

Boulder Housing Providers Working Group

Progress Report and Conclusions

June 5, 2023

Introduction

Boulder is a special place with a significant number of local property owners and potential investors who are willing to contribute to the good of the community by supporting the preservation of open space and the creation of housing for local workers and families. Open space preservation for agriculture, view shed, and recreation access requires respect for property rights and economic feasibility for the land owner. Boulder has a shortage of housing that is economically attainable at prevailing wages. The current Zoning and Subdivision ordinances limit the ability to further the community values expressed in the General Plan when subdividing land. This report discusses housing economics and recommends a menu of options for consideration by the planning commission.

The working group invited participation from local landowners and persons with real estate development and investment experience, but the email list was open to anyone expressing an interest. The report is based on feedback received by email and personal conversation from numerous individuals who had the opportunity to review the draft. Although there was frequent expression of caution regarding unintended consequences, no major dissenting opinions were expressed.

Problem Statement

Over the past several decades Boulder has been impacted by national economic trends resulting in loss of agricultural land, and increasing ownership of residential property by investors and second home owners. These trends are changing the character of the community and are leading to reduced housing options for workers and families. Boulder will continue to change and the challenge for the community is to incentivize change in a direction consistent with community goals.

The Boulder General Plan includes as General Community Goals [Section 5-2] the preservation of agriculture and open space [Goals 1, 2, 3, 4] and economic opportunities for working age adults and housing for low to moderate income individuals [Goals 9 and 10].

Boulder, like many other rural communities that are surrounded by attractive landscapes, suffers from the economic challenges of high land and construction costs combined with low wages. The Housing Needs working group indicated that home ownership is a goal but typical wages of those responding to the survey are in the range of \$30,000 to \$40,000 per year (\$15 to \$20/hr full time equivalent). Affordability is normally

considered to be about one-third of income going to housing, An affordable dwelling for a family with two locally employed adults needs to have a purchase price in the range of \$250,000 to \$300,000 considering current mortgage interest rates and allowing for utilities, property taxes, insurance, and repairs. Family help and various subsidy programs can raise this purchase price range but these options are limited.

The situation for rentals is economically difficult. A single worker at local wages can afford \$800-\$1000 per month for rent, but the investment per apartment needs to be in the range of \$120,000 to \$150,000 if a landlord is to provide housing at this price and get a market-rate return on the investment.

Construction costs in Boulder are higher than in major cities due to the remote location, and land is expensive because the area is attractive to investor second home owners. Local ordinances decrease affordability because allowable lot sizes are large and multifamily dwellings on a single lot are restricted. In summary, there is a gap between what local working-age families can afford and the price of recently sold lots and houses.

It is possible to facilitate preservation of open space and creation economically attainable housing while protecting the community character and appearance. The key elements to achieve these goal are: 1) landowner incentives, 2) a clear process for designating land for permanent protection, 3) deed restrictions to designate a portion of new lots for local workers and or families with income below the area median, and 4) ordinance changes to allow more creative project designs while protecting the visual appearance of the community.

Combining permanent open space preservation with rezoning other land for higher density is a way to create more affordable lots. Multifamily dwellings reduce land and infrastructure cost, the building can be designed look similar to a large single-family home, and deed restrictions can keep the housing affordable.

Incentives

The current zoning and subdivision ordinances do not create incentives for either land preservation or attainable housing. Currently the rules for the Greenbelt / Multiple Use (GMU) zone is 5-acre minimum lots. The current cluster subdivision option [152.145 through 152.199] allows for a 50% reduction in lot size if half of a parcel is preserved as open space but this option has never been utilized. The most feasible incentive that Boulder can offer landowner is to allow additional “bonus” lots in exchange for either preserving acreage as open space or for designating a portion of the lots as deed-restricted affordable housing.

The precise formula for a developer incentive will require effort to balance competing interests. Moab spent over a year negotiating between developers, housing advocates, and other stakeholders before passing a local worker housing ordinance.

Protecting Land

The cluster subdivision option refers to a “method of long-term protection and preservation acceptable to the Town Council” and states “conservation easements shall

comply with the Utah Conservation Easement Act.” Creating a conservation easement with a third-party trustee is necessary for obtaining charitable deduction tax benefits, but is time consuming and many be excessively complicated for smaller parcels. Boulder could adopt a clear set of rules establishing the essential legal agreements necessary to obtain local open space preservation incentives.

Deed Restrictions

The purpose of granting bonus density will be defeated if land intended for affordable housing is quickly resold at market rate. Deed restrictions based on employment and income are legal, and have been used in other Utah communities to insure that housing intended to be affordable remains so. Boulder would need to develop ordinances specifying what deed restriction conditions are necessary and sufficient to qualify for bonus density incentives.

A typical deed restriction would limit occupancy to a family with an income below 80% of area median income and would remain in force on the property for a specified number of years. Again, there will be a need to work out the appropriate details for Boulder, but examples are available from other jurisdictions in Utah.

Note Garfield County median income was \$44,000 so 80% would be \$35,000. Mr. Nellis has suggested that affordable housing income limit may need to be higher to benefit the majority of local workers.

Project Design and Visual Appearance

The Boulder community has repeatedly indicated a dislike for intrusive structures incompatible with a scenic rural landscape. Duplex and even four-plex multifamily dwellings can be designed to be indistinguishable from a large single-family home. Fortunately, state law allows imposing architectural standards when the restrictions are coupled with developer incentives.

Current Boulder ordinances require a 1:3 width to depth ratio and discourage building on slopes between 15% and 30%. These provisions limit the ability of developers to design a subdivision that is sensitive to the terrain and existing irrigated fields. Approaches like considering average lot size over the entire parcel, and allowing irregular lot shapes based on terrain, and encouraging building homes on lands unsuitable for agriculture can improve project economics while protecting community values.

Alternative housing types including long-term use of trailers and RVs for seasonal worker housing, encouraging new construction to include an ADU, and incorporating worker housing in commercial developments are all ideas that have been adopted by other communities facing affordable housing shortage. Many of these can be adapted to Boulder’s needs with very little impact.

Conclusion

Preserving the rural agricultural character of the town, sustaining the unique, diverse community spirit of Boulder, maintaining enrollment in the elementary school, and providing workers for local businesses all will benefit by amending existing zoning and subdivision ordinances to incentivize open space preservation and creation of economically attainable housing.

As landowners, investors, and concerned citizens we look forward to working with the Planning Commission and Town Council on these goals.