing to accept lower risk-adjusted returns on that capital.

This ultimately contributes to stronger feasibility for rental projects and an ability of rental projects to pay more for land. Rentals can also be more tax efficient for investors; for example, through the ability of investments to roll over investments from sale of another property through a 1031 exchange, which defers the capital gains taxes.

b. For-sale projects have more market risk since projects have “one shot” at the market and the timing of when units are sold can significantly affect sales performance and profits. Stacked for-sale projects that cannot be phased are seen as higher risk and have greater financing costs since all costs are upfront but sales revenue can take time to be realized through unit sales.

c. Construction defects liability with for-sale projects - Several developers cited Colorado’s construction defects laws as a significant factor inhibiting the production of for-sale housing, particularly larger condominium projects. Costs of insuring against potential liability cited by interviewees are significant but still represent a relatively modest share of overall development costs. Beyond the cost of insurance, interviewees expressed that the risk of a potential lawsuit can scare developers away from larger condominium projects. In addition, some design professionals may be unwilling to work on for-sale projects due to liability concerns. Smaller attached townhome projects are more insulated from these concerns. Townhome projects are sometimes structured with fee-simple ownership to avoid the need for an HOA, which reduces the risk of a lawsuit, insurance costs, and eliminates HOA dues which is a positive factor for home prices.

d. Developers cited the cash-in-lieu premium that applies to for-sale but not rental as a policy bias favoring rental, although this was not described as the major explanation for the current market dynamic.

e. Interviewees did not expect market dynamics favoring rentals over for-sale in Boulder to shift in the near term.

6. Interviewees offered varied perspectives regarding provision of for-sale affordable units.

   a. One developer raised concerns based on an experience roughly a decade ago that the pool of potential buyers for for-sale affordable units is shallow because potential affordable unit buyers may also consider market rate units in lower priced communities nearby, which offer the opportunity to build more equity over time[11].

[11] A review of affordable prices indicates there is currently a significant discount to average market prices in nearby communities. See Appendix Table B-6.

   b. Another developer was more positive regarding for-sale affordable units and is contemplating provision of for-sale affordable units within a proposed project. This developer indicated that marketing for-sale affordable units had not been problematic in the past.

   c. One developer indicated that increases in homeowner association dues over time are a challenge for households in affordable units and can lead to conflicts within the HOA in agreeing to fund maintenance needs over time.

   d. The question of whether affordable units are a good value proposition for purchasers, given limitations on appreciation, was raised by multiple interviewees. One developer suggested modifying the cap on appreciation to enable affordable unit purchasers the ability to build more equity.

7. Recent changes in market conditions have made projects more challenging to pencil. Sales prices have cooled, builders are offering more incentives to sell units, and rents have leveled off. Construction costs, which rose significantly over the past several years, have not noticeably decreased. This in conjunction with more conservative underwriting and higher interest rates has resulted in more projects being placed on hold. This combination of factors was cited as making it more challenging for projects to support inclusionary requirements. Notwithstanding these headwinds, interviewees were relatively bullish on the long-term prospects for the Boulder market, and suggested developers and investors generally have a longer-term perspective in mind when building in Boulder, taking a “build to own” approach on rental projects. Student housing was seen as more insulated from changes in market conditions.

8. Some interviewees indicated that the inclusionary requirement is overly burdensome. It was suggested that an outcome of the inclusionary program is that few units being provided for middle income households because the requirement increases the market prices and rents that are needed for projects to pencil. Interviewees generally did not make the argument that the program is not feasible in its current form, or that projects do not pencil with the requirement, even while describing the program along with other City requirements, as challenging or burdensome.

9. Several interviewees offered suggestions for incentivizing projects to provide affordable units as part of the project. Suggestions include:

   a. Providing additional options for compliance by varying the percentage requirement depending on the income level of units provided.

   b. Providing a streamlined approval process for projects that provide affordable units within the project. Seek approaches for reducing the level of uncertainty associated with the process by applying objective standards. Shorten the approval timeline. These approaches could reduce the perceived risk and expense associated with the entitlement process, which would in turn improve the ability to provide affordable units.

c. Allowing additional density in appropriate zones for projects that include affordable units on-site. Several developers cited density limitations as being a constraint on projects.

d. Waiving development fees for affordable units.

10. The City's community benefits program requirement that for-sale projects must include half of required inclusionary units on-site was cited as being challenging for projects. One developer indicated they were unable to make a four-story stacked condo project pencil after being encouraged to explore such a project.

11. Allowing projects to pay the CIL at certificate of occupancy would be helpful so that developers do not have to finance the CIL early in the project using the most expensive capital (Boulder already allows deferral of half of the CIL amount to certificate of occupancy and adds 8% to the deferred portion).

APPENDIX A – SUPPORTING PRO FORMA TABLES

Table A-1
For-Sale Residential, Programmatic Assumptions
Inclusionary Housing Analysis
Boulder, CO

	Townhomes / Rowhomes		Small Stacked Condo Project, Three Stories		Larger Stacked Condo Project, Four Stories	
Site Size	87,120	square feet	34,848	square feet	87,120	square feet
	2	acres	0.8	acres	2	acres
Number of Units / Density	48 units	24 du/ac.	21 units	26 du/ac.	78 units	39 du/ac.
Maximum Height	35	feet	35	feet	55	feet
Number of stories above grade	3	stories	3	stories	4	stories
Floor area ratio	1.0	FAR	1.0	FAR	1.3	FAR
Gross Building Area	84,000	square feet	34,588	square feet	110,753	square feet
Efficiency	100%	efficiency	85%	efficiency	85%	efficiency
Residential Net Sellable	84,000	square feet	29,400	square feet	94,140	square feet
Average Unit Size - mkt	1,750	square feet	1,400	square feet	1,250	square feet
Average Unit Size - aff	1,400	square feet	1,100	square feet	970	square feet
Construction Type	Type V		Type V		Type V	
Parking Type	attached garage		podium garage		subterranean garage	
Parking Ratio	1.8	/unit	1.3	/unit	1.22	/unit
Parking Spaces	87	spaces	28	spaces	95	spaces
Avg No. of Bedrooms	3.0	BRs	2.0	BRs	1.7	BRs
Market Price Estimate	$1,400,000		$1,050,000		$950,000	
$/SF	$800 /sf		$750 /sf		$760 /sf	
Unit Mix						
One Bedrooms	0%		15%		45%	
Two Bedrooms	0%		75%		40%	
Three Bedrooms	100%		10%		15%	

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Table A-2
Rental Residential, Programmatic Assumptions
Inclusionary Housing Analysis
Boulder, CO

	Rental, Three Stories		Rental, Four Stories Using Community Benefit	
Site Size	87,120	square feet	87,120	square feet
	2	acres	2	acres
Number of Units / Density	98 units	49 du/ac.	131 units	66 du/ac.
Maximum Height	35	feet	55	feet
Number of stories above grade	3	stories	4	stories
Floor area ratio (FAR)	1.0	FAR	1.3	FAR
Gross Building Area (excl. parking)	86,471	square feet	115,588	square feet
Efficiency	85%	efficiency	85%	efficiency
Residential Net Leasable	73,500	square feet	98,250	square feet
Average Unit Size - mkt	750	square feet	750	square feet
Average Unit Size - aff	700	square feet	700	square feet
Construction Type	Type V		Type V	
Parking Type	subterranean garage		subterranean garage	
Parking Ratio	1.0	/unit	1.0	/unit
Parking Spaces	98	spaces	131	spaces
Market Rent Estimate ($/Mo)	$2,650	$3.53 /sf	$2,650	$3.53 /sf
$/SF				
Unit Mix				
Studios	20%		20%	
One Bedrooms	60%		60%	
Two Bedrooms	18%		18%	
Three Bedrooms	2%		2%	

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Appendix Table FS 1A
For-Sale Pro Forma, Existing Ordinance, Existing Cash In-Lieu
Inclusionary Housing Analysis
Boulder, CO

	Townhomes / Rowhomes			Small Stacked Condo Project, Three Stories			Larger Stacked Condo Project, Four Stories		
Residential Unit Mix	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF
Market Rate	100%	48	1,750	100%	21	1,400	85%	66	1,250
Middle Income - 120% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Middle Income - 100% AMI	0%	0	1,400	0%	0	1,100	1%	1	970
Middle Income - 80% AMI	0%	0	1,400	0%	0	1,100	1%	1	970
Low/Mod - 71.7% AMI	0%	0	1,400	0%	0	1,100	13%	10	970
	100%	48	1,750	100%	21	1,400	100%	78	1,207
	[100% cash in-lieu]			*[100% cash in-lieu]*			*[half on-site per com benefit reqrm't with 50% discount on remaining CIL]*		
Sale Price		$/Unit	$/NSF		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$1,400,000	$800		$1,050,000	$750		$950,000	$760
Middle Income - 120% AMI		$412,100	$294		$373,460	$340		$359,515	$371
Middle Income - 100% AMI		$338,400	$242		$304,829	$277		$293,285	$302
Middle Income - 80% AMI		$260,200	$186		$235,748	$214		$226,380	$233
Low/Mod - 71.7% AMI		$237,800	$170		$194,814	$177		$188,189	$194
		$1,400,000	$800		$1,050,000	$750		$834,600	$692
Residential Sales	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Sales	$67,200,000	$1,400,000	$800	$22,050,000	$1,050,000	$750	$65,098,800	$834,600	$692
(Less) Closing Costs	($3,024,000)	($63,000)	($36)	($992,250)	($47,300)	($34)	($2,929,446)	($37,600)	($31)
(Less) Risk Adjusted Return	($6,720,000)	($140,000)	($80)	($2,205,000)	($105,000)	($75)	($7,811,856)	($100,200)	($83)
Net Sales Proceeds	$57,456,000	$1,197,000	$684	$18,852,750	$897,800	$641	$54,357,498	$696,900	$577
Development Costs excl. Land									
Direct Construction incl conting.	$33,600,000	$700,000	$400	$10,739,000	$511,400	$365	$35,503,000	$455,200	$377
Fees & Permits	$2,222,400	$46,300	$26	$863,100	$41,100	$29	$2,714,400	$34,800	$29
CIL for IH reqrmt	$3,871,080	$80,648	$46	$1,741,986	$82,952	$59	$1,244,552	$15,956	$13
Warranty and Insurance	$1,344,000	$28,000	$16	$441,000	$21,000	$15	$1,302,000	$16,700	$14
G&A/Overhead	$1,008,000	$21,000	$12	$322,000	$15,300	$11	$1,065,000	$13,700	$11
A&E, Legal, Marketing, Other	$3,024,000	$63,000	$36	$967,000	$46,000	$33	$3,195,000	$41,000	$34
Soft Cost Contingency	$380,000	$7,900	$5	$130,000	$6,200	$4	$414,000	$5,300	$4
Financing	$3,456,000	$72,000	$41	$1,134,000	$54,000	$39	$3,268,200	$41,900	$35
Total Costs	$48,905,480	$1,018,900	$582	$16,338,086	$778,000	$556	$48,706,152	$624,400	$517
Residual Land Value	$8,548,800	$178,100	$102	$2,515,800	$119,800	$86	$5,655,000	$72,500	$60
per acre	*$4,274,400*			*$3,144,750*			*$2,827,500*		
price PSF land	$98			$72			$65		
			Net Rev as %Costs			Net Rev as %Costs			Net Rev as %Costs
Estimated Land Cost (target value)	$8,712,000	$181,500		$3,484,800	$165,900		$8,712,000	$111,700	
Total Cost with Land	$57,617,480	$1,200,400	99.7%	$19,822,886	$943,900	95.1%	$57,418,152	$736,100	94.7%
Feasibility Classification	Feasible			Marginal Feasibility			Marginal Feasibility		

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Appendix Table FS 1B
For-Sale Pro Forma, Existing Ordinance, Cash In-Lieu at $35 PSF
Inclusionary Housing Analysis
Boulder, CO

	Townhomes / Rowhomes			Small Stacked Condo Project, Three Stories			Larger Stacked Condo Project, Four Stories		
Residential Unit Mix	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF
Market Rate	100%	48	1,750	100%	21	1,400	85%	66	1,250
Middle Income - 120% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Middle Income - 100% AMI	0%	0	1,400	0%	0	1,100	1%	1	970
Middle Income - 80% AMI	0%	0	1,400	0%	0	1,100	1%	1	970
Low/Mod - 71.7% AMI	0%	0	1,400	0%	0	1,100	13%	10	970
	100%	48	1,750	100%	21	1,400	100%	78	1,207
	[100% cash in-lieu]			*[100% cash in-lieu]*			*[half on-site per com benefit reqrm't with 50% discount on remaining CIL]*		
Sale Price		$/Unit	$/NSF		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$1,400,000	$800		$1,050,000	$750		$950,000	$760
Middle Income - 120% AMI		$412,100	$294		$373,460	$340		$359,515	$371
Middle Income - 100% AMI		$338,400	$242		$304,829	$277		$293,285	$302
Middle Income - 80% AMI		$260,200	$186		$235,748	$214		$226,380	$233
Low/Mod - 71.7% AMI		$237,800	$170		$194,814	$177		$188,189	$194
		$1,400,000	$800		$1,050,000	$750		$834,600	$692
Residential Sales	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Sales	$67,200,000	$1,400,000	$800	$22,050,000	$1,050,000	$750	$65,098,800	$834,600	$692
(Less) Closing Costs	($3,024,000)	($63,000)	($36)	($992,250)	($47,300)	($34)	($2,929,446)	($37,600)	($31)
(Less) Risk Adjusted Return	($6,720,000)	($140,000)	($80)	($2,205,000)	($105,000)	($75)	($7,811,856)	($100,200)	($83)
Net Sales Proceeds	$57,456,000	$1,197,000	$684	$18,852,750	$897,800	$641	$54,357,498	$696,900	$577
Development Costs excl. Land									
Direct Construction incl conting.	$33,600,000	$700,000	$400	$10,739,000	$511,400	$365	$35,503,000	$455,200	$377
Fees & Permits	$2,222,400	$46,300	$26	$863,100	$41,100	$29	$2,714,400	$34,800	$29
CIL for IH reqrmt	$2,940,000	$61,250	$35	$1,029,000	$49,000	$35	$914,335	$11,722	$10
Warranty and Insurance	$1,344,000	$28,000	$16	$441,000	$21,000	$15	$1,302,000	$16,700	$14
G&A/Overhead	$1,008,000	$21,000	$12	$322,000	$15,300	$11	$1,065,000	$13,700	$11
A&E, Legal, Marketing, Other	$3,024,000	$63,000	$36	$967,000	$46,000	$33	$3,195,000	$41,000	$34
Soft Cost Contingency	$380,000	$7,900	$5	$130,000	$6,200	$4	$414,000	$5,300	$4
Financing	$3,456,000	$72,000	$41	$1,134,000	$54,000	$39	$3,268,200	$41,900	$35
Total Costs	$47,974,400	$999,500	$571	$15,625,100	$744,100	$532	$48,375,935	$620,200	$514
Residual Land Value	$9,480,000	$197,500	$113	$3,227,700	$153,700	$110	$5,982,600	$76,700	$64
per acre	*$4,740,000*			*$4,034,625*			*$2,991,300*		
price PSF land	$109			$93			$69		
			Net Rev as %Costs			Net Rev as %Costs			Net Rev as %Costs
Estimated Land Cost (target value)	$8,712,000	$181,500		$3,484,800	$165,900		$8,712,000	$111,700	
Total Cost with Land	$56,686,400	$1,181,000	101.4%	$19,109,900	$910,000	98.7%	$57,087,935	$731,900	95.2%
Feasibility Classification	Feasible			Feasible			Marginal Feasibility		

Appendix Table FS 1C
For-Sale Pro Forma, Existing Ordinance, Cash In-Lieu at $40 PSF
Inclusionary Housing Analysis
Boulder, CO

	Townhomes / Rowhomes			Small Stacked Condo Project, Three Stories			Larger Stacked Condo Project, Four Stories		
Residential Unit Mix	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF
Market Rate	100%	48	1,750	100%	21	1,400	85%	66	1,250
Middle Income - 120% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Middle Income - 100% AMI	0%	0	1,400	0%	0	1,100	1%	1	970
Middle Income - 80% AMI	0%	0	1,400	0%	0	1,100	1%	1	970
Low/Mod - 71.7% AMI	0%	0	1,400	0%	0	1,100	13%	10	970
	100%	48	1,750	100%	21	1,400	100%	78	1,207
	[100% cash in-lieu]			*[100% cash in-lieu]*			*[half on-site per com benefit reqrm't with 50% discount on remaining CIL]*		
Sale Price		$/Unit	$/NSF		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$1,400,000	$800		$1,050,000	$750		$950,000	$760
Middle Income - 120% AMI		$412,100	$294		$373,460	$340		$359,515	$371
Middle Income - 100% AMI		$338,400	$242		$304,829	$277		$293,285	$302
Middle Income - 80% AMI		$260,200	$186		$235,748	$214		$226,380	$233
Low/Mod - 71.7% AMI		$237,800	$170		$194,814	$177		$188,189	$194
		$1,400,000	$800		$1,050,000	$750		$834,600	$692
Residential Sales	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Sales	$67,200,000	$1,400,000	$800	$22,050,000	$1,050,000	$750	$65,098,800	$834,600	$692
(Less) Closing Costs	($3,024,000)	($63,000)	($36)	($992,250)	($47,300)	($34)	($2,929,446)	($37,600)	($31)
(Less) Risk Adjusted Return	($6,720,000)	($140,000)	($80)	($2,205,000)	($105,000)	($75)	($7,811,856)	($100,200)	($83)
Net Sales Proceeds	$57,456,000	$1,197,000	$684	$18,852,750	$897,800	$641	$54,357,498	$696,900	$577
Development Costs excl. Land									
Direct Construction incl conting.	$33,600,000	$700,000	$400	$10,739,000	$511,400	$365	$35,503,000	$455,200	$377
Fees & Permits	$2,222,400	$46,300	$26	$863,100	$41,100	$29	$2,714,400	$34,800	$29
CIL for IH reqrmt	$3,360,000	$70,000	$40	$1,176,000	$56,000	$40	$1,044,954	$13,397	$11
Warranty and Insurance	$1,344,000	$28,000	$16	$441,000	$21,000	$15	$1,302,000	$16,700	$14
G&A/Overhead	$1,008,000	$21,000	$12	$322,000	$15,300	$11	$1,065,000	$13,700	$11
A&E, Legal, Marketing, Other	$3,024,000	$63,000	$36	$967,000	$46,000	$33	$3,195,000	$41,000	$34
Soft Cost Contingency	$380,000	$7,900	$5	$130,000	$6,200	$4	$414,000	$5,300	$4
Financing	$3,456,000	$72,000	$41	$1,134,000	$54,000	$39	$3,268,200	$41,900	$35
Total Costs	$48,394,400	$1,008,200	$576	$15,772,100	$751,100	$537	$48,506,554	$621,900	$515
Residual Land Value	$9,062,400	$188,800	$108	$3,080,700	$146,700	$105	$5,850,000	$75,000	$62
per acre	*$4,531,200*			*$3,850,875*			*$2,925,000*		
price PSF land	$104			$88			$67		
			Net Rev			Net Rev			Net Rev
Estimated Land Cost (target value)	$8,712,000	$181,500	as %Costs	$3,484,800	$165,900	as %Costs	$8,712,000	$111,700	as %Costs
Total Cost with Land	$57,106,400	$1,189,700	100.6%	$19,256,900	$917,000	97.9%	$57,218,554	$733,600	95.0%
Feasibility Classification	Feasible			Marginal Feasibility			Marginal Feasibility		

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Appendix Table FS 1D
For-Sale Pro Forma, Existing Ordinance, Cash In-Lieu at $45 PSF
Inclusionary Housing Analysis
Boulder, CO

	Townhomes / Rowhomes			Small Stacked Condo Project, Three Stories			Larger Stacked Condo Project, Four Stories		
Residential Unit Mix	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF
Market Rate	100%	48	1,750	100%	21	1,400	85%	66	1,250
Middle Income - 120% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Middle Income - 100% AMI	0%	0	1,400	0%	0	1,100	1%	1	970
Middle Income - 80% AMI	0%	0	1,400	0%	0	1,100	1%	1	970
Low/Mod - 71.7% AMI	0%	0	1,400	0%	0	1,100	13%	10	970
	100%	48	1,750	100%	21	1,400	100%	78	1,207
	[100% cash in-lieu]			*[100% cash in-lieu]*			*[half on-site per com benefit reqrm't with 50% discount on remaining CIL]*		
Sale Price		$/Unit	$/NSF		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$1,400,000	$800		$1,050,000	$750		$950,000	$760
Middle Income - 120% AMI		$412,100	$294		$373,460	$340		$359,515	$371
Middle Income - 100% AMI		$338,400	$242		$304,829	$277		$293,285	$302
Middle Income - 80% AMI		$260,200	$186		$235,748	$214		$226,380	$233
Low/Mod - 71.7% AMI		$237,800	$170		$194,814	$177		$188,189	$194
		$1,400,000	$800		$1,050,000	$750		$834,600	$692
Residential Sales	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Sales	$67,200,000	$1,400,000	$800	$22,050,000	$1,050,000	$750	$65,098,800	$834,600	$692
(Less) Closing Costs	($3,024,000)	($63,000)	($36)	($992,250)	($47,300)	($34)	($2,929,446)	($37,600)	($31)
(Less) Risk Adjusted Return	($6,720,000)	($140,000)	($80)	($2,205,000)	($105,000)	($75)	($7,811,856)	($100,200)	($83)
Net Sales Proceeds	$57,456,000	$1,197,000	$684	$18,852,750	$897,800	$641	$54,357,498	$696,900	$577
Development Costs excl. Land									
Direct Construction incl conting.	$33,600,000	$700,000	$400	$10,739,000	$511,400	$365	$35,503,000	$455,200	$377
Fees & Permits	$2,222,400	$46,300	$26	$863,100	$41,100	$29	$2,714,400	$34,800	$29
CIL for IH reqrmt	$3,780,000	$78,750	$45	$1,323,000	$63,000	$45	$1,175,573	$15,071	$12
Warranty and Insurance	$1,344,000	$28,000	$16	$441,000	$21,000	$15	$1,302,000	$16,700	$14
G&A/Overhead	$1,008,000	$21,000	$12	$322,000	$15,300	$11	$1,065,000	$13,700	$11
A&E, Legal, Marketing, Other	$3,024,000	$63,000	$36	$967,000	$46,000	$33	$3,195,000	$41,000	$34
Soft Cost Contingency	$380,000	$7,900	$5	$130,000	$6,200	$4	$414,000	$5,300	$4
Financing	$3,456,000	$72,000	$41	$1,134,000	$54,000	$39	$3,268,200	$41,900	$35
Total Costs	$48,814,400	$1,017,000	$581	$15,919,100	$758,100	$542	$48,637,173	$623,600	$517
Residual Land Value	$8,640,000	$180,000	$103	$2,933,700	$139,700	$100	$5,717,400	$73,300	$61
per acre	*$4,320,000*			*$3,667,125*			*$2,858,700*		
price PSF land	$99			$84			$66		
			Net Rev as %Costs			Net Rev as %Costs			Net Rev as %Costs
Estimated Land Cost (target value)	$8,712,000	$181,500		$3,484,800	$165,900		$8,712,000	$111,700	
Total Cost with Land	$57,526,400	$1,198,500	99.9%	$19,403,900	$924,000	97.2%	$57,349,173	$735,300	94.8%
Feasibility Classification	Feasible			Marginal Feasibility			Marginal Feasibility		

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Appendix Table FS 1E
For-Sale Pro Forma, Existing Ordinance, Cash In-Lieu at $50 PSF
Inclusionary Housing Analysis
Boulder, CO

	Townhomes / Rowhomes			Small Stacked Condo Project, Three Stories			Larger Stacked Condo Project, Four Stories		
Residential Unit Mix	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF
Market Rate	100%	48	1,750	100%	21	1,400	85%	66	1,250
Middle Income - 120% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Middle Income - 100% AMI	0%	0	1,400	0%	0	1,100	1%	1	970
Middle Income - 80% AMI	0%	0	1,400	0%	0	1,100	1%	1	970
Low/Mod - 71.7% AMI	0%	0	1,400	0%	0	1,100	13%	10	970
	100%	48	1,750	100%	21	1,400	100%	78	1,207
	[100% cash in-lieu]			*[100% cash in-lieu]*			*[half on-site per com benefit reqrm't with 50% discount on remaining CIL]*		
Sale Price		$/Unit	$/NSF		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$1,400,000	$800		$1,050,000	$750		$950,000	$760
Middle Income - 120% AMI		$412,100	$294		$373,460	$340		$359,515	$371
Middle Income - 100% AMI		$338,400	$242		$304,829	$277		$293,285	$302
Middle Income - 80% AMI		$260,200	$186		$235,748	$214		$226,380	$233
Low/Mod - 71.7% AMI		$237,800	$170		$194,814	$177		$188,189	$194
		$1,400,000	$800		$1,050,000	$750		$834,600	$692
Residential Sales	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Sales	$67,200,000	$1,400,000	$800	$22,050,000	$1,050,000	$750	$65,098,800	$834,600	$692
(Less) Closing Costs	($3,024,000)	($63,000)	($36)	($992,250)	($47,300)	($34)	($2,929,446)	($37,600)	($31)
(Less) Risk Adjusted Return	($6,720,000)	($140,000)	($80)	($2,205,000)	($105,000)	($75)	($7,811,856)	($100,200)	($83)
Net Sales Proceeds	$57,456,000	$1,197,000	$684	$18,852,750	$897,800	$641	$54,357,498	$696,900	$577
Development Costs excl. Land									
Direct Construction incl conting.	$33,600,000	$700,000	$400	$10,739,000	$511,400	$365	$35,503,000	$455,200	$377
Fees & Permits	$2,222,400	$46,300	$26	$863,100	$41,100	$29	$2,714,400	$34,800	$29
CIL for IH reqrmt	$4,200,000	$87,500	$50	$1,470,000	$70,000	$50	$1,306,193	$16,746	$14
Warranty and Insurance	$1,344,000	$28,000	$16	$441,000	$21,000	$15	$1,302,000	$16,700	$14
G&A/Overhead	$1,008,000	$21,000	$12	$322,000	$15,300	$11	$1,065,000	$13,700	$11
A&E, Legal, Marketing, Other	$3,024,000	$63,000	$36	$967,000	$46,000	$33	$3,195,000	$41,000	$34
Soft Cost Contingency	$380,000	$7,900	$5	$130,000	$6,200	$4	$414,000	$5,300	$4
Financing	$3,456,000	$72,000	$41	$1,134,000	$54,000	$39	$3,268,200	$41,900	$35
Total Costs	$49,234,400	$1,025,700	$586	$16,066,100	$765,100	$547	$48,767,793	$625,200	$518
Residual Land Value	$8,222,400	$171,300	$98	$2,786,700	$132,700	$95	$5,592,600	$71,700	$59
per acre	*$4,111,200*			*$3,483,375*			*$2,796,300*		
price PSF land	$94			$80			$64		
			Net Rev as %Costs			Net Rev as %Costs			Net Rev as %Costs
Estimated Land Cost (target value)	$8,712,000	$181,500		$3,484,800	$165,900		$8,712,000	$111,700	
Total Cost with Land	$57,946,400	$1,207,200	99.2%	$19,550,900	$931,000	96.4%	$57,479,793	$736,900	94.6%
Feasibility Classification	Feasible			Marginal Feasibility			Marginal Feasibility		

Prepared by: Keyser Marston Associates
Filename: \\SF-FS2\wp\10\10783\006\Boulder Analysis 9-12-23 .xlsx; F1e

Appendix Table FS 1F
For-Sale Pro Forma, Existing Ordinance, Cash In-Lieu at $60 PSF
Inclusionary Housing Analysis
Boulder, CO

	Townhomes / Rowhomes			Small Stacked Condo Project, Three Stories			Larger Stacked Condo Project, Four Stories		
Residential Unit Mix	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF
Market Rate	100%	48	1,750	100%	21	1,400	85%	66	1,250
Middle Income - 120% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Middle Income - 100% AMI	0%	0	1,400	0%	0	1,100	1%	1	970
Middle Income - 80% AMI	0%	0	1,400	0%	0	1,100	1%	1	970
Low/Mod - 71.7% AMI	0%	0	1,400	0%	0	1,100	13%	10	970
	100%	48	1,750	100%	21	1,400	100%	78	1,207
	[100% cash in-lieu]			*[100% cash in-lieu]*			*[half on-site per com benefit reqrm't with 50% discount on remaining CIL]*		
Sale Price		$/Unit	$/NSF		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$1,400,000	$800		$1,050,000	$750		$950,000	$760
Middle Income - 120% AMI		$412,100	$294		$373,460	$340		$359,515	$371
Middle Income - 100% AMI		$338,400	$242		$304,829	$277		$293,285	$302
Middle Income - 80% AMI		$260,200	$186		$235,748	$214		$226,380	$233
Low/Mod - 71.7% AMI		$237,800	$170		$194,814	$177		$188,189	$194
		$1,400,000	$800		$1,050,000	$750		$834,600	$692
Residential Sales	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Sales	$67,200,000	$1,400,000	$800	$22,050,000	$1,050,000	$750	$65,098,800	$834,600	$692
(Less) Closing Costs	($3,024,000)	($63,000)	($36)	($992,250)	($47,300)	($34)	($2,929,446)	($37,600)	($31)
(Less) Risk Adjusted Return	($6,720,000)	($140,000)	($80)	($2,205,000)	($105,000)	($75)	($7,811,856)	($100,200)	($83)
Net Sales Proceeds	$57,456,000	$1,197,000	$684	$18,852,750	$897,800	$641	$54,357,498	$696,900	$577
Development Costs excl. Land									
Direct Construction incl conting.	$33,600,000	$700,000	$400	$10,739,000	$511,400	$365	$35,503,000	$455,200	$377
Fees & Permits	$2,222,400	$46,300	$26	$863,100	$41,100	$29	$2,714,400	$34,800	$29
CIL for IH reqrmt	$5,040,000	$105,000	$60	$1,764,000	$84,000	$60	$1,567,431	$20,095	$17
Warranty and Insurance	$1,344,000	$28,000	$16	$441,000	$21,000	$15	$1,302,000	$16,700	$14
G&A/Overhead	$1,008,000	$21,000	$12	$322,000	$15,300	$11	$1,065,000	$13,700	$11
A&E, Legal, Marketing, Other	$3,024,000	$63,000	$36	$967,000	$46,000	$33	$3,195,000	$41,000	$34
Soft Cost Contingency	$380,000	$7,900	$5	$130,000	$6,200	$4	$414,000	$5,300	$4
Financing	$3,456,000	$72,000	$41	$1,134,000	$54,000	$39	$3,268,200	$41,900	$35
Total Costs	$50,074,400	$1,043,200	$596	$16,360,100	$779,100	$557	$49,029,031	$628,600	$521
Residual Land Value	$7,382,400	$153,800	$88	$2,492,700	$118,700	$85	$5,327,400	$68,300	$57
per acre	*$3,691,200*			*$3,115,875*			*$2,663,700*		
price PSF land	$85			$72			$61		
			Net Rev			Net Rev			Net Rev
Estimated Land Cost (target value)	$8,712,000	$181,500	as %Costs	$3,484,800	$165,900	as %Costs	$8,712,000	$111,700	as %Costs
Total Cost with Land	$58,786,400	$1,224,700	97.7%	$19,844,900	$945,000	95.0%	$57,741,031	$740,300	94.1%
Feasibility Classification	Marginal Feasibility			Marginal Feasibility			Marginal Feasibility		

Prepared by: Keyser Marston Associates
Filename: \\\\SF-FS2\\wp\\10\\10783\\006\\Boulder Analysis 9-12-23 .xlsx; F1f

Appendix Table FS 1G
For-Sale Pro Forma, Existing Ordinance, Cash In-Lieu at $75 PSF
Inclusionary Housing Analysis
Boulder, CO

	Townhomes / Rowhomes			Small Stacked Condo Project, Three Stories			Larger Stacked Condo Project, Four Stories		
Residential Unit Mix	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF
Market Rate	100%	48	1,750	100%	21	1,400	85%	66	1,250
Middle Income - 120% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Middle Income - 100% AMI	0%	0	1,400	0%	0	1,100	1%	1	970
Middle Income - 80% AMI	0%	0	1,400	0%	0	1,100	1%	1	970
Low/Mod - 71.7% AMI	0%	0	1,400	0%	0	1,100	13%	10	970
	100%	48	1,750	100%	21	1,400	100%	78	1,207
		[100% cash in-lieu]			*[100% cash in-lieu]*		*[half on-site per com benefit reqrm't with 50% discount on remaining CIL]*		
Sale Price		$/Unit	$/NSF		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$1,400,000	$800		$1,050,000	$750		$950,000	$760
Middle Income - 120% AMI		$412,100	$294		$373,460	$340		$359,515	$371
Middle Income - 100% AMI		$338,400	$242		$304,829	$277		$293,285	$302
Middle Income - 80% AMI		$260,200	$186		$235,748	$214		$226,380	$233
Low/Mod - 71.7% AMI		$237,800	$170		$194,814	$177		$188,189	$194
		$1,400,000	$800		$1,050,000	$750		$834,600	$692
Residential Sales	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Sales	$67,200,000	$1,400,000	$800	$22,050,000	$1,050,000	$750	$65,098,800	$834,600	$692
(Less) Closing Costs	($3,024,000)	($63,000)	($36)	($992,250)	($47,300)	($34)	($2,929,446)	($37,600)	($31)
(Less) Risk Adjusted Return	($6,720,000)	($140,000)	($80)	($2,205,000)	($105,000)	($75)	($7,811,856)	($100,200)	($83)
Net Sales Proceeds	$57,456,000	$1,197,000	$684	$18,852,750	$897,800	$641	$54,357,498	$696,900	$577
Development Costs excl. Land									
Direct Construction incl conting.	$33,600,000	$700,000	$400	$10,739,000	$511,400	$365	$35,503,000	$455,200	$377
Fees & Permits	$2,222,400	$46,300	$26	$863,100	$41,100	$29	$2,714,400	$34,800	$29
CIL for IH reqrmt	$6,300,000	$131,250	$75	$2,205,000	$105,000	$75	$1,959,289	$25,119	$21
Warranty and Insurance	$1,344,000	$28,000	$16	$441,000	$21,000	$15	$1,302,000	$16,700	$14
G&A/Overhead	$1,008,000	$21,000	$12	$322,000	$15,300	$11	$1,065,000	$13,700	$11
A&E, Legal, Marketing, Other	$3,024,000	$63,000	$36	$967,000	$46,000	$33	$3,195,000	$41,000	$34
Soft Cost Contingency	$380,000	$7,900	$5	$130,000	$6,200	$4	$414,000	$5,300	$4
Financing	$3,456,000	$72,000	$41	$1,134,000	$54,000	$39	$3,268,200	$41,900	$35
Total Costs	$51,334,400	$1,069,500	$611	$16,801,100	$800,100	$572	$49,420,889	$633,600	$525
Residual Land Value	$6,120,000	$127,500	$73	$2,051,700	$97,700	$70	$4,937,400	$63,300	$52
per acre	*$3,060,000*			*$2,564,625*			*$2,468,700*		
price PSF land	$70			$59			$57		
			Net Rev as %Costs			Net Rev as %Costs			Net Rev as %Costs
Estimated Land Cost (target value)	$8,712,000	$181,500		$3,484,800	$165,900		$8,712,000	$111,700	
Total Cost with Land	$60,046,400	$1,251,000	95.7%	$20,285,900	$966,000	92.9%	$58,132,889	$745,300	93.5%
Feasibility Classification	Marginal Feasibility			Infeasible / Challenged			Marginal Feasibility		

Appendix Table FS 2A
For-Sale Pro Forma, 25% with Income Mix per Existing Ordinance
Inclusionary Housing Analysis
Boulder, CO

	Townhomes / Rowhomes			Small Stacked Condo Project, Three Stories			Larger Stacked Condo Project, Four Stories		
Residential Unit Mix	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF
Market Rate	75%	36	1,750	75%	16	1,400	72%	56	1,250
Middle Income - 120% AMI	4%	2	1,400	4%	1	1,100	5%	4	970
Middle Income - 100% AMI	4%	2	1,400	4%	1	1,100	5%	4	970
Middle Income - 80% AMI	4%	2	1,400	4%	1	1,100	5%	4	970
Low/Mod - 71.7% AMI	13%	6	1,400	13%	3	1,100	14%	11	970
	100%	48	1,663	100%	21	1,325	100%	78	1,172
	[25% on-site, mix low/mod & middle]			*[25% on-site, mix low/mod & middle]*			*[25% on-site, + added 11% 4th floor]*		
Sale Price		$/Unit	$/NSF		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$1,400,000	$800		$1,050,000	$750		$950,000	$760
Middle Income - 120% AMI		$412,100	$294		$373,460	$340		$359,515	$371
Middle Income - 100% AMI		$338,400	$242		$304,829	$277		$293,285	$302
Middle Income - 80% AMI		$260,200	$186		$235,748	$214		$226,380	$233
Low/Mod - 71.7% AMI		$237,800	$170		$194,814	$177		$188,189	$194
		$1,121,800	$675		$849,900	$641		$753,100	$642
Residential Sales	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Sales	$53,846,400	$1,121,800	$675	$17,847,900	$849,900	$641	$58,741,800	$753,100	$642
(Less) Closing Costs	($2,423,088)	($50,500)	($30)	($803,156)	($38,200)	($29)	($2,643,381)	($33,900)	($29)
(Less) Risk Adjusted Return	($5,384,640)	($112,200)	($67)	($1,784,790)	($85,000)	($64)	($7,049,016)	($90,400)	($77)
Net Sales Proceeds	$46,038,672	$959,100	$577	$15,259,955	$726,700	$548	$49,049,403	$628,800	$536
Development Costs excl. Land									
Direct Construction incl conting.	$31,920,000	$665,000	$400	$10,239,000	$487,600	$368	$34,645,000	$444,200	$379
Fees & Permits	$2,112,000	$44,000	$26	$816,900	$38,900	$29	$2,636,400	$33,800	$29
CIL for IH reqrmt	$0	$0	$0	$0	$0	$0	$0	$0	$0
Warranty and Insurance	$1,076,900	$22,400	$13	$357,000	$17,000	$13	$1,174,800	$15,100	$13
G&A/Overhead	$957,600	$20,000	$12	$307,000	$14,600	$11	$1,039,000	$13,300	$11
A&E, Legal, Marketing, Other	$2,872,800	$59,900	$36	$922,000	$43,900	$33	$3,118,000	$40,000	$34
Soft Cost Contingency	$351,000	$7,300	$4	$120,000	$5,700	$4	$398,000	$5,100	$4
Financing	$2,769,600	$57,700	$35	$917,700	$43,700	$33	$2,948,400	$37,800	$32
Total Costs	$42,059,900	$876,200	$527	$13,679,600	$651,400	$492	$45,959,600	$589,200	$503
Residual Land Value	$3,979,200	$82,900	$50	$1,581,300	$75,300	$57	$3,088,800	$39,600	$34
per acre	*$1,989,600*			*$1,976,625*			*$1,544,400*		
price PSF land	$46			$45			$35		
			Net Rev			Net Rev			Net Rev
Estimated Land Cost (target value)	$8,712,000	$181,500	as %Costs	$3,484,800	$165,900	as %Costs	$8,712,000	$111,700	as %Costs
Total Cost with Land	$50,771,900	$1,057,700	90.7%	$17,164,400	$817,300	88.9%	$54,671,600	$700,900	89.7%
Feasibility Classification	Infeasible / Challenged			Infeasible / Challenged			Infeasible / Challenged		

Appendix Table FS 2B
For-Sale Pro Forma, 25% at Low / Mod
Inclusionary Housing Analysis
Boulder, CO

	Townhomes / Rowhomes			Small Stacked Condo Project, Three Stories			Larger Stacked Condo Project, Four Stories		
Residential Unit Mix	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF
Market Rate	75%	36	1,750	75%	16	1,400	72%	56	1,250
Middle Income - 120% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Middle Income - 100% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Middle Income - 80% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Low/Mod - 71.7% AMI	25%	12	1,400	25%	5	1,100	28%	22	970
	100%	48	1,663	100%	21	1,325	100%	78	1,172
	[25% on-site, low/mod]			*[25% on-site, low/mod]*			*[25% on-site, + added 11% 4th floor]*		
Sale Price		$/Unit	$/NSF		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$1,400,000	$800		$1,050,000	$750		$950,000	$760
Middle Income - 120% AMI		$412,100	$294		$373,460	$340		$359,515	$371
Middle Income - 100% AMI		$338,400	$242		$304,829	$277		$293,285	$302
Middle Income - 80% AMI		$260,200	$186		$235,748	$214		$226,380	$233
Low/Mod - 71.7% AMI		$237,800	$170		$194,814	$177		$188,189	$194
		$1,109,500	$667		$836,200	$631		$738,600	$630
Residential Sales	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Sales	$53,256,000	$1,109,500	$667	$17,560,200	$836,200	$631	$57,610,800	$738,600	$630
(Less) Closing Costs	($2,396,520)	($49,900)	($30)	($790,209)	($37,600)	($28)	($2,592,486)	($33,200)	($28)
(Less) Risk Adjusted Return	($5,325,600)	($111,000)	($67)	($1,756,020)	($83,600)	($63)	($6,913,296)	($88,600)	($76)
Net Sales Proceeds	$45,533,880	$948,600	$571	$15,013,971	$715,000	$540	$48,105,018	$616,700	$526
Development Costs excl. Land									
Direct Construction incl conting.	$31,920,000	$665,000	$400	$10,239,000	$487,600	$368	$34,645,000	$444,200	$379
Fees & Permits	$2,112,000	$44,000	$26	$816,900	$38,900	$29	$2,636,400	$33,800	$29
CIL for IH reqrmt	$0	$0	$0	$0	$0	$0	$0	$0	$0
Warranty and Insurance	$1,065,100	$22,200	$13	$351,200	$16,700	$13	$1,152,200	$14,800	$13
G&A/Overhead	$957,600	$20,000	$12	$307,000	$14,600	$11	$1,039,000	$13,300	$11
A&E, Legal, Marketing, Other	$2,872,800	$59,900	$36	$922,000	$43,900	$33	$3,118,000	$40,000	$34
Soft Cost Contingency	$350,000	$7,300	$4	$120,000	$5,700	$4	$397,000	$5,100	$4
Financing	$2,736,000	$57,000	$34	$903,000	$43,000	$32	$2,893,800	$37,100	$32
Total Costs	$42,013,500	$875,300	$526	$13,659,100	$650,400	$491	$45,881,400	$588,200	$502
Residual Land Value	$3,518,400	$73,300	$44	$1,356,600	$64,600	$49	$2,223,000	$28,500	$24
per acre	*$1,759,200*			*$1,695,750*			*$1,111,500*		
price PSF land	$40			$39			$26		
			Net Rev as %Costs			Net Rev as %Costs			Net Rev as %Costs
Estimated Land Cost (target value)	$8,712,000	$181,500		$3,484,800	$165,900		$8,712,000	$111,700	
Total Cost with Land	$50,725,500	$1,056,800	89.8%	$17,143,900	$816,300	87.6%	$54,593,400	$699,900	88.1%
Feasibility Classification	Infeasible / Challenged			Infeasible / Challenged			Infeasible / Challenged		

Appendix Table FS 2C
For-Sale Pro Forma, 25% at 80% AMI
Inclusionary Housing Analysis
Boulder, CO

	Townhomes / Rowhomes			Small Stacked Condo Project, Three Stories			Larger Stacked Condo Project, Four Stories		
Residential Unit Mix	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF
Market Rate	75%	36	1,750	75%	16	1,400	72%	56	1,250
Middle Income - 120% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Middle Income - 100% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Middle Income - 80% AMI	25%	12	1,400	25%	5	1,100	28%	22	970
Low/Mod - 71.7% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
	100%	48	1,663	100%	21	1,325	100%	78	1,172
	[25% on-site, middle@80%AMI]			*[25% on-site, middle@80%AMI]*			*[25% on-site, + added 11% 4th floor]*		
Sale Price		$/Unit	$/NSF		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$1,400,000	$800		$1,050,000	$750		$950,000	$760
Middle Income - 120% AMI		$412,100	$294		$373,460	$340		$359,515	$371
Middle Income - 100% AMI		$338,400	$242		$304,829	$277		$293,285	$302
Middle Income - 80% AMI		$260,200	$186		$235,748	$214		$226,380	$233
Low/Mod - 71.7% AMI		$237,800	$170		$194,814	$177		$188,189	$194
		$1,115,100	$671		$846,400	$639		$749,200	$639
Residential Sales	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Sales	$53,524,800	$1,115,100	$671	$17,774,400	$846,400	$639	$58,437,600	$749,200	$639
(Less) Closing Costs	($2,408,616)	($50,200)	($30)	($799,848)	($38,100)	($29)	($2,629,692)	($33,700)	($29)
(Less) Risk Adjusted Return	($5,352,480)	($111,500)	($67)	($1,777,440)	($84,600)	($64)	($7,012,512)	($89,900)	($77)
Net Sales Proceeds	$45,763,704	$953,400	$573	$15,197,112	$723,700	$546	$48,795,396	$625,600	$534
Development Costs excl. Land									
Direct Construction incl conting.	$31,920,000	$665,000	$400	$10,239,000	$487,600	$368	$34,645,000	$444,200	$379
Fees & Permits	$2,112,000	$44,000	$26	$816,900	$38,900	$29	$2,636,400	$33,800	$29
CIL for IH reqrmt	$0	$0	$0	$0	$0	$0	$0	$0	$0
Warranty and Insurance	$1,070,500	$22,300	$13	$355,500	$16,900	$13	$1,168,800	$15,000	$13
G&A/Overhead	$957,600	$20,000	$12	$307,000	$14,600	$11	$1,039,000	$13,300	$11
A&E, Legal, Marketing, Other	$2,872,800	$59,900	$36	$922,000	$43,900	$33	$3,118,000	$40,000	$34
Soft Cost Contingency	$351,000	$7,300	$4	$120,000	$5,700	$4	$398,000	$5,100	$4
Financing	$2,750,400	$57,300	$34	$913,500	$43,500	$33	$2,932,800	$37,600	$32
Total Costs	$42,034,300	$875,700	$527	$13,673,900	$651,100	$491	$45,938,000	$588,900	$502
Residual Land Value	$3,729,600	$77,700	$47	$1,524,600	$72,600	$55	$2,862,600	$36,700	$31
per acre	*$1,864,800*			*$1,905,750*			*$1,431,300*		
price PSF land	$43			$44			$33		
			Net Rev			Net Rev			Net Rev
Estimated Land Cost (target value)	$8,712,000	$181,500	as %Costs	$3,484,800	$165,900	as %Costs	$8,712,000	$111,700	as %Costs
Total Cost with Land	$50,746,300	$1,057,200	90.2%	$17,158,700	$817,000	88.6%	$54,650,000	$700,600	89.3%
Feasibility Classification	Infeasible / Challenged			Infeasible / Challenged			Infeasible / Challenged		

Appendix Table FS 2D
For-Sale Pro Forma, 25% at 100% AMI
Inclusionary Housing Analysis
Boulder, CO

	Townhomes / Rowhomes			Small Stacked Condo Project, Three Stories			Larger Stacked Condo Project, Four Stories		
Residential Unit Mix	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF
Market Rate	75%	36	1,750	75%	16	1,400	72%	56	1,250
Middle Income - 120% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Middle Income - 100% AMI	25%	12	1,400	25%	5	1,100	28%	22	970
Middle Income - 80% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Low/Mod - 71.7% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
	100%	48	1,663	100%	21	1,325	100%	78	1,172
	[25% on-site, middle@100% AMI]			*[25% on-site, middle@100% AMI]*			*[25% on-site, + added 11% 4th floor]*		
Sale Price		$/Unit	$/NSF		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$1,400,000	$800		$1,050,000	$750		$950,000	$760
Middle Income - 120% AMI		$412,100	$294		$373,460	$340		$359,515	$371
Middle Income - 100% AMI		$338,400	$242		$304,829	$277		$293,285	$302
Middle Income - 80% AMI		$260,200	$186		$235,748	$214		$226,380	$233
Low/Mod - 71.7% AMI		$237,800	$170		$194,814	$177		$188,189	$194
		$1,134,600	$682		$863,700	$652		$767,800	$655
Residential Sales	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Sales	$54,460,800	$1,134,600	$682	$18,137,700	$863,700	$652	$59,888,400	$767,800	$655
(Less) Closing Costs	($2,450,736)	($51,100)	($31)	($816,197)	($38,900)	($29)	($2,694,978)	($34,600)	($30)
(Less) Risk Adjusted Return	($5,446,080)	($113,500)	($68)	($1,813,770)	($86,400)	($65)	($7,186,608)	($92,100)	($79)
Net Sales Proceeds	$46,563,984	$970,100	$584	$15,507,734	$738,500	$557	$50,006,814	$641,100	$547
Development Costs excl. Land									
Direct Construction incl conting.	$31,920,000	$665,000	$400	$10,239,000	$487,600	$368	$34,645,000	$444,200	$379
Fees & Permits	$2,112,000	$44,000	$26	$816,900	$38,900	$29	$2,636,400	$33,800	$29
CIL for IH reqrmt	$0	$0	$0	$0	$0	$0	$0	$0	$0
Warranty and Insurance	$1,089,200	$22,700	$14	$362,800	$17,300	$13	$1,197,800	$15,400	$13
G&A/Overhead	$957,600	$20,000	$12	$307,000	$14,600	$11	$1,039,000	$13,300	$11
A&E, Legal, Marketing, Other	$2,872,800	$59,900	$36	$922,000	$43,900	$33	$3,118,000	$40,000	$34
Soft Cost Contingency	$352,000	$7,300	$4	$120,000	$5,700	$4	$400,000	$5,100	$4
Financing	$2,798,400	$58,300	$35	$932,400	$44,400	$34	$3,003,000	$38,500	$33
Total Costs	$42,102,000	$877,100	$528	$13,700,100	$652,400	$492	$46,039,200	$590,200	$503
Residual Land Value	$4,464,000	$93,000	$56	$1,808,100	$86,100	$65	$3,970,200	$50,900	$43
per acre	*$2,232,000*			*$2,260,125*			*$1,985,100*		
price PSF land	$51			$52			$46		
			Net Rev as %Costs			Net Rev as %Costs			Net Rev as %Costs
Estimated Land Cost (target value)	$8,712,000	$181,500		$3,484,800	$165,900		$8,712,000	$111,700	
Total Cost with Land	$50,814,000	$1,058,600	91.6%	$17,184,900	$818,300	90.2%	$54,751,200	$701,900	91.3%
Feasibility Classification	Infeasible / Challenged			Infeasible / Challenged			Infeasible / Challenged		

Prepared by: Keyser Marston Associates
Filename: \\SF-FS2\wp\10\10783\006\Boulder Analysis 9-12-23 .xlsx; F2d

Appendix Table FS 2E
For-Sale Pro Forma, 25% at 120% AMI
Inclusionary Housing Analysis
Boulder, CO

	Townhomes / Rowhomes			Small Stacked Condo Project, Three Stories			Larger Stacked Condo Project, Four Stories		
Residential Unit Mix	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF
Market Rate	75%	36	1,750	75%	16	1,400	72%	56	1,250
Middle Income - 120% AMI	25%	12	1,400	25%	5	1,100	28%	22	970
Middle Income - 100% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Middle Income - 80% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Low/Mod - 71.7% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
	100%	48	1,663	100%	21	1,325	100%	78	1,172
	[25% on-site, middle@120% AMI]			*[25% on-site, middle@120% AMI]*			*[25% on-site, + added 11% 4th floor]*		
Sale Price		$/Unit	$/NSF		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$1,400,000	$800		$1,050,000	$750		$950,000	$760
Middle Income - 120% AMI		$412,100	$294		$373,460	$340		$359,515	$371
Middle Income - 100% AMI		$338,400	$242		$304,829	$277		$293,285	$302
Middle Income - 80% AMI		$260,200	$186		$235,748	$214		$226,380	$233
Low/Mod - 71.7% AMI		$237,800	$170		$194,814	$177		$188,189	$194
		$1,153,000	$694		$880,900	$665		$786,100	$671
Residential Sales	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Sales	$55,344,000	$1,153,000	$694	$18,498,900	$880,900	$665	$61,315,800	$786,100	$671
(Less) Closing Costs	($2,490,480)	($51,900)	($31)	($832,451)	($39,600)	($30)	($2,759,211)	($35,400)	($30)
(Less) Risk Adjusted Return	($5,534,400)	($115,300)	($69)	($1,849,890)	($88,100)	($66)	($7,357,896)	($94,300)	($80)
Net Sales Proceeds	$47,319,120	$985,800	$593	$15,816,560	$753,200	$568	$51,198,693	$656,400	$560
Development Costs excl. Land									
Direct Construction incl conting.	$31,920,000	$665,000	$400	$10,239,000	$487,600	$368	$34,645,000	$444,200	$379
Fees & Permits	$2,112,000	$44,000	$26	$816,900	$38,900	$29	$2,636,400	$33,800	$29
CIL for IH reqrmt	$0	$0	$0	$0	$0	$0	$0	$0	$0
Warranty and Insurance	$1,106,900	$23,100	$14	$370,000	$17,600	$13	$1,226,300	$15,700	$13
G&A/Overhead	$957,600	$20,000	$12	$307,000	$14,600	$11	$1,039,000	$13,300	$11
A&E, Legal, Marketing, Other	$2,872,800	$59,900	$36	$922,000	$43,900	$33	$3,118,000	$40,000	$34
Soft Cost Contingency	$352,000	$7,300	$4	$121,000	$5,800	$4	$401,000	$5,100	$4
Financing	$2,846,400	$59,300	$36	$951,300	$45,300	$34	$3,081,000	$39,500	$34
Total Costs	$42,167,700	$878,500	$528	$13,727,200	$653,700	$493	$46,146,700	$591,600	$505
Residential Land Value	$5,150,400	$107,300	$65	$2,089,500	$99,500	$75	$5,054,400	$64,800	$55
per acre	*$2,575,200*			*$2,611,875*			*$2,527,200*		
price PSF land	$59			$60			$58		
			Net Rev			Net Rev			Net Rev
Estimated Land Cost (target value)	$8,712,000	$181,500	as %Costs	$3,484,800	$165,900	as %Costs	$8,712,000	$111,700	as %Costs
Total Cost with Land	$50,879,700	$1,060,000	93.0%	$17,212,000	$819,600	91.9%	$54,858,700	$703,300	93.3%
Feasibility Classification	Marginal Feasibility			Infeasible / Challenged			Marginal Feasibility		

Appendix Table FS 3A
For-Sale Pro Forma, Mix of Low/Mod and Middle at 80% and 100% Representing Similar Cost to Existing CIL
Inclusionary Housing Analysis
Boulder, CO

	Townhomes / Rowhomes			Small Stacked Condo Project, Three Stories			Larger Stacked Condo Project, Four Stories		
Residential Unit Mix	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF
Market Rate	86%	41	1,750	86%	18	1,400	83%	65	1,250
Middle Income - 120% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Middle Income - 100% AMI	5%	2	1,400	5%	1	1,100	6%	4	970
Middle Income - 80% AMI	5%	2	1,400	5%	1	1,100	6%	4	970
Low/Mod - 71.7% AMI	5%	2	1,400	5%	1	1,100	6%	4	970
	100%	48	1,701	100%	21	1,358	100%	78	1,203
	[13.9% on-site, mix low/mod & middle]			*[13.9% on-site, mix low/mod & middle]*			*[13.9% on-site, + added 11% 4th floor]*		
Sale Price		$/Unit	$/NSF		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$1,400,000	$800		$1,050,000	$750		$950,000	$760
Middle Income - 120% AMI		$412,100	$294		$373,460	$340		$359,515	$371
Middle Income - 100% AMI		$338,400	$242		$304,829	$277		$293,285	$302
Middle Income - 80% AMI		$260,200	$186		$235,748	$214		$226,380	$233
Low/Mod - 71.7% AMI		$237,800	$170		$194,814	$177		$188,189	$194
		$1,244,200	$731		$938,100	$691		$831,100	$691
Residential Sales	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Sales	$59,721,600	$1,244,200	$731	$19,700,100	$938,100	$691	$64,825,800	$831,100	$691
(Less) Closing Costs	($2,687,472)	($56,000)	($33)	($886,505)	($42,200)	($31)	($2,917,161)	($37,400)	($31)
(Less) Risk Adjusted Return	($5,972,160)	($124,400)	($73)	($1,970,010)	($93,800)	($69)	($7,779,096)	($99,700)	($83)
Net Sales Proceeds	$51,061,968	$1,063,800	$625	$16,843,586	$802,100	$591	$54,129,543	$694,000	$577
Development Costs excl. Land									
Direct Construction incl conting.	$32,665,920	$680,500	$400	$10,461,000	$498,100	$367	$35,416,000	$454,100	$377
Fees & Permits	$2,160,000	$45,000	$26	$837,900	$39,900	$29	$2,706,600	$34,700	$29
CIL for IH reqrmt	$0	$0	$0	$0	$0	$0	$0	$0	$0
Warranty and Insurance	$1,194,400	$24,900	$15	$394,000	$18,800	$14	$1,296,500	$16,600	$14
G&A/Overhead	$979,978	$20,400	$12	$314,000	$15,000	$11	$1,062,000	$13,600	$11
A&E, Legal, Marketing, Other	$2,939,933	$61,200	$36	$941,000	$44,800	$33	$3,187,000	$40,900	$34
Soft Cost Contingency	$364,000	$7,600	$4	$124,000	$5,900	$4	$413,000	$5,300	$4
Financing	$3,072,000	$64,000	$38	$1,012,200	$48,200	$35	$3,252,600	$41,700	$35
Total Costs	$43,376,230	$903,700	$531	$14,084,100	$670,700	$494	$47,333,700	$606,800	$504
Residual Land Value	$7,684,800	$160,100	$94	$2,759,400	$131,400	$97	$6,801,600	$87,200	$72
per acre	*$3,842,400*			*$3,449,250*			*$3,400,800*		
price PSF land	$88			$79			$78		
			Net Rev			Net Rev			Net Rev
Estimated Land Cost (target value)	$8,712,000	$181,500	as %Costs	$3,484,800	$165,900	as %Costs	$8,712,000	$111,700	as %Costs
Total Cost with Land	$52,088,230	$1,085,200	98.0%	$17,568,900	$836,600	95.9%	$56,045,700	$718,500	96.6%
Feasibility Classification	Feasible			Marginal Feasibility			Marginal Feasibility		

Appendix Table FS 3B
For-Sale Pro Forma, Middle Income Representing Similar Cost to Existing CIL
Inclusionary Housing Analysis
Boulder, CO

	Townhomes / Rowhomes			Small Stacked Condo Project, Three Stories			Larger Stacked Condo Project, Four Stories		
Residential Unit Mix	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF
Market Rate	85%	41	1,750	85%	18	1,400	83%	64	1,250
Middle Income - 120% AMI	5%	2	1,400	5%	1	1,100	6%	5	970
Middle Income - 100% AMI	5%	2	1,400	5%	1	1,100	6%	5	970
Middle Income - 80% AMI	5%	2	1,400	5%	1	1,100	6%	5	970
Low/Mod - 71.7% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
	100%	48	1,699	100%	21	1,356	100%	78	1,201
	[14.7% on-site, middle income]			*[14.7% on-site, middle income]*			*[14.7% on-site, + added 11% 4th floor]*		
Sale Price		$/Unit	$/NSF		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$1,400,000	$800		$1,050,000	$750		$950,000	$760
Middle Income - 120% AMI		$412,100	$294		$373,460	$340		$359,515	$371
Middle Income - 100% AMI		$338,400	$242		$304,829	$277		$293,285	$302
Middle Income - 80% AMI		$260,200	$186		$235,748	$214		$226,380	$233
Low/Mod - 71.7% AMI		$237,800	$170		$194,814	$177		$188,189	$194
		$1,243,700	$732		$940,400	$694		$835,400	$696
Residential Sales	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Sales	$59,697,600	$1,243,700	$732	$19,748,400	$940,400	$694	$65,161,200	$835,400	$696
(Less) Closing Costs	($2,686,392)	($56,000)	($33)	($888,678)	($42,300)	($31)	($2,932,254)	($37,600)	($31)
(Less) Risk Adjusted Return	($5,969,760)	($124,400)	($73)	($1,974,840)	($94,000)	($69)	($7,819,344)	($100,200)	($83)
Net Sales Proceeds	$51,041,448	$1,063,400	$626	$16,884,882	$804,000	$593	$54,409,602	$697,600	$581
Development Costs excl. Land									
Direct Construction incl conting.	$32,612,160	$679,400	$400	$10,445,000	$497,400	$367	$35,360,000	$453,300	$377
Fees & Permits	$2,160,000	$45,000	$26	$837,900	$39,900	$29	$2,698,800	$34,600	$29
CIL for IH reqrmt	$0	$0	$0	$0	$0	$0	$0	$0	$0
Warranty and Insurance	$1,194,000	$24,900	$15	$395,000	$18,800	$14	$1,303,200	$16,700	$14
G&A/Overhead	$978,365	$20,400	$12	$313,000	$14,900	$11	$1,061,000	$13,600	$11
A&E, Legal, Marketing, Other	$2,935,094	$61,100	$36	$940,000	$44,800	$33	$3,182,000	$40,800	$34
Soft Cost Contingency	$363,000	$7,600	$4	$124,000	$5,900	$4	$412,000	$5,300	$4
Financing	$3,067,200	$63,900	$38	$1,014,300	$48,300	$36	$3,268,200	$41,900	$35
Total Costs	$43,309,819	$902,300	$531	$14,069,200	$670,000	$494	$47,285,200	$606,200	$505
Residual Land Value	$7,732,800	$161,100	$95	$2,814,000	$134,000	$99	$7,129,200	$91,400	$76
per acre	*$3,866,400*			*$3,517,500*			*$3,564,600*		
price PSF land	$89			$81			$82		
			Net Rev as %Costs			Net Rev as %Costs			Net Rev as %Costs
Estimated Land Cost (target value)	$8,712,000	$181,500		$3,484,800	$165,900		$8,712,000	$111,700	
Total Cost with Land	$52,021,819	$1,083,800	98.1%	$17,554,000	$835,900	96.2%	$55,997,200	$717,900	97.2%
Feasibility Classification	Feasible			Marginal Feasibility			Marginal Feasibility		

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Appendix Table FS 3C
For-Sale Pro Forma, Low/Mod Requirement Representing Similar Cost to Existing CIL
Inclusionary Housing Analysis
Boulder, CO

	Townhomes / Rowhomes			Small Stacked Condo Project, Three Stories			Larger Stacked Condo Project, Four Stories		
Residential Unit Mix	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF
Market Rate	87%	42	1,750	87%	18	1,400	84%	66	1,250
Middle Income - 120% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Middle Income - 100% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Middle Income - 80% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Low/Mod - 71.7% AMI	13.2%	6	1,400	13.2%	3	1,100	16.0%	12	970
	100%	48	1,704	100%	21	1,360	100%	78	1,205
	[13.2% on-site, low/mod]			*[13.2% on-site, low/mod]*			*[13.2% on-site, + added 11% 4th floor]*		
Sale Price		$/Unit	$/NSF		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$1,400,000	$800		$1,050,000	$750		$950,000	$760
Middle Income - 120% AMI		$412,100	$294		$373,460	$340		$359,515	$371
Middle Income - 100% AMI		$338,400	$242		$304,829	$277		$293,285	$302
Middle Income - 80% AMI		$260,200	$186		$235,748	$214		$226,380	$233
Low/Mod - 71.7% AMI		$237,800	$170		$194,814	$177		$188,189	$194
		$1,246,600	$732		$937,100	$689		$828,500	$687
Residential Sales	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Sales	$59,836,800	$1,246,600	$732	$19,679,100	$937,100	$689	$64,623,000	$828,500	$687
(Less) Closing Costs	($2,692,656)	($56,100)	($33)	($885,560)	($42,200)	($31)	($2,908,035)	($37,300)	($31)
(Less) Risk Adjusted Return	($5,983,680)	($124,700)	($73)	($1,967,910)	($93,700)	($69)	($7,754,760)	($99,400)	($82)
Net Sales Proceeds	$51,160,464	$1,065,800	$626	$16,825,631	$801,200	$589	$53,960,205	$691,800	$574
Development Costs excl. Land									
Direct Construction incl conting.	$32,712,960	$681,500	$400	$10,475,000	$498,800	$367	$35,464,000	$454,700	$377
Fees & Permits	$2,164,800	$45,100	$26	$840,000	$40,000	$29	$2,706,600	$34,700	$29
CIL for IH reqrmt	$0	$0	$0	$0	$0	$0	$0	$0	$0
Warranty and Insurance	$1,196,700	$24,900	$15	$393,600	$18,700	$14	$1,292,500	$16,600	$14
G&A/Overhead	$981,389	$20,400	$12	$314,000	$15,000	$11	$1,064,000	$13,600	$11
A&E, Legal, Marketing, Other	$2,944,166	$61,300	$36	$943,000	$44,900	$33	$3,192,000	$40,900	$34
Soft Cost Contingency	$364,000	$7,600	$4	$125,000	$6,000	$4	$413,000	$5,300	$4
Financing	$3,076,800	$64,100	$38	$1,012,200	$48,200	$35	$3,244,800	$41,600	$35
Total Costs	$43,440,815	$905,000	$531	$14,102,800	$671,600	$494	$47,376,900	$607,400	$504
Residual Land Value	$7,718,400	$160,800	$94	$2,721,600	$129,600	$95	$6,583,200	$84,400	$70
per acre	*$3,859,200*			*$3,402,000*			*$3,291,600*		
price PSF land	$89			$78			$76		
			Net Rev			Net Rev			Net Rev
Estimated Land Cost (target value)	$8,712,000	$181,500	as %Costs	$3,484,800	$165,900	as %Costs	$8,712,000	$111,700	as %Costs
Total Cost with Land	$52,152,815	$1,086,500	98.1%	$17,587,600	$837,500	95.7%	$56,088,900	$719,100	96.2%
Feasibility Classification	Feasible			Marginal Feasibility			Marginal Feasibility		

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Appendix Table FS 3D
For-Sale Pro Forma, 80% AMI Requirement Representing Similar Cost to Existing CIL
Inclusionary Housing Analysis
Boulder, CO

	Townhomes / Rowhomes			Small Stacked Condo Project, Three Stories			Larger Stacked Condo Project, Four Stories		
Residential Unit Mix	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF
Market Rate	86%	41	1,750	86%	18	1,400	84%	65	1,250
Middle Income - 120% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Middle Income - 100% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Middle Income - 80% AMI	13.6%	7	1,400	13.6%	3	1,100	16%	13	970
Low/Mod - 71.7% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
	100%	48	1,702	100%	21	1,359	100%	78	1,204
	[13.6% on-site, all MI at 80% AMI]			*[13.6% on-site, all MI at 80% AMI]*			*[13.6% on-site, + added 11% 4th floor]*		
Sale Price		$/Unit	$/NSF		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$1,400,000	$800		$1,050,000	$750		$950,000	$760
Middle Income - 120% AMI		$412,100	$294		$373,460	$340		$359,515	$371
Middle Income - 100% AMI		$338,400	$242		$304,829	$277		$293,285	$302
Middle Income - 80% AMI		$260,200	$186		$235,748	$214		$226,380	$233
Low/Mod - 71.7% AMI		$237,800	$170		$194,814	$177		$188,189	$194
		$1,245,000	$731		$939,300	$691		$831,700	$691
Residential Sales	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Sales	$59,760,000	$1,245,000	$731	$19,725,300	$939,300	$691	$64,872,600	$831,700	$691
(Less) Closing Costs	($2,689,200)	($56,000)	($33)	($887,639)	($42,300)	($31)	($2,919,267)	($37,400)	($31)
(Less) Risk Adjusted Return	($5,976,000)	($124,500)	($73)	($1,972,530)	($93,900)	($69)	($7,784,712)	($99,800)	($83)
Net Sales Proceeds	$51,094,800	$1,064,500	$625	$16,865,132	$803,100	$591	$54,168,621	$694,500	$577
Development Costs excl. Land									
Direct Construction incl conting.	$32,686,080	$681,000	$400	$10,467,000	$498,400	$367	$35,436,000	$454,300	$377
Fees & Permits	$2,164,800	$45,100	$26	$840,000	$40,000	$29	$2,706,600	$34,700	$29
CIL for IH reqrmt	$0	$0	$0	$0	$0	$0	$0	$0	$0
Warranty and Insurance	$1,195,200	$24,900	$15	$394,500	$18,800	$14	$1,297,500	$16,600	$14
G&A/Overhead	$980,582	$20,400	$12	$314,000	$15,000	$11	$1,063,000	$13,600	$11
A&E, Legal, Marketing, Other	$2,941,747	$61,300	$36	$942,000	$44,900	$33	$3,189,000	$40,900	$34
Soft Cost Contingency	$364,000	$7,600	$4	$125,000	$6,000	$4	$413,000	$5,300	$4
Financing	$3,072,000	$64,000	$38	$1,014,300	$48,300	$36	$3,260,400	$41,800	$35
Total Costs	$43,404,410	$904,300	$531	$14,096,800	$671,300	$494	$47,365,500	$607,300	$504
Residual Land Value	$7,689,600	$160,200	$94	$2,767,800	$131,800	$97	$6,801,600	$87,200	$72
per acre	*$3,844,800*			*$3,459,750*			*$3,400,800*		
price PSF land	$88			$79			$78		
			Net Rev as %Costs			Net Rev as %Costs			Net Rev as %Costs
Estimated Land Cost (target value)	$8,712,000	$181,500		$3,484,800	$165,900		$8,712,000	$111,700	
Total Cost with Land	$52,116,410	$1,085,800	98.0%	$17,581,600	$837,200	95.9%	$56,077,500	$719,000	96.6%
Feasibility Classification	Feasible			Marginal Feasibility			Marginal Feasibility		

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Appendix Table FS 3E
For-Sale Pro Forma, 100% AMI Requirement Representing Similar Cost to Existing CIL
Inclusionary Housing Analysis
Boulder, CO

	Townhomes / Rowhomes			Small Stacked Condo Project, Three Stories			Larger Stacked Condo Project, Four Stories		
Residential Unit Mix	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF
Market Rate	85%	41	1,750	85%	18	1,400	82%	64	1,250
Middle Income - 120% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Middle Income - 100% AMI	14.9%	7	1,400	15%	3	1,100	18%	14	970
Middle Income - 80% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Low/Mod - 71.7% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
	100%	48	1,698	100%	21	1,355	100%	78	1,201
	[14.9% on-site, all MI at 100% AMI]			*[14.9% on-site, all MI at 100% AMI]*			*[14.9% on-site, + added 11% 4th floor]*		
Sale Price		$/Unit	$/NSF		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$1,400,000	$800		$1,050,000	$750		$950,000	$760
Middle Income - 120% AMI		$412,100	$294		$373,460	$340		$359,515	$371
Middle Income - 100% AMI		$338,400	$242		$304,829	$277		$293,285	$302
Middle Income - 80% AMI		$260,200	$186		$235,748	$214		$226,380	$233
Low/Mod - 71.7% AMI		$237,800	$170		$194,814	$177		$188,189	$194
		$1,241,800	$731		$939,000	$693		$834,100	$695
Residential Sales	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Sales	$59,606,400	$1,241,800	$731	$19,719,000	$939,000	$693	$65,059,800	$834,100	$695
(Less) Closing Costs	($2,682,288)	($55,900)	($33)	($887,355)	($42,300)	($31)	($2,927,691)	($37,500)	($31)
(Less) Risk Adjusted Return	($5,960,640)	($124,200)	($73)	($1,971,900)	($93,900)	($69)	($7,807,176)	($100,100)	($83)
Net Sales Proceeds	$50,963,472	$1,061,700	$625	$16,859,745	$802,800	$592	$54,324,933	$696,500	$580
Development Costs excl. Land									
Direct Construction incl conting.	$32,598,720	$679,100	$400	$10,441,000	$497,200	$367	$35,346,000	$453,200	$377
Fees & Permits	$2,155,200	$44,900	$26	$835,800	$39,800	$29	$2,698,800	$34,600	$29
CIL for IH reqrmt	$0	$0	$0	$0	$0	$0	$0	$0	$0
Warranty and Insurance	$1,192,100	$24,800	$15	$394,400	$18,800	$14	$1,301,200	$16,700	$14
G&A/Overhead	$977,962	$20,400	$12	$313,000	$14,900	$11	$1,060,000	$13,600	$11
A&E, Legal, Marketing, Other	$2,933,885	$61,100	$36	$940,000	$44,800	$33	$3,181,000	$40,800	$34
Soft Cost Contingency	$363,000	$7,600	$4	$124,000	$5,900	$4	$412,000	$5,300	$4
Financing	$3,062,400	$63,800	$38	$1,014,300	$48,300	$36	$3,268,200	$41,900	$35
Total Costs	$43,283,266	$901,700	$531	$14,062,500	$669,600	$494	$47,267,200	$606,000	$505
Residual Land Value	$7,680,000	$160,000	$94	$2,797,200	$133,200	$98	$7,059,000	$90,500	$75
per acre	*$3,840,000*			*$3,496,500*			*$3,529,500*		
price PSF land	$88			$80			$81		
			Net Rev as %Costs			Net Rev as %Costs			Net Rev as %Costs
Estimated Land Cost (target value)	$8,712,000	$181,500		$3,484,800	$165,900		$8,712,000	$111,700	
Total Cost with Land	$51,995,266	$1,083,200	98.0%	$17,547,300	$835,500	96.1%	$55,979,200	$717,700	97.0%
Feasibility Classification	Feasible			Marginal Feasibility			Marginal Feasibility		

Prepared by: Keyser Marston Associates
Filename: \\SF-FS2\wp\10\10783\006\Boulder Analysis 9-12-23 .xlsx; F3e

Appendix Table FS 4A
For-Sale Pro Forma, No Requirement
Inclusionary Housing Analysis
Boulder, CO

	Townhomes / Rowhomes			Small Stacked Condo Project, Three Stories			Larger Stacked Condo Project, Four Stories		
Residential Unit Mix	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF
Market Rate	100%	48	1,750	100%	21	1,400	100%	78	1,250
Middle Income - 120% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Middle Income - 100% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Middle Income - 80% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
Low/Mod - 71.7% AMI	0%	0	1,400	0%	0	1,100	0%	0	970
	100%	48	1,750	100%	21	1,400	100%	78	1,250
	[100% cash in-lieu]			*[100% cash in-lieu]*			*[half on-site per com benefit reqrm't]*		
Sale Price		$/Unit	$/NSF		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$1,400,000	$800		$1,050,000	$750		$950,000	$760
Middle Income - 120% AMI		$412,100	$294		$373,460	$340		$359,515	$371
Middle Income - 100% AMI		$338,400	$242		$304,829	$277		$293,285	$302
Middle Income - 80% AMI		$260,200	$186		$235,748	$214		$226,380	$233
Low/Mod - 71.7% AMI		$237,800	$170		$194,814	$177		$188,189	$194
		$1,400,000	$800		$1,050,000	$750		$950,000	$760
Residential Sales	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Sales	$67,200,000	$1,400,000	$800	$22,050,000	$1,050,000	$750	$74,100,000	$950,000	$760
(Less) Closing Costs	($3,024,000)	($63,000)	($36)	($992,250)	($47,300)	($34)	($3,334,500)	($42,800)	($34)
(Less) Risk Adjusted Return	($6,720,000)	($140,000)	($80)	($2,205,000)	($105,000)	($75)	($8,892,000)	($114,000)	($91)
Net Sales Proceeds	$57,456,000	$1,197,000	$684	$18,852,750	$897,800	$641	$61,873,500	$793,300	$635
Development Costs excl. Land									
Direct Construction incl conting.	$33,600,000	$700,000	$400	$10,739,000	$511,400	$365	$36,571,000	$468,900	$375
Fees & Permits	$2,222,400	$46,300	$26	$863,100	$41,100	$29	$2,808,000	$36,000	$29
CIL for IH reqrmt	$0	$0	$0	$0	$0	$0	$0	$0	$0
Warranty and Insurance	$1,344,000	$28,000	$16	$441,000	$21,000	$15	$1,482,000	$19,000	$15
G&A/Overhead	$1,008,000	$21,000	$12	$322,000	$15,300	$11	$1,097,000	$14,100	$11
A&E, Legal, Marketing, Other	$3,024,000	$63,000	$36	$967,000	$46,000	$33	$3,291,000	$42,200	$34
Soft Cost Contingency	$380,000	$7,900	$5	$130,000	$6,200	$4	$434,000	$5,600	$4
Financing	$3,456,000	$72,000	$41	$1,134,000	$54,000	$39	$3,720,600	$47,700	$38
Total Costs	$45,034,400	$938,200	$536	$14,596,100	$695,100	$497	$49,403,600	$633,400	$507
Residual Land Value	$12,422,400	$258,800	$148	$4,256,700	$202,700	$145	$12,472,200	$159,900	$128
per acre	*$6,211,200*			*$5,320,875*			*$6,236,100*		
price PSF land	$143			$122			$143		
			Net Rev as %Costs			Net Rev as %Costs			Net Rev as %Costs
Estimated Land Cost (target value)	$8,712,000	$181,500		$3,484,800	$165,900		$8,712,000	$111,700	
Total Cost with Land	$53,746,400	$1,119,700	106.9%	$18,080,900	$861,000	104.3%	$58,115,600	$745,100	106.5%
Feasibility Classification	Feasible			Feasible			Feasible		

Appendix Table FS 5A
Townhomes, Reduced Density
Inclusionary Housing Analysis
Boulder, CO

	Townhomes, Reduced Density		
Site Size/Density	2 acres		11 du/ac.
	two story wood frame		
Residential Unit Mix	% of Units	No. Units	Unit SF
Market Rate	100%	22	1,750
Middle Income - 120% AMI	0%	0	1,400
Middle Income - 100% AMI	0%	0	1,400
Middle Income - 80% AMI	0%	0	1,400
Low/Mod - 71.7% AMI	0%	0	1,400
	100%	22	1,750
	[100% cash in-lieu]		
Sale Price		$/Unit	$/NSF
Market Rate		$1,085,000	$620
Middle Income - 120% AMI		$412,100	$294
Middle Income - 100% AMI		$338,400	$242
Middle Income - 80% AMI		$260,200	$186
Low/Mod - 71.7% AMI		$237,800	$170
		$1,085,000	$620
Residential Sales	Total	$/Unit	$/NSF
Gross Sales	$23,870,000	$1,085,000	$620
(Less) Closing Costs	($1,074,150)	($48,800)	($28)
(Less) Risk Adjusted Return	($2,387,000)	($108,500)	($62)
Net Sales Proceeds	$20,408,850	$927,700	$530
Development Costs excl. Land			
Total Directs	$9,240,000	$420,000	$240
Fees & Permits	$1,018,600	$46,300	$26
CIL for IH reqrmt @$50 PSF	$1,925,000	$87,500	$50
Warranty and Insurance	$477,400	$21,700	$12
G&A/Overhead	$277,200	$12,600	$7
A&E, Legal, Marketing, Other	$831,600	$37,800	$22
Soft Cost Contingency	$130,000	$5,900	$3
Financing	$1,227,600	$55,800	$32
Total Costs	$15,127,400	$687,600	$393
Residual Land Value	$5,282,200	$240,100	$137
per acre	*$2,641,100*		
price PSF land	$61		
			Net Rev as %Costs
Estimated Land Cost @$60/SF	$5,227,200	$237,600	
Total Cost with Land	$20,354,600	$925,200	100.3%
Feasibility Classification	Feasible		

Appendix Table FS 5B
For-Sale Pro Forma, 25% with Income Mix per Existing Ordinance - Sensitivity with $900 / SF Market Pricing, No Change to Land Cost Estimate
Inclusionary Housing Analysis
Boulder, CO

	Townhomes / Rowhomes			Small Stacked Condo Project, Three Stories			Larger Stacked Condo Project, Four Stories		
Residential Unit Mix	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF
Market Rate	75%	36	1,750	75%	16	1,400	72%	56	1,250
Middle Income - 120% AMI	4%	2	1,400	4%	1	1,100	5%	4	970
Middle Income - 100% AMI	4%	2	1,400	4%	1	1,100	5%	4	970
Middle Income - 80% AMI	4%	2	1,400	4%	1	1,100	5%	4	970
Low/Mod - 71.7% AMI	13%	6	1,400	13%	3	1,100	14%	11	970
	100%	48	1,663	100%	21	1,325	100%	78	1,172
	[25% on-site, mix low/mod & middle]			*[25% on-site, mix low/mod & middle]*			*[25% on-site, + added 11% 4th floor]*		
Sale Price		$/Unit	$/NSF		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$1,575,000	$900		$1,260,000	$900		$1,125,000	$900
Middle Income - 120% AMI		$412,100	$294		$373,460	$340		$359,515	$371
Middle Income - 100% AMI		$338,400	$242		$304,829	$277		$293,285	$302
Middle Income - 80% AMI		$260,200	$186		$235,748	$214		$226,380	$233
Low/Mod - 71.7% AMI		$237,800	$170		$194,814	$177		$188,189	$194
		$1,253,100	$754		$1,007,400	$760		$879,600	$750
Residential Sales	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Sales	$60,148,800	$1,253,100	$754	$21,155,400	$1,007,400	$760	$68,608,800	$879,600	$750
(Less) Closing Costs	($2,706,696)	($56,400)	($34)	($951,993)	($45,300)	($34)	($3,087,396)	($39,600)	($34)
(Less) Risk Adjusted Return	($6,014,880)	($125,300)	($75)	($2,115,540)	($100,700)	($76)	($8,233,056)	($105,600)	($90)
Net Sales Proceeds	$51,427,224	$1,071,400	$644	$18,087,867	$861,300	$650	$57,288,348	$734,500	$627
Development Costs excl. Land									
Direct Construction incl conting.	$31,920,000	$665,000	$400	$10,239,000	$487,600	$368	$34,645,000	$444,200	$379
Fees & Permits	$2,112,000	$44,000	$26	$816,900	$38,900	$29	$2,636,400	$33,800	$29
CIL for IH reqrmt	$0	$0	$0	$0	$0	$0	$0	$0	$0
Warranty and Insurance	$1,203,000	$25,100	$15	$423,100	$20,100	$15	$1,372,200	$17,600	$15
G&A/Overhead	$957,600	$20,000	$12	$307,000	$14,600	$11	$1,039,000	$13,300	$11
A&E, Legal, Marketing, Other	$2,872,800	$59,900	$36	$922,000	$43,900	$33	$3,118,000	$40,000	$34
Soft Cost Contingency	$357,000	$7,400	$4	$123,000	$5,900	$4	$408,000	$5,200	$4
Financing	$3,091,200	$64,400	$39	$1,087,800	$51,800	$39	$3,447,600	$44,200	$38
Total Costs	$42,513,600	$885,700	$533	$13,918,800	$662,800	$500	$46,666,200	$598,300	$510
Residual Land Value	$8,913,600	$185,700	$112	$4,168,500	$198,500	$150	$10,623,600	$136,200	$116
per acre	*$4,456,800*			*$5,210,625*			*$5,311,800*		
price PSF land	$102			$120			$122		
			Net Rev			Net Rev			Net Rev
Estimated Land Cost (target value)	$8,712,000	$181,500	as %Costs	$3,484,800	$165,900	as %Costs	$8,712,000	$111,700	as %Costs
Total Cost with Land	$51,225,600	$1,067,200	100.4%	$17,403,600	$828,700	103.9%	$55,378,200	$710,000	103.4%
Feasibility Classification	Feasible			Feasible			Feasible		

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Appendix Table FS 5C
For-Sale Pro Forma, 25% with Income Mix per Existing Ordinance - Sensitivity with $900 / SF Market Pricing and Higher Land Cost Location
Inclusionary Housing Analysis
Boulder, CO

	Townhomes / Rowhomes			Small Stacked Condo Project, Three Stories			Larger Stacked Condo Project, Four Stories		
Residential Unit Mix	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF	% of Units	No. Units	Unit SF
Market Rate	75%	36	1,750	75%	16	1,400	72%	56	1,250
Middle Income - 120% AMI	4%	2	1,400	4%	1	1,100	5%	4	970
Middle Income - 100% AMI	4%	2	1,400	4%	1	1,100	5%	4	970
Middle Income - 80% AMI	4%	2	1,400	4%	1	1,100	5%	4	970
Low/Mod - 71.7% AMI	13%	6	1,400	13%	3	1,100	14%	11	970
	100%	48	1,663	100%	21	1,325	100%	78	1,172
	[25% on-site, mix low/mod & middle]			*[25% on-site, mix low/mod & middle]*			*[25% on-site, + added 11% 4th floor]*		
Sale Price		$/Unit	$/NSF		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$1,575,000	$900		$1,260,000	$900		$1,125,000	$900
Middle Income - 120% AMI		$412,100	$294		$373,460	$340		$359,515	$371
Middle Income - 100% AMI		$338,400	$242		$304,829	$277		$293,285	$302
Middle Income - 80% AMI		$260,200	$186		$235,748	$214		$226,380	$233
Low/Mod - 71.7% AMI		$237,800	$170		$194,814	$177		$188,189	$194
		$1,253,100	$754		$1,007,400	$760		$879,600	$750
Residential Sales	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Sales	$60,148,800	$1,253,100	$754	$21,155,400	$1,007,400	$760	$68,608,800	$879,600	$750
(Less) Closing Costs	($2,706,696)	($56,400)	($34)	($951,993)	($45,300)	($34)	($3,087,396)	($39,600)	($34)
(Less) Risk Adjusted Return	($6,014,880)	($125,300)	($75)	($2,115,540)	($100,700)	($76)	($8,233,056)	($105,600)	($90)
Net Sales Proceeds	$51,427,224	$1,071,400	$644	$18,087,867	$861,300	$650	$57,288,348	$734,500	$627
Development Costs excl. Land									
Direct Construction incl conting.	$31,920,000	$665,000	$400	$10,239,000	$487,600	$368	$34,645,000	$444,200	$379
Fees & Permits	$2,112,000	$44,000	$26	$816,900	$38,900	$29	$2,636,400	$33,800	$29
CIL for IH reqrmt	$0	$0	$0	$0	$0	$0	$0	$0	$0
Warranty and Insurance	$1,203,000	$25,100	$15	$423,100	$20,100	$15	$1,372,200	$17,600	$15
G&A/Overhead	$957,600	$20,000	$12	$307,000	$14,600	$11	$1,039,000	$13,300	$11
A&E, Legal, Marketing, Other	$2,872,800	$59,900	$36	$922,000	$43,900	$33	$3,118,000	$40,000	$34
Soft Cost Contingency	$357,000	$7,400	$4	$123,000	$5,900	$4	$408,000	$5,200	$4
Financing	$3,091,200	$64,400	$39	$1,087,800	$51,800	$39	$3,447,600	$44,200	$38
Total Costs	$42,513,600	$885,700	$533	$13,918,800	$662,800	$500	$46,666,200	$598,300	$510
Residual Land Value	$8,913,600	$185,700	$112	$4,168,500	$198,500	$150	$10,623,600	$136,200	$116
per acre	*$4,456,800*			*$5,210,625*			*$5,311,800*		
price PSF land	$102			$120			$122		
			Net Rev as %Costs			Net Rev as %Costs			Net Rev as %Costs
Estimated Land Cost (target value)	$14,549,040	$303,100		$5,819,616	$277,100		$14,549,040	$186,500	
Total Cost with Land	$57,062,640	$1,188,800	90.1%	$19,738,416	$939,900	91.6%	$61,215,240	$784,800	93.6%
Feasibility Classification	Infeasible / Challenged			Infeasible / Challenged			Marginal Feasibility		

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Appendix Table R 1A
Rental Pro Forma, Existing Cash In-Lieu
Inclusionary Housing Analysis
Boulder, CO

	Rental, Three Stories			Rental, Four Stories Using Community Benefit		
Residential Unit Mix	% of Units	No. Units	Avg SF	% of Units	No. Units	Avg SF
Market Rate	100%	98	750	100%	131	750
Affordable (80% AMI)	0%	0	700	0%	0	700
Affordable (70% AMI)	0%	0	700	0%	0	700
Affordable (60% AMI)	0%	0	700	0%	0	700
Affordable (50% AMI)	0%	0	700	0%	0	700
	100%	98	750	100%	131	750
	[pay cash in-lieu for IH rqrmt]			*[pay cash in-lieu for IH rqrmt]*		
Monthly Rents		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$2,650	$3.53		$2,650	$3.53
Affordable (80% AMI)		$1,956	$2.79		$1,956	$2.79
Affordable (70% AMI)		$1,699	$2.43		$1,699	$2.43
Affordable (60% AMI)		$1,442	$2.06		$1,442	$2.06
Affordable (50% AMI)		$1,186	$1.69		$1,186	$1.69
Weighted Average		$2,650	$3.53		$2,650	$3.53
Operating Income	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Rent per year	$3,116,400	$31,800	$42	$4,165,800	$31,800	$42
Other Income	$352,800	$3,600	$5	$471,600	$3,600	$5
(Less) Vacancy/Bad Debt	($173,460)	($1,770)	($2)	($231,870)	($1,770)	($2)
(Less) OPEX	($686,000)	($7,000)	($9)	($917,000)	($7,000)	($9)
Net Operating Income (NOI)	$2,609,740	$26,630	$36	$3,488,530	$26,630	$36
Supported Investment@5.5% ROC	$47,452,000	$484,200	$646	$63,430,000	$484,200	$646
Development Costs excl. Land						
Direct Construction incl. conting.	$28,872,900	$294,600	$393	$38,941,350	$297,300	$396
Fees & Permits	$2,989,000	$30,500	$41	$3,995,500	$30,500	$41
CIL for IH reqrmt	$3,842,000	$39,200	$52	$5,712,000	$43,600	$58
A&E/prof fees/taxes/Ins./other	$2,475,000	$25,300	$34	$3,338,000	$25,500	$34
Overhead/Admin	$825,000	$8,400	$11	$1,113,000	$8,500	$11
Soft Cost Contingency	$273,000	$2,800	$4	$367,000	$2,800	$4
Financing	$3,106,600	$31,700	$42	$4,152,700	$31,700	$42
Total Costs	$42,383,500	$432,500	$577	$57,619,550	$439,900	$587
Residual Land Value	$5,066,600	$51,700	$69	$5,803,300	$44,300	$59
per acre	*$2,533,300*			*$2,901,650*		
per square foot land	$58			$67		
			Supp Invest as %Costs			Supp Invest as %Costs
Estimated Land Cost (target value)	$6,370,000	$65,000		$6,370,000	$48,600	
Total Cost w/Est. Land Cost	$48,753,500	$497,500	97.3%	$63,989,550	$488,500	99.1%
Feasibility Classification	Marginal Feasibility			Feasible		

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Appendix Table R 1B
Rental Pro Forma, Cash In-Lieu at $35 PSF
Inclusionary Housing Analysis
Boulder, CO

	Rental, Three Stories			Rental, Four Stories Using Community Benefit		
Residential Unit Mix	% of Units	No. Units	Avg SF	% of Units	No. Units	Avg SF
Market Rate	100%	98	750	100%	131	750
Affordable (80% AMI)	0%	0	700	0%	0	700
Affordable (70% AMI)	0%	0	700	0%	0	700
Affordable (60% AMI)	0%	0	700	0%	0	700
Affordable (50% AMI)	0%	0	700	0%	0	700
	100%	98	750	100%	131	750
	[pay cash in-lieu for IH rqrmt]			*[pay cash in-lieu for IH rqrmt]*		
Monthly Rents		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$2,650	$3.53		$2,650	$3.53
Affordable (80% AMI)		$1,956	$2.79		$1,956	$2.79
Affordable (70% AMI)		$1,699	$2.43		$1,699	$2.43
Affordable (60% AMI)		$1,442	$2.06		$1,442	$2.06
Affordable (50% AMI)		$1,186	$1.69		$1,186	$1.69
Weighted Average		$2,650	$3.53		$2,650	$3.53
Operating Income	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Rent per year	$3,116,400	$31,800	$42	$4,165,800	$31,800	$42
Other Income	$352,800	$3,600	$5	$471,600	$3,600	$5
(Less) Vacancy/Bad Debt	($173,460)	($1,770)	($2)	($231,870)	($1,770)	($2)
(Less) OPEX	($686,000)	($7,000)	($9)	($917,000)	($7,000)	($9)
Net Operating Income (NOI)	$2,609,740	$26,630	$36	$3,488,530	$26,630	$36
Supported Investment@5.5% ROC	$47,452,000	$484,200	$646	$63,430,000	$484,200	$646
Development Costs excl. Land						
Direct Construction incl. conting.	$28,872,900	$294,600	$393	$38,941,350	$297,300	$396
Fees & Permits	$2,989,000	$30,500	$41	$3,995,500	$30,500	$41
CIL for IH reqrmt	$2,572,500	$26,250	$35	$3,817,013	$29,138	$39
A&E/prof fees/taxes/Ins./other	$2,475,000	$25,300	$34	$3,338,000	$25,500	$34
Overhead/Admin	$825,000	$8,400	$11	$1,113,000	$8,500	$11
Soft Cost Contingency	$273,000	$2,800	$4	$367,000	$2,800	$4
Financing	$3,106,600	$31,700	$42	$4,152,700	$31,700	$42
Total Costs	$41,114,000	$419,600	$559	$55,724,563	$425,400	$567
Residual Land Value	$6,330,800	$64,600	$86	$7,702,800	$58,800	$78
per acre	*$3,165,400*			*$3,851,400*		
per square foot land	$73			$88		
			Supp Invest			Supp Invest
Estimated Land Cost (target value)	$6,370,000	$65,000	as %Costs	$6,370,000	$48,600	as %Costs
Total Cost w/Est. Land Cost	$47,484,000	$484,500	99.9%	$62,094,563	$474,000	102.2%
Feasibility Classification	Feasible			Feasible		

Appendix Table R 1C
Rental Pro Forma, Cash In-Lieu at $40 PSF
Inclusionary Housing Analysis
Boulder, CO

	Rental, Three Stories			Rental, Four Stories Using Community Benefit		
Residential Unit Mix	% of Units	No. Units	Avg SF	% of Units	No. Units	Avg SF
Market Rate	100%	98	750	100%	131	750
Affordable (80% AMI)	0%	0	700	0%	0	700
Affordable (70% AMI)	0%	0	700	0%	0	700
Affordable (60% AMI)	0%	0	700	0%	0	700
Affordable (50% AMI)	0%	0	700	0%	0	700
	100%	98	750	100%	131	750
	[pay cash in-lieu for IH rqrmt]			*[pay cash in-lieu for IH rqrmt]*		
Monthly Rents		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$2,650	$3.53		$2,650	$3.53
Affordable (80% AMI)		$1,956	$2.79		$1,956	$2.79
Affordable (70% AMI)		$1,699	$2.43		$1,699	$2.43
Affordable (60% AMI)		$1,442	$2.06		$1,442	$2.06
Affordable (50% AMI)		$1,186	$1.69		$1,186	$1.69
Weighted Average		$2,650	$3.53		$2,650	$3.53
Operating Income	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Rent per year	$3,116,400	$31,800	$42	$4,165,800	$31,800	$42
Other Income	$352,800	$3,600	$5	$471,600	$3,600	$5
(Less) Vacancy/Bad Debt	($173,460)	($1,770)	($2)	($231,870)	($1,770)	($2)
(Less) OPEX	($686,000)	($7,000)	($9)	($917,000)	($7,000)	($9)
Net Operating Income (NOI)	$2,609,740	$26,630	$36	$3,488,530	$26,630	$36
Supported Investment@5.5% ROC	$47,452,000	$484,200	$646	$63,430,000	$484,200	$646
Development Costs excl. Land						
Direct Construction incl. conting.	$28,872,900	$294,600	$393	$38,941,350	$297,300	$396
Fees & Permits	$2,989,000	$30,500	$41	$3,995,500	$30,500	$41
CIL for IH reqrmt	$2,940,000	$30,000	$40	$4,362,300	$33,300	$44
A&E/prof fees/taxes/Ins./other	$2,475,000	$25,300	$34	$3,338,000	$25,500	$34
Overhead/Admin	$825,000	$8,400	$11	$1,113,000	$8,500	$11
Soft Cost Contingency	$273,000	$2,800	$4	$367,000	$2,800	$4
Financing	$3,106,600	$31,700	$42	$4,152,700	$31,700	$42
Total Costs	$41,481,500	$423,300	$564	$56,269,850	$429,600	$573
Residual Land Value	$5,968,200	$60,900	$81	$7,152,600	$54,600	$73
per acre	*$2,984,100*			*$3,576,300*		
per square foot land	$69			$82		
			Supp Invest			Supp Invest
Estimated Land Cost (target value)	$6,370,000	$65,000	as %Costs	$6,370,000	$48,600	as %Costs
Total Cost w/Est. Land Cost	$47,851,500	$488,300	99.2%	$62,639,850	$478,200	101.3%
Feasibility Classification	Feasible			Feasible		

Appendix Table R 1D
Rental Pro Forma, Cash In-Lieu at $45 PSF
Inclusionary Housing Analysis
Boulder, CO

	Rental, Three Stories			Rental, Four Stories Using Community Benefit		
Residential Unit Mix	% of Units	No. Units	Avg SF	% of Units	No. Units	Avg SF
Market Rate	100%	98	750	100%	131	750
Affordable (80% AMI)	0%	0	700	0%	0	700
Affordable (70% AMI)	0%	0	700	0%	0	700
Affordable (60% AMI)	0%	0	700	0%	0	700
Affordable (50% AMI)	0%	0	700	0%	0	700
	100%	98	750	100%	131	750
	[pay cash in-lieu for IH rqrmt]			*[pay cash in-lieu for IH rqrmt]*		
Monthly Rents		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$2,650	$3.53		$2,650	$3.53
Affordable (80% AMI)		$1,956	$2.79		$1,956	$2.79
Affordable (70% AMI)		$1,699	$2.43		$1,699	$2.43
Affordable (60% AMI)		$1,442	$2.06		$1,442	$2.06
Affordable (50% AMI)		$1,186	$1.69		$1,186	$1.69
Weighted Average		$2,650	$3.53		$2,650	$3.53
Operating Income	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Rent per year	$3,116,400	$31,800	$42	$4,165,800	$31,800	$42
Other Income	$352,800	$3,600	$5	$471,600	$3,600	$5
(Less) Vacancy/Bad Debt	($173,460)	($1,770)	($2)	($231,870)	($1,770)	($2)
(Less) OPEX	($686,000)	($7,000)	($9)	($917,000)	($7,000)	($9)
Net Operating Income (NOI)	$2,609,740	$26,630	$36	$3,488,530	$26,630	$36
Supported Investment@5.5% ROC	$47,452,000	$484,200	$646	$63,430,000	$484,200	$646
Development Costs excl. Land						
Direct Construction incl. conting.	$28,872,900	$294,600	$393	$38,941,350	$297,300	$396
Fees & Permits	$2,989,000	$30,500	$41	$3,995,500	$30,500	$41
CIL for IH reqrmt	$3,307,500	$33,750	$45	$4,907,588	$37,463	$50
A&E/prof fees/taxes/Ins./other	$2,475,000	$25,300	$34	$3,338,000	$25,500	$34
Overhead/Admin	$825,000	$8,400	$11	$1,113,000	$8,500	$11
Soft Cost Contingency	$273,000	$2,800	$4	$367,000	$2,800	$4
Financing	$3,106,600	$31,700	$42	$4,152,700	$31,700	$42
Total Costs	$41,849,000	$427,100	$569	$56,815,138	$433,800	$578
Residual Land Value	$5,595,800	$57,100	$76	$6,602,400	$50,400	$67
per acre	*$2,797,900*			*$3,301,200*		
per square foot land	$64			$76		
			Supp Invest			Supp Invest
Estimated Land Cost (target value)	$6,370,000	$65,000	as %Costs	$6,370,000	$48,600	as %Costs
Total Cost w/Est. Land Cost	$48,219,000	$492,000	98.4%	$63,185,138	$482,300	100.4%
Feasibility Classification	Feasible			Feasible		

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Appendix Table R 1E
Rental Pro Forma, Cash In-Lieu at $50 PSF
Inclusionary Housing Analysis
Boulder, CO

	Rental, Three Stories			Rental, Four Stories Using Community Benefit		
Residential Unit Mix	% of Units	No. Units	Avg SF	% of Units	No. Units	Avg SF
Market Rate	100%	98	750	100%	131	750
Affordable (80% AMI)	0%	0	700	0%	0	700
Affordable (70% AMI)	0%	0	700	0%	0	700
Affordable (60% AMI)	0%	0	700	0%	0	700
Affordable (50% AMI)	0%	0	700	0%	0	700
	100%	98	750	100%	131	750
	[pay cash in-lieu for IH rqrmt]			*[pay cash in-lieu for IH rqrmt]*		
Monthly Rents		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$2,650	$3.53		$2,650	$3.53
Affordable (80% AMI)		$1,956	$2.79		$1,956	$2.79
Affordable (70% AMI)		$1,699	$2.43		$1,699	$2.43
Affordable (60% AMI)		$1,442	$2.06		$1,442	$2.06
Affordable (50% AMI)		$1,186	$1.69		$1,186	$1.69
Weighted Average		$2,650	$3.53		$2,650	$3.53
Operating Income	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Rent per year	$3,116,400	$31,800	$42	$4,165,800	$31,800	$42
Other Income	$352,800	$3,600	$5	$471,600	$3,600	$5
(Less) Vacancy/Bad Debt	($173,460)	($1,770)	($2)	($231,870)	($1,770)	($2)
(Less) OPEX	($686,000)	($7,000)	($9)	($917,000)	($7,000)	($9)
Net Operating Income (NOI)	$2,609,740	$26,630	$36	$3,488,530	$26,630	$36
Supported Investment@5.5% ROC	$47,452,000	$484,200	$646	$63,430,000	$484,200	$646
Development Costs excl. Land						
Direct Construction incl. conting.	$28,872,900	$294,600	$393	$38,941,350	$297,300	$396
Fees & Permits	$2,989,000	$30,500	$41	$3,995,500	$30,500	$41
CIL for IH reqrmt	$3,675,000	$37,500	$50	$5,452,875	$41,625	$56
A&E/prof fees/taxes/Ins./other	$2,475,000	$25,300	$34	$3,338,000	$25,500	$34
Overhead/Admin	$825,000	$8,400	$11	$1,113,000	$8,500	$11
Soft Cost Contingency	$273,000	$2,800	$4	$367,000	$2,800	$4
Financing	$3,106,600	$31,700	$42	$4,152,700	$31,700	$42
Total Costs	$42,216,500	$430,800	$574	$57,360,425	$437,900	$584
Residual Land Value	$5,233,200	$53,400	$71	$6,065,300	$46,300	$62
per acre	*$2,616,600*			*$3,032,650*		
per square foot land	$60			$70		
			Supp Invest as %Costs			Supp Invest as %Costs
Estimated Land Cost (target value)	$6,370,000	$65,000		$6,370,000	$48,600	
Total Cost w/Est. Land Cost	$48,586,500	$495,800	97.7%	$63,730,425	$486,500	99.5%
Feasibility Classification	Marginal Feasibility			Feasible		

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Appendix Table R 1F
Rental Pro Forma, Cash In-Lieu at $60 PSF
Inclusionary Housing Analysis
Boulder, CO

	Rental, Three Stories			Rental, Four Stories Using Community Benefit		
Residential Unit Mix	% of Units	No. Units	Avg SF	% of Units	No. Units	Avg SF
Market Rate	100%	98	750	100%	131	750
Affordable (80% AMI)	0%	0	700	0%	0	700
Affordable (70% AMI)	0%	0	700	0%	0	700
Affordable (60% AMI)	0%	0	700	0%	0	700
Affordable (50% AMI)	0%	0	700	0%	0	700
	100%	98	750	100%	131	750
	[pay cash in-lieu for IH rqrmt]			*[pay cash in-lieu for IH rqrmt]*		
Monthly Rents		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$2,650	$3.53		$2,650	$3.53
Affordable (80% AMI)		$1,956	$2.79		$1,956	$2.79
Affordable (70% AMI)		$1,699	$2.43		$1,699	$2.43
Affordable (60% AMI)		$1,442	$2.06		$1,442	$2.06
Affordable (50% AMI)		$1,186	$1.69		$1,186	$1.69
Weighted Average		$2,650	$3.53		$2,650	$3.53
Operating Income	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Rent per year	$3,116,400	$31,800	$42	$4,165,800	$31,800	$42
Other Income	$352,800	$3,600	$5	$471,600	$3,600	$5
(Less) Vacancy/Bad Debt	($173,460)	($1,770)	($2)	($231,870)	($1,770)	($2)
(Less) OPEX	($686,000)	($7,000)	($9)	($917,000)	($7,000)	($9)
Net Operating Income (NOI)	$2,609,740	$26,630	$36	$3,488,530	$26,630	$36
Supported Investment@5.5% ROC	$47,452,000	$484,200	$646	$63,430,000	$484,200	$646
Development Costs excl. Land						
Direct Construction incl. conting.	$28,872,900	$294,600	$393	$38,941,350	$297,300	$396
Fees & Permits	$2,989,000	$30,500	$41	$3,995,500	$30,500	$41
CIL for IH reqrmt	$4,410,000	$45,000	$60	$6,543,450	$49,950	$67
A&E/prof fees/taxes/Ins./other	$2,475,000	$25,300	$34	$3,338,000	$25,500	$34
Overhead/Admin	$825,000	$8,400	$11	$1,113,000	$8,500	$11
Soft Cost Contingency	$273,000	$2,800	$4	$367,000	$2,800	$4
Financing	$3,106,600	$31,700	$42	$4,152,700	$31,700	$42
Total Costs	$42,951,500	$438,300	$584	$58,451,000	$446,300	$595
Residual Land Value	$4,498,200	$45,900	$61	$4,964,900	$37,900	$51
per acre	*$2,249,100*			*$2,482,450*		
per square foot land	$52			$57		
			Supp Invest			Supp Invest
Estimated Land Cost (target value)	$6,370,000	$65,000	as %Costs	$6,370,000	$48,600	as %Costs
Total Cost w/Est. Land Cost	$49,321,500	$503,300	96.2%	$64,821,000	$494,800	97.9%
Feasibility Classification	Marginal Feasibility			Marginal Feasibility		

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Appendix Table R 1G
Rental Pro Forma, Cash In-Lieu at $75 PSF
Inclusionary Housing Analysis
Boulder, CO

	Rental, Three Stories			Rental, Four Stories Using Community Benefit		
Residential Unit Mix	% of Units	No. Units	Avg SF	% of Units	No. Units	Avg SF
Market Rate	100%	98	750	100%	131	750
Affordable (80% AMI)	0%	0	700	0%	0	700
Affordable (70% AMI)	0%	0	700	0%	0	700
Affordable (60% AMI)	0%	0	700	0%	0	700
Affordable (50% AMI)	0%	0	700	0%	0	700
	100%	98	750	100%	131	750
	[pay cash in-lieu for IH rqrmt]			*[pay cash in-lieu for IH rqrmt]*		
Monthly Rents		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$2,650	$3.53		$2,650	$3.53
Affordable (80% AMI)		$1,956	$2.79		$1,956	$2.79
Affordable (70% AMI)		$1,699	$2.43		$1,699	$2.43
Affordable (60% AMI)		$1,442	$2.06		$1,442	$2.06
Affordable (50% AMI)		$1,186	$1.69		$1,186	$1.69
Weighted Average		$2,650	$3.53		$2,650	$3.53
Operating Income	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Rent per year	$3,116,400	$31,800	$42	$4,165,800	$31,800	$42
Other Income	$352,800	$3,600	$5	$471,600	$3,600	$5
(Less) Vacancy/Bad Debt	($173,460)	($1,770)	($2)	($231,870)	($1,770)	($2)
(Less) OPEX	($686,000)	($7,000)	($9)	($917,000)	($7,000)	($9)
Net Operating Income (NOI)	$2,609,740	$26,630	$36	$3,488,530	$26,630	$36
Supported Investment@5.5% ROC	$47,452,000	$484,200	$646	$63,430,000	$484,200	$646
Development Costs excl. Land						
Direct Construction incl. conting.	$28,872,900	$294,600	$393	$38,941,350	$297,300	$396
Fees & Permits	$2,989,000	$30,500	$41	$3,995,500	$30,500	$41
CIL for IH reqrmt	$5,512,500	$56,250	$75	$8,179,313	$62,438	$83
A&E/prof fees/taxes/Ins./other	$2,475,000	$25,300	$34	$3,338,000	$25,500	$34
Overhead/Admin	$825,000	$8,400	$11	$1,113,000	$8,500	$11
Soft Cost Contingency	$273,000	$2,800	$4	$367,000	$2,800	$4
Financing	$3,106,600	$31,700	$42	$4,152,700	$31,700	$42
Total Costs	$44,054,000	$449,600	$599	$60,086,863	$458,700	$612
Residual Land Value	$3,390,800	$34,600	$46	$3,340,500	$25,500	$34
per acre	*$1,695,400*			*$1,670,250*		
per square foot land	$39			$38		
			Supp Invest as %Costs			Supp Invest as %Costs
Estimated Land Cost (target value)	$6,370,000	$65,000		$6,370,000	$48,600	
Total Cost w/Est. Land Cost	$50,424,000	$514,500	94.1%	$66,456,863	$507,300	95.4%
Feasibility Classification	Marginal Feasibility			Marginal Feasibility		

Appendix Table R 2A
Rental Pro Forma, Existing Requirement, all on-site, existing 25% requirement, mixed income building(s)
Inclusionary Housing Analysis
Boulder, CO

	Rental, Three Stories			Rental, Four Stories Using Community Benefit		
Residential Unit Mix	% of Units	No. Units	Avg SF	% of Units	No. Units	Avg SF
Market Rate	75%	74	750	72%	95	750
Affordable (80% AMI)	5%	5	700	6%	7	700
Affordable (70% AMI)	0%	0	700	0%	0	700
Affordable (60% AMI)	20%	20	700	22%	29	700
Affordable (50% AMI)	0%	0	700	0%	0	700
	100%	98	738	100%	131	736
	[25% on-site, mix low/mod MI]			*[25% on-site, + added 11% 4th floor]*		
Monthly Rents		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$2,650	$3.53		$2,650	$3.53
Affordable (80% AMI)		$1,956	$2.79		$1,956	$2.79
Affordable (70% AMI)		$1,699	$2.43		$1,699	$2.43
Affordable (60% AMI)		$1,442	$2.06		$1,442	$2.06
Affordable (50% AMI)		$1,186	$1.69		$1,186	$1.69
Weighted Average		$2,374	$3.22		$2,343	$3.18
Operating Income	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Rent per year	$2,791,451	$28,484	$39	$3,683,649	$28,119	$38
Other Income	$264,600	$2,700	$4	$340,731	$2,601	$4
(Less) Vacancy/Bad Debt	($152,803)	($1,559)	($2)	($201,219)	($1,536)	($2)
(Less) OPEX	($686,000)	($7,000)	($9)	($917,000)	($7,000)	($10)
Net Operating Income (NOI)	$2,217,249	$22,625	$31	$2,906,161	$22,184	$30
Supported Investment@5.5% ROC	$40,317,000	$411,400	$558	$52,845,000	$403,400	$548
Development Costs excl. Land						
Direct Construction incl. conting.	$28,493,850	$290,800	$394	$38,379,600	$293,000	$398
Fees & Permits	$2,940,000	$30,000	$41	$3,930,000	$30,000	$41
CIL for IH reqrmt	$0	$0	$0	$0	$0	$0
A&E/prof fees/taxes/Ins./other	$2,442,000	$24,900	$34	$3,290,000	$25,100	$34
Overhead/Admin	$814,000	$8,300	$11	$1,097,000	$8,400	$11
Soft Cost Contingency	$269,000	$2,700	$4	$361,000	$2,800	$4
Financing	$2,636,200	$26,900	$36	$3,458,400	$26,400	$36
Total Costs	$37,595,050	$383,600	$520	$50,516,000	$385,700	$524
Residual Land Value	$2,724,400	$27,800	$38	$2,318,700	$17,700	$24
per acre	*$1,362,200*			*$1,159,350*		
per square foot land	$31			$27		
			Supp Invest			Supp Invest
Estimated Land Cost (target value)	$6,370,000	$65,000	as %Costs	$6,370,000	$48,600	as %Costs
Total Cost w/Est. Land Cost	$43,965,050	$448,600	91.7%	$56,886,000	$434,200	92.9%
Feasibility Classification	Infeasible / Challenged			Infeasible / Challenged		

Appendix Table R 2B
Rental Pro Forma, 25% on-site requirement, mix of 50%, 60%, 70% AMI, mixed income building(s)
Inclusionary Housing Analysis
Boulder, CO

	Rental, Three Stories			Rental, Four Stories Using Community Benefit		
Residential Unit Mix	% of Units	No. Units	Avg SF	% of Units	No. Units	Avg SF
Market Rate	75%	74	750	72%	95	750
Affordable (80% AMI)	0%	0	700	0%	0	700
Affordable (70% AMI)	8%	8	700	9%	12	700
Affordable (60% AMI)	8%	8	700	9%	12	700
Affordable (50% AMI)	8%	8	700	9%	12	700
	100%	98	738	100%	131	736
	[25% on-site, mix 50%, 60%, 70% AMI]			*[25% on-site, + added 11% 4th floor]*		
Monthly Rents		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$2,650	$3.53		$2,650	$3.53
Affordable (80% AMI)		$1,956	$2.79		$1,956	$2.79
Affordable (70% AMI)		$1,699	$2.43		$1,699	$2.43
Affordable (60% AMI)		$1,442	$2.06		$1,442	$2.06
Affordable (50% AMI)		$1,186	$1.69		$1,186	$1.69
Weighted Average		$2,348	$3.18		$2,315	$3.14
Operating Income	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Rent per year	$2,761,325	$28,177	$38	$3,638,949	$27,778	$38
Other Income	$264,600	$2,700	$4	$340,731	$2,601	$4
(Less) Vacancy/Bad Debt	($151,296)	($1,544)	($2)	($198,984)	($1,519)	($2)
(Less) OPEX	($686,000)	($7,000)	($9)	($917,000)	($7,000)	($10)
Net Operating Income (NOI)	$2,188,629	$22,333	$30	$2,863,696	$21,860	$30
Supported Investment@5.5% ROC	$39,798,000	$406,100	$551	$52,073,000	$397,500	$540
Development Costs excl. Land						
Direct Construction incl. conting.	$28,493,850	$290,800	$394	$38,379,600	$293,000	$398
Fees & Permits	$2,940,000	$30,000	$41	$3,930,000	$30,000	$41
CIL for IH reqrmt	$0	$0	$0	$0	$0	$0
A&E/prof fees/taxes/Ins./other	$2,442,000	$24,900	$34	$3,290,000	$25,100	$34
Overhead/Admin	$814,000	$8,300	$11	$1,097,000	$8,400	$11
Soft Cost Contingency	$269,000	$2,700	$4	$361,000	$2,800	$4
Financing	$2,606,800	$26,600	$36	$3,406,000	$26,000	$35
Total Costs	$37,565,650	$383,300	$520	$50,463,600	$385,300	$523
Residual Land Value	$2,234,400	$22,800	$31	$1,598,200	$12,200	$17
per acre	*$1,117,200*			*$799,100*		
per square foot land	$26			$18		
			Supp Invest			Supp Invest
Estimated Land Cost (target value)	$6,370,000	$65,000	as %Costs	$6,370,000	$48,600	as %Costs
Total Cost w/Est. Land Cost	$43,935,650	$448,300	90.6%	$56,833,600	$433,800	91.6%
Feasibility Classification	Infeasible / Challenged			Infeasible / Challenged		

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Appendix Table R 2C
Rental Pro Forma, Existing Requirement, all on-site, existing 25% requirement, LIHTC Project
Inclusionary Housing Analysis
Boulder, CO

	Rental, Three Stories			Rental, Four Stories Using Community Benefit		
Residential Unit Mix	% of Units	No. Units	Avg SF	% of Units	No. Units	Avg SF
Market Rate	100%	98	750	100%	131	750
Affordable (80% AMI)	0%	0	700	0%	0	700
Affordable (70% AMI)	0%	0	700	0%	0	700
Affordable (60% AMI)	0%	0	700	0%	0	700
Affordable (50% AMI)	0%	0	700	0%	0	700
	100%	98	750	100%	131	750
	[25% in LIHTC project]			*[IH met in LIHTC project]*		
Monthly Rents		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$2,650	$3.53		$2,650	$3.53
Affordable (80% AMI)		$1,956	$2.79		$1,956	$2.79
Affordable (70% AMI)		$1,699	$2.43		$1,699	$2.43
Affordable (60% AMI)		$1,442	$2.06		$1,442	$2.06
Affordable (50% AMI)		$1,186	$1.69		$1,186	$1.69
Weighted Average		$2,650	$3.53		$2,650	$3.53
Operating Income	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Rent per year	$3,116,400	$31,800	$42	$4,165,800	$31,800	$42
Other Income	$352,800	$3,600	$5	$471,600	$3,600	$5
(Less) Vacancy/Bad Debt	($173,460)	($1,770)	($2)	($231,870)	($1,770)	($2)
(Less) OPEX	($686,000)	($7,000)	($9)	($917,000)	($7,000)	($9)
Net Operating Income (NOI)	$2,609,740	$26,630	$36	$3,488,530	$26,630	$36
Supported Investment@5.5% ROC	$47,452,000	$484,200	$646	$63,430,000	$484,200	$646
Development Costs excl. Land						
Direct Construction incl. conting.	$28,872,900	$294,600	$393	$38,941,350	$297,300	$396
Fees & Permits	$2,989,000	$30,500	$41	$3,995,500	$30,500	$41
Subsidy to LIHTC project	$2,450,000	$25,000	$33	$3,773,616	$28,806	$38
A&E/prof fees/taxes/Ins./other	$2,475,000	$25,300	$34	$3,338,000	$25,500	$34
Overhead/Admin	$825,000	$8,400	$11	$1,113,000	$8,500	$11
Soft Cost Contingency	$273,000	$2,800	$4	$367,000	$2,800	$4
Financing	$3,106,600	$31,700	$42	$4,152,700	$31,700	$42
Total Costs	$40,991,500	$418,300	$558	$55,681,166	$425,100	$567
Residual Land Value	$6,458,200	$65,900	$88	$7,742,100	$59,100	$79
per acre	*$3,229,100*			*$3,871,050*		
per square foot land	$74			$89		
			Supp Invest as %Costs			Supp Invest as %Costs
Estimated Land Cost (target value)	$6,370,000	$65,000		$6,370,000	$48,600	
Total Cost w/Est. Land Cost	$47,361,500	$483,300	100.2%	$62,051,166	$473,700	102.2%
Feasibility Classification	Feasible			Feasible		

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Appendix Table R 3A
Rental Pro Forma, on-site requirement, mix of 50% and 60% of AMI, similar in cost to current CIL rate.
Inclusionary Housing Analysis
Boulder, CO

	Rental, Three Stories			Rental, Four Stories Using Community Benefit		
Residential Unit Mix	% of Units	No. Units	Avg SF	% of Units	No. Units	Avg SF
Market Rate	87%	85	750	84%	110	750
Affordable (80% AMI)	0%	0	700	0%	0	700
Affordable (70% AMI)	0%	0	700	0%	0	700
Affordable (60% AMI)	7%	6	700	8%	10	700
Affordable (50% AMI)	7%	6	700	8%	10	700
	100%	98	744	100%	131	742
	[13% on-site, mix 50 & 60% AMI]			*[13% on-site, + added 11% 4th floor]*		
Monthly Rents		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$2,650	$3.53		$2,650	$3.53
Affordable (80% AMI)		$1,956	$2.79		$1,956	$2.79
Affordable (70% AMI)		$1,699	$2.43		$1,699	$2.43
Affordable (60% AMI)		$1,442	$2.06		$1,442	$2.06
Affordable (50% AMI)		$1,186	$1.69		$1,186	$1.69
Weighted Average		$2,476	$3.33		$2,440	$3.29
Operating Income	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Rent per year	$2,912,127	$29,716	$40	$3,834,979	$29,275	$39
Other Income	$306,936	$3,132	$4	$397,323	$3,033	$4
(Less) Vacancy/Bad Debt	($160,953)	($1,642)	($2)	($211,615)	($1,615)	($2)
(Less) OPEX	($686,000)	($7,000)	($9)	($917,000)	($7,000)	($9)
Net Operating Income (NOI)	$2,372,110	$24,205	$33	$3,103,687	$23,692	$32
Supported Investment@5.5% ROC	$43,130,000	$440,100	$592	$56,435,000	$430,800	$580
Development Costs excl. Land						
Direct Construction incl. conting.	$28,675,500	$292,600	$394	$38,623,200	$294,800	$397
Fees & Permits	$2,969,400	$30,300	$41	$3,956,200	$30,200	$41
CIL for IH reqrmt	$0	$0	$0	$0	$0	$0
A&E/prof fees/taxes/Ins./other	$2,458,000	$25,100	$34	$3,311,000	$25,300	$34
Overhead/Admin	$819,000	$8,400	$11	$1,104,000	$8,400	$11
Soft Cost Contingency	$271,000	$2,800	$4	$363,000	$2,800	$4
Financing	$2,822,400	$28,800	$39	$3,694,200	$28,200	$38
Total Costs	$38,015,300	$388,000	$522	$51,051,600	$389,700	$525
Residual Land Value	$5,105,800	$52,100	$70	$5,384,100	$41,100	$55
per acre	*$2,552,900*			*$2,692,050*		
per square foot land	$59			$62		
			Supp Invest as %Costs			Supp Invest as %Costs
Estimated Land Cost (target value)	$6,370,000	$65,000		$6,370,000	$48,600	
Total Cost w/Est. Land Cost	$44,385,300	$452,900	97.2%	$57,421,600	$438,300	98.3%
Feasibility Classification	Marginal Feasibility			Feasible		

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Appendix Table R 3B
Rental Pro Forma, on-site requirement, mix of 50%, 60%, 70% AMI, Inclusionary % similar in cost to existing CIL
Inclusionary Housing Analysis
Boulder, CO

	Rental, Three Stories			Rental, Four Stories Using Community Benefit		
Residential Unit Mix	% of Units	No. Units	Avg SF	% of Units	No. Units	Avg SF
Market Rate	86%	84	750	83%	109	750
Affordable (80% AMI)	0%	0	700	0%	0	700
Affordable (70% AMI)	5%	5	700	6%	7	700
Affordable (60% AMI)	5%	5	700	6%	7	700
Affordable (50% AMI)	5%	5	700	6%	7	700
	100%	98	743	100%	131	742
	[14.2% on-site, mix 50, 60%, 70% AMI]			*[14.2% on-site, + added 11% 4th floor]*		
Monthly Rents		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$2,650	$3.53		$2,650	$3.53
Affordable (80% AMI)		$1,956	$2.79		$1,956	$2.79
Affordable (70% AMI)		$1,699	$2.43		$1,699	$2.43
Affordable (60% AMI)		$1,442	$2.06		$1,442	$2.06
Affordable (50% AMI)		$1,186	$1.69		$1,186	$1.69
Weighted Average		$2,479	$3.34		$2,445	$3.30
Operating Income	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Rent per year	$2,914,718	$29,742	$40	$3,843,994	$29,343	$40
Other Income	$302,702	$3,089	$4	$391,664	$2,990	$4
(Less) Vacancy/Bad Debt	($160,871)	($1,642)	($2)	($211,783)	($1,617)	($2)
(Less) OPEX	($686,000)	($7,000)	($9)	($917,000)	($7,000)	($9)
Net Operating Income (NOI)	$2,370,549	$24,189	$33	$3,106,875	$23,717	$32
Supported Investment@5.5% ROC	$43,100,000	$439,800	$592	$56,487,000	$431,200	$582
Development Costs excl. Land						
Direct Construction incl. conting.	$28,657,650	$292,400	$394	$38,599,050	$294,600	$397
Fees & Permits	$2,959,600	$30,200	$41	$3,956,200	$30,200	$41
CIL for IH reqrmt	$0	$0	$0	$0	$0	$0
A&E/prof fees/taxes/Ins./other	$2,456,000	$25,100	$34	$3,308,000	$25,300	$34
Overhead/Admin	$819,000	$8,400	$11	$1,103,000	$8,400	$11
Soft Cost Contingency	$271,000	$2,800	$4	$363,000	$2,800	$4
Financing	$2,822,400	$28,800	$39	$3,694,200	$28,200	$38
Total Costs	$37,985,650	$387,700	$522	$51,023,450	$389,500	$525
Residual Land Value	$5,105,800	$52,100	$70	$5,462,700	$41,700	$56
per acre	*$2,552,900*			*$2,731,350*		
per square foot land	$59			$63		
			Supp Invest as %Costs			Supp Invest as %Costs
Estimated Land Cost (target value)	$6,370,000	$65,000		$6,370,000	$48,600	
Total Cost w/Est. Land Cost	$44,355,650	$452,600	97.2%	$57,393,450	$438,100	98.4%
Feasibility Classification	Marginal Feasibility			Feasible		

Prepared by: Keyser Marston Associates
Filename: \\SF-FS2\wp\10\10783\006\Boulder Analysis 9-12-23 .xlsx; R3b

Appendix Table R 3C
Rental Pro Forma, on-site requirement, 50% AMI units and inclusionary % similar in cost to existing CIL
Inclusionary Housing Analysis
Boulder, CO

	Rental, Three Stories			Rental, Four Stories Using Community Benefit		
Residential Unit Mix	% of Units	No. Units	Avg SF	% of Units	No. Units	Avg SF
Market Rate	88%	86	750	85%	112	750
Affordable (80% AMI)	0%	0	700	0%	0	700
Affordable (70% AMI)	0%	0	700	0%	0	700
Affordable (60% AMI)	0%	0	700	0%	0	700
Affordable (50% AMI)	12%	12	700	15%	19	700
	100%	98	744	100%	131	743
	[12% on-site, 50% AMI]			*[12% on-site, + added 11% 4th floor]*		
Monthly Rents		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$2,650	$3.53		$2,650	$3.53
Affordable (80% AMI)		$1,956	$2.79		$1,956	$2.79
Affordable (70% AMI)		$1,699	$2.43		$1,699	$2.43
Affordable (60% AMI)		$1,442	$2.06		$1,442	$2.06
Affordable (50% AMI)		$1,186	$1.69		$1,186	$1.69
Weighted Average		$2,474	$3.33		$2,434	$3.28
Operating Income	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Rent per year	$2,909,760	$29,691	$40	$3,826,276	$29,208	$39
Other Income	$310,464	$3,168	$4	$402,039	$3,069	$4
(Less) Vacancy/Bad Debt	($161,011)	($1,643)	($2)	($211,416)	($1,614)	($2)
(Less) OPEX	($686,000)	($7,000)	($9)	($917,000)	($7,000)	($9)
Net Operating Income (NOI)	$2,373,213	$24,216	$33	$3,099,899	$23,663	$32
Supported Investment@5.5% ROC	$43,149,000	$440,300	$592	$56,356,000	$430,200	$579
Development Costs excl. Land						
Direct Construction incl. conting.	$28,691,250	$292,800	$394	$38,643,150	$295,000	$397
Fees & Permits	$2,969,400	$30,300	$41	$3,956,200	$30,200	$41
CIL for IH reqrmt	$0	$0	$0	$0	$0	$0
A&E/prof fees/taxes/Ins./other	$2,459,000	$25,100	$34	$3,312,000	$25,300	$34
Overhead/Admin	$820,000	$8,400	$11	$1,104,000	$8,400	$11
Soft Cost Contingency	$271,000	$2,800	$4	$363,000	$2,800	$4
Financing	$2,822,400	$28,800	$39	$3,681,100	$28,100	$38
Total Costs	$38,033,050	$388,200	$522	$51,059,450	$389,800	$525
Residual Land Value	$5,105,800	$52,100	$70	$5,292,400	$40,400	$54
per acre	*$2,552,900*			*$2,646,200*		
per square foot land	$59			$61		
			Supp Invest			Supp Invest
Estimated Land Cost (target value)	$6,370,000	$65,000	as %Costs	$6,370,000	$48,600	as %Costs
Total Cost w/Est. Land Cost	$44,403,050	$453,100	97.2%	$57,429,450	$438,400	98.1%
Feasibility Classification	Marginal Feasibility			Feasible		

Prepared by: Keyser Marston Associates
Filename: \\SF-FS2\wp\10\10783\006\Boulder Analysis 9-12-23 .xlsx; R3c

Appendix Table R 3D
Rental Pro Forma, on-site requirement, 60% AMI units and inclusionary % similar in cost to existing CIL
Inclusionary Housing Analysis
Boulder, CO

	Rental, Three Stories			Rental, Four Stories Using Community Benefit		
Residential Unit Mix	% of Units	No. Units	Avg SF	% of Units	No. Units	Avg SF
Market Rate	86%	84	750	83%	109	750
Affordable (80% AMI)	0%	0	700	0%	0	700
Affordable (70% AMI)	0%	0	700	0%	0	700
Affordable (60% AMI)	14%	14	700	17%	22	700
Affordable (50% AMI)	0%	0	700	0%	0	700
	100%	98	743	100%	131	741
	[14.3% on-site, 60% AMI]			*[14.3% on-site, + added 11% 4th floor]*		
Monthly Rents		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$2,650	$3.53		$2,650	$3.53
Affordable (80% AMI)		$1,956	$2.79		$1,956	$2.79
Affordable (70% AMI)		$1,699	$2.43		$1,699	$2.43
Affordable (60% AMI)		$1,442	$2.06		$1,442	$2.06
Affordable (50% AMI)		$1,186	$1.69		$1,186	$1.69
Weighted Average		$2,477	$3.33		$2,444	$3.30
Operating Income	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Rent per year	$2,913,246	$29,727	$40	$3,842,014	$29,328	$40
Other Income	$302,350	$3,085	$4	$391,192	$2,986	$4
(Less) Vacancy/Bad Debt	($160,780)	($1,641)	($2)	($211,660)	($1,616)	($2)
(Less) OPEX	($686,000)	($7,000)	($9)	($917,000)	($7,000)	($9)
Net Operating Income (NOI)	$2,368,816	$24,172	$33	$3,104,546	$23,699	$32
Supported Investment@5.5% ROC	$43,071,000	$439,500	$592	$56,448,000	$430,900	$581
Development Costs excl. Land						
Direct Construction incl. conting.	$28,656,600	$292,400	$394	$38,596,950	$294,600	$397
Fees & Permits	$2,959,600	$30,200	$41	$3,956,200	$30,200	$41
CIL for IH reqrmt	$0	$0	$0	$0	$0	$0
A&E/prof fees/taxes/Ins./other	$2,456,000	$25,100	$34	$3,308,000	$25,300	$34
Overhead/Admin	$819,000	$8,400	$11	$1,103,000	$8,400	$11
Soft Cost Contingency	$271,000	$2,800	$4	$363,000	$2,800	$4
Financing	$2,812,600	$28,700	$39	$3,694,200	$28,200	$38
Total Costs	$37,974,800	$387,600	$522	$51,021,350	$389,500	$525
Residual Land Value	$5,086,200	$51,900	$70	$5,423,400	$41,400	$56
per acre	*$2,543,100*			*$2,711,700*		
per square foot land	$58			$62		
			Supp Invest as %Costs			Supp Invest as %Costs
Estimated Land Cost (target value)	$6,370,000	$65,000		$6,370,000	$48,600	
Total Cost w/Est. Land Cost	$44,344,800	$452,500	97.1%	$57,391,350	$438,100	98.4%
Feasibility Classification	Marginal Feasibility			Feasible		

Prepared by: Keyser Marston Associates
Filename: \\SF-FS2\wp\10\10783\006\Boulder Analysis 9-12-23 .xlsx; R3d

Appendix Table R 3E
Rental Pro Forma, on-site requirement, 70% AMI units and inclusionary % similar in cost to existing CIL
Inclusionary Housing Analysis
Boulder, CO

	Rental, Three Stories			Rental, Four Stories Using Community Benefit		
Residential Unit Mix	% of Units	No. Units	Avg SF	% of Units	No. Units	Avg SF
Market Rate	83%	81	750	80%	104	750
Affordable (80% AMI)	0%	0	700	0%	0	700
Affordable (70% AMI)	18%	17	700	20%	27	700
Affordable (60% AMI)	0%	0	700	0%	0	700
Affordable (50% AMI)	0%	0	700	0%	0	700
	100%	98	741	100%	131	740
	[17.5% on-site, mix 70% AMI]			*[17.5% on-site, + added 11% 4th floor]*		
Monthly Rents		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$2,650	$3.53		$2,650	$3.53
Affordable (80% AMI)		$1,956	$2.79		$1,956	$2.79
Affordable (70% AMI)		$1,699	$2.43		$1,699	$2.43
Affordable (60% AMI)		$1,442	$2.06		$1,442	$2.06
Affordable (50% AMI)		$1,186	$1.69		$1,186	$1.69
Weighted Average		$2,484	$3.35		$2,457	$3.32
Operating Income	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Rent per year	$2,920,708	$29,803	$40	$3,863,106	$29,489	$40
Other Income	$291,060	$2,970	$4	$376,101	$2,871	$4
(Less) Vacancy/Bad Debt	($160,588)	($1,639)	($2)	($211,960)	($1,618)	($2)
(Less) OPEX	($686,000)	($7,000)	($9)	($917,000)	($7,000)	($9)
Net Operating Income (NOI)	$2,365,180	$24,134	$33	$3,110,246	$23,742	$32
Supported Investment@5.5% ROC	$43,002,000	$438,800	$592	$56,553,000	$431,700	$583
Development Costs excl. Land						
Direct Construction incl. conting.	$28,607,250	$291,900	$394	$38,531,850	$294,100	$397
Fees & Permits	$2,959,600	$30,200	$41	$3,943,100	$30,100	$41
CIL for IH reqrmt	$0	$0	$0	$0	$0	$0
A&E/prof fees/taxes/Ins./other	$2,452,000	$25,000	$34	$3,303,000	$25,200	$34
Overhead/Admin	$817,000	$8,300	$11	$1,101,000	$8,400	$11
Soft Cost Contingency	$271,000	$2,800	$4	$362,000	$2,800	$4
Financing	$2,812,600	$28,700	$39	$3,694,200	$28,200	$38
Total Costs	$37,919,450	$386,900	$522	$50,935,150	$388,800	$525
Residual Land Value	$5,086,200	$51,900	$70	$5,619,900	$42,900	$58
per acre	*$2,543,100*			*$2,809,950*		
per square foot land	$58			$65		
			Supp Invest			Supp Invest
Estimated Land Cost (target value)	$6,370,000	$65,000	as %Costs	$6,370,000	$48,600	as %Costs
Total Cost w/Est. Land Cost	$44,289,450	$451,900	97.1%	$57,305,150	$437,400	98.7%
Feasibility Classification	Marginal Feasibility			Feasible		

Prepared by: Keyser Marston Associates
Filename: \\SF-FS2\wp\10\10783\006\Boulder Analysis 9-12-23 .xlsx; R3e

Appendix Table R 4A
Rental Pro Forma, No Req.
Inclusionary Housing Analysis
Boulder, CO

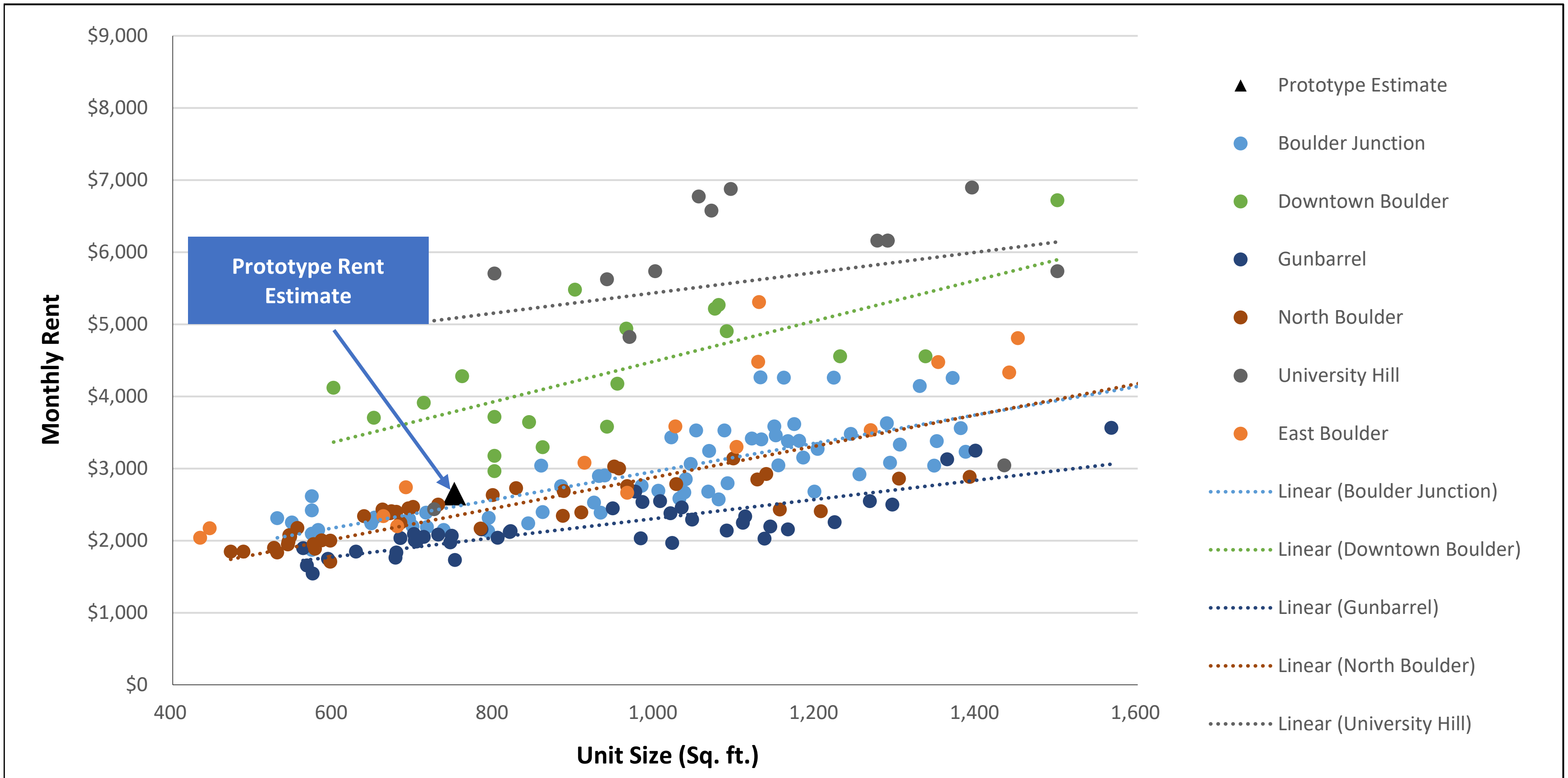
	Rental, Three Stories			Rental, Four Stories Using Community Benefit		
Residential Unit Mix	% of Units	No. Units	Avg SF	% of Units	No. Units	Avg SF
Market Rate	100%	98	750	100%	131	750
Affordable (80% AMI)	0%	0	700	0%	0	700
Affordable (70% AMI)	0%	0	700	0%	0	700
Affordable (60% AMI)	0%	0	700	0%	0	700
Affordable (50% AMI)	0%	0	700	0%	0	700
	100%	98	750	100%	131	750
Monthly Rents		$/Unit	$/NSF		$/Unit	$/NSF
Market Rate		$2,650	$3.53		$2,650	$3.53
Affordable (80% AMI)		$1,956	$2.79		$1,956	$2.79
Affordable (70% AMI)		$1,699	$2.43		$1,699	$2.43
Affordable (60% AMI)		$1,442	$2.06		$1,442	$2.06
Affordable (50% AMI)		$1,186	$1.69		$1,186	$1.69
Weighted Average		$2,650	$3.53		$2,650	$3.53
Operating Income	Total	$/Unit	$/NSF	Total	$/Unit	$/NSF
Gross Rent per year	$3,116,400	$31,800	$42	$4,165,800	$31,800	$42
Other Income	$352,800	$3,600	$5	$471,600	$3,600	$5
(Less) Vacancy/Bad Debt	($173,460)	($1,770)	($2)	($231,870)	($1,770)	($2)
(Less) OPEX	($686,000)	($7,000)	($9)	($917,000)	($7,000)	($9)
Net Operating Income (NOI)	$2,609,740	$26,630	$36	$3,488,530	$26,630	$36
Supported Investment@5.5% ROC	$47,452,000	$484,200	$646	$63,430,000	$484,200	$646
Development Costs excl. Land						
Direct Construction incl. conting.	$28,872,900	$294,600	$393	$38,941,350	$297,300	$396
Fees & Permits	$2,989,000	$30,500	$41	$3,995,500	$30,500	$41
CIL for IH reqrmt	$0	$0	$0	$0	$0	$0
A&E/prof fees/taxes/Ins./other	$2,475,000	$25,300	$34	$3,338,000	$25,500	$34
Overhead/Admin	$825,000	$8,400	$11	$1,113,000	$8,500	$11
Soft Cost Contingency	$273,000	$2,800	$4	$367,000	$2,800	$4
Financing	$3,106,600	$31,700	$42	$4,152,700	$31,700	$42
Total Costs	$38,541,500	$393,300	$524	$51,907,550	$396,300	$528
Residual Land Value	$8,908,200	$90,900	$121	$11,514,900	$87,900	$117
per acre	*$4,454,100*			*$5,757,450*		
per square foot land	$102			$132		
			Supp Invest			Supp Invest
Estimated Land Cost (target value)	$6,370,000	$65,000	as %Costs	$6,370,000	$48,600	as %Costs
Total Cost w/Est. Land Cost	$44,911,500	$458,300	105.7%	$58,277,550	$444,900	108.8%
Feasibility Classification	Feasible			Feasible		

Appendix A Table 5
Fees and Permits Detail
Inclusionary Housing Analysis
Boulder, CO

	Townhomes / Rowhomes	Small Stacked Condo Project, Three Stories	Larger Stacked Condo Project, Four Stories	Rental, Three Stories	Rental, Four Stories Using Community Benefit
BP Value Schedule	159	159	159	159	159
Efficiency	100%	85%	85%	85%	85%
Estimate BP Value per unit	$278,250	$261,882	$233,824	$140,294	$140,294
Density (dwelling units/acre)	24 dua	26 dua	78 dua	49 dua	66 dua
Average Unit Size	1,750 sf	1,400 sf	1,250 sf	750 sf	750 sf
Average No. of Bedrooms	3.0 BR	2.0 BR	1.7 BR	1.0 BR	1.0 BR
Unit Mix					
Studio	0	0	0	20%	20%
1 BR	0%	15%	45%	60%	60%
2 BR	0%	75%	40%	18%	18%
3BR	100%	10%	15%	2%	2%
4BR	0%	0%	0%	0%	0%
Estimated Cost Per Unit					
Transportation Excise Tax	$2,995	$2,995	$2,995	$2,995	$2,995
Sales and use tax	$12,584	$11,844	$10,575	$6,345	$6,345
Capital Facilities	$7,744	$7,136	$6,420	$6,420	$6,420
Water Plant Investment Fee	$9,796	$7,837	$7,837	$7,837	$7,837
Wastewater Plant Investment Fee	$3,495	$3,056	$3,056	$3,056	$3,056
Stormwater PIF	$4,465	$4,082	$1,374	$2,187	$1,636
Other permit and insp fees	$5,250	$4,200	$3,750	$2,250	$2,250
	$46,329	$41,150	$36,007	$31,090	$30,539
Total Fee PSF, not including IH	$26	$29	$29	$41	$41

APPENDIX B - MARKET DATA AND SUMMARY OF PRECEDENT PROJECTS

Appendix Table B 1A
Effective Rents for Rental Properties Built Since 2010
Inclusionary Housing Analysis
Boulder, CO



Source: Costar

Appendix Table B 1B
Rents by Project, Apartments Built Since 2010
Inclusionary Housing Analysis
Boulder, CO
Source: Costar, 1/2023

Project	Avg SF	BRs	No. of Units	Effective Rent	$/SF
Boulder Commons	651	1	1	$2,317	$3.56
Boulder Commons	858	2	1	$3,039	$3.54
Boulder Commons	860	2	1	$2,396	$2.79
Boulder Commons	1,044	2	1	$3,063	$2.93
Boulder Commons	1,051	2	1	$3,529	$3.36
Boulder Commons	1,066	2	1	$2,680	$2.51
Boulder Commons	1,067	2	5	$3,244	$3.04
Boulder Commons	1,086	2	6	$3,527	$3.25
Boulder Commons	1,120	2	1	$3,416	$3.05
Boulder Commons	1,131	2	1	$4,265	$3.77
Boulder Commons	1,160	2	1	$4,260	$3.67
Boulder Commons	1,165	2	12	$3,379	$2.90
Boulder Commons	1,222	2	1	$4,260	$3.49
Boulder Commons	1,329	2	1	$4,142	$3.12
Boulder Commons	1,370	2	3	$4,254	$3.11
Griffis 3100 Pearl	573	0	35	$1,872	$3.27
Griffis 3100 Pearl	573	1	130	$2,096	$3.66
Griffis 3100 Pearl	698	1	4	$2,199	$3.15
Griffis 3100 Pearl	716	1	20	$2,186	$3.05
Griffis 3100 Pearl	793	1	2	$2,313	$2.92
Griffis 3100 Pearl	932	1	2	$2,385	$2.56
Griffis 3100 Pearl	573	2	30	$2,420	$4.22
Griffis 3100 Pearl	573	2	92	$2,617	$4.57
Griffis 3100 Pearl	1,153	2	1	$3,042	$2.64
Griffis 3100 Pearl	1,184	2	3	$3,151	$2.66
RÊVE	530	0	2	$2,309	$4.36
RÊVE	581	0	1	$2,147	$3.70
RÊVE	647	0	2	$2,239	$3.46
RÊVE	548	1	24	$2,249	$4.10
RÊVE	694	1	19	$2,297	$3.31
RÊVE	715	1	74	$2,386	$3.34
RÊVE	737	1	2	$2,147	$2.91
RÊVE	883	1	28	$2,754	$3.12
RÊVE	924	1	3	$2,526	$2.73
RÊVE	937	1	7	$2,903	$3.10
RÊVE	983	1	3	$2,761	$2.81
RÊVE	1,004	1	1	$2,691	$2.68
RÊVE	1,090	1	6	$2,796	$2.57
RÊVE	1,350	1	4	$3,381	$2.50
RÊVE	1,927	1	7	$3,824	$1.98
RÊVE	1,020	2	2	$3,430	$3.36
RÊVE	1,148	2	2	$3,584	$3.12
RÊVE	1,150	2	1	$3,459	$3.01
RÊVE	1,173	2	1	$3,616	$3.08
RÊVE	1,202	2	20	$3,272	$2.72
RÊVE	1,243	2	7	$3,480	$2.80
RÊVE	1,380	2	3	$3,561	$2.58

Appendix Table B 1B
Rents by Project, Apartments Built Since 2010
Inclusionary Housing Analysis
Boulder, CO

Source: Costar, 1/2023

Project	Avg SF	BRs	No. of Units	Effective Rent	$/SF
RÊVE	1,716	2	2	$4,217	$2.46
RÊVE	1,800	2	1	$5,503	$3.06
RÊVE	1,800	2	1	$4,457	$2.48
RÊVE	1,959	2	7	$4,223	$2.16
RÊVE	2,150	2	1	$5,574	$2.59
RÊVE	2,200	2	1	$4,542	$2.06
RÊVE	2,471	2	1	$5,401	$2.19
RÊVE	1,665	3	5	$4,479	$2.69
RÊVE	1,690	3	1	$5,566	$3.29
RÊVE	1,870	3	1	$5,314	$2.84
RÊVE	1,890	3	1	$5,119	$2.71
RÊVE	2,030	3	1	$5,098	$2.51
Two Nine North	792	1	26	$2,129	$2.69
Two Nine North	842	1	54	$2,238	$2.66
Two Nine North	930	1	6	$2,894	$3.11
Two Nine North	1,030	1	16	$2,584	$2.51
Two Nine North	1,036	1	18	$2,666	$2.57
Two Nine North	1,079	1	23	$2,570	$2.38
Two Nine North	1,038	2	1	$2,853	$2.75
Two Nine North	1,132	2	2	$3,404	$3.01
Two Nine North	1,179	2	10	$3,383	$2.87
Two Nine North	1,198	2	61	$2,680	$2.24
Two Nine North	1,254	2	1	$2,919	$2.33
Two Nine North	1,288	2	8	$3,626	$2.82
Two Nine North	1,292	2	1	$3,079	$2.38
Two Nine North	1,304	2	4	$3,332	$2.56
Two Nine North	1,347	2	4	$3,039	$2.26
Two Nine North	1,386	2	3	$3,231	$2.33
17 Walnut	600	1	1	$4,118	$6.86
17 Walnut	650	1	2	$3,702	$5.70
17 Walnut	712	1	1	$3,912	$5.49
17 Walnut	760	1	1	$4,278	$5.63
17 Walnut	800	1	1	$2,965	$3.71
17 Walnut	800	1	1	$3,174	$3.97
17 Walnut	843	1	2	$3,644	$4.32
17 Walnut	860	1	2	$3,295	$3.83
17 Walnut	800	2	2	$3,717	$4.65
17 Walnut	900	2	1	$5,479	$6.09
17 Walnut	940	2	4	$3,581	$3.81
17 Walnut	953	2	1	$4,175	$4.38
17 Walnut	964	2	1	$4,938	$5.12
17 Walnut	1,074	2	1	$5,217	$4.86
17 Walnut	1,089	2	1	$4,902	$4.50
17 Walnut	1,230	2	1	$4,554	$3.70
17 Walnut	1,079	3	1	$5,269	$4.88
17 Walnut	1,336	3	1	$4,554	$3.41
17 Walnut	1,500	3	1	$6,718	$4.48

Appendix Table B 1B
Rents by Project, Apartments Built Since 2010
Inclusionary Housing Analysis
Boulder, CO
Source: Costar, 1/2023

Project	Avg SF	BRs	No. of Units	Effective Rent	$/SF
Apex 5510	567	0	1	$1,656	$2.92
Apex 5510	593	0	23	$1,746	$2.94
Apex 5510	677	0	2	$1,761	$2.60
Apex 5510	982	0	2	$2,029	$2.07
Apex 5510	683	1	18	$2,033	$2.98
Apex 5510	700	1	3	$2,092	$2.99
Apex 5510	701	1	53	$2,003	$2.86
Apex 5510	703	1	18	$1,988	$2.83
Apex 5510	819	1	9	$2,117	$2.58
Apex 5510	820	1	39	$2,132	$2.60
Apex 5510	1,021	2	38	$1,966	$1.93
Apex 5510	1,046	2	1	$2,289	$2.19
Apex 5510	1,109	2	2	$2,245	$2.02
Apex 5510	1,143	2	5	$2,195	$1.92
Apex 5510	1,165	2	17	$2,155	$1.85
Boulder View	562	0	3	$1,895	$3.37
Boulder View	712	1	6	$2,049	$2.88
Boulder View	751	1	41	$1,729	$2.30
Boulder View	804	1	2	$2,039	$2.54
Boulder View	947	2	6	$2,445	$2.58
Boulder View	975	2	3	$2,679	$2.75
Boulder View	984	2	3	$2,534	$2.58
Boulder View	1,006	2	3	$2,546	$2.53
Boulder View	1,033	2	1	$2,458	$2.38
Gunbarrel Center	574	0	22	$1,544	$2.69
Gunbarrel Center	628	1	22	$1,847	$2.94
Gunbarrel Center	678	1	22	$1,834	$2.71
Gunbarrel Center	730	1	22	$2,081	$2.85
Gunbarrel Center	745	1	22	$1,975	$2.65
Gunbarrel Center	747	1	22	$2,065	$2.76
Gunbarrel Center	784	1	22	$2,154	$2.75
Gunbarrel Center	1,019	1	12	$2,379	$2.33
Gunbarrel Center	1,089	2	11	$2,139	$1.96
Gunbarrel Center	1,112	2	10	$2,333	$2.10
Gunbarrel Center	1,136	2	9	$2,025	$1.78
Gunbarrel Center	1,223	2	11	$2,253	$1.84
Gunbarrel Center	1,267	2	9	$2,547	$2.01
Gunbarrel Center	1,295	2	9	$2,497	$1.93
Gunbarrel Center	1,363	3	9	$3,127	$2.29
Gunbarrel Center	1,398	3	9	$3,249	$2.32
Gunbarrel Center	1,567	3	8	$3,562	$2.27
The Armory	488	0	2	$1,846	$3.78
The Armory	526	0	4	$1,899	$3.61
The Armory	530	0	2	$1,835	$3.46
The Armory	543	0	13	$1,947	$3.59
The Armory	544	0	20	$1,981	$3.64
The Armory	546	0	16	$2,054	$3.76

Appendix Table B 1B
Rents by Project, Apartments Built Since 2010
Inclusionary Housing Analysis
Boulder, CO

Source: Costar, 1/2023

Project	Avg SF	BRs	No. of Units	Effective Rent	$/SF
The Armory	575	0	3	$1,952	$3.39
The Armory	577	0	6	$1,887	$3.27
The Armory	585	0	6	$2,002	$3.42
The Armory	596	0	2	$1,997	$3.35
The Armory	545	1	4	$2,074	$3.81
The Armory	555	1	4	$2,176	$3.92
The Armory	638	1	2	$2,340	$3.67
The Armory	661	1	5	$2,432	$3.68
The Armory	670	1	6	$2,379	$3.55
The Armory	672	1	2	$2,408	$3.58
The Armory	678	1	2	$2,398	$3.54
The Armory	683	1	14	$2,247	$3.29
The Armory	693	1	2	$2,447	$3.53
The Armory	699	1	2	$2,466	$3.53
The Armory	730	1	9	$2,500	$3.42
The Armory	798	1	7	$2,632	$3.30
The Armory	827	1	4	$2,727	$3.30
The Armory	886	1	2	$2,688	$3.03
The Armory	1,026	1	3	$2,782	$2.71
The Armory	949	2	11	$3,027	$3.19
The Armory	955	2	8	$2,998	$3.14
The Armory	965	2	7	$2,756	$2.86
The Armory	1,097	2	6	$3,139	$2.86
The Armory	1,127	2	7	$2,848	$2.53
The Armory	1,138	2	2	$2,922	$2.57
The Armory	1,790	3	1	$4,609	$2.57
The Armory	2,185	3	4	$5,711	$2.61
The Armory	2,232	3	3	$5,775	$2.59
The Armory	2,236	3	2	$5,727	$2.56
The Armory	2,359	3	1	$6,098	$2.58
The Armory	2,360	3	1	$6,141	$2.60
The Armory	2,614	4	3	$6,780	$2.59
The Armory	2,852	4	1	$7,364	$2.58
The Armory	2,970	4	1	$5,799	$1.95
The Armory	3,134	4	1	$8,047	$2.57
Violet on Broadway	472	0	9	$1,847	$3.91
Violet on Broadway	596	1	29	$1,707	$2.86
Violet on Broadway	783	2	10	$2,166	$2.77
Violet on Broadway	908	2	50	$2,389	$2.63
Wonderland Creek THs	885	2	2	$2,342	$2.65
Wonderland Creek THs	1,155	2	10	$2,431	$2.10
Wonderland Creek THs	1,206	2	22	$2,405	$1.99
Wonderland Creek THs	1,303	3	5	$2,860	$2.19
Wonderland Creek THs	1,391	3	2	$2,882	$2.07
Parc Mosaic	434	1	63	$2,037	$4.69
Parc Mosaic	446	1	78	$2,171	$4.87
Parc Mosaic	662	1	4	$2,337	$3.53

Appendix Table B 1B
Rents by Project, Apartments Built Since 2010
Inclusionary Housing Analysis
Boulder, CO

Source: Costar, 1/2023

Project	Avg SF	BRs	No. of Units	Effective Rent	$/SF
Parc Mosaic	679	1	10	$2,197	$3.24
Parc Mosaic	690	1	7	$2,740	$3.97
Parc Mosaic	912	1.5	5	$3,081	$3.38
Parc Mosaic	965	2	5	$2,665	$2.76
Parc Mosaic	1,101	2	5	$3,300	$3.00
Parc Mosaic	1,129	2	2	$5,309	$4.70
Parc Mosaic	1,128	1	5	$4,480	$3.97
Parc Mosaic	1,268	2	21	$3,530	$2.78
Parc Mosaic	1,025	2	4	$3,582	$3.49
Parc Mosaic	1,352	2.5	4	$4,474	$3.31
Parc Mosaic	1,451	2.5	6	$4,806	$3.31
Parc Mosaic	1,440	3	7	$4,331	$3.01
East Village Flats	476	1	1	$1,825	$3.83
East Village Flats	838	2	1	$2,772	$3.31
East Village Flats	860	3	3	$3,285	$3.82
East Village Flats	874	3	34	$3,555	$4.07
1005 on the Block	940	3	5	$5,623	$5.98
1005 on the Block	1,054	4	1	$6,770	$6.42
1005 on the Block	1,070	4	1	$6,577	$6.15
1005 on the Block	1,094	4	1	$6,877	$6.29
1005 on the Block	1,394	4	1	$6,897	$4.95
1725 18th St	725	2	1	$2,435	$3.36
1725 18th St	1,434	2	2	$3,044	$2.12
1912 Arapahoe Ave	1,000	4	1	$5,737	$5.74
1912 Arapahoe Ave	1,500	4	4	$5,737	$3.82
Lofts On College	800	2	1	$5,702	$7.13
Lofts On College	968	3	3	$4,825	$4.98
Lofts On College	1,276	4	4	$6,160	$4.83
Lofts On College	1,289	4	2	$6,160	$4.78
Lofts On College	1,289	4	3	$6,160	$4.78

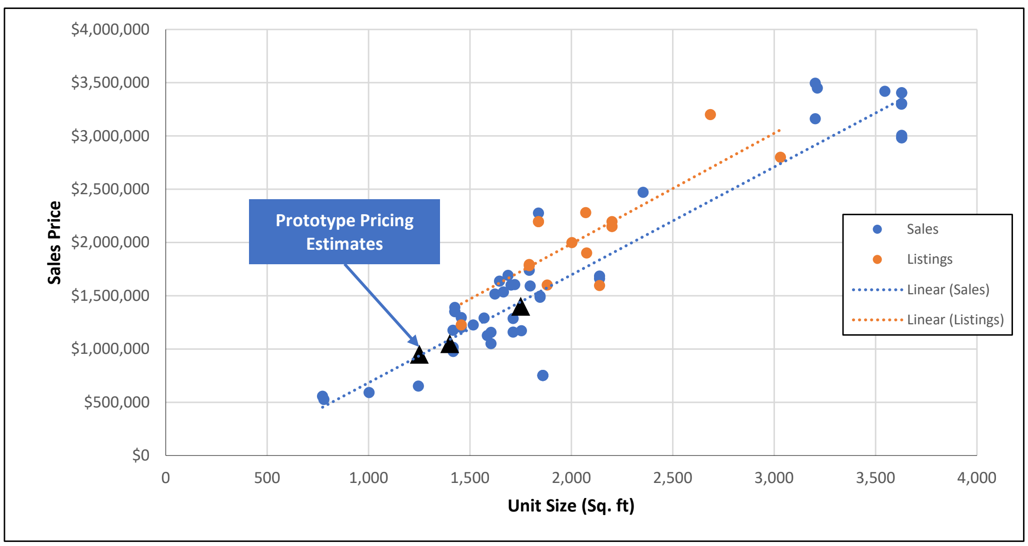
Appendix Table B 2A
Attached Unit Sales and Listings (Built and Sold Between 2020-22)
Inclusionary Housing Analysis
Boulder, CO

Address	Yr Built	Sale Date	# Bath	# Bed	Sq. ft	Price	$/SF
2805 Broadway St Unit A	2021	10/15/2022	3.5	3	3,213	$3,450,000	$1,074
2805 Broadway St Unit E	2021	3/2/2021	3.5	3	3,203	$3,495,000	$1,091
2805 Broadway St Unit C	2021	2/26/2021	3.5	3	3,203	$3,161,525	$987
2010 Pearl St Unit C	2022	4/20/2023	4	3	1,792	$1,738,500	$970
2010 Pearl St Unit C	2022	2/28/2023	3	3	1,838	$2,275,000	$1,238
2128 Pearl St Unit B	2020	7/16/2021	3.5	3	1,665	$1,535,000	$922
2128 Pearl St Unit C	2020	6/23/2021	2.5	3	1,720	$1,603,500	$932
2126 Pearl St Unit A	2020	8/11/2022	3.5	3	1,646	$1,637,000	$995
2128 Pearl St Unit A	2020	6/30/2020	3.5	3	1,688	$1,690,000	$1,001
2126 Pearl St Unit C	2020	8/7/2020	2.5	3	1,702	$1,600,000	$940
2126 Pearl St Unit B	2020	8/25/2020	3.5	3	1,623	$1,515,000	$933
1955 3rd St #5	2022	6/8/2022	4.5	4	3,629	$3,403,491	$938
1955 3rd St #8	2022	7/25/2022	4.5	4	3,629	$3,406,638	$939
1955 3rd St #1	2022	6/2/2022	4.5	4	3,546	$3,417,859	$964
1955 3rd St #3	2022	6/3/2022	4.5	4	3,629	$3,004,872	$828
1955 3rd St #4	2022	6/24/2022	4.5	4	3,629	$2,980,390	$821
1955 3rd St #10	2022	6/10/2022	4.5	4	3,629	$2,984,143	$822
1955 3rd St #2	2022	6/3/2022	4.5	4	3,628	$3,296,343	$909
1955 3rd St #9	2022	6/8/2022	4.5	4	3,629	$3,302,765	$910
2718 Pine St #201	2020	7/16/2021	2	2	1,417	$975,000	$688
2718 Pine St 203	2020	01/07/2021	2	2	1,416	$1,175,000	$830
2718 Pine St #204	2020	3/25/2021	2.5	2	1,713	$1,157,000	$675
2718 Pine St #205	2020	6/10/2021	2	2	1,603	$1,050,000	$655
2718 Pine St #207	2020	1/13/2021	1	1	773	$555,000	$718
2718 Pine St #301	2020	3/1/2021	2	2	1,417	$1,015,000	$716
2718 Pine St #302	2020	4/22/2021	2	2	1,585	$1,125,000	$710
2718 Pine St 303	2020	12/24/2020	2	2	1,516	$1,225,000	$808
2718 Pine St 304	2020	12/23/2020	3	2	1,713	$1,285,000	$750
2718 Pine St 305	2020	1/19/2021	2	2	1,603	$1,155,000	$721
2718 Pine St #306	2020	6/18/2021	2	2	1,754	$1,170,000	$667
2461 Walnut St	2021	8/10/2022	3.5	3	1,846	$1,495,000	$810
2465 Walnut St #1	2021	9/9/2022	2.5	2	1,569	$1,290,000	$822
2465 Walnut St #2	2023	3/24/2023	2.5	2	1,457	$1,295,000	$889
2465 Walnut St #12	2021	8/10/2022	2.5	2	1,457	$1,200,000	$824
2463 Walnut St	2021	8/17/2022	3.5	3	2,139	$1,660,000	$776
2455 Walnut St	2021	8/2/2022	3.5	3	2,139	$1,685,000	$788
2469 Walnut St	2021	12/15/2022	3.5	3	1,846	$1,485,000	$804
3261 Airport Rd #202	2021	11/19/2021	2	2	1,002	$590,000	$589
3281 Airport Rd #307	2021	12/3/2021	1	1	779	$525,000	$674
3271 Airport Rd #130	2021	9/3/2021	2.5	2	1,859	$751,500	$404
3271 Airport Rd #128	2021	9/3/2021	2	2	1,245	$651,500	$523
3271 Airport Rd #131	2021	9/9/2021	2.5	2	1,859	$751,500	$404
3271 Airport Rd #132	2021	9/13/2021	2.5	2	1,859	$751,500	$404
2140 Folsom St	2022	6/30/2023	3.5	3	2,353	$2,470,000	$1,050
940 North St Unit B	2021	3/9/2022	2.5	3	1,425	$1,350,000	$947
940 North St Unit A	2021	3/9/2022	2.5	3	1,425	$1,390,000	$975
936 North St Unit B	2021	2/23/2022	3.5	3	1,797	$1,590,000	$885
938 North St Unit A	2020	3/2/2022	2.5	3	1,425	$1,350,000	$947
				Average	2,047	$1,743,021	$826

Source: Redfin.com

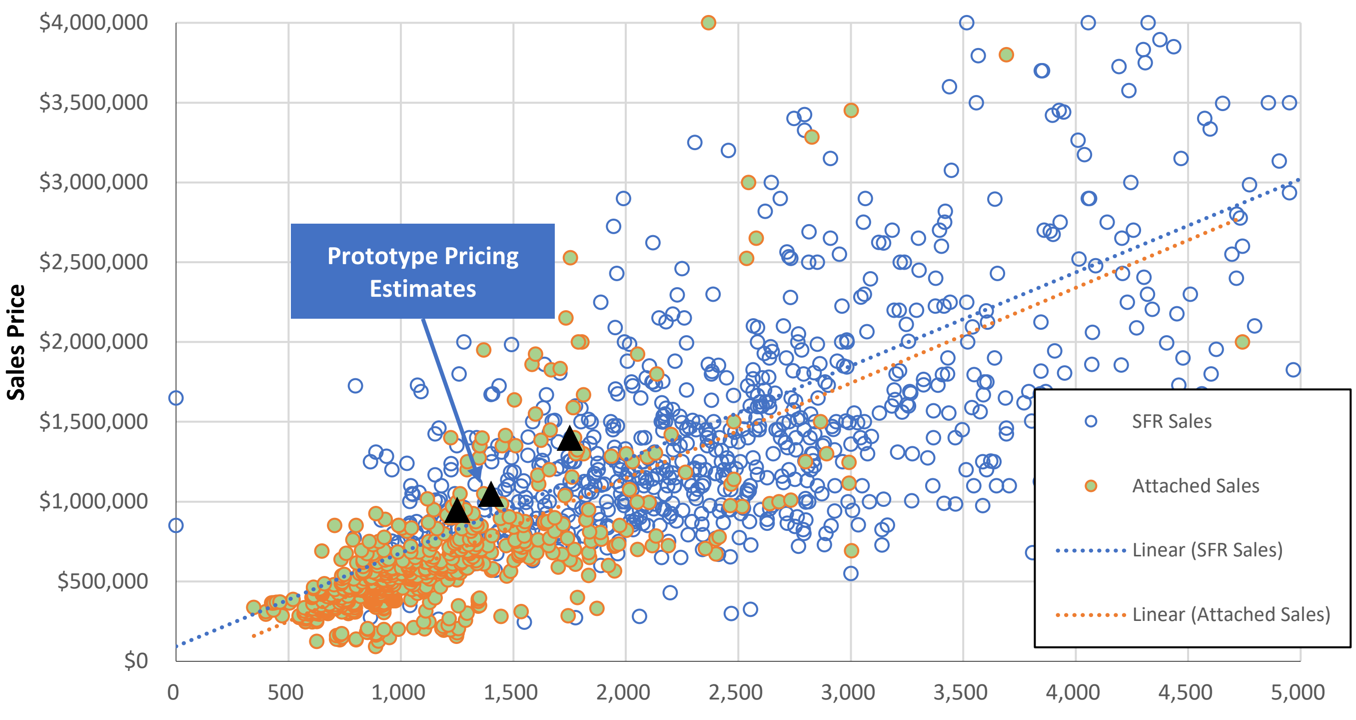
Appendix Table B 2B
Recently Built Attached Unit Listings
Inclusionary Housing - Market Analysis
City of Boulder, CO

Address	Yr Built	Sale Date	# Bath	# Bed	SF	Sale Price	$/SF
Listings							
944 Arapahoe Ave	2022	N/A	3	3	2,685	$3,200,000	$1,192
2475 Walnut St	2022	N/A	3.5	3	2,139	$1,595,000	$746
2457 Walnut St	2022	N/A	3.5	3	1,881	$1,600,000	$851
2465 Walnut St	2022	N/A	2.5	2	1,457	$1,225,000	$841
2010 Pearl St	2022	N/A	4	3	1,792	$1,792,000	$1,000
2010 Pearl St Unit B	2022	N/A	4	2	1,792	$1,782,000	$994
2010 Pearl St Unit D	2022	N/A	3	3	1,838	$2,195,000	$1,194
2707 Pine	2022	N/A	3.5	4	2,200	$2,195,000	$998
2709 Pine	2022	N/A	3.5	4	2,200	$2,150,000	$977
2711 Pine	2022	N/A	3.5	4	2,200	$2,150,000	$977
1831 22nd ST Unit 3	2022	N/A	2.5	3	2,002	$1,999,000	$999
2010 Pearl St Unit B	2022	N/A	3	3	1,838	$2,195,000	$1,194
2130 Folsom St	2022	N/A	3.5	3	2,071	$2,280,000	$1,101
2160 Folsom St	2022	N/A	3	4	3,031	$2,800,000	$924
2120 Folsom St	2022	N/A	3.5	3	2,075	$1,900,000	$916
Source: Redfin.com				Average	2,080	$2,070,533	$994



Source: Redfin.com

Appendix Table B 3
Sales Prices for Re-Sale of Existing Homes in Boulder
Inclusionary Housing Analysis
Boulder, CO



Source: CoreLogic

Appendix Table B 4
Residential Land Sales
Inclusionary Housing Analysis
Boulder, CO

Site	Land SF	Zoning	Est. Units	Units/ Acre	Sale Yr	Price ($M)	$/Land SF	$/Unit	Mixed Use[1]	Note
A. Rental Development Sites										
Downtown and Vicinity										
The Collective (15th St)	84,942	DT-5	147	75	2018	$17.9M	$210	$121,000	x	Apartments
1750 14th St	32,234	DT-5	42	57	2015	$2.0M	$62	$48,000	x	Apartments
						Weighted Average	$170	$105,000		
Outside Downtown										
1530 55th Street	43,143	BC-1	TBD		2023 listing	$3.6M	$83	TBD		listing for apt site
3365 Diagonal Hwy	416,869		230	24	2021	$10.7M	$26	$46,000		Apartments
2360 30th St	47,203		76	70	2019	$5.5M	$117	$72,000		Apts, IH already met
4750 Broadway St	376,828	U-1, Bould	201	23	2019	$17.8M	$47	$89,000		Armory Apartments
3200 Bluff St	46,230	MU-4	36	34	2018	$2.5M	$54	$69,000	x	Apartments
3289 Airport Rd	113,256	IG	70	27	2018	$3.7M	$33	$53,000		Apartments
5801 Arapahoe	639,224		317	22	2017	$7.9M	$12	$25,000	x	Apartments
Reve Boulder (3 Props.)	196,891	BR-1	257	57	2017	$16.5M	$84	$64,000	x	Apartments
3705 Diagonal Hwy	726,167	BT-1	357	21	2017	$7.5M	$10	$21,000	x	Apartments
3085 Bluff St[3]	81,936	RH-6	51	27	2016	$3.5M	$43	$69,000	x	Apartments
3390-3392 Valmont Rd[3]	257,875	MU-4	161	27	2015	$13.5M	$52	$84,000	x	Apartments
						Weighted Average	$31	$51,000		
						Weighted Average exl 5801 Arapahoe	$37	$56,000		
Student Housing			BRs							
770 28th St	108,900	BT-1	942	377	2021	$28.5M	$262	$30,000		Student, exist hotel
1912 Arapahoe Ave	15,160	RH-1	20	57	2019	$4.4M	$289	$219,000		Student (unit = br)
2333 Arapahoe Ave	15,322	BT-2	18	51	2015	$0.7M	$47	$40,000		Student
						Weighted Average	$241	$34,000		
Affordable Housing										
Bluff and 29th	81,100	BMS-X	100	54	2020	$8.8M	$108	$87,500	x	Affordable
1665 33rd St	67,953	BR-1	132	85	2017	$4.5M	$66	$34,000		Senior
4871 Broadway St	74,923	IS-1	55	32	2016	$2.8M	$37	$51,000		Affordable
						Weighted Average	$72	$56,000		
B. For-Sale Housing / Other										
Downtown and Vicinity										
2008 Pearl St	8,001	MU-3	4	22	2018	$1.6M	$200	$400,000	x	Townhomes
2116 Pearl St	19,331	MU-3	11	25	2017	$3.0M	$155	$273,000		Townhomes
1828 Pearl St	6,995	MU-3	4	25	2016	$1.0M	$147	$258,000		Townhomes
2049 Pearl St	7,071	MU-3	5	31	2015	$1.3M	$180	$255,000		Townhomes
						Weighted Average	$167	$288,000		
Outside Downtown										
2718 Pine	21,019	BC-2	13	27	2019	$2.9M	$136	$219,000	x	Condos
2751-2875 30th St	80,934	BT-1	na	na	2019	$9.0M	$111	na		City Fire Station
630 Terrace Ave	55,463	P	8	6	2017	$3.0M	$54	$375,000		Townhomes
1900 Folsom	55,583		29	23	2017	$5.6M	$101	$193,000		townhomes
						Weighted Average	$96	$201,000		
Single Family										
4215 Broadway	50,965	RL-2	5	4	2022	$3.1M	$61	$620,000		single family
2140 Tamarack Ave	56,192	Estate Zor	2	2	2020	$2.0M	$36	$1,000,000		single family
						Weighted Average	$48	$729,000		

1 Commercial components have not been excluded from land value.
2 Part of S'Park project. Allocation of total unit count (i.e., approximately 286 units divided by 10.5 acres).

Appendix Table B 5
Multifamily Property Sales
Inclusionary Housing Analysis
Boulder, CO
Source: Costar

Property Address	Submarket	Year Built	No. Units	Density (du/ac)	Sale Yr	Price ($M)	$/Unit	$/SF	Cap Rate
Boulder Sales									
1044 Pleasant St	University Hill	1901	8	67	2022	$3.2	$400,000	$875	4.70%
298 Arapahoe Ave	Lower Arapahoe	1930	12	24	2022	$3.2	$266,667	$669	4.80%
2950 Bixby Ln	Baseline Sub	1973	163	40	2022	$50.0	$306,748	$265	
917 Baseline Rd	Lower Chautauqua	1909	15	71	2022	$2.8	$188,333	$602	3.00%
4970 Meredith Way	Arapahoe Ridge	1991	216	24	2022	$105.7	$489,286	$575	
2535 Spruce St	Whittier-Boulder	1990	4	24	2022	$2.8	$700,000	$1,308	4.00%
1210 Linden Ave	Melody Heights	1966	4	18	2022	$1.4	$337,500	$493	
2726 Moorhead Ave	Martin Acres	1993	144	29	2022	$85.3	$592,014	$688	
3280 Madison Ave	Baseline Sub	1966	4	24	2022	$1.7	$415,600	$406	
Metro Denver Sales, Multifamily properties built in last five years									
18400 E Elmendorf Dr	Denver / Gateway		206	30	2021	$66	$319,903	$320	4.20%
1350 Speer Blvd	Denver / Golden Triangle		322	140	2021	$145	$448,758	$456	4.40%
1615 Pennsylvania St	Denver / Uptown Denver		99	126	2021	$39	$393,939	$376	4.20%
18280 E 45th Ave	Denver / Gateway		270	31	2021	$79	$291,667	$383	4.50%
1959 Wewatta St	Denver / LoDo		168	189	2021	$174	$1,037,202	$512	3.30%
1586 Hooker St	Denver / West Colfax		60	122	2021	$18	$291,667	$575	4.50%
2355 Mercantile St	Castle Rock		111	15	2021	$35	$313,964	$290	4.30%
4040 Clear Creek Dr	Wheat Ridge		310	25	2021	$142	$458,065	$458	3.80%
2103 Peregrine Dr	Brighton		136	11	2021	$63	$463,971	$477	4.10%
4109 E 10th Ave (Part of M	Denver / Hale		319	140	2021	$170	$531,348	$848	3.90%
985 Albion St (Part of Multi	Denver / Hale		275	89	2021	$142	$514,545	$247	3.90%
2065 S Cherokee St	Denver / Overland		140	202	2022	$58	$410,714	$592	3.50%
757 Grant St	Denver / Capitol Hill		68	91	2022	$21	$312,500	$275	4.70%
9641 E Geddes Ave	Centennial		215	87	2022	$95	$441,860	$380	4.30%
15068 E 103rd Pl	Commerce City		180	25	2023	$65	$363,056	$404	4.50%
4811 S Niagara St	Denver / Denver Tech Center		310	121	2023	$124	$398,387	$398	4.89%
13438 Oneida Ln	Thornton		102	92	2023	$49	$476,716	$486	5.00%
3715 Bilberry St	Castle Rock		204	18	2023	$67	$329,167	$322	5.40%

Appendix Table B 6
Recent Median Home Prices in Boulder and Surrounding Communities
Inclusionary Housing Analysis
Boulder, CO

	Median Market Sale Price	
Community	All Homes	Single Family
Boulder	$861,500	$1,285,000
Longmont	$587,500	$620,000
Louisville	$857,500	$875,000
Erie	$710,000	$765,000
Lafayette	$723,000	$812,500
Broomfield	$638,000	$675,000
Denver	$600,000	$707,000

Representative Affordable Prices (attached units)

	Low/Mod	80% AMI	100% AMI	120% AMI
Two Bedroom	$194,910	$238,830	$308,347	$377,864
Three Bedroom	$237,800	$260,200	$338,400	$412,100

Source: Redfin sale prices, May 2023. City of Boulder 2023, Q3 affordable prices.

Appendix Table B 7
Illustrative Affordability Gap for LIHTC Project Used to Meet IH
Inclusionary Housing Analysis
Boulder, CO

Illustrative Affordability Gap for LIHTC Project Used to Meet IH
Net of Tax Credits and Supported Debt

Example Project:	Spine Road Boulder	
No. of Units	59	Units
	Total	**Per Unit**
Development Cost, excl land [1]	$21,867,098	$370,629
Sources		
Tax Credit Equity	$7,306,778	$123,844
First Mortgage	$9,950,000	$168,644
Deferred Developer Fee	$963,320	$16,327
Subtotal	$18,220,098	$308,815
Grants	$822,000	$13,932
CDOH soft debt	$1,475,000	$25,000
Developer soft debt	$1,350,000	$22,881
Subtotal	$3,647,000	$61,814
Total Sources	$21,867,098	$370,629
Developer Funding Recap		
Developer Soft Debt	$1,350,000	$22,881
Land Value (land residual in current CIL scenario)	$2,821,739	$51,700
Total	$4,171,739	$74,581
	Rounded:	**$75,000**
	Per Market Rate Unit at 25%	**$25,000**
	Per Market Rate Unit with com benefit	**$28,806**

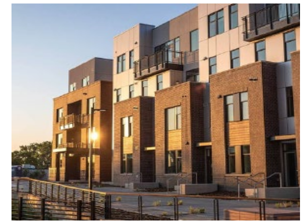
Source: Tax Credit Application + estimated land value.

Notes

(1) No land cost identified, donated site from market developer.

(2) Example selected as it is a developer initiated 4% LIHTC project being used to meet the IH obligation for a market rate project.

Appendix Table B-8
Project Summaries
Inclusionary Housing Analysis
Boulder, CO

Unit Type	**Rental**	**Rental**	**Rental**	**Rental**
				
Project Name	**Oliv**	**Platform at S'park**	**RÊVE Boulder**	**The Standard at Boulder**
Location	1750 15th St	3350 Bluff St	3000 Pearl Pky	1345 28th ST
Status	Under Cxn	Built	Built	Proposed
Site Size	1.88 ac.	1.14 ac.	5.12 ac.	15 ac.
No. of Dwelling Units (du) notes	150 du	85 du	242 du	303 du 942 beds
Density (du/ac)	79.8 dua	74.6 dua	47.3 dua	20.2 dua
Unit Size Range **Average Unit Size**	297 - 1,742 sf 709 sf	417 -1,156 sf 653 sf	530 - 2,030sf 967 sf	estimated at 1,228 sf
Bedroom Mix				
Studio	Development will consist of studio, 1, 2, 3, and 4 bedroom apartments.	30%	2%	11%
1-Bedrooms		23%	73%	10%
2-Bedrooms		23%	21%	12%
3-Bedrooms		23%	4%	4%
4-Bedrooms				64%
5-Bedrooms				
Avg No. Bedrooms		1.4 BRs	1.3 BRs	3.0 BRs
No of Stories	3-story building.	4-story building.	5-story building.	4-story buildings
Parking	Structured parking	below grade	Structured, and surface parking	Surface

Appendix Table B-8
Project Summaries
Inclusionary Housing Analysis
Boulder, CO

Unit Type	**Rental**	**Rental**	**Rental**	**Rental**
				
Project Name	**2900 East College**	**Diagonal Plaza**	**Boulder Commons**	**Armory #1**
Location	2900 E. College Ave	3320 28th ST	3200 Bluff St	4750 Broadway
Status	Proposed	Proposed	Built	Built
Site Size	0.52 ac.	9 ac.	1.11 acres	5.74 acres
No. of Dwelling Units (du)	39 du	310 du	37 du	183 du
notes		incl 30 existing units		
Density (du/ac)	74.3 dua	33.7 dua	33.3 dua	31.9 dua
Unit Size Range	800 - 1,300 sf		651 - 1,333 sf	530 - 1,127 sf
Average Unit Size	1,050 sf	na	1,120 sf	724 sf
Bedroom Mix				
Studio	0%	15%		40%
1-Bedrooms	5%	51%	3%	37%
2-Bedrooms	0%	28%	97%	22%
3-Bedrooms	62%	6%		
4-Bedrooms	33%			
5-Bedrooms				
Avg No. Bedrooms	3.2 BRs	1.3 BRs	2.0 BRs	0.8 BRs
No of Stories	4-story buildings	3 and 4-story buildings	4-story building.	2-story buildings.
Parking	two levels of below grade parking	Structure	below grade	Structured, and surface parking

Appendix Table B-8
Project Summaries
Inclusionary Housing Analysis
Boulder, CO

Unit Type	**Rental**	**Rental**	**Rental**	**Rental**
		no image		
Project Name	**BASELINE ROAD AND 27TH WAY**	**965 Broadway**	**The HUB**	**Pearl Street Apartments**
Location	2700 Baseline	965 Broadway	770 28th St	2206 Pearl
Status	Proposed	Proposed	Under Cxn	Proposed
Site Size	3.10 ac.	0.45 ac.	3	0.48 ac.
No. of Dwelling Units (du)	84 du	12 du	96 du	45 du
notes				
Density (du/ac)	27.1 dua	26.7 dua	37.6 dua	93.3 dua
Unit Size Range			-	
Average Unit Size	1,093 sf	n/a	1,114 sf	299 sf
Bedroom Mix				
Studio	0%			100%
1-Bedrooms	0%			
2-Bedrooms	29%			
3-Bedrooms	0%			
4-Bedrooms	71%	100%	100%	
5-Bedrooms				
Avg No. Bedrooms	3.4 BRs	4.0 BRs	4.0 BRs	0.0 BRs
No of Stories	4 stories	3 stories	3-stories	3 stories
Parking	two level podium garage	primarily below grade	Below grade garage	podium garage

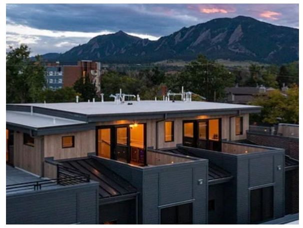
Appendix Table B-8
Project Summaries
Inclusionary Housing Analysis
Boulder, CO

Unit Type	**Rental**	**Townhomes**	**Rental Townhomes**	**Rental Townhomes**
				
Project Name	**Glenwood Court - Rentals**	**Glenwood Court - Townhomes**	**Armory #2**	**Celestial Seasonings Lot 1**
Location	2747 Glenwood Ct	2747 Glenwood Ct	4750 Broadway	4600 Hwy 119
Status	Proposed	Proposed	Built	Proposed
Site Size	3.14 ac.	3.14 ac.	1.92 acres	7.90 ac.
No. of Dwelling Units (du)	123 du	14 du	18 du	94 du
notes				
Density (du/ac)	44 dua incl THs	44 du/ac incl apts	9.4 dua	26.33 dua net
Unit Size Range			2,185 - 3,134 sf	
Average Unit Size			1,477 sf	
Bedroom Mix				
Studio	83%	0%		
1-Bedrooms	0%	0%		
2-Bedrooms	12%	0%		
3-Bedrooms	5%	100%	67%	100%
4-Bedrooms			33%	
5-Bedrooms				
Avg No. Bedrooms	0.4 BRs	3.0 BRs	3.3 BRs	3.0 BRs
No of Stories	3 stories	3 stories	3-story townhomes.	3 stories
Parking	below grade	private garages	Attached garages	private garages

Appendix Table B-8
Project Summaries
Inclusionary Housing Analysis
Boulder, CO

Unit Type	**Condominiums**	**Condominiums**	**Townhomes**	**Townhomes**
				
Project Name	**27 PINE**	**17th Street Flats**	**940 North**	**Velo Park**
Location	2718 Pine St	1629 17th ST	940 North St	3289 Airport Rd
Status	Built	Proposed	Built	Built
Site Size	0.48 ac.	0.23 ac.	0.23 acres	2.7 acres
No. of Dwelling Units (du)	13 du	6 du	6 du	70 du
notes				
Density (du/ac)	27.1 dua	26.6 dua	26.1 dua	25.9 dua
Unit Size Range	773 - 1,754 sf	892-1325 sf	1,484 sf	706 - 1,984 sf
Average Unit Size	1,372 sf	1,267 sf	1,484 sf	851 sf
Bedroom Mix				
Studio		0%		Project consists of 1, 2, and 3 bedroom townhomes.
1-Bedrooms	8%	33%		
2-Bedrooms	92%	67%		
3-Bedrooms		0%	100%	
4-Bedrooms				
5-Bedrooms				
Avg No. Bedrooms	1.9 BRs	1.7 BRs	3.0 BRs	
No of Stories	3-story building.	3-story building	3-story townhomes.	3-story townhomes.
Parking	Structured parking	private garages	Detached garages	Private garages & surface

Appendix Table B-8
Project Summaries
Inclusionary Housing Analysis
Boulder, CO

Unit Type	**Townhomes**	**Townhomes**	**Townhomes**	**Townhomes**
				no image
Project Name	**Alveare**	**Flatiron Vista**	**4725 Broadway**	**358 Arapahoe**
Location	2008-2010 Pearl St	2160 Folsom St	4725 Broadway	358 Arapahoe
Status	Built	Built	Proposed	Proposed
Site Size	0.18 acres	0.63 acres	2.35 ac.	0.28 ac.
No. of Dwelling Units (du)	4 du	6 du	26 du	3 du
notes				
Density (du/ac)	22.2 dua	9.5 dua	11.1 dua	10.6 dua
Unit Size Range	-	2,071 - 3,520 sf		
Average Unit Size	1,700 sf	2,769 sf	1,730 sf	n/a
Bedroom Mix				
Studio				
1-Bedrooms				
2-Bedrooms			23%	
3-Bedrooms	100%	100%	77%	
4-Bedrooms				
5-Bedrooms				
Avg No. Bedrooms	3.0 BRs	2 and 3 BRs	2.8 BRs	
No of Stories	3-story townhomes.	3-story townhomes.	2-story townhomes.	3-story townhomes.
Parking	Attached garages	Attached garages	Attached garages	Attached garages

Appendix Table B-8
Project Summaries
Inclusionary Housing Analysis
Boulder, CO

Unit Type	Townhomes	Single Family	Single Family Detached	Duplex
	no image	no image		
Project Name	**Shining Mountain Waldorf School - Townhomes**	**Shining Mountain Waldorf School - Single Family**	**Whittier Corner**	**Odonata**
Location	999 Violet	1000 Violet	2709 Pine St	1955 3rd St
Status	Proposed	Proposed	Built	Built
Site Size	1.01 ac.	3.30 ac.	0.32 acres	1.01 acres
No. of Dwelling Units (du)	17 du	20 du	5 du	10 du
notes				
Density (du/ac)	16.8 dua	6.1 dua	15.6 dua	9.9 dua
Unit Size Range			1,370 - 2,200 sf	3,546 - 3,629 sf
Average Unit Size	2,103 sf	3,424 sf	1,600 sf	3,620 sf
Bedroom Mix				
Studio				
1-Bedrooms				
2-Bedrooms			100%	
3-Bedrooms				100%
4-Bedrooms				
5-Bedrooms				
Avg No. Bedrooms	n/a	n/a	2.0 BRs	3.0 BRs
No of Stories	n/a	n/a	3-story single family.	3-story single family.
Parking	private garages	private garages	Private garages	Surface parking

Appendix Table B-8
Project Summaries
Inclusionary Housing Analysis
Boulder, CO

Unit Type	**Duplex**	**Duplex**
		
Project Name	**Névé House**	**1224 Upland Ave**
Location	944 Arapahoe	1224 Upland Ave
Status	Under Cxn	Built
Site Size	0.22 acres	0.76 acres
No. of Dwelling Units (du)	2 du	4 du
notes		
Density (du/ac)	9.1 dua	5.3 dua
Unit Size Range	2,685 - 2,767sf	2,000 sf
Average Unit Size	2,700 sf	2,000 sf
Bedroom Mix		
Studio		
1-Bedrooms		
2-Bedrooms		
3-Bedrooms	100%	
4-Bedrooms		100%
5-Bedrooms		
Avg No. Bedrooms	3.0 BRs	4.0 BRs
No of Stories	2-story duplex.	2-story duplex.
Parking	Attached garages	Surface parking

Attachment C: Public Engagement Plan

Working with the Engagement staff, Housing and Human Services staff developed a public engagement plan for the Inclusionary Housing Update informed by the city's adopted Engagement Strategic Framework. The Inclusionary Housing Program has been in effect for more than two decades 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 1, 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. A plan for Step 8 and Step 9 is also summarized below.

Figure 1: 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 Inclusionary Housing program 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

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	General public	Market-rate homeownership developers Housing professionals City Council Other MI homeownership programs Other city departments with resources	City's affordable housing partners Technical Advisory Group Housing Advisory Board Planning Board	
Participation Goal	Provide with balanced and objective information to assist them in understanding a problem, alternatives, opportunities and/or solutions	Obtain feedback on consultant analysis and recommendations.	Work throughout the 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.

Step 4. Share a foundation of knowledge.

The Oct. 27, 2023, study session memo and presentation provided the initial foundation of knowledge. Efforts to share knowledge to the community is ongoing and has included the following activities:

- *Project Webpage and Project Interest List*. The project webpage was updated with project progress, and an email list was created to systematically capture contact information of interested parties. (December 2022)
- *Joint Study Session*. Staff presented to a joint study session of the Planning Board, Housing Advisory Board, and Affordable Housing Technical Review Group to provide an overview of the existing regulations, introduce the upcoming effort, and provide board members with an opportunity to ask questions. (January 2023)
- *World Café/Planning Open House*. Project staff attended a community forum to share information about the inclusionary housing program generally. (February 2023)
- *Email Update*. An email was sent to all members of the inclusionary housing update email list, with details and dates of meetings to provide feedback on update options. (August 2023)
- *What's Up Boulder?*. Inclusionary Housing staff will be participating in the city's "What's Up Boulder?" event to answer questions and share information about IH program update for the general public. (September 2023)

Step 5. Identify options.

Incorporating initial feedback from city council, community feedback, and the Planning Board/Housing Advisory Board/Technical Review Board joint session feedback, staff worked with a consultant to identify options to update inclusionary housing program. The options presented in this memo are a result of this process. (February – July 2023)

Step 6. Evaluate options.

A memo summarizing the background, issues, and potential options was crafted in August 2023 and presented to the Housing Advisory Board (Aug. 23) and will be presented to Planning Board (Sep. 5) and to City Council (Sep. 7). The memo was also shared with the email interest list and shared through various city communications avenues. All feedback will be evaluated and incorporated into a draft ordinance for board and council consideration in the fall.

Steps 7. Make a Decision

City Council meeting on Sep. 7 staff provided an update on the project and requested input on potential code changes, and l directed staff to: remove the proposal to reduce the for-sale on-site requirement and to increase the unit price requirements; proceed in changing the cash-in-lieu methodology; and proceed in conducting a Nexus study.

Staff has incorporated these changes into the proposed ordinance – Ordinance 8601.

Step 8. Communicate Decision and Rationale

The proposed ordinance is scheduled for first reading before City Council on Oct. 19 and second reading on Nov. 2. If approved, the requirements will go into effect three months from adoption. This will allow for staff to update the administrative regulations, implement the associated procedural changes, and lay out program details before the new code goes into effect. If passed, changes typically go into effect 30 days after adoption. During this time, staff will communicate these changes by updating the project page with the proposed changes and sending an email to the inclusionary housing update email list.

Step 9. Reflect and Evaluate.

Evaluation of the Inclusionary Housing program will continue. During the Sep. 7 City Council Meeting, asked staff to continue to evaluate outcomes of the program and proposed updates on a regular basis. Staff will continue to evaluate outcomes and provide updates to City Council and the community as requested. The new ordinance includes a requirement to conduct a feasibility analysis at least every 5 years, which provides general guidance for city staff to evaluate and reflect on the changes made in the proposed ordinance.