

TABLE OF CONTENTS

Table of Contents..... 1

Introduction 3

Context..... 3

Housing Vision and Policies 5

Housing Strategy..... 7

 Overview of Programs 7

 Affordable Housing Definitions..... 9

Target Populations 9

Housing Programs..... 10

 Housing Programs – Overview 10

 New Development 12

 Permit Exemptions/Priorities..... 12

 Growth Management Recommendations: 13

 Inclusionary Zoning/Set-aside Requirements..... 14

 Recommendations for Set-aside Requirements: 14

 Annexation Policies 17

 Recommendations – Annexation Policies..... 17

 Land-Use Re-designation/Mixed Use..... 17

 Recommendations – Land Re-designation..... 18

 Fee Waivers/Deferrals 18

 Minimum Density 19

 Recommendation – Minimum Density 19

 Accessory Units..... 19

 Recommendations – Accessory Units 20

 Existing Housing..... 20

 Recommendations – Existing Housing: 21

 Fee Programs..... 22

 Recommendation – Fee-Based Programs..... 22

 Collaboration/Public Resources..... 22

 Recommendations – Collaboration/Public Resources 23

 Land Banking..... 23

 Recommendations – Land Banking..... 24

 Administrative Requirements 24

 Recommendations – Administrative Requirements 25

Key Needs Assessment findings 26

 Population 26

 Income Levels 27

 Low-, Moderate- and Middle-Income Households..... 27

 Housing Units 29

 Tenure 30

 Housing Cost..... 30

 Annual Percentage Change in Median Prices, by Unit Type..... 30

Housing Affordability 32

 Percentage of Income Spent on Housing 32

 Employment..... 33

 Wages 33

 Employment Growth Trends 34

Relationship between Jobs and Housing..... 34

Employment Patterns	34
Commuting.....	35
Where Employees Live.....	36
Employment Problems.....	36
Factors Considered in Developing Recommendations	38
Overall Housing Needs That Support the Recommendations	38
Factors Considered For Set-Aside Requirements:	40
Factors Considered for Accessory Dwelling Units:	40
Factors Considered for Existing Housing:.....	41

INTRODUCTION

The City of Lafayette was interested in understanding the housing needs of the community and establishing policies and programs that would address these needs. Ideally, a housing strategy would result that took into consideration the unique opportunities and constraints found in the community. A process was initiated that accomplished the following:

1. Generated a report based upon the results of a survey of households in Lafayette, a survey of employers and an assessment of current housing costs, unit types and future residential and non-residential development trends;
2. Identified the relationship between housing and jobs and the potential changes that may result due to increasing the number of jobs in the community;
3. Establishment of a Housing Vision for the community, which included providing a framework for housing policies, goals and the implementation of future housing programs and strategies;
4. Provided several opportunities for public input. These included a series of open houses, web-based opportunities and interviews conducted with selected developers and non-profit agencies;
5. Identification of potential housing strategies, to include opportunities for new residential development to contribute toward a community-wide housing solution and a commitment to seek housing solutions through the use of existing housing stock;
6. A commitment to take a leadership role in pursuing regional housing opportunities and strategies; and,
7. Creating a framework for implementing a housing strategy that builds upon the opportunities and strengths of the community.

This report describes the results of this process and includes the recommendations of the consultant team about strategies that it believes are important for the community to pursue to assure that the housing vision articulated by the Council can be realized in the future.

CONTEXT

To better understand the housing vision, policies and strategies, it is important to consider the context in which they were developed. Lafayette is a relatively small city located within Boulder County that has long been considered a “bedroom community” for the balance of the metro-area. This perception was borne out through the housing study which found that of the adults who work outside of the home, 40% commute to the city of Boulder and 48% commute to jobs in the Denver region or elsewhere. In addition, the city of Lafayette is seeking to attract jobs into the area as a way to generate revenues that will support its operations and to fund the services that residents’ desire. An important consideration in attracting jobs to the community to support Lafayette’s desire to become economically sustainable, is the impact of residential and non-residential development in surrounding communities, particularly in Erie, Louisville and Broomfield, and the success these communities have had in attracting retail to the area. Ideally, a

regional strategy would be established that would support the goals of the surrounding communities for both employment and to address the housing needs of current and future residents and employees. To date, many discussions have taken place through DRCOG and the Metro-Mayors Caucus, but without visible success.

In November 1995 the community passed a Growth Management provision that limited future residential growth. This was to be accomplished by limiting the number of building permits that would be available for new residential homes to 200 per year. The growth management provision allowed projects that had a recorded plat prior to May 1995 to be exempt from the allocation process. Those projects that had some form of commitment prior to May 1995 had a contractual obligation that had to be met, which meant they had a priority to receive any and all allocations. The net effect was that developments with approvals prior to adoption of the Growth Management provision have used all available allocations for their developments over the last six years. At this point in time, approximately 200 units remain to be developed under prior commitments. Potential projects, that did not have some form of commitment, were shelved and potential developers of these properties left Lafayette.

The original Growth Management provision included a requirement that the issue be placed before the voters in November 2001. Since this will be the first time in over six years that new projects could be considered, the Council was interested and concerned about options and alternatives to the Growth Management ordinance that could be used to create housing that would support a workforce, as well as for seniors. Several options were explored and are presented in further detail in the section on HOUSING STRATEGY.

In addition to the regional pressures for non-residential and residential development, Lafayette has a limited land supply. Within the city limits, there are an estimated 980 acres that are designated for commercial/industrial development and about 285 acres for residential development. The limitations on growth and available land are further impetus for establishing a housing program that will enhance opportunities for creating housing that is affordable to employees and current residents.

Lastly, through the course of the work completed in relation to housing it became increasingly clear that issues related to land use, economic development, service levels and housing are inter-related. For example, if consideration is given to re-designating land from commercial/industrial to a residential use, the potential impact on the local economy needs to be considered. This is important, because Lafayette is in need of resources to be able to provide services to residents, such as paving roads, maintaining the library and police force and caring for parks. Because of the inter-relationships, it became evident that a variety of issues should be considered in a thoughtful, complete manner. The best opportunity to consider the topics and devise policies and strategies that support the overall goals of the community is through the process of revisiting the Lafayette Comprehensive Plan. Many of the issues that are reflected in this report will be revisited through the comprehensive plan process. The housing vision, goals and policies provide the primary framework for the comprehensive plan. Lafayette intends to initiate this process in late 2001/early 2002.

HOUSING VISION AND POLICIES

It is within this context that Council developed its vision for housing. It took into account the limitations on land, desire for slow growth, the need to establish an economically sustainable community and hope that housing opportunities could be created for essential workers, current residents and seniors.

“Lafayette is special because it is a community that is small enough to have a “home-town” feeling, but large enough to accommodate households of different ethnic, social and economic backgrounds.” To that end, the Housing Strategy for the community will incorporate the following:

1. A range of affordable housing options that supports the growing and changing needs of residents is desired. It is important to have housing for persons of all ages and to assure there are some affordable housing opportunities for residents to grow up and grow old in Lafayette;
2. A range of housing options that supports continued economic growth and economic stability is needed. Lafayette will strive to achieve a balance between economic and residential uses in the area;
3. Lafayette has a limited amount of land to be developed, as well as limited redevelopment potential. To assure that this valuable resource is used wisely, the housing plan will be incorporated in the Comprehensive Plan to assure that it is thorough and not approached in a piece-meal fashion;
4. Lafayette’s Housing Strategy will consider the housing needs of all economic groups, especially middle-class households who are finding it increasingly difficult to remain in the area because of high housing costs. It will strive to provide housing for essential employees, such as fire, police and teachers. The desired result is that workers, and others, who contribute to the overall well-being of the community, will be attracted to, and remain in this community;
5. Preferences will be given for employees who work in the community and for residents who currently live in the community;
6. Housing programs will take into consideration what the workforce is able to afford;
7. The City of Lafayette will continue to blend different types, styles and prices of housing found throughout the community;
8. Affordable housing should be provided in relatively small-sized developments, including mixed-use and mixed-income projects;
9. Affordable rental and for-sale housing will be an important element of any affordable housing strategy. The preferred mix of rental and for-sale housing may be dependent upon the changing needs of essential workers, seniors and current residents of Lafayette;

11. The private sector will play an important role in providing affordable housing for Lafayette. This will be accomplished through partnerships, incentives and mandatory requirements. It is understood that responding to all of Lafayette's affordable housing needs does not rest solely with local governments and non-profit agencies;
12. The private sector can play an important role in providing housing for middle-income households by creating mixed-income developments. These should be developments that include housing in a range of prices and unit types;
13. Non-profit housing development groups will also play an important role in providing housing for citizens and employees of Lafayette. The City of Lafayette intends to support and encourage partnerships with these entities to create housing solutions for the community;
14. Economic sustainability is an important goal for the City of Lafayette. To that end, it is seeking to support economic development for large and small businesses and to create a housing strategy that can support the spectrum of housing needed for current and future employees and residents;
15. The relationship between housing and jobs may be attained over ten or more years. It is important that the city is mindful of this relationship as it seeks to influence this relationship through land-use, building permit allocations and other means. The City of Lafayette has been successful in its past efforts to attract employers to the area and is now interested in defining the types of jobs and housing needed by the City in the future to support continued economic stability for the community;
16. All economic development and residential planning efforts will be realistic and support the City of Lafayette in creating and maintaining a desirable community for residents to live, work and shop;
17. The challenge of affordable housing is being faced throughout the region. Lafayette will take a leadership role in working directly with other communities that are contiguous to its boundaries, including Erie, Broomfield and Louisville. Through smaller, more focused efforts it may be possible to establish better understanding and cooperation with regard to regional affordable housing issues; and,
18. The City of Lafayette will continue to work with programs established through DRCOG and the metro-Mayors caucus to address regional housing and economic concerns.

HOUSING STRATEGY

Among the purposes outlined for the housing study was the development of a housing strategy. One of the basic goals of this strategy was to encourage affordable housing for residents and employees in Lafayette. Another goal was to establish a program that took into consideration the constraints imposed by a limited land supply, the growth management system as well as the housing needs identified through the survey. Lastly, it was important to propose a system that would support Lafayette in its desire to become economically sustainable, while enhancing the livability of the community. The proposed strategy includes opportunities for utilizing existing housing stock, as well as those that would be accomplished through new residential development. This results in a multi-dimensional program that addresses both current and future housing needs.

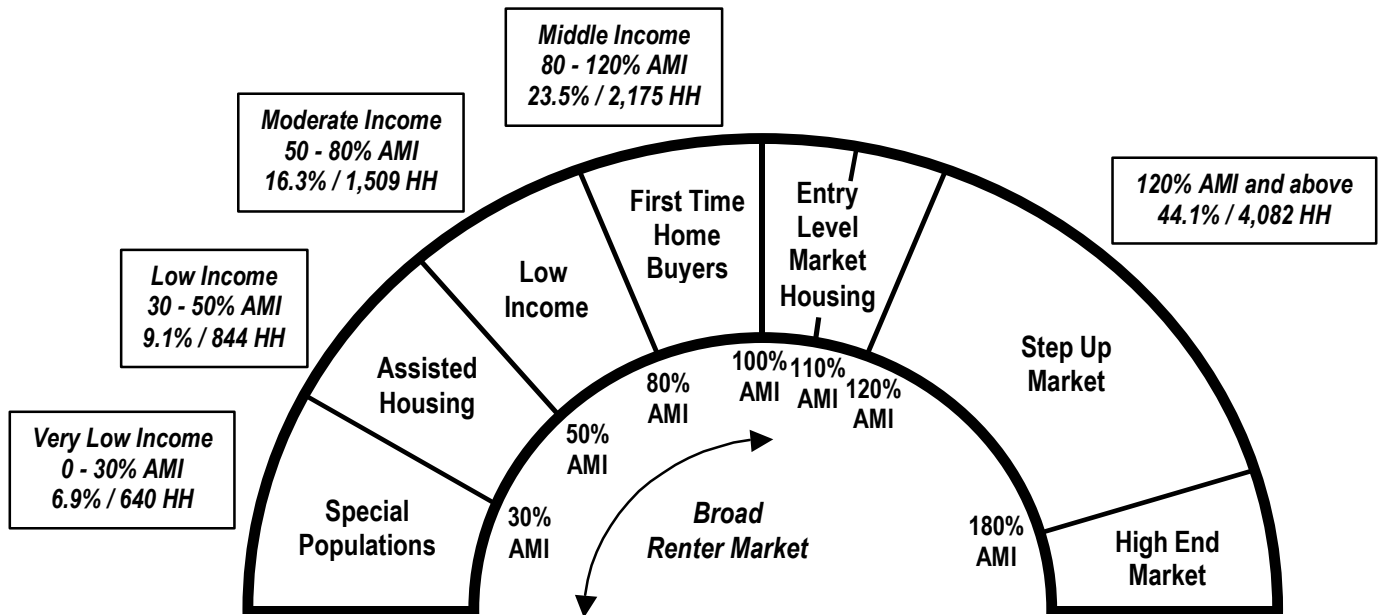
Another desired outcome of the Lafayette housing strategy was to establish goals, policies and programs that result in providing opportunities for affordable housing for all residents by ensuring adequate and diverse housing choices throughout the community. The programs and strategies described below have taken into consideration the results found through the housing needs assessment, public input, key informant interviews and direction provided by the Lafayette City Council. During the course of this work, it became clear that the issue of affordable housing was closely linked to land use, economic sustainability and the impacts of regional growth and development. Many of these issues were outside the scope of this process and it was determined that they could best be addressed through a comprehensive planning process. Although this is the case, resolution to these issues does not have to be completed prior to initiating a housing program. The work completed on housing can be incorporated into the comprehensive plan process, which is slated to begin toward the end of 2001 and continue into 2002. Much of this work will form the basis for the Housing Element of a Comprehensive Plan.

Overview of Programs

A wide variety of approaches were identified that could be utilized to increase the supply of affordable housing in Lafayette. These programs are designed to provide diversity in housing types and prices. Ideally, housing will be made available that addresses the broad spectrum of housing needs that exist in the community. The Housing Bridge, shown on the next page illustrates the groupings of households by income range, type of tenure and programs. It shows, for example that there are approximately 844 households earning 30% to 50% of the Area Median Income (AMI). These households are defined as "low-income". Typically, housing for households in this income range is made available through a combination of subsidy and different financing approaches to ensure it is affordable. Moderate-income households are defined as those earning between 50% and 80% of the AMI; housing for this group may also need some subsidy and special financing, although not to the extent of low-income households. Households at the upper end of this range may seek entry-level buying opportunities whereas those that are at the lower end of this range may need rental housing that is priced below market rate rents.

The Housing Bridge illustrates the spectrum of households in Lafayette, as well as the percentage and numbers of households living in the city whose incomes meet these criteria.

Housing Bridge



The following table describes the Area Median Income, as established by HUD, for Boulder County and adjusted by household size. A two-person household earning 50% of the AMI could have one wage earner that is paid \$15.65 per hour.

Area Median Income - 2001

Percent of median income	1 person	2 person	3 person	4 person
120%	\$68,400	\$78,120	\$87,960	\$97,680
100%	\$57,000	\$65,100	\$73,300	\$81,400
80%	\$36,750	\$42,000	\$47,250	\$52,500
60%	\$31,250	\$35,700	\$40,183	\$44,633
50%	\$28,500	\$32,550	\$36,650	\$40,700
30%	\$17,100	\$19,550	\$22,000	\$24,400

Affordable Housing Definitions

Affordable housing means different things to different people and conjures up many different images. For this reason, care is exercised when communities establish definitions for affordable housing, with some communities establishing definitions that are different than those used by the Department of Housing and Urban Development (HUD). Lafayette has chosen to use the standard HUD definitions for ease in program administration. Creating a definition of affordable housing is an important aspect of setting up a housing program, as it creates the common language and definitions that are used among policy-makers, staff, developers, non-profit agencies and residents to describe the needs and solutions for the community.

Standard Definitions of Household Income

2001 limits for three-person household:

- ***Very Low Income: Households with incomes between 0 and 30% of the area median income - \$22,000***
- ***Low Income: Households with incomes between 31% and 50% of the area median income - \$36,650***
- ***Moderate Income: Households with incomes between 50% and 80% of the area median income - \$47,250***
- ***Middle Income: Households with incomes between 80% and 120% of the area median income - \$87,960***

A broad definition is that housing is deemed to be affordable if a household pays 30% or less of gross monthly income for housing costs. For Lafayette, it was determined that the primary focus of its housing goals and policies would be households earning 50% to 120% of the Area Median Income; households defined as moderate to middle income. These are households whose members are employed in positions that pay \$10.00 to \$25.00 per hour and include medical personnel, teachers, police, entry-level to mid-management employees and a variety of service workers. Often, these households are seeking entry-level homes to purchase and rental housing that is modestly priced.

TARGET POPULATIONS

The housing program will target households with incomes at different ranges that would be eligible for the different programs. The definitions may vary according to product type, whether or not for-sale or rental housing is provided and household size. The target populations that are established for these programs form the basis for defining the cost of affordable housing, unit type and eligibility for participating in the program. Although the recommendations in all of the following sections are numbered, this does not imply any priority. This was done for ease in reading the document and discussing its contents.

Recommendations - Target Populations

1. Target rental housing opportunities. A range of rental housing is needed in the community – from affordable rentals for low-income households to higher income wage earners. Ideally, Lafayette will seek out rental housing developments that offer units that are affordable to a range of incomes within each rental housing project;
2. Target for-sale housing opportunities for moderate to middle income households. These are households earning 50% to 120% of the AMI. This equates to \$47,250 to \$87,960 for a three-person household;
3. Encourage and support the efforts of non-profit groups and the local housing authority to produce housing that is affordable to households earning less than 80% of the AMI. Non-profit groups are skilled in creating mixed income housing projects that provide housing for very low to moderate income households within a single development; and,
4. Include a preference for households that are currently living and/or working in Lafayette. For seniors, a preference would be for those who currently live in Lafayette and/or have family in the community. A preference does not exclude persons from outside of the area from seeking the affordable housing produced through local initiatives. It only assures that current residents and employees have the first opportunity to acquire and or lease a unit produced through these programs.

HOUSING PROGRAMS**Housing Programs – Overview**

A multi-faceted strategy is needed in order to address affordable housing comprehensively and equitably and in a manner that is legally defensible. Highly effective affordable housing strategies depend upon the involvement and cooperation of the private sector, local and county governments, employers, non-profit agencies, local housing authorities and residents themselves. Affordable housing programs are more successful when a mixture of community sectors and all of the primary beneficiaries of affordable housing are involved in producing such housing.

The proposed housing programs for the city of Lafayette include multiple tools that may be combined to create the best overall affordable housing strategy. The recommendations for housing strategies and tools fall into these primary categories:

- New Development;
- Existing Housing;
- Collaboration/Public Resources;
- Fees; and,
- Program Administration.

Several considerations support the need to combine programs into a comprehensive strategy including:

- **Incentives Not Adequate and Why Requirements Are Imposed**

Incentive-only programs rarely address the community's affordable housing needs, particularly since there appears to be a significant existing shortfall. With a strong demand for larger, more expensive homes, there is little likelihood that incentives alone will induce the private sector to produce the number of units needed at prices that are affordable. Incentives in combination with mandates have had more success in other communities. For example, an inclusionary zoning requirement may stipulate that a certain percentage of units have to be developed as affordable housing. The regulations may also allow for a density bonus, if the inclusionary zoning requirement threshold is exceeded. Often, developers will use these in combination to produce more affordable housing.

- **Community Acceptance**

A strategy that consists of a single program would place the burden on a single industry or group. The groups that are mandated to fulfill the requirement believe that it is not fair, and share this view with the broader community. A program that relies solely on new residential development does not have as much acceptance as a program that seeks to have contributions from residential and non-residential development while pursuing opportunities to acquire and/or rehabilitate existing housing stock. A multi-faceted approach is generally well received in communities that are concerned with growth, as it mitigates concerns that new growth is being undertaken solely to address affordable housing needs. Other opportunities may exist by combining requirements and incentives for both residential and non-residential development, thereby decreasing the amount that any one group would have to bear and making the overall strategy more acceptable.

- **Balancing Catch Up with Keep Up**

As new commercial and residential development occurs, the *need for affordable housing will increase*. Ideally, new development would contribute to meeting new demand for affordable housing or "keeping up" with agreed upon community housing goals.

At present, there is an *existing shortfall* in the supply of affordable housing in Lafayette. It is unreasonable to expect new development to meet existing affordable housing shortfalls. Other strategies should be considered to address the "catch-up" needs of the community.

- **Different Tools Serve Different Populations**

Not every housing tool may apply to the different populations that a community wants to target. For example, inclusionary zoning requirements often result in for-sale housing that is suitable for moderate to middle income households. Density bonuses are generally used in multi-family and apartment types of development that produce more rental housing.

New Development

The strategies include establishing “set-aside” requirements for new residential development and annexations, the growth management system and re-zoning of land. In other words, growth is expected to create new units to keep up with the housing needs of the community. A brief description is provided for each program along with the recommendations of the consultant team. Recommendations were developed in close cooperation with City staff and Council; however, the team may have included some that it believes will be effective in Lafayette that may not have the full support of the Council. The factors that were considered in developing a housing strategy for Lafayette are included in the section of the report on KEY FINDINGS.

Permit Exemptions/Priorities

Lafayette has a restriction that only allows 200 residential building permits to be allocated on an annual basis. The Growth Management Provision will be placed on the ballot in November so that the voters may decide whether or not to continue this program. Several options for adjusting this system were considered throughout this process. These included:

- Waiving the requirement to compete for an allocation for affordable housing. There is some precedent for this option, as the current language provides waivers for housing to be developed by Habitat for Humanity on a site owned by the Boulder County Housing Authority;
- Setting aside a portion of the allocations for affordable housing development. These allocations could only be used for projects that meet affordable housing standards defined by the City;
- Establishing annual priorities for allocations. The City has a priority system at this time, with the priorities focused on developments with prior commitments. The current growth management provision prioritizes low-income housing, however the priority for upholding prior legal commitments has superceded this priority.;
- Adjusting an allocation based on the size of the unit to encourage smaller, more affordable housing. For example, smaller units might be considered as less than a full building permit and larger units would count for more than one allocation; and,
- Notifying the public that the City will be engaging in a comprehensive plan process that will clearly define land-use, maximum number of units and unit types. Since the uses of the land would be known, the City would place an initiative on the ballot in the future that might alter the allocations as a means of getting developments approved and built that would contribute to the overall well-being of the community.

The limitations imposed by the number of allocations that are available for residential development is at the heart of many of the issues that were raised during the course of this study. The City would like to support projects that offer a range of housing types and prices and address current and future housing needs. The restriction on allocations affects many good projects, as they need some reasonable assurance that they can

obtain permits in order to secure financing for their developments. Peak View is a 160-unit rental project and Strathmore is a 208-unit rental development. Both provide needed rental housing for the community. Projects of these types would be unable to be built under today's restrictions.

Careful consideration was given to the idea that the community is interested in some reasonable assurance about the kinds and types of developments that could occur. Through the comprehensive planning process, a vision, goals and policies can be expressed and then incorporated into the land-use regulations and requirements. The next step is to establish some form of "incentive" to encourage projects that will add value to the community. One of the best incentives is increase or allow greater flexibility in the number of annual allocations. This would only be for developments that meet multiple community goals, not just for affordable housing. Among the recommendations is consideration of completing the comprehensive planning process and providing an alternative for voters to consider that would allow for more allocations for developments that add value to the community.

Growth Management Recommendations:

1. Retain the growth cap as is currently defined;
2. Set-aside a total of 20% of the allocations (240), that would be available over the next six years for housing that is affordable to households earning up to 60% of the Area Median Income, in developments where at least 60% of the units will be affordable to households in this income group;
3. Establish a set of priorities for projects to receive allocations. These would be relatively simple, but would guide developers in understanding the minimum requirements. These would include:
 - a. Meeting the PUD Criteria;
 - b. Providing for a range and mix of affordable housing within the development;
4. Impose a preference on all units, not just those that meet the affordable housing guidelines, that current residents and employees of Lafayette would have the first priority to purchase or rent a unit. This preference would require marketing materials to be oriented toward residents and employees and that a time period be set-aside for them to purchase or rent the units. If, at the end of the specified time period, there were not enough buyers/renters for the product, the preference on the market rate units would be lifted.
5. Initiate the Comprehensive Planning process with an eye toward promoting a ballot initiative upon its completion that links the allocation of permits to projects that meet the requirements of the Comprehensive Plan.

Inclusionary Zoning/Set-aside Requirements

"Inclusionary Zoning" is defined by the American Institute of Certified Planners to mean:

“The mandatory inclusion of affordable or local housing units, or financial set-aside, as a quid pro quo for development approval.”

Jurisdictions utilizing this program require a percentage of units within a particular development be set-aside as housing that is priced to be affordable to defined target populations. The programs require that the units be of the same type or similar to other units being approved in the development. Thus, affordable housing in a wide variety of types and configurations may be produced with this program. For example, a development consisting of single-family lots might result in the set-aside of a percentage of the single-family lots for affordable housing, although the lots need not be the same size or as well located as other lots in the development. A multi-family development might set-aside a percentage of the multi-family units being built. Although the units need not be as large or as luxurious as other units in the development, the units by bedroom configuration should be proportionate to the overall mix of bedrooms in the development.

Recommendations for Set-aside Requirements:

1. Require all new residential development to set-aside at least 30% of new units as affordable housing. The housing would be affordable to households earning 50% to 120% of the Area Median Income.

After careful consideration it is recommended that this requirement be fulfilled through the PUD criteria, as virtually all new development must go through this process and it offers a greater degree of flexibility for the developer and City to review and agree upon the best affordable housing mix. This will have the same effect as an inclusionary zoning requirement, with greater flexibility for the developer to make a proposal that meets the PUD criteria. Although flexibility is desired, the PUD criteria needs to be mandatory and very prescriptive. Ideally, it would contain these elements:

2. Range of sales prices by unit type and bedroom configuration. These prices would be linked to what households at different income levels could afford to purchase a home;
 - a. Provide for a mix of unit types. Ideally, the number and type of units would be similar to those proposed for the market rate product. For example, if 20% of the market rate units are single-family, four-bedroom homes, 20% of the affordable housing would also have this unit type and bedroom configuration. The affordable units may not have a family room, home office and other space associated with a higher end product, but would at least have the same unit type/bedroom configuration and a reasonable amount of square footage;
 - b. A range of housing types and prices is to be provided within a for-sale development. For example, a development would offer a mix of attached and

- detached units to fulfill its requirement and be required to produce units in different price ranges;
- c. Single-family homes would be priced to be affordable to households earning 80% to 100% of the AMI. Prices could not exceed the maximum that a three-person household could afford. Larger households could earn more than the maximum three-person household income, as long as the income did not exceed the definition established for that size of household; and,
 - d. Multi-family homes would be priced to be affordable to households earning 60% to 80% of the AMI. Prices could not exceed the maximum that a three-person household could afford; and,
3. As an incentive, developments that produce housing that is affordable to households earning a lower income would only be required to set-aside 20% of the development for these families:
- a. Single-family homes priced as affordable to households earning 80% of the AMI. Pricing could not exceed the maximum that a three-person household could afford; and,
 - b. Multi-family homes would be priced as affordable to households earning 60% of the AMI. The maximum price could not exceed the affordability of a three-person household.

Example of Set-Aside Requirement

30% Solution: Assume a proposal is made for a 100-development. Of these 100 units, 30 would be required to meet the affordable housing guideline. The proposal includes 20 three-bedroom town homes that will be sold for \$175,000. The remaining 10 units are to be three-bedroom, single family units that would be marketed for \$273,000.

20% Solution: Another 100 unit development is proposed, but it calls for 20 units to be set aside as affordable. Of these 20 units, 10 will be two-bedroom town homes that sell for \$130,000 and 10 will be three-bedroom, single family homes that sell for \$160,000.

Both projects are contributing housing that is affordable; however, the development that sets aside 20% of its units will provide them at a lower price, hence the lower requirement. This approach provides alternatives to develop and create an incentive for developers to produce housing that is affordable to mid-management and other workers.

The following chart provides an indication of the maximum sales prices that could be established for this program.

Sales Prices Linked to Area Median Income*

	1 Person	2 Person	3 Person	4 Person	5 Person
60% AMI	\$ 31,250	\$ 35,700	\$ 40,183	\$ 44,633	\$ 48,200
Home Price	\$115,330	\$ 131,753	\$ 148,300	\$ 164,720	\$ 177,885

80% AMI	\$ 36,750	\$ 42,000	\$ 47,250	\$ 52,500	\$ 56,700
Home Price	\$137,119	\$ 156,700	\$ 176,295	\$ 195,884	\$ 211,554

100% AMI	\$ 57,000	\$ 65,100	\$ 73,300	\$ 81,400	\$ 87,900
Home Price	\$212,674	\$ 242,896	\$ 273,491	\$ 303,713	\$ 327,965

*Assumes 10% down payment, with 30% of gross monthly income for housing payment. Of the 30%, approximately 9% was deducted for taxes and insurance. Annual interest rate at 7.25%.

- Establishment of minimum sizes for affordable units. This is to assure that units of greater size are produced. Suggested size thresholds could be varied based on bedroom configuration as described in the following chart.

Minimum Square Footage by Unit Type and Bedroom

	Single Family	Town Homes	Condos/ Stacked Flats
Studio		N/A	550
1 BR		N/A	625
2 BR	1,100		725
3 BR	1,400		850
4 BR	1,600	1,300	1,100

- Include provisions that will allow for cash-in-lieu of developing the units. Ideally, units will be provided within a project; however, there may be circumstances where a cash payment is preferred. Cash-in-lieu is particularly important for small projects (ten or fewer units), as they may have difficulty meeting this requirement on-site. In order to calculate the amount of the cash-in-lieu it is important to consider how much equity (subsidy) would be needed to “buy-down” the cost of a unit so that it is affordable to a household at a defined income. This may be the amount needed to “buy-down” the cost of an existing unit or the amount needed to develop a unit on another site. This calculation would have to be updated annually to keep pace with changing market conditions; and,
- Given the limited land available in Lafayette, a land-in-lieu of units is also recommended. This could be property located within the proposed development or in another appropriate location. For example, a developer could offer three acres of a 15-acre parcel to the City. Once the parcel was under City ownership, the City could decide what type of affordable housing should be developed at the site and issue a Request for Proposal to develop this property. The entire property would have to produce units that would be equivalent to those that would have been built within the larger parcel. Another option would be for the city to deed the land over to

the housing authority for future affordable housing use. A land-in-lieu is one mechanism that could be used to start a land banking program.

Annexation Policies

Annexation policies can have requirements that an annexation of land with significant development or redevelopment potential provides affordable housing. Municipalities have no obligation to annex property and, therefore, have broad discretion regarding the terms they may require as part of an annexation. Political support for the imposing of affordable housing requirements at the time of annexation is best assured where such policies are included in the community's comprehensive plan. Some policy examples include: (1) ensure a mix of types and sizes of housing to meet the needs of all residents of the community, and, (2) provide affordable housing in keeping with current community standards as part of all annexations. For such policies to be effective, cooperation between the municipal and county government is critical. In areas where these programs have enjoyed the most success, maximum densities allowed in rural areas of county jurisdiction are kept low. Thus, landowners have an incentive to seek annexation to a municipality.

At a minimum, newly annexed properties should be required to meet the same provisions as newly developing properties within the city limits. In addition, negotiating the affordable housing requirement at time of annexation assures that these obligations will be met, regardless of future housing program changes.

Recommendations – Annexation Policies

1. At a minimum, all newly annexed properties be required to set-aside at least 30% of new units as affordable housing as defined under the PUD criteria; and,
2. Currently, a tacit agreement exists with Boulder County that to minimize the amount of development that could occur in properties that are contiguous to Lafayette or identified in the Comprehensive Plan for future annexation into the community. It may be desirable to formalize this agreement.

Land-Use Re-designation/Mixed Use

Ideally, there would be more integration of residential and commercial uses, particularly as a strategy to enhance a housing/jobs relationship. Within Lafayette's municipal boundaries there are approximately 890 acres designated in the Comprehensive Plan for non-residential development; another 282 acres are likely to be annexed with the same designation. If developed according to plans, there would be approximately 35,150 jobs created on the full 1,262 acres available for commercial and industrial space, based on a ratio of 2.9 jobs per 1,000 square feet of space.

There are 21 parcels of the land that is zoned or likely to be annexed into the city for residential development. These parcels could accommodate between 5,218 and 7,626 units, depending upon assumptions made concerning density.

If commercial/industrial development were to occur at the predicted rates, and residential development met the projected numbers, the relationship between housing and jobs would shift over time from its current 1.92 units per employee to .42 housing units per employee. At that time, Lafayette would import more employees into the community, further exacerbating traffic, poor air quality and adversely affecting overall community life.

Lafayette is striving to retain its “home town” feeling while trying to achieve the economic sustainability it needs to assure future livability. To accomplish this goal, some land needs to be re-designated from a commercial/industrial use to a residential use and/or mixed-use (housing/commercial). This could be accomplished a number of ways. For example, larger commercial parcels might be “broken-up” to support residential in some areas and commercial in others, with the intention of integrating the two sites through walkways, bike paths or other features.

Recommendations – Land Re-designation

1. Identify parcels that are currently designated as commercial/industrial and may be suitable for mixed-use development. This could include both horizontally and vertically mixed-use projects;
2. Evaluate the impacts of changing the use from commercial/industrial to residential. These impacts include reduced traffic congestion, as the ability to live and work in the same community is increased; potential loss of tax revenues associated with commercial/industrial development; and, residential service requirements. There are more subtle impacts that may be difficult to evaluate, such as the potential increase in the number of employees who live/work in the same area, a more stable labor pool, reduced commuter miles and small businesses that often follow either or both residential and non-residential development;
3. Consider incentives that may be appropriate for mixed-use projects on sites currently designated for non-residential development where the owner/developer is motivated to produce a mixed-use project. This might include a priority consideration for receiving allocations and approvals for the non-residential project, fee deferrals or other appropriate mechanisms; and,
4. Select parcels for re-designation and incorporate the re-designation into the Comprehensive Plan.

Fee Waivers/Deferrals

Multiple fees and taxes are usually associated with residential development. The waiver or deferral of front-end costs can be extremely beneficial to affordable housing development and, in many cases, may make the difference between a project proceeding or not happening. In Lafayette, there has some precedent for waiving a portion of the fees, or deferring payment of the fees until Certificate of Occupancy.

These have been for self-help housing projects or developments that have been deemed to be in the best interest of the community. Developers, whether non-profit or for-profit, seek out waivers and deferrals because the reduction of front-end costs ripples through a development pro-forma, benefiting a project even more than the initial reduction.

Because impact fee waivers for affordable housing are common across the country, many people consider such fee waivers to be an appropriate, standard practice. This practice creates legal risks to the impact fee programs. Impact fee experts generally agree that fee waivers for affordable housing projects could lead to potential equal protection challenges. Many communities cover the lost revenue from waiving fees through a general fund expenditure.

Recommendations - Fee Waivers/Deferrals

1. Continue to evaluate the financial implications of offering fee waivers for housing;
2. Consider fee waivers only for developments where a substantial portion of housing will be developed for households earning less than 60% of the Area Median Income. Often, projects that are targeted to households in this income range must seek local financial support to be able to leverage other funds to buy down the cost of housing so it is affordable to these households; and,
3. Implement a fee deferral program that would allow for fees to be paid at Certificate of Occupancy. For qualified projects, a requirement could be imposed to pay fees over time. This option works well in rental projects, where it may take two to three years for the project to reach a stable occupancy level and be able to pay back the deferral.

Minimum Density

Under this requirement, developers would be required to build units at the minimum density that is allowed under the zoning code. Requiring developments to be built at the minimum density allowed under the zoning increases the likelihood that smaller, more affordable units will be developed. The option will be applicable to the zoning categories currently used by the City and could be accomplished through a zoning code amendment.

Recommendation – Minimum Density

1. A minimum density provision should be incorporated into the current zoning code.

Accessory Units

"Accessory units" refers to optional, smaller second units attached to or within single-family units, also known as "caretaker units" or "mother-in-law units." Such units often provide desirable housing for singles, couples, and entry-level and seasonal employees. Resident owners find the units to be desirable sources of extra income. They can also provide housing for senior citizens or adult "boomerang" children who may use such housing while they are in the process of establishing their independence.

Concerns over the impact of such units upon the overall community growth rate and quality of life are usually addressed with size limitations, off-site parking, and occupancy restrictions. Requiring the units to be attached to, or included within, a single-family dwelling or accessory structure like a garage may best mitigate visual impacts of accessory dwelling units. Thus, the property may continue to visually read as a single-family dwelling.

Recommendations – Accessory Units

1. Establish criteria to guide the development of accessory dwelling units within new projects and adopt these criteria; and,
2. Establish criteria to guide development of accessory dwelling units within existing neighborhoods, particularly in areas where the impacts are more easily mitigated and/or the unit can be easily accommodated within existing structures.

Existing Housing

Some of the best housing opportunities for Lafayette may be found within the existing housing stock. There are numerous small rental properties located throughout the community, in duplex through eight-plex configurations that would provide an ideal source of affordable housing without requiring new development. Over the years, the Boulder County Housing Authority has been acquiring these properties, making improvements and leasing them to income qualified households. The Housing Authority indicated that they plan to continue to pursue this practice into the future.

In addition, Lafayette has numerous mobile home parks; some of which are in need of attention. Some parks may best be redeveloped, as their location lends itself to a mixed-use product. This would allow for some form of retail/commercial space, with housing integrated within or adjacent to the development. The greatest impediment to redeveloping these sites is that they are providing housing that is affordable to local workers. If redevelopment were to proceed, relocation of these households would be needed.

Over time, it may be possible to support the acquisition of mobile home parks by residents. It is likely that some form of assistance may be needed to acquire these parks. These often take the form of federal or state grants that would require the pad spaces and/or units to remain affordable over time.

Lastly, some of the existing housing stock is in need of repair, due to the age of the home. Often, these homes are owned by seniors who are on fixed incomes and unable to afford the repairs that are needed.

Recommendations – Existing Housing:

1. Provide continued community support to the Boulder County Housing Authority to acquire existing housing within the community. Consider entering into an agreement with the Housing Authority that would establish an annual acquisition goal and provide some level of funding to assure these goals are met. Funding provided by Lafayette could include matching requirements;
2. Actively pursue the redevelopment of at least two mobile home parks that are located within the Urban Renewal District. Require a substantial portion of the newly developed housing units be affordable to entry-level workers and seniors with incomes that are 60% or less of the Area Median Income.

Several non-profits expressed an interest in undertaking such a venture. The advantage of working with a non-profit group is that they are familiar with relocation options and would work to assure that current households in these parks find other housing while redevelopment is underway. The disadvantage of working with non-profit groups is that they often use federal funding which mandates relocation assistance be provided. The cost of relocation can be very expensive and impact the overall financial feasibility of the project;

3. Establish relationships with current mobile home park owners and advise them of an interest in acquiring the parks, should the owner decide to sell at some time in the future. Although the City would not directly acquire these parks, it could facilitate a sale to a group that would honor the intention of the affordable housing programs and/or assist residents in organizing to acquire the park;
4. Create a rehabilitation loan program that could be used to repair homes with major code violations and provide needed livability improvements. A loan program would require that the loans be repaid over time or at the time a home is sold. In this way, the funds can revolve, and be used for other homeowners. The County Housing Authority is familiar with these programs and may be willing to undertake such a venture or locate a non-profit partner for this type of program. The State Division of Housing has funded similar efforts in the past;
5. Establish a relationship with a community-based or faith-based group to sponsor area-wide paint-a-thons and repair marathons. These are efforts that rely upon community volunteers and donations from area employers. Volunteers devote one day to paint and repair the homes of seniors; and,
6. Encourage the County Housing Authority or non-profit to initiate a Reverse Annuity Mortgage (RAM) program in Lafayette. This is a program for seniors who own their homes, but have limited incomes. Under a RAM, the senior may receive a lump sum amount or monthly payments that can be used to supplement other sources of income.

Fee Programs

Fee-based programs involve the use of dedicated funding sources to raise funds that can accrue to a local housing trust fund or be held by the governmental entity collecting the fees. These funds are usually used to “buy-down” the cost of acquiring, developing or rehabilitating housing that is to be made affordable to households that meet defined income guidelines. The funds could be used by the private sector, local housing authority, non-profit or a combination of entities as long as they result in the production/acquisition of affordable housing.

Examples of funding sources include housing impact or linkage fees, business license fees, or real estate transfer fees. Real estate transfer fees are not to be included with a real estate transfer tax. Under TABOR, real estate transfer taxes are prohibited; however, a real estate transfer fee is not. This type of fee is only imposed on transactions related to affordable housing. The revenues generated from these fees are typically used to offset the costs associated with program administration. The fee is usually modest, .25% of the sales price of a unit. For example, a home that sold for \$200,000 would pay \$500 if the fee was .25% of the sales price.

Generally, fee based approaches require demonstration of a nexus, or strong rationale linking the collection of the fee to mitigating some impact created as the result of some action. In addition, consideration must be given to how Amendment One affects the collection and use of these fees by local government.

Recommendation – Fee-Based Programs

1. The evaluation of a fee-based program should be completed after a Comprehensive Plan has been adopted. It is expected that the Comprehensive Plan will identify many services and development standards that could affect the current development fees charged by Lafayette at this time. It is advisable to consider all the implications of all of these costs within the context of this plan, so that the total impacts on the cost to residential/commercial development may be fully understood.

Collaboration/Public Resources

Several implementation techniques that could leverage additional resources for housing have been combined into one program category referred to as collaboration/public resources. Through partnerships with private developers and employers, municipal and county governments can facilitate the development of affordable housing without taking direct development responsibility. Resources that the public sector can bring to projects include land, direct project funding and financing enhancements.

A government entity can form a non-profit corporation with a private developer under 63-20 of the Internal Revenue Service Tax Code. Local government's responsibility in such a corporation is limited to sponsorship of the formation of such a corporation and the issuance of revenue bonds. Revenue bonds do not burden property taxes; instead they

depend upon dedicated project revenues for retirement of the debt. Because of the costs involved with a bond issue, underwriting and placement, this program is generally not feasible for projects involving less than 100 units. Units developed with the 63-20 Corporation may include any type of rental housing, but they are most often used for multi-family projects. Project occupancy is normally limited to low- to middle-income households and controlled by a board of directors composed of representatives of the residents, local government and the developer. The public subsidizes the resulting projects in that they are tax exempt, so there are implications on school districts and other taxing entities; however, when the bonds are paid off, local government owns the projects debt free.

Employers are increasingly becoming involved in the development of housing for their employees. There are multiple examples in Colorado's mountain communities. The ski area operators were perhaps the first employers to actively provide housing but a variety of other types of employers have become involved in recent years including retailers, hospitals, school districts and municipal governments. The 63-20 program referenced above provides a good opportunity for employers to participate by providing subordinated debt. With this participation, employers are then able to master lease units for employees with the provision that not more than 50% of the total project is master leased.

The possible combinations of public and private resources are unlimited. Many successful housing developments have been achieved when the public sector has leveraged its resources with those of the private sector.

Recommendations – Collaboration/Public Resources

1. Advise public and non-profit entities of the City's willingness to consider proposals for acquisition and/or new development that may involve City participation, such as the 63-20 program described above;
2. Create forums with employers to learn more about employer assisted housing options; and,
3. Proactively seek partnership opportunities. In many instances, the City could act as a facilitator between a non-profit organization and a private sector developer who may work together to acquire and/or develop a project.

Land Banking

Land banking is a program that acquires property, through purchase, land in lieu or other means with the intention of developing affordable housing on the site at a future date. Because the land is acquired well in advance of development, its cost relative to other development costs in the future is lower and helps to reduce the amount of subsidy that is needed from other sources.

This strategy works well if the City accepts land in lieu of providing affordable units to meet the set-aside requirement for a particular development. Often, the units developed in the future would include some that would be affordable to lower income households that would have been developed as part of an inclusionary requirement.

Recommendations – Land Banking

1. Establish guidelines describing the circumstances under which the City would accept land in lieu of development to meet the set-aside requirement; and,
2. Identify potential parcels that the City or housing authority could acquire under a land banking provision, obtain an agreement to purchase the property and apply funding to support the acquisition.

Administrative Requirements

Administrative requirements fall into several areas. Evaluation of proposals that include affordable housing is one aspect. Another is facilitating potential partnerships amongst developers, employers and non-profits to acquire and/or develop housing that is affordable. Advocating for housing that is affordable and being able to locate resources that could be used to produce more affordable housing is another important aspect of enhancing an affordable housing effort. Lastly, there is administrative oversight to assure that the units that are produced meet the program requirements and households who benefit from living in these units meet the program guidelines.

Ideally, resources would be allocated to support a staff person who would be able to facilitate affordable housing projects. This person would have knowledge of financial resources, partnership structures and be in alignment with the goals of the city. They would be devoted to assuring that more affordable housing was produced, through both new development and acquisition.

There may be an opportunity to create a regional administrative system. In Boulder County, several communities have either implemented some affordable housing programs or are in the process of implementing these programs. This opportunity would focus more on assuring that units meet the program requirements, oversight of marketing and assuring that program participants meet the guidelines. Few communities have enough activity to justify “staffing-up”; however, when considered together there may be sufficient need to share a person who can administer these programs. Ideally, programs throughout the area would carry similar requirements so that potential program participants receive consistent information and area realtors become familiar and comfortable with the requirements.

All housing programs carry administrative requirements that assure the vision and goals established through the housing strategy are met. Administrative requirements are generally included in a set of administrative guidelines that include the following:

- Definitions about who may qualify for a unit produced through a local housing initiative, including local preferences;

- Guidelines defining sales/rent prices, unit mixes and types, marketing requirements and the documentation needed to assure households meet the program targets;
- A review of projects to assure that the housing that is being proposed within new developments meets the set-aside requirements; and,
- Re-sale provisions for deed-restricted housing. These include the requirements for recording the deed-restriction, re-sale price calculations, future income requirements and marketing requirements for units that are sold under the program.

Through the administration of the program, knowledge and information is gained to help:

- Manage the unintended consequences (e.g. potential mass and scale issues, impacts on free market real estate prices, shifts in population within the area, focusing on certain income segments at the exclusion of others, incompatibility with adjacent uses, etc.);
- Monitor affordable housing problems, which are dynamic and constantly changing; and,
- Evaluate the effectiveness of programs that are adopted. Following the initial implementation of these strategies, the combination of programs and their application will require periodic adjustment.

Recommendations – Administrative Requirements

1. Meet with Longmont and Broomfield to discuss the possibility of jointly contracting for administrative services. Boulder County Housing Authority may be willing to fulfill this role;
2. Hire a staff person, or obtain outside services, for a person that would act as a facilitator/advocate for a variety of affordable housing options. This person would work with City staff, developers, non-profit agencies and employers to seek mutually beneficial housing solutions;
3. At a minimum, enter into an agreement with the Boulder County Housing Authority to review development proposals that include affordable housing. Because of the housing authority's experience in affordable housing, they will be able to evaluate how well the proposals address the goals and policies established for these programs. The housing authority indicated that they are willing to provide this service as part of their role as Lafayette's housing authority;
4. Draft administrative guidelines to implement any ordinances or land use requirements, housing preferences and similar requirements; and,
5. Draft a deed restriction that defines future sales prices, income eligibility and right-of first refusal to purchase a unit.

KEY NEEDS ASSESSMENT FINDINGS

To obtain information about existing conditions, surveys of both households and employers were conducted. A one-page questionnaire was distributed to all residential and commercial addresses in zip code 80026 as part of the February mailing of the *City Update* newsletter. A total of 1,424 completed surveys were returned from households in which 3,376 persons reside.

A one-page questionnaire was also distributed to 300 employers in Lafayette. A total of 169 completed surveys were returned for a response rate of 56%.

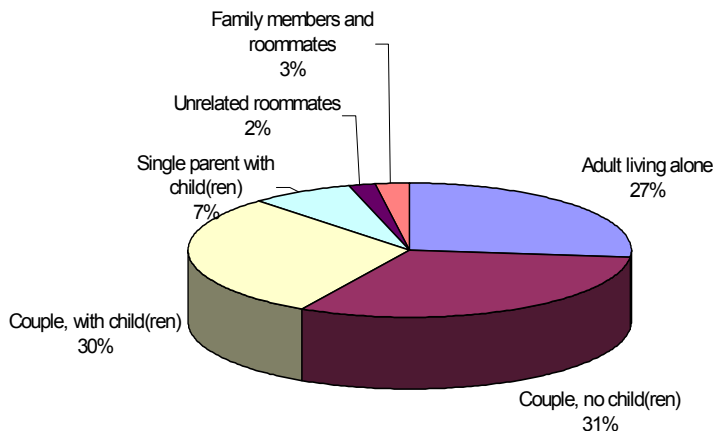
Other sources of information referenced in this report include:

- Boulder County Assessor;
- City of Lafayette Planning and Building Department;
- Boulder County Board of Realtors;
- Boulder County Housing Authority;
- Colorado Department of Labor and Employment;
- US Department of Housing and Urban Development;
- Denver Regional Council of Governments; and,
- Apartment Association of Metro Denver/Dr. Gordon Von Stroh, Denver University.

Population

According to the 2000 Census, there were 23,197 people living in Lafayette and the average household size is 2.62 persons. Approximately 27% of Lafayette’s housing units are occupied by one adult living alone. Couples without children, both married and living together, occupy 31%. The percentage that is occupied by unrelated roommates is relatively small at 2%. A slightly higher percentage (3%) is lived in by both family members and roommates. Just under one-third of Lafayette’s households consist of a couple with one or more children. Approximately 7% of the housing units are occupied by single parents with children who live with them at least part of the time.

Household Composition



Source: Household survey

- *Children reside in one-third of Lafayette’s homes.*
- *1,622 persons in Lafayette were age 62 or older (2000 Census)*

Income Levels

The median household income in Lafayette is \$60,000 with an average of \$71,059. Owners tend to have incomes that are about 65% higher than renters.

Average and Median Incomes by Own/Rent

	Owners	Renters	Difference
Median	\$65,000	\$40,000	62.5%
Average	\$77,819	\$46,086	68.9%

Source: Household survey

The distribution of incomes in Lafayette suggests a need for housing at a wide variety of price levels. There are concentrations in the \$30,000 to \$50,000 ranges. Approximately 17% have annual gross household incomes of less than \$30,000 while 23% have incomes of \$100,000 or more.

Low-, Moderate- and Middle-Income Households

Household populations are often segmented by income level as a percentage of the county’s median family income for policy development, project planning and project financing reasons. Five income categories have been used to segment Lafayette’s households. Households with incomes at or below 30% of the area median income (AMI) are considered to have very low incomes. Those in the 31% through 50% AMI category are considered to be low income. The moderate-income category ranges from 51% through 80% AMI while middle income includes households with incomes of 81% through 120% AMI. Upper-income households earn more than 120% of the area’s median. Income amounts vary by household size. The following table lists the income amounts for each category according to the number of persons in the household.

Income Amounts for Boulder County by Category, Year 2000

Persons in household	30% AMI or less	31% - 50% AMI	51% - 80% AMI	81% - 120% AMI
One	\$15,550 or less	\$15,551 - \$25,900	\$25,900- \$35,150	\$35,151 - \$52,725
Two	\$17,750 or less	\$17,751 – \$29,600	\$29,601 - \$40,150	\$40,151 - \$60,225
Three	\$20,000 or less	\$20,001– \$33,300	\$33,301 - \$45,200	\$45,201 - \$67,800
Four	\$22,200 or less	\$22,201 - \$37,000	\$37,001- \$50,200	\$50,201 - \$75,300
Five	\$24,000 or less	\$24,001 - \$39,950	\$39,951- \$54,200	\$54,201 - \$81,300
Six	\$25,750 or less	\$25,751 - \$45,900	\$45,901 - \$58,250	\$58,251 - \$87,375
Seven	\$27,550 or less	\$27,551 - \$45,900	\$45,901 - \$62,250	\$62,251 - \$93,375

Source: Dept. of Housing and Urban Development (HUD)

Nearly 7% of Lafayette’s households fall into the very-low-income category, 9.1% have low incomes and another 16.3% have moderate incomes according to the definitions previously presented. In total, nearly 3,000 of Lafayette’s households have incomes of 80% of the median or under and would therefore qualify for many of the Federal and State housing programs.

Household Estimates by Income Category

	Percent	# Households
30% or less AMI	6.9	640
31% - 50% AMI	9.1	844
51% - 80% AMI	16.3	1,509
81% - 120% AMI	23.5	2,175
Over 120% AMI	44.1	4,082
Total	100%	9,250

Source: Household survey

Key demographic and housing characteristics information is given by income category to assist in evaluating programs that might be considered for specific income groups.

Information Summary by Income Category

	30% or less AMI	31% - 50% AMI	51% - 80% AMI	81% - 120% AMI	Over 120% AMI	Overall
Own	69.8%	60.9%	64.9%	73.6%	91.6%	78.0%
Rent	30.2%	39.0%	35.0%	26.4%	8.4%	22.0%
Household Composition						
Adult living alone	66.7%	50.0%	30.4%	28.2%	12.2%	26.1%
Couple, no child(ren)	11.5%	21.1%	33.5%	25.5%	39.7%	31.7%
Couple, with child(ren)	6.3%	14.1%	18.1%	31.8%	40.8%	30.2%
Single parent w/ child(ren)	11.4%	8.6%	10.6%	11.5%	3.3%	7.4%
Unrelated roommates	2.1%	3.1%	3.5%	1.2%	1.6%	2.0%
Family and roommates	2.1%	3.1%	3.9%	1.8%	2.4%	2.6%
% of Income Spent on Housing						
Average	39%	32%	34%	20%	15%	20%
<20%	15.6%	18.2%	33.0%	45.7%	81.3%	55.9%
20% - 29%	10.9%	22.3%	32.6%	46.0%	15.9%	26.1%
30% - 39%	29.7%	35.5%	28.8%	6.4%	2.3%	12.0%
40% - 49%	18.8%	18.2%	4.7%	1.6%	0.5%	4.0%
50%+	25.0%	5.8%	0.9%	0.3%		2.0%

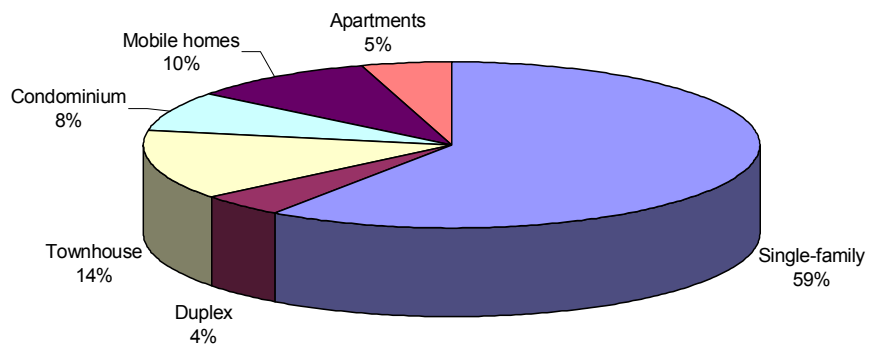
(Shading denotes housing not affordable relative to income.)

	30% or less AMI	31% - 50% AMI	51% - 80% AMI	81% - 120% AMI	Over 120% AMI	Overall
Type of Unit Occupied						
Apartment	4.2%	18.8%	15.7%	3.6%	0.6%	5.7%
Condominium	7.3%	10.9%	15.7%	10.9%	4.7%	8.7%
Townhome	9.4%	11.7%	15.7%	20.9%	11.8%	14.4%
Duplex	15.6%	7.0%	6.1%	6.7%	2.3%	5.3%
Mobile home	36.5%	22.7%	13.5%	4.8%	1.3%	8.5%
SF House	27.1%	29.8%	33.2%	53.0%	79.3%	57.4%
Average Household Income						
	\$10,920	\$23,175	\$36,234	\$53,195	\$113,114	\$71,221

Housing Units

As of December 2000, there were 9,269 housing units in the city. The majority of these units (59%) were single-family homes. Multi-family units make up 31% of the inventory; of the total inventory, approximately 8% are condominiums, 4% are duplexes, and 14% are townhouses. The townhouse category includes triplexes, fourplexes and other similar multi-family structures. Approximately 10% of the inventory are mobile homes and 5% are apartment units. The apartment category does not include units that are rented that are located in small-scale buildings such as fourplexes, sixplexes or similar types of structures. At approximately 10% of the total, mobile homes outnumber apartments and condominiums.

Lafayette Housing Inventory, December 2000



Sources: Boulder County Sources: Boulder County Assessor and Lafayette Planning and Building Department

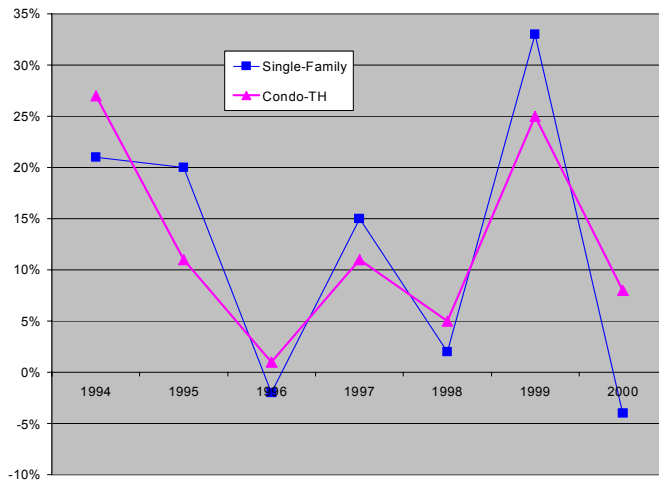
Tenure

According to the 2000 Census, 75.8% of Lafayette’s housing units were owner occupied and 24.2% were rented. The household survey found that more renters live in single-family homes than in apartments. Only about 26% of renters (an estimated 529 households) live in apartment units. The majority live in units that could convert to owner occupancy, with the potential for displacing current occupants.

Housing Cost

The following chart illustrates how the cost of housing in Lafayette is rising. Although there have been some downward trend at different point in time, there has been an overall increase in the price of homes. In 2000, the median price of a single-family home in Lafayette was just over \$250,000 and \$158,000 for an attached unit.

Annual Percentage Change in Median Prices, by Unit Type



Since 1994, the annual rate of change in the price of single-family and multi-family homes has varied from a low of 4% to a high of 33%. During this seven-year period, the price of single-family homes increased an average of 12% per year while the price of multi-family homes increased 13% per year.

New Home Prices

The median price of *new* single-family homes is significantly higher than the median price of all single-family homes. The median price of *new* single-family homes sold in 2000 (\$550,000) was 122% higher than the median price for *all* single-family properties sold during the same period (\$248,000). Of the 396 homes sold in 2000, 50 or 13% were new.

The median price for *new* multi-family units was approximately \$206,000, compared to \$155,000 for *all* multi-family units sold in 2000. This represents a difference of 33%. The 32 units of new construction comprise 17% of the 186 multi-family homes sold in 2000.

Contributing to the increasing cost of housing is the increase in the size of individual dwelling units over the past ten years. The median home size for dwelling units constructed from 1996 to 2000, 3,070 square feet, was nearly double the size of homes constructed prior to 1990. Prior to 1990 the median size of homes was 1,540 square feet to 1,728 square feet. The trend toward larger homes is likely to continue upward in the near future.

Market Rental Rates

Average free-market rents in Lafayette as of January 2001 range from approximately \$850 for a one-bedroom apartment to more than \$1,200 for a three-bedroom apartment. Based on the average size of the units, the rent per square foot ranges from \$1.00 to \$1.13 per month.

Weighted Average of Market Rate Rents

Unit Type	Average Rent	\$ per Sq. Ft.
1 bed/1 bath	\$846	\$1.13
2 bed/1 bath	\$915	\$1.10
2 bed/2 bath	\$1,071	\$1.04
3 bed/2 bath	\$1,227	\$1.00

Source: Interviews

Income-restricted Rental Rates

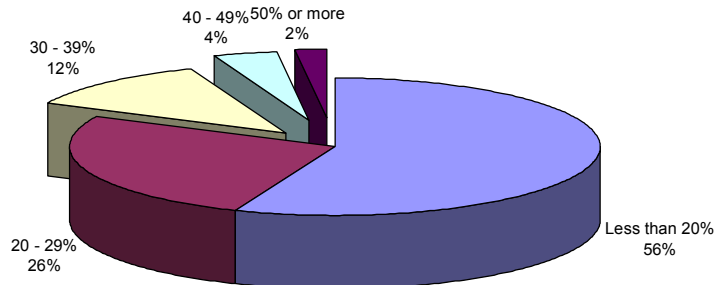
There are 85 rental units that are available at below-market rates to households with qualifying incomes. They can be grouped into three categories: 1) units owned by the Boulder County Housing Authority that are scattered throughout the community; 2) units located in the HUD-owned Helios project; and, 3) units located at Peakview Apartments that were financed through the Low Income Housing Tax Credit program.

HOUSING AFFORDABILITY

Housing is considered to be affordable provided that the rent or mortgage payment is less than 30% of the household's gross income. On average, Lafayette's households spend 20.2% of their income on their rent or mortgage payment. Approximately 18% of the community's households live in housing that is not affordable, however, based on the 30% standard. These households are considered to be cost burdened by their housing payment. This equates to an estimated 1,665 households that spend 30% or more of their income on housing and are cost burdened.

Percentage of Income Spent on Housing

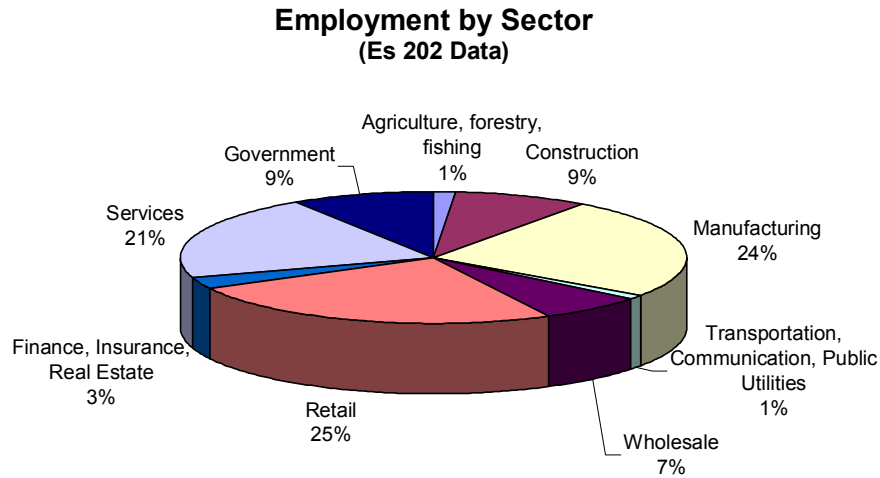
32% of renters live in housing that is too expensive given their income. This equates to approximately 655 households. Roughly 14% of owners, or 1,010 households are cost burdened by their mortgage payment. Combined, it is estimated that a total of 1,665 households live in housing that is not affordable.



Source: Household Survey

Employment

It was roughly estimated that there are 4,825 employees in Lafayette. The single largest industrial sector in terms of ES 202 employment is retail with 25% of the community's employees, followed closely by manufacturing with 24% and services with 21%.



Source: Colorado Department of Labor and Employment, ES 202 Data

Wages

The average wage paid to ES 202 employees in 1999 was \$26,125. The retail sector paid the lowest average wage at \$13,099 while the wholesale sector paid the highest at \$41,306.

	Average Wage
Agriculture, forestry, fishing	\$21,047
Construction	\$29,670
Manufacturing	\$34,551
Transportation, Communication, Public Utilities	\$30,953
Wholesale	\$41,306
Retail	\$13,099
Finance, Insurance, Real Estate	\$28,139
Services	\$28,908
Government	\$17,461
Overall	\$26,125

Source: Colorado Department of Labor and Employment

Employment Growth Trends

Between the first quarters of 1988 and 1999, the number of ES 202 employees increased almost 105%. The second half of the period, from 1994 through 1999, experienced a 61% gain in employment, which was nearly three times the rate of growth between 1998 and 1994. During that five-year period from 1994 through 1999, the number of employees covered by unemployment insurance increased by 272 per year, on average, while the number of establishments reporting increased 69%. Since ES 202 employers with Lafayette zip codes represent approximately 80% of total employment, it is estimated that total employment grew by about 340 jobs between 1994 and 1999.

RELATIONSHIP BETWEEN JOBS AND HOUSING

Currently, there are 9,269 housing units and an estimated 4,825 jobs in Lafayette, which equates to 1.92 housing units per employee. It is estimated that employees who work in the city's commercial and industrial spaces occupy only 8% of Lafayette's housing units.

If the current relationship between housing and jobs is to be maintained, 217 additional units are needed to house the employees that will fill the 1,050 new jobs projected within one year. Since persons who work in Lafayette occupy only 8% of the community's housing inventory, however, a total of 2,713 units are needed if community and employment patterns are to be unchanged.

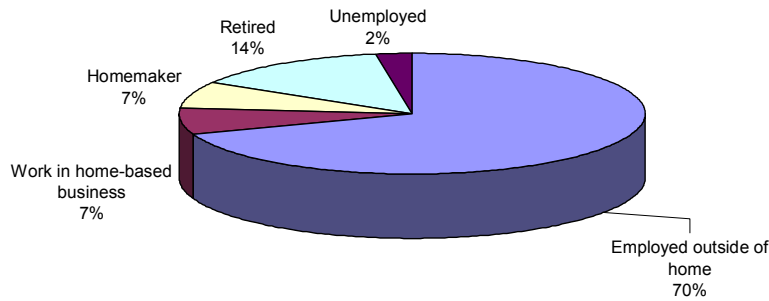
If it is assumed that land is developed according to current zoning and land use designations within the City's Comprehensive Plan, there will be approximately 35,140 additional jobs and between 5,218 and 7,626 additional housing units in the city. When these units and jobs are added to those already existing in Lafayette, it follows that there will be .42 housing units per employee in the city. This ratio is neither viable nor desired since the supply of labor would not be sufficient to support commercial/industrial development and since seniors would face increasing competition from employees.

- ***Approximately 35,140 jobs could be created on the 1,262 acres available for commercial/industrial development;***
- ***Currently, there are .1.92 housing units per employee;***
- ***If 35,140 jobs were created the relationship would change to allow .42 housing units per employee.***

Employment Patterns

As of February 2001, approximately 77% of Lafayette's adults were employed. A total of 70% were employed in jobs outside of the home and 7% were employed in home-based businesses. The household survey indicated that 7% are homemakers and 14% of the community's adults are retired. The unemployment estimate of 2% is slightly lower than state averages but in line with figures for Boulder County.

Employment Status

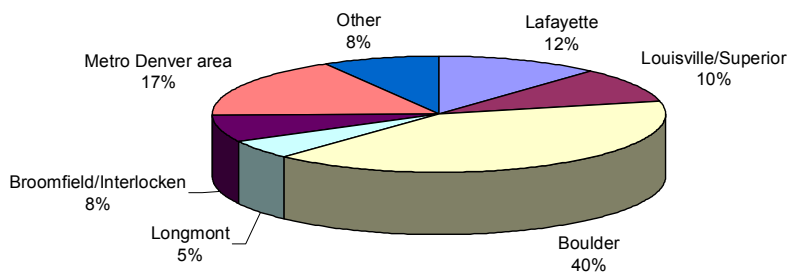


Source: Household survey

COMMUTING

Approximately 12% of the adults who are employed outside of the home work in Lafayette while 40% commute to jobs in Boulder. The remaining 48% commute to jobs in the metro Denver region or elsewhere as shown by the following chart. It is important to remember that these percentages are based only on those persons who are employed outside of the home.

Where Lafayette's Residents Work



Residents employed outside of their homes commute an average of 21.4 miles one way between work and home.

Where Employees Live

According to the 169 employers that were surveyed, approximately 31% of their employees live in Lafayette. The rest commute into Lafayette for work from other communities. It is interesting to note that more employees live in the metro Denver area, Longmont and Boulder than live in neighboring Louisville.

Where Employees Reside

Community	% Employees
Lafayette	30.9%
Louisville/Superior	9.1%
Boulder	12.8%
Longmont	11.3%
Broomfield/Interlocken	7.2%
Metro Denver Area	12.1%
Dacono/Frederick/Firestone	2.5%
Other Areas	14.1%
	100%

Source: Employer survey

Employment Problems

Of the employers surveyed, over one-third (34.5%) indicated they had been unable to fill jobs during the past year. These employers reported that they were unable to fill 206 full-time and 83 part-time jobs, for a total of 289 unfilled jobs. If the relationship between unfilled jobs (289) and total jobs covered by the employer survey (3,597), is applied to total estimated jobs (4,825) it follows that there were approximately 386 unfilled jobs in Lafayette last year. Employers were also asked to indicate how many persons left employment or could not accept a job because of housing. The 169 employers surveyed responded that 89 persons left or declined employment due to housing. The survey results suggest that a total of approximately 97 employees were unable to accept or keep jobs due to housing.

Schools had the hardest time filling positions followed by government agencies and retailers. Employers in the wholesale sector, which pays the highest wages on average, were the least likely to report they were unable to fill jobs.

Unable to Fill Jobs by Sector

	Yes	No
Retail	41.9	58.1
Commercial services	33.3	66.7
Professional services	27.3	72.7
Other services (personal, repair, etc.)	31.6	68.4
Manufacturing (high and low tech)	35.0	65.0
Wholesale	22.2	77.8
Education	66.7	33.3
Government	50.0	50.0
Transportation/Utilities	100.0	0.0
Agriculture/food processing	0.0	100.0
Other	43.8	56.3

Source: Employer survey

FACTORS CONSIDERED IN DEVELOPING RECOMMENDATIONS

Following are some of the factors and general housing needs that were considered in developing the recommendations for the overall housing strategy. The factors are only included for more complicated policies or programs.

Overall Housing Needs That Support the Recommendations

1. It is estimated that 1,665 of Lafayette's households currently live in housing that is not affordable. Of these, 655 are renters and 1,010 are homeowners. Renters tend to have affordability problems more frequently than owners; 32% of renters and 14% of owners are cost burdened.
2. Apartments tend to be the least affordable type of housing in Lafayette in terms of the percentage of income that is spent on rent. Over half of the households that reside in apartments are cost burdened by their housing payment.
3. Housing prices in Lafayette are increasing. The median price of single-family homes listed for sale early this year (\$269,900) exceeds by 8% the median price of homes sold last year (\$250,249). The increase in prices is greater among the more affordable multi-family units (a 45% difference between 2000 sales and March 2001 listings).
4. New homes being built in Lafayette are much more expensive than the homes built in past years. The median price of *new* single-family homes sold in 2000 was \$550,000, which was 122% higher than the price of *all* single-family homes sold that year.
5. Average free-market rents in Lafayette as of January 2001 range from approximately \$850 for a one-bedroom apartment to more than \$1,200 for a three-bedroom apartment.
6. Housing availability is very limited. As of January, only 102 residential units were listed for sale in Lafayette, which compares to 791 units sold in 2000 and equates to a 1.6 month inventory. The availability of less expensive condominiums and town homes is particularly limited, with only 22 units or a 1.1 month inventory listed for sale.
7. With only two units vacant out of a total of 438 apartment units researched, the rental vacancy rate in Lafayette is extremely low at 0.5%.
8. There were approximately 386 unfilled jobs in Lafayette last year. Schools, government agencies and retailers had the greatest difficulty filling jobs. A total of approximately 97 employees were unable to accept or keep jobs due to housing.

One-quarter of the employers surveyed responded that the cost or lack of housing is affecting the work performance of their employees while 55% indicated that housing is not affecting performance. Approximately 20% were uncertain. Displeasure with wages

due to high housing costs was the most often mentioned problem followed by tardiness from long commutes.

Factors considered in developing recommendations for Target Populations:

1. Availability of existing housing that is affordable to households within different income ranges;
2. Current and projected employment, by sector. Growth is anticipated to be greatest in retail and service jobs, both of which pay relatively low wages;
3. Presence of special populations, such as seniors, developmentally disabled and very low-income households;
4. Ability of the private sector to respond to demand of certain market segments;
5. Availability of resources from government, foundations and various financing mechanisms that improve housing affordability; and,
6. Political tolerance for creating housing for low- to moderate-income households.

Factors Considered For Permit Allocation Recommendations:

1. As work progressed on the housing strategy it became clear that an alternative ballot initiative was unlikely to pass unless the community had some reasonable assurances of the types of development that were going to occur on specific sites. Members of the public who attended the open houses were quite concerned about what types of units might be built on specific parcels, density and amenities;
2. Setting aside a portion of the allocations provides greater incentives for non-profits to create mixed-income projects with an emphasis on housing that is affordable. They will be able to use this provision as a way to demonstrate the community's commitment to affordable housing as they seek grants and other funds to create this housing;
3. Some developers were in favor of a "priority system" for allocations, particularly if it would allow "borrowing" from future allocations so there was some reasonable assurance that they would receive permits and could build their project in a timely manner. Other developers felt that establishing such a system for allocations would result in a "beauty contest" and would be more cumbersome than necessary. Priority systems can work; however, they tend to be complicated and rely upon a point system so that projects with the highest number of points are those that receive allocations. A project could meet the criteria and have a high number of points, and may not be the type of project that is in the best interests of the community. Whatever system is implemented needs to be simple, given staff resources. For these reasons, a complicated priority system is not recommended;
4. Establishing a system whereby smaller units would count for less than a full building permit allocation and large units would require more of an allocation was intriguing to some; however, the vast majority of people with whom this option was discussed felt

the community would view this as a way for the City to increase growth. This would result in a perception that the City was attempting to create more units than allowed under the growth cap. Because of the potential for a misperception of the goals of the City that could result in greater community resistance on future initiatives; this option is not recommended by the consultant team.

Factors Considered For Set-Aside Requirements:

1. An inclusionary zoning program was initially proposed. After meeting with developers and non-profits it became clear that most of the new development in Lafayette was required to go through a PUD process. This process contains many requirements that a developer must meet in order to proceed with a project. Including set-aside requirements as a PUD requirement will have the same effect as an inclusionary zoning requirement, without requiring a separate ordinance;
2. The proposed 30% set-aside requirement is reasonable because it is targeted to higher income groups. Other communities with inclusionary zoning programs often target low- to moderate-income households that earn up to 80% of the AMI. For example, Longmont has a 10% set-aside requirement for newly annexed land with units priced as affordable to households earning up to 80% of the AMI; Boulder's program also targets households earning 80% of the AMI and carries a 20% inclusionary requirement;
3. The 30% set-aside requirement was reviewed with several people directly or indirectly involved with residential development in Lafayette. None were overly concerned about the 30% set-aside requirement and saw the limitations on building permits as a greater obstacle;
4. About 39% of single-family homes listed for sale in Lafayette were priced at \$150,000 to \$250,000. Of multi-family homes, 23% were priced between \$100,000 and \$200,000. The prices for homes in most new development exceed these prices. The set-aside requirement assures that new development is contributing toward retaining the existing balance of affordable housing in the community;
5. Approximately 23.5% of Lafayette households earn incomes in the 81% to 120% range of the AMI. Another 16.3% earn 51% to 80% of the AMI, for a total income eligible population of 39.8%. Additional affordable housing targeted to these income groups is needed to retain the existing household economic mix; and,
6. Council indicated their preference was to target moderate to middle income households through new development programs.

Factors Considered for Accessory Dwelling Units:

1. Although accessory dwelling units are perceived as adding density in the neighborhood, they provide an opportunity to provide housing that is very affordable for single persons, couples and seniors;
2. Larger, existing homes can be more effectively utilized if an allowance is made for adding an accessory unit; and,

3. Accessory units can be planned in new developments and provide an adaptable space that may be used as a home office, living quarters for adult children/parents or other households, as the needs of the family demand.

Factors Considered for Existing Housing:

1. Existing housing is a valuable source of affordable housing for any community. A challenge in Lafayette is that the majority of housing is constituted of single-family homes. Because of this, acquisition opportunities are fairly limited and only Boulder County Housing Authority indicated a commitment to acquire smaller properties. The limited supply of attached housing notwithstanding, it will be important that these efforts are continued to assure additional affordable rental housing in the area;
2. Mobile homes are an excellent source of affordable housing. Across the country there are many examples of residents acquiring parks and owning them under cooperative or condominium agreements. Given the fact that 10% of Lafayette's current housing stock is found in mobile home parks, it will be important to take steps to assure there are opportunities that these will remain parks over time;
3. Implementation of a rehabilitation loan program and Reverse Annuity Mortgage Program could be accomplished without a lot of difficulty and provide an opportunity for early and visible success that demonstrates a commitment to the community to housing; and,
4. Community based programs, such as the paint-a-thon and repair programs create a mechanism for educating residents about affordable housing needs and issues, since they are actively engaged with persons whose incomes are limited. The results are also instantly visible.