



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:



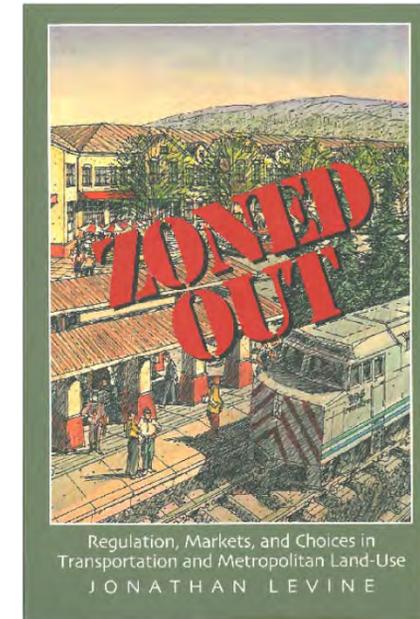
1. Minimum house size, lot size, or yard size requirements
2. Prohibitions on accessory dwelling units
3. Restrictions on land zoned and available for multifamily and manufactured housing
4. Excessive subdivision improvement standards

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

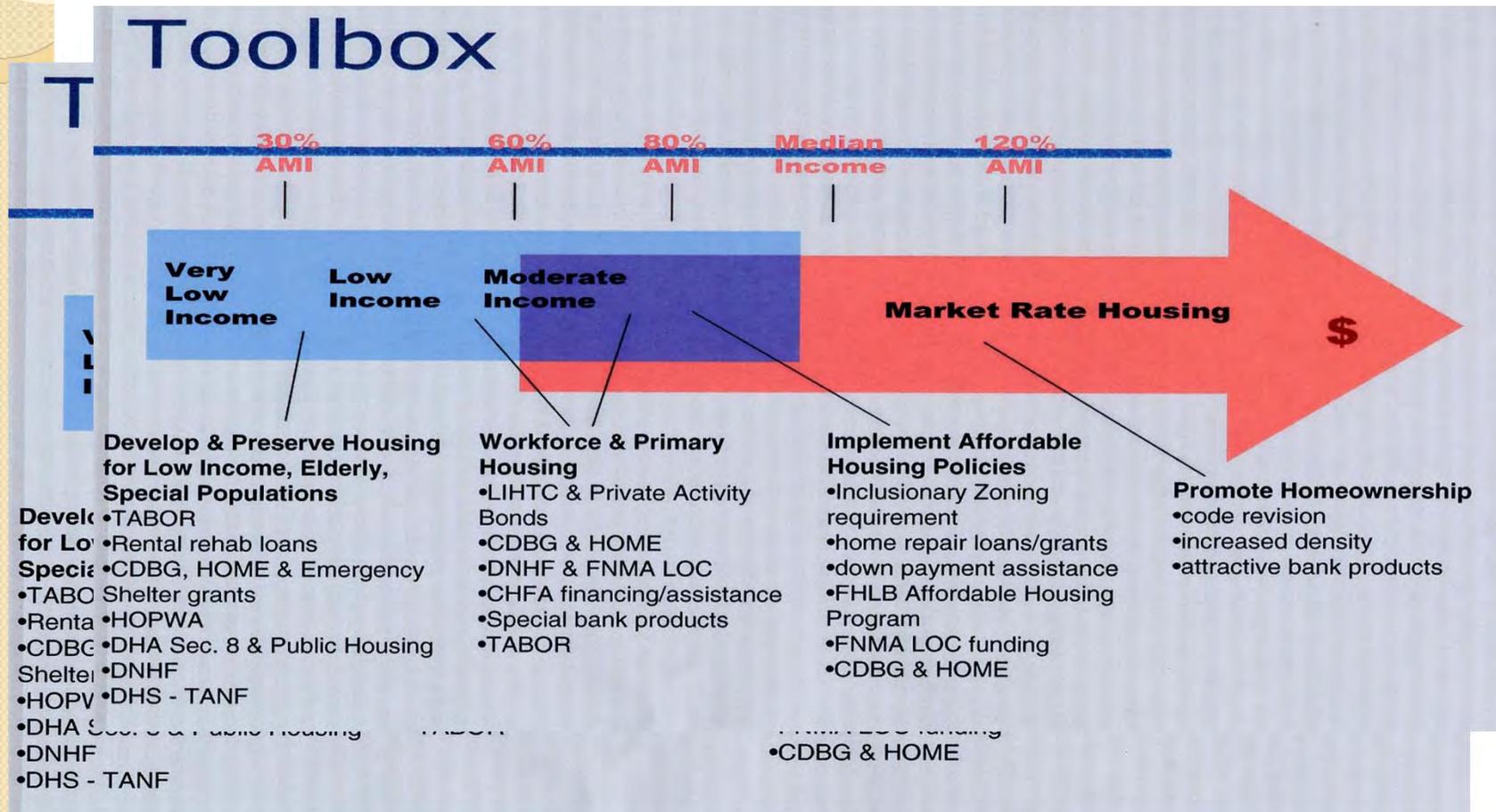
Major regulatory contributors to increased housing costs:

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 setback requirements
- Unavailability of Accessory dwelling units



The Spectrum of Responses



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.

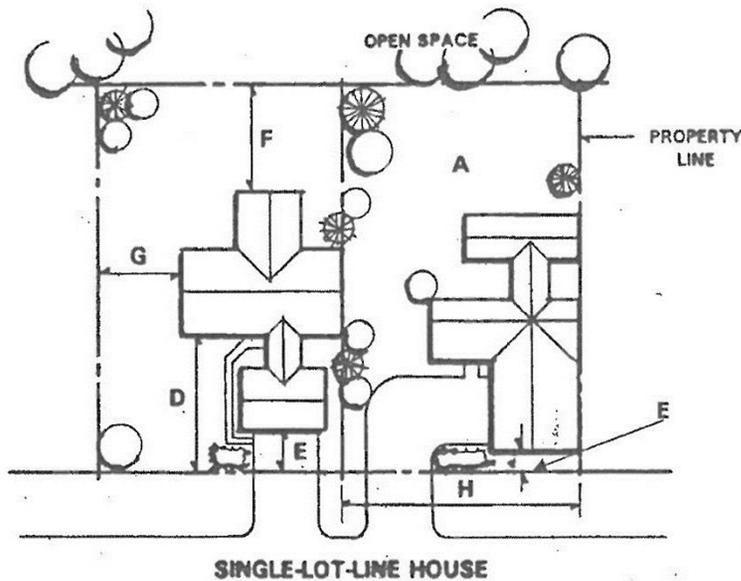


- Cheaper than subsidies – and saves them for lower AMI
- Simpler than managing a stock of attainable housing stock
- Particularly in attached and multi-family product
- Particularly for rental market

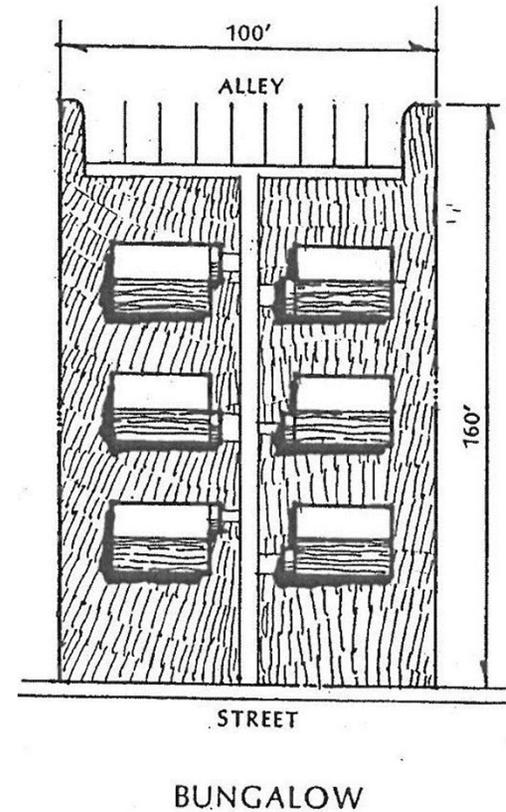
Who's Working on This?

Flagstaff

- Lot Line House



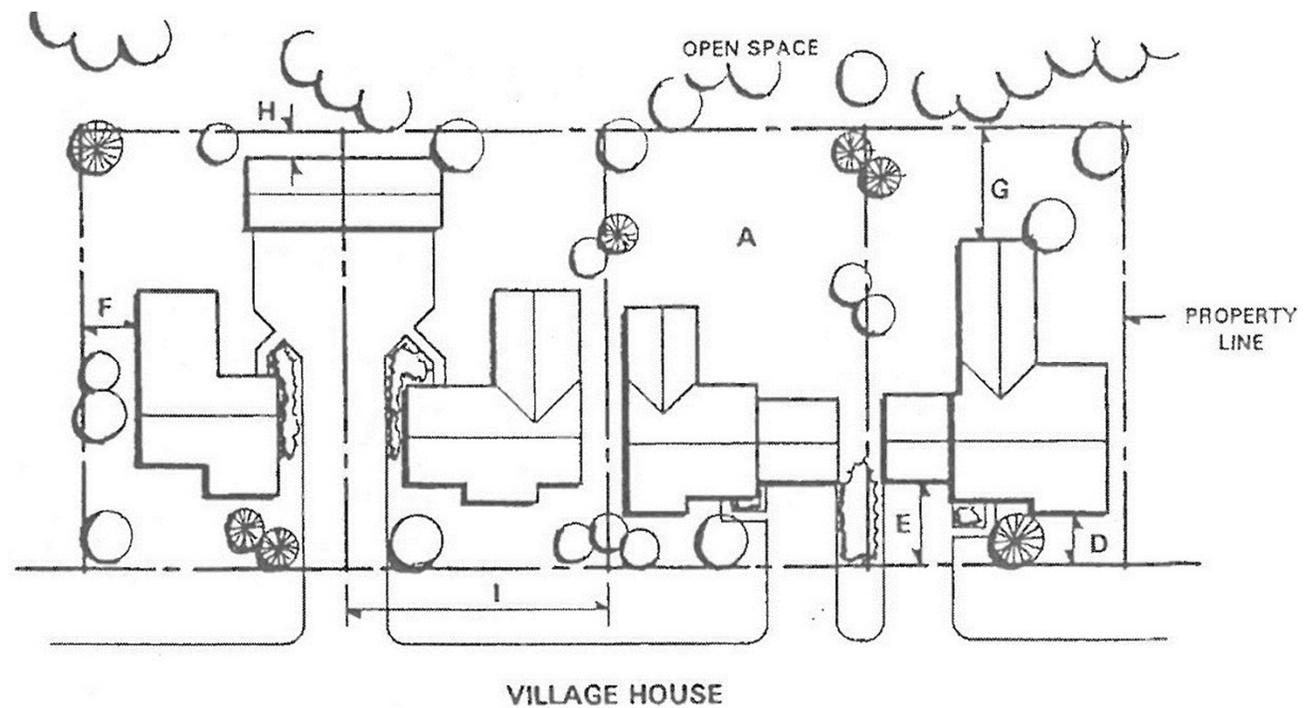
- Bungalow



Who's Working on This?

Flagstaff

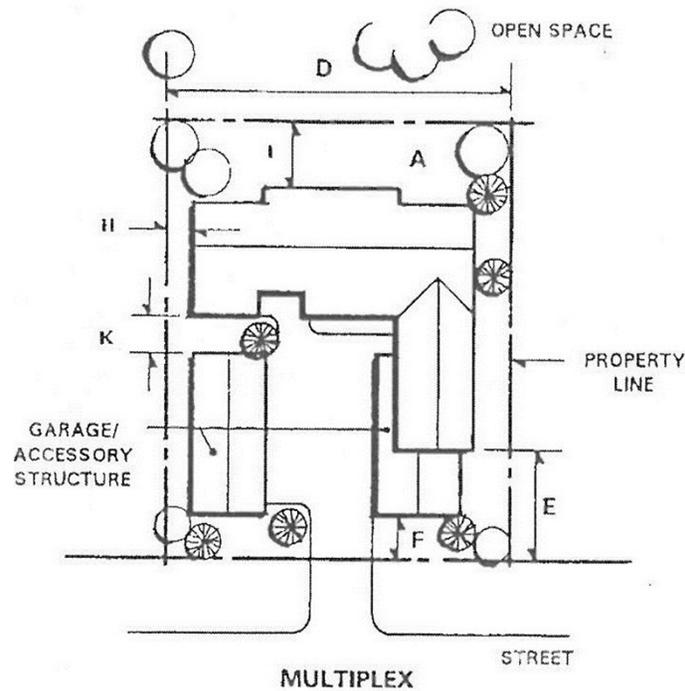
- Village House



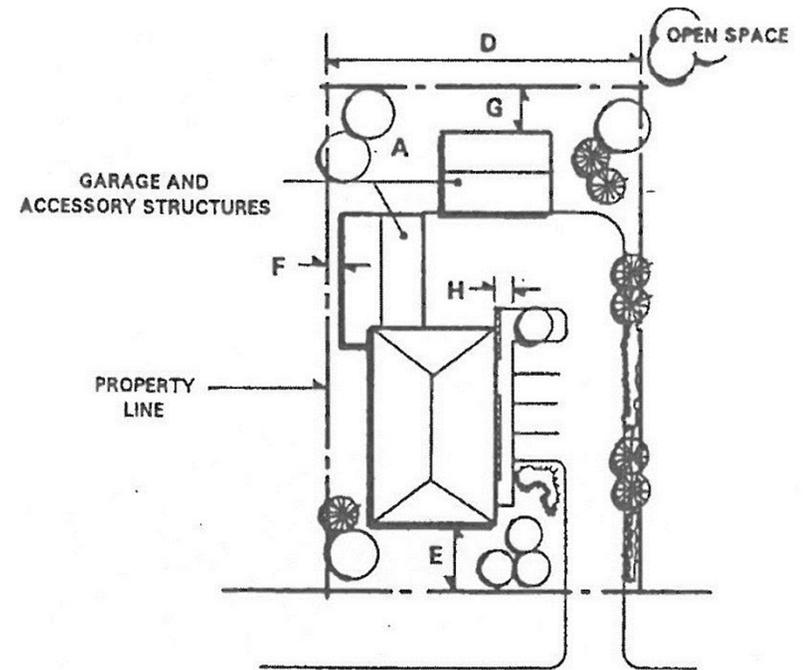
Who's Working on This?

Flagstaff

- Multiplex



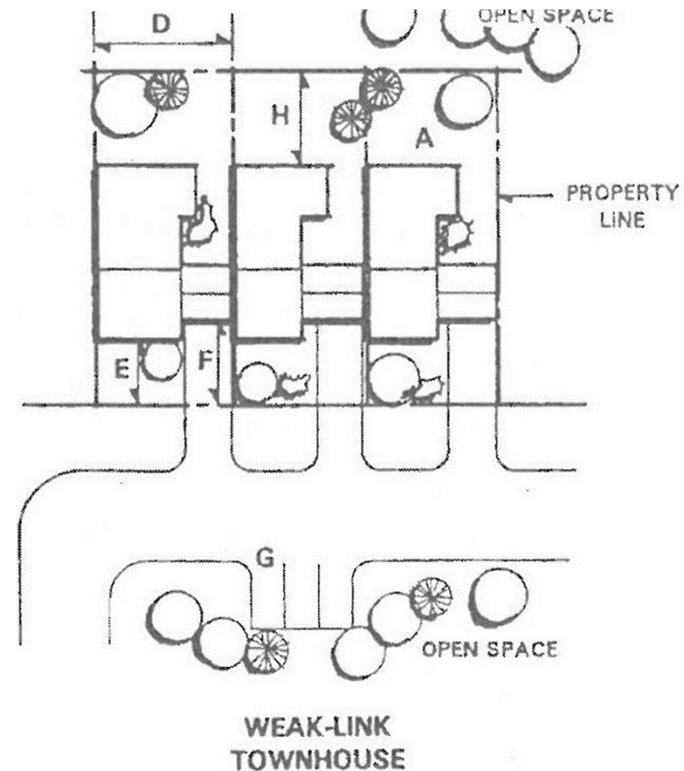
- Duplex-Triplex



Who's Working on This?

Flagstaff

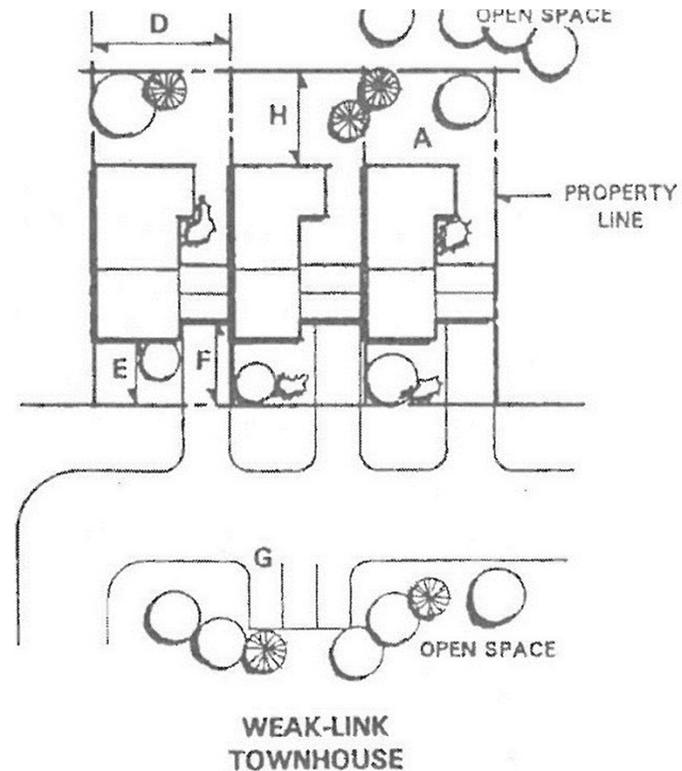
- Cluster House
- Patio House
- Z-Lot House
- Atrium House
- Manufactured Home
- Townhouse
- Weak-Link Townhouse
- Deck Townhouse
- Terrace House
- Apartment House



Who's Working on This?

Flagstaff

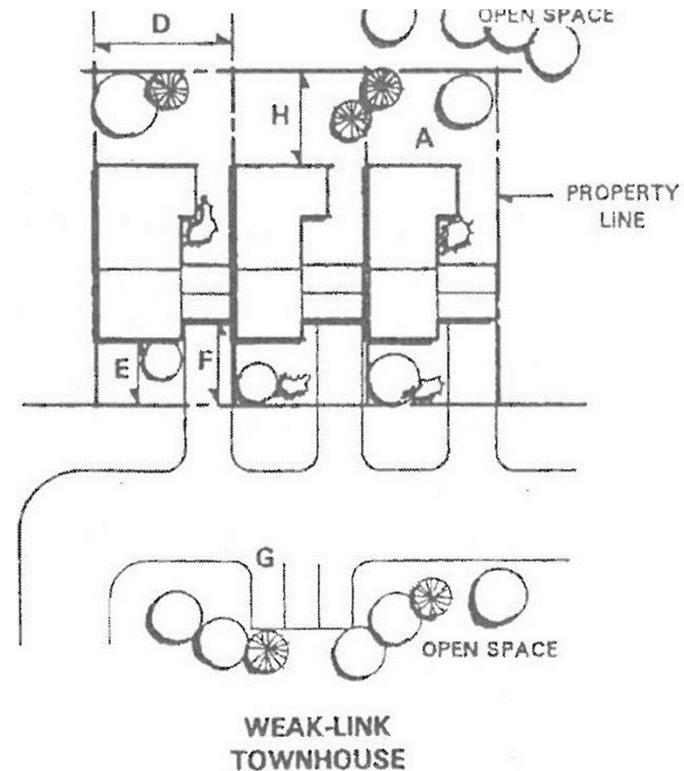
- Cluster House
- Patio House
- Z-Lot House
- Atrium House
- Manufactured Home
- Townhouse
- Weak-Link Townhouse
- Deck Townhouse
- Terrace House
- Apartment House



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 1sf AH
- Off site = 1 sf per 1sf 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)

Basalt, Boulder, Carbondale, Eagle Co., Glenwood Springs, Longmont, Glenwood Springs, Pitkin Co., Aspen, San Miguel Co., Telluride

Questions and Discussion

