



Tool: Other Local Solutions **Table of Contents**

The purpose of this section is to highlight other solutions available to communities that do not easily fit into other tools.

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Other Local Solutions

Section 1: Developer Incentives

Land use and regulatory policies can have profound implications on the availability and cost of affordable housing. Local jurisdictions have the power to regulate the private housing market by establishing and enforcing zoning policies, land use restrictions, development fees, subdivision and design requirements, building codes, rent controls, density, and other various policies that can impact the development of housing in their respective jurisdiction (The Brookings Institution 2003). These regulations can impact how much housing will cost, where housing is developed, and the production of affordable housing.

Developer incentives can provide relief from regulations to encourage the production of affordable housing voluntarily. Sometimes one incentive may not be sufficient alone. It may take a combination of incentives to encourage the private market to produce affordable housing.

Density Bonuses

A density bonus allows a developer to build more units within a development than would otherwise be permitted under normal density limits. For example, if a parcel of land is zoned to allow a "maximum of five residential units, and a voluntary program is implemented, the concept is that incorporation of a unit at an affordable rent or sale price would decrease the developer's overall project profit, because development costs would rise to construct this affordable unit, but without compensating profit on it. However, if the incorporation of this affordable unit were offset by the ability to incorporate additional market rate units, i.e. density bonuses, the additional profit on every market rate unit above the allowable five units originally zoned could offset the incorporation of the affordable unit and its potential loss to the developer (Bay Area Economics 2001)."

King County, Washington: Density Bonus Program

The Density Bonus program is one of King County's incentive programs to encourage developers to build affordable ownership and rental housing. The concept is for every affordable unit that a developer promises to build, they can build a calculated number of market rate units greater than would be allowed otherwise. For example, a developer proposes to build rental housing on a site with zoning that allows a maximum of 30 rental units. However, if the developer promises that 10 of those units will be affordable to households at or below 50% of median income, then instead of a maximum of 30 units, the developer can build 35 units.

Density Bonuses are also provided for other public benefits: open space, trails and parks; historic preservation; and energy conservation. See [King County Department of Community and Human Services](#) web page for more information.

Expedited Review/ Streamline Development Review Process

Many developers often face lengthy development review processes as well as having to secure approvals from multiple agencies. While each approval process generally has a good purpose, time delays and processes that continue for many months and even years can increase the carrying costs on the land subject to development approvals (Lubell 2006). In addition, medium and higher density housing that are more likely to be affordable usually encounter even longer delays in the form of needed rezonings, hearings for special exceptions or conditional uses. By expediting and streamlining the review of developments that are affordable, a community can bring affordable housing on-line faster to increase the amount of affordable housing and reduce the costs of development. This can be a powerful incentive for developers to provide more affordable housing.

Orange County, Florida: Affordable Housing Expedited Review Process

The purpose of the program is to stimulate the development of affordable housing for low- and very low-income households by reducing the regulatory review and approval time of affordable housing development proposals by 60 days or less, thereby reducing the costs of development through both the reduction in holding costs and the reduction in the risk that is inherent in development.

If the Division of Housing and Community Development certifies a proposal as affordable housing, the developer is entitled to by-passing development review steps that occur in market-rate developments; and, a set time limit for each division and committee to do their part in the regulatory review. This includes the Board of Zoning Adjustments, Planning and Zoning, and the Development Review Committee. See [Orange County Housing and Community Development Division](#) web page for more information.

Waiving Fees Associated With Development

Impact fees are used by many communities as an important source of revenue to accommodate growth. These one-time fees help pay for new or expanded infrastructure, public amenities, and public services that are needed from a new development. Examples include expansion of water and sewer lines to the development, building new roads or improving existing roads, hiring new EMT personnel to keep response time low, or providing parks and schools.

These fees are typically added to the final cost of the house which can make it even more difficult for those attempting to create new affordable housing. It can also be argued that since the tax is added to final cost of the house, working families are forced to bear more than their fair share of these costs (Lubell 2006). Recognizing that fees can have a negative effect on the price of housing, some jurisdictions have enacted measures to reduce or waive such fees for development proposals that include affordable housing.

King County, Washington: Impact Fee Waiver Program

School and Road Impact Fee Waivers are available to for-profit and non-profit developers, as well as, moderate-income people who are building their own home on property in unincorporated King County.

The fees can be waived for any rental unit that is affordable to households at or below 50% of median income. The fees can be waived for any ownership unit that is affordable to households at or below 80% of median income. The entire development does not need to be affordable to that income group. The housing must remain affordable for at least 15 years. See [King County Department of Community and Human Services](#) webpage for more information.

Section 2: Ensure Availability of Sites for Affordable Housing

Make Publicly-Owned Land Available for Affordable Homes

Publicly-owned land can be used to meet a community's affordable housing needs. Affordable housing in high-cost markets is often impossible to do without reduced land costs. To lower costs, communities can identify surplus publicly-owned land and make it available for the development of affordable housing. This can be done in many ways. A community can adopt an ordinance specifying that publicly-owned land, either vacant or underutilized, be available for the development of affordable homes. Another method is to establish a task force with representation from public agencies that control land, such as school systems, hospitals, housing authorities, and police and fire departments, to locate sites for the development of affordable housing. Once the land has been identified, the land can be made available below-market to non-profit developers for the purpose of affordable housing (Lubell 2006). It is important that publicly-owned land used for affordable housing have long-term affordability restrictions via deed restrictions or leases.

Chicago, Illinois: City Lots for City Living

For-profit and non-profit developers are able to purchase vacant city-owned property at a discounted value. In return, housing constructed on the vacant lots must be affordable. For renters, renters must have incomes no greater than 80% of the median income. Rent may not exceed the fair market rent established by the U.S. Department of Housing and Urban Development. For owner-occupied homes, homebuyers must have incomes no greater than 120% of the median income. Additionally, housing prices may not exceed a total development cost of \$165,000. See the [City of Chicago Department of Housing](#) website for more information.

Expand the Supply of Homes through Rezoning

One of the biggest challenges affordable housing developers face is a lack of appropriately-zoned land. In response, the Municipal Research & Services Center of Washington (1992) suggests increasing, in appropriate locations, the allowable densities within residential zones. By allowing higher densities, land and site development costs are reduced, therefore reducing purchase prices and rents for apartments. Communities that allow higher densities may also include special design requirements (architectural style, landscaping, site layout, open space, parking, etc.) to enhance aesthetic appeal and to blend in with surrounding development.

In addition to reducing costs associated with developments and therefore increasing affordability, there are other community benefits:

- Higher density in urban areas may help to preserve farm land, open space and environmentally sensitive areas by reducing the overall amount of land needed for residential development.
- Density increases near employment centers and transit stops can help reduce traffic congestion by providing more opportunities for residents to live near their jobs.
- Higher densities can result in more efficient use of existing infrastructure capacity.

By planning for affordable housing up front, it ensures that the housing is well-designed and appropriately-located near transit, services, markets, and job markets. In addition, once land is zoned low-density, it is very difficult and costly to rezone for higher densities at a later date.

Santa Barbara County, California: Identification of Land for Rezoning

A vacant land inventory analysis was conducted as part of the 2003-2008 Housing Element for Santa Barbara County, to determine whether there was sufficient residential land zoned at densities that would accommodate affordable housing. The analysis determined that there was insufficient land and as a result, staff identified how much land was needed at various densities to accommodate affordable housing in the county. Timelines and strategies were established as to when and how the rezonings would occur. See the [County of Santa Barbara Planning and Development Department](#) website for more information.

Section 3: Generate Capital for Affordable Homes

Establish a Housing Trust Fund

Housing Trust Funds (HTFs) are distinct funds established by cities, counties, and states to support affordable housing activities. Trust funds are usually funded through a dedicated funding source or are tied to housing programs, such as inclusionary zoning, to collect funds that result from the program. In addition, they can be funded through either one-time or annual appropriations, such as the state of Delaware's Housing Development fund. Because they are created locally without federal intervention, they represent the most flexible funds jurisdictions have to address their affordable housing needs. For example, they can be initially used to rehabilitate dilapidated homes and then targeted later on to address other housing priorities (Brooks 2002).

Housing Trust Funds usually create an oversight board to govern the operations of the trust fund. Usually these boards are broadly representative of the housing community, including banks, realtors, developers, non-profit development agencies, housing advocates, and low-income residents. These boards can be merely advisory or they may have decision-making authority, including determining which projects receive funding from the Trust Fund (Brooks 2002).

There are approximately 293 Housing Trust Funds throughout the country with an effort under way to establish a National Housing Trust Fund (Lubell 2006).

State of Delaware, Housing Development Fund (HDF).

This fund was created to provide affordable, decent, safe, and sanitary housing to low- and moderate-income persons and is funded through an annual appropriation from Delaware's General Assembly. The Council on Housing, oversees the HDF and consists of 9 board members appointed by the Governor. Their principle duties are to advise the Housing Director, and approve the allocation of loans and grants. Types of developments that are considered include, but are not limited to, the acquisition and/or rehabilitation of existing housing, the adaptive reuse of nonresidential buildings, and new construction. Both rental and for-sale housing are considered for funding. See [Delaware State Housing Authority](#) web page for more information.

Support Employers' Commitment to Affordable Homes for Workers

The presence of affordable housing contributes to a community by enabling key workers, such as teachers, firefighters, and police, to live close to their place of employment. Affordable housing also expands the pool of labor to fill lower-wage service jobs, reduces individual commuting times and overall traffic congestion, and allows workers to spend their wages locally.

Because of the fast suburban growth and escalating housing costs, many of Delaware's workers are forced to live far away from their place of employment and endure longer commutes.

Communities can support employers, who are worried that the high cost of homes will threaten their ability to attract and retain qualified workers, by partnering to offset the costs of homes or to otherwise assist employees in finding affordable homes. This can be done through:

- Funding the development of affordable homes;
- Advocating for the appropriation of funds for affordable homes at the state or local level;
- Encourage businesses to locate in primarily residential areas by creating tax increment finance districts; and
- Communities can help employers by working with employees to provide incentives for people to live near their employment (Lubell 2006).

San Jose, California – Teach Here, Rent Here

The San Jose Education Foundation and the City of San Jose created this program as an incentive to attract and retain teachers by providing rental assistance to teachers in the City of San Jose. Public school teachers making up to \$59,400 are eligible for grants of up to \$5,000 to cover the first and second month's rent and/or security deposit. The City and San Jose Education Foundation have each pledged \$100,000 to the program. The Silicon Valley Leadership Group is considering donating another \$100,000. Other companies are being encouraged to contribute to the program as well. Teachers must repay a portion of the grant if they leave the school system within three years. See the [City of San Jose Department of Housing](#) website for more information.

Section 4: Reduce Regulatory Barriers

Ensure that Zoning Policies Support a Diversity of Housing Types

Red tape is a term for excessive regulation or rigid conformity to formal rules that is considered redundant or bureaucratic and hinders or prevents action or decision-making. Historically, local land use and development regulations have excluded or limited the development of affordable housing, usually in suburban jurisdictions. *"Local land use regulations were originally established by landowners and municipalities to keep out unwanted uses, preserve property values, and separate people of different races and income levels. For instance, early zoning ordinances in the South were explicitly designed to separate black and white residents (The Brookings Institution 2003)."* While this form of land use and zoning is now illegal, many zoning regulations can still indirectly (and sometimes intentionally) shape local housing markets, encourage or prohibit the construction of certain types of housing, and thereby condition the tenure (rent versus own) and price of housing.

The most blatant practices are “large-lot zoning, inadequate provision in the zoning code for affordable housing types, large lot width and setback requirements for subdivisions, and high impact fees” (Choppin 1994). Other practices include minimum house size requirements and the prohibition of rental communities, mobile homes, and accessory dwelling units. These practices make homes less available and less affordable to working families. However, local jurisdictions can review and revise their zoning policies, where appropriate to allow a greater range of housing types that in turn would increase the availability of affordable homes (Lubell 2006).

Bowling Green, Kentucky: Recipient of the Robert L. Woodson, Jr. Award

This city won national recognition for its effort to reduce regulatory barriers to affordable housing. In response to a 2003 report analyzing housing trends that identified a housing affordability crisis, Bowling Green has taken many steps to reduce burdensome regulations that can inflate housing costs. The efforts include waiving certain permits and fees for homes built by the city or nonprofit developers, donating city-owned lots to nonprofit developers for infill or affordable senior housing, issuing most residential construction permits within five days of application, and relaxing subdivision regulations to permit sidewalks on only one side of the street and narrower streets. (See the [HUDUSER: Regulatory Barrier Clearinghouse](#) website for more information on Bowling Green’s strategies).

Adopt Building Codes that Facilitate Rehabilitation of Existing Homes

In areas where there is a large stock of older housing, rehabilitation and conversions play an important role to ensure adequate affordable housing. According to the U.S. Census Bureau, Delaware’s housing stock is old as 27 percent of all housing units were built prior to 1959. When these homes are well maintained, they can be desirable because of their architectural uniqueness. However, if they are not maintained, these buildings become quickly blighted and vacant, posing risks for fire, disinvestment, and increased crime in the surrounding neighborhood.

The same features that make these older homes unique also make them difficult to comply with current development standards. Building codes most commonly used to monitor rehabilitation or conversion are, for the most part, suited to regulate new construction in homes that conform to modern standards for hallways, doors, windows, heating and cooling devices, and the like. Older homes, such as Delaware’s pre-1959 stock were built to comply with an earlier code. However, even though these homes are still often safe and structurally sound, they must be retrofitted to today’s standards. As a result, rehabilitation and conversion can become time-consuming and financially unfeasible (Lubell 2006).

To ensure that standards are being met, communities are using parallel codes to regulate renovation of existing homes. These alternative building codes, which were adopted in consultation with fire and safety officials, tailor the level of regulation to the scope of rehabilitation. The more extensive rehabilitation requires stricter compliance with

modern building codes, while less extensive rehabilitation triggers only those modern codes that are associated with ensuring residents' safety.

The State of New Jersey: The Rehabilitation Subcode

To promote rehabilitation, the state of New Jersey adopted the Rehabilitation Subcode in 1998. The subcode identifies three types of projects: rehabilitation, change of use, and additions. Requirements are based on the nature and category of the work to be done and ensure that existing buildings meet an acceptable threshold of safety. The rehabilitation subcode also allows requirements to be specific and tailored to historical structures to preserve their value and integrity. Adoption of the code has been successful in stimulating many rehabilitation projects, including the production of affordable housing. It also serves as a model code for other states considering similar adoptions. See the [State of New Jersey Department of Community Affairs](#) website for more information.

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