Affordability Strategies for Comprehensive Housing Plans

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Five Important Housing Traits

- Affordability
- Stability
- Accessibility
- Location
- Quality
Components of an Equitable Affordability Strategy

- Broaden and Sustain Affordability
- Preserve Existing and Future Assets
- Diversify the Housing Stock
- Link Market Activity to Affordability
- Reduce the Cost of Creating Affordable Housing
- Recycle Resources
- Generate Local Capital
Components of an Equitable Affordability Strategy

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Inclusionary Housing

- A policy or zoning ordinance that conditions land use approvals for market-rate housing on developers creating affordable homes
- 10-20% affordability is common
- Typically serves low and moderate income households, but can serve lower...
Growing National Interest

Why Interest is Growing

- Tool without peer in connecting affordable housing to opportunity neighborhoods
- Helps locate workforce housing near jobs
- Affordability with less or no direct subsidies
- Bulwark against neighborhood displacement
- Helps those who don’t qualify for fed. Assistance (60-100% of median income)
- Reserves space as jurisdictions get built out
Inclusionary Upzoning: Tying Growth to Affordability

By Robert Hickey
July 2014

SUMMARY
Cities and other suburbs are growing again. To accommodate rising demands for urban living, localities are relaxing height and other zoning restrictions in transit-oriented neighborhoods, along old commercial corridors, and in formerly industrial areas, creating valuable new development potential for residential and commercial buildings. An increasing number of local governments are linking this growth with a affordability expectations. They are creating inclusionary housing policies that condition upzoning on the provision of affordable housing.

This emerging trend is noteworthy for at least two big reasons. First, tying affordability to upzoning can be an effective means for cities and urban suburbs to harness the renewed energy of the housing market to help address growing affordability challenges. Second, the often voluntary nature of these policies may be a way to introduce inclusionary housing policies in places where political, legal, and/or market barriers have historically impeded the policy’s broader adoption.

Over the past decade, inclusionary housing policies that have linked affordability to requirements to upzoning have been making inroads in new places such as New York City and Washington State. Significantly, these policies are producing far more units than required by law to achieve significant numbers of affordable housing units – even when designed as voluntary policies reliant on incentives.

This paper profiles six localities that have adopted inclusionary housing policies tied to upzoning, referred to here as “inclusionary upzoning.” Each profile provides a sketch of how the policy is structured and how effective it has been. Drawing on these examples, the paper suggests how neighborhood context, market context, and policy design may affect the success of inclusionary upzoning policies and their potential for adoption in new areas of the country where inclusionary housing has not yet been implemented. The paper concludes with a discussion of areas for future research.

Key findings from case studies:
• Inclusionary upzoning is especially well-suited to communities that have hot housing markets, low base zoning restrictions, and districts where residents are supportive of greater development intensity.
• The most important inclusionary upzoning policies will apply to a broad geography and a broad range of development types, including new office and retail users.
• Even under broad policies, jurisdictions may find it helpful to customize affordability standards and incentives for some neighborhoods.

www.nhc.org/publications
Fairfax County (VA)

- Tysons Corner Plan
- 20% affordability (60-120% AMI)
- Affordability terms: 30 years for-sale (renewing); 50 years rental
- If built out:
  - 3,800 affordable units (including 1,700 units at < 70% AMI);
  - $64.5 million in commercial contributions
Los Angeles Cornfields
Arroyo Seco Specific Plan (CASP)

- Transit-oriented land use plan, adopted in 2013
- Allows higher densities, streamlined approvals
- Up-and-coming, industrial/residential neighborhood
- Surrounding community extremely low-income
Los Angeles Cornfields
Arroyo Seco Specific Plan (CASP)

- 4 new zoning districts
- At first no affordability incentives
- Revised to include affordability incentives linked to 100-110% density bonuses
7 Lessons

1. It doesn’t kill the market (if designed well)
2. Mandatory has the best track record (strong incentives needed for voluntary to work)
3. It won’t solve all your housing problems
4. Make it predictable
5. Make it flexible
6. Make it win-win (provide cost offsets)
7. Make it long-term
IZ Program Affordability Durations Nationwide

<table>
<thead>
<tr>
<th>Affordability Term Length (in years)</th>
<th>Percentage of Inclusionary Programs</th>
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<tbody>
<tr>
<td></td>
<td>Rental</td>
</tr>
<tr>
<td>0 to 14</td>
<td>12%</td>
</tr>
<tr>
<td>15 to 29</td>
<td>8%</td>
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<tr>
<td>30 to 49</td>
<td>23%</td>
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<tr>
<td>50 to 98</td>
<td>22%</td>
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<tr>
<td>99 or perpetual</td>
<td>36%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
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</tbody>
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Follow-up Resources

www.housingpolicy.org
www.nhc.org/publications
www.foreclosure-response.org

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