

# Local Strategies for Increasing Affordable Housing

## INTRODUCTION

Dating back as far as the turn of the 20<sup>th</sup> century, local governments have struggled to provide affordable housing to households in need. Housing market economics often leave few affordable options available to those earning the lowest of incomes. Finding adequate and affordable housing in current real estate markets continues to be a challenge for many of our nation's households. The increasing expense of transportation, rising healthcare and childcare costs, increasing land values, and construction costs have cumulatively stretched household budgets and added to the affordable housing crisis. The size of lots and homes has increased over time, raising housing prices further. These increasing costs and stagnant wages have widened the housing affordability gap to include households earning moderate incomes. Even with the recent downturn in the housing market, many communities still provide few affordable housing options to their local workforce.

History has shown that meeting the demand for affordable housing requires a comprehensive approach that attacks the problem from all angles. Such an approach includes removing regulatory barriers, offering development incentives, implementing mandatory requirements, providing dedicated funding, and other initiatives that result in the development of affordable units. In addition, affordable housing approaches should address the need for access to affordable transportation options, to public and personal services, and to shopping and employment centers. Dense land use patterns that offer more mixed-use opportunities and smaller unit options can assist with lowering housing prices, reducing transportation costs, and providing access to necessary amenities. Local land development regulations are one of the most effective ways create a more sustainable community framework that can meet local affordable housing demands. Over the years numerous regulatory tools and strategies have been developed to alter the way in which development is regulated and increase affordable housing opportunities.

## IMPLICATIONS OF NOT ADDRESSING THE ISSUE

Choosing to not address the demand for local affordable housing can have detrimental effects on a community's long-term sustainability and quality of life. One is that local employees suffer economic stress as housing prices are higher than household incomes can afford. These households often resort to living in smaller residences, or delaying the purchase of a home. Some employees may have to move out of the area, or move to outlying areas of the community, choosing an alternative location where housing is more affordable. The inevitable consequences of locational substitution are increased commuting, diminished real incomes due to increased commuting costs, increased traffic congestion, and higher road construction and maintenance costs. These choices also can result in deterioration of the social, economic, and political fabric of communities. When people live and work in different locations, it is difficult to foster a true sense of community and social activism. Collectively these phenomena do several things. First, they reduce the supply of labor, denying the community a critical component needed to ensure the long-term sustainability of the local economy. Second, they result in a general loss of community and identity. For these reasons, communities experiencing housing affordability problems commonly undertake initiatives to increase the supply of such housing at prices that local employees and their families can afford.

## GOALS FOR AFFORDABLE HOUSING

Communities have been using development regulations to foster the development affordable housing units for over 40 years. While these standards have gone far in improving the problem, more can be done. This chapter offers numerous strategies for improving local affordable housing opportunities. The solutions are organized in two ways: first



by the type of regulatory solution (removing barriers, creating incentives, enacting standards), and second by the degree of potential success, ranging from good to best.

The goals of this chapter are to:

- Identify obstacles that impede the development of affordable housing
- Recommend opportunities, such as by-right zoning of smaller lots and smaller units, and mixed-use development, for the development of affordable housing in areas that are proximate to transit and needed services
- Offer incentives that local governments can provide to developers, in the form of regulatory and fee relief, and development review assistance, to increase the supply of affordable units; and
- Suggest regulatory provisions, such as inclusionary programs and linkage fees, that require new developments to mitigate the demand for affordable housing that their businesses create

## POTENTIAL SUSTAINABILITY MEASURES:

An in-depth housing needs analysis that evaluates demographics, regional housing tenure data, and economic parameters to identify where gaps in housing exist

- Measuring the supply of units, by affordability ranges, available to meet existing and future demand
- Use of national indices, such as the National Association of Homebuilders/National Association of Realtors Index, National Low Income Housing Coalition Housing Wage Index, and Center for Housing Policy Paycheck to Paycheck Model to identify local housing needs and track success of local programs

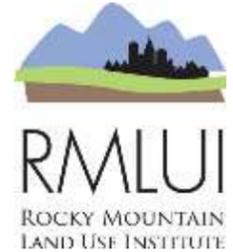


## Sustainable Community Development Code Framework

### HOUSING AFFORDABILITY

#### KEY STATISTICS:

- In 2003, some five million working families had critical housing needs
- Between 2001 and 2005, housing prices in the U.S. overall increased by at least 6 percent annually, more than twice the rate of inflation for that same period
- The increase in housing prices has exceeded the rate of wage growth; in 2005 the ratio of housing prices to national incomes was the highest in at least twenty years
- The National Low Income Housing Coalition estimates that the 2006 national "housing wage" needed to afford a two-bedroom rental unit was \$16.31 per hour -- \$3.00 more than the average renter earned per hour
- In 2006, a household of three minimum wage earners that worked 40 hours a week for 52 weeks a year could not afford a two-bedroom unit at \$848, the national average Fair Market Rent
- Police officers typically earn less than is required to purchase a median-priced home in the majority of metropolitan areas
- In 2005, one in every four renters age 50 and above paid 50 percent or more of their income on rent



### INCREASING AFFORDABLE HOUSING OPPORTUNITIES THROUGH LOCAL REGULATORY TOOLS

Remove Obstacles	Achievement Levels (Note: Higher levels generally incorporate actions of lower levels)			References/Commentary	Code Examples/Citations
	Bronze (Good)	Silver (Better)	Gold (Best)		
	<ul style="list-style-type: none"> <li>▪ Remove restrictions for constructing accessory dwelling units and elderly cottage housing units in residential districts</li> <li>▪ Remove prohibitions on certain building types (e.g., town homes, duplexes, single-room occupancy buildings) in residential zone districts</li> <li>▪ Revise or remove unnecessary dimensional standards that act to prohibit these building types (e.g., minimum lot widths greater than 20 feet)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Waive building permit caps for affordable housing projects</li> <li>▪ Waive or reduce residential impact fees for affordable housing projects or provide for funding assistance to offset fees</li> <li>▪ Permit manufactured/modular housing in all residential zone districts if it meets all applicable residential design standards</li> </ul>	<ul style="list-style-type: none"> <li>▪ Remove large minimum lot size regulations to allow for small lot residential development</li> <li>▪ Permit duplex and multi-family housing in more districts, or as special/conditional uses in all districts. Allow mixed-use developments, by-right, in appropriate locations near public transportation facilities</li> </ul>	<ul style="list-style-type: none"> <li>▪ <i>Regional Approaches to Affordable Housing</i>, Meck, Retzlaff, Schwab (2003)</li> <li>▪ <i>An Untapped Source for Affordable Housing</i>, van Hermert (2007)</li> <li>▪ <i>Increasing the Availability of Affordable Homes</i>, Lubell (2006)</li> <li>▪ Regulatory Barriers Clearinghouse, <a href="#">Available online</a>. Retrieved December 2, 2010.</li> <li>▪ <i>Accessory Dwelling Units: Model State Act and Local Ordinance</i>, Public Policy Institute, Rodney Cobb and Scott Dvorak (2000)</li> </ul>	<ul style="list-style-type: none"> <li>▪ City of Santa Cruz, CA, <i>Accessory Dwelling Unit Program</i>, <a href="#">Available online</a>. December 2, 2010.</li> <li>▪ City of Key West, FL, Accessory Dwelling Unit Program requiring rentals to comply with income eligibility guidelines, <a href="#">Available online</a>. Retrieved December 2, 2010.</li> <li>▪ Alachua County, FL, Impact Fee Assistance Program, <a href="#">Available online</a>. Retrieved December 2, 2010.</li> <li>▪ City of Albuquerque, NM, reduced or waived impact fees for affordable housing developments, <a href="#">Available online</a>. Retrieved December 2, 2010.</li> <li>▪ City of Lincoln, NE, waiver of impact fees, <a href="#">Available online</a>. Retrieved December 2, 2010.</li> <li>▪ City of Austin, TX, <i>S.M.A.R.T. Housing</i>, Affordable, transit-oriented housing, <a href="#">Available online</a>. Retrieved December 2, 2010.</li> <li>▪ City of Salt Lake City, UT, <i>Salt Lake City Council Staff Report</i>, multi-family developments allowed by-right in non-residential districts, <a href="#">Available online</a>. Retrieved December 2, 2010.</li> </ul>

## Sustainable Community Development Code Framework

### HOUSING AFFORDABILITY

		Bronze (Good)	Silver (Better)	Gold (Best)	Reverences/Commentary	Code Examples/Citations
<b>Create Incentives</b>		<ul style="list-style-type: none"> <li>▪ Offer expedited review or permitting process for affordable housing projects</li> <li>▪ Provide permit expeditor ombudsman to assist with review of affordable housing projects</li> <li>▪ Allow small-lot (less than 6,000 sq. ft) developments in more zone districts with compatible design standards</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reduce parking requirements for affordable housing to reflect evidence of reduced need</li> <li>▪ Do not count accessory dwelling units against permitted density in residential zone districts. Allow in commercial zone districts if parking is adequate</li> </ul>	<ul style="list-style-type: none"> <li>▪ Provide density bonuses when incorporating affordable or workforce housing units in a development</li> </ul>	<ul style="list-style-type: none"> <li>▪ Affordable Housing and Smart Growth: Making the Connection, Smart Growth Network and Danielle Arigoni (2001)</li> <li>▪ "Incentive Zoning: Meeting Urban Design and Affordable Housing Objectives," APA PAS Report. Marya Morris (2000)</li> </ul>	<ul style="list-style-type: none"> <li>▪ City of Tallahassee, FL, density bonus programs, <a href="#">Available online</a>. Retrieved December 2, 2010.</li> <li>▪ City of Austin, TX, <i>S.M.A.R.T. Housing</i>, expedited review processes, <a href="#">Available online</a>. Retrieved December 2, 2010.</li> <li>▪ City of Tucson, AZ, <i>Community Design Review Committee and Rezoning</i>, streamlining development reviews, <a href="#">Available online</a>. Retrieved December 2, 2010.</li> <li>▪ City of Orlando, FL, <i>Mayor Buddy Dyer Recognized For Breaking The Barriers To Affordable Housing In The City Beautiful</i> affordable, <a href="#">Available online</a>. Retrieved December 2, 2010.</li> <li>▪ City of Palm Beach County, FL, waiver of development standards and bonus densities (Section 5.G.1), <a href="#">Available online</a>. Retrieved December 2, 2010.</li> </ul>
<b>Enact Standards</b>		<ul style="list-style-type: none"> <li>▪ Impose inclusionary housing requirement on residential development to construct or pay a fee-in-lieu for affordable units</li> <li>▪ Allow accessory dwelling units by-right in all residential zone districts subject to reasonable size, parking, and other development standards</li> </ul>	<ul style="list-style-type: none"> <li>▪ Require linkage fees for non-residential development to construct or pay a fee-in-lieu for affordable units necessitated by development</li> <li>▪ Require accessory dwelling units for all residential units or a percentage of units in a new development</li> <li>▪ Require a variety of unit sizes in multi-family buildings</li> </ul>	<ul style="list-style-type: none"> <li>▪ Enact a comprehensive regulatory program that requires both residential and non-residential development to construct or pay a fee-in-lieu for affordable units</li> </ul>	<ul style="list-style-type: none"> <li>▪ <i>Solving America's Shortage of Homes Working Families Can Afford: Fifteen Success Stories</i>, ULI. (2005)</li> <li>▪ American Planning Association's Model Affordable Housing Ordinance <a href="#">Available online</a>. Retrieved December 2, 2010.</li> <li>▪ "The Inclusionary Housing Debate: The Effectiveness of Mandatory Programs Over Voluntary Programs, Part 1," <i>Zoning Practice</i>. Nicholas Brunick (2004)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Aspen/Pitkin County, CO, implementing comprehensive regulatory programs, <a href="#">Available online</a>. Retrieved December 2, 2010.</li> <li>▪ City of Islamorada, FL, example of a comprehensive regulatory program, <a href="#">Available online</a>. Retrieved December 2, 2010.</li> <li>▪ Montgomery County, MD, <i>Moderately Priced Dwelling Unit and Workforce Housing Unit Requirements</i>, <a href="#">Available online</a>. Retrieved December 2, 2010.</li> <li>▪ City of San Diego, CA, <i>Affordable Housing-</i> affordable housing assistance programs, <a href="#">Available online</a>. Retrieved December 2, 2010.</li> <li>▪ Teton County, WY Housing Authority, inclusionary housing requirement and affordable housing PUD, <a href="#">Available online</a>. Retrieved December 2, 2010.</li> </ul>