

# BHP PORTFOLIO PLAN

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## **BHP Mission Statement**

*Our primary mission is to provide quality affordable housing that is developed and managed with respect for the dignity of all involved. We also seek to create a sense of community strength and spirit that supports resident efforts to realize success in their lives.*

## **BHP Strategic Goals**

1. To protect and enhance the housing that we currently own and manage so that all of our housing is an asset to the community, sustainable for BHP, and an affordable and wonderful place to live for the residents.
2. To create new opportunities for affordable housing through the purchase of existing housing, construction of new homes, and an increase in the supply of vouchers that can be used in the private market.
3. To help our residents pursue successful, productive and dignified lives by mobilizing resources for supportive and service-enriched housing within BHP's portfolio.
4. To improve and expand our internal operations and our community outreach to attract more customers, qualified staff, additional revenue and opportunity.

## Executive Summary

Guided by BHP's mission and strategic plan goals, BHP board and staff have developed this plan to inform portfolio activities for the next ten years. Our plan is driven by a need to create economic sustainability for the organization. The plan has been informed by financial models, need identified in the community, and staff knowledge of the strengths and weaknesses of our current inventory.

By 2020:

- We envision BHP's portfolio growing to 1,400 units and 1,200 vouchers, through an increase of 500 physical units and 500 Section 8 Vouchers.
- We envision housing Boulder's most vulnerable low income people, including frail elderly, very low income families, homeless, and persons with disabilities.
- We envision serving our residents with advocacy and programs that extend beyond the basic provision of housing.
- We envision a financially, socially, and environmentally sustainable business model.

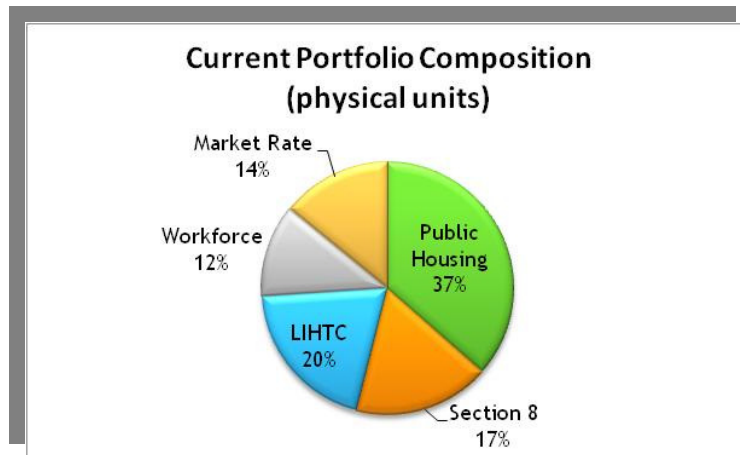
To this end, we recommend:

- Continuing to serve households below 30% of Area Median Income (AMI) as our core business focus and expanding our inventory of 30% AMI units and vouchers, while growing our workforce and market inventory more rapidly to create a more financially sustainable portfolio. We will prioritize the production of 30% AMI and lower units whenever funding permits.
- Converting public housing to a more sustainable model while keeping a focus on 15% AMI; and growing Section 8, workforce, Tax Credit, and market segments;
- Maximizing our ability to project base Section 8 vouchers to serve extremely low and very low income households;
- Growing the resident services function, with a focus on lowest income households first;
- Recognizing that resident services are most effectively delivered to place based housing customers rather than tenant voucher customers;
- Targeting new growth at 30-50% AMI, using the Low Income Housing Tax Credit as the primary financing tool;
- Focusing on one and two bedroom units; and
- Focusing growth in the north, south and east parts of town, spreading out from current density in central Boulder.

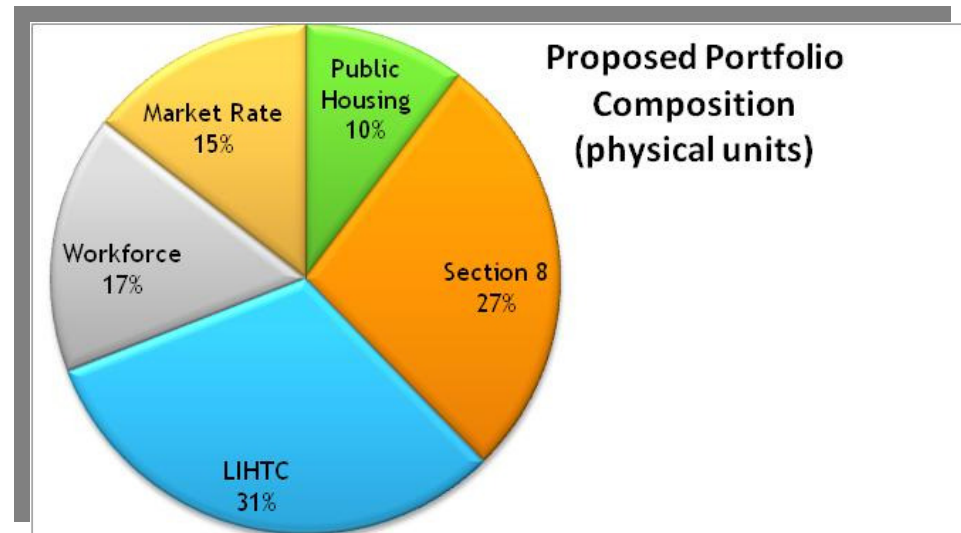
We have analyzed and scored our current portfolio to understand how each property performs using seven qualitative measures. We find that properties with Section 8 subsidy and recently constructed tax credit properties score highest. Public housing makes up the middle bandwidth of the ranking, scoring well on partnerships, and very low income subsidy, but poorly on carbon footprint and size and quality of units. The properties with the lowest scores include most of the workforce portfolio, and properties that were underwritten with overly optimistic rent and expense assumptions. In this plan, we seek to learn from what is working well, improve what is not, and grow the parts of the portfolio that will sustain the mission of the organization into the future.

## PHYSICAL UNITS -BY PROGRAM

Current Portfolio<sup>1</sup>



Proposed Portfolio

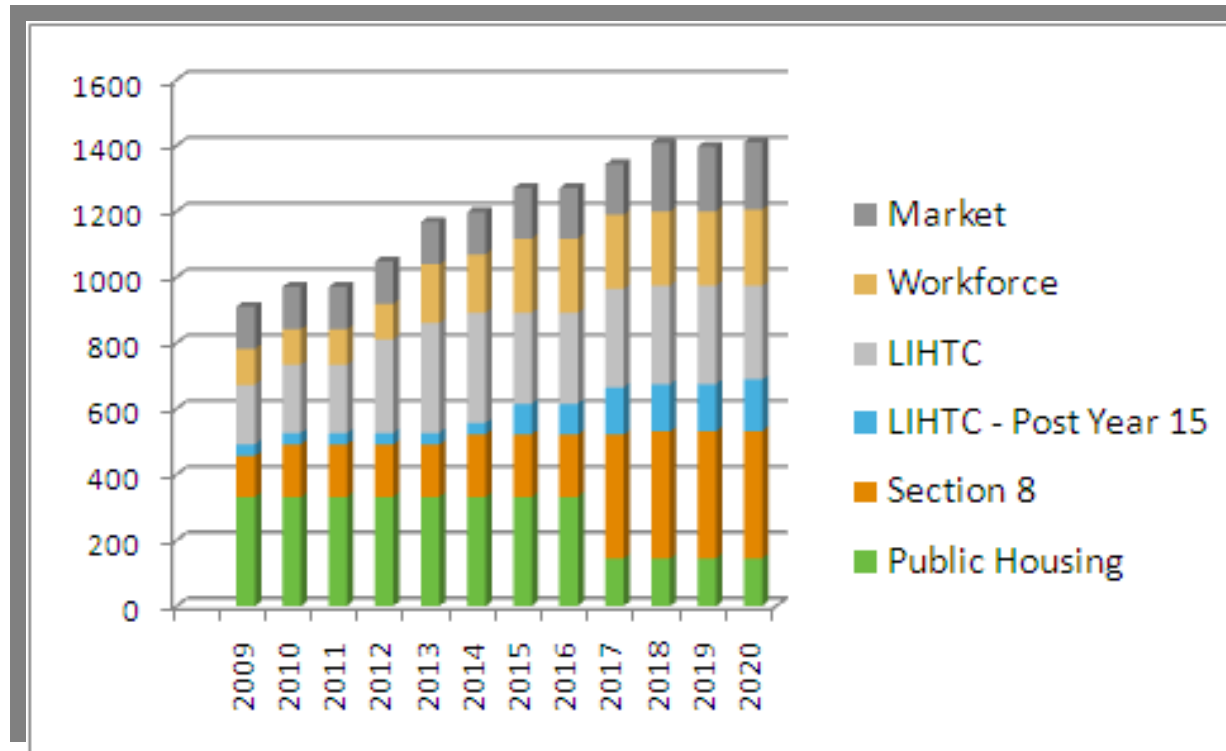


### Assumptions:

1. This plan anticipates relief from the HUD rule that only 20% of a Housing Authority's Section 8 Voucher inventory can be project based.
  - a. Currently, BHP has capacity to project base 136 vouchers. After current commitments to Woodlands, Holiday, Broadway East and a future project to serve homeless, there are 16 vouchers left. Under our projected voucher growth, BHP would have capacity to project base 236 vouchers, leaving approximately 127 vouchers available to project base after existing commitments.
2. Public Housing currently is the most economically viable product for families with mixed citizenship. This policy concern will be part of our work plan.

<sup>1</sup> A note on unit count: at this point in time, BHP is operating 912 housing units. With former Boulder Mobile Manor offline, and scattered asset dispositions in process, this number is changing monthly. For the purposes of this plan, we are using the round number of 900 current units, and 500 planned future units.

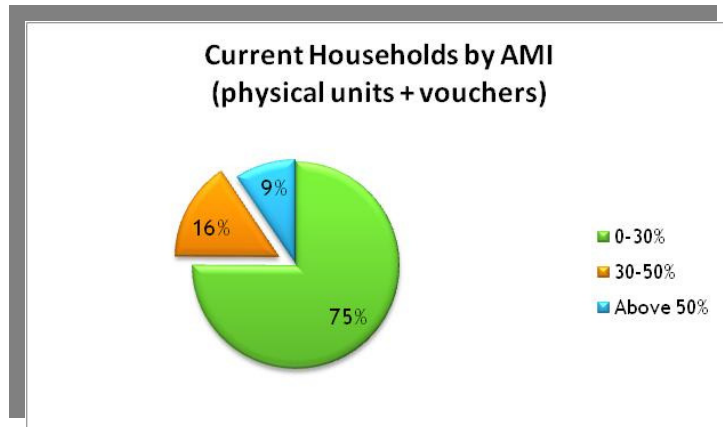
## PORTFOLIO COMPOSITION OVER 10 YEARS



Assumptions: transition of public housing to project based Section 8 occurs in 2016.

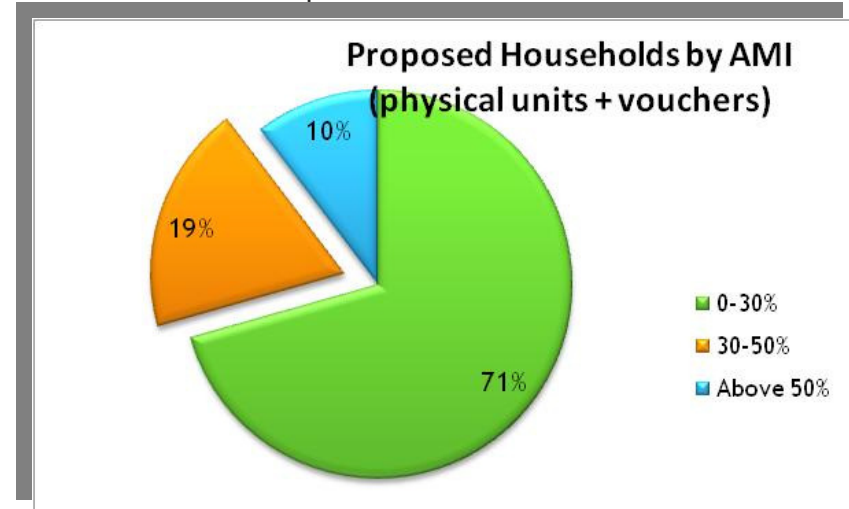
## PHYSICAL UNITS and SECTION 8 VOUCHERS AREA MEDIAN INCOME

Current Portfolio



Total households served: 1640

Proposed Portfolio



Total households served: 2640

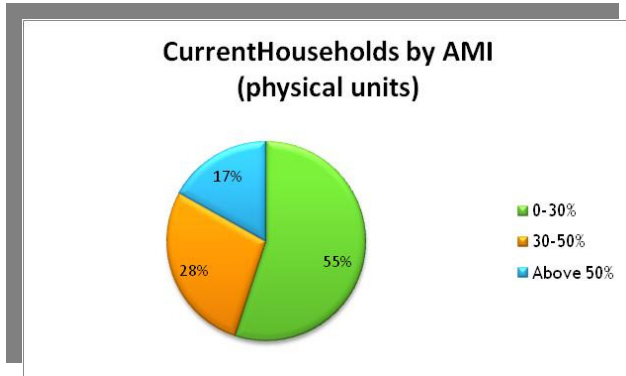
### Assumptions:

- This slide shows the combined portfolio of vouchers and physical units. The inclusion of vouchers demonstrates our ability to maintain a focus on very low income households.
- Target for new Section 8 Vouchers is 500, acknowledging that availability of new vouchers is opportunity driven, based on availability of vouchers at the federal level.
- We anticipate Federal subsidies will continue to be the only viable way to serve households below 30% AMI. Households at and below 30% AMI will continue to be our core mission, however, as we seek to develop a financially balanced portfolio, we will grow our service to households at 30-50% AMI and above.

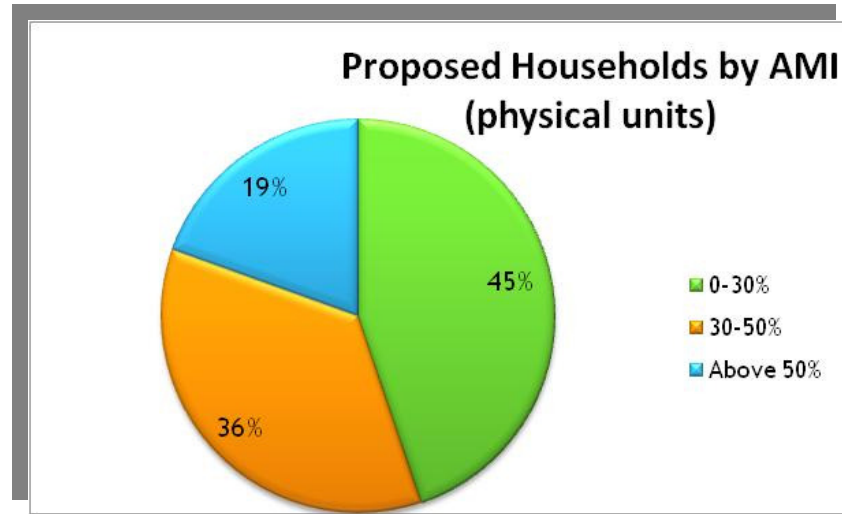
**PHYSICAL UNITS  
AREA MEDIAN INCOME**

Current Portfolio

Proposed Portfolio



Total households served: 900



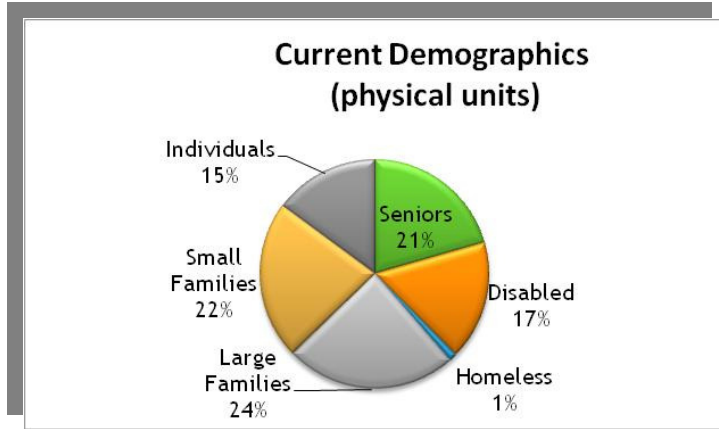
Total households served: 1400

Our plan proposes to add units in all three income levels; the 30-50% AMI range is proposed to grow most rapidly.

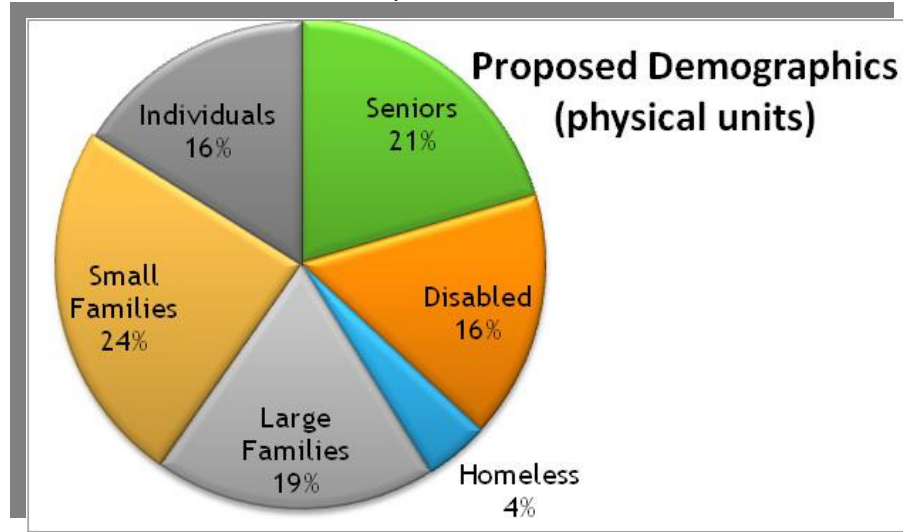
INCOME LEVEL	Current Units	New Units	Total Units	Increase
0-30%	500	130	630	21%
30-50%	250	251	501	50%
Above 50%	150	119	269	44%
<b>Total</b>	<b>900</b>	<b>500</b>	<b>1400</b>	<b>36%</b>

## PHYSICAL UNITS HOUSEHOLDS SERVED

Current Portfolio<sup>2</sup>



Proposed Portfolio

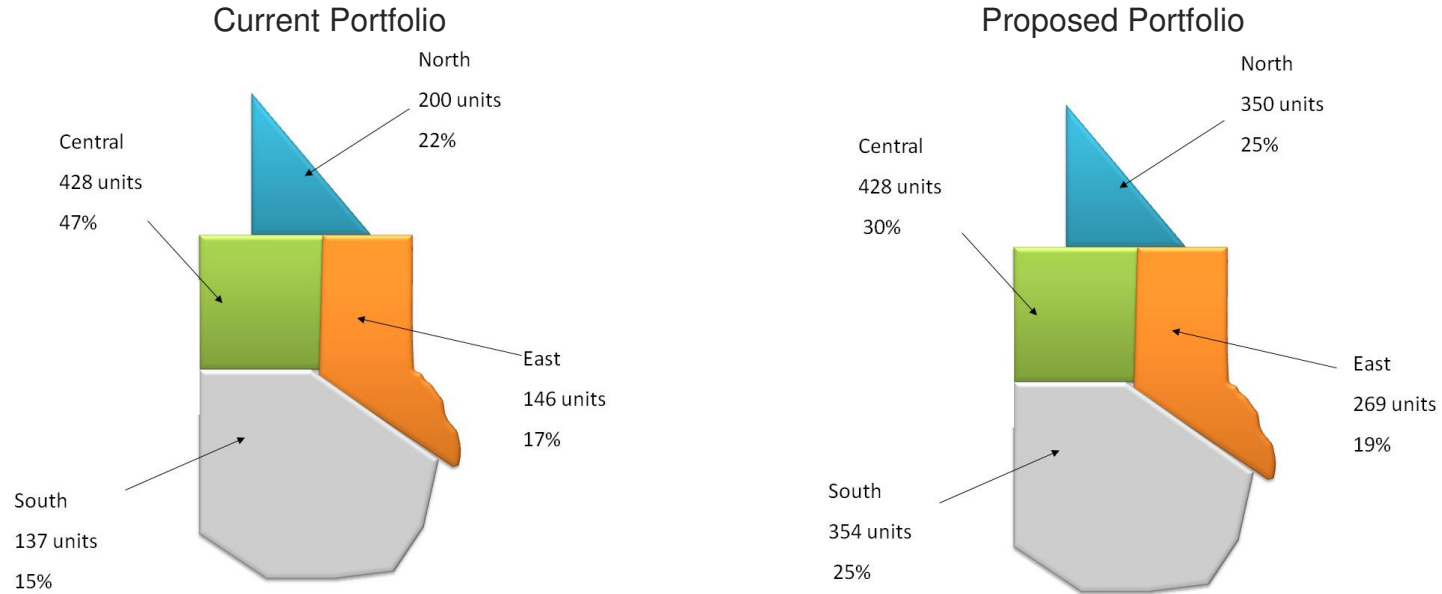


	New Units	Percent
Seniors <sup>2</sup>	100	20%
Disabled	75	15%
Homeless	50	10%
Large Families <sup>3</sup>	40	8%
Small Families	135	27%
Individuals	100	20%
<b>Total</b>	<b>500</b>	<b>100%</b>

<sup>2</sup> A note on disabled population – BHP serves significantly more disabled people than this chart suggests. Where a disabled individual is a senior or part of larger household, they are included within that demographic first. The category “individuals” includes single people and couples who do not have a disability and/or are not living at a senior/disabled designated building.

<sup>3</sup> Small families are defined as two children with one or two parents; large families are defined as three or more children with one or two parents.

## GEOGRAPHY<sup>4</sup>



## New Units<sup>5</sup>

By Location	New Units	Percent of new
North	150	30%
South	220	44%
East	130	26%
Central	0	0%
<b>Total</b>	<b>500</b>	<b>100%</b>

<sup>4</sup> Central Boulder is defined by 28<sup>th</sup> Street, Iris, Baseline and the mountains. North Boulder is north of Iris. East Boulder is defined by Iris/Diagonal, 28<sup>th</sup> Street, and Highway 36 to the south. South Boulder is south of Baseline and west of Highway 36.

<sup>5</sup> We recognize that adding new units to the portfolio will be very much opportunity based. This distribution is illustrative rather than proscriptive.

## SERVICE ENRICHMENT<sup>6</sup>

	Current units with services	Proposed units with services
Public Housing	86%	100%
Section 8 Buildings	57%	100%
LIHTC	30%	50%
Workforce	0%	25%
Market Rate	0%	0%
<b>Total</b>	<b>56%</b>	<b>60%</b>

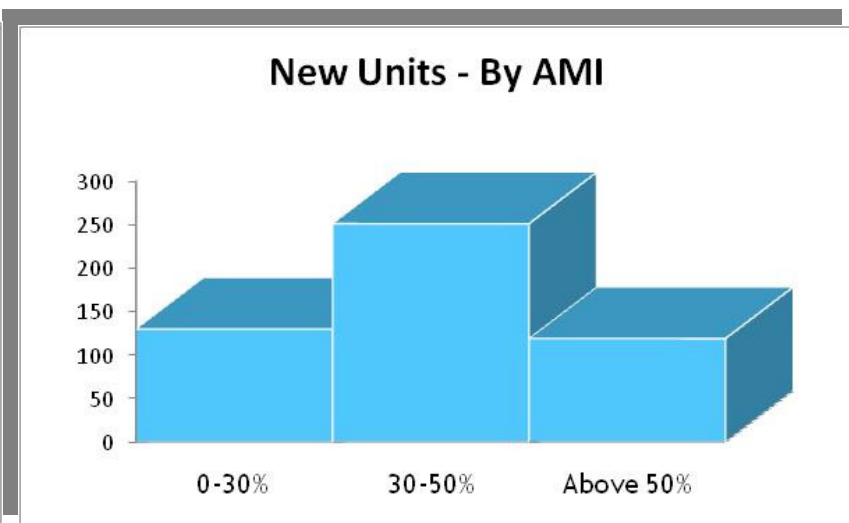
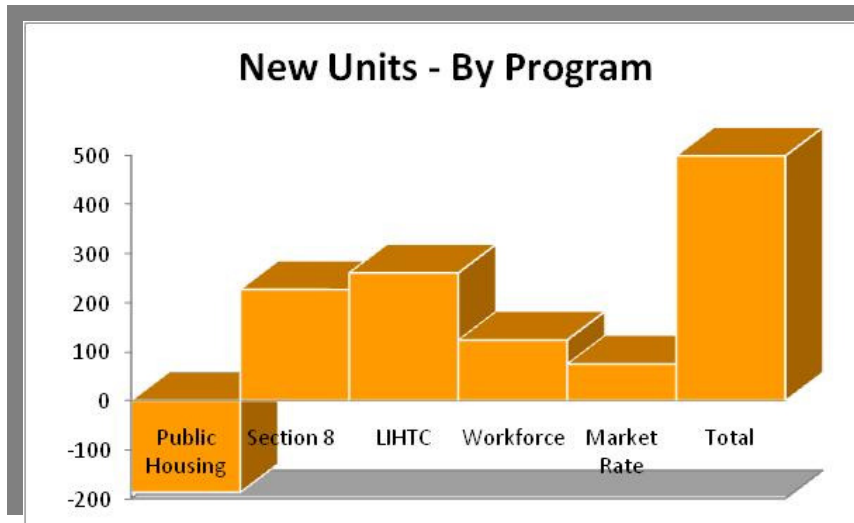
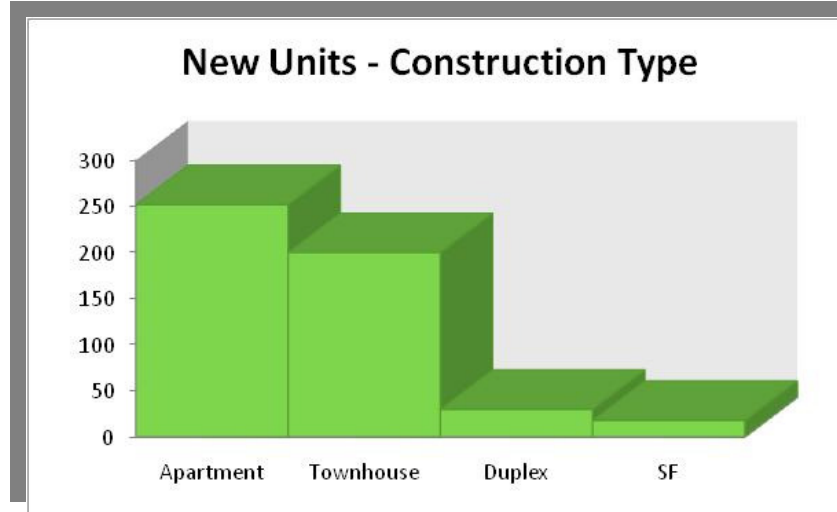
### Assumptions:

- BHP’s goal is to provide resident services that assist BHP customers in realizing success in their lives for 100% of our very low and extremely low income sites; we will seek to provide resident services to our tax credit and workforce sites as well.
- Resident services goals for tenant based Section 8 voucher holders have not been set at the time of this plan, as service delivery to these customers is more challenging.
- Resident service coordinator positions are anticipated to be supported by income from assets and resident services fees to the properties, operating income, the BHP Foundation, HUD grants, and partnerships such as Americorps Volunteers.
- For financial modeling, one full time employee (FTE) has been added in 2010, 2011, and 2013.
- BHP will also continue to actively engage partnerships with other non-profits that provide services to our residents.

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<sup>6</sup> Service enriched means the site is served by a BHP services coordinator, case manager, or Family Self Sufficiency staff or through a partnership such as I Have a Dream Foundation or the Youth Services Initiative.

## SUMMARY OF GOALS FOR NEW DEVELOPMENT



Notes: Bedroom size recommendations are based on input from maintenance and leasing staff and analysis of current wait lists.

Program	New Units	Percent
Public Housing	-187	-37%
Section 8	227	45%
LIHTC	261	52%
Workforce	124	25%
Market Rate	75	15%
<b>Total</b>	<b>500</b>	<b>100%</b>
BR Type	New Units	Percent
SRO	30	6%
Studio	-50	-10%
1 BR	244	49%
2 BR	191	38%
3 BR	73	15%
4 BR	12	2%
Group Home	0	0%
<b>Total</b>	<b>500</b>	<b>100%</b>
Unit Construction	New Units	Percent
Apartment	252	50%
Townhouse	200	40%
Duplex	30	6%
SF	18	4%
<b>Total</b>	<b>500</b>	<b>100%</b>

AMI	New Units	Percent
0-30%	130	26%
30-50%	251	50%
Above 50%	119	24%
<b>Total</b>	<b>500</b>	<b>100%</b>
Population	New Units	Percent
Seniors	100	20%
Disabled	75	15%
Homeless	50	10%
Large Families	40	8%
Small Families	135	27%
Individuals	100	20%
<b>Total</b>	<b>500</b>	<b>100%</b>
Location	New Units	Percent
North	177	35%
South	148	30%
East	165	33%
Central	10	2%
<b>Total</b>	<b>500</b>	<b>100%</b>

Assumptions:

- We anticipate adding 30 Single Room Occupancy (SRO) units in the Permanent Supportive Housing for Homeless program;
- We anticipate eliminating studio units in our senior buildings to address market obsolescence ;
- We will take care to minimize displacement of seniors when those buildings are remodeled;
- We anticipate 18 additional single family units developed at Red Oak Park. Aside from this development, we seek to maximize operating and environmental efficiencies through higher density housing options such as apartments and townhouses.

## CONSTRAINTS AND CHALLENGES

- Availability of funding for new construction, rehab, and acquisitions
- Land availability
- Acquisition opportunities
- Section 8 Voucher availability
- Legislative rules on project basing Section 8 Vouchers
- Staff capacity



## CITY OF BOULDER AFFORDABLE HOUSING GOALS

At the time of this plan, the City of Boulder is heading into the third phase of a review of the Inclusionary Housing policies and goals. The program has been in place for 11 years and has been very successful in generating units for households with incomes at 30-80% AMI. BHP currently owns and manages 43% of the city wide inventory of affordable rental housing. BHP's Portfolio Plan complements the City's goals in all categories except "low income," where only 92 additional units are needed to meet current City goals. We anticipate this goal will be updated, as there is still a strong need in the community to house low income households. We have also reviewed the BHP Portfolio Plan against the Boulder Valley Comprehensive Plan (BVCP), and found it to be consistent with the BVCP Housing Policies.

<b>Affordable Housing Priorities</b>	<b>Current 2009 housing unit inventory Total: 2,885</b>	<b>BHP as % of current inventory</b>	<b>Final housing unit inventory - 10% goal Total: 4,500</b>	<b>Units Still Needed to Meet Goals</b>	<b>BHP Portfolio Plan</b>	<b>BHP as % of remaining City goal</b>
<b>1) Incomes</b>						
Households below 30% AMI "very low income"	485 (17%)	100%	1,575 (35%)	1090	130	12%
Households between 30 – 60% AMI "low income"	1,708 (60%)	16%	1,800 (40%)	92	251	273%
Households between 60 – 80% AMI "moderate income"	662 (23%)	23%	1,125 (25%)	463	119	26%
Households between 80 – 120% AMI "middle income"	118	n/a	N/A	N/A	N/A	N/A
<b>2) Rental vs. Homeownership</b>						
Rental	<b>2,122 (74%)</b>	43%	<b>3,285 (73%)</b>	<b>1163</b>	<b>500</b>	<b>43%</b>
Home Ownership	<b>733 (26%)</b>	0%	<b>1,215 (27%)</b>	<b>482</b>	<b>0</b>	<b>0%</b>

**TIMELINE**

Priority	Site	Units	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>NEW UNITS</b>														
1	BWW	26												
2	Red Oak	77												
3	High Mar	50												
4	Supportive Housing	30												
5	Transit Village - WF	70												
6	Other - LIHTC	70												
7	Other -WF	25												
8	Other -Market	25												
9	Other - LIHTC	54												
10	Other -WF	23												
11	Other - Market	50												
	Subtotal	500												
<b>REPOSITION EXISTING PROPERTIES</b>														
1	Bridgewalk	123			*									
2	Woodlands	35	*											
3	Work Force - Midtown/ SP	25												
4	Iris Hawthorne	14												
5	Walnut Place	95												
6	Glen Willow Redev.	34												
7	North Haven	8												
8	Work Force - two sites	35												
9	PH I - Family Sites	173			*Legislative Action?									
10	Northport	50												
11	Work Force - two sites	24												
12	101 Pearl	6												
	Subtotal	622												
<b>EXISTING PROPERTIES - NO CHANGE</b>														
1	Broadway East	44												
2	Canyon Point	82												
3	Dakota Ridge	13												
4	Foothills LIHTC Exit	74							*					
5	Holiday LIHTC Exit	49										*		
6	Orchard	1												
7	Vistoso LIHTC Exit	15												*
	Subtotal	278												
<b>PORTFOLIO TOTAL</b>		<b>1400</b>												

<b>LEGEND</b>	
Predevelopment	
Construction	
Lease up	
Refinance/LIHTC Exit	

## CASH TRENDS

We have analyzed the financial performance of the existing portfolio and have trended performance over the next ten years. We have used that information to shape the portfolio we envision.

- These financial projections are rough estimates that include substantial assumptions and are subject to the wide universe of changing market and policy environments over the next ten years;
- This portfolio plan is designed to provide a more sustainable business model for BHP. If we were to continue business as we know it today, we project that the organization will be unable to support our cost of doing business at year 2015 and that our cash position would worsen over time. By way of example, we project a negative cash flow of \$160,000 in the year 2020.
- With the growth and repositioning of assets proposed in this document, we anticipate a financially sustainable organization that can contribute to growing its reserves by at least \$100,000 each year.

## CONTACT INFORMATION

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