Now That We’re Poor: The New Economics of Land Use

20th RMLUI Conference
Denver, March 2011

Don Elliott, FAICP, Clarion Associates
The Regulatory Issue

Affordability is a long-term structural problem of the U.S. economy

- 1960s: Average renters spend 19%
  Now: Average is 29%

- Old rule: 30% on housing
  Now: 49% of renters do that

- U.S. Housing industry is very efficient, but wages just haven’t kept pace – and it’s not likely they will

- And many local government regulations have made it worse
The Regulatory Issue

NLIHC 2006 Data concluded

- The national “housing wage” needed to afford a two-bedroom rental unit was $16.31 per hour.
  - More than $3.00 more than the average renter earns per hour.

- Household of three minimum wage earners that work 40 hours a week for 52 weeks a year could not afford a two-bedroom unit at the national average Fair Market Rent.
The Regulatory Issue

Major regulatory contributors to increased housing costs:

1998 study of regulatory barriers to affordable housing in Colorado:

1. Minimum house size, lot size, or yard size requirements
2. Prohibitions on accessory dwelling units
3. Restrictions on land zoned and available for multifamily and manufactured housing
4. Excessive subdivision improvement standards
The Regulatory Issue

Major regulatory contributors to increased housing costs:

2007 EcoNorthwest Study for NAHB (2004 Data)

- 65% of added costs from minimum lot size requirements
- 9% of added costs from lot width requirements
- Only 8% of local governments impose minimum house sizes but they increase costs by 17%
- Subdivision regulations exceeding baselines added $11,910 (4.8%) to new home costs
The Regulatory Issue

Major regulatory contributors to increased housing costs:

Denver affordable housing builders during new zoning code review

- Development review procedures
  - Culture of negotiation
- Permitted densities
- Minimum dwelling unit sizes
- Minimum parking requirements
- Maximum lot coverage limits
- Minimum lot size requirements
- Building stepback requirements
- Unavailability of Accessory dwelling units
The Spectrum of Responses

Toolbox

Develop & Preserve Housing for Low Income, Elderly, Special Populations
- TABOR
- Rental rehab loans
- CDBG, HOME & Emergency
- TABC Shelter grants
- Rent
- Hopwa
- CDPC/DHA Sec. 8 & Public Housing
- Shelter
- DNHF
- Hopv/DHS - TANF
- DHA Sec. 8 & Public Housing
- TABOR
- DNHF
- DHS - TANF

Workforce & Primary Housing
- LIHTC & Private Activity
- Bonds
- CDBG & HOME
- DNHF & FNMA LOC
- CHFA financing/assistance
- Special bank products
- TABOR

Implement Affordable Housing Policies
- Inclusionary Zoning requirement
- Home repair loans/grants
- Down payment assistance
- FHLMC Affordable Housing Program
- FNMA LOC funding
- CDBG & HOME

Promote Homeownership
- Code revision
- Increased density
- Attractive bank products
The Regulatory Challenge

Find ways to allow the private market to produce more housing for less money – in ways that complement or reinforce the character and fabric of the community.

- Cheaper than subsidies – and saves them for lower AMI
- Simpler than managing a stock of attainable housing stock
- Particularly in attached and multi-family product
- Particularly for rental market
Who’s Working on This?

Flagstaff
- Lot Line House

- Bungalow
Who’s Working on This?

Flagstaff

- Village House
Who’s Working on This?

Flagstaff
- Multiplex
- Duplex-Triplex
Who’s Working on This?

Flagstaff

- Cluster House
- Patio House
- Z-Lot House
- Atrium House
- Manufactured Home
- Townhouse
- Weak-Link Townhouse
- Deck Townhouse
- Terrace House
- Apartment House
Who’s Working on This?

Flagstaff
- Cluster House
- Patio House
- Z-Lot House
- Atrium House
- Manufactured Home
- Townhouse
- Weak-Link Townhouse
- Deck Townhouse
- Terrace House
- Apartment House
Who’s Working on This?

Flagstaff

- Cluster House
- Patio House
- Z-Lot House
- Atrium House
- Manufactured Home
- Townhouse
- Weak-Link Townhouse
- Deck Townhouse
- Terrace House
- Apartment House
Who’s Working on This?

Kirkland

- Cottage Housing Ordinance
  - Defines 3 new housing types
    - cottage, carriage house, and
    - 2-3 units that look like SFD
  - Development and spacing standards
  - AH median income requirements for projects of 10 units or more
  - Approved by right in low density SFD zones through an administrative decision of the planning director or hearing examiner process
Who’s Working on This?

Santa Cruz

- 7 pre-approved ADU unit prototypes
- Allowed on lots of 5,000 sf or larger
- Manual – Technical assistance –
  grant program
- By-right approval if the prototypes are used – minor modifications OK
- Required off-street parking space can be tandem with existing space
Who’s Working on This?

Fairfax County, VA

- Great House / Mansion Apt.
- 2-4 units in a structure designed to look like a large SFD
- Allowed in some single-family zones
  - Sometimes limited to corners or prominent sites
Who’s Working on This?

**Miami**

**Density Bonuses**
- On site = 2 sf per 1 sf AH
- Off site = 1 sf per 1 sf AH

**Height Bonuses**
- Transect 6 (not adjacent to T3)
  - 8 floors → 12
  - 12 floors → 20
  - 24 floors → 48
  - 36 floors → 60
  - 60 or 80 floors → unlimited
- Transect 5 adjacent to downtown
  - One additional floor
Who’s Working on This?

**Denver**

- Reduced Minimum Lot Size
  - New smallest is 3,000 sf not 5,000 sf
- Deleted 600 sf Minimum Unit Size
- Reduced Parking
  - No requirement for SFD in urban zones
  - 1 space / du for MF in urban zones
  - .25 space / du for:
    - Affordable housing units
    - Units under 550 sf
    - Rooming and boarding houses
    - SROs
The Inclusionary Trend

Inclusionary Housing Ordinances

- Philadelphia (10% of 20 or more units)
- Santa Barbara (15% of 10 or more residential lots)
- Madison (15% of 10 or more ownership units)
- San Diego (10% of 2 or more units)
- San Francisco (15% of 5 or more units)
- Sacramento (15% of all new units in New Growth Area)
- Denver (10% of 30 or more units)

Questions and Discussion