CITY COUNCIL COMMUNICATION
AGENDA ITEM 8E

SUBJECT: DISCUSSION / DIRECTION - INCLUSIONARY HOUSING UPDATE

DATE: FEBRUARY 4, 2025

PRESENTED BY: JEFF HIRT, AICP, PLANNING MANAGER
ROB ZUCCARO, AICP, COMMUNITY DEVELOPMENT DIRECTOR

PURPOSE
The purpose of this agenda item is for City Council to discuss and provide direction for targeted updates to the City's Inclusionary Housing Ordinance (IHO). This is on the City Council 2025 Work Plan and a Housing Plan implementation item. The key topics include updates to the fee in lieu amounts, target Area Median Income (AMI) ranges, and consideration of incentives for projects that exceed IHO minimums. The intent of the updates are to provide incentives that would increase the likelihood of achieving additional affordable housing development consistent with the Housing Plan and to ensure the City receives fee in lieu amounts consistent with current market conditions.

BACKGROUND
City Council adopted the IHO in 2021 to address Louisville's housing affordability challenges and align with the City's Boulder County Regional Housing Partnership goals. These housing challenges have increased since 2021 with the widening of the affordability gap between housing prices and household incomes. The median price of a home in Louisville is now well over $800,000, which is unattainable to about 75% of current Louisville households. About 40% of Louisville renter households are now housing cost burdened and Louisville rents are rising at a much faster rate than Boulder County as a whole (*see Link 1, Housing Plan, p. 3*).

City Council adopted the first Louisville Housing Plan in May 2024 that documents the housing affordability issue and actions the City can take to address it. The Housing Plan states three primary goals (*Housing Plan pp. 4, 26*).

1. Increase Residential Development Opportunities in Louisville;
2. Expand and Maintain Access to Affordable Housing; and
3. Diversify Louisville's Housing Stock.

This item would specifically implement the following Housing Plan policies:

- Action 1.2 - Consider Offering a Height Bonus or Additional Density for Projects that Pay a Higher Fee in Lieu than Required (or offer more onsite units than required) (*Housing Plan p. 32*)

- Action 3.3 – Evaluate Refinements to the IHO (*Housing Plan, p. 51*)

The City has several other related projects, policies, partnerships that support near-term updates to the IHO. These include, but are not limited to:

- A Comprehensive Plan update planned for City Council adoption in mid-2025. This plan update will set forth policy related to where and what type of new residential growth should occur over the next 10-20 years to advance the Housing Plan policies.
- Established City goals summarized in the Housing Plan that address inclusivity, sustainability, transportation connectivity, and regional housing partnerships (*Housing Plan p. 2*).
- The City's 2023 Proposition 123 commitment that makes Louisville eligible for State funding for affordable housing projects. Such commitment is to build 77 new affordable units in Louisville by 12/31/2026, per Resolution 54, Series 2023.
- The 2017 Boulder County Regional Housing Strategy goal that 12% of Louisville's housing be permanently affordable by 2035, supported by City Council Resolution 58, Series 2017. The City is currently working with Boulder County partners to develop a data dashboard to track this goal. Current estimates are that less than 5% of Louisville's housing stock is deed restricted affordable.
- The City's Intergovernmental Agreement (IGA) with the City of Boulder for staff support administering the City's IHO through June 2026. City Council approved this IGA on May 16, 2024 through Resolution 13, Series 2024.

With all these factors in play, staff are recommending targeted updates to the IHO to better position the City to achieve its housing affordability goals in the near term.

Summary of Existing IHO

Louisville Municipal Code (LMC) Chapter 17.76 requires new residential development to include 12% of its housing units as permanently affordable through a deed restriction. Within this 12%, ½ of the units must be affordable to households with an Area Median Income (AMI) of less than 60% and the remainder affordable to households with an AMI of less than 80%, regardless of unit type.

Developers have other options for IHO compliance with City Council approval besides building the units onsite. They can pay a fee in lieu of the 12%, with the fee codified in the IHO by owner ($9.24 per square feet) or renter ($4.72 per square feet) occupied units. There are also options for offsite construction of affordable housing, land dedication for affordable housing, and alternative agreements.

Most surrounding cities have IHOs including Superior, Lafayette, Boulder, Broomfield, and Longmont (*see Attachment 2, Peer City IHO Summary*). Each of these communities have unique IHOs with different percentages of units, AMI ranges, fee in lieu amounts, and incentives.

Since adoption of the Louisville IHO in 2021, no residential projects have been approved for onsite affordable housing units meeting IHO requirements. The first Planned Unit Development (PUD) approved that was subject to the IHO requirements is the 36-unit East Street Village project at 533 East Street. City Council approved the fee in lieu option for that development on 10/15/24 and the City is starting to receive the IHO fee in lieu for each unit as building permit applications are submitted.

PROPOSAL

Table 1 is a snapshot of City staff's recommendations for IHO updates to align with the Louisville Housing Plan recommendations. The Analysis section of this memo provides a more detailed summary of each of the Table 1 recommendations.

Table 1: Summary of Proposed IHO Changes

Potential Change	Existing	Proposed	Rationale
Modify AMI Target Ranges	Of the 12% of units: • ½ of units for < 60% AMI • ½ for < 80% AMI	• 12% of rental units for < 60% AMI • 12% of for sale units for 80-120% AMI	To implement Housing Plan Action Item 3.3 (p. 51).
Update Fee in Lieu Option Amounts	• $9.24/SF – for sale • $4.72/SF – rental	$17.32/SF – for sale $5.33/SF – rental *Amounts may be adjusted with more analysis and pending City Council direction.*	To update dated housing price and income data that the fee is based on and implement Housing Plan Action item 3.3 (p. 51).
Potential Incentives for Projects Exceeding IHO Minimums in Eligible Areas Under this proposed approach, the Comprehensive Plan that is currently being drafted would define areas eligible for incentives with policies establishing maximum building heights and densities by area. Eligible projects would be those providing 20% or more affordable housing onsite or paying a higher fee in lieu.			
Residential Density	None	Increase per Comprehensive Plan (e.g., up to 30 DU/acre in some locations)	To implement Housing Plan Action Item 1.2 (p. 32)
Building Heights		1 story or 15 feet increase (likely limited to specific areas by Comprehensive Plan and through Special Review Use)	
Reduced Parking		Reduction from 2 required parking spaces to 1 for affordable units	To address Housing Plan (Development Feasibility Analysis, Exhibit 4).

Table 1 includes City staff IHO recommendations for City Council consideration. There are numerous other affordable housing incentives that could be evaluated further, including but not limited to:

- *Development Fee Reduction*: A reduction in development fees for affordable housing units including but not limited to permit fees, impact fees, and tap fees that may be offset with funds from the IHO inclusionary fee in lieu or the City's General Fund. Permit fees for new residential are $4,000 for the first $500,000 in permit valuation, impact fees for a new 1,000 square foot multifamily unit are $7,160 and tap fees for a multifamily unit are currently about $32,000. Housing Plan Action Item 1.3 identifies fee reductions as a strategy to evaluate to promote affordable housing (p. 33).
- *Public Land Dedication*: A reduction in the mandatory public use land dedication requirements in LMC Sec. 16.16.060 for residential subdivisions with affordable housing. Currently, residential subdivisions must dedicate 15% of their development area for a public purpose like a park or pay a fee in lieu of such dedication. This can present a significant challenge for constrained, infill sites.
- *Development Standards*: Allowing reduced minimum lot size, lot coverage, and lot width requirements.
- *Energy Codes*: Flexibility to meet Louisville's energy codes for affordable housing projects.
- *Inclusionary Housing Flexibility*: Exemptions or flexibility for certain residential units to comply with IHO requirements, including Accessory Dwelling Units (ADUs), and denser, larger multifamily rental projects. The philosophy under this approach would be that these units will naturally be more affordable and thus should have IHO flexibility.

City Council's recently approved budget includes funding for a development code update. City staff are planning for this update process to begin immediately following the Comprehensive Plan update scheduled for adoption in mid-2025. The development code update may also be an opportunity to revisit IHO refinements since it will comprehensively address Titles 16 (Subdivisions) and Title 17 (Zoning) of the LMC.

ANALYSIS

Area Median Income (AMI) Targets Analysis

The Housing Plan provides a detailed summary of the growing disparity between the cost of housing in Louisville and household incomes (Housing Plan pp. 3, 20-23, etc.). In 2023, the median price of a home in Louisville was nearly $900,000. In 2023, the average rent for a multifamily unit in Louisville was nearly $2,000.

Exhibit 20 from the Housing Plan provides a snapshot of household incomes by AMI brackets relative to affordable monthly housing costs. The Department of Housing and Urban Development defines "affordable" as spending less than 30% of household income on housing costs.

Currently, a household would need to earn about 145% of the Boulder County AMI, or $209,000, to afford the median sale price in Louisville, which is only about 26% of Louisville households. Rent prices in Louisville have increased by about 60% over the last ten years.

Exhibit 20: Financially Attainable Housing by Median Family Income (MFI) for a Family of Four, Boulder Metro Area, 2023[7]

Source: US Department of Housing and Urban Development, Boulder Metro Area, 2023

If your household earns...				
$43,230 <30% AMI	$72,050 50% AMI	$115,280 80% AMI	$144,100 100% AMI	$172,920 120% AMI
Then you can afford...				
$1,100 MONTHLY RENT	$984 MONTHLY RENT	$1,574 MONTHLY RENT	$1,855 MONTHLY RENT	$2,226 MONTHLY RENT
OR	OR	OR	OR	OR
$130k–$151k HOME SALES PRICE	$216k–$252k HOME SALES PRICE	$346k–$403k HOME SALES PRICE	$432k–$504k HOME SALES PRICE	$519k–$605k HOME SALES PRICE
And you might work as a...				
Medical Assistant $44,870	Middle School Teacher $72,120	Mechanical Engineer $113,610	Aerospace Engineer $138,770	Software Developer $169,750
Cashier $33,900	Firefighter $65,110	Nurse Practitioner $122,320	Pharmacist $140,860	Dentist $161,060

Source: Louisville Housing Plan, page 21

The proposed changes to AMI ranges would implement several Housing Plan recommendations, including the need to plan for housing to support the current and future workforce (*Housing Plan, p. 7*). They would also better align Louisville with peer communities AMI ranges and distinguish between owner and renter units (*see Attachment 2, Peer Community IHO Summary*). Louisville's IHO onsite affordable housing unit requirements do not distinguish between owner and renter units relative to AMI targets; however, the fee in lieu does make the distinction between owner and renter units (see LMC Sec. 17.76.020 and 17.76.050.B).

The proposed changes are to retain the existing IHO target for households earning less than 60% AMI, and state that such requirement applies to 12% of the proposed market rate *rental* units. Households earning less than 60% of the AMI cannot typically afford the average rent for an apartment in Louisville and an ownership unit is typically well out of reach (see Exhibit 20 from Housing Plan).

The proposed changes are to expand the IHO target for households earning between 80-*120*% AMI from a current 80% cap to address Housing Plan recommendations. The 80-120% AMI target would apply to 12% of the proposed market rate *for sale* units. Ownership housing for a family of four earning less than 120% AMI is typically unattainable in the current market (see Exhibit 20 from Housing Plan) with the maximum affordable purchase price for such a household being about $600,000.

IHO Fee in Lieu Option Analysis

City staff are proposing to update the IHO fee in lieu to address current market conditions using the existing methodology. The current methodology is based on the City of Longmont's Market-Affordability Gap approach. The City developed the fee in lieu based on several evolving data points including median home prices, current household Area Median Income (AMI) ranges, and mortgage rates to quantify to the gap the fee needs to address. The current fee in lieu amounts are based mostly on 2020 data. As described in detail in the Housing Plan, home prices and incomes have significantly changed since 2020.

The proposed changes to the fee in lieu option are to update the assumptions that calculate the fee. The fee would continue to be based on less than 60% AMI and 80% AMI household incomes, with an expansion to 120% AMI for ownership units. The proposed fees are approximately $5 per square foot for rental units and $17 per square foot for ownership units. Attachment 3 provides a summary of how the proposed changes were calculated. Link 4, 2021 IHO Staff Report provides a more detailed summary of the City of Longmont methodology used for the fee in lieu calculation. Table 2 below provides a summary of how the updated IHO would apply to a few residential development scenarios.

Table 2: Fee in Lieu Amount Estimates Scenarios

Residential Development Scenario	**Total Fee in Lieu Estimate with Recommended Updates**	
	Current	**Proposed**
40 Rental Units, Median Unit Size 1,000 Square Feet	$188,800 Total, $4,720/unit	$213,200 Total, $5,330/unit
40 For Sale Units, Median Unit Size 2,200 Square Feet	$813,120 Total, $20,328/unit	$1,524,160 Total, $38,104/unit

Incentives for Exceeding IHO Affordable Housing Requirements Analysis

The City currently does not have any incentives for affordable housing projects. City staff are recommending three incentives for certain affordable housing projects to implement the

Housing Plan and have provided a list of other potential incentives to consider. City staff are also recommending that such incentives align with the Comprehensive Plan update that is planned for a mid-2025 City Council adoption. The Comprehensive Plan has included extensive community input and is the appropriate place to address City policy related to building heights, residential density, and desirable community benefits from development in different areas of the community among many other topics.

City staff recommend that the Comprehensive Plan identify areas that may be appropriate for an increase in maximum building heights and densities for some projects in exchange for community benefits like affordable housing. The Comprehensive Plan would specify the maximum height and densities with these areas to guide the City's decision making on future projects. The specific recommendations for incentives and their alignment with Housing Plan recommendations are:

- **Building Height Incentives**: allow an additional 1 story or 15 feet in height for buildings that provide onsite affordable housing for 20% or more of the units and total square footage in compliance with the IHO, or exceed the fee in lieu by an amount to be determined based on further analysis (*Housing Plan Action Item 1.2, p. 32*). The maximum building height allowed in any base Louisville zone district is currently 3 stories and 45 feet in the Mixed Use Zone Districts and 50 feet in the Industrial zone district. There are some examples of PUDs that allow up to 4 stories, including the Steel Ranch South development.
- **Residential Density Incentives**: allow an increase in the maximum residential density for projects that provide onsite affordable housing for 20% or more of the units and total square footage in compliance with the IHO, or exceed the fee in lieu by an amount to be determined based on further analysis (*Housing Plan Action Item 1.2, p. 32*). The Comprehensive Plan could provide the density maximums which could be up to 30 dwelling units (DU) per acre or more in some locations. The maximum residential density in any base Louisville zone district is 20 DU/acre in the Mixed Use Residential (MU-R) Zone District. Some developments have been allowed higher densities through the PUD process, like the Steel Ranch South PUD that is over 30 DU/acre in some locations.
- **Reduced Parking Incentives**: require a maximum of one parking space per housing unit that meets IHO affordable housing requirements. LMC Sec. 17.20.020.A currently requires two parking spaces per dwelling unit for residential units. The Housing Plan identifies reduced parking requirements as one of the most effective incentives (Link 1, Housing Plan *Housing Plan Development Feasibility Analysis, Exhibit 4*). Colorado HB-24-1304 will also require the City to eliminate minimum parking requirements for residential projects with more than 50% of its units as affordable within defined transit areas, which will include areas near the DASH route and McCaslin Park n' Ride, by the end of 2026.

NEXT STEPS

City staff are planning to take this item to Planning Commission for discussion on February 13. Following City Council and Planning Commission input, City staff are planning to bring a draft ordinance to Planning Commission in March or April with City Council public hearings to follow in early Q2 of 2025.

FISCAL IMPACT

Under the proposed changes, the City would continue to receive funding from residential projects that are approved for the fee in lieu option to meet the Inclusionary Housing Ordinance requirements. The proposal would update the fee amounts to more accurately reflect current market conditions.

REQUESTED CITY COUNCIL DIRECTION

City staff are requesting City Council direction on the proposed IHO changes, specifically:

- Do you agree with the proposed changes to the IHO's Area Median Income (AMI) ranges?
- Do you agree with the proposed fee in lieu increase amounts?
- Do you agree with the proposed approach and recommendations to provide incentives for certain affordable housing projects?
- Are there other incentives for affordable housing with the IHO that City Council would like to consider?

ATTACHMENTS/LINKS:

1. Louisville Housing Plan (Link)
2. Peer City Inclusionary Zoning Research Matrix
3. Proposed Updated Inclusionary Housing Ordinance Fee in Lieu Calculation Summary (Estimates)
4. 2021 Staff Report for IHO Ordinance (Link, see Item 7A)
5. Presentation

Attachment 3: Inclusionary Housing Ordinance Peer City Research (December 2024)					
City	**Projects Subject to IHO**	**% Affordable**	**IHO Affordability Definition (AMI)**	**Incentives for Affordable Housing**	**Fee in Lieu Amounts**
Boulder	All new residential units.	• 25% for all new residential development >/= 5 units • 20% for all new residential development < 5 units	• 120% AMI for townhouses and single family • 100% AMI for condos • 50-60% AMI for rental units	• Affordable projects are eligible for height increases through discretionary site review process for buildings with more than 40 percent of units and floor area for permanently affordable units, the amount of the increase is discretionary and in accordance with the comprehensive plan. (Boulder Code 9-2-4) • 5-10 DU/acre bonus in one zone district for projects that provide 30-40% of units as affordable. (Boulder Code 9-8-4) • No incentives for paying a higher inclusionary housing fee in lieu; but there are incentives for paying 1.43 the rate of the nonresidential development housing fee. • Affordable housing projects able to get fee waivers (sales, use tax), although those have not been effective incentives according to City of Boulder staff. • No parking reductions for affordable housing.	• $47 per square foot for developments with >/= 2 units over 18,000 square feet. • Sliding scale downward with less floor area, with single family lots paying $15 per square foot.
Broomfield	Projects with: • > 25 for sale residential units • > 5 rental residential units	• Rental Projects: 20% • For Sale Projects: 12%	• Rental: 60-80% AMI by unit types • Owner: 90-100% AMI	• Onsite affordable housing: 50% reduction in permit fees, use taxes, service fees. • Reduced parking for units meeting IHO requirements by # of bedrooms (e.g., 2 spaces vs 3 for a 3 bedroom unit). • No building height or density bonuses.	$165,669/ownership unit $106,635/rental unit (effective January 2025) *Note: fees not calculated on SF basis, but for a 2,200 SF home it is $75/SF, for a 1,200 rental unit it is $89/SF.*
Lafayette	All new residential units are subject to affordable housing development fee	No requirement for units, only affordable housing development fee.	• 120% AMI included in definition of "Affordable housing unit" • 80% AMI ("Permanently affordable dwelling unit) for any dwelling units to exceed Residential Growth Management cap (Charter Sec. 6.10)	None	$1 per square foot Affordable housing development fee required for all residential and nonresidential development not providing affordable housing on site per IHO. (Sec. 28-10)
Louisville	All new residential units that are part of a planning approval (e.g., PUD, plat) are subject to inclusionary requirements.	12% (1/2 of units for < 60% AMI, remainder for up to 80% AMI)	• 60-80% AMI	None	$9.24 per square feet of ownership units $4.72 per square foot of rental units

Updated 2/4/25

CC 02/04/25

Attachment 3: Inclusionary Housing Ordinance Peer City Research (December 2024)					
City	**Projects Subject to IHO**	**% Affordable**	**IHO Affordability Definition (AMI)**	**Incentives for Affordable Housing**	**Fee in Lieu Amounts**
Longmont	All new residential units that are part of a a planning approval (e.g., PUD, plat) are subject to inclusionary requirements. Exemptions for ADUs, adding one unit to an existing building.	12%	• "Affordable" for purposes of IHO: < 80% AMI for owner occupied units; < 50% AMI for rental units • "Attainable" for purposes of fee reductions: 80-120% AMI for owner occupied units • Optional agreement to reduce # of affordable units required to provide "middle tier" housing defined as 80-120% AMI	• Fee reductions for affordable housing exceeding IHO minimums and "attainable" housing (water, sewer); 25% of units affordable = cash in lieu of water rights received. • Rental units > 20 DU/acre exempt from IHO requirements • For projects meeting minimum 12% IHO requirements: ○ 20% density increase ○ 1 story/15' Increased building height ○ 20% reduction in minimum lot size, lot width • Parking reductions are allowed so that only one space is required per affordable housing unit. • No incentives for paying a higher fee in lieu.	$13.50 per square foot of ownership units $5.93 per square foot of rental units (in City Code)
Superior	New residential >10 units must provide units on site, residential <10 units can pay fee in lieu.	15%	80% AMI max, owner or renter	None	Not established yet

Updated 2/4/25

CC 02/04/25

2025 Inclusionary Housing Fee Assessment Update – Preliminary Estimates

Louisville Sales Data				
Type	Single Family	Townhome/Condo	Total	Weighted Average
Median Home Price	$938,000	$485,000	-	$813,157
Number of sales	184	70	254	-
Average finished sf	2,346	1,295	2,056 sf	2,056 sf
Price per sf	$399.80	$374.50	-	$392.82

Affordability Assumptions – For Sale Units in Louisville				
AMI – 3 person household	$78,840 – 60% AMI	$105,120 – 80% AMI	$131,400 – 100%AMI	$157,680 – 120%AMI
Affordable Price				
Affordable Monthly Payment (33%)	$2,168.10	$2,890.80	$3,613.50	$4,336.20
Affordable principal and interest (80% of payment)	$1,734.48	$2,312.64	$2,890.80	$3,468.96
HOA dues, property taxes, insurance (20% of payment)	$433.62	$578.16	$722.70	$867.24
Mortgage interest rate	6.85%	6.85%	6.85%	6.85%
Maximum mortgage	$320,000	$374,325	$467,906	$603,000
Maximum affordable price (5% down)	$336,000	$394,026	$492,532	$634,736

Fee Development, For Sale Units	
100% - 120% Gap: $813,157- $563,634	$269,000
80% - 120% Gap: $813,157- $507,098	$306,059
80% - 100% Gap: $813,157 - $443,279	$369,868
60% - 80% Gap: $813,157 - $365,013	$448,504
Median Home Size	2,120 Sq Ft
100% - 120% Cost Per Sq Ft	$126.88
80% - 120% Cost Per Sq Ft	$144.37
80% - 100% Cost Per Sq Ft	$174.47
60% - 80% Cost Per Sq Ft	$211.55
100% - 120% Affordable Housing Fee (12%)	**$15.22**
80% - 120% Affordable Hounding Fee (12%)	**$17.32**
80% - 100% Affordable Hounding Fee (12%)	**$20.97**
60% - 80% Affordable Housing Fee (12%)	**$25.39**

Affordability Assumptions, For Rent Units in Louisville					
2 bedroom unit	Market Rental Rate	60% AMI	80% AMI	100% AMI	120%AMI
Monthly rent amount	$2,227	$1,971	$2,628	$3,285	$3,942
X Months/Year	12	12	12	12	12
Annual Rent Amount	$26,724	$23,652	31,536	$39,420	47,304
X Gross Rental Multiplier	12.7	12.7	12.7	12.7	12.7
Rental Unit Value	$339,394.8	$300,380.40	$400,507.2	$500,634	$600,760.8

Fee Development, For Rent Units				
	60% AMI	80% AMI	100% AMI	120% AMI
Gap	$39,014.40	$(61,112.4)	$(161,239.2)	$(261,366)
Median Unit Size	878	878	878	878
Cost per sf	$44.44	$69.60	$183.64	$297.68
12% for Affordable Housing Requirement	**$5.33**	**$(8.35)***	**$(22.03)***	**$(35.75)***

*Maximum rent as identified in CHFA 2024 Colorado Income Limits and Maximum Rents exceeds median market rate.

Inclusionary Housing Ordinance Updates Discussion/Direction

City Council

February 4, 2025

Purpose

- For City Council to discuss and provide direction on targeted updates to the Inclusionary Housing Ordinance (IHO).
- On 2025 City Council Work Plan and closely aligned with Housing Plan recommendations.

Adopted by City Council May 7, 2024

Topics

- Current IHO System Overview
- History of IHO
- Housing Plan
- Discussion/Direction related to IHO Updates - Fees, Target Household Incomes, Incentives

City of Louisville

Current IHO

- Adopted in 2021 as Chapter 17.76 of Louisville Municipal Code
- Requires 12% of residential units be set aside for deed restricted affordable housing
- Affordable is defined by household Area Median Income (AMI)
- Target AMI is currently ½ of units < 60% of AMI, other portion < 80% AMI
- Developers have option for paying fee in lieu of units, other options for compliance with City Council approval

City of Louisville

Changing Conditions Since 2021

- Housing Plan Needs Assessment (2024) quantified issues
- Median home price in Louisville in 2021 was $550,000, in 2023 it was near $900,000. Current prices are unattainable to about 75% of Louisville owner households.
- Rental prices have risen faster in Louisville than Boulder County with an average of about $2,000/month. About 40% of Louisville renter households are cost burdened.

City of Louisville
Housing Needs Assessment

August 2023

Prepared for: City of Louisville

Final Report

Boulder has the lowest. Louisville's median income is around $33,000 higher than that of Boulder County overall.

Exhibit 23: Household Median Income, Louisville and Comparison Geographies, 2021
Source: ACS 5-Year Data Tables, 2017-2021

$74,902	$83,104	$92,466	$95,033	$125,124	$131,757	$140,409
Boulder	Longmont	Boulder County	Lafayette	Louisville	Superior	Erie

Exhibit 24 shows the change in median household income from 2011 to 2021. While all cities saw substantial increases in median income, Louisville saw the greatest increase with a 50% increase in median income, while Boulder County overall saw an increase of 39%.

Exhibit 24: Change in Median Household Income, Louisville and Comparison Geographies, 2011-2021
Source: ACS 5-Year Data Tables, 2007-2011, 2017-2021

	2011	2021	% Change
Louisville	**$ 83,682**	**$ 125,124**	**50%**
Longmont	$ 56,278	$ 83,104	48%
Boulder County	$ 66,479	$ 92,466	39%
Boulder	$ 54,051	$ 74,902	39%
Lafayette	$ 69,840	$ 95,033	36%
Erie	$ 103,698	$ 140,409	35%
Superior	$ 100,194	$ 131,757	32%

Household Income Distribution

Exhibit 25 shows the distribution of household incomes in Louisville and Boulder County. Compared to the County, Louisville has a greater share of households in income categories of greater than $100,000 annually. In both jurisdictions, the largest share of households earns at least $200,000 annually (26% of Louisville households and 17% in the County). However, while Louisville has a relatively high share of high earning households, 30% of Louisville households earn less than $75,000 annually.

City of Louisville

Housing Plan Goals (2024)

- Increase Residential Development Opportunities in Louisville
- Expand and Maintain Access to Affordable Housing
- Diversify Louisville's Housing Stock.

3. Louisville's Housing Goals

The Housing Plan identifies policies and actions the City should take to better meet housing needs in Louisville. The strategies and actions in the Plan also reflect the City's desire to foster a more dynamic and inclusive community where a broader range of households have access to Louisville's unique charm, amenities, and opportunities. This Plan also recognizes that the City should carefully balance housing growth and diversification goals and strategies with other established community values[9]. In addition to providing an overall policy framework and direction, these goals can act as indicators to determine whether City actions are helping to achieve the desired outcomes.

To help create a framework for the strategies and actions that follow, ***the Housing Plan establishes 3 core goals of equal priority and importance.***

Goal 1: Increase Residential Development Opportunities in Louisville

» The City should increase new residential development opportunities at appropriate locations to better address local and regional housing demand. The City's implementation of this goal should be carefully balanced with other established community values related to topics like neighborhood character, infrastructure capacity, and preserving or enhancing Louisville's unique quality of life.

Goal 2: Expand and Maintain Access to Affordable Housing

» The City should facilitate the development and maintenance of more affordable housing at appropriate locations that can address the housing needs of low-to-middle income households, including the needs of the local workforce. Through strategic partnerships and funding opportunities, the City can help create and maintain more access to affordable housing options, especially in areas located near employment opportunities and transit.

Goal 3: Diversify Louisville's Housing Stock

» The City should diversify the range of available housing options, promoting the development of mixed-use and mixed-income neighborhoods, and streamlining zoning regulations to accommodate different housing for a variety of household sizes and demographics. This includes more housing choices for seniors, empty-nesters, young families, disabled individuals, renters, first-time homebuyers, and to support Louisville's retail and commercial areas.

[9] Established community values in the context of this Housing Plan include but are not limited to those set forth in the City's Comprehensive Plan.

City of Louisville

Housing Action Plan

- Action Item 1.2 - Consider Height and Density Bonuses (and other incentives) for Projects Exceeding IHO Minimums
- Action Item 3.3 - Evaluate Refinements to IHO

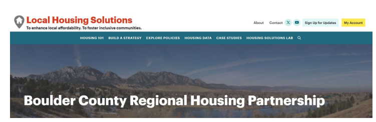
STRATEGIES	ACTIONS	HOUSING GOALS	SUMMARY	ACTION TYPE	HOUSING PRODUCTION	LEVEL OF EFFORT	COST	TIMELINE
1. Targeted Policy and Zoning Code Amendments to Reduce Barriers for Residential Development	1.1: Establish Criteria and Identify Areas for Zoning Changes to Support Additional Residential Development		Rezone areas not currently zoned, but suitable, for residential development and conduct a market analysis to inform major land use changes to ensure they're economically viable.	Policy Change		Medium	$	Near Term
	1.2: Consider Offering a Height Bonus or Additional Density for Projects that Pay a Higher Fee in Lieu than Required		Add a voluntary inclusionary program option in certain zones where additional height may be appropriate.	Incentive/Policy Change		Low-Medium	$	Near Term
	1.3: Evaluate Development Fee Reductions and/or Exemptions for Income-Restricted Projects		Reduce development costs by reducing development fees to help increase the financial viability of a project and facilitate more affordable housing production.	Incentive		Medium	$ $ $	Near Term
	1.4: Evaluate Allowing ADUs Both Attached and Detached On Single-Family Lots		Evaluate allowing ADU development on single-family properties across the city to help increase housing supply and diversity and create more flexibility for homeowners.	Policy Change		Medium	$	Near Term
2. Leverage Funding Opportunities and Partnerships to Support Income-Restricted Affordable Housing	2.1: Evaluate Cost-Sharing Opportunities for Infrastructure on Sites Where Affordable Housing is Provided		Develop cost-sharing opportunities for infrastructure development to ease the financial impact on new projects, particularly those that provide affordable housing or meet other established housing goals.	Policy Change/Financial Support/Partnerships		High	$ $ $	Long Term
	2.2: Evaluate Adopting the Low-Income Housing Property Tax Exemption Locally		Adopt the low-income housing property tax exemption locally to assist income-restricted affordable housing projects, particularly those needed under the city's commitment under Prop 123.	Incentive		Low-Medium	$ $	Long Term
	2.3 Consider Establishing a Commercial Linkage Fee for Income-Restricted Affordable Housing Projects		Adopt a commercial linkage fee to provide direct financial support to gap finance new income-restricted housing projects or provide funding to maintain affordability in existing developments.	Policy Change/Financial Support		Medium	$ $	Long Term
	2.4 Consider Offering a Fee Option for Mandatory Onsite Commercial Requirements with Mixed Use Residential		Create a program that offers a fee option for on-site commercial requirements with residential development to increase feasibility and reduce barriers for new residential projects. Collected fees can help support income-restricted housing projects or other housing assistance programs the city may offer.	Policy Change/Financial Support		Medium	$	Mid Term
	2.5 Evaluate Adopting Programs and Policies that Support Existing Income-Restricted and Naturally Occurring Affordable Housing		Explore program options for preserving manufactured home parks, establishing legacy homeownership, and monitoring expiring subsidies for existing income-restricted housing stock.	Policy Change/Financial Support	N/A (focused on preservation of existing units)	High	$ $	Mid Term
	2.6 Establish and Strengthen Partnerships to Support Preserved and New Income-Restricted Affordable Housing		Acquire property, offer technical assistance, or provide other direct financial support to housing partners working on the preservation and development of income-restricted housing.	Partnerships		Medium-High	$ $ $ (depending on method chosen)	Near Term
3. Comprehensive Policy and Zoning Code Changes to Better Support Residential Development and Allow for More Diverse Housing Types	3.1 Create More Predictability for Residential Development Related to City Processes and Regulations		Adopt zoning code amendments that are clear and objective and allow appropriate residential projects to be allowed "by-right" and reviewed administratively.	Policy Change		High	$ $	Mid Term
	3.2 Expand Allowances for More Housing Types		Allow stand-alone residential development in commercial areas, middle housing in low-density and single-family zones, and remove or raise occupancy restrictions.	Policy Change		Medium	$ $	Mid Term
	3.3 Modernize Development and Design Standards to Incentivize and Remove Barriers to Appropriate Residential Development		Conduct an audit of existing zoning code to evaluate effectiveness of existing regulations and identify barriers to housing development; adopt standards and incentives that allow for and encourage increased height and residential development above commercial downtown; lower minimum lot sizes, require and incentivize a range of housing types on greenfield sites; adopt incentives programs for accessible and visitable housing units for seniors and for income-restricted housing in TOD areas.	Policy Change		Medium-High	$ $	Mid Term

City of Louisville

Policies, Partnerships that Support IHO Updates

- Comprehensive Plan update (mid 2025 adoption)
- Proposition 123 commitment (2023)
- Adopted 12% goal with Boulder County Regional Housing Partnership (2017)
- Intergovernmental Agreement (IGA) with City of Boulder to support IHO administration (2024)
- Equity, Diversity, and Inclusion (EDI) Strategic Priorities (2023-2025)

LOUISVILLE COMPREHENSIVE PLAN



City of Louisville

Proposed IHO Updates – AMI Ranges

Of the 12% required affordable units…

- Current: ½ of units for < 60% AMI, other portion for < 80% AMI households
- **Proposed: 12% of rental units for < 60% AMI, 12% of for sale units for 80-120% AMI**
- Rationale:
  - To implement Housing Plan, better align with peer cities and delineate AMIs by unit type
  - Recognize that for sale prices have skyrocketed since 2021 and are now unaffordable to households < 120% AMI

City of Louisville

Proposed IHO Updates – AMI Ranges

Exhibit 20: Financially Attainable Housing by Median Family Income (MFI) for a Family of Four, Boulder Metro Area, 2023[7]

Source: US Department of Housing and Urban Development, Boulder Metro Area, 2023

If your household earns...				
$43,230 <30% AMI	$72,050 50% AMI	$115,280 80% AMI	$144,100 100% AMI	$172,920 120% AMI
Then you can afford...				
$1,100 MONTHLY RENT	$984 MONTHLY RENT	$1,574 MONTHLY RENT	$1,855 MONTHLY RENT	$2,226 MONTHLY RENT
OR	OR	OR	OR	OR
$130k–$151k HOME SALES PRICE	$216k–$252k HOME SALES PRICE	$346k–$403k HOME SALES PRICE	$432k–$504k HOME SALES PRICE	$519k–$605k HOME SALES PRICE
And you might work as a...				
Medical Assistant $44,870	Middle School Teacher $72,120	Mechanical Engineer $113,610	Aerospace Engineer $138,770	Software Developer $169,750
Cashier $33,900	Firefighter $65,110	Nurse Practitioner $122,320	Pharmacist $140,860	Dentist $161,060

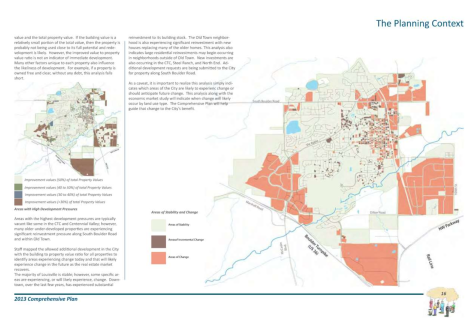
City of Louisville

Proposed IHO Updates – Fee in Lieu Adjustments

- Continue to include the option to pay a fee in lieu of the 12% affordable units set aside.
- Keep the same fee methodology but update the assumptions (household income, median sale and rent prices, mortgage rates, etc.)
- Current: $9.24/SF for sale, $4.72 for rent
- **Proposed: $17.32/SF for sale, $5.33 for rent** *(subject to change with further analysis)*

Proposed IHO Updates – Incentives

- **Eligible Projects** – projects providing 20% or more onsite affordable units, or paying higher fee in lieu
- **Eligible Incentives Areas** – use 2025 Comprehensive Plan update to define eligible areas, and maximum density/height in exchange for community benefits



Proposed IHO Updates – Incentives

- **Residential Density Bonus** – Comprehensive Plan defined amounts
- **Building Height Bonus** – 1 story or 15 feet increase in defined locations
- **Reduced Parking** – 1 space instead of 2 per affordable housing unit

City of Louisville

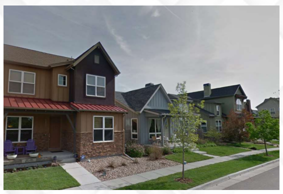
Potential Other Incentives for Affordable Housing

- Development fee reduction – 1 multifamily unit typically pays $40,000+ in development fees (permits, impact fees, tap fees)
- Reduced public land dedication – currently 15% of residential subdivisions for public land
- Flexible development standards – minimum lot sizes, lot widths, setbacks, lot coverage.
- Energy code flexibility
- IHO flexibility for ADUs, larger multifamily projects (e.g., lesser or no 12% set aside for certain projects that may be naturally more affordable)

City of Louisville

Planned Next Steps

- Planning Commission February 13
- Planning Commission ordinance March/April, City Council April/May




City of Louisville

Discussion/Direction Questions

Does City Council Agree With:

- The proposed changes to the IHO's Area Median Income (AMI) ranges?
- The proposed fee in lieu increase amounts?
- The proposed approach and recommendations to provide incentives for certain affordable housing projects?

Adopted by City Council May 7, 2024

- Are there other incentives for affordable housing with the IHO that City Council would like to consider?

City of Louisville