

Appendix VII: Overview of Selected Model Housing Strategy Programs
Ulster County Housing Strategies Report
Ulster County Housing Consortium
June 30, 2005

I. Best Practices Approaches-Model Programs.

After a review of the popular literature on the subject of best practices for addressing and implementing affordable housing, we have prepared a review of the most successful practices as options for implementation. Our literature review included, among other materials, information from the American Planning Association, Housing and Urban Development (HUD), and the Joint Center for Housing Studies of Harvard University.

II. Elements of Model Programs.

Before delving into the specifics of model approaches or programs, there were certain commonalities between approaches that deserve mention in that they form a basis for a set of evaluative criteria against which model programs-approaches can be benchmarked. The following is an overview of those parameters. From this review, best practices model approaches and programs:

- *Link local planning and land development to regional housing affordability plans.* No matter the quality, extent, or conscientious effort placed into regional planning for affordable housing, without required implementation by local planning and land development entities, the efforts may not be carried out to fruition. Once regional affordable housing studies and solutions have been developed, the local level should be required to establish the recommended housing elements and meet the established affordable housing goals. These goals should be easily measurable.
- *Develop a regional scope and understanding of the total housing market, and affordable housing issues before generate regional solutions and actions.* As with any goal oriented solution process, it is extremely important to generate an understanding to the underlying effects of the general and affordable housing market prior to developing goals or actions to implement actions to solve the housing issues. Regional planners should have a firm understanding of the study regions current overall housing market, including workers' commuting times, housing preferences, labor market, land usage, building costs, interest rates, and accessibility to builders, as well as affordable housing issues such as where is affordable housing located, who lives in or needs it, is the market meeting the needs of those requiring affordable housing. Once a firm understanding of the above criteria is reached then solutions and actions can be better determined, recommended, and carried out.

- *Build strong community support with political leadership.* According to the American Planning Association, the most important element to guarantee the access to affordable housing on a regional basis is political will and leadership. The belief centers around maintaining a constant and strong support base for recommending and implementing affordable housing solutions while fighting opposition to those efforts. Those close to the affordable housing cause, being either private citizens or business owners, have historically found that enlisting the support of regional agencies such as economic development entities or regional chambers of commerce has helped bring the issues of affordable housing to the forefront of the political arena.
- *Market affordable housing as a market inefficiency rather than charity or welfare.* Affordable housing is not necessarily for the poor but rather more for all income levels. Stating affordable housing as an inefficiency of the local market to accommodate the needs of the local residents or labor market sends a message that the actions of the regional housing affordability plan are designed to alleviate housing concerns and issues at all income or housing price levels. Issues to be addressed include several quality of life concerns: traffic congestion, access to quality education, and access to employment opportunities. Other issues include patterns of development, job-to-housing balance, local job wages, and quality or age of existing housing by price range. Affordable housing initiatives which address all of the above issues and concerns will bring awareness and provide support to the entire community.
- *Encourage help from the State level.* Enlisting the support and political wherewithal of the State through either the creation of incentives or removal of regulatory barriers for regional changes in building densities, creating new housing, or for providing renovations to existing housing helps provide regional and local communities the support needed to realize many affordable housing initiatives. Communities and organizations can encourage the State in enact measurable and attainable goals for creating affordable housing as well as providing the support needed to carryout the programs through the regulatory process.
- *Develop reliable sources of funding for subsidies and for supporting infrastructure.* Reliable sources of funding helps not only the planning and implementation phases of the affordable housing puzzle, it is an important draw for would-be developers. Typical affordable housing development is not an arena designed to create prestige or wealth among developers, yet maintaining a reliable source of funding for subsidies and for supporting infrastructure can help elevate some of the negative draw backs or concerns of all those participating in the process.

III. Overview of Selected Model Programs

With the above as a backdrop, the following approaches-programs were identified for further analysis and review:

Title: Building on Our Heritage: A Housing Strategy for Smart Growth and Economic Development

Author: Barry Bluestone

URL: <http://www.tbf.org/uploadedFiles/HousingReport.pdf>

Publication Date: October 30, 2003

Background

In this report, the Commonwealth Housing Task Force describes a severe housing affordability problem that has an impact both on low and moderate income households in Massachusetts. Housing in Greater Boston is characterized by rapidly escalating prices and increasing rents. The region has seen house prices double in the last five years, and even in the face of declining employment in the last three years.

The author argues there are two reasons that contribute significantly to high housing costs. The predominant reason is the lack of zoning for building single-family homes on small lots and the construction of apartments. The second reason is the lack of public funding for affordable housing since that time is a major contributing factor to the current state of the Commonwealth's housing market.

Ultimately, to address the housing problem in Massachusetts in a substantive way, the author emphasized three necessary things to do:

- Alter the politically imposed structures that limit production and make it impossible for housing markets to clear without excessive price increases.
- Deal with the problems of urban sprawl and congestion using Smart Growth Principles. (*Architects and critics have eloquently made the case that density in development is not the enemy to good living; it is an integral part of an ideal residential environment. Density per se, is not always good. The key is density with the diversity*)
- Provide additional resources for housing affordability.

There have been a number of substantial housing communities created with these concepts. One of the first was Seaside, Florida. Kentlands, a 350-acre development in Montgomery County, Maryland is a second development. The Disney development of Celebration, Florida near Disney World in Orlando, is third. The planning and design work has been done. The author represents a view that *what is lacking are appropriate zoning regulations and what stops such zoning is the fiscal structure of local communities.*

The Task Force recommended that the state provide financial incentives to communities that enact higher density zoning overlay districts. Specifically, they recommend that Massachusetts make Density Bonus Payments, structured to have the state assume the incremental cost of providing K-12 education, and give these communities priority for receiving funding for other state-supported capital investments. The author indicated that in order to qualify for these incentives, local ordinances must allow for mixed-use development with multifamily densities of at least 20 units per acre and single-family densities of at least 8 units per acre. Proper design and infill would also be encouraged and inclusionary zoning would be required.

Program Objectives

1. To encourage Smart Growth Development

Elements of the Program:

- a. Massachusetts Transit Stations for Extensive Rail System – both subway and commuter rail,

Boston has a subway system that serves most of the area within ten miles of the downtown.

- b. Development of Traditional Town Centers

All across the state are historic town centers. Some are large, some are small. Most have a church, some stores, and houses built nearby on relatively small lots. They usually have sidewalks so it is easy to walk from place to place. Utility and transportation infrastructure already exists. Yet the zoning in few of these communities would allow a simple extension of the building patterns that characterize the older center itself. Consequently, there is opportunity in these communities to do just that, and to draw new development into the center of the communities in such a way as to build on and enhance what is already present.

- c. The re-development of other sites that may contain underutilized manufacturing, commercial, or institutional facilities.

In some cases, historic mill buildings are effectively empty, deteriorating and waiting to burn, as a mill complex recently did in Woonsocket, Rhode Island. In other cases, the state has shut down hospitals or other institutions, and is holding hundreds (if not thousands) of acres of underutilized land. Most of these properties have access to public utilities such as water and sewer. Although some

are environmentally contaminated and require remediation, Massachusetts has programs to assist in the clean-up.

The size of the Overlay Zoning District will be determined by the local community, based on local conditions, issues and concerns.

2. To produce an adjacent supply of land zoned for apartment and single family development on small lots.

Elements of the Program:

- a. Allow mixed-use development throughout an Overlay Zoning District (i.e., single family homes, apartments, neighborhood retail: apartments above retail stores, a mix of office retail, commercial, and where appropriate, light industrial.)
 - b. Allow multifamily construction with a minimum of 20 units per acre, and single-family development at a minimum of 8 units per acre. Two, three, and four family buildings development to be sold individually (to owner-occupants or to investors) on separate lots would be allowed at densities of 12 units per acre. Portions of the District can be specifically designated for single family or for multifamily development or for both, as community wishes.
 - c. Not contain age or other occupancy use restrictions (however, this does not preclude individual developers from proposing and building facilities for special needs populations)
 - d. Allow the approval of specific projects by the Planning Board to be pursuant to "Site Plan Approval", and not the issuance of a Special Permit"
3. To ensure affordability for a percentage of the housing units.

Elements of the Program:

- a. Community Protections and Control
 - All proposed new developments within Overlay Zoning District must be compatible with the character and scale of the immediately surrounding neighborhood, without significant adverse environmental impacts, as determined by the Planning Board or other reviewing authority.
 - All proposed developments, new apartments added to existing buildings, or infill development must provide adequate off-street

parking, utilities, and waste disposal, and must result in acceptable traffic levels.

- Each community would be encouraged to include design standards in the Overlay Zoning Districts that will serve to provide assurance of high quality development in the district.

b. Incentives to Reward Communities

- Density Bonus Payments from the State would be made to the community upon the Overlay Zoning District

Density Bonus Payments would be made to each community when an eligible Overlay Zoning District and accompanying build-out analysis is enacted by the community and approved by DHCD and the Attorney General. Payment would be made on the next year's Cherry Sheet. The payments would be made at the rate of \$2,000 for each multifamily housing unit that is allowed as-of-right within the District, and \$3,000 for each single family unit so allowed. Thus, if an Overlay Zoning District encompassed ten acres of vacant land and that District allowed 200 apartment units to be built on the land (at the minimum of 20 units per acre), the community would receive \$400,000 on the Cherry Sheet above what they would otherwise have received.

- State assumption of 100% average K-12 school cost for each school aged child that attends a local public school and lives in a new housing unit built in an Overlay Zoning District in that community.
- Eligibility for priority allocations of state capital expenditures for school construction or renovation, water, sewer, and transportation improvements, and other capital costs.

c. Supplemental Programs

The Task Force recommended that the state can become an even more effective partner with local communities by sponsoring; encouraging, and at some point in the future, providing funding of a series of supplemental programs in conjunction with Overlay Zoning Districts. The chief purpose of these programs would be assist local communities, developers, and property owners in providing essential infrastructure. The Task force recommended that such assistance from the State should receive a tentative or promised commitment from the State prior to a District vote to assist in obtaining an affirmative vote from the indicated community attempt to establish the Overlay Zoning District. The Joint Committee on Housing and Urban Development of the State Legislature has asked that

the Task Force make recommendations for such programs. (Norfolk, Boston is an example).

Applicability to Ulster County

- Work cooperatively with the State to increase supply for housing through “best practices” zoning tools
- Provides an approach to increase density using state financial incentives
- Illustrates use of mix-used development as a means to provide low- and moderate-income households with housing choice
- Advocates for an increase in the portion of the state Annual Bond Cap for housing
- Integrates transportation (encourages commuter rail system) with development
- Uses smart growth to draw new development into the center of the communities in such a way as to build on and enhance what is already present
- Encourages improving the quality of life in the state’s cities and towns by designing programs to assist in clean-up of underutilized facilities, land.

Title: City of Bend Affordable Housing Task Force, Report to the Community

Organization: Bend, Oregon Affordable Housing Task Force

URL: [http://www.ci.bend.or.us/documents/AHTF%20Final%20Report%20\(PDF\).pdf](http://www.ci.bend.or.us/documents/AHTF%20Final%20Report%20(PDF).pdf)

Publication Date: 2001

Background

The City of Bend, Oregon established an affordable housing task force in 2001. The task force identified the shortage of affordable housing as a problem that impacts not only those with special needs (e.g. seniors or persons with disabilities) but also those who currently live and work in the city. They identified efforts undertaken by the local government and other non-government organizations to solve the problem. However, they said that more must be done and that a task force needed to be created to address housing issues for the future.

The final recommendations covered a wide range of topics including financing programs, education programs and changes in City policies. The authors suggested that the city consider revising the zoning code to include mixed-use developments, density bonuses, and accessory housing. They also found necessary for the city to examine the zoning and building code to identify any barriers to new building technologies that might reduce construction costs.

They also suggested that the City undertake a demonstration program where they defer certain “System Development Charges” or development fees in exchange for a developer’s agreement to establish rent caps for all or a portion of the units in the development.

The task force also suggested pre-approving certain unused public land for affordable housing so that the development review process could be shortened.

The task force also sought to address the issue of suitable land being lost to other types of development by requesting the City to conduct a survey of such land and explore exactions or donations to encourage developers to develop the land as residential.

The task force also suggested developing criteria for applying property tax abatement to affordable housing developments and earmarking or acquiring land set aside for affordable housing in any Urban Growth Boundary expansion.

Program Objectives

Supply: Construction (increasing and preserving capacity)

1. Adopt/Amend City and County policies and practices

Elements of the Program:

- a. Zoning flexibility

The City can create additional opportunities for the construction of new housing by increasing flexibility with respect to zoning. Move towards mixed-use development, which permits housing and commercial elements in the same area.

- b. SDC flexibility

System Development Charges (SDC's) are fees levied on new development to recover all or part of the cost of building certain infrastructure needed to serve that development

c. Approval process flexibility

Developers often state that the current land use process precludes flexibility for the development of affordable housing. Because the approval process for an application of 100 units can take the same amount of time as an application of 10 units, this can be particularly hard for the smaller developer. The margin of profit is often so thin on these affordable housing projects that every avenue of cost reduction needs to be explored.

d. Zoning change to facilitate siting special needs shelters

The City's current land use code needs to be updated to reflect the need for a wider variety of housing types. Removal of these barriers and specific siting studies need to be completed.

e. Property tax abatement

All property in Oregon is subject to assessment and taxation in equal and ratable proportion unless specifically exempted. Property tax is one of the factors affecting the supply of affordable housing; hence some jurisdictions allow property tax exemptions to owners of housing units targeted for low-income residents, which in turn allows the owners to reduce rents or allows homeowners to reduce monthly housing costs.

f. Advocacy on housing issues at State and Federal level

Policies and funding decisions that occur at the State and Federal level can have a huge impact on the availability of funds for affordable housing programs and services. The programs that were implemented in the City of Bend, Oregon are:

- National Housing Trust Fund (federal)
- Oregon Housing Trust Fund (state)
- \$ for homeless services (state)
- Lenders Tax Credit (state)

g. Preservation and rehabilitation of existing housing stock

In addition to the construction of new housing stock, preserving what already exists (through rehabilitation and protection) is another way to maintain an adequate supply of affordable housing.

h. Policy on preserving land zoned for housing

The AHTF expressed some concern that it may be too easy to change the zoning from residential to commercial or other uses. Vacant land currently zoned RM (Medium Density Residential) or RH (High Density Residential) is often used for non-residential development as a “permitted use” or as a “conditional use.” Since the inventory of vacant RM or RH land is used as a planning gauge for multi-unit residential development, the actual residential development may be far less than the potential. There does not seem to be a valid database available. It is extremely difficult to downzone land so it may make more sense to keep what we already have.

2. Education of the building industry

Elements of the Program:

- a. Open letter to the community encouraging the development of affordable housing

City staff was encouraged to develop a brochure or information sheet that signifies the City’s new commitment to affordable housing and identifies programs and options to increase the construction of affordable housing.

- b. Regular meetings/information sessions with industry representatives

There are grant and program opportunities that public sector organizations may be aware of that are not known by those in the private sector. Private sector representatives may have a better network and information on land availability and other assets.

3. Land

Elements of the Program:

- a. Community Land Trust/Land Bank

A community land trust is a private non-profit corporation created to acquire and hold land for the benefit of a community and provide secure affordable access to land and housing for community residents. Community land trusts can be comprised of a single, large piece of property or several smaller, non-contiguous pieces of property. Land trusts have been successfully developed in many different kinds of communities through a variety of models with different levels of citizen governance/control.

Community land trusts serve several valuable objectives:

- Provides affordable housing for lower income residents in the community - the cost of land in a land trust can be significantly lower than other land in the community
- Keeps housing affordable for future residents - because the land is not sold and therefore not subject to market forces
- Captures the value of public investment/subsidy for long-term community benefit - individual households are prohibited from reselling the house at market rate so the land trust ensures long-term affordability)

b. Urban Growth Boundary (BGB) expansion

This has the impact of reducing overall land supply, thereby reducing the amount of land available for residential development and increasing the cost of land, unless more efficient (i.e. higher density) use of land within the UGB is allowed and marketable.

4. Financing

Elements of the Program:

a. LIHTC (Low Income Housing Tax Credit through HCS)

The LIHTC program is run through the Oregon Housing and Community Services (HCS) Department which allocates available tax credits on a regional basis. Several local projects (e.g. Healy Heights and numerous projects of the housing authority) have successfully utilized LIHTC through a public-private partnership where tax credits are sold to investors who can use them as equity.

b. Housing Trust Fund (HTF)

At its most basic level, a Housing Trust Fund is a dedicated source of funds to be used for housing-related purposes. Individual HTF's exist at the state and local level and there is a current effort to create a national housing trust fund. Projects typically eligible for HTF funding include, but are not limited to:

- Acquisition and rehabilitation of existing housing
- New construction (single family and multi-family)
- Special housing needs for the:
 - mentally ill
 - developmentally disabled

- elderly
 - physically disabled
- Technical Assistance (for non-profit organizations only)

c. Bonding (for housing finance)

As a public corporation under Oregon law, CORHA is authorized and empowered, without a vote of the electorate, to issue and sell revenue bonds, refunding bonds, and advance refunding bonds for the purpose of financing housing and related services. CORHA has utilized this bonding authority to secure construction and permanent financing for three affordable housing communities.

d. Bend Development Board “Opportunity Fund”

The Downtown Opportunity Fund (DOF) is a new program of the Bend Development Board, an independent body charged with the renovation of Bend’s downtown core area. The DOF provides a way for local citizens, businesses and other entities to improve the livability of Bend’s urban renewal area for both residents and visitors.

e. Loan Funds for: Pre –development, Land acquisition, Deferred long term financing

The City of Bend in coordination with private housing groups and Oregon Housing and Community Services should develop a strategy for financing of certain affordable housing and special shelter projects.

5. Construction

Elements of the Program:

a. Sweat equity (Habitat for Humanity and self-help programs)

During the last 12 years, Bend Area Habitat for Humanity has completed 40 homes, providing modest, affordable housing for 120 children and 58 adults. Habitat families are selected based on their income, their need for affordable housing, their ability to pay, and their willingness to provide “sweat equity” towards the construction of their house (400-500 hours depending upon family composition). Habitat families are also required to attend workshops that provide important information on budgeting, home maintenance and energy conservation.

b. Green building/non-traditional construction methods

Green building (often called “sustainable construction”) refers to the practice and philosophy of building in an environmentally sensitive manner. From building design to construction to building operation, homes constructed using green building techniques typically use fewer materials, less energy consumption, less pollution and provide better indoor environmental conditions for occupants. But, according to industry representative s, green building is not necessarily cheaper, and although it may provide savings to the owner over the life of the building, in many respects it can be more expensive to construct. Builders already face the competitiveness of the marketplace and if there are techniques that can provide an edge, they are likely to try them.

Demand: (increasing affordability and/ or access for households)

1. Homebuyers Programs

Elements of the Program:

- a. Lending programs
Increase awareness of affordable lending programs and continue to work with local lending institutions to increase flexibility.
- b. Homeownership/mortgage counseling
- c. Increase community awareness of homeownership/mortgage counseling services.
- d. SAM’s (shared appreciation mortgages)

The City should adjust policy or provide some incentives to accomplish the goals of making affordable housing “pencil” for the developer or the potential homeowner who is willing to purchase a SAM.

2. Renter assistance programs

Elements of the Program:

- a. Section 8 rent Subsidy

Work with CORHA to promote the Section 8 voucher program within the rental market.
- b. First and last month deposit assistance

Work with the City, private businesses and other funding sources to develop a zero (or very low) interest source of funds that could be

utilized by renters and paid back over an extended period of time. This is a lower priority at this time – City staff should study the concept.

3. Employer support programs

Elements of the Program:

a. IDA's (Individual Development Accounts)

Work with COCAAN to help promote the IDA Program, consider offering it to City employees, and work to encourage other employers to participate.

b. Employers assisted housing

Work with Fannie-Mae and other interested partners to promote the employer-assisted housing program as a way of increasing homeownership in the community.

Community Education and Involvement

1. Regional Clearinghouse/Homeownership Resource Center

Elements of the Program:

Work with COCAAN to support the development of the Homeownership Resource Center. This might take the form of publicity, donation of office space and/or financial contributions towards the work of the Center.

2. Housing Commission

Elements of the Program:

Establishment of a formal Housing Commission to continue the work of the AHTF and work with all stakeholders on affordable housing issues.

3. NIMBY reduction

Elements of the Program:

a. Neighborhood Association involvement/outreach

Work with Bend Neighborhood Association to increase awareness around the need for affordable housing.

b. Community Education plan

Develop a comprehensive community education plan that begins to educate the public and dispel stereotypes around affordable housing.

4. Staff person dedicated to affordable housing

Elements of the Program:

The City should assume a leading role in helping the community create a new staff person dedicated to affordable housing.

Applicability to Ulster County

- Addresses the supply side by encouraging new construction and preservation of housing stock
- Addresses the demand side by increasing the affordability for households through financing programs and education
- Community Education to help residents understand the need for affordable housing)

Title: Housing For All: Fair Share Program

Organization: Builder's Industry Association

URL: <http://www.bialaventura.org/admin/files/HousingForAll2004.pdf>

Publication Date: 2004

Background

This document, on the Builder's Industry Association Web site, describes a program for promoting the development of affordable housing in Los Angeles, California. In the absence of a mandatory inclusionary zoning policy, Los Angeles was looking for new ways to increase affordable housing and avoid letting plans stall because of unnecessary regulation.

Their proposed program, the Fair Share Program, would develop more housing of all types and would distribute them all across the City. It would provide incentives to build

more housing by streamlining administrative processes. The Program would focus on “workforce” housing for police and firefighters and teachers, while also raising the funds necessary to build more affordable housing for those with low- and very low-incomes.

The City plans to facilitate the use of density and height bonuses and encourage affordable housing production in targeted locations. They would do this by creating Overlay Zones in areas throughout the City that would be appropriate for higher density market rate projects in which affordable units could be included. In effect, the City would implement an Overlay Zone that would allow by-right development in excess of existing height, density, and FAR restrictions in exchange for a mandated percentage of affordable housing. As a result, developers would not be forced to bear the expense and delay in rezoning projects, the City would facilitate the use of the density bonus, and more market rate and affordable housing would be entitled for by-right development.

The Planning Department, with input from the Council Member and local Neighborhood Councils, should identify areas in each Council District that would be suitable for creating an Overlay Zone to accommodate by-right density bonuses and other incentives to streamline and expedite the production of affordable housing to create a Housing Incentive Zone.

Program Objectives

Plan Details

1. Create Overlay Zones in Specific Areas in Each Council District for Targeted Housing Production

Elements of the Program:

In effect, the City would implement an Overlay Zone that would allow by-right development in excess of existing height, density, and FAR restrictions in exchange for a mandated percentage of affordable housing. As a result, developers would not be forced to bear the expense and delay in rezoning projects, the City would facilitate the use of the density bonus, and more market rate and affordable housing would be entitled for by-right development.

2. Procedure for Implementation

Elements of the Program:

- a. Environmental Review: The Planning Department would recommend zone changes and General Plan amendments.

- b. The City Planning Commission would consider the Planning Department report and approve and recommend to the City Council zone changes.
- c. The City Planning Commission recommendations would be submitted to the City Council.

3. “Fair Share” Concept

Elements of the Program:

- a. Under the “Fair Share” concept, the City would set a target number of housing units it must produce in the immediate future in order to keep up with current and previously unmet demand. Historical housing production and census data indicate that the City needs to produce at least 100,000 units over the next five years in order to meet present demand and also catch up for past years with low production.
- b. Each Council District would make an equal contribution (for example, entitlement of approximately 1,300 units per district per year for five years) to providing affordable housing and increasing housing production.

4. Developer Incentives for production of Affordable Housing

Elements of the Program:

When developing in these Housing Incentive Zones, the developer has a right to proceed on one of two tracks: 1) develop according to existing laws, or 2) participate in the Fair Share Program and obtain by-right incentives, and be required to provide a mandated percentage of affordable housing.

5. Improve City-Wide Density Bonus

Elements of the Program:

- a. The City should amend the Zoning Code to provide a specific density bonus for workforce housing. In this case, because the cost to the public of providing workforce housing is less than for very low-incomes, the corresponding set-aside would be greater than when a developer chooses to target lower-income households.
- b. In the immediate future, while the City further develops its housing production strategy and conducts the required environmental and other studies, it must commit to fulfill the letter and intent of recent changes

to State law that purport to give density bonuses by-right. Instead of undermining these important State-mandated measures, the City must guarantee developers that “by-right” means “by-right,” and that additional housing units will not fall victim to discretionary actions that make their production impossible.

6. Rewarding Flexibility: Dedicate Revenue Streams to Neighborhoods that Embrace New Residential Development

Elements of the Program:

Funds for community improvements should be tied directly to new housing production, so that public funds are available to mitigate the impact of new developments on local infrastructure. The City should adopt a program whereby the City uses the property tax increment created by new housing development to create financial incentives for Council Districts and neighborhoods to entitle new housing, affordable or market rate. The City would dedicate any incremental increases in property tax from any residential projects to local neighborhood improvements (street maintenance, community centers, library facilities, landscaping/beautification, etc.) in order to reduce local resistance to new housing production.

7. Give the City the Right to Set Aside New Rental and For Sale Housing at Fair Market Value

Elements of the Program:

Developers should give the City the right to purchase an “affordability easement” against residential units in new residential developments and set them aside for affordable housing, so long as the City pays the developer the fair market value of the unit. The City would have an option to set aside up to 15% of housing units in each new rental or for-sale housing development for very low-, low-, or moderate-income families. With this approach, the City would be able to achieve social integration by moving restricted-income families to any neighborhood in the City. However, the costs of achieving this social goal would not be unfairly borne by the developer.

Increase Funding for Affordable Housing

1. \$ 500 Million Bond

Supporters of this proposal are committed to supporting a bond measure, the funds from which would be directed toward low, very low, and homeless housing, possibly managed through the Affordable

Housing Trust Fund. This bond money would have to be approved by the citizens of Los Angeles.

2. Prop 46 State Bond Funds

The Coalition would work with non-profit housing groups to see that the maximum amount of Prop. 46 housing bond funds flowed toward Los Angeles, especially to fund multi-family urban infill.

3. Property Tax Increment Financing (PTIF)

See section IV (6), above, regarding the use of property tax increment from new housing development to support affordable housing and mitigate neighborhood impacts.

4. Housing Trust Fund

The Coalition must continue to fight to maximize the amount of affordable housing funds flowing to the AHTF.

Applicability to Ulster County

- Encourages increased production of Affordable Housing to keep pace with economic development-growth need.
- Includes each district shares the burden approach by requiring that each district of the City provides an equal number of units to meet the City's goal – its “fair share” of the required units
- Increases workforce housing by ensuring that is targeted to moderate-income families such as entry-level police officers, teachers and nurses. At the same time, it increases funding for households earning less than 60% of area median income through funds from the issuance of a \$500 million Affordable Housing Bond.
- Provides Money for Neighborhoods: It will incentive-ize neighborhoods to support more housing production by providing them funding for infrastructure improvements and other neighborhood amenities.
- Embraces the “One-Size Does Not Fit All” mantra by giving control and flexibility to each Council District to determine, in conjunction with their Neighborhood Councils and the Planning Department, the commercial and transit corridors that would be appropriate for housing projects (“Housing Incentive Zones”).

- Includes expedited development process to allow housing projects at all income levels to move expeditiously through the City’s entitlement process, while incentive-izing developers to produce more affordable housing by providing by-right incentives in Housing Incentive Zones in exchange for the guarantee of a fixed percentage set-aside, adjusted according to income level.
- Distributes the cost of affordable housing by fairly allocating affordable housing targets and providing incentives to developers through an Affordable Housing Bond and using property tax increment to provide a much-needed revenue source for communities that accept increased density.
- Addresses all income levels by providing incentives to private developers to produce housing for moderate-income **and** workforce households.
- Builds on existing incentives but improves existing incentives for affordable housing.

Title: Inclusionary Housing

Organization: Non-Profit Housing Association of Northern California

Website: <http://www.nonprofithousing.org>

Publication Date: December, 2003

Background

A very large proportion of California families can’t afford to pay market prices for housing. While overcrowding and substandard quality are also a major aspects of the housing crisis in the state of California, the biggest problem that was facing California householders was affordability. While the crisis of affordability hit the lower income renter the hardest, it had spread to middle class earners, seriously impacting dreams for homeownership. The search for affordable homeownership had also exacerbated the “jobs-imbalance” – the geographic mismatch between available jobs and affordably priced housing.

The authors recommend using the Inclusionary Housing Strategies for addressing an affordable housing shortage. They have defined “inclusionary” as a mandatory requirement or voluntary goal to reserve a certain percentage of housing units for lower-income households in new residential developments.

Over 108 California cities and counties have adopted inclusionary programs that have resulted in the production of more than 34,000 affordable units since 1974. This approach has been effective in such diverse jurisdictions as Carlsbad, Davis, East Palo

Alto, Emeryville, Livermore, Monterey County, Napa, San Diego, San Francisco, San Rafael, and Sunnyvale.

Program Objectives

Inclusionary policies take the form of a local ordinance, a General Plan policy, or a permit approvals process that requires or rewards affordable projects. While the terms “inclusionary housing” and “inclusionary zoning” are often used interchangeably, in fact, not all inclusionary housing practices are, in practice, zoning requirements or overlays. In designing effective inclusionary programs, the most significant policy considerations are: the inclusive percentage (how much is required); income levels targeted; alternative to construction on-site; development incentives; and length of affordability.

Elements of the Program:

1. Inclusionary Percentage

There is considerable variation in terms of percentage of units required under these programs. The mean percentage of affordable housing required in both rental and for-sale housing developments is 13 percent, indicating little variation in requirements by form of tenure. Half of all programs require at least 15 percent, of which nearly one-quarter of programs require 20 percent or more. The most frequent inclusionary percentage is 10 percent (44 percent of jurisdictions).

2. Income Targeting

Most programs require that inclusionary homes be targeted to one or more pre-determined income groups, rather than providing developers with discretion or choices about whom to serve. Rental units are targeted most frequently to low-income households (earning 51 to 80 percent of median income), while for-sale units are most frequently targeted to moderate-income households (81 to 120 percent of median income).

3. Alternatives to Construction On-site

Programs typically offer developers one or more alternatives to constructing affordable units within the market-rate project. Most common is paying fees in-lieu of construction, offered by 81 percent of reporting programs. However, the in-lieu fee option is automatic in only 45 percent of programs; for instance, payment of fees may be an option only if the developer can prove that construction of affordable units is infeasible. In two-thirds of programs, developers are permitted to construct affordable units off-site. Less commonly, land dedications are allowable.

The mean in-lieu fee level among 57 programs reporting was surprisingly low at \$107,598 per affordable unit. Given that this fee level is lower than the actual

subsidy amount needed to create an affordable unit in many jurisdictions in California, it seems likely in these cases that in-lieu fees are effectively undercutting the stated goals of governing policy or ordinance. This is not necessarily an argument for eliminating in-lieu fees, however, since they can provide jurisdictions with funds to build affordable housing serving people of even lower incomes, or to create supportive housing for people with special needs.

4. Developer Incentives

Density bonuses are by far the most popular incentive offered to developers to build affordable housing, reported by 91 percent of the programs. This is hardly surprising given that State Density Bonus law requires such a bonus. Nonetheless, many jurisdictions have adopted additional density bonus provisions to provide developers further incentives. Among other options, fast-track permit processing is an incentive in 44 percent of programs, followed by subsidies in 43 percent, and design flexibility in 40 percent. In addition, fee waivers (38 percent), fee reductions (32 percent) and fee deferrals (25 percent), were also reported.

5. Length of Affordability and Monitoring

Virtually all jurisdictions now report that they have formal mechanisms to maintain affordability over time. Restrictions range from periods of ten years to in perpetuity, with the mean term for rental housing being 42 years, and for homeownership housing being 34 years. Permanent affordability is reported in at least 20 percent of programs for both rental and for-sale. Monitoring remains an area of great concern. Many jurisdictions declined to answer survey questions related to monitoring and overall tracking of inclusionary production. Among those that responded, the responses were often incomplete, leading the researchers to believe that greater emphasis on monitoring and tracking is needed.

Applicability to Ulster County

- Targets one or more pre-determined income groups
- Offers an option of paying fee in-lieu of construction
- Provides financial incentives to developers for building affordable units
- Provides a critical planning tool for local governments
- Uses leveraging strategies to increase the supply of affordable housing

Title: **Jobs–Housing Balance**

Author: Jerry Weitz, AICP

URL/Website: <http://www.planning.org/affordablereader/pasreports/index.htm>

Publication Date: 2003

Background

This report demonstrates the various ways that the concept of jobs-housing balance that can be applied in local land-use regulations and large-scale development reviews. The author suggests that jobs-housing balance should be considered as a planning technique rather than a regulatory tool since it provides a measurement of housing in a given area. He identifies four types of imbalance of jobs and housing:

- Type 1: The area is job-rich and needs more housing for low-wage workers
- Type 2: The area is job-rich and needs more housing for executives, managers, and professionals
- Type 3: The area is job-poor and needs more employment opportunities for the residents, lower-wage, labor force
- Type 4: The area is job-poor but has a highly skilled resident labor force

The author recommends that in order for people to live where they work, planners must begin to address jobs-housing imbalances in their communities by investigating the types of mismatches that exist between the types of jobs in an area and the types and cost of housing. He also recommended to planners to provide better balances of jobs and housing in several different parts of the region or locality.

Author stated that barriers or obstacles to jobs- housing balanced development practices may need to be removed from local land-use regulations. Many zoning ordinances act as impediments to achieving jobs-hosing balance policies.

Integrating jobs-housing balance into land-use regulations

- Provides for mixed land use
 - Planners should consider amending use provisions of zoning district to allow mixed uses.
- Consider revisions to the zoning map that will bring jobs closer to neighborhoods

- The land-use plan and zoning ordinance should be revised to provide for neighborhood commercial centers or the establishment of employment areas in appropriate locations to meet the jobs-housing balance policies.
- Planners should consider allowing a corner store or neighborhood commercial zone at the edge of neighborhoods.
- Require or encourage planned unit developments (PUDs) to provide a mix of residences and employment that promotes jobs-housing balance
 - PUDs are a type of development that allows mixtures of housing types with some supportive neighborhood commercial uses.
 - Planners in localities that already adopted PUD ordinance should review the mixtures of land uses that are mandated or encouraged.
- Promote jobs-housing balance through home occupation regulations
 - Review existing local home occupation regulations to see if they unduly restrict living and working in the same dwelling unit, provided that the home occupations to be allowed are consistent with maintaining peace and quiet in residential neighborhoods.
- Permit accessory units or “garage apartments”
 - As a strategy, providing for accessory units can be an efficient housing remedy in places with an abundance of jobs or college students and low-density, single-family neighborhoods.
- Permit live/work units
 - Zoning ordinances can be amended to provide for live/work units in certain zoning districts, as appropriate.
- Inclusionary zoning
 - Inclusionary housing programs require developers and builders to include affordable housing in market-rate housing developments.
- Linkage program
 - Requires major employers to secure or provide housing for a portion of any new workforce created by those employers. Jurisdictions in California, Massachusetts, and New Jersey have adopted mandatory linkage programs. However, these programs are not legal everywhere.

Selected incentive programs for increasing housing opportunities

- **Closing Bonuses**
Maryland offers a \$3,000 closing bonus to people who buy homes in established neighborhoods close to their jobs.
- **Location-efficient mortgages**
Available to households locating close to public transit; a pilot program sponsored by the Federal National Mortgage Association and the National Resources Defense Council is in place in the Bay Area.
- **Streamlined housing permitting**
One-stop or other expedited permitting process to reduce the length of time it takes to get permits. Operational in many Inter-Regional Partnership (IRP) area jurisdictions
- **Minimum density requirements**
Regulations that establish minimum residential densities for new housing near transit stations. A popular alternative with many jurisdictions already implementing in the IRP area have implemented this tool.
- **Employer assisted housing**
Employers subsidize housing for their workers. A few institutions in the IRP area have implemented this tool.
- **Housing impact or “linkage” fees**
fees on new commercial and industrial projects to generate funds for affordable housing. In place in several IRP jurisdictions and several are willing to consider such fees.

Applicability to Ulster County

- Promotes the quality jobs-housing balance
- Provides model incentives for mixed land use
- Brings jobs closer to neighborhoods
- Provides a mix of residences and employment to fight “homogenization of neighborhoods
- Blends economic development, with transportation and housing
- Offers incentives to secure or provide housing for a portion of any new workforce created by employers