



Urban Land  
Institute

Colorado

**OCT 28, 2020**

**3:30 - 5 PM**

**ON ZOOM**

**ADVANCING COMMUNITY BENEFITS:**  
**SHAPING POLICY TOOLS FOR  
AFFORDABLE COMMERCIAL SPACE  
IN BOULDER**



# Welcome!

## A few logistical details before we jump in:

Audience will be muted throughout the session.



Submit questions using the Q&A function.

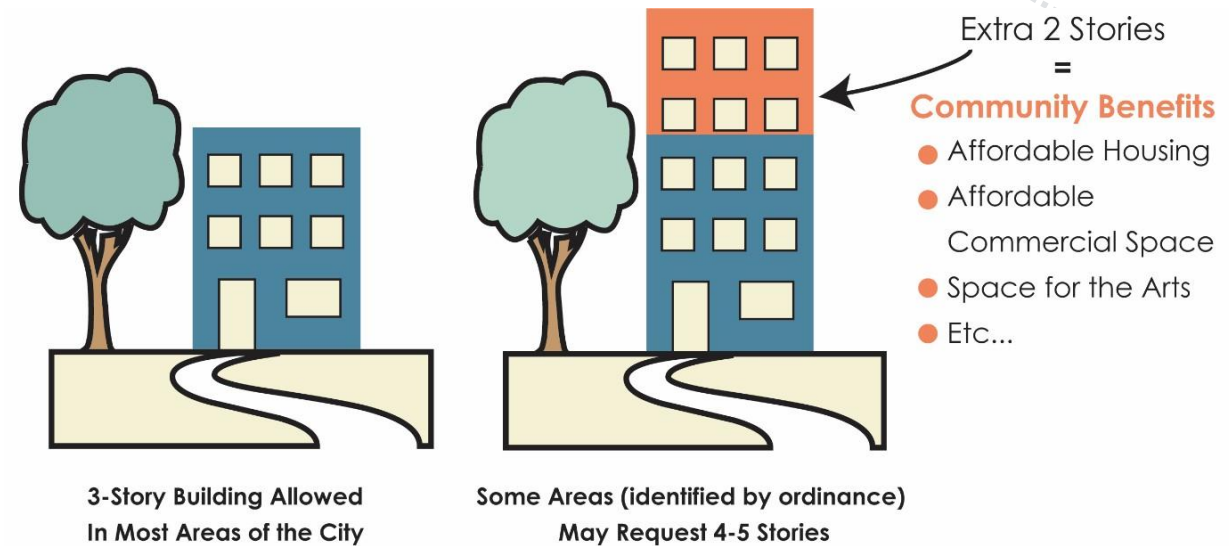


This is being recorded and will be available after the event.



# Today's Agenda

- **3:30-3:35 pm:** Welcome from ULI Colorado & Boulder Committee Co-Chairs
- **3:35-3:50 pm:** Keynote address by Karl Guiler, Senior Planner for the City of Boulder, about the expansion of the City's community benefits program to include affordable commercial in Boulder
- **3:50-4:30 pm:** Panel session discussing options for supporting affordable commercial in Boulder
- **4:30-5 pm:** Q&A moderated by John Tayer, President & CEO, Boulder Chamber



# Our 2020 Annual Sponsors

## Summit



## Alpine



## Montane



## Foothills



# Upcoming Programs

More information and registration available at [colorado.uli.org/events](https://colorado.uli.org/events).

- **Oct. 29:** Thriving in the Downturn
- **Oct. 30:** Wildfire Resilience: Best Practices in Real Estate and Land Use
- **Dec. 2:** Holiday Virtual Event Featuring Equitable Development
- **Dec. 3:** New Member Coffee
- **Jan. 14:** Emerging Trends in Real Estate
- **May 10-12:** ULI Spring Meeting in Denver

And much more content is available on our website, KnowledgeFinder, and ULI Learning.

# Meet Our Moderator & Keynote Speaker



**Moderator:**  
**John Tayer,**  
President & CEO,  
Boulder Chamber



**Keynote Speaker:**  
**Karl Guiler,**  
Senior Planner,  
City of Boulder



# Commercial Business Current Condition

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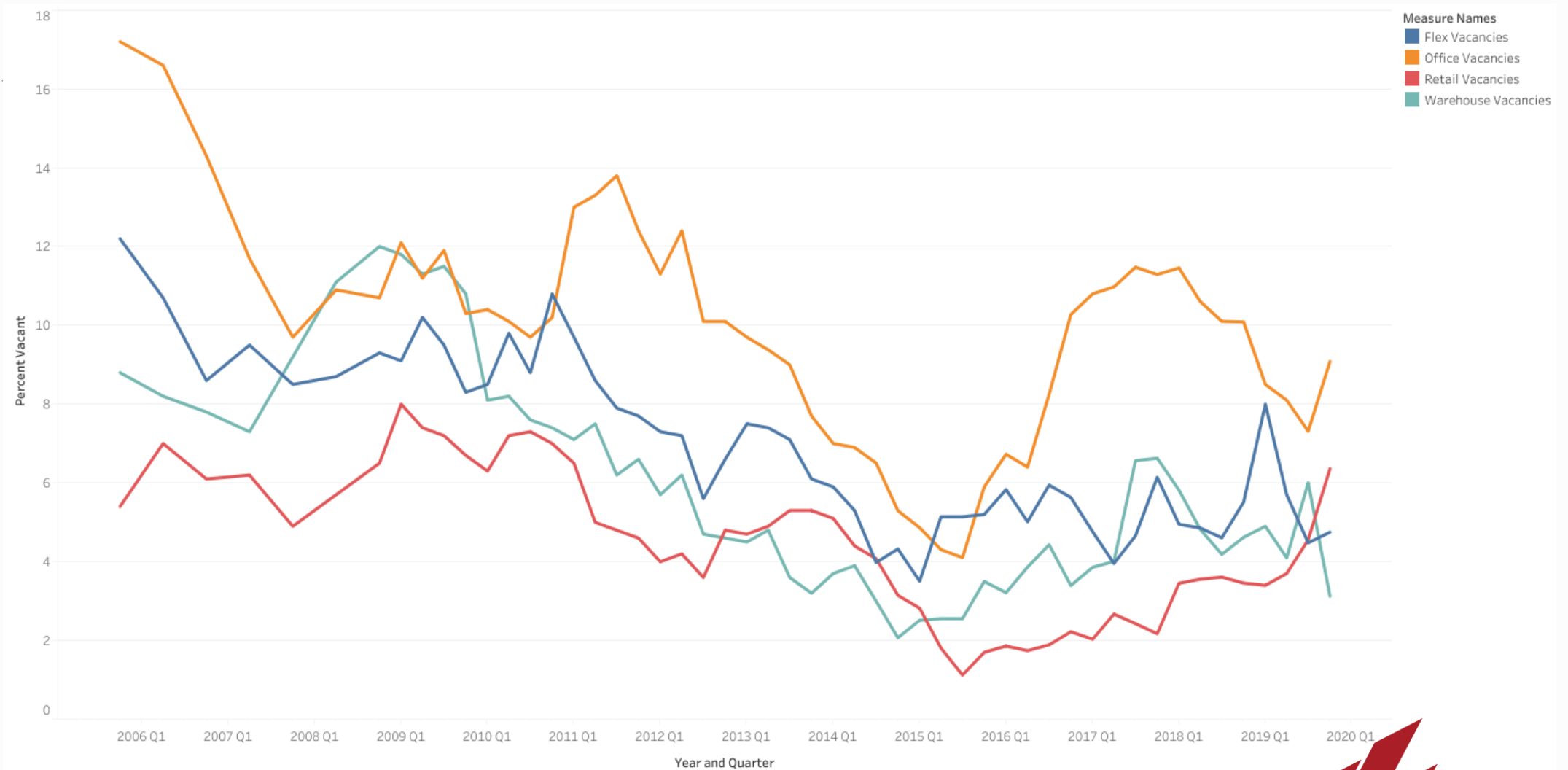
John Tayer – Boulder Chamber President and CEO

# Sales Tax Revenue

| Total Net Sales/Use Tax Receipts by Industry Type | August YTD Actual   |                     |                |                |                   |
|---|---------------------|---------------------|----------------|----------------|-------------------|
|   | 2019                | 2020                | % of Total     | YTD % Change   | 12 Month % Change |
| Apparel Stores                                    | \$2,894,072         | \$2,007,376         | 2.34%          | (30.64%)       | (31.41%)          |
| Automotive Trade                                  | 7,088,513           | 6,232,804           | 7.28%          | (12.07%)       | (14.02%)          |
| Building Material - Retail                        | 3,297,329           | 3,375,798           | 3.94%          | 2.38%          | (1.35%)           |
| Computer Related Business Sector                  | 5,736,913           | 6,239,950           | 7.29%          | 8.77%          | (11.76%)          |
| Construction Sales / Use Tax                      | 8,401,975           | 8,350,967           | 9.75%          | (0.61%)        | (9.42%)           |
| Consumer Electronics                              | 2,193,922           | 2,238,578           | 2.61%          | 2.04%          | (10.48%)          |
| Eating Places                                     | 11,829,553          | 8,000,282           | 9.34%          | (32.37%)       | (18.61%)          |
| Food Stores                                       | 12,825,458          | 13,607,464          | 15.89%         | 6.10%          | (6.12%)           |
| General Retail                                    | 16,229,162          | 15,300,225          | 17.87%         | (5.72%)        | (1.52%)           |
| Home Furnishings                                  | 1,972,561           | 1,465,728           | 1.71%          | (25.69%)       | (18.82%)          |
| Medical Marijuana                                 | 196,513             | 204,795             | 0.24%          | 4.21%          | 1.05%             |
| Rec Marijuana                                     | 2,544,536           | 2,851,059           | 3.33%          | 12.05%         | 8.69%             |
| Transportation/Utilities                          | 6,070,515           | 5,324,634           | 6.22%          | (12.29%)       | (15.54%)          |
| All Other   | 9,654,252           | 10,414,563          | 12.16%         | 7.88%          | 35.00%            |
| <b>Total Sales and Use Tax</b>                    | <b>\$90,935,273</b> | <b>\$85,614,223</b> | <b>100.00%</b> | <b>(5.85%)</b> | <b>(4.04%)</b>    |

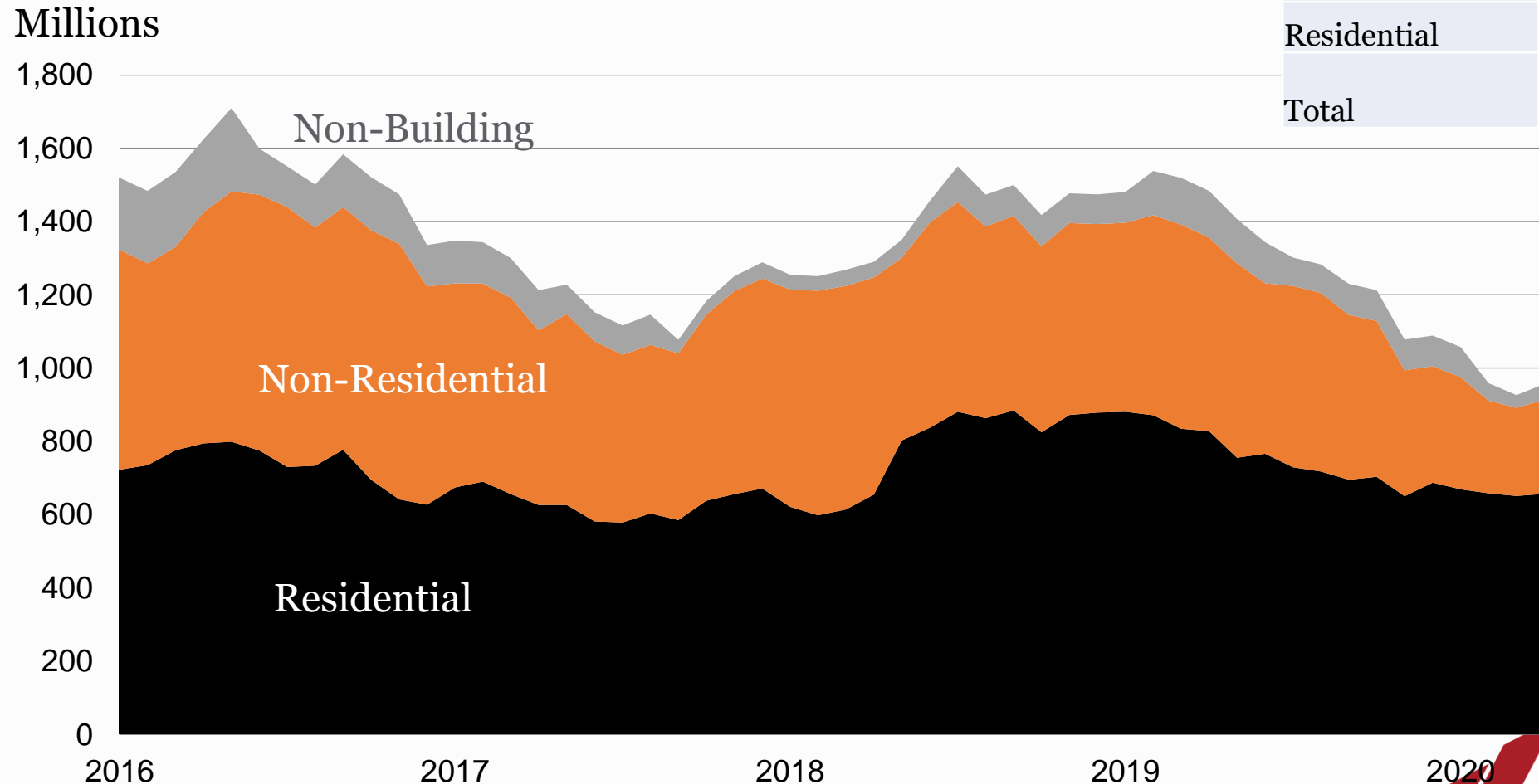


# Commercial Vacancies



# New Construction

| April YTD 2020 |      |
|----------------|------|
| Nonbuilding    | -71% |
| Nonresidential | -36% |
| Residential    | -17% |
| Total          | -33% |



Source: Dodge Construction Starts, 12-Month Rolling Sum (April 2020)



# **ULI Colorado- Advancing Community Benefits: Shaping Policy Tools for Affordable Commercial Space in Boulder**

**A discussion between city staff and members of the community**

October 28, 2020



# Purpose

## Purpose of this discussion

- To give the community and other communities an understanding of the Community Benefit project in Boulder with a focus on Below Market Rate Rent Commercial space as a new benefit option
- To hear the business community perspective on Below Market Rate Rent Commercial space

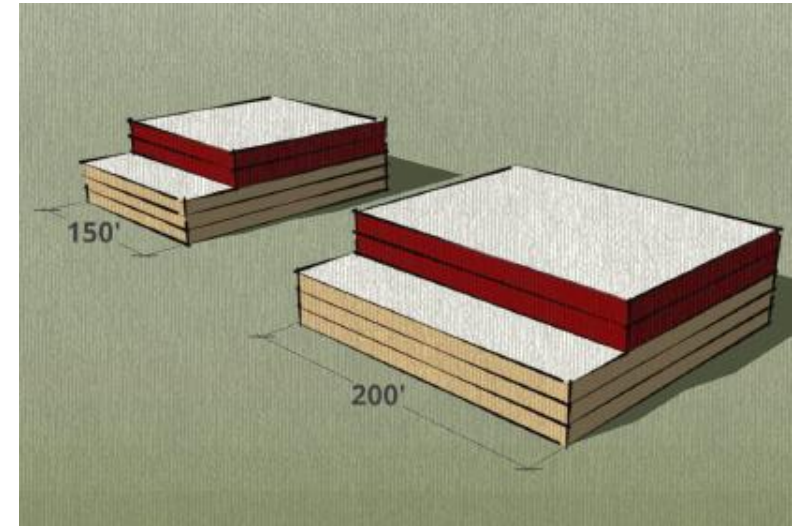
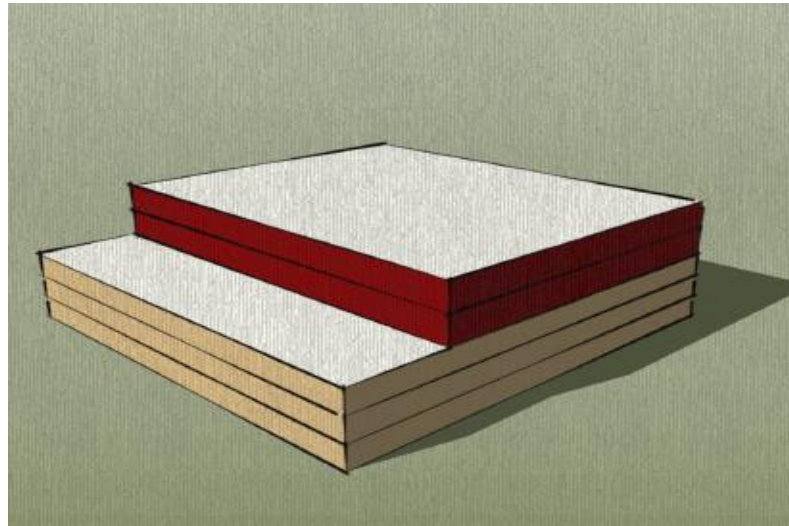
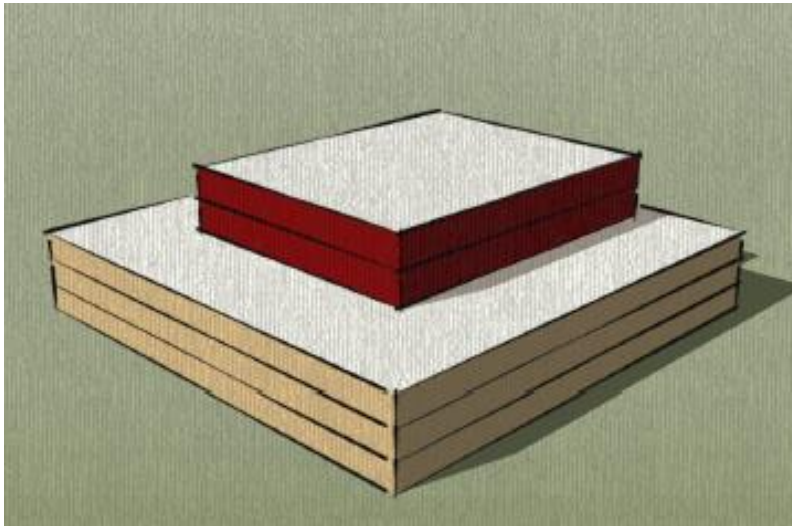
## Purpose of the Community Benefit project

- Create a new zoning tool to keep or obtain more benefits to the community
- High property values = need for more affordable housing
- High rent rates are driving needed social services, the arts community and small businesses out of Boulder
- Comprehensive Plan policies on Annexation, Community Benefit & Building Height



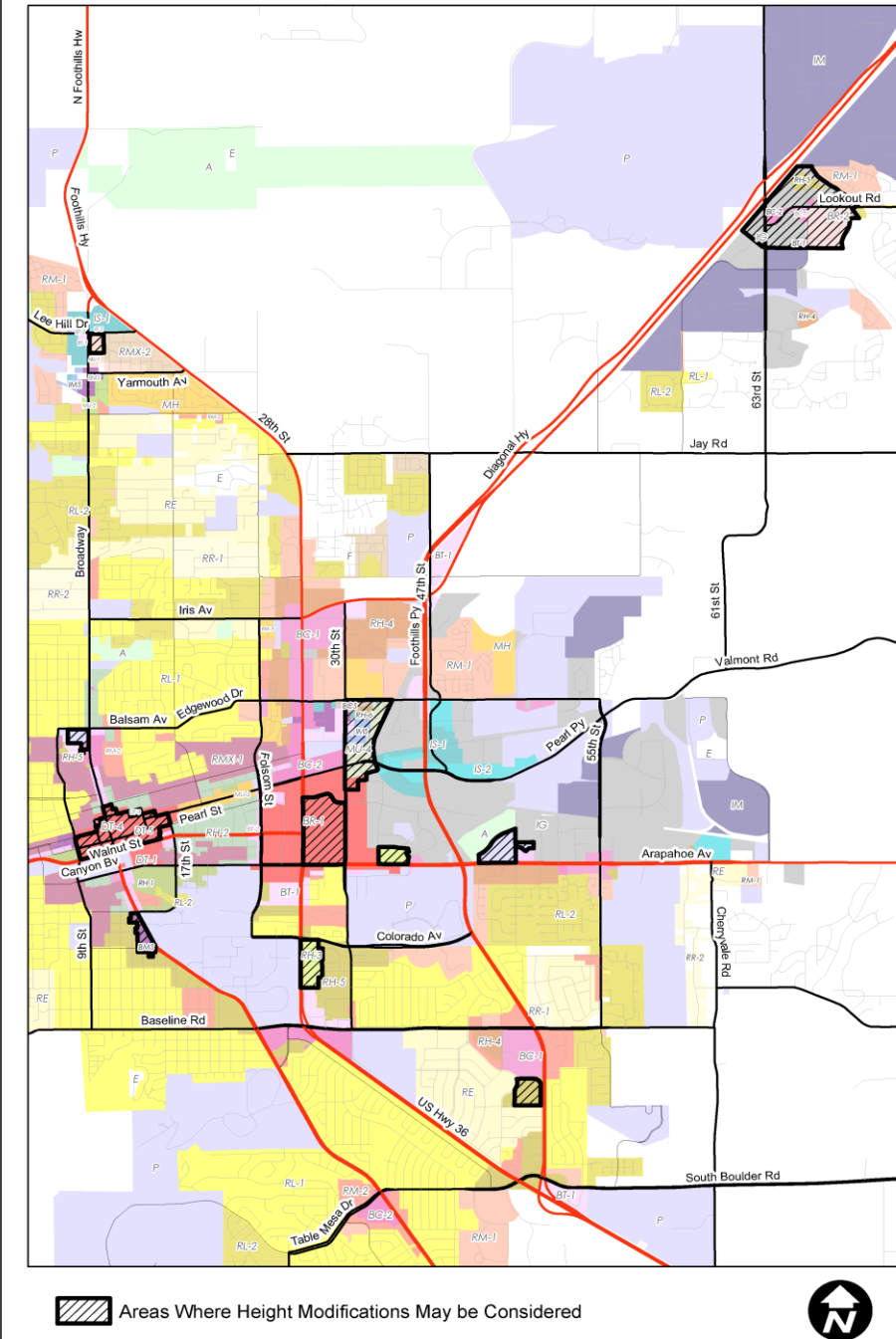
# Project Background – *Concerns about taller buildings in Boulder*

2015



# Project Background

- **Pre-1971:** No maximum height
- **1971:** City charter amendment
- **Pre-2015:** Site Review  
(Height Modifications)
- **2015:** Temporary Ordinances
- **2017:** New City Policies
- **2018:** Temporary Ordinance
- **2019:** Phase 1 Community Benefit Ordinance adopted





# City Policies on Community Benefit

**1.11 Enhanced Community Benefit:** For land use or zoning district changes that result in increases in the density or intensity of development beyond what is permitted by the underlying zoning or for added height that increases intensity, the city will develop regulations and incentives so that the new development provides benefits to the community beyond those otherwise required by the underlying zoning. Any incentives are intended to address the community economic, social and environmental objectives of the comprehensive plan. Community objectives include without limitation **affordable housing, affordable commercial space, spaces for the arts, community gathering space, public art, land for parks, open space, environmental protection or restoration, outdoor spaces and other identified social needs and services.** Community objectives also may be identified through other planning or policymaking efforts of the city.



# City Policies on Community Benefit

**2.35 Building Height.** *The city will review and update site review regulations to provide clear guidance on height and intensity of land uses and to address relationship of building height to aesthetics and view protection. The city will consider additional height (up to the City Charter 55 -foot height limit) as an incentive in exchange for community benefits that further other community objectives such as the provision of permanently affordable housing (as described in Policy 1.11 ).*





**7.11 Permanently Affordable Housing for Additional Intensity.** *The city will develop regulations and policies to ensure that when additional intensity is provided through changes to zoning, a larger proportion of the additional development potential for the residential use will be permanently affordable housing for low, moderate and middle-income households.*



# Community Benefits Project - Background

## How does the Community Benefit Project work?

### Types of Community Benefits:

-  Affordable Housing (Phase 1 adopted Oct. 2019)
-  Below Market-Rate Rent Commercial Space (Phase 2 Emphasis)
-  Arts & Culture
-  Social Needs



### Building Height Example:

Three stories  
allowed in most  
areas of the city.



Some areas or  
types of projects  
could request an  
additional 1-2 stories  
in exchange for  
providing community  
benefits.

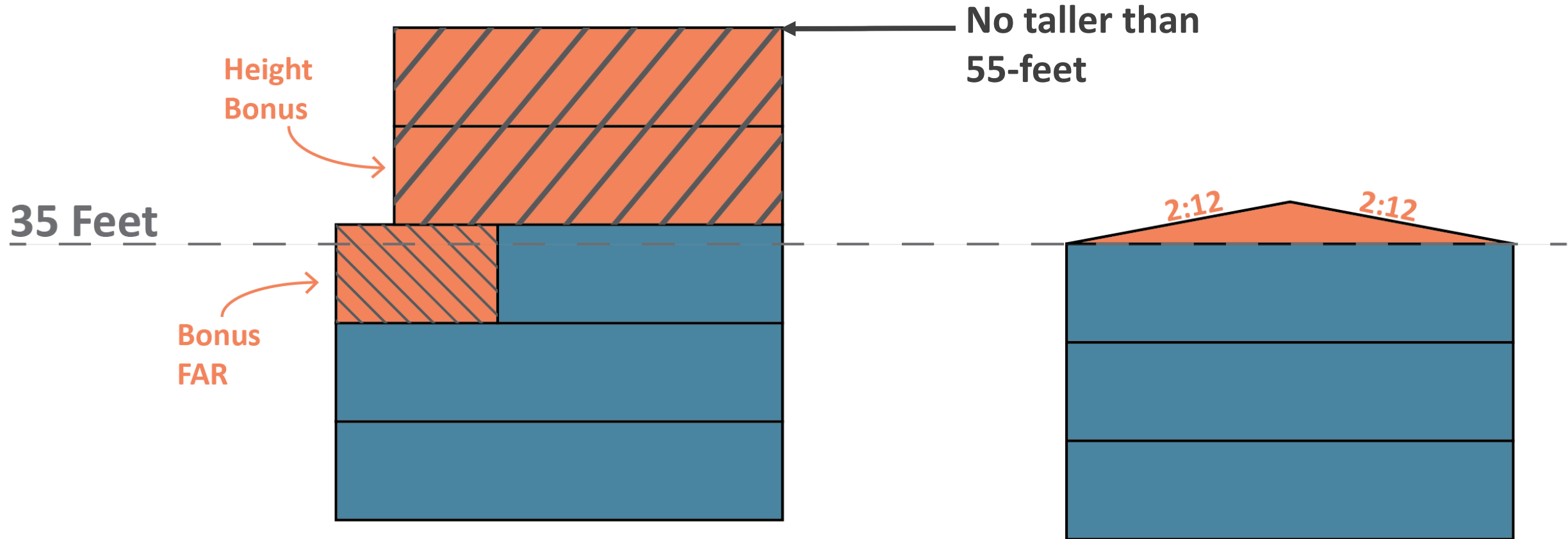






# Phase 1 Community Benefit- Additional Affordable Housing & Gov't Facilities

2019





# Phase 1 Community Benefit- Additional Affordable Housing

2019

## “Base Area”

- Portion of the building below the zone height limit
- 1<sup>st</sup>- 3<sup>rd</sup> story



## “Bonus Area”

- Portion of the building above the zoning height limit
- 4<sup>th</sup> & 5<sup>th</sup> story, up to 55 feet



### Residential Projects

**Existing 25%** Inclusionary Housing (IH) requirement would apply (i.e., 25% of housing is permanently affordable.)

The IH requirement would **increase to 36%**. For-sale projects would provide **50% of all affordable housing units on site**.

### Non-residential Projects

**Existing affordable housing impact fee** would apply.

Affordable housing **impact fee would increase by 43%**.



# Community Benefits Project – Phase 2

2020

## What Community Benefits are being explored?

### Below Market Rate Rent Commercial

A voluntary agreement to establish a maximum rent rate of 75%, for example, of the market rate rent for local, independent and small businesses, and non-profit organizations.

### Arts & Culture

Affordable space for arts-related uses like art studios, arts and cultural retail sales and live-work units.



If approved, a specified amount of these types of uses would be included with proposals for buildings b/t 35 feet and 55 feet OR for building over allowable floor area

### Social Needs

Require a minimum square footage of space allotted for social services uses (e.g., day cares, health clinics, senior services)





# Community Benefits Project – Phase 2

## *Below Market Rate Rent Commercial*

- Reduced rent rate for a space (size of space to be determined)
- Who would qualify?
  - Original concept: Small local business, minority or women owned businesses
  - Evolving concept:
    - Small businesses – max. # of employees / max. gross revenue?
    - Non-profit businesses
    - Retailers that sell inclusive goods & services targeting low income populations



# Community Benefits Project – Phase 2

## *Below Market Rate Rent Commercial*

- Process: Site Review / Height Modification or Floor Area increase
- Planning Board review and decision
- Agreement with city on maintaining the space with the approved use in perpetuity
- Use could be changed through an administrative process
- Penalties: Penalties could be assessed for spaces that leave spaces unrented to qualifying uses for a certain period of time
- In Lieu Fees: In Lieu fees equivalent to permanently affordable housing fees could be paid as a “buy out” if space cannot be rented



# Where are we now & where are we headed?

- *Develop Code language for three new Community Benefits*
  - ✓ *Define each benefit*
  - ✓ *Create new minimum standards*
  - ✓ *Economic / feasibility analysis*
  - ✓ *Clarify thresholds – What is bonus floor area?*
  - ✓ *Calibrate penalties / in lieu fees*
- *Update Site Review criteria*
- *Update or repeal of eligibility map*
- *Community outreach on draft ordinance*

Karl Guiler, Senior Planner/  
Code Amendment Specialist:  
[guilerk@bouldercolorado.gov](mailto:guilerk@bouldercolorado.gov)



# Meet Our Panelists



**Chuck Hunker,**  
Consultant, Boulder  
Small Business  
Development Center



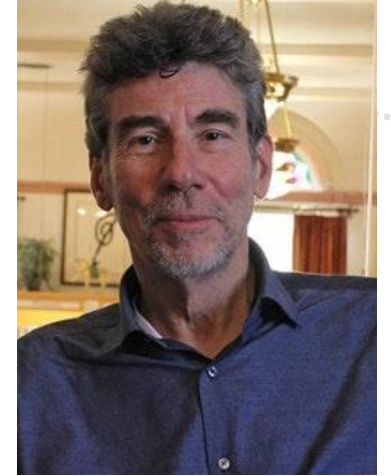
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**Andy Bush,**  
Founder & Principal,  
Morgan Creek Ventures



**Qin Liu,**  
Owner, Ku Cha  
House of Tea



**David Bolduc,**  
Owner, Boulder  
Book Store



# Types of Commercial Properties

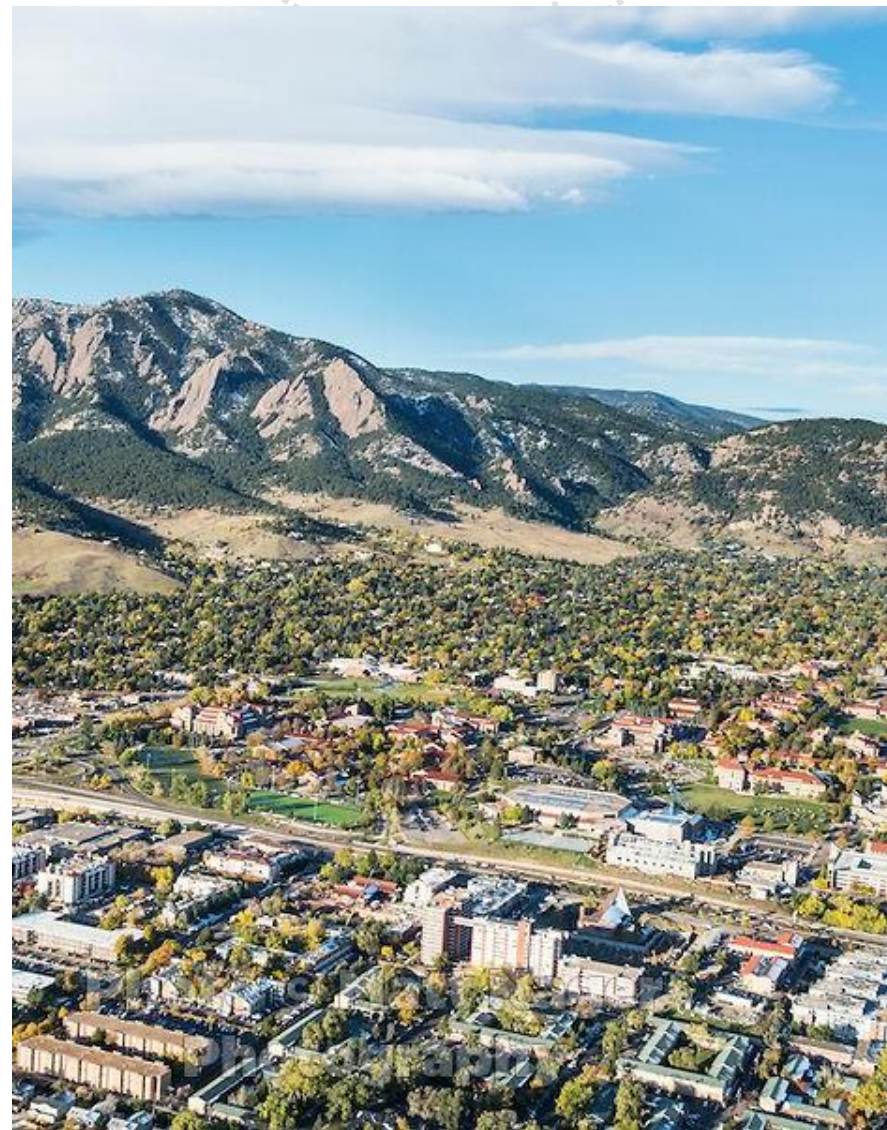
Chuck Hunker

Categorized by City of Boulder for Affordable Housing Linkage Fees:

- Retail / Restaurant
- Office
- Light Industrial
- Institutional
- Warehousing
- Hospital

Additional Category for Community Benefit:

- Cultural



# Affordable Commercial Tenanting

Building an Equitable Economy:  
Commercial Space Opportunities for Underserved Communities

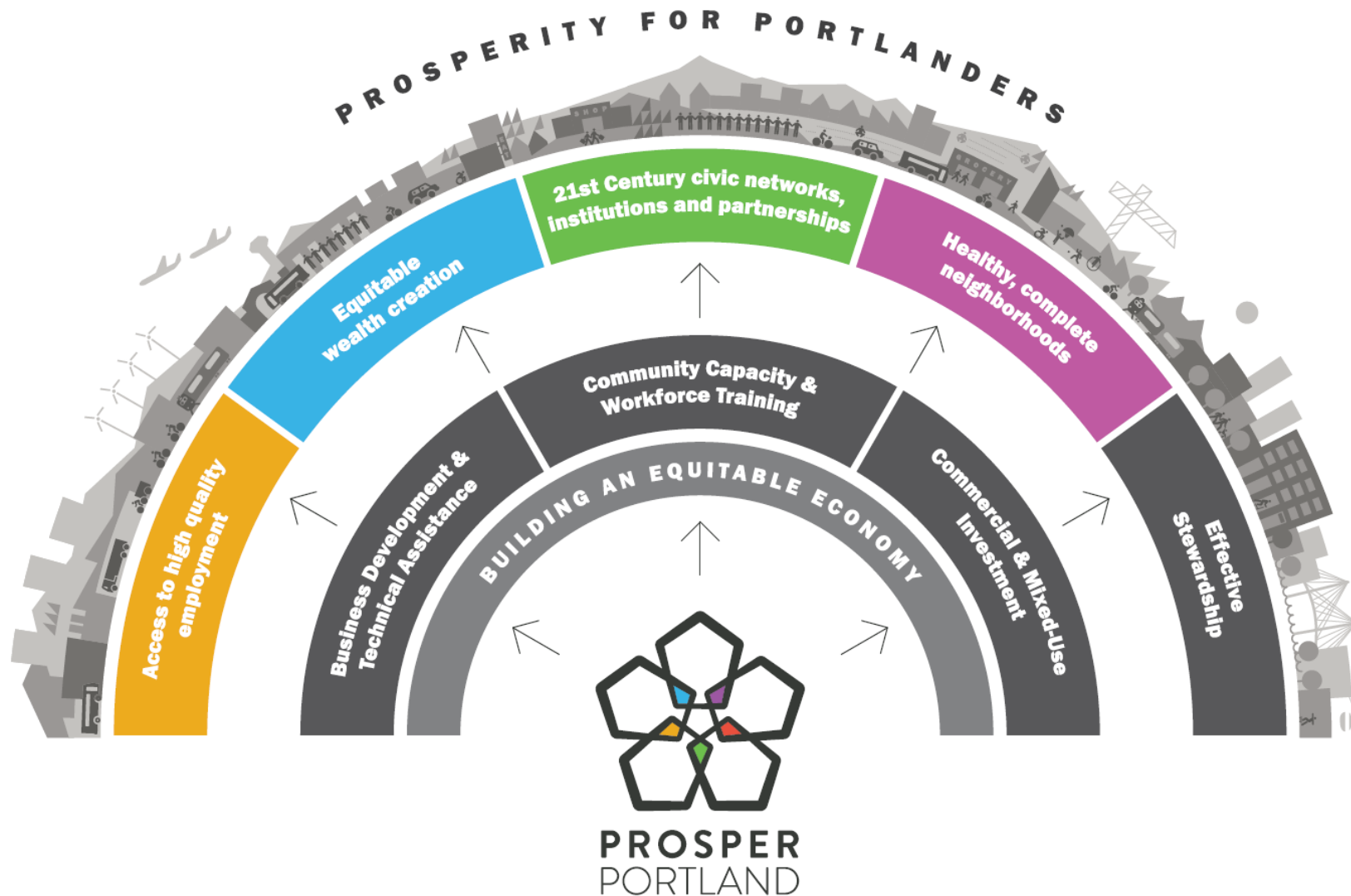
**CHRISTINE L. VELASQUEZ**

Project Manager, Development and Investment

**PROSPER PORTLAND**



# Building an equitable economy





*Prosper Portland created the **Affordable Commercial Tenanting (ACT) Program** to address a dramatic increase in retail rents and decrease in vacancy rates in the city of Portland, which have resulted in the displacement of small businesses from Portland's urban neighborhoods.*

*The program seeks to:*

- reduce barriers to entry for underrepresented businesses
- preserve the vitality of small businesses
- provide business development opportunities that in turn offer needed goods and services to the community
- advance our goal to build an equitable economy

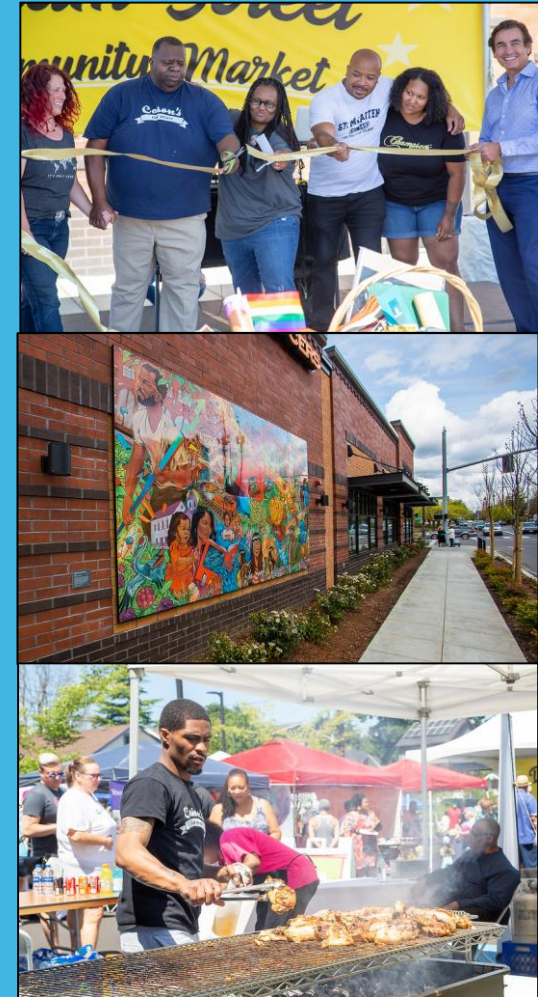
# Affordable Commercial Tenanting Pilot Program

## PROJECT FLOW CHART



## Alberta Commons

- Local grocery store-anchored neighborhood retail center with 20,000 sf of commercial space including 5,100 sf of ACT space total (three tenant spaces) in East Portland's Soul District
- Public-private partnership with Majestic Realty through a Master Lease for ACT commercial spaces
- Provides equitable opportunities to black-owned small businesses as prioritized in a Community Benefits Agreement including below market lease rates, tenant allowance, marketing support and technical assistance





## 10Y

- 10<sup>th</sup> and Yamhill public garage located in Central City / Downtown Portland
- Garage and ground-floor commercial space renovation and retail tenanting project in partnership with the City of Portland Bureau of Transportation
- 21,000 sf of ACT space total (12 commercial tenant spaces) offering below-market lease rates, tenant allowance and technical assistance



## *Oliver Station*

- 145 affordable and market-rate housing units with 30,000 sf of commercial space including 4,000 sf of ACT space (two tenant spaces) in the Lents Town Center
- Public-private partnership with developer Palindrome to provide affordable commercial spaces to local small businesses through below-market lease rates, ACT grants and technical assistance through a Consent to Let agreement



## *Affordable Commercial Space (ACS) Program Floor Area Ratio (FAR) and Height Bonuses in Mixed-Use Zones*

*The program seeks to:*

- support businesses led by owners from communities of color and marginalized individuals that have not fully participated in, or benefited from, economic opportunities
- increase the square footage of Affordable Commercial space available to businesses
- reduce barriers of entry to new construction commercial space for those facing the greatest disparities in wealth creation
- ease the challenge of commercial gentrification and business displacement in the City of Portland's Commercial Mixed-Use zones
- advance Prosper Portland's goal of building an equitable economy

## *Affordable Commercial Space Program Options*

**Provide Affordable  
Commercial Space on-site**

**Affordable Commercial  
Fund**

**Combination Commercial  
Space on-site and  
Affordable Commercial  
Fund**



## *Affordable Commercial Fund Factor Schedule*

| <b>Fee Schedule for BONUS FAR* for non-residential occupancy use</b> |
|--|
| \$24 per square foot of Bonus FAR                                    |

| <b>Fee Schedule for BONUS FAR<br/>in Mixed-Use Zones CM1, CM2, CM3, and CE zones,<br/>and in the CX zone outside the Central City and Gateway plan districts</b> |
|--|
| \$23 per square foot of Bonus FAR  |

\* Floor Area Ratio

# Summary of Bonus FAR and Height

## Title 33, Planning and Zoning Chapter 33.130 - Commercial/Mixed Use Zones

| <b>Table 130-3</b><br><b>Summary of Bonus FAR and Height</b>   |               |                  |                          |                        |                          |                        |
|--|---------------|------------------|--------------------------|------------------------|--------------------------|------------------------|
|  |               | CM1              | CM2                      | CM3                    | CE                       | CX                     |
| <b>Overall Maximums Per Zone</b>   |               |                  |                          |                        |                          |                        |
| Maximum FAR with bonus   |               | 2.5 to 1         | 4 to 1                   | 5 to 1                 | 4 to 1                   | 6 to 1                 |
| Maximum height with bonus  |               | 35 ft.           | 55 ft. [1]<br>75 ft. [2] | 75 ft.<br>120 ft. [2]  | 45 ft.                   | 85 ft.<br>120 ft. [2]  |
| <b>Increment of Additional FAR and Height Per Bonus</b>  |               |                  |                          |                        |                          |                        |
| Inclusionary Housing<br>(see 33.130.212.C)   | FAR<br>Height | 1 to 1<br>none   | 1.5 to 1<br>10 ft.       | 2 to 1<br>10 ft.       | 1 to 1<br>none           | 2 to 1<br>10 ft.       |
| Affordable Commercial Space<br>(see 33.130.212.D)  | FAR<br>Height | 0.5 to 1<br>none | 0.75 to 1<br>10 ft.      | 1 to 1<br>10 ft.       | 0.5 to 1<br>none         | 1 to 1<br>10 ft.       |
| Planned Development<br>(see 33.130.212.E)  | FAR<br>Height | none<br>none     | 1.5 to 1<br>up to 30 ft. | 2 to 1<br>up to 55 ft. | 1.5 to 1<br>up to 30 ft. | 2 to 1<br>up to 45 ft. |
| [1] Bonus height in the CM2 zone is only allowed on sites that are within the Design Overlay Zone and that have a Comprehensive Plan Map designation of Mixed Use–Urban Center or Mixed Use–Civic Corridor.<br>[2] This larger overall maximum is only allowed through the Planned Development bonus option and required Planned Development Review. |               |                  |                          |                        |                          |                        |

# Questions?

**CHRISTINE L. VELASQUEZ**

Project Manager, Development and Investment

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**(503) 823-3217 (direct line)**



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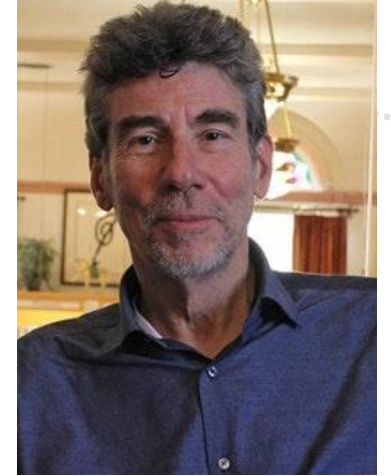
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# Q&A

Please enter your questions  
in the “chat box” feature,  
and our panel will do their  
best to address them.

Thank you!

# THANK YOU!

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**We're here to help!**



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**MARIANNE EPPIG**  
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**ELISE MARTINEZ**  
ASSOCIATE