

# Housing Affordability

## Final Report and Recommendations from the Pierce County Housing Affordability Task Force



Community Services Department  
Housing Division

Planning and Land Services  
Advance Planning Division

March 2007

# ACKNOWLEDGEMENTS

## **Pierce County Executive**

John W. Ladenburg

## **Pierce County Council**

Shawn Bunney, District 1

Calvin Goings, District 2, Task Force Member

Roger Bush, District 3, Task Force Member

Tim Farrell, District 4, Task Force Alternate

Barbara Gelman, District 5

Dick Muri, District 6

Terry Lee, District 7

## **Cedar River Group Consultant**

John Howell, Facilitator, Facilitator

## **Housing Affordability Task Force**

Emma Faidley	United Way of Pierce County
Van Collins	Associated General Contractors
Catherine Rudolph	Association of Realtors
George McGilliard	Association of Realtors
Judy Duncan	Association of Realtors
Lessley Shirley	Banking Representative
Jeff Robinson	Banking Representative
Bill Giddings	Citizen Representative
Marian Berejikian	Friends of Pierce County
Lyle Fox	Master Builders Association
Rick Brunaugh	Master Builders Association
Tiffany Speir	Master Builders Association
Jim Dean	Mobile Home Owners Association
John Landis	Mobile Home Owners Association
Denny Hunthausen	Non-Profit Developer
Sandy Burgess	Non-Profit Developer
Michael Mirra	Tacoma Housing Authority
Bob Peterson	Pierce County Housing Authority
Helen Myrick	Pierce County Planning Commission
John Purbaugh	Pierce County Planning Commission
Tom Hilyard	Pierce County Community Services
C.E. "Chip" Vincent	Pierce County Planning and Land Services
Brian Stacy	Pierce County Public Works and Utilities

## **Pierce County Housing Programs Division**

Gary Aden, Administrative Program Manager

Robyn Lee, Administrative Support

## **Pierce County Planning and Land Services**

Dan Cardwell, Senior Planner

Robin Callow, Project Planner

Paula Manning, Administrative Support

---

<b>I. Executive Summary</b>	
.....	1
<b>II. Introduction</b>	
.....	6
<b>III. Problem Statement</b>	
.....	10
<b>IV. Development Costs</b>	
.....	14
<b>V. Strategies Considered for Housing Affordability</b>	
.....	21
Planning and Zoning.....	22
Manufactured Housing .....	52
Development Incentives.....	59
Affordable Building Design .....	65
Programs for Special Needs Populations .....	71
Financial Tools.....	79
Housing Preservation Programs.....	90
Education and Advocacy .....	95
<b>VI. Task Force Recommendations</b>	
.....	99
<b>Appendices</b>	
<b>A. Web Link References</b> .....	115
<b>B. Resolution Nos. R2006-13s and R2006-98</b> .....	119

---

## I. Executive Summary

In early 2006, the Pierce County Council and Executive created the Housing Affordability Task Force. It was asked to explore the affordable housing needs of Pierce County residents and recommend strategies to increase the supply of affordable housing. The group was charged with addressing the housing needs for all economic segments of the population, but with a particular focus on the needs of the low income populations.

The Task Force was comprised of members with a broad range of interests and perspectives, including for-profit and non-profit housing developers, low-income housing advocates, realtors, housing authorities, bankers, mobile home park advocates, and elected and appointed officials from Pierce County government.

The Task Force met fifteen times between March and December 2006. They reviewed Pierce County income and housing data, defined the challenges in creating affordable housing for different income groups, conducted an extensive review of affordable housing strategies being used in other jurisdictions, reviewed the “typical” cost of development for single and multi-family housing, and developed a broad range of recommendations to increase the supply of affordable housing. With this report the group is transmitting its conclusions and recommendations to the Executive and Council for their consideration.

### **Defining the Problem**

Much has been written in local papers and journals regarding the nature of the affordable housing needs. The Task Force spent considerable time understanding the size and complexity of the problems they were asked to address. The group reviewed data for a broad spectrum of users and housing types, including for-sale housing, rental housing, mobile home parks, and homeless shelters. Here’s some of what was learned.

About 64% of households in Pierce County are homeowners, and about 34% are renters. For both groups, housing is considered affordable if the household pays no more than 30% of its income for shelter costs. The “housing wage,” that is, the wage necessary to rent a two-bedroom apartment in Pierce County and still pay no more than 30% of income for shelter costs, in 2005 was \$14.88 per hour (\$30,950 annually, working full-time). The median hourly wage for renters was \$10.67 per hour (\$22,381 annually), and the minimum wage was \$7.63 per hour (\$15,870 annually).

Nearly 37% of renters and 27.5% of owners are paying more than 30% of their income for housing. Overall, 31% of all households are cost burdened, and 12% pay more than 50% of their incomes for housing.

The median home price in Pierce County in August of 2006 was \$273,000, an increase of 12.8% from a year earlier. Since 1998, housing prices have averaged a 7.84% annual increase, while incomes have risen by 3.5%. As a result of inflation in prices for

everything a household buys, real wages during that time increased by an annual average of 1.39%.

Rising house prices also affect the rental market. From 1998 through 2005, fair market rents for 2-bedroom apartments increased by an annual average of 3.13% from \$566 to \$736 per month. In addition, rising prices put pressure on apartment owners to convert their units to condominiums. In the past two years, about 30% of the apartment stock in Tacoma has been converted to condos.

Mobile homes have been an important component in the affordable housing mix. About 22,000 housing units in Pierce County, or 7.9% of all housing units, are mobile homes, and about 9,300 of those are in mobile home parks. Of the mobile homes in parks, 128 units are in parks closing in 2006, and another 234 are in parks that are expected to close in 2007. That represents a loss of nearly 4% of all manufactured homes located in mobile home parks.

Homelessness is often the extreme consequence of a lack of affordable housing. A number of organizations offer emergency shelter to people with no other housing options. However, the number of available facilities does not meet the current need. In 2006, there were about 38,000 times when individuals were turned away from shelter and 9,600 times when families with minor children were turned away – usually because the shelters were full.

A number of programs are available to help with housing costs for people with incomes below 80% of the area median income (AMI), and most focus on people below 50% of median. While some programs have seen major funding cuts, new programs and approaches have been created. The net effect in Pierce County has been that in the last ten years there has been a loss of about 2,000 housing units intended for people with incomes below the area median.

The rapid increase in home prices, coupled with increasing interest rates, is straining the ability of middle-income-and-below households to obtain housing. As a result, by the end of 2005, assuming that households should spend no more than 30% of their income for housing, 50% of the houses for sale were out of reach for 60% of the households. For 51,000 households, renting the average-priced 1-bedroom apartment was out of reach.

There are a total of 53,068 households in Pierce County with incomes below 50% of the area median, and a total of 15,644 units of housing programmed to assist with their housing needs, suggesting a shortfall of 37,424 housing units for low-income people. At 180 units per year, it would take 208 years to meet this shortfall, provided no other units were lost.

### **The Cost of Construction and Development of Housing**

The Task Force conducted a review of the cost of developing and constructing single-family and multi-family housing units. The purpose of the review was to better understand the cost pressures that affect for-profit and non-profit developers, including the specific costs that drive up the expense of constructing new housing. The Task Force

also wanted to identify potential cost savings that could be achieved if specific fees/land use regulations were waived for lower income housing projects, or the time to secure permits was shortened. The information provided came from two real projects.

For the single-family development, the analysis explored both the cost of land acquisition and development, as well as the cost of home construction. The project was a 148-lot development. It took four-and-a-half years to secure approvals for the subdivision. For land development, the purchase price of the raw land accounted for the highest cost of the project, 46%. Permit fees/mitigation costs reflect 11% of the total.

For home construction, 40% of the cost was a result of acquiring the improved lot. The resulting price per square foot was \$140. If the commission/closing costs and permit expenditures are subtracted, the cost per square foot would decrease to \$127. The price per square foot would be further reduced to \$64 per square foot if land cost and interest/loan fees are also subtracted from the project's total cost.

The multi-family project was a 40-unit three story, three building low-income multi-family project. If permit/utility fees and parking requirements were waived or reduced, the project may have realized a cost savings totaling \$423,218, or 6.4% of the total cost.

### **Recommendations**

The Task Force recognized that no single strategy will solve the shortage of affordable housing. As a result, the Task Force has recommended a broad range of strategies, including changes to Pierce County land use regulations, incentive-based approaches to encourage developers to construct more affordable housing, state legislative action, and local funding strategies.

The Task Force identified four population groups that should be served by their recommendations: extremely low income (those families making 30% or less of AMI), very low income (between 30 – 50% of AMI), low income (between 50 – 80% of AMI), and moderate income (between 80 – 100% of AMI). The matrix in the report describes a range of specific strategies to address the needs of each of these groups.

The Task Force used its priority rankings to suggest a focus on strategies that would best serve low income populations. They established as high priorities those strategies that hold the greatest promise for creation of new affordable units for populations at or below 80% of area median income. While the Task Force was asked to focus its attention on low income populations, it also came to understand the significant need for more moderate income work force housing. One of the conclusions reached by many Task Force members was that when the supply of housing for moderate income families is limited, it places greater demand on the housing supply that would otherwise be available for low income families.

While the Task Force believes that approval of a range of strategies is necessary, there was a strong consensus that if Pierce County is going to make significant progress creating more affordable housing for its lowest income families, additional public subsidy is essential. In fact, the Task Force would suggest that without new local revenues the

other strategies by themselves are not sufficient to make substantial progress toward meeting affordable housing needs.

The following provides a brief summary of the Task Force recommended highest priority strategies, and the income groups (described above) that would receive the greatest potential benefit from the strategy.

<b><u>High Priority Strategies</u></b>	<b>The Potential for Creating Affordable Housing for Each Income Group</b>			
	<b><u>&lt;30%</u></b> <b><u>&lt;100%</u></b>	<b><u>&lt;50%</u></b>	<b><u>&lt;80%</u></b>	
1. Planned Development Districts (PDDs) to create mixed income communities within the Urban Growth Area	**	**	**	**
2. Inclusionary Zoning: voluntary and required (in some circumstances)	**	**	***	***
3. Incentives to assist developers create affordable housing (for populations below 80% AMI), including: density bonuses, fee waivers, reduced zoning requirements, and expedited permitting	***	***	***	
4. Encourage development of Single Room Occupancy (SRO) housing	**	*		
5. Encourage development of transitional housing	**	*	*	
6. Create new local dedicated revenue source for populations below 80% AMI.	***	***	**	
7. Provide property tax relief for commitment to build and maintain affordable housing	***	***	**	

No Star = No impact; \* = low impact; \*\* = moderate impact; and \*\*\* = high impact

A number of the strategies involve the creation of incentives to stimulate the development of affordable housing. It is being suggested that the level of incentives a developer is able to achieve should be tied to the amount of affordable housing provided, the level of incomes served by the housing, and the length of the commitment to maintain that housing as affordable. For incentive-based strategies to be successful the incentives have to create a tangible economic value for the developer. The amount and type of incentive available to developers will ultimately go a long way toward determining the success of incentive programs.

The strategies with the greatest potential for creating affordable housing will require strong political leadership and considerable public will to implement. Public education and outreach will be essential to creating that support in Pierce County.

**Summary**

The Task Force is recommending a broad range of strategies that include changes to County Comprehensive Plan policies, development regulations, land use codes, and housing financing plans, which will effectively increase the creation of affordable housing. The recommendations have been informed by an understanding of trends in the marketplace and effective actions taken in other jurisdictions. Meeting the affordable housing needs of Pierce County residents will require bold actions. Task Force members stand prepared to assist the County to chart this new path.

## II. Introduction

The original charge for the Pierce County Housing Affordability Task Force was defined in Resolution R2006-13s. It stated that the Task Force was to, “...*Examine the costs of housing development and recommend specific measures to address the affordable housing needs for all economic segments of the population, with particular interest for low income populations...*” The Task Force met fifteen times between April and December, 2006. The Task Force had 25 appointed members. During the eight months of the group’s deliberations several members changed assignments or jobs and discontinued their participation. At the same time, the work of the Task Force was of enough interest to the broader community that several other individuals, representing diverse interests, became regular participants. Task Force attendance ranged from 15 – 20 individuals at each meeting. Typically, participants at each meeting represented the broad cross-section of the interests represented on the Task Force’s original roster.

The work of the Task Force was essentially divided into three phases. In the first phase the group devoted its time to understanding the need for affordable housing in Pierce County, the range of federal, state, local and private programs currently available, identification of the target population groups that should be served to address affordable housing in a comprehensive fashion, and the nature of the challenges to create affordable housing for each population group. This work resulted in the crafting of a problem statement, and summary outlines of the major challenges to creating affordable housing.

The second phase of work included review and discussion of research regarding strategies utilized by jurisdictions throughout the country to address affordable housing issues in their communities. Pierce County Planning and Land Services Intern Robin Callow conducted the research. Her excellent work resulted in the creation of a lengthy report entitled, “Strategies for Housing Affordability in Pierce County Washington, A Toolkit Developed for Pierce County Stakeholders.” The Task Force spent several meetings reviewing and discussing that research. This phase also included analysis of the cost of development for single-family and multi-family developments, using representative real projects.

The third phase of work focused on discussion of the Task Force recommendations. The group developed strong consensus around a broad range of conceptual strategies. The recommendations include suggested relative priorities for each strategy (high, medium, or low).

As described above, the authorizing Pierce County Council resolution directed the Task Force to develop strategies for all economic segments of the population, with a particular focus on low income populations. As a result, the Task Force identified four population groups that should be served by their recommendations: extremely low income (those families making 30% or less of area median income), very low income (between 30 – 50% of area median income), low income (between 50 – 80% of area median income), and moderate income (between 80 – 100% of area median income).

The Task Force used its priority rankings to suggest a focus on strategies that would best serve low income populations. They established as high priorities those strategies that hold the

greatest promise for creation of new affordable units for populations at or below 80% of area median income. While the Task Force was appropriately asked to focus its attention on low income populations, it also came to understand the significant need for more moderate income work force housing. One of the conclusions reached by many Task Force members was that when the supply of housing for moderate income families is limited, it places greater demand on the housing supply that would otherwise be available for low income families.

The Task Force also had discussion about how to define area median income. There are two common standards used for different purposes: family income and household income. Family income is based on the incomes of two or more related people living together. Family income is estimated by HUD annually and is used as the basis for eligibility for federal housing programs. Household income also estimates incomes for family members living together, but it also includes single people and groups of unrelated individuals living together. Household income is used by the State Growth Management Act as the basis by which counties must develop plans for low income populations. Generally, household incomes tend to be lower than family incomes. The Task Force chose to use the household income standard (\$50,000) because it is consistent with the direction provided by the State GMA, and it creates program thresholds that serve lower income populations.

While the Task Force has specific recommendations for housing affordability, there are several over-arching comments the group would like to make to provide greater context for the recommendations that follow.

One of the fundamental questions asked by Task Force members, and one we expect others to ask as well, is, “What goals should be established for affordable housing production?” This is a complex question to analyze and answer. The Task Force tried to identify the affordability gap by looking at income data and assessing the current market for home sales, and the number of subsidized units currently provided to meet the needs of the lowest income families. The Problem Statement points out that by using an accepted standard for affordability – that families should spend no more than 30% of their income for housing – 50% of the houses for sale in Pierce County are now out of reach for 60% of the households. In addition, there are 53,068 households in Pierce County with incomes below 50% of area median income. There are 15,644 units of subsidized housing programmed to serve that population, suggesting a current shortfall of 37,424 units. The County will need to establish targets for affordable housing production if it hopes to have a meaningful impact.

While this provides some understanding of the total need within Pierce County, it does not suggest housing production goals for unincorporated Pierce County. The Task Force understands that specific production targets for each jurisdiction within the County are being developed as part of a planning effort currently underway – the Pierce County Regional Affordable Housing Strategy. Like other major societal issues, finding solutions to housing affordability will require strategies that cross jurisdictional boundaries – for both municipalities and neighboring counties. For example, 25% of Pierce County residents work in King County. This suggests that the lack of affordable housing in King County may be driving workers farther from their place of work to find housing. Pierce County must exercise the influence and authority that the GMA assigns to it to encourage all municipalities and adjacent counties to adopt similar housing affordability strategies.

The Task Force recognized early in its deliberations that no single strategy will solve the shortage of affordable housing. There is no silver bullet. As a result, the Task Force has recommended a broad range of strategies, including changes to Pierce County land use regulations, incentive-based approaches to encourage private and non-profit developers to construct more affordable housing, state legislative action, and local funding strategies. While the Task Force believes that approval of a range of strategies is necessary, there is a strong consensus that if Pierce County is going to make real progress on creating more affordable housing for its lowest income families, additional public subsidy is essential.

For both non-profit and for-profit developers, creating housing for those families earning less than 50% of area median income requires subsidy to make the development financially feasible and allow the reduction of rents or purchase prices for low-income populations. In fact, the Task Force would suggest that without new local revenues the other strategies by themselves are not sufficient to make substantial progress toward meeting affordable housing needs. The group recognizes that any actions that suggest adoption of new fees or taxes will be difficult to achieve. However, the Task Force members uniformly agree that the adoption of local revenues would position the County to leverage significant amounts of state and federal affordable housing funds. Communities that can provide local match funds are much more competitive for other state and federal fund sources.

The attached strategies matrix suggests a number of conceptual programs for Council and Executive consideration. Task Force members frequently discussed the potential program design details, but it was not part of the group's charge to recommend specific program details. However, the ways in which these programs are designed will make a significant difference in determining the ultimate success of any one strategy. For example, a number of the strategies involve the creation of incentives to stimulate the development of affordable housing. It is being suggested that the level of incentives a developer is able to achieve should be tied to the amount of affordable housing provided, the level of incomes served by the housing, and the length of the commitment to maintain that housing as affordable. For incentive-based strategies to be successful the incentives have to create a tangible economic value for the developer. The amount and type of incentive available to developers will ultimately go a long way toward determining the success of incentive programs.

Another important element of program design concerns the County's ability to monitor and evaluate agreements with developers over time. There is strong consensus among Task Force members that to successfully implement these strategies the County will need the capability to ensure that housing units created using incentive-based programs or local subsidy, are maintained in affordable status for the agreed upon time frame. In addition, any housing development that receives some form of public subsidy (either incentives or funding) must be able to demonstrate that low income individuals or families purchase or rent the housing. Over time, as economic conditions change, the level and type of incentives may need to be adjusted. Ongoing evaluation of these programs will be important to achieving long-term success.

The resolution that created the Task Force established a sunset date for the group's activities. This report completes the work requested by the Council. However, Task Force members believe there are several important steps remaining to successfully achieve the goals set out by the Council in the original resolution. The Task Force would like to be able to review and

comment on the draft Countywide Planning Policies that will be drafted by staff to reflect these recommendations. The group would like the opportunity to provide the Executive and Council comments on the policy language that will support these recommendations. In addition, since the recommendations forwarded by the Task Force are conceptual in nature (as discussed above), the Task Force would like to be able to review and comment on the specific program recommendations that result from Council review and adoption of any of these strategies.

Finally, the Task Force believes that for this range of strategies to be successful the County must make a commitment to work with other organizations to create a public outreach and education effort regarding affordable housing needs in Pierce County. Task Force members learned a great deal about the local housing needs through the course of nine months of meetings. They now understand that the strategies with the greatest potential for creating affordable housing will require strong political leadership and considerable public will to implement. Public education and outreach will be essential to creating that support in Pierce County.

### III. Problem Statement

The ability to own or rent safe, decent housing is a basic need – some would argue a basic right – of all Americans. In addition, owning one’s own home has traditionally been a central pillar in creating individual wealth and independence for most Americans. As such, housing affordability is a concern for everyone, regardless of income or situation. For people with greater means, the problem is a matter of choosing from a range of housing options to get the best return on investment while still enjoying the desired amenities. For people in the celebrated middle class, the range of options is smaller and their home is likely to be the most important investment they will ever make. For people with the fewest means, housing options are severely limited and seldom serve as a vehicle to building wealth. For these people, housing affordability is a matter of finding a secure place to live while still being able to afford life’s other basic necessities.

Because the housing affordability challenges which face people in various situations differ so greatly, the responses to those challenges will necessarily differ as well. **The problem at hand is to increase the options available to all segments of the housing market, and ensure that people with the fewest options are able to find housing that meets a reasonable standard for safety, decency, and affordability.**

#### Existing Conditions

About 64% of households in Pierce County are homeowners, and about 34% are renters. For both groups, housing is considered affordable if the household pays no more than 30% of its income for shelter costs. The “housing wage,” that is, the wage necessary to rent a two-bedroom apartment in Pierce County and still pay no more than 30% of income for shelter costs, in 2005 was \$14.88 per hour (\$30,950 annually, working full-time). At the same time, the median hourly wage for renters was \$10.67 per hour (\$22,381 annually), and the minimum wage was 7.63 per hour (\$15,870 annually).

Since 1998, housing prices have averaged a 7.84% increase each year, while incomes have risen by 3.5%. As a result of inflation in prices for everything a household buys, real wages during that time increased by an annual average of 1.39%. The median home price in Pierce County in August of 2006 was \$273,000, an increase of 12.8% from a year earlier.

In 1998, interest rates for home loans were around 7%. They dropped steadily until hitting 40-year lows in 2003, and began to rise again to today’s rate of about 6.3%.

Housing has historically been more affordable for middle-income-and-above households in Pierce County than in King County. The growing imbalance in affordability between King County and Pierce County in recent years has caused more competition for homes in Pierce as residents are priced out of the King market, accelerating the pace of house-price increases. Approximately 25% of Pierce County residents work in King County, while 3% of King County residents work in Pierce County –for a net migration of 22%.

Rising house prices also affect the rental market. From 1998 through 2005, fair market rents for 2-bedroom apartments increased by an annual average of 3.13% from \$566 to \$736 per month. In addition, rising prices put pressure on apartment owners to convert their units to condominiums. In the past two years, about 30% of the apartment stock in Tacoma has been converted to condos.

Mobile homes have been an important component in the affordable housing mix. About 22,000 housing units in Pierce County, or 7.9% of all housing units, are mobile homes, and about 9,300 of those are in mobile home parks. Of the mobile homes in parks, about 128 units are in parks closing in 2006, and another 234 are in parks that are expected to close in 2007. That represents a loss of nearly 4% of all manufactured homes located in mobile home parks

Homelessness is often the extreme consequence of a lack of affordable housing. A number of organizations offer emergency shelter to people with no other housing options. However, the number of available facilities does not meet the current need. In 2006, individuals relied on emergency shelter about 4,900 times, and families with minor children used them about 700 times. Despite those instances, there were about 38,000 times when individuals were turned away from shelter and 9,600 times when families with minor children were turned away – usually because the shelters were full.

Cost-burdened households are those paying more than 30% of their income for housing. 36.8% of renters and 27.5% of owners are paying more than 30% of their income for housing. Of the cost-burdened renter households, 17% are elderly, 39% are two- to four-person families, 9% are families larger than four people, and 35% are singles or households of unrelated people. Of the cost-burdened owner households, 24% are elderly, 52% are two- to four-person families, 11% are families larger than four people, and 14% are singles or households of unrelated people.

Of the total households earning less than 50% of area median income, 28% are elderly, 35% are two- to four-person families, 9% are families larger than four people, and 28% are singles or households of unrelated people.

Of the total households earning less than 30% of area median income, 27% are elderly, 33% are two- to four-person families, 8% are families larger than four people, and 32% are singles or households of unrelated people.

Over half of elderly renters and over one-quarter of elderly owners are cost burdened, and nearly 30% of elderly renters are paying more than 50% of their incomes for housing.

For families of two to four people, one-third of renter households and one-quarter of owner households are cost burdened, with 10% paying more than 50% of their incomes for housing.

Of the families larger than four people who rent, 34% are cost burdened, as are 30% of the owners, with 10% paying more than 50% of their incomes for housing.

For households of people living alone, or households of unrelated people, 37% of the renters and 39% of the owners are cost burdened, and 16% are paying more than 50% of their incomes for housing.

Overall, 31% of all households are cost burdened, and 12% pay more than 50% of their incomes for housing.

A number of programs are available to help with housing costs for people with incomes below 80% of the area median income, and most focus on people below 50% of median. Programs which provide housing that is not cost-burdened use a combination of federal, state, and local resources. While some programs have seen major funding cuts, new programs and approaches have been created. For example, the Section 8 voucher program has seen a loss of over 800 vouchers since 1971 and the Pierce County Housing Authority has sold about 1,400 units in the past few years. On the other hand, on average for the past three years, about 180 units of new housing have been created each year for people with incomes below 80% of the median. The net effect in Pierce County has been that in the last ten years there has been a loss of about 2,000 housing units intended for people with incomes well below the area median.

### **Future Challenge**

The rapid increase in home prices, coupled with increasing interest rates, is straining the ability of middle-income-and-below households to obtain housing. As a result, by the end of 2005, assuming that households should spend no more than 30% of their income for housing, 50% of the houses for sale were out of reach for 60% of the households. Put another way, for 170,000 households, buying an average-priced home was not affordable; for 89,000 households, even buying a home in the bottom 10% of the price range was unattainable; and for 51,000 households, renting the average-priced 1-bedroom apartment was out of reach.

There are a total of 53,068 households in Pierce County with incomes below 50% of the area median, and a total of 15,644 units of housing programmed to assist with their housing needs, suggesting a shortfall of 37,424 housing units for low-income people. At 180 units per year, it would take 208 years to meet this shortfall, provided no other units were lost.

Over the years America has changed, and as it changed, so has the “American Dream.” Our concepts of family and community are being transformed as we engage the promise and problems of a new century. The idyllic white-picket-fence post-war vision may no longer be the prevailing desire, but surely home-ownership is still a part of that American Dream. It may be overstating to declare that we are in crisis, but today’s reality is that we count in the tens-of-thousands the number of people with serious challenges affording decent housing; some 43% of the people accessing emergency food programs in our community are from families with at least one working adult, and; over 100,000 people in the County don’t have health insurance. For a large number of people in Pierce County, hope for a better life is becoming very hard to sustain. The challenge for the Housing Affordability Task Force is to find ways to keep hope for safe, decent, and affordable housing alive.

The Task Force will meet this challenge by recommending Comprehensive Plan policies and development regulations which will effectively address the problems of creating affordable housing. The recommendations will be informed by an understanding of trends in the marketplace and effective actions taken in other places, and will be developed within the context of the current and anticipated housing development picture. The Task Force may also

recommend solutions which address issues not covered by Pierce County's land use policies and regulations.

## IV. Development Costs

A subcommittee of the Housing Affordability Task Force was established to identify and review the cost of developing/constructing single-family and multi-family housing units. The purpose of this review was to identify potential cost savings if specific fees/land use regulations were waived for lower income housing projects. The information provided on the following pages provides a detailed cost analysis for a single-family and multi-family project. It should be noted that the land cost would be higher if the property was purchased in today's real estate market.

### **Single-family Project**

The *Home Construction Costs* worksheet depicts a 2,030 square foot home with a two-car garage. The homes were reviewed as a base plan that slightly reduced the cost associated with permits. The expenditures for constructing a home for occupancy totaled \$285,414. Forty percent of the cost was a result of acquiring the improved lot. The resulting price per square foot would be \$140. If the commission/closing costs and permit expenditures are subtracted the cost per square foot would decrease to \$127. The price per square foot would be further reduced to \$64 per square foot if land cost and interest/loan fees are also subtracted from the project's total cost. It should be noted that these costs do not incorporate a typical 12% profit that would increase the price to around \$319,600 to prospective buyers.

The *Land Development Costs* worksheet depicts a 148-lot plat located in Spanaway. The land purchase occurred in 1999 and the process to subdivide the property took approximately four and a half years. The expenditures for dividing this property into 148 lots totaled \$10,784,513 or \$72,868 per lot. The purchase price of the raw land accounted for the highest cost of the project, 46%. Permit fees/mitigation costs reflect 11% of the total.

### **Multi-family Project**

The *Multi-family Analysis* worksheet depicts a 40-unit three-story/three-building low income multi-family project in the Parkland area. The initial land purchase cost for totaled \$265,642. The total construction/development costs for the project totaled \$6,631,043 or \$165,776 per unit. The project did require additional open space to increase the density from 36 to 40 units. Development regulations required a high ratio of parking stalls for a low income project as well as park and school impact fees. If permit/utility fees and parking requirements were waived or reduced, the project may have realized a cost savings totaling \$423,218, or 6.4% of the total cost. If all savings were realized, lender financing could have been reduced resulting in lower rents, additional built units or a reduction in public subsidy.

<b>Multi-Family Analysis</b>		
<b>Project:</b> 40 Units, Three story/three buildings		
<b>Location:</b> Parkland		
	<b>Total</b>	<b>Per unit</b>
<b>Permits</b>	\$142,682	3,567
<b>School Impact Fees</b>	\$46,210	1,155
<b>Park Impact Fees</b>	\$6,150	154
		0
<b>Utility Connections</b>	\$108,176	2,704
<b>Parking</b>	4,000/stall	
70 stalls/40 units		
Overbuilt parking	\$120,000	4,000
<b>Total savings if permits, utilities and parking were waived or reduced</b>		
	\$423,218	10,580
<b>Land acquisition</b>	\$265,642	6,641
<b>Notes:</b>		
Project also required additional open space to increase density from 36 to 40 units. Additional units could have been built if parking requirements were reduced. If all savings were realized, lender financing could have been reduced resulting in lower rents or more units could have been built, or the public subsidy could have been reduced, resulting in allocation of the public subsidy to more projects.		

**Single-Family Home Construction**

<b>Cost Breakdown for 2,030 sf house</b>	
	<b>Cost</b>
Permits	\$7,173
Temp Utilities/Excavation	\$2,396
Footings & Foundation	\$8,382
Framing Material	\$15,844
Trusses	\$3,460
Framing Labor	\$9,907
Roofing	\$2,817
Windows/Sliders	\$2,426
Plumbing (rough)	\$5,101
Electrical (rough)	\$3,628
Masonry Veneer	\$1,191
Fireplaces	\$681
Basement & Garage Floor	\$1,267
Siding	\$11,296
Heating/Air Conditioning	\$4,570
Insulation	\$3,022
Drywall/Tape/Texture	\$8,078
Utility Hook Ups Sewer, Septic	\$2,456
Downspouts & Gutters	\$732
Exterior/Interior Painting	\$2,244
Cabinets	\$3,714
Flooring	\$7,500
Plumbing Finish	\$1,347
Garage Doors	\$1,278
Electrical Finish	\$907
Lighting Fixtures	\$653
Interior Doors/Trim/Ext. Doors	\$4,912
Finish Labor	\$4913
Fin. Hrdwr/Mirrors/Shower Encl	\$571
Appliances	\$991
Concrete Steps, Patio, Driveway	\$2,898
Clean Up	\$259
Landscaping	\$2,500
Land	\$115,426
Interest/Loan Fee	\$11,578
<b>Sub Total</b>	<b>\$256,118</b>
Commission & Closing Costs	\$20,507
Profit	\$8,789
Overhead	\$8,789
<b>Total Cost</b>	<b>\$285,414</b>

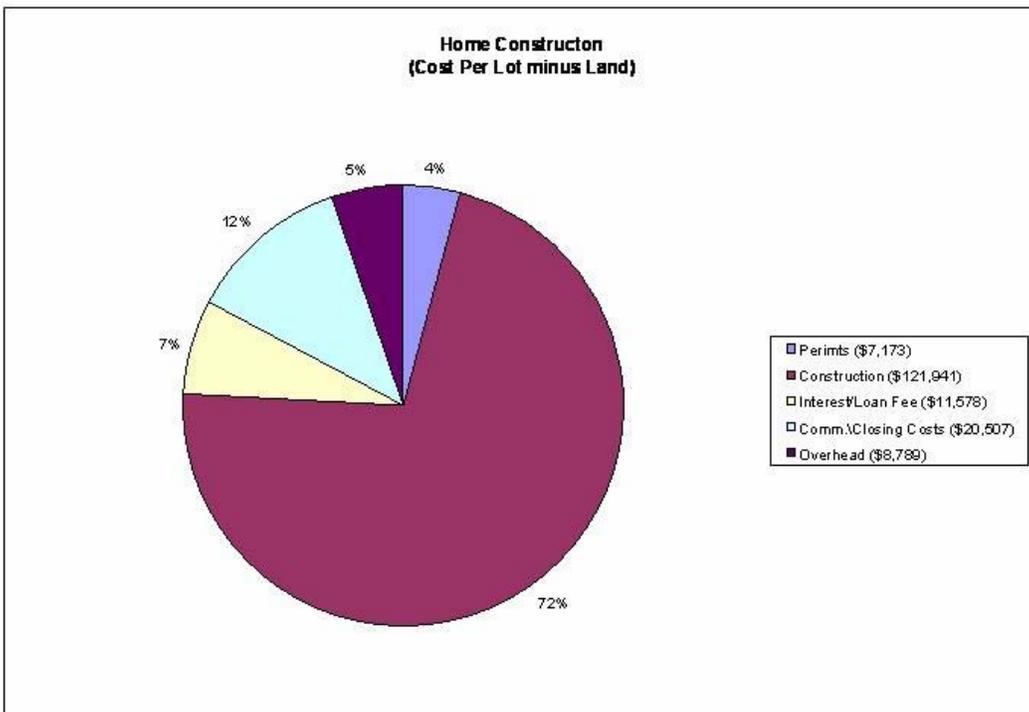
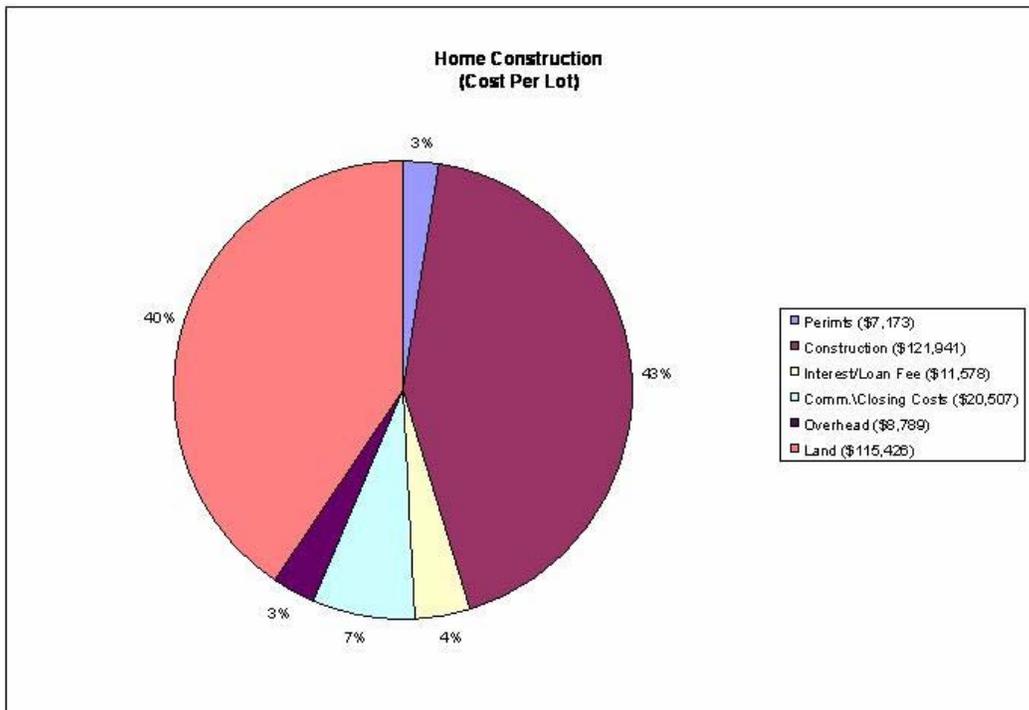


<b>Home Construction</b>	<b>Cost Per Lot</b>	<b>Percent</b>
Permits	\$7,173	3%
Construction	\$121,941	43%
Interest/Loan Fee	\$11,578	4%
Comm./Closing Cost	\$20,507	7%
Overhead	\$8,789	3%
Land	\$115,426	40%
<b>Total</b>	<b>\$285,414</b>	<b>100%</b>



Price per square foot	\$140
Price per square foot (minus comm./closing costs and permits)	\$127
Price per square foot (minus land costs, interest/loan fee, comm./closing costs, permits)	\$64

### Single-Family Home Construction

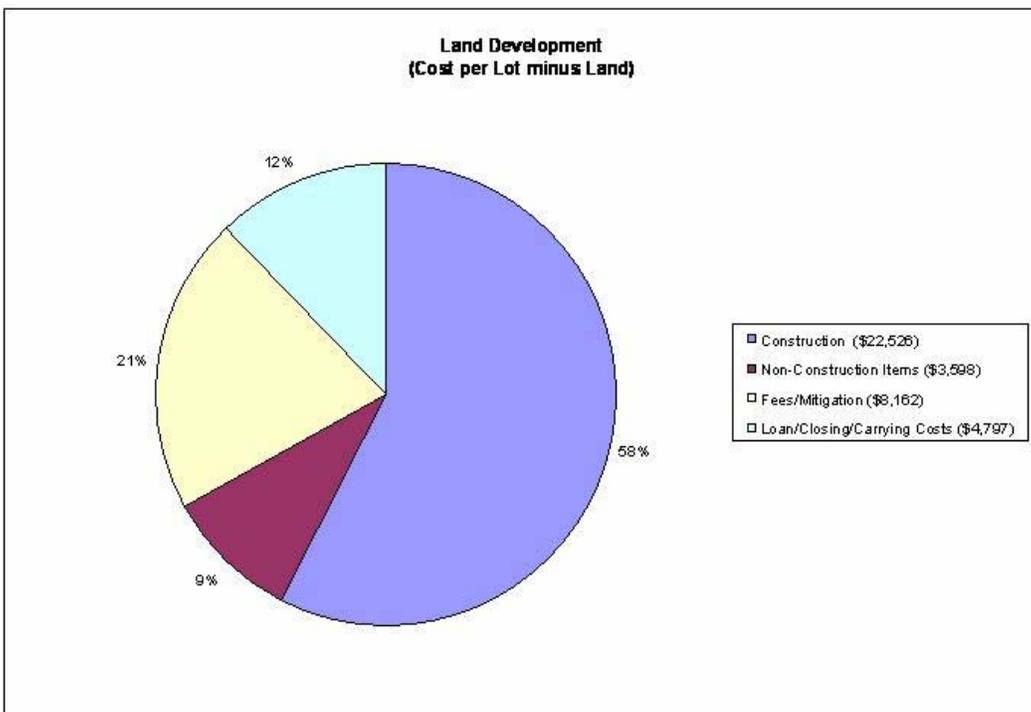
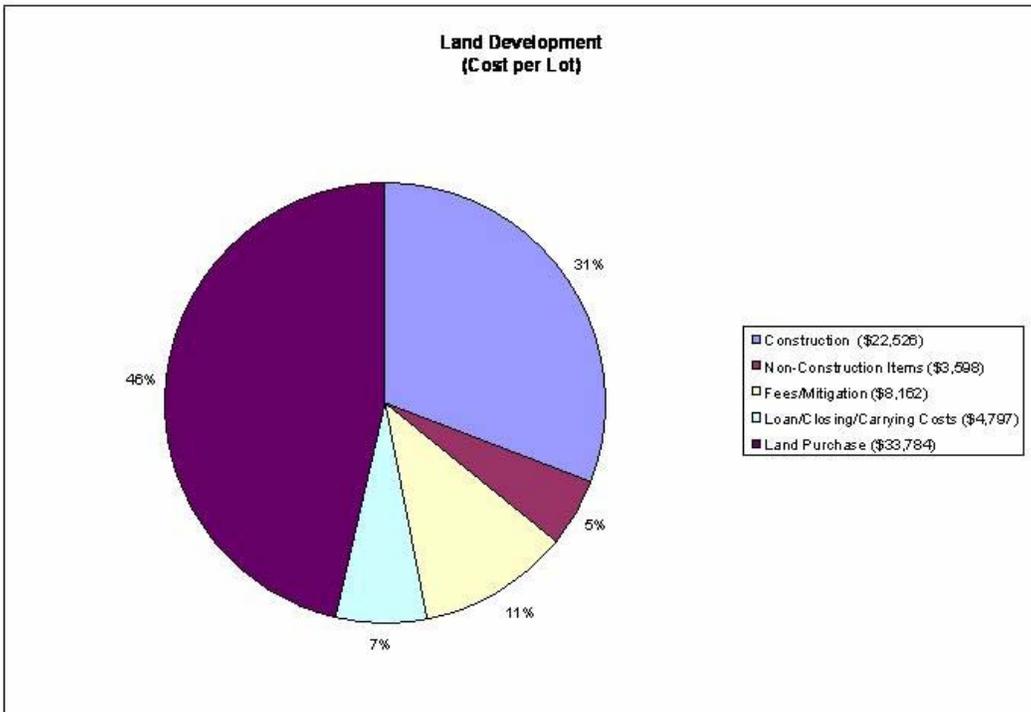


### Land Development Costs

<b>Cost Breakdown for Single-Family Project Plat 148 lots, Spanaway</b>		
	<b>Total Cost</b>	<b>Costs per lot</b>
<b>Construction Items</b>		
Temporary Erosion Control	72,384.00	489.08
Mobilization	15,600.00	105.41
Clearing & Grubbing/Demolition	92,796.80	627.01
Storm, Sanitary and H2O Trench Backfill	313,289.40	2,116.82
Earthwork	356,405.18	2,408.14
Storm Drainage	304,515.80	2,057.54
Detention Ponds	150,944.50	1,019.90
Sanitary Sewers	433,224.05	2,927.19
Offsite Water main	412,983.20	2,790.43
Waterline	202,125.00	1,365.71
Asphalt Paving & Concrete Work	498,210.05	3,366.28
Underground Utilities	102,434.82	692.13
Trimming & Cleanup	7,180.00	48.51
Street Trees/Fencing	35,320.75	238.65
Parks/Benches	52,120.00	352.16
Entrances	21,668.00	146.41
Mailboxes	16,132.00	109.00
Contingencies	154,366.68	1,043.02
WSST Sewer/H2O	92,253.24	623.33
<b>Construction Totals</b>	<b>3,333,953.47</b>	<b>22,526.72</b>
<b>Non-Construction Items</b>		
Engineering		
Preliminary Plat/Feasibility	114,700.00	775.00
Coordination/Inspection/Misc	29,600.00	200.00
Road & Storm	59,200.00	400.00
Sanitary Design	66,600.00	450.00
Water Design	3,700.00	25.00
Asbuilts-Rd/Stm/Swr/H2O	7,400.00	50.00
Final Plat	29,600.00	200.00
Construction Staking/Monuments	94,175.00	636.32
Wetland/Geo/Misc Consulting	42,500.00	287.16
Legal/Acct./Prop Taxes/Misc.	46,256.62	312.54
PC PALS Permit/Inspection Fees	59,310.95	400.75
PC/WSDOT Traffic Mitigation	78,702.00	531.77
PC Wetland/Mitigation	70,000.00	472.97
Bonds	24,758.00	167.28
Construction Management	14,000.00	94.59

<b>Cost Breakdown for Single-Family Project Plat 148 lots, Spanaway</b>		
	<b>Total Cost</b>	<b>Costs per lot</b>
<b>Utilities (fees)</b>		
PC Sewer Utilities Permit/Inspection Fees	158,738.65	1,072.56
Spanaway Water	476,451.10	3,219.26
Tacoma City Light	282,000.00	1,905.41
Contingencies	82,884.62	560.03
Non-Construction Totals	1,740,576.94	
Total	5,074,530.41	11,760.64
Cost per Lot	34,287.37	
<b>Land, Loan and Closing Costs</b>		
Land Purchase	5,000,000.00	33,783.78
Escrow/Title/Excise Tax	5,000.00	33.78
Loan Application Fee	185,483.03	1,253.26
Loan Appraisal	4,500.00	30.41
Loan Carry	515,000.00	3,479.73
Land Cost Totals	5,709,983.03	38,580.96
Grand Total	10,784,513.44	72,868.32

<b>Summary of Cost Items Per Lot</b>	
Construction	\$22,526
Non-Construction Items	\$3,598
Fees/Mitigation	\$8,162
Loan/Closing/Carrying Costs	\$4,797
Land Purchase	\$33,784
Grand Total	\$72,868



## V. Strategies Considered for Housing Affordability

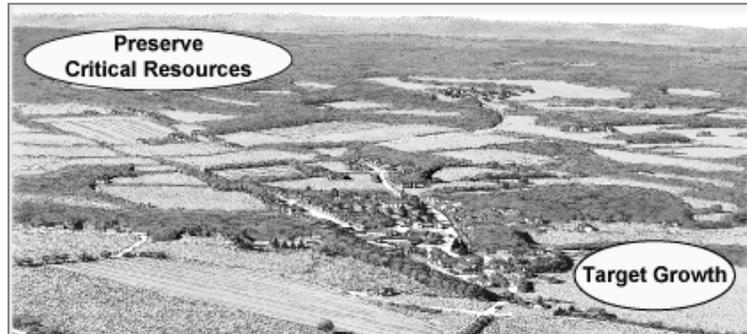
The section includes over 25 strategies categorized under eight general topics listed in the table below. A brief description is provided for each strategy highlighting key points and case studies. A reader may obtain additional information on the strategy through a compilation of internet web sites listed in Appendix A of this document.

<b>Strategies Considered for Affordable Housing</b>
<b>Planning and Zoning</b>
Transfer of Development Rights (TDR) Programs
Affordable Housing Districts
Infill Housing Development
Inclusionary Housing
Accessory Dwelling Units (Attached and Detached)
Cottage Housing
Katrina Cottages or Transitional Affordable Housing
Permit-Ready Housing or Rehabilitation
Upzoning – Increasing Densities
Zero Lot Line Development
<b>Manufactured Housing</b>
Manufactured Housing
<b>Development Incentives</b>
Density Bonuses
Fee Waivers: Impact and Land Use Regulation Fees
Expedited Permitting
<b>Affordable Building Design</b>
Green Buildings
Great House Concept
Adaptive Reuse
<b>Programs for Special Needs Population</b>
Housing Opportunities for People with AIDS
Single Resident Occupancy (SRO) Units
Transitional Housing
Visitability Standards
<b>Financial Tools</b>
Local Dedicated Revenue Source
Housing Trust Funds
Community Land Trusts
Affordable Housing Tax Incentives
<b>Housing Preservation Programs</b>
Historic Preservation and Affordable Housing
Expiring Use of Federal Subsidies
<b>Education and Advocacy</b>
Grassroots Awareness and Public Service Announcements

## Planning and Zoning

### Transfer of Development Rights (TDR) Programs

**Objective:** Transfer of Development Rights (TDR) Programs allows individuals to purchase and sell residential development rights from lands that provide a public benefit. Such lands include farm, forest, open space, regional trails, and designated urban separator lands. Landowners from areas known as “sending sites” receive financial compensation without developing or selling their land and the public receives permanent preservation of the land. Transferred development rights can be used to build additional houses on other parcels in more appropriate cities or unincorporated urban areas, called “receiving sites,” where the existing services and infrastructure can accommodate additional growth. TDR programs also benefit from TDR Banks, which hold or manage the TDRs until they are utilized.



#### Highlights

- TDRs can be used to guarantee or provide land for affordable housing.
- TDRs are complex and usually managed at the County level, due to zoning requirements and densities.
- Pierce County Planning and Land Services Department is currently in the process of developing a TDR program.

#### Jurisdiction: City of Seattle, Washington

“King County's Transfer of Development Rights or TDR Program is a voluntary land use incentive program. It helps private "sending site" landowners achieve an economic return through the sale of development rights to "receiving site" landowners. The County's award-winning TDR Program is modeled after other successful programs around the country including programs serving The Pinelands, New Jersey, Boulder County, Colorado, and Montgomery County, Maryland. As of October of 2005, 91,500 acres of land or almost 143 square miles have been protected from development by King County's TDR Program, roughly twice as much land preserved by the next most successful TDR Program in the United States” (City of Seattle, 2006).

The Puget Sound Regional Council (2001) noted in one of their regional newsletters,

#### ‘Downtown Seattle Booms’

“A housing boom in downtown Seattle during the last decade shows that many people are attracted to living in a lively urban environment close to arts, culture, shopping and downtown jobs. From 1990 to 2000, Seattle's downtown population jumped by 67 percent, while the rest of the city grew by 9 percent. In 2000, Seattle's population reached an all-time high of 563,374. Seattle is carrying out a number of programs aimed at increasing housing affordability in the city:

- **Housing bonus:** Allows new developments additional density when developers provide new affordable housing or contribute to the production of new affordable housing.
- **Transfer of development rights (TDR) program:** Focuses on the preservation of existing low-income housing. Permits the transfer of unused development rights from low-income housing sites to downtown office and hotel developments.

*“Transferable Development Rights:* The purpose of the City’s Transferable Development Rights program is to provide incentives for preserving low-income housing and other structures downtown. Transferable development rights are marketed by commercial developers seeking to maximize the densities for new development on their sites. The TDR program has, to date, contributed to the preservation of 381 low-income units in seven buildings downtown. At present, it is estimated that between 800,000 to 1.4 million square feet of floor space are potentially eligible to carry transferable development rights.

*Transfer of Development Rights Bank:* In addition, the City has an active “Transfer of Development Rights Bank”. The purpose of banking TDR rights is to purchase and hold development rights until they could be resold on the market. Currently, the total square footage in the TDR bank is about 542,000 square feet. In the current downtown real estate market, it is anticipated that these banked development rights will be marketable, contributing to the preservation and potential rehabilitation of low-income units” (City of Seattle, Affordable Housing Indicators, 1998).

- **Tax exemption for multifamily housing:** Stimulates new multifamily housing construction or the rehabilitation of vacant or underutilized buildings for multifamily housing in the city's designated urban villages. (Currently available in jurisdictions with populations over 30,000.)
- **Location efficient mortgage:** Homebuyers who purchase a property in Seattle and work within the Seattle city limits may qualify for a higher loan amount than with a traditional mortgage. The idea is that people who live in urban neighborhoods close to transit and services don't need to necessarily own a second car and can afford a higher mortgage payment.
- **Hometown home loan:** Gives special interest rate and other discounts to employees of the city of Seattle, University of Washington, and other major Seattle institutions” (Puget Sound Regional Council, Regional View Newsletter, 2001).

### **Jurisdiction: Montgomery County, Maryland**

TDR programs are often utilized by communities that are seeking to preserve rural areas and open spaces as well as increasing options and housing stock for affordable housing in their dense, urban areas. *The National Governor’s Association (NGA) Center for Best Practices* recognizes Montgomery County, Maryland as successful in both areas:

“In 1980 Montgomery County, Maryland, down-zoned agricultural land from a maximum density of one house per five acres to one house per 25 acres. The County also designated this land the Rural Density Transfer Zone (sending area), allowing landowners to sell one development right per five acres. The County established an initial receiving area, which could

accommodate up to 3,000 development rights. Each development right purchased entitled receiving area landowners to build one more housing unit than otherwise would have been allowed.

Prior to 1980, the County lost an average of 3,500 acres of farmland per year to development. In the ten years following establishment of the TDR program, the County lost 3,000 acres to development, a drop of approximately 92 percent. By the end of fiscal 1997, the program had protected 39,180 acres out of a total sending area of 89,000 acres. The program was successful because development restrictions on sending area properties created a strong incentive to sell development rights. Moreover, demand was strong due to the County's rapid growth rate and the desire for greater densities in receiving areas. Finally, the County was proactive in educating landowners, developers, realtors, and attorneys about the program”<sup>1</sup> (NGA Center for Best Practices, 2001)

---

<sup>1</sup> Western Governors Association, The Trust for Public Land, and National Cattlemen's Beef Association. [\*Purchase of Development Rights: Conservation Lands, Preserving Western Livelihoods\*](#). Tucson, Ariz.: University of Arizona, 2001.

## Affordable Housing Districts

**Objective:** Affordable Housing Districts are areas targeted for affordable housing development. Within these areas, special zoning exceptions may be applied, such as relaxing height restrictions and decreasing parking requirements, to offset developer costs of producing affordable housing. Affordable Housing Districts are often formed in urban neighborhoods where the cost of developing new housing is high, but can be created in any areas where affordable housing is needed.

### Highlights

- Targets areas for affordable housing development.
- May be located in urban, suburban, or rural areas.
- Costs of developing affordable units are offset with zoning exceptions, such as relaxed height restrictions and reduced parking requirements.
- Usually applied with other incentives.



*The Promenade, located in Grand Forks, ND, consists of 127 units of affordable housing in 5-Plexes, Duplexes, and Single Family Homes for ownership.*

### Jurisdiction: Grand Forks, North Dakota

Grand Forks started developing affordable housing districts in 2003. In exchange for special concessions on tax assessments and land standards, developers in these areas agree to build higher density, smaller entry-level homes. In the years prior to these efforts, only 14 affordable units were built in the entire city. However, since 2002, of the 106 homes built in the affordable housing districts, over 57% meet affordable housing target prices. The Grand Forks Housing Authority will ensure that a minimum of fifty-one percent (51%) of the housing units developed will be sold to families with incomes at or below eighty percent (80%) of the Area Median Income, adjusted for family size.

### Jurisdiction: Corte Madera, California

“Corte Madera is a small community located in affluent Marin County, California. Originally, the town was home to modestly priced housing built to accommodate post World War II growth. Over time, however, decreasing land supply, surging demand, economic growth and unnecessary or excessive regulations resulted in skyrocketing home prices. Today, the average sales price of a home in Corte Madera is more than \$800,000.

In 2002, the town began to focus on regulatory barriers. Corte Madera changed its land use and related regulations to encourage affordable housing through the creation of an Affordable Housing District, as well as other broad-based regulatory reforms. For a small town, results have been dramatic—a 79-unit affordable housing project, various mixed-use projects with low-income and work force housing units, and a number of accessory or "granny flat" units.

**Specific Actions Taken:**

- Corte Madera created an Affordable Housing Mixed Use District that tripled density and required at least 50 percent of units be affordable. (Ord. 18.18.700)
- The town increased densities in a number of residential districts. (Ord. 18.18.625)
- The town waived most fees reducing the cost of building or rehabilitating affordable homes. (Ord.18.18.600)
- Local officials reduced parking standards for all affordable housing. (Ord. 18.18.615)
- The town streamlined environmental reviews and other approval requirements for mixed-use and accessory units” (HUD No. 05-092, News Release, June 29, 2005).

**Eligible Target Population:** The affordability level of the designated units can target one income group, such as households earning 50% of the median income, or may serve a range of income levels determined by individual jurisdictions.

**Infill Housing Development**



*Vacant lot in Pierce County, Washington, a prime location for infill development*

**Objective:** Infill housing development is generally used in urban growth areas to encourage the development of vacant land or the redevelopment of blighted properties. It is a valuable land use tool for localities interested in limiting suburban sprawl and implementing smart growth policies.

Prime locations for infill development include downtowns, economically depressed neighborhoods ripe for revitalization, transit corridors and any location near employment, shopping, recreational and cultural centers. Infill development can be expensive, so developer incentives are often employed to help reduce the costs of

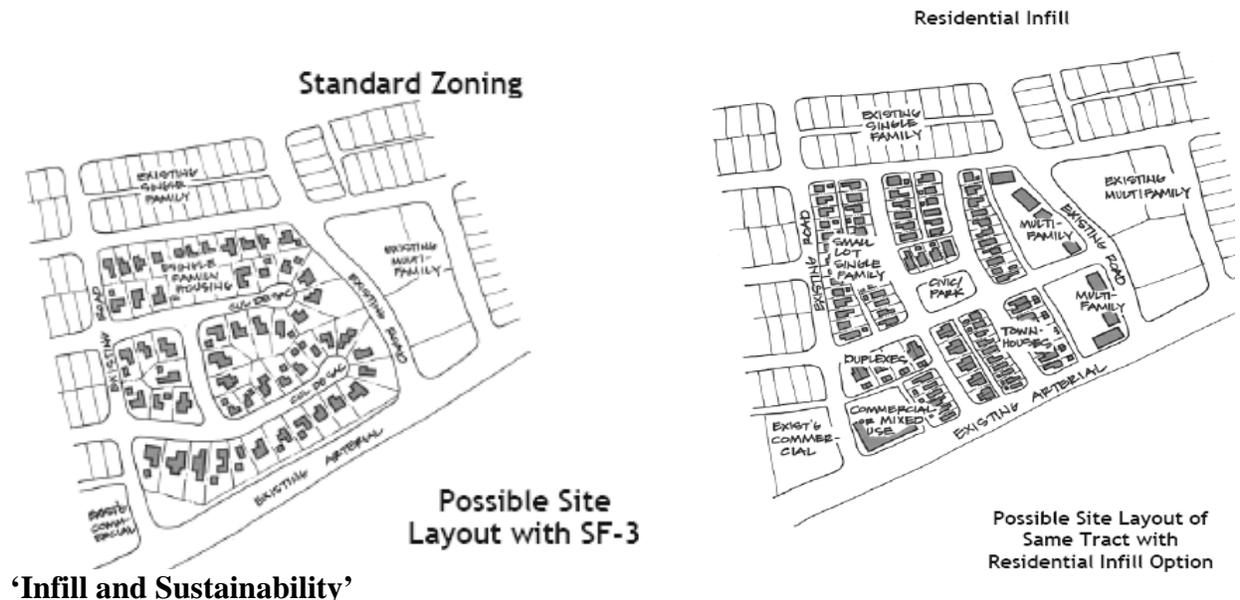
residential development. Incentives such as upgrading the local infrastructure, adding public amenities and lowering impact fees encourage residential infill development and make the inclusion of affordable units more feasible.

**Highlights**

- Useful in urban growth areas such as downtowns, economically depressed neighborhoods, transit corridors and locations near employment, shopping, recreational and cultural centers.
- Limits suburban sprawl and promotes the principals of smart growth and sustainability.
- Developer incentives encourage the inclusion of affordable housing in new residential developments.

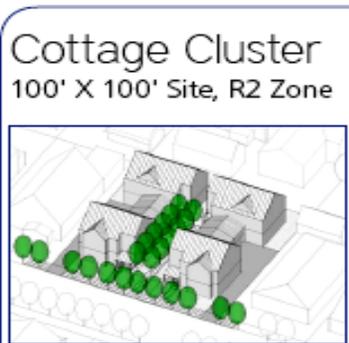
**Jurisdiction: City of Austin, Texas.**

Austin stresses the practice of infill development as a vital portion of planning for the city’s future and sustainable growth:



Over the last few years the concept of sustainability has begun to change how we view the growth and development of cities. Sustainability is defined generally as ensuring a resource is not depleted or permanently damaged by current and future generations. A central component of sustainability and the basis for encouraging infill development, is maintaining the long-term viability and health of a community's economy, social equity and environment.

- Infill supports a strong economy by maintaining population, jobs and businesses within the city.
- Infill supports social equity by providing convenient access to basic services and jobs, reducing the cost of transportation by reducing dependence on the automobile, and minimizing taxes needed to support the spread of development on the city's edge.
- Infill helps to provide a more diverse housing supply allowing more area residents to live in the central city.



Site Axonometric View

- 4 units (1,500–1,950 sq.ft each) arranged around a common green, either attached or detached.
- Intended to allow fee simple ownership, with common green held as a common tract.
- Massing of front units reflects neighborhood patterns of houses on 50'-wide lots.



Precedents

- Infill greatly benefits the environment by reducing air pollution produced from commuter auto traffic, preventing degradation of undeveloped areas and preserving open space.

By choosing the Infill Special Uses, a neighborhood is helping to ensure a more sustainable pattern of growth for Austin” (City of Austin, Neighborhood Plan Combining Districts: Options for Neighborhood Planning Areas, 2004).

**Jurisdiction: Portland, Oregon – Infill Design Project**

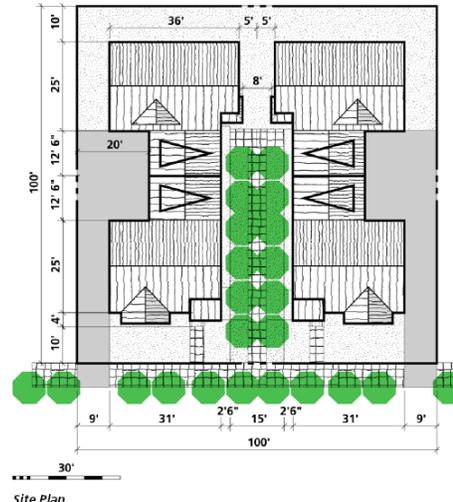
“The Infill Design Project’s objective is to improve the design of multi-dwelling and row-house development in neighborhoods outside Portland’s Central City. The project’s primary focus is development in the low- and medium-density multi-dwelling zones (R1, R2, and R3), located primarily along transit corridors, and similar development in commercial zones.

**The challenge:** The project brings together a diversity of community stakeholders, including neighborhood residents, designers, developers and City agencies, to find solutions to a wide range of design-related issues. The range of priorities being considered includes those as diverse as:

- Accommodating greater density while respecting desired neighborhood character.
- Encouraging quality design while facilitating affordable housing.
- Providing for automobile parking while contributing to pedestrian-friendly street frontages.
- Meeting our density goals while providing usable open space.
- Minimizing impervious surfaces while ensuring durable vehicle areas.
- Allowing the new while respecting the old.

The Infill Design Project has also published a ‘Housing Prototype Guide’ (2006) to be included with a forthcoming ‘Infill Design Guide.’ The housing prototypes are intended to serve as a problem-solving tool to help improve the design of medium density infill housing projects, particularly in the R2 and R1 multi-dwelling zones.

The prototypes highlight medium-density housing types and configurations that are suitable for common infill situations, meet City regulations and design objectives, and are feasible from a market perspective. They illustrate solutions for common infill design challenges such as balancing parking needs with pedestrian friendly design and providing usable open space while achieving density goals. They are also intended to help broaden the range of housing types being built in Portland by presenting innovative configurations, with a particular focus on arrangements conducive to ownership housing. The prototypes are based on site configurations common in different parts of the city, such as those of close-in neighborhoods where infill sites are typically in increments of the 50'-wide lots established by Streetcar Era platting; and the very different sites typical in Outer East where lots are larger but disproportionately deep. This set of housing prototypes is intended to be the beginning of a collection that will be added to over time to expand the range of design solutions” (City of Portland, 2006).



### Guiding Criteria

The housing prototypes were designed to:

- Meet City regulatory requirements.
- Be financially realistic.
- Minimize the prominence of vehicle areas, while limiting impervious surfaces and providing at least one parking space per unit.
- Provide usable outdoor space.
- Respond to typical neighborhood contextual situations (through site design, arrangement of building volumes, etc.).
- Include configurations conducive to ownership housing (such as by allowing housing units to be on separate lots).

### Regulatory Review

To ensure that the housing prototypes illustrate “approvable” configurations that can meet the requirements of the various City regulatory agencies, they have been reviewed by the following City bureaus:

- Planning;
- Development Services;
- Office of Transportation;
- Environmental Services (*regarding stormwater management*);and
- Fire and Rescue.

**Jurisdiction: Phoenix, Arizona – Infill Incentive Program**

The City of Phoenix offers several incentives designed to encourage residential infill development. Supported by a 1995 ordinance, Phoenix is able to waive a number of development related fees, contribute to the cost of off-site improvements, and focus blight control efforts in targeted infill development areas. Phoenix also created an “Infill Development Team” to help speed infill projects through the city planning process. Since establishment of the program, 3,175 new single-family homes have been built with approximately one-third of the units affordable for low- and moderate-income families.

**Eligible Target Population:** The affordability level of the designated units can target one income group, such as households earning 80% of the median income, or may serve a range of income levels, or may serve a range of income levels determined by individual jurisdictions.

### **Inclusionary Housing (Zoning)**

**Objective:** Designed as a local regulatory tool, inclusionary housing (zoning) requires developers to include a number of affordable homes in new residential developments over a certain size. The number of affordable units to be included in the new developments is based on a percentage of the total number of units in the development (generally 12% - 15%). The cost of providing the affordable units is often offset with a density bonus or other developer incentives. Additionally, the resale price of the affordable units is restricted for a number of years.

#### ***Highlights***

- Must be enacted through local ordinance.
- Applies to new residential developments at and above a certain size (e.g., 20 units or more).
- Cost of developing the affordable units is generally offset with development incentives.
- Price controls are set for a number of years (e.g., 20-30 years).
- Affordable units may target particular income groups or serve a range of incomes.

#### **There are two general types of inclusionary zoning ordinances utilized by jurisdictions:**

**Required:** The number of affordable units and their guidelines for inclusion into new developments are required for compliance.

**Flexible:** The jurisdiction may allow developers the opportunity to pay a proportional fee per unit or to include affordable units in another development, instead of including the affordable units at the present time and location.

#### **Jurisdiction: City of Redmond, Washington – Inclusionary Housing Ordinances**

The City of Redmond has mandated flexible inclusionary zoning ordinances (Ord. 20D.30.10 Affordable Housing) within two neighborhoods and for all new senior housing developments in the city. This ordinance is flexible in that it allows for payments in lieu of affordable units and the ability to develop the affordable units off-site from the proposed development. The following is an excerpt from Redmond’s Land Use Regulations Code:

#### **“20D.30.10-010 Purpose.**

The purpose of this section is to:

- (1) Implement through regulations the responsibility of the City under State law to provide for housing opportunities for all economic segments of the community.
- (2) Help address the shortage of housing in the City for persons of low- and moderate-income, helping to provide opportunities for low- and moderate-income persons who work in the City to live here, rather than in locations distant from employment that contribute to increased length and number of vehicle trips.
- (3) Help assure an adequate affordable housing supply in the City by offsetting the pressure on housing costs resulting from high job growth and construction of high-end housing.
- (4) Preserve land for affordable housing as the City continues to grow.

- (5) Promote development of housing that would not otherwise be built in the City. (Ord. 2126; Ord. 1756. Formerly 20C.20.016)

**20D.30.10-020 General.**

This section applies to: (1) all new senior housing developments and congregate care senior dwelling units, not including nursing homes; (2) all new dwelling units within the City Center Neighborhood; and (3) all new single-family attached and detached dwelling units within the Willows/Rose Hill Neighborhood. In areas where density limitation is expressed as a floor area ratio (FAR), density bonuses will be calculated as an equivalent FAR bonus.

- (1) **Affordable Housing. At least 10 percent of the units in new housing developments of 10 units or greater must be affordable units.** At least one bonus market rate unit is permitted for each affordable unit provided, up to 15 percent above the maximum allowed density permitted on the site. For example, if the maximum allowed density for the site is 20 units per acre, the density bonus shall not exceed three units per acre, yielding a total allowed density, with bonus, of 23 units per acre, or, 20 units x 15 percent = 23 units. The bonuses granted under this provision are in addition to any bonuses granted for senior housing under RCDG 20D.30.15, Affordable Senior Housing Bonus.
- (2) Affordable Housing – Low Cost Units. Each low cost affordable unit provided counts as two affordable units for the purpose of satisfying the affordable unit requirement under subsection (1). For purposes of computing bonus market rate units under subsection (1) of this section, two bonus market rate units are permitted for each low cost affordable unit provided, up to 20 percent above the maximum density permitted on the site.
- (3) Affordable Housing Calculation. The number of required affordable housing units is determined by rounding fractional numbers up to the nearest whole number from 0.5. The project proponent may propose to provide alternative payments for fractional portions of units, as provided for in RCDG 20D.30.10-020(2)(b).
- (4) Housing Construction Timing. Affordable home construction shall be concurrent with construction of market rate dwelling units unless the requirements of this section are met through RCDG 20D.30.10, Alternative Compliance Methods.
- (5) Duration. An agreement in a form approved by the City must be recorded with the King County Department of Records and Elections to stipulate conditions under which required affordable housing units will remain as affordable housing for the life of the development. This agreement shall be a covenant running with the land, binding on the assigns, heirs, and successors of the applicant. Prior to the issuance of any building permit, the owner shall sign any necessary agreements with the City to implement these requirements. The City may agree, at its sole discretion, to subordinate any affordable housing regulatory agreement for the purpose of enabling the owner to obtain financing for development of the property, consistent with any applicable provision of the Community Development Guide in effect at the time of the issuance of the development permit(s).

**20D.30.10-030 Alternative Compliance Methods.**

- (1) General. The Technical Committee may approve a request for satisfying all or part of the affordable housing requirements with alternative compliance methods proposed by the applicant, if they meet the intent of this affordable housing section.

- (2) Alternatives. The project proponent may propose one or more of the following alternatives, and must demonstrate that any alternative compliance method achieves a result equal to or better than providing affordable housing on-site. Housing units provided through the alternative compliance method must be based on providing the same type of units as the units in the project which gives rise to the requirement.
- (a) Affordable housing units may be provided off-site provided the location chosen does not lead to undue concentration of affordable housing in any particular area of the City and the site is within close proximity to employment opportunities and transit services.
- (b) Cash payments in-lieu of providing actual housing units may be provided. The formula for alternative payments will be established by an administrative order. The payment obligation will be established at the time of issuance of building permits or preliminary plat approval for the project.
- (c) The Technical Committee will consider other options for satisfying the affordable housing requirements, as proposed by the project proponent (Ord. 2126; Ord. 1756. Formerly 20C.20.016”).

**Jurisdiction: Montgomery County, Maryland**

“Montgomery County is widely credited to be the creator of inclusionary zoning ordinances in 1973. The County’s Moderately Priced Dwelling Unit (MPDU) Ordinance requires developers of projects of 20 or more units to make 12.5% to 15% of the new units affordable to lower-income households. In exchange for the affordable units, developers are granted a 22% density bonus.



*Single-family, affordable row housing, Montgomery County, Maryland.*

An MPDU has a legally enforceable control period of 30 years from the date of settlement and if the unit is sold during this time period the price is determined by the MPDU office. Owners are required to live in the MPDU as their primary residence throughout the 30 year time period. Since the inception of the ordinance in 1976, more than 11,800 affordable units have been developed. Developers reported their profits on projects with inclusionary units were about equal to those of market-rate developments. The County has the right of first refusal to purchase any MPDU put up for sale, and almost all units that are sold during the control period are purchased by the County or HOC.

**The goals of the MPDU program are:**

1. To produce moderately priced housing so that County residents and persons working in the County can afford to purchase or rent decent housing;
2. To help distribute low and moderate-income households throughout the growth areas of the County;
3. To expand and retain an inventory of low-income housing in the County by permitting the Housing Opportunities Commission (HOC) and recognized nonprofit housing sponsors to purchase up to 40% of the affordable units (HOC is limited to one-third); and

4. To provide funds for future affordable housing projects by sharing the windfall appreciation when MPDUs are first sold at the market price after expiration of the resale price controls.

Over the past several years there have been consistently about 2,000 households and individuals holding MPDU eligibility certificates. The MPDU program markets units to renters and first-time home buyers with incomes ranging from \$20,000 up to \$68,000 for families of 5 or more people. The median income of a 4-person family living in Washington Metropolitan area in 2005 is \$89,000. Households having an income at or below, approximately 70 percent of the area's median income, adjusted by family size, qualify for the program. Priority in the sale of the MPDUs is given to people who either live or work in the County.

The average annual MPDU production rate is about 250 units with an additional 200 units resold under the 10-year price controls. Because of the high demand for the MPDUs, the County conducts lotteries to select potential purchasers of the units in each offering. The units range in price from \$120,000 for a 2 bedroom condominium to approximately \$180,000 for a 3 bedroom detached house with a basement and garage.

MPDU units purchased by HOC are rented to households with low or very low incomes. Depending on the financing sources used by HOC to purchase the units, tenant incomes range from below \$10,000 to \$36,150 which is approximately 50% of the area's median income.



*Affordable single-family home,  
Montgomery County, Maryland.*

#### **Choice, Yet Affordable**

Included in the MPH program are detached and semi-detached homes (duplexes), townhouses, garden condominiums and high-rise condominiums and apartments. Under the present sales price limits, a three bedroom townhouse has a sales price of approximately \$165,000. Sales prices and rental limits are reviewed annually and are revised to reflect changes in construction costs.

#### **Program Acceptance and Criticism**

The MPDU program has received broad general support in Montgomery County. New home buyers are among the most vocal supporters because the program makes affordable housing available to persons who otherwise would not be able to purchase a house in the County. Employers and businesses are helped because the program makes housing available to entry level and mid-management employees. Affordable housing organizations and citizens' groups advocate for the program because it provides for a wide geographic distribution of low and moderate income housing which encourages economic and racial integration in the County. Elected officials back the program because of its low impact on any given community or neighborhood and because the program does not require a large financial investment by the County. Although, in the past, builders expressed objection to some of the procedures and regulations, they are generally supportive of the program and have made numerous suggestions for its improvement.

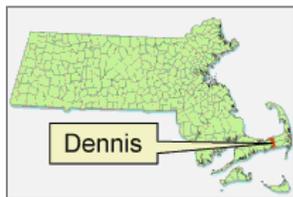
Some of the critics of the program are those who advocate no growth or slow growth because the program offers increased densities in existing zones. The MPDU Program has been criticized for causing additional congestion on County roads, and requiring more funding of County facilities,

infrastructure, and services. Because the units are not assessed at the full market value, "fairness in taxation" groups have criticized the program because MPDU owners do not pay a fair amount in property taxes relative to the amount of public services they receive.

It might be expected that criticism of the program would come from the communities in which the low and moderate cost housing is being built. This criticism has rarely occurred because the program is equally administered in all parts of the County and, if properly designed, only a small portion of a subdivision is built as low or moderate cost housing. The criticism that does occur from neighborhood groups most often deals with an insistence that alternative proposals of meeting the MPDU requirement be discouraged, and that all neighborhoods be subject to the same MPDU production requirement. MPDUs have not been shown to have a detrimental effect on the value of the market priced housing and the program has never been legally challenged by either developers or citizens” (Montgomery County, Maryland, 2006).

### **Jurisdiction: Town of Dennis, Massachusetts - Inclusionary Rural Zoning Case Study**

“The Town of Dennis is located on Cape Cod 76 miles southeast of Boston. The town is bordered by Cape Cod Bay on the north, Brewster and Harwich on the east, Nantucket Sound on the south, and Yarmouth on the west. Dennis offers a range of recreational opportunities including sixteen beaches, recreation trails, and other entertainment activities, such as festivals and summer theater provided by the Cape Playhouse, the nations oldest summer theater.



Dennis is committed to addressing its affordable housing shortage and, through zoning updates and the new Affordable Housing Action Plan, the town hopes to raise its affordable housing stock from 3.4 to 10 percent by 2015. To this end, Dennis's zoning bylaws, which were updated in 2003, include provisions for inclusionary zoning. The following conditions are specified in Dennis's Inclusionary Zoning Bylaws:

- 25% of residential units in a development that is built on 2.5 acres or more must be affordable.
- Accommodations for the provisions of affordable units include (1) density increases, (2) reduced minimum area requirement for affordable units, and (3) reduced off-street parking requirements.
- Affordable apartments can be built as accessory uses to both existing residential and commercial uses. Existing hotels and motels can be converted into affordable apartments.
- Municipally sponsored housing projects are provided with reduced requirements for minimum area, density, buffers, and parking.



*Dennis, Massachusetts inclusionary affordable housing utilizing infill development.*

**Critical Elements to the Program's Success:**

*Dennis, Massachusetts*

- **Stewardship** - The town has designated a new committee, the Dennis Affordable Housing Partnership, to facilitate affordable housing initiatives. A town staff member is the liaison between the Affordable Housing Partnership and Dennis Housing Authority.
- **Sound policy** - The new zoning bylaws mandate affordable housing construction and include complementary measures to make affordable housing development economically viable.
- **Funding** - Dennis applied for and received two Community Development Block Grants to rehabilitate existing units. To date, 24 units have been completed and an additional 25 units are scheduled for completion within a year.
- **Community support** - The Town of Dennis worked with local developers (for-profit and non-profit) to create the permit approval process for affordable housing projects” (Massachusetts Smart Growth Toolkit, 2006).

**Jurisdiction: Santa Cruz County, California**

Santa Cruz County’s Inclusionary Zoning Ordinances (17.10.030) requires the following for new developments of 5 units or more:

**“Inclusionary Definition:** The affordable housing obligation shall be calculated by multiplying the number of new dwelling units or new residential building sites by the affordable housing percentage for the type of projects below:

- Standard Development Projects: Construction of the number of affordable dwelling units equivalent in number to 15% of the total number of units.
  - Affordable housing projects meeting increased percentages of 25%-35% may also qualify for additional incentives, such as bonus density and priority processing.
- Congregate Senior Housing Development Projects: Construction of affordable dwelling units equivalent in number to 35% of the total number of units.



**Alternative Options to Satisfy Inclusionary Housing Requirement:** As an alternative to the construction of each affordable dwelling unit within a project may be satisfied by one or a combination of the following options:

- (1) Payment of an in-lieu fee.
- (2) Participation in the Existing Unit Conversion Program.
- (3) Financial contribution to a non-profit sponsored affordable housing project.

**Participation Agreement Procedures:** Prior to the recording of the Final Subdivision Map or the issuance of any Building Permits for residential units within the project, whichever event occurs first, an Affordable Housing Program Participation Agreement shall be signed by the Planning Director, or his or her designee, on behalf of the County and by the owners of the

property having authorization to encumber the property and by any existing holder of trust deeds on the property. The Participation Agreement shall be binding on the heirs, assigns and successors in interest of the property owner, and shall be recorded in the Official Records of Santa Cruz County.

The Participation Agreement shall include, at the minimum, the following provisions:

- (1) Binding of the Project Site with obligation to fulfill the agreed upon affordable housing requirements.
- (2) Lien on Designated Parcels creating an enforceable penalty for compliance.
- (3) Selection of Affordable Housing Option, which may be petitioned for change of circumstances.
- (4) Project Covenants, Conditions and Restrictions.
- (5) Enforcement. The Participation Agreement shall include a provision providing for the payment by the owner to the County of a reasonable rental value of an affordable unit from the date of any unauthorized occupation, and for the recovery by the County of reasonable attorney fees and costs required to pursue legal action to enforce the agreement” (Santa Cruz County, 2006). [Ord. 4509, 8/25/98; 4662 § 2, 4/23/02; 4764 § 4, 6/22/04; 4767 § 4, 8/3/04; Ord. 4783 § 4, 4/26/05; Ord. 4817 § 3, 3/7/06]



*'The Farm', located in Soquel, California*

**Jurisdiction:** Soquel, (A census designated place in unincorporated Santa Cruz County) California - Measure J Housing Program and 'The Farm'

**Measure J Below Market Rate Housing Program:** Measure J was the name of the 1978 voter initiative that created Santa Cruz County's growth management program and required affordable housing be incorporated into new development programs with five or more units. Today, as a result of this law and the resale price controls, there are over 465 homes located throughout the unincorporated County area that

continue to be affordable to qualified low and moderate income families and seniors. Sales and rentals of existing Measure J homes, as well as the continual development of new Measure J units, provide affordable housing opportunities for low and moderate income households in Santa Cruz County.

An award winning example of the Measure J Program's success is 'The Farm', the fortunate result of a compromise that matched community goals with those of a private developer and a non-profit sponsor of affordable housing. What began as a proposal by the owner/developer of an 11.5-acre former farmstead to develop the property into single family houses and a limited number of affordable rental apartments, ended with a development that provided the same amount of housing with 87 percent of it affordable, a new park, a child care center, and lots for single family houses that were built for sale at market rate to help fund the affordable housing.

### Accessory Dwelling Units (Attached and Detached)

**Objective:** Accessory dwelling units (ADUs) are intended to increase the supply of affordable and independent housing for a variety of households, increase home and personal security, provide supplemental earnings for people with limited incomes, and increase residential densities. This can occur by utilizing the existing infrastructure and community resources while protecting the existing character of single-family neighborhoods.

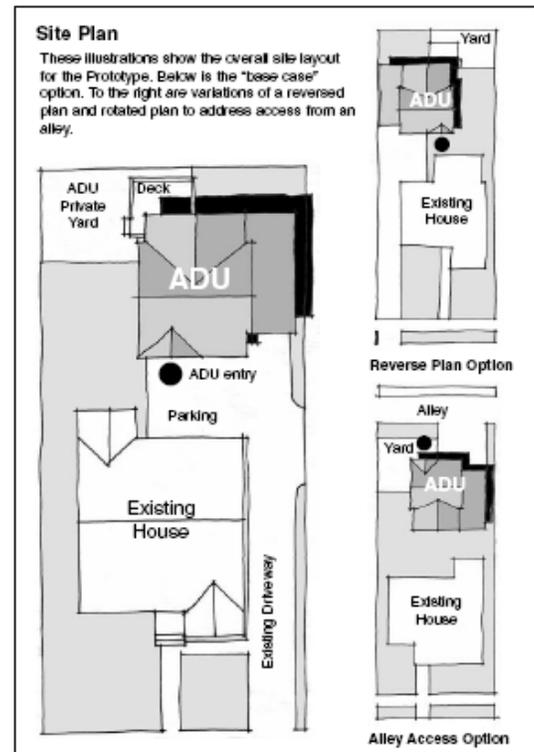
#### Highlights

- Local jurisdictions may opt to waive fees or provide further development incentives to promote the building of ADUs.
- Pierce County (P.C.C. 18A.35.080) currently permits 1,000 square feet accessory dwelling units within urban growth areas and locations outside these areas may increase the size to 1,250 square feet.
- ADUs add further options in an area's affordable housing stock.
- Special needs populations, such as the elderly who are living on fixed incomes, can use the added income from the rental of units to offset the costs of rising property taxes and utility bills, thus allowing them to stay in their homes.

#### Jurisdiction: City of Santa Cruz, California

Santa Cruz's award winning ADU program has instituted a series of zoning incentives and fee waivers for residents with low-income or average median incomes to build accessory dwelling units. They have also implemented programs such as:

1. "A Technical Assistance Program to assist homeowners in designing an ADU for their property. Included in the program are:
  - An ADU Plan Sets Book containing seven ADU prototype concepts designed by local and regional architects;
  - Five public workshops to showcase the prototype designs and receive input from community members;
  - An ADU Manual containing a step-by-step guide on how to plan, design, and obtain permits for an ADU;
  - An ADU Video containing highlights from the public workshops; and
  - A Technical Assistance Program to reimburse homeowners for up to \$100 to hire a building professional to help plan and design an ADU.
2. A Wage Subsidy and Apprentice Program to provide wage subsidies to licensed contractors employing apprentice workers trained by the Women Ventures Project of the Community Action Board on ADUs built within the city.
3. An ADU Loan Program offering loans up to \$100,000 through the Santa Cruz Community Credit Union.



Santa Cruz ADU Income and Rent Restrictions for 2004			
%AMI	Household Size	Maximum Total Income	Maximum Rent
8%	1 Person	\$43,800	\$1095
80%	2 Persons	\$50,050	\$1251
80%	3 Persons	\$56,300	\$1407
60%	1 Person	\$31,800	\$795
60%	2 Persons	\$36,300	\$908
50%	1 Person	\$26,500	\$662
50%	2 Persons	\$30,300	\$758

The income levels shown above must include all income from all persons (i.e., household) living in the home that are over 18 years of age.

To qualify for an ADU loan, a person must:

- Be a homeowner in the City of Santa Cruz at the same address as the ADU in either the main house or in the ADU.
- Have at least 50% of the loan amount as equity in the home.
- Agree to keep the rental unit affordable to low-income tenants for a period of at least 15 years.

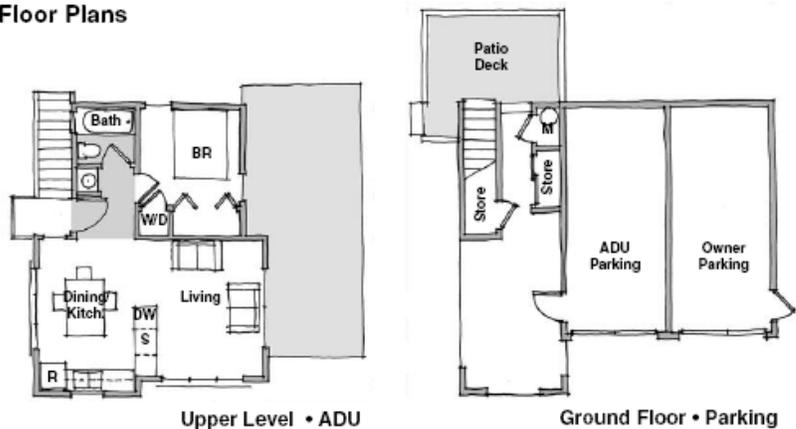
Meet and verify the income limits for tenants of the ADU unit:

- The ADU Loan Program restricts incomes and rents to provide for households at or below 80% of the Area Median Income (AMI). The typical household size for an ADU is usually not more than three persons. The table above illustrates the 2004 income and rent levels for 1, 2, or 3 person households. The figures are adjusted annually.

**Santa Cruz’s ADU Zoning Incentives** (Ord. 26.16.180) to encourage construction of accessory dwelling units are as follows:

1. **Affordability Requirements for Fee Waivers.** Accessory units proposed to be rented at affordable rents as established by the city, may have development fees waived per Part 4 of Chapter 24.16 of the Zoning Ordinance. Existing accessory dwelling units shall be relieved of the affordability condition upon payment of fees in the amount previously waived as a result of affordability requirements, subject to an annual increase commencing with the date of application for Building Permit.
2. **Covered Parking.** The covered parking requirement for the primary residence shall not apply if an accessory dwelling unit is provided.

Floor Plans



3. **Front or Exterior Yard Parking.** Three parking spaces may be provided in the front or exterior yard setback under this incentive with the parking design subject to approval of the Zoning Administrator. The maximum impervious surfaces devoted to the parking area shall be no greater than the existing driveway surfaces at time of application. Not more than 50% of the front yard width shall be allowed to be parking area.
4. **Tandem Parking.** For a parcel with a permitted accessory dwelling unit, required parking spaces for the primary residence and the accessory dwelling unit may be provided in tandem on a driveway. A tandem arrangement consists of one car behind the other. No more than three total cars in tandem may be counted towards meeting the parking requirement.
5. **Alley Presence.** If an accessory dwelling unit faces an alley as noted in the design standards in this chapter, the limitations on rear yard coverage as specified in Section 24.16.160 (2) and/or Section 24.12.140 (5) do not apply. Ord. 2003-17 § 2 (part), 2003; Ord. 2003-16 § 2 (part), 2003).

**ADU Fee Reduction / Waiver Program:** The City has a progressive Fee Reduction/Waiver Program for property owners who build an ADU for a household whose income level is at or below 60% or 50% of the AMI. Fees may vary by unit size and other design components. Typical City development fees for a new one bedroom, 500 square foot ADU might be about \$9,000. For providing rental housing to low income households at 60% of the AMI, a homeowner would save about \$6,000 in City development fees. For very low income housing at 50% of the AMI, the full \$9,000 would be saved.

As in the ADU Loan Program, rent and income restrictions are recorded on the property deed. However, restrictions for the Fee Reduction Program remain “in perpetuity” unless the homeowner chooses to pay these fees initially or at a later date. Under current regulations, affordable restrictions would be removed at this point.

**Units Eligible for Fee Waivers.** (Ord. 24.16.300)

Developments involving residential units affordable to low or very low income households may apply for a waiver of the following development fees:

1. Sewer and water connection fees for units affordable to low and very-low income households.
2. Planning application and plan check fees for projects that are one hundred percent affordable to low and very-low income households.
3. Building permit and plan check fees for units affordable to very-low income households.
4. Park land and open space dedication in-lieu of fee for units affordable to very low income households.
5. Parking deficiency fee for units affordable to very-low income households.
6. Fire fees for those units affordable to very-low income households” (Ord. 93-51 § 6, 1993) (City of Santa Cruz, California, 2003).

### Cottage Housing



*Historical Bungalow Court,  
16th Avenue, Seattle*

**Objective:** Cottage housing is small, detached houses that can be clustered around a common landscaped area. Currently, this type of housing is allowed in multi-family zones, but is now being considered for single-family residential zones across the nation. Standards for cottage housing would promote development that is similar in scale and design to traditional bungalows. Driveway or alley access to shared on-site parking can be accommodated with minimal impact on the neighborhood streetscape. Cottage housing can provide an affordable alternative to single-family home ownership and create additional affordable housing options in a community. Cottage housing is also becoming a high density, affordable housing option for special needs populations,

such as the elderly or, Elderly Cottage Housing Options (ECHO).

#### **Highlights**

- Cottage housing is a method of increasing affordable housing stock and providing first time buyers with increased home ownership options.
- It can be implemented on small lot divisions or utilized as infill development.
- Cottage housing may be used as transitional housing on traditional single-family lot sizes, allowing for future development of the rest of the building site.

### **Jurisdiction: Seattle, Washington – Housing Choices Project**

In 2005 the City of Seattle began to allow accessory dwelling units within the city limits. They also began to consider cottage housing as an alternative affordable housing option for cost burdened neighborhoods. The theory is that affordable housing options can be created by increasing the variety of housing types available to Seattle residents. As part of the Housing Choices project, Seattle’s Department of Planning and Development (DPD) worked with the Seattle Planning Commission on concepts for cottage housing. These concepts will form the basis for developing more detailed standards for this development type in the future. Historically



*Pine Street Cottages, 22nd Avenue, Seattle*

known as ‘Bungalow Courts,’ city planners have created a list of design standards for future cottage development:

- The number of cottage developments in a neighborhood should be limited.
- Basic site requirements establish the dimensional parameters for the development as a whole.
- Building height limit and maximum floor area result in a building form compatible in scale with the surrounding homes.
- Parking requirements help maintain on-street parking availability and screening standards ensure minimal visual impact.
- Open space plays an important role in the design of cottage developments.
- Design features help to create a compatible fit with surrounding homes.”

### Katrina Cottages or Transitional Affordable Housing

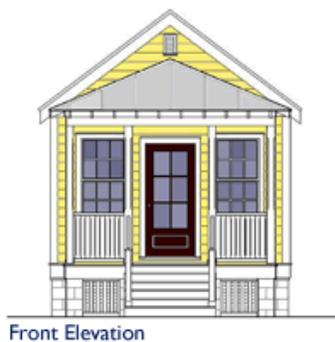
**Objective:** Jurisdictions around the nation have begun to implement cottage housing with zoning regulations as an affordable housing alternative option. Now, in an effort to aid the thousands of homeowners left devastated by Hurricane Katrina, architects and urban designers have begun to create safe, attractive, and affordable cottage housing designs, known as ‘Katrina Cottages. These cottages are being sold as designs, building kits, and modular homes to serve as transitional housing in hurricane devastated regions. Katrina Cottages are being hailed along the Gulf Coast as not only a solution to the recent devastation wrought on the area’s housing supply, but also a weather resistant and more durable alternative form of housing, incorporating a transitional housing design that allows homeowners to live on their property comfortably while they rebuild or construct, but also as an affordable housing solution that may benefit citizens nation-wide.



*Views of a modular Katrina Cottage for display.*

Recently, Congress allotted additional funding for hurricane recovery in the Gulf Coast region as part of the Emergency Supplemental Appropriations Bill that has been sent to the President for his signature. The legislation designates \$400 million for an “alternative housing pilot program” featuring Katrina Cottages to be created as modular homes. As of November of 2006 Lowe’s, a national retailer, contracted to begin selling Katrina Cottage building kits in the Gulf Coast region, allowing citizens to purchase almost everything necessary for a Katrina Cottage at their nearest shopping center and to build their own affordable housing. Successful outcomes with Katrina Cottage as an alternative for affordable housing may soon spread across the nation.

#### Highlights



Front Elevation

- Katrina Cottages are a method of increasing affordable housing stock and may provide transitional housing to homeowners unable to afford other housing options at the time of development.
- Katrina Cottages can be implemented on small lot divisions or utilized as infill development.
- Prices for building a Katrina Cottage range from \$45 to \$55 a square foot, or from about \$25,000 to more than \$50,000, depending on options and finished size. They may be factory (modular) or site built.
- Katrina Cottage’s popularity may surge nationally due to Congressional Alternative Housing Funding on the Gulf Coast, as well as the participation of national retailer Lowe’s, which has recently contracted to carry the supplies necessary for building a Katrina Cottage, beginning in that region and with the possibility of national sales.

**Jurisdiction: State of Mississippi – Katrina Cottages**

*‘eNewsletter from the Governor’s Office of Recovery and Renewal, April 25, 2006: Katrina Cottage’*

“The State of Mississippi has proposed to the Senate Appropriations Committee a pilot program to build 20,000 Katrina Cottages for gulf coast residents currently living in travel trailers. The Katrina Cottage design, which offers a more comfortable, cost efficient temporary housing alternative, was created at the charette hosted by the Governor’s Commission in October. The proposal design parameters are being developed by a team of architects, builders and policy analysts. The small houses, modeled after Mississippi-style coastal cottages, are also safer and more hurricane-resistant than travel trailers. If successful, the pilot program could revolutionize the way temporary housing is handled following a natural disaster.” *State of Mississippi, Governor Haley Barbour’s Office, on Recovery and Renewal (2006).*



***‘Lowe’s Responds to Demand for Affordable Housing Solution’***

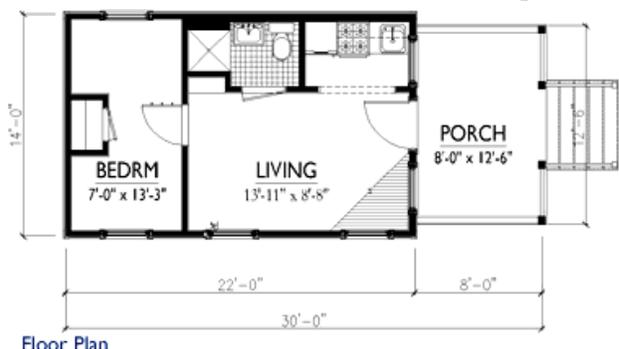
*Wednesday August 23, 10:19 am ET*

***Company Will Be Exclusive Retailer of Katrina Cottage Plans and Building Materials***

“MOORESVILLE, N.C., Aug. 23 /PRNewswire/ -- Lowe’s Companies, Inc., today announced it has finalized a licensed agreement with designer Marianne Cusato<sup>2</sup> to be the exclusive retailer of housing plans and associated building materials needed to construct Katrina Cottages. Four designs of the cottages will be initially available in Lowe’s stores throughout Mississippi and Louisiana.

*Interior views of a Katrina Cottage.*

"Lowe's is committed to the rebuilding efforts along the Gulf Coast and we believe this is a tremendous opportunity for area residents to establish a permanent place to call their own," said Larry D. Stone, senior executive vice president of merchandising and marketing at Lowe's. "We recognize that the home is our most valuable asset and we want to do all that we can to protect our customers' investment. That's why we're proud to make the Katrina Cottage available - it's an affordable, realistic housing solution we believe will help families begin to rebuild their homes and communities."



<sup>2</sup> All graphics in this section are of the Katrina Cottage, designed by Cusato Cottages, LLC ( [www.cusatocottages.com](http://www.cusatocottages.com) )



plans are designed to grow as large as 1,200 square feet, though a limited number of additional designs at 1,340 square feet are forthcoming.

Katrina Cottages, developed by Marianne Cusato in conjunction with a team of leading architects from around the United States including renowned architect and town planner Andres Duany, are designed to withstand heavy rain and winds up to 140 miles per hour, meet most hurricane codes and the International Building Code. The first four plans Lowe's intends to offer its customers range from 544 square feet to 936 square feet. Some of the

"What makes the Katrina Cottage so appealing is that it's a true solution, whether the cottage remains the same or grows structurally with the homeowner as time and funds allow," said Stone. "At Lowe's, it's important for us to offer our customers a permanent housing solution and that they know we're here for them every step of the way."

With the exception of construction costs of building the home, HVAC and foundation materials required by local building codes, the cost of a Katrina Cottage at Lowe's is virtually all-inclusive comprising of premium quality products like rot- and termite-resistant siding, durable 25-year warranted metal roofing, moisture and mold resistant drywall, framing, insulation, fixtures, electrical, plumbing and even appliances.

"Our vision for the Katrina Cottage is to provide homes that are safe and affordable, yet beautiful and dignified. With the help of Lowe's, the vision is now a reality," said Cusato. "I am pleased and honored to team up with Lowe's to bring the best in design, quality materials and new options for affordable housing to Lowe's customers."

Lowe's expects the Katrina Cottage plans to be available in select Mississippi and Louisiana stores beginning in late Fall of 2006. For more information about the original Katrina Cottage, visit [www.cusatocottages.com](http://www.cusatocottages.com)" (Lowe's Press Release, 2006).

**Permit-Ready Housing or Rehabilitation**

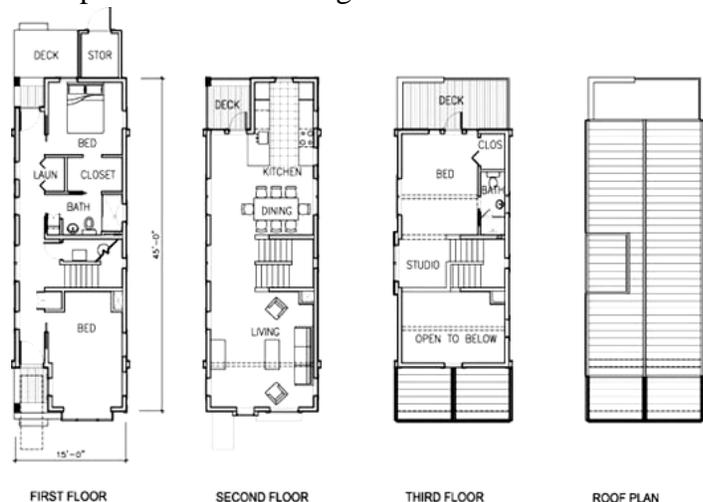
**Objective:** Permit-Ready housing is the result of several types of planning practices seeking to 1) utilize infill development on smaller urban lots for affordable housing and 2) streamline the permit process for affordable housing by utilizing pre-approved, city provided, designs and floor plans. Permit-Ready rehabilitation may also consist of pre-approved, refurbishing or remodeling plans for multiple prevalent housing styles located within a city.



*The 'Higgins,' one of two award winning designs selected for Permit-Ready housing from the City of Portland's 2003 competition for 25-foot narrow lot, house designs.*

**Jurisdiction: Portland, Oregon – Permit-Ready Houses** (Added by Ord. No. 179994, effective 4/22/06)

- “Purpose:** The special development standards for Permit-Ready houses facilitate the development of these houses in a variety of zones. This allows them to locate on narrow lots or infill sites that are difficult to develop and utilize existing infrastructure. Permit-Ready houses add to the stock of well-designed houses and promote opportunities for affordable housing by adding more housing options and decreasing impact and design fees for developers.
- Description:** A Permit-Ready house is a house whose design has been approved by City Council and the construction drawings are provided through the City of Portland.
- Where These Regulations May Be Used:** The regulations of this chapter apply to new Permit-Ready houses proposed for lots and lots of record that are less than 36 feet wide as measured at the front setback. The regulations of this chapter apply only to the house; other development on the site is subject to the regulations of this Title, (or the normal site zoning and building regulations required for other types of projects on the site).



- **Where These Regulations May Not Be Used:** While Permit-Ready houses may be built on any lot where a house is allowed, the regulations of this chapter may not be used in the following situations:
  - A. Lots at least 36 feet wide.
  - B. Exterior changes and alterations.
  - C. Adjustments and modifications.
  - D. Historic and conservation districts.”(City Of Portland, Living Smart Program)

**Jurisdiction: City of Oak Ridge, Tennessee – Housing Re-Design Program**

“The City of Oak Ridge is providing free, permit-ready house plans showing renovation options for 10 original Oak Ridge housing styles that update the living spaces for today's families. With three different designs for each house, a total of 30 sets of house plans are available at the city's Community Development Department. The free house plan program aims to encourage people to purchase and renovate the city's aging housing stock, as well as help make the renovation more affordable, according to the city's Community Development Department, who proposed the program to Oak Ridge City Council. After Council approved the plan, the city hired an architect to develop the plans. The design firm partnered with the city in identifying houses for the renovation plans and in marketing the concept. The program is viewed as a progressive plan for improving the affordable housing market in Oak Ridge by renovating and preserving existing housing stock. The free house plans are available to anyone, regardless of income. Those using the plans are eligible for permit fee waivers on almost all permitting fees” (HDC of Clinch Valley, Tennessee).



*Example of an original housing style found in some areas of Pierce County, Washington, which could be rehabilitated, preserved, and benefit from a Housing Rehabilitation Program.*

## Upzoning – Increasing Densities

**Objective:** Upzoning is one of the most basic and potentially effective techniques for promoting housing affordability. It involves the selective rezoning of residential land to allow greater density (measured by the number of housing units that can be placed on a parcel of land). Higher density can include both multi-family and single-family housing. Cities that allow higher densities may also enact special design requirements to ensure that new higher density developments are compatible with existing housing in the community.



*New Holly, Phase 1, Seattle, Washington*

### Benefits:

- Increasing allowable density generally has the effect of reducing land and site development costs for developers, letting them spread these costs over a larger number of units, and therefore, reducing purchase prices for homes and rents for apartments. Site development costs include the labor, material and equipment expenses for the construction of roads, sidewalks, water and sewer lines, drainage, landscaping, and other on-site work.
- Higher density urban development 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, assuming it is adequate to serve growth (Municipal Research and Services Center of Washington, *Affordable Housing Techniques for Government Officials*, 1992).

### Jurisdiction: Seattle, Washington - CTED Best Practices

#### Case Study: New Holly Phase 1:

“The Seattle Housing Authority has removed 871 units of aging, dilapidated housing and is replacing it with a mix of low-income, moderate-income and market-rate housing. New Holly is designed to blend into the surrounding neighborhood, ending the stigma and challenges often associated with high concentrations

of public housing. All 871 units of low-income housing will be replaced; many will be included in New Holly, while others will be created off-site.



*New Holly Phase 1  
Seattle, Washington*



*New Holly, Phase I  
Seattle Washington.*

### **Innovative Land Use/Zoning**

The original Holly Park was within a residential Urban Village area as preliminarily designated under the City of Seattle's Comprehensive Plan. The Urban Village, which is generally centered on the intersection of MLK Jr. Way South at South Holly Street, encompasses an area totaling 380 acres. Prior to the redevelopment of Holly Park, there were 1,500 existing households within the area with an approximate density of 3.3 households per gross acre. The estimated density for the Urban Village area for the year 2014 is 5.4 households per acre per the Seattle Comprehensive Plan. When New Holly is completed, the housing density level will be at approximately 10 homes per acre. Designation of this area as Residential Urban Village is reflected in the redevelopment plans for Holly Park and the proposed transit hub nearby.

The comprehensive plan provided a rezone of the Holly Park redevelopment in various phases, including some commercial zoning in Phase III. This initial rezone of Holly Park was completed prior to the redevelopment design planning process. A further rezone of Holly III was initiated through the Station Area Planning process. The city's Strategic Planning Office established a Station Area Overlay to encourage transit-oriented development, and included some zoning changes such as Pedestrian Overlays (allowing lower parking ratios for development closest to the light rail) station. Solomon E.T.C. put together the final rezone application for Holly III, which was approved by the City Council as a legislative rezone. The main thrust of the rezone was to allow higher densities and mixed-use development adjacent to the station area and the existing neighborhood shopping area. *Upzoning is being pursued for Phase 3 which is located on a major arterial and a proposed light rail station.*

### **Jurisdiction: Maricopa County, Arizona**

Maricopa County in their comprehensive, long range planning publication, '2020: Eye to the Future' considers upzoning as a component of affordable housing land use techniques.

"Zoning ordinances regulate such matters as density, lot sizes, setbacks, frontage requirements, and legally entitled uses. Zoning can have an impact on land values which, in turn, affects housing costs. As such, reducing land costs through increased density can be an important factor in achieving housing affordability.



*Maricopa County multi-family dwelling.*

Upzoning, which is the process of rezoning residential land to allow greater density, can increase affordability by reducing land and site development costs by spreading costs over a greater number of units, thus reducing the purchase price for homes and rents for apartments. Upzoning specific residential areas can also generate other potential benefits, such as reduced infrastructure

costs (reducing costs to both developers and taxpayers) and preserving open space by reducing the amount of land needed for residential development.

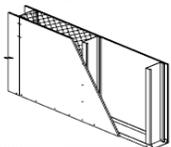
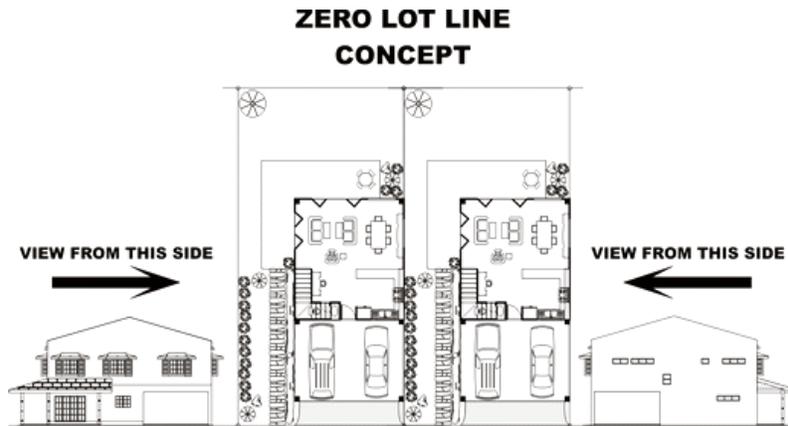
While higher density can be an important tool in promoting housing affordability, several policy issues should be considered. First, higher density residential development can generate community opposition due to concerns about development scale, increased congestion, impact on nearby property values, and the perception that persons living in higher density housing do not fit with existing lifestyles. Based on these concerns, attention to development design to ensure aesthetic appeal and the blending with surrounding areas is an important consideration” (Maricopa County; 2020: Eye to the Future, 2001).

**Zero Lot Line Development**

**Objective:** The benefits of Zero Lot Line (ZLL) development are similar to the benefits of small lot creation, higher density housing such as cottage housing and narrow lot developments. The ZLL development approach permits the lot width to be reduced, allowing for lower site development, utility, and materials costs. Increasing allowable density generally has the effect of reducing land and development costs, allowing developers to spread costs over more units, thereby allowing the ability to reduce final purchase prices for homeowners. Marketed as garden homes, patio homes and narrow-lot homes, their heights range from one to three stories and their designs and demographics vary greatly from neighborhood to neighborhood.

**Highlights**

- ZLL offers the opportunity to lower costs associated with high-density development while still maintaining the privacy and appearance of traditional single family housing.
- Increasing allowable density generally has the effect of reducing land and development costs, allowing developers to spread costs over more units, thereby allowing the ability to reduce final purchase prices for homeowners. This directly increases affordable housing options.
- ZLL siting provides a useful side yard, often incorporated into an outdoor living space.
- Pierce County currently allows Zero Lot Line development only in commercially zoned areas and by special application and consideration in planned development districts. Pierce County also requires firewalls, typically constructed with 1–3 hour fire ratings, on small lot developments within four feet of property lines.



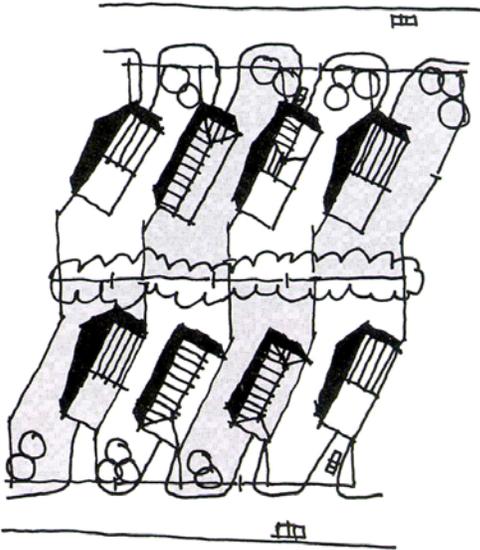
*Diagram of a 60 minute, non-load bearing firewall.*

**ZLL Improvements:**

- Local officials can utilize review criteria to encourage high-quality design and include provisions in their ZLL regulations that will ensure that this type of housing is compatible with conventional housing. With these provisions, ZLL housing can be well-suited to most single-family neighborhoods.



*One of the benefits of ZLL housing is the incorporation of traditionally under-utilized side yards into indoor / outdoor living spaces for residents.*



■ The Z-lot variation of the zero-lot-line concept is intended to reduce the negative visual effect of garage doors, thus enhancing the street appeal.

*Example of Angled Z-Lot siting. Source: Density by Design.*

- As developers around the country have gained more experience with ZLL development they have also been improving on the original concept with variations such as the "angled Z-lot," "zipper lots," and "alternate width lots." The angled Z-lot turns the home at a 45 degree angle to the street which enhances visual appeal and makes it possible to add more windows without compromising privacy. Zipper lots vary the depths of rear lot lines which concentrates open space on one side of the lot making wider lots possible with only garages located on the property line. Alternating width lots combine narrow and wide lots to give visual variety to the streetscape.
- ZLL development may be promoted by jurisdictions seeking to increase affordable housing options by partnering developments with additional incentives, such as fee waivers and density bonuses.

### **Jurisdiction: City of Bentonville, Arkansas**

Zero lot line (ZLL) development is a similar strategy to increase density in a single family detached environment. Bentonville, Arkansas was showcased in a HUD report (*Removing Regulatory Barriers to Affordable Housing*) as a success model for ZLL. Bentonville responded to a major Wal-Mart expansion and other job creation activities through passing a zero lot line ordinance to overcome a housing shortage. The ZLL district allowed developers to increase density to 16 houses per acres (including duplexes and detached units), instead of the conventional 4 units. *Average lot cost was reduced 50–75%*, and streets were narrowed to 24 feet, with sidewalks required on public streets.

The City of Bentonville's *Zoning Code: Quick Reference Guide* describes their ZLL zoning as "The R-ZL District is a moderate density residential district designed to permit and encourage the development of a variety of dwelling types including "zero lot line" units *suitable for a low cost per unit development*. To be approved, an R-ZL district must be efficient in the use of land and utilities. It should be considered compatible with other residential use and may be used to create a transition from purely residential districts to medium and high-density residential zones" (City of Bentonville, 2006).

**Eligible Target Population:** The affordability level of the designated units can target one income group, such as households earning 80% of the median income, or may serve a range of income levels determined by individual jurisdictions.

## Manufactured Housing



*Images: Western Homes Corporation, Silvercrest Multi-Family, Manufactured, and Developer Homes Series.*

**Objective:** With production costs substantially lower than conventionally built housing, mobile/manufactured homes represent a significant source of affordable housing, particularly for low- and moderate-income households. Manufactured housing today is no longer the stereotypical image of battered, single-wide trailers of yesterday, instead offering affordable housing options with spacious floor plans, energy efficiency, and utilizing the same designs offered by their more expensively built housing counterparts. Additionally, homes built after June 1976 have been constructed according to the standards adopted by the U.S. Department of Housing and Urban Development code (HUD) regulating construction standards. These homes may be placed either on private lots, which qualify for significantly lower interest rates in financing, similar to those offered to ‘stick built’ homes, or within privately owned residential parks at much higher financing rates. Residents of manufactured homes today still face significant barriers in multiple areas, such as higher financing rates than site built homes, stereotypes against manufactured housing as a form of infill development or urban placement, lack of security in the placement of their homes due to the high numbers of residential park closures, and older housing rehabilitation issues.

Today, jurisdictions across the nation are beginning to seek creative and innovative methods to preserve existing manufactured housing stock, address NIMBY (Not In My Back Yard) concerns from surrounding community members, and adopt ordinances to protect the rights of those residents in residential parks who face displacement. Highlighted in this section is Santa Cruz County, California which has created several unique manufactured home programs worth noting.

### ***Highlights***

- Today's mobile/manufactured homes built to HUD code standards are more attractive, safe, and durable than earlier models, and can provide not only affordable, but also high quality housing, to low- and moderate-income buyers.
- Offer an affordable housing option with spacious floor plans, energy efficiency, and the same designs offered by their more expensively built counterparts.
- May be utilized in both urban settings as infill development and rural settings.



*Further designs from the Silvercrest Homes Developer and Two-Story Series.*

The Municipal Research and Services Center of Washington, in their Affordable Housing Techniques Publication (1999), reports the following policy adaptations for aiding in preserving and enhancing manufactured housing as an affordable option for citizens.

**Key Policy Issues:**

- Cities that are planning under the new Growth Management Act are required to prepare comprehensive plans that include a housing element. The housing element must specifically identify sufficient land for housing, including manufactured housing, as well as other types of low- and moderate-income housing.
- Due to the variety in mobile/manufactured home styles, flexible community ordinances may be more useful for siting mobile/manufactured homes than restrictive ordinances which may not accommodate the full range of homes that are commercially available.<sup>3</sup>
- Local governments can establish a design review process utilizing appearance standards to ensure that mobile/manufactured homes are compatible with the neighborhoods in which they are sited.
- Allowing siting of mobile/manufactured housing on individual lots offers financial advantages. Because

mobile/manufactured housing is taxable as real rather than personal property in Washington State, allowing permanently sited, mobile/manufactured homes in residential zones provides a source of tax revenue. This is also advantageous to homeowners since permanently sited mobile/manufactured homes that are compatible with their neighborhoods are likely to hold their value and be eligible for long-term loans.

- Provision in zoning codes for enough mobile/manufactured park sites to provide competition among park owners will help ensure attractive, low-cost living environments for mobile/manufactured home owners.
- Community controls can ensure that allowable lot sizes are small enough to make the development of mobile/manufactured home parks cost effective for developers and affordable for home owners. Space saving siting techniques such as zero lot lines and clustering are also useful in mobile/manufactured home developments.
- Infill development is an option to consider in siting mobile/manufactured housing on individual lots. This is particularly true if the lots are small or irregularly shaped, including surplus rights-of-way.

<sup>3</sup> Municipal Research and Services Center of Washington (1999). Affordable Housing Techniques Publication. Retrieved October 26, 2006 from <http://www.mrsc.org/Publications/textaht.aspx#mobile>

- Communities may want to consider offering density bonuses as an incentive to mobile home park developers who agree to accept older, displaced mobile homes.<sup>4</sup>

### **Jurisdiction: Santa Cruz County, California - Mobile Home Park Purchase Program**

“Mobile homes represent a unique form of housing in our community. Because of that, the Redevelopment Agency has, since 1989, been implementing a program to assist in resident or non-profit acquisition of existing mobile home parks. Through these efforts, the units can be protected as long-term affordable housing, residents can gain greater control over their parks, and the physical condition and quality of life in mobile home parks can be improved.



*Manufactured Home Park in Santa Cruz County, California.*

There are many advantages in resident or non-profit acquisition of a mobile home park. However, any conversion

requires a complex real estate transaction, significant private and/or public financing sources, and considerable effort by the affected residents. It is important that residents carefully consider all options before proceeding with such a project.

This program is designed to:

- Work with residents who are committed to the purchase and will actively participate in the process. To this end, the Agency will work only with resident associations whose members can demonstrate this commitment;
- Include resident financial participation and a basic skill level or training commitment from the residents to ensure that the resident association is capable of handling the full range of responsibilities connected with ownership (required where co-op ownership structure is an option);
- Ensure that deferred maintenance issues are addressed at the time of a conversion;
- Match the appropriate form of Agency assistance to the needs of the residents; and
- Work with professional property management companies who have experience working with non-profit/resident boards of directors and managing mobile home parks, and who have a working knowledge of the funding sources and associated reporting requirements which apply to a given project.

There are three different methods that the Agency may use to assist with park purchases.

***Independent, privately financed conversions with no financial assistance required.*** These are parks in which the residents are able to proceed with park purchase and have the financial means to qualify for private financing. The Agency can provide some basic help in starting the process,

<sup>4</sup> McIntire, J. L. and McFadden M. (1990). *A Model Ordinance for Siting Mobile/Manufactured Home Parks: Mobility, Permanence, and Affordability*, Institute for Public Policy and Management, Graduate School of Public Affairs, University of Washington, for the Office of Mobile/Manufactured Housing, Housing Division, Department of Community Development, State of Washington, Olympia, Washington.

such as information on ownership options and financing and funding options, and the names of consultants who have assisted in the conversion of local parks.

***Independent, privately financed conversions with some financial assistance needed.*** These are privately-financed projects where there is significant interest and financial commitment towards purchase, but a critical number of residents cannot afford to participate. In these cases, the Agency can provide limited financial assistance in the form of loans to individuals. Under existing guidelines, these loans can be up to \$10,000 each, to no more than 15% of the households in the park. Loan recipients must be low income, and must occupy their mobile homes. Interest rates are slightly below prevailing rates.

***Financial assistance required.*** In these parks most of the residents are low income and do not qualify for bank financing for the park purchase. The Agency may refer the resident association to a consultant (usually a non-profit housing developer) with experience in this area, who can assist in the logistics of the conversion and in obtaining outside funding. The agency can also provide financial assistance in the form of loans or grants to help with predevelopment costs to determine project feasibility, or with the park purchase or rehabilitation.



*Oscales Community / McIntosh Mobile Home Park, Santa Cruz County, California. Acquired by the County's Redevelopment Agency and converted into a home-owner cooperative.*

Conversion of these types of parks requires substantial financial assistance. Some things to consider in looking at the feasibility and desirability of this kind of project are:

- Agency funds must be leveraged with other state, federal and/or private funds, including some matching funds from the residents;
- There are restrictions placed on the resale of mobile homes, to ensure long term affordability;
- There will be ongoing involvement of the non-profit developer in park management for a

minimum of several years;

- This type of purchase and conversion - whether it is to a limited equity cooperative or to non-profit ownership - is very complicated and takes a significant commitment of time. There is no guarantee of success, as it requires pulling together a number of pieces which are not controlled by any one entity (state grant funding plus private financing plus Agency funding, etc.).

### **Jurisdiction: Santa Cruz County, California -Mobile Home Rehabilitation Program**

The Mobile Home Rehabilitation Program is designed to preserve, strengthen, and improve neighborhoods through housing rehabilitation. Loans are made available to low and very-low-income residents to alleviate health and safety hazards, perform repairs which extend the life of the structure and provide improved living conditions and to modify housing units to provide handicap accessibility.

Loan guidelines include:

- Owner must qualify as low income with a priority given to very-low-income households;
- Mobile home must be owner-occupied;
- Maximum loan amount is \$50,000
- Interest rate is 3% simple annual;
- Payment terms are tailored to borrower's ability to repay;
- The property must be located within the unincorporated area of Santa Cruz County which includes the San Lorenzo Valley, Live Oak, Soquel, Aptos and Freedom areas;
- Work must be done by an Agency approved and state licensed manufactured housing contractor; and
- Eligible project expenses are paid from a construction escrow account with owner's written approval" (Redevelopment Agency, County of Santa Cruz, California, 2006).

### **Manufactured Housing Park Closures**

The Municipal Research and Services Center of Washington reports, "the problem of siting mobile/manufactured homes in Washington has recently become more pressing due to an increase in the number of mobile/manufactured home park closures. Park closures, particularly in urban areas where the number of parks has been dwindling, have caused the displacement of many mobile/manufactured homeowners, leaving them with few, if any, alternative sites for their homes. In many cases, the homes that are displaced are older, single-wide models that are difficult to relocate because of restrictions placed by local governments and park owners. In 1991, the Washington State Legislature passed a new law establishing the Mobile Home Relocation Assistance Program to provide financial assistance to low-income mobile home park tenants who are forced to relocate due to a park closure. In addition to the financial assistance measure, this law also exempts mobile homes that are relocated due to a park closure from complying with the requirements of city or county fire, safety, or construction codes. [See RCW 59.21.105]"<sup>5</sup> However, funding is limited and many homeowners throughout Washington State today report that they are unable to obtain timely financial assistance or aid in finding a suitable location in which to move their manufactured housing.



*Cliffwood Estates Mobile Home Park Share Purchase Program, Santa Cruz County, California.*

### **Jurisdiction: Santa Cruz County, California - County Code**

In addition to the County's Redevelopment Agency, further regulations have been implemented in the Santa Cruz County Code to safeguard unnecessary park conversions and aid the residents who may be impacted negatively from closures.

<sup>5</sup> Municipal Research and Services Center of Washington (1999). Affordable Housing Techniques Publication. Retrieved October 26, 2006 from <http://www.mrsc.org/Publications/textaht.aspx#mobile>

**Chapter 13.30.010-060. Mobile Home Park Conversions****“13.30.010 Purpose.**

The unrestricted conversion of mobile home parks to other uses diminishes the mobile home stock and spaces available. The protection of residents and potential purchasers of mobile homes warrants the implementation of certain regulatory safeguards. The County recognizes the need to insure that the private sector exercises its responsibilities to provide varied housing choices and opportunities, and that the County participation in this responsibility is necessary. (Ord. 2844, 1/15/80)

**13.30.030 Applications for mobile home park conversions.**

- (a) The use of property as a mobile home park shall not be terminated for the purpose of conversion to another land use until application for a mobile home park conversion has been made to the Planning Director and approval has been received from the Planning Commission or the Board of Supervisors on appeal.
- (b) No building permit shall be issued on property occupied by a mobile home park for uses other than those associated with the mobile home park use until approval for mobile home park conversion has been obtained pursuant to this chapter.
- (c) Applications for a mobile home park conversion shall be made to the Planning Director with the filing fee prescribed by resolution of the Board of Supervisors. The application shall contain the following information:
  - 1. Plans indicating the use for which an application for conversion is made.
  - 2. The timetable for conversion of the park.
  - 3. If the proposed conversion is to a use not consistent with the underlying zone district, the applicant shall file concurrently an application for rezoning.
  - 4. The total number of spaces within the park; the number of spaces occupied; the length of time each space has been occupied by the present tenant; and the monthly rent currently charged.
- (d) An application for a mobile home park conversion shall be subject to environmental review in accordance with the County’s Environmental Impact Review Guidelines. (Ord. 2844, 1/15/80)

**13.30.050 Findings.**

An application for a mobile home park conversion may be approved if the following findings are made:

- (a) There exists sufficient mobile home space availability within the County of Santa Cruz to accommodate the mobile homes to be displaced by reason of the conversion.
- (b) The conversion will not result in the displacement of low income individuals or households who cannot afford rents charged in other parks.
- (c) That the age, type, and style of mobile homes within the park proposed for conversion can be accepted into other parks within the County of Santa Cruz.
- (d) If the conversion is to another residential use, that the tenants of the mobile home park will have first opportunity to occupy the units and the construction schedule will not result in long term displacements.
- (e) The proposed conversion is consistent with the County General Plan.
- (f) The proposed conversion is pursuant to the public health, safety and welfare.

(g) The conversion will not result in a shortage of housing opportunities and choices within the County of Santa Cruz. (Ord. 2844, 1/15/80)

**13.30.060 Conditions.**

In the approval of a mobile home park conversion, the County may attach conditions deemed reasonable in order to mitigate the impacts associated with the conversion. Such conditions may include, but are not limited to, the following:

- (a) Full or partial payment for relocation of mobile homes to another park.
- (b) If the land occupied by the park is to be sold, the tenants be given the first right of refusal accepting the offer of the seller for the purchase of the park including all improvements.
- (c) The tenants be given the option of a long-term lease of the land and purchase of the improvements.
- (d) An effective date of the approval of the conversion of not less than one year so as to provide sufficient time for the relocation of the mobile homes to other parks.
- (e) If the mobile homes cannot be relocated to parks in the area, the applicant may be required to purchase said mobile homes at fair market value, determined by an independent appraiser with mobile home expertise (Ord. 2844, 1/15/80)”  
(Santa Cruz County, California, County Comprehensive Code, 2006).

## Development Incentives

### Density Bonuses

**Objective:** Density bonuses are usually granted for projects in which the developer agrees to include a certain number of affordable housing units. Essentially, for every one unit of affordable housing a developer agrees to build, a jurisdiction allows the construction of a greater number of market rate units than would be allowed otherwise. Most often, density bonuses vary from project to project and do not exceed a particular threshold (for instance, 20% of maximum density) determined by local officials.

### Highlights

- Permits developers to build more units at a site than maximum zoning allows.
- Provided in exchange for the developer's agreement to build affordable housing on site.
- Density thresholds (such as 20% of total density) are set by local jurisdictions.
- Bonuses can be provided through local governments ordinances.

### Jurisdiction: King County, Washington - Density Bonus Program for Affordable Housing Overview

- The Density Bonus program is one of King County's incentive programs to encourage developers to build affordable ownership and rental housing. Density Bonuses are also provided for other public benefits such as open space, trails and parks; historic preservation; and energy conservation. (See King County Code 21A.34)
- The concept is that for every affordable unit that a developer promises to build, they can then 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.
- There are limits on both the zones where density incentives can be earned as well as a limit on the number of density bonuses allowed.

### Jurisdiction: San Juan County, Washington

While the San Juan Islands are known across Washington State for their rural, scenic beauty the County addresses an affordable housing shortage by calling for a density bonus program in their Comprehensive Plan (5.2.B.8 & 10) to encourage affordable housing development:

- Formulate a density bonus program to provide an incentive for creating affordable housing. Such a program should include standards for innovative site planning techniques which minimize road, sewer, water, and other infrastructure costs, and standards to limit adverse impacts of additional density on adjacent properties and uses.
  - For inclusion of 25 percent of the proposed units designated as affordable.
  - (Currently, this is packaged with a land use permit fee waiver but could be tied with other fee waivers as well according to San Juan County Planners.)



- In order to provide affordable housing, allow for small-scale agricultural operations, and maintain housing opportunities for all income groups in rural areas of the County, provide for a limited number of small-scale rural residential cluster developments of no more than eight dwelling units each within rural lands and Village, Hamlet and Residential Activity Centers.
  - (No more than two units per acre on five acre parcels.)
- Establish conditions regarding the allowable number, appropriate location, size, design, spacing, ownership, affordability, and permitted accessory uses in such clusters to ensure that such developments do not adversely affect the rural, natural and agricultural character of rural lands.
  - (However, limitations for the number of cluster units per Island (3) per year and no more than 100 units by decade shall be implemented.)

**Eligible Target Population:** The affordability level of the designated units can target one income group, such as households earning 50% of the median income, or may serve a range of income levels determined by individual jurisdictions.

## Fee Waivers: Impact and Land Use Regulation Fees

**Objective:** Impact fees are one-time charges assessed on new developments to help pay for new or expanded infrastructure to serve them. Revenue collected through impact fees helps fund the expansion of water and sewer lines to the new development, the building of new or improvement of existing roads or sidewalks in the area, and the creation of public amenities such as parks or new schools. Land Use Regulation fees consist of municipal permitting charges for services such as rezoning, subdivisions, and building or construction permits. Like all the other development costs, Impact and Land Use Regulation fees add to the final cost of housing. To make affordable housing projects more attractive to developers, many localities offer to waive fees associated with developments which include affordable housing units. Alternatively, a “proportional” impact fee program may be developed in which impact fees are adjusted according to the size of the housing unit. For example, single-family residences with smaller, more cost efficient square footages may be charged lower impact fees.

### Highlights

- Encourages affordable housing development by lowering developer costs.
- Makes affordable housing development more feasible in high-cost areas.
- Impact fees based on housing size and types, may encourage the development of smaller, less expensive housing units.

### Jurisdiction: Santa Fe, New Mexico

“Santa Fe offers impact fee waivers to private, for-profit, and non-profit developers creating developments in which at least 25% of the units are affordable to low-income households. Fees are reimbursed or waived for the affordable units only when the developer certifies the sale price, size of unit, size of household, and that the household income meets an affordable standard. These waivers include:

- Standard building permit fees for non-profit affordable housing developers. It also reimburses these fees for for-profit builders after the developer certifies the sales price, size of the unit, size of the household and that household incomes meet affordable standards
- Capital development impact fees for non-profit affordable housing developers and reimburses for-profit developers after the developer certifies the sales price, size of the unit, size of the household and that household incomes meet affordable standards
- Plan submittal fees for annexation, rezoning or subdivisions for low-priced housing developments (those providing no less than 75% affordable units) and waives building permit fees for low price units (those affordable to households earning less than 80% of median area income).
- Reduces the utility expansion charge for a meter service for a low priced dwelling unit (those affordable to households earning less than 80% of median income) to \$800 (compared to the standard charge of \$2,000)” (City of Santa Fe, New Mexico).



*Pueblo Hermosa, a Santa Fe, New Mexico Housing Authority affordable ownership housing project, utilized a converted resort.*

**Jurisdiction (City / State): Austin, Texas – S.M.A.R.T Housing Program**

“Fees waived for S.M.A.R.T. Housing™ (Safe, Mixed Income, Accessible, Reasonably Priced and Transit Oriented) developments include zoning, site plan, subdivision, building permit, construction inspection, and capital recovery fees. During the first three fiscal years of S.M.A.R.T. Housing™, the City of Austin waived \$3,535,018 in fees for S.M.A.R.T. Housing™ developments” (Austin Housing Finance Corporation, 2004).

<u>If a builder provides</u>	<u>The City of Austin provides</u>
10% Reasonably-Priced Units	25 % Fee Waivers
20% Reasonably-Priced Units	50 % Fee Waivers
30% Reasonably-Priced Units	75 % Fee Waivers
40% Reasonably-Priced Units	100% Fee Waivers

S.M.A.R.T. Housing Program staff members report that the City of Austin has, or is considering implementing the following measures to ensure program compliance, once issuing the building incentives and waiving fees:

1. Austin may elect to revert back to the developer the payment of the original fee waivers issued for the project. Although it is acknowledged that this is not much of a financial deterrent in most cases.
2. The City is currently considering doubling or tripling the fee waiver recovery process as a further incentive in maintaining S.M.A.R.T. Housing Program guidelines.
3. As an option of last resort, a hold can be placed on the Certificate of Occupancy issued by the City, however, this is acknowledged as a worst case scenario option that may have consequences both publicly and politically.

**Eligible Target Population:** The affordability level of the designated units can target one income group, such as households earning 50% of the median income, or may serve a range of income levels determined by individual jurisdictions.

## Expedited Permitting

**Objective:** Delays during any stage in the development process add to the final costs of new housing. Reducing the costs incurred by developers during the development review process makes affordable housing projects more attractive. Expedited permitting is a cost-efficient and very effective way of reducing developer costs. Fast-tracking review and permitting of affordable housing projects reduces developer costs at no cost to local jurisdictions.

### Highlights

- Fast-tracking review and permitting processes for residential development that include affordable housing units.
- Helps developers of such projects retain profit margin.
- The program can be employed at no cost to local jurisdictions.

### Jurisdiction: Santa Fe, New Mexico



*Arroyo Sonrisa affordable housing development in Santa Fe, New Mexico consists of 35 land trust homes built and 8 transitional apartments built by nonprofits. All of the homes were sold under the land trust model on*

By the early 1990s, three quarters of Santa Fe's residents could not afford a median priced home, and housing costs were 40% above the national average. Complicated development processes and restrictive land use policies further hampered efforts to provide affordable housing opportunities. Santa Fe accelerated the processing of housing developments that include at least 25% affordably priced homes. The City also waived or reduced various impacts, processing, and permitting fees for affordable housing developments. Expedited permitting, along with other zoning and planning tools, has helped make nearly 16% of all new homes built in Santa Fe during the last decade affordable for working families.

### Jurisdiction: Austin, Texas – S.M.A.R.T. Housing Program

“Because S.M.A.R.T. Housing™ is a City priority; those developments that meet S.M.A.R.T. Housing™ standards are eligible for special S.M.A.R.T. Housing™ review, which is typically faster than the review time for conventional development projects. City staff will work with applicants to move projects through review and inspection as quickly and efficiently as possible. However, the speed of this review period depends on the applicant's performance as well as staff's. Providing corrections, responding to comments, and ultimately securing an approval in a timely manner is a shared responsibility of both staff and the applicant's design team. S.M.A.R.T. Housing™ review will not be available if the applicant fails to respond in a timely manner to City review comments. The average completion time for S.M.A.R.T. Housing™ subdivision and site plan reviews was approximately half the time of conventional reviews” (Austin Housing Finance Corporation, City of Austin, 1995).

A planner with the S.M.A.R.T. Housing Program states that the program is making a difference and marked success in several areas, such as:

1. The expedited permit and review process.
2. Entry-level, single family fee waiver programs.
3. The creation of a four-member, municipal planning team, solely devoted to the S.M.A.R.T. Housing Program, who are able to act as advocates throughout the entire process of development with all the various City of Austin Departments. This team has “a vested interest in getting S.M.A.R.T. developments built.”

**Eligible Target Population:** The affordability level of the designated units can target one income group, such as households earning 80% of the median income, or may serve a range of income levels determined by individual jurisdictions.

## Affordable Housing Design

### Green Buildings

**Objective:** Creating healthy indoor air quality and utilizing renewable resources, green building designs use less energy than their conventional counterparts, which makes them more affordable to lower-income families in the long run. Smaller designs and alternative and salvaged building products rely less on precious resources and can cost less than traditional approaches. Green building standards are being implemented nation-wide as more communities seek sustainable development policies for future growth.

### Highlights

- Creating healthy indoor air quality, and utilizing renewable resources, green building designs use less energy than their conventional counterparts, which makes them more affordable to lower-income families in the long run.
- Smaller designs and alternative and salvaged building products rely less on precious resources and can cost less than traditional approaches.
- Sustainable development practices and green building meet the needs of the present without compromising the ability of future generations to meet their own needs.



#### **Jurisdiction: Santa Monica, California**

Colorado Court, a 44-unit building, is the first 100% energy neutral affordable housing project in the United States. Innovative, sustainable energy technologies developed for the project include a natural-gas turbine system providing the building's hot water needs and a solar panel roof system generating the energy for the building.

#### **Jurisdiction: Seattle, Washington**

#### **SeaGreen: Sustainable Affordable Housing**

“In 2002 the Seattle Office of Housing collaborated with local affordable housing experts to develop a sustainable building guide tailored to the needs of the non-profit developers. The resulting program and guide--*SeaGreen: Greening Seattle's Affordable Housing*--promotes and encourages energy conservation, operational savings, and green building practices in multifamily affordable housing projects. The SeaGreen guide is designed to manage the built environment in a socially equitable way so those who can least afford it will benefit from healthy, high quality affordable housing. It was used as one of the source documents for the Enterprise Community Partner's Green Communities Initiative, which promotes sustainable building strategies for affordable housing nationwide.



*Name: Katharine's Place  
Type: New, multi-family construction.  
Square Feet: 32,040  
Location: Seattle's Rainier Valley neighborhood.*

Applicants for funding from the Office of Housing are required to submit a sustainability plan based on the SeaGreen guide. Funding is limited and competitive, so successful applications generally incorporate most SeaGreen Action Items into their project designs. Presented in checklist format, some SeaGreen strategies are identified as very achievable and essential for affordable housing projects, while others are considered recommended. Developers are strongly encouraged to incorporate all essential items--and as many recommended action items as is realistic--to meet the guiding principles of the program while balancing other project constraints.

SeaGreen chapters include:

- enhanced design
- site and water
- energy efficiency
- health & indoor air quality
- materials efficiency
- operations and maintenance

As affordable housing providers understand the value of healthy, cost effective and durable dwelling units, a growing number of Office of Housing providers are also pursuing certification of their projects with LEED and Built Green” (City of Seattle, 2006).

**Eligible Target Population:** The affordability level of the designated units can target one income group, such as households earning 50% of the median income, or may serve a range of income levels.

## Great House Concept

**Objective:** Communities have often opposed new affordable housing developments because they feared the new units would not fit in with the surrounding architecture. Affordable housing location objections, also known as ‘NIMBY’ (Not in My Back Yard) often site concerns with decreasing surrounding property values and the ability of the proposed units to blend in seamlessly with the surrounding communities. Recent developments in affordable housing design are changing the way affordable housing looks, by addressing these types of concerns and blending multi-family affordable units with single-family residences.

### Highlights

- Useful for communities with urban design concerns.
- Addresses NIMBY (Not in My Back Yard) community concerns for inclusionary affordable housing.
- Reduces stereotypical images of affordable housing.
- Addresses the social perception of affordable housing impacting aesthetic appeal and property values in surrounding areas.
- Allows for the adjustment of density levels in order to make multi-family dwelling units possible in single family zones (SF).



*Carrington Homes at Edgemoor, VA.  
The house is designed to blend in with the surrounding neighborhood.*

### Jurisdiction: Fairfax County, Virginia

The ‘Great House’ is an innovative architectural design concept for what Fairfax County terms Affordable Dwelling Units (ADUs). Since the ADU program began in 1991, Fairfax County developers of projects containing ADUs have developed only townhouse and low-rise multifamily construction. These did not blend perfectly in projects that were otherwise developed as single family detached home communities.

The ‘Great House’ design offers an effective alternative to the traditional townhouse options by providing an attached unit that blends in better with detached housing units. The exterior of the building resembles the larger single-family detached homes that neighbor the ‘Great House’; however, inside, the building is divided into two or more individual units. To date, two projects containing attached ‘Great House’ units have been built in Fairfax County - one with two units in a single building (the duplex model) and the other with four units per building (the multiplex model)” (Fairfax County, Virginia, 2006).



*The rear of the Great House is the only indication of being a multi-family dwelling.*

**Eligible Target Population:** The affordability level of the designated units can target one income group, such as households earning 80% of the median income, or may serve a range of income levels.

## Adaptive Reuse

**Objective:** Adaptive reuse projects create new housing in existing buildings once used for commercial, public, or industrial purposes. Housing created through adaptive reuse projects can be made more affordable than new, market-rate developments since infrastructure is generally already present at the site.

### *Highlights*

- Creates new housing in existing buildings previously used for commercial, public, or industrial purposes.
- More economical, due to existing infrastructure.
- Frequently utilized with historic preservation programs.
- Supports sustainable development in communities.

### **Jurisdiction: Ft. Lauderdale, Florida**

#### *'Benefits (of Adaptive Reuse):'*

“Adaptive reuse is one method to introduce housing into non-residential areas. Many older buildings which may be adapted to housing uses are located in proximity to the downtown and other employment centers or have good transportation access and may therefore offer new residents convenient access to transportation, shopping, and employment centers. Renovation and reuse of previously vacated or deteriorated buildings can be less expensive than new construction since infrastructure and other site improvements are already in place. In addition, the basic structure, although it may need renovation, is already there. With the lower construction costs associated with renovation, developers can produce affordable living units. Projects which involve historically or architecturally significant buildings may qualify for preservation tax credits for private investors if used for low-income housings. Adaptive reuse projects can assist in revitalizing declining areas by giving new life to deteriorating buildings and by bringing in new residents.

#### *Key Policy Issues:*

Ft. Lauderdale can facilitate adaptive reuse projects by adopting flexible zoning policies, such as mixed-use zoning, or by allowing residences as a permitted or conditional use in appropriate commercial and industrial zones. Utilizing this technique may involve various steps, including:

- Making inventories of potential adaptive reuse sites, amending local zoning regulations;
- Arranging for possible property transfers of publicly-owned buildings; and
- Providing assistance in obtaining sources of funding such as loans, grants and rent subsidies.

Some contractors are unwilling to renovate old buildings, particularly wooden structures, for which commercial financing may be difficult to find. In addition, lengthy or difficult renovations may decrease profit margins” (Workforce Housing Study, 2005, pp. 78-79).

### **Jurisdiction: Los Angeles, California**

Other jurisdictions, such as Los Angeles, have implemented adaptive reuse incentive ordinances to assist developers facing increased renovation costs, such as:

- Expedited review (specifically, exemption from mini-shopping and commercial corner development regulations and site plan review); and

- Exemption from more restrictive or burdensome updates in planning codes relative to Floor Area Ratios, height, yards, residential density, parking, and loading spaces.



*Baldwin Block Apartments  
Wells River Vermont, population 235.*

**Jurisdiction: State of Vermont, Home Program  
'HUD Doorknocker Award to the State of  
Vermont  
Award Category in the Category of Rural  
Housing'**

HUD reports, 'This program demonstrates how targeted, adaptive reuse of dilapidated, prominent buildings in small town centers can revitalize communities. The state's HOME program gives preference to affordable housing projects that rehabilitate historic properties in town centers and downtown locations throughout rural Vermont.

Projects funded through HUD's HOME Program are indistinguishable from non-subsidized housing. Projects are required to be affordable in perpetuity. While each project is unique, they all have in common the development of quality housing that helps to create or sustain vital communities. Projects often reflect creative, adaptive reuse of historic buildings such as the Baldwin Block in Wells River and the Portland Street Apartments in Morrisville (a former Five and Dime store). Projects often combine residential units on upper floors and commercial or other uses on lower floors, consistent with downtown development patterns. The state has developed a network of qualified design and construction professionals who focus on affordable housing projects, resulting in a more consistent level of quality and predictable costs.



*Portland Street Apartments  
Morrisville, Vermont, population 2009.*

More than 800 HOME-restricted units of housing have been developed, at the rate of 100 units per year. Many of the projects have brought new life to the town centers of the small rural communities where the projects are located. The focus on adaptive reuse and mixed-use projects has transformed deteriorated buildings at the heart of these communities. These buildings were infeasible for private development. Residents typically rely on accessible public transportation near services and shopping. Unique development partnerships have emerged maximizing the HOME investment" (HUD, 2005).

**Eligible Target Population:** The affordability level of the designated units can target one income group, such as households earning 80% of the median income, or may serve a range of income levels determined by individual jurisdictions.

## Programs for Special Needs Populations

### Housing Opportunities for People with AIDS

**Objective:** The Department of Housing and Urban Development (HUD) Housing Opportunities for Persons with AIDS (HOPWA) Program provides housing assistance and related supportive services as part of HUD's Consolidated Planning initiative that works in partnership with communities and neighborhoods in managing federal funds appropriated to HIV/AIDS programs. Three-quarters of HOPWA formula funding is awarded to qualified states and metropolitan areas with the highest number of AIDS cases. One quarter of the formula funding is awarded to metropolitan areas that have a higher-than-average per capita incidence of AIDS. To date, Pierce County has not received HOPWA funding.

### Jurisdiction: Seattle, Washington

"The City of Seattle Human Services Department is the regional grantee and coordinator of the Housing Opportunities for Persons with AIDS (HOPWA) program, a federally funded program providing resources to King, Snohomish, and Island Counties. Housing needs of people living with AIDS are increasing. The majority of newly reported AIDS cases are being seen among young adults, women and families with children, and people without legal status. People of color comprise larger segments of those living with HIV/AIDS than of the population of King County. As of June 2000, 2,428 persons were reported living with AIDS in King County and 231 in Snohomish.

Among the critical housing issues faced by low income people with AIDS are: housing market pressures; gaps in the housing inventory; barriers such as criminal histories, poor rental history; and working cross systems (mental health, substance use, etc.) to meet client needs.

Current allocations of HOPWA for the three-county area respond to these issues and are used primarily to sustain, and as funding permits, expand housing and services resources available to low income people with AIDS. This supports HOPWA policies of preventing homelessness among people with AIDS and promoting stable housing."

The inventory includes:

- Permanent housing development through rent buy-downs in existing nonprofit-owned buildings, new construction and set-aside units in acquisition projects. The ability to leverage other resources is a key feature of capital projects.
- Tenant-based rental assistance to keep people in their own homes while waiting for permanent subsidy.
- County-wide scattered site units for people capable of living independently.
- Community residences.
- Services-enriched housing.
- Adult day health.
- Assisted living.

(City of Seattle, Washington, 2004)

### Single Resident Occupancy (SRO) Units

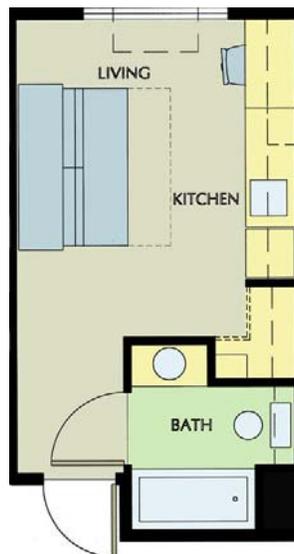
**Objective:** Another type of affordable housing is single resident occupancy (SRO). An SRO provides a small (140-260 square feet) private room for one individual, usually for homeless persons or those with very low incomes. Typically, each room is furnished with a bed, chair, and space for clothing storage. A desk, sink, small refrigerator, and/or microwave may also be provided. Bathrooms, living rooms, kitchens, laundry facilities, and meeting rooms are often shared spaces. Although once a common form of housing, SROs have largely disappeared, casualties of urban renewal. Recognizing the growing need for affordable, basic housing, particularly for single, very low-income individuals, Congress, as part of the McKinney Act, moved to reinvigorate the provision of SROs as one viable alternative to homelessness.

#### Highlights

- Creates additional affordable housing stock in a community.
- Adds affordable housing options to low income citizens, who may not be able to afford other rental situations.
- Generally suitable for adaptive reuse or housing preservation / rehabilitation utilizing existing infrastructures.



*Standard 260 sq. ft. SRO Unit (Pensione Esperanza, San Jose, CA, David Baker & Partners, Architects).*



#### Jurisdiction: Oakland, California

Oakland has lost a substantial number of SRO units in recent years due to both public and private re-development projects. The city's concern over further demolitions and conversions led to a strategy to preserve and upgrade the remaining 2,003 rooms in 25 hotels. The city adopted a Residential Hotel Rehabilitation Loan Program which provides owners of such properties with low-interest loans to correct code violations and enhance hotel livability. The maximum loan amount is \$15,000 per unit. Some of the rooms must be kept affordable and occupied by low-income persons for fifteen years.

**Jurisdiction: San Diego, California - Single Room Occupancy Residential Hotel Program**

*(1988 Winner – Ash Institute for Democratic Governance and Innovation, Kennedy School of Government, Harvard University).*

San Diego was the first city in the country to address the dwindling supply of SRO units through a combination of new construction and preservation or rehabilitation ordinances. Since the City Council approved the SRO Preservation and Relocation Assistance Ordinances in 1987, 2,400 new SRO units have been built and 400 older units rehabilitated.



*Island Inn SRO Development, San Diego, California*

The SRO program has been accomplished through a coordinated effort between city government agencies, the San Diego Housing Commission, low income advocacy groups, and developers. City officials worked with private developers to modify zoning requirements and building standards to induce new construction, thereby allowing developers to make a profit without subsidies. A task force representing developers, architects, building inspectors, fire department officials, and zoning officials found a number of ways to modify the building codes and lower construction costs while maintaining equivalent structural quality and safety. The program demonstrates that by building smaller units with shared bath and kitchen facilities, the private sector can build housing that is affordable for low income individuals. This new brand of housing, made possible by the enactment of state legislation, may also encourage further building of affordable housing for low income families.

The program is relieving the growing demands placed on homeless shelters and transitional housing, and slowing the flood of homeless persons onto the streets. The majority of SRO housing tenants are elderly men and women living on social security or other pensions and young single men and women working in low paying service jobs. Only the very low income individuals require subsidies to afford the new and rehabilitated SRO units. The San Diego SRO program not only protects but also expands the supply of low cost housing without public subsidy” (Ash Institute, 1988).

**Eligible Target Population:** Single, very low income individuals with unmet housing needs.

## Transitional Housing

**Objective:** Transitional housing programs provide emergency shelter, as well as supportive services to help homeless individuals and families become self sufficient. Transitional housing programs typically offer a wide range of services such as job training, child care, educational training, and housing search assistance to assist residents in making successful transitions to other forms of traditional types of housing.

### Highlights

- Generally targeted to homeless individuals and families in emergency housing who have had their most immediate needs met, and who require more intensive, specialized services to achieve residential and financial stability.
- Transitional housing is usually coupled with social services to provide residents with life enhancing skills.
- Considered a temporary housing alternative usually ranging from three (3) months, up to one year.

### Jurisdiction: Miami-Dade County, Florida –

The Homeless Trust Program (Est. 1993)

- Selected as one of six U.S. HUD model cities initiatives grantees.
- Selected as a U.S. HUD best practice for continuum of care.
- Received over 147.3 million in federal, state, food and beverage, local, and private sector funding.
- Awarded 84 acres at the former Homestead Air Force Base.
- Over 16,900 persons placed into housing.
- Over 4000 new beds created.



*The Cottages at Naranja is a six to nine month long transitional housing program for single, homeless adults in Miami, Florida.*

“Among the unique features of the homeless housing and service delivery system in Miami-Dade County are:

- **Dedicated source of funding for homeless programs\*\*:** In 1993, local business leaders and elected officials lobbied the State legislature to allow the County to levy a one-percent food & beverage tax at all restaurants grossing more than \$400,000 a year that also had a liquor license. The tax has been collected since October, 1993 and generates revenues of approximately \$6.8 million per year.
- **Miami-Dade County Community Homeless Plan:** The blueprint for the local continuum of care, the Miami-Dade County community Homeless Plan developed goals for emergency, transitional and permanent, supported housing. A well-coordinated outreach process ensures easy access to housing and services. The innovative and coordinated continuum of care model has been recognized by U.S. HUD as a model and best practice, the Miami-Dade community was awarded a performance-based Model Cities Initiatives Grant (three-years, \$15 million) in 1995.
- **Miami-Dade County Homeless Trust:** A governing body representing the many parties interested in the homeless housing and services system. It creates policies to ensure the

implementation of the Homeless Plan and has emerged as the coordinator for homeless services and housing in the community. The Trust serves as lead applicant and recipient for major funding requests, such as the U.S. HUD Super NOFAs.

- **Public/private partnership:** The Trust contracts with the Community Partnership for the Homeless, Inc., a private-sector partner to, in addition to building and operating up to three (emergency) homeless assistance centers, raise private sector funds. In particular, this private-sector partner, a 501(c)3, seeks funding from local sources that have heretofore not funded homeless programs and services, or other sources that have not funded services in our community. This successful partnership has resulted in over \$47 million in private sector funds (cash and in-kind) raised to achieve the goals of the continuum of care.
- **Successful levying of other resources:** The Trust has developed many relationships and established coordinated efforts with other funding sources to complement its goals. In particular, coordination has resulted in the ability to access HOME, CDBG, SAIL, SHIP, LIHTC, AHP and other funding sources.
- **Standards of Care:** The Trust has developed and implemented Standards of Care that are designed to set minimum standards of housing and service delivery for homeless persons. This ensures the health, safety and well-being of homeless persons and provides ease of entry into the system. This also provides for higher coordination among the service provider community. All provider agencies under contract with Trust must comply with these standards of care” (Miami-Dade County, Florida, 2004).

**Eligible Target Population:** Those citizens experiencing periods of homelessness or housing transition.

\*\*Pierce County Community Services Department’s Housing Programs now has dedicated Homeless Housing Funding from the Washington State House Bill E2SHB 2163 enacted August 2005, consisting of a permit surcharge fee on certain county documents that may be applied to transitional housing programs.

## Visitability Standards

**Objective:** One of the significant demographic shifts in the United States in the past two decades has been the increasing proportions of people with disabilities, including the elderly, and the growing need for affordable and accessible housing options. There are federal legislative approaches for accessibility compliance, such as the 1990 Americans with Disabilities Act (ADA), which requires accessibility to places of public accommodation and commercial facilities and the 1988 Fair Housing Act Amendments, which calls for all new or substantially rehabilitated multifamily housing (i.e., housing with four or more units) to be built with accessible features (i.e., accessible entrances, doors, corridors, reinforced bathroom walls, usable kitchens and bathroom, and accessible climate controls). However, there remains a need for additional affordable and accessible housing stock and rental opportunities for disabled citizens as well as the elderly.

### Highlights

- Census 2000 counted 49.7 million Americans with some type of long lasting condition or disability - or nearly one person in five. By 2030, this figure could be as high as 20-25 percent of the overall American population.<sup>6</sup>
- Census 2000 found there were approximately 123,624 or 19.7% of the population reporting disabilities residing in Pierce County.
- Affordable and accessible housing stock benefits the increasing elderly population as well as the disabled.
- Today, there are jurisdictions nation-wide setting their community standards higher than the federal minimums and addressing visitability issues in single-family homes and incorporating accessibility requirements in their new development building codes.<sup>7</sup>



*The accessible unit rendering from the Promenades housing development, Grand Forks, North Dakota.*

### Jurisdiction (City / State): Austin, Texas – S.M.A.R.T Housing Program

#### *Multi-Family Accessibility Standards*

Multi-family site and building plans must be reviewed for compliance with accessibility, transit-oriented, and green building standards prior to submittal for building permit approval. The Building Code creates accessibility standards for multi-family apartments and common facilities on the site.

**S.M.A.R.T. Housing™ creates additional accessibility standards.** Together, these standards include the following regulations:

- 25% of all multi-family units must be ground-floor-level units.
- All ground-floor-level units must be adaptable.
- 10% of all multi-family units must be accessible.

<sup>6</sup> United States Census Bureau. Pierce County, Washington 2000 Census Fact Sheet. Retrieved September 7, 2006 from <http://factfinder.census.gov/>

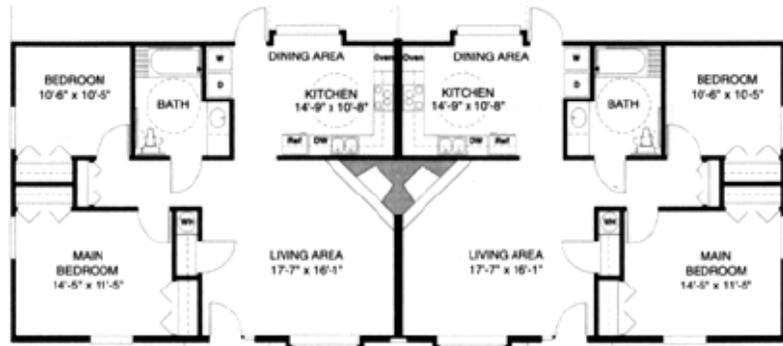
<sup>7</sup> Casselman, J. (2004). Visitability: A New Direction for Changing Demographics. American Planning Association. Affordable Housing Reader. Winter 2004. Retrieved September 7, 2006 from <http://www.planning.org/a>

- A certain number of parking spaces must be accessible.
- An accessible route is required to connect the accessible parking spaces to the accessible and adaptable first floor units and the common areas.
- Accessible entrances, doorways, and bathrooms are required in the accessible first floor units.
- Safe refuge areas are required for accessible units that are located above the first floor (particularly in buildings with elevators).

### ***The Visitability Ordinance (Single-family, Duplex, Triplex)***

The Visitability Ordinance (amended by the City Council on January 15, 2004) establishes the following standards for new single-family homes, duplexes, or triplexes that receive federal, state, or city assistance. **All S.M.A.R.T. Housing™ single-family homes, duplexes, and triplexes must meet these standards:**

- Accessible entrance doorway widths and a ramp or no-step entrance.
  - Meet minimum interior doorway accessibility requirements.
  - Lever handle hardware on first story interior doors and accessible entrance door.
  - 36 inch wide hallways with ramped or beveled threshold changes.
  - A first floor bathroom with reinforced wood blocking for hand rail installations.
  - Placement of outlets, thermostats or switches, and the main electrical disconnecting switch or breaker unit at accessible height levels.
- Planning officials from Austin state these visitability construction standards are considered 'low-level' with the requirements of reinforced walls in the bathrooms for installation of hand-bars, widened doorways and hallways, and no-step entrances. More stringent accessible construction standards may include such features as lowered countertops and roll-in bathing facilities.



*Duplex accessible house plan courtesy, The Center for Universal Design and North Carolina State University.*

- The City of Austin has found the best way to monitor these requirements is to make them a part of the development inspection process and to train city building inspectors to look for the types of re-enforcements or construction widths necessary for compliance. The S.M.A.R.T. housing program implemented an agreement with the Development Review Department to integrate this into the regular inspection process as the new construction development is being built.
- The City of Austin provides funding for a review inspection done by a third party, independent contractors for the site and building review, as well as final walkthroughs.

**Eligible Target Populations:** The affordability level of the designated units can target one income group, such as households earning 80% of the median income, or may serve a range of income levels for special needs populations who require access to accessible housing options.

## Financial Tools

### Local Dedicated Revenue Source

**Objective:** Governments can use a dedicated revenue source to provide continuous funding for affordable housing initiatives in their communities. Dedicated revenue sources are frequently structured to direct funds into a housing trust fund. Generally, housing trust funds serve populations earning no more than 80% of the area's median income.

#### *Highlights*

- A continuous funding source.
- Distinct government affordable housing accounts receive dedicated sources of funds.

#### **Jurisdiction: Fairfax County, Virginia**

In April 2005, the Fairfax County Board of Supervisors approved the One Penny for Housing Flexibility Fund. This appropriation, equal to the value of one penny of the real estate tax, created a dedicated fund that will aid in the preservation of at least 1,000 existing affordable housing units by the end of 2007. The fund is also intended to be a critical, ongoing source for affordable housing development and preservation. It is expected that the program will generate approximately \$17.9 million in new funds. The Fund does not replace, but supplements existing federal and state funding resources. Non-profit and for-profit developers receive financing through the Fund to acquire, rehabilitate, replace, or develop affordable housing in Fairfax County. The Fund also provides flexibility to finance a range of affordable housing needs as they change over time within the County.



#### **Jurisdiction: City of Alexandria, Virginia**

##### ***‘City Council Dedicates One Cent of Real Property Tax towards Affordable Housing’***

“In response to the growing need for affordable housing in Alexandria, the City Council voted to dedicate 1 cent of the real property tax rate towards affordable housing programs. The need for dedicated funding is due to rising home values and apartment rents, and condominium conversions in the City, the decline of federal financial assistance for affordable housing, and limited resources available from the Commonwealth of Virginia.

“This decision helps to sustain affordable housing in Alexandria,” said Mayor William D. Euille. “By dedicating 1 cent of the real property tax rate, an immediate solution is provided to the rising of home values and apartment rents, and condominium conversions in the City.”

Council’s action, taken as part of the Fiscal Year 2006 budget adoption, also creates an Affordable Housing Initiatives Account within the Affordable Housing Fund.

The 1-cent dedication of the real property tax is expected to generate an estimated \$2.8 million in FY 2006. The dedicated property tax revenue will augment the \$11 million in funds previously allocated towards affordable housing programs in the FY 2006 City budget. Any funds that are

not expended in FY 2006 would be carried over to FY 2007 and beyond (City of Alexandria, 2006).



*Seattle skyline*  
*Courtesy of the National Archives*

**Jurisdiction: City of Seattle, Washington – Housing Levy**

**Levy Amount:** \$86 Million, Seven-Year Property Tax Levy, approved in 2002

- \$86 million levy will produce an estimated minimum of 1,700 housing units.
- The new Seattle Housing Levy would be a successor to the 1995 voter-approved \$59.211 million housing levy that expired in 2002.
- The City contribution of \$86 million will leverage other funds to produce affordable housing with a total development cost estimated to exceed \$260 million.

**Levy Beneficiaries:**

The levy is expected to provide benefits to low-income households, including:

- People facing temporary economic crises who could avoid homelessness through rental assistance.
- People moving from homelessness who need transitional and permanent supportive housing to achieve stability and independence.
- People with disabilities who need housing and service support to live independently in the community; people currently living on disability income; people who are developmentally disabled or mentally ill.
- People who are elderly, are on fixed incomes, and need affordable housing or assisted-living alternatives.
- Working families with children who can't find affordable housing, such as those with careers in service industries such as medical, public safety, education, administrative, and retail.
- Low-income families who need financial help buying a home.

**Levy Features:**

- Rental preservation and production is the primary focus, creating new and preserving existing affordable rental housing.
- Increase in City homeownership funds will provide City leverage to combine with funding opportunities in the private and public sectors, to foster low-income homeownership.
- Mixed-use and mixed-income housing development through the Neighborhood Housing Opportunity Program will provide stable living arrangements for low-income individuals and families while promoting economic development for the community. Levy funds may be used only for the portion of the project financing that is allocable to the units that will serve income-eligible households (i.e., very low- and low-income units).

- Rental assistance is included in the levy for the first time to provide rental assistance to people facing temporary economic crises” (Municipal Research and Services Center of Washington; City of Seattle, Ordinance No. 12083).

**Eligible Target Population:** Levy programs may serve a mix of affordability levels. A large share of levy program funding in King County will serve people with incomes at or below 30% of median income (\$18,700 as adjusted for a 2-person household).

## Housing Trust Funds

**Objective:** Housing trust funds are powerful tools for providing locally targeted and managed assistance for affordable housing. The funds can have a variety of revenue sources, but among the most common are some portion of the local real estate transfer tax, penalties on late payments of real estate taxes, and fees on other real estate-related transactions. Each housing trust fund has a governing body that decides how the funds are used. Trust funds provide significant advantages to both cities and developers of affordable housing by streamlining application processes, making a variety of housing projects possible through comprehensive loan program guidelines, and community involvement in review and evaluation of loan requests.

### Highlights

- Source of funding for affordable housing development or preservation.
- Usually provides low-interest loans to developers and non-profits.
- Counties and cities nationally have chosen to implement their own housing trust funds, in addition to funding opportunities from state level housing trust funds.
- Washington State's Housing Trust Fund (HTF) was established by the Legislature in 1987 (RCW 43.185 and 43.185A). Its budget allocations are the following:
  - 40% of funds for King County.
  - 30% of funds divided among Pierce, Clark, Snohomish, and Spokane Counties.
  - 30% of funds to the rest of the state.

### Jurisdiction: Napa County, California



*Pecan Court,  
Napa, California*



In 2000, Napa County established an Affordable Housing Trust fund (Ord. 15.60.060), with funds dedicated from additional permitting fees on new development, based on current market pricing. On average, the fund has approximately \$2 million per year to contribute to affordable housing projects within the county and is considered successful by local government officials. However, Napa County faces a few unique challenges utilizing their housing trust funds.

- Napa County and its citizens are committed to preserving their unique rural resources and therefore choose to allocate affordable housing funds in partnerships with cities, or incorporated areas, creating mixed use residential zoning, such as single family homes, townhouses, and rental combined areas.
- The Napa County Conservation, Planning, and Development Department stated that the average median income for county residents is approximately \$76,000 per year. Average median housing prices are \$600,000. With affordability gaps this extreme, traditional methods of housing assistance such as first-time homeowner, low-interest loan programs with trust moneys aren't feasible, making partnerships with incorporated areas and the private or non-profit sector the most viable option for affordable housing assistance. (Napa County, 2006)

### Jurisdiction: Pima County, Arizona - Pima County Housing Trust Fund

“In 1997 by approving the Neighborhood Reinvestment Bond, which included \$5 million for investment in housing, voters established a Housing Trust Fund for Pima County. The Arizona Legislature provided specific authority in 2000 for counties to operate housing trust funds, patterned after the State of Arizona Trust Fund. The May 2004 Bond initiative provided an additional \$10 million for affordable housing. The primary purpose of the Trust Fund will be to assist Pima County’s low-income residents to purchase and improve housing.

**Pima County Housing Commission:**

- On November 16, 2004, the Board of supervisors approved the establishment of an eleven member Pima County Housing Commission that would provide oversight for the Housing Trust Fund.
- Trust Fund Funding: The Board of Supervisors established a fee to be collected from a ‘Rooftop Fee’ to contribute funds to the Trust Fund. The Housing Commission will make recommendations to the Board of Supervisors on the programs and projects that will be funded by the Trust Fund.
  - On September 12, 2005 the Housing Commission held a public hearing on the new Rooftop Fee. The fee will be added onto the price of a home during escrow. The rooftop fee schedule is based on housing market prices. Homes selling for less than \$185,000 are not charged a fee while the maximum fee is \$5000 for those homes selling for \$500,000 and over. The fee is limited to those homes selling in unincorporated Pima County.
  - The fee will be used to fund affordable housing programs. These programs include down-payment assistance, housing counseling and education, housing rehabilitation and developer projects related to development that contributed to the Trust Fund.

**Uses of the Trust Fund will include:**

- Down-payment assistance for first time homebuyers thereby leveraging mortgage financing on favorable terms.
- Support for nonprofit collaborations.
- Leveraging resources from various federal, state, and private programs.
- Funding the preservation of existing affordable housing occupied by low-income residents” (Pima County, 2004).

## Community Land Trusts

**Objective:** Community land trusts (CLTs) are a mechanism by which nonprofit organizations own land and low-income homeowners own the improvements on it, which reduces the cost of purchase for targeted homeowners. The homeowner has access to a long-term lease on the land, which is owned by the land trust in perpetuity. When housing subsidies to assist low-income homeowners are channeled through CLTs to acquire or rehabilitate properties, the subsidy can be retained over the long-term through the CLT's share of the property, thereby creating a permanent source of affordable housing. Depending on the conditions of the CLT, homeowners may be able to capture a share of the appreciation of the house, although the total cost of purchase will be retained at a below-market level to ensure that it remains affordable for future homebuyers<sup>8</sup>. CLTs are used principally to make owner-occupied single-family houses permanently affordable, but also can be useful in connection with limited-equity housing cooperatives, mutual housing, or other affordable rental housing. CLTs also can function as land trusts for other purposes, such as resource conservation or public access to recreational lands.<sup>9</sup>

### Highlights

**There are two kinds of Community Land Trusts:**

- Public land trusts, in which a public agency owns the land; and
- Community land trusts, in which a tax-exempt, nonprofit membership organization owns the land. Residents and anyone else in the community wishing to invest are members. Public agencies are typically super-members with specified powers. Community land trusts also can do anything that other nonprofits do, such as run businesses.



*Opal Commons  
Land Trust Home, San Juan  
County, Washington*

### **Jurisdiction: San Juan Islands, Washington – OPAL Community Land Trust**

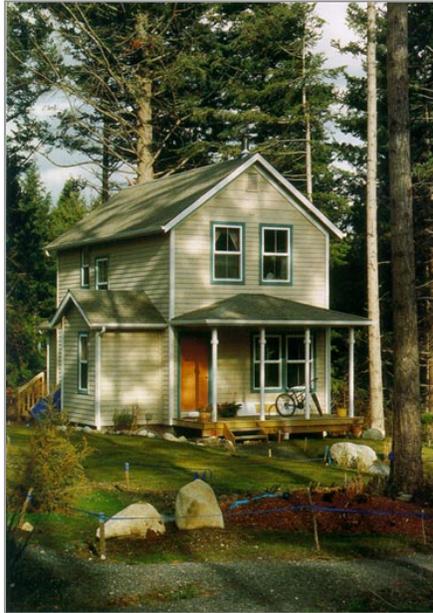
“With four different housing developments, several off-site scattered developments, and apartments and office space, the Opal Community Land Trust is making a difference in the lives of low income residents in the San Juan Islands. By bringing together community support, state and federal grants, low-interest loans, and thousands of volunteer hours, OPAL CLT is able to create stable, permanently affordable homes for creditworthy, low-income, Orcas families and individuals who are excluded from the private market because of a lack of income.

OPAL eliminates the land and some site development costs from

<sup>8</sup> EPA Smart Growth Book, 2005. Retrieved October 17, 2006 from [http://www.epa.gov/smartgrowth/pdf/epa\\_ah\\_sg.pdf#search=%22local%20revenue%20sources%20affordable%20housing%20site%3A.gov%22](http://www.epa.gov/smartgrowth/pdf/epa_ah_sg.pdf#search=%22local%20revenue%20sources%20affordable%20housing%20site%3A.gov%22)

<sup>9</sup> California Senate Office of Research, 2003. Retrieved October 17, 2006 from [http://www.sen.ca.gov/sor/reports/REPORTS\\_BY\\_SUBJ/ECONOMY\\_EMPLOYMENT/PERMANENTLYAFFORDABLEHOUSINGFYI.HTML](http://www.sen.ca.gov/sor/reports/REPORTS_BY_SUBJ/ECONOMY_EMPLOYMENT/PERMANENTLYAFFORDABLEHOUSINGFYI.HTML)

the price the homeowner pays for the home. The land is owned by the community land trust and leased to each homeowner, who must qualify for a mortgage to buy the house. The community land trust commits to owning the land in perpetuity. The land is purchased with funds from grants, and donations of cash and land from individuals. Designs and construction of the homes meet the needs of pre-qualified applicants, following OPAL’s green building standards. Thus far, OPAL has accomplished:



*Opal Commons Home. Homes range in size from 816 to 1,312 sq. ft. Mortgages range from \$60,000 to \$140,000. Monthly payments range from \$350 to \$800.*

*Homes provided:*

- 56 -- Single-family homes (owned by individuals or families) that are located on community land trust land.
- 7 -- Rental apartments owned and managed by OPAL.
- 3,600 -- Square footage of office space owned and managed by OPAL.

*Services provided:*

- Acquire land and construct homes for very-low, low- and moderate-income households
- Provide homebuyer education and counseling
- Provide rental and energy assistance for very-low income households.

*Governance:*

- Democratically elected board of trustees of whom one-third represent low-income people” ( OPAL Community Land Trust, 2005).

**Jurisdiction: City of Portland, Oregon - Portland Community Land Trust**

“Founded in 2000, the Portland (Oregon) Community Land Trust (PCLT) is a city-wide program dedicated to helping residents of gentrifying neighborhoods become homeowners in their community. In the 1990s Portland experienced rapidly rising real-estate prices. A study conducted by the city revealed that homeownership was virtually out of reach for households earning 80 percent of the area median income (AMI) and below.

PCLT is using two strategies to accomplish its goal. The first approach is to partner with nonprofit affordable housing developers to build new homes on PCLT-owned land, which has been donated or purchased from the city or county. The homes are sold to homebuyers under the CLT model. In 2001, 13 new construction homes will come into trust. Eleven of these homes will be part of



*Portland Community Land Trust Home for sale.*

Rosemont Commons, a mixed-income community in the heart of the Piedmont neighborhood, and five homes will be targeted to households at 35 to 65 percent of Average Median Income (AMI).

The second approach is a buyer-initiated plan whereby qualified homebuyers are given a subsidy through PCLT to purchase an existing house. PCLT owns the land and the home-owner owns the house plus a 99-year inheritable lease for the underlying land. PCLT recently began the buyer-initiated pro-gram with a \$400,000 grant from the city as part of an anti-displacement program in a new urban renewal district encompassing 10 neighborhoods in north and northeast Portland” (Portland Community Land Trust, 2006).



*La Cieneguita housing development in Santa Fe, New Mexico*

**Jurisdiction: Santa Fe, New Mexico**

**“Land Trust/Land Lease Program** is administered by the Santa Fe Community Housing Trust. In this program, housing services are traded for City-owned land. The Housing Trust then develops and sells homes. The land is not sold, but remains in a trust that is managed by a membership organization consisting of the individual home-owners. In this way, the cost of the land is taken out of the home’s price, thereby reducing the overall cost of housing production. In addition, the home buyers sign limited-appreciation contracts to assure long-term affordability.

**La Cieneguita:** This 31-acre development will offer 120 affordable homes (88 single-family detached homes and 32 attached condominiums for elderly tenants). Up to 25% of the homes will be sold for \$60,000 to \$75,000 to persons earning less than \$20,000 per year. Santa Fe Community Housing Trust is in the second phase of completing the 88 single-family homes. The Housing Trust used second mortgages and a 99-year lease to lower housing costs. Foundation support helped further offset development costs. The units are sold to families who meet income requirements set by the Housing Trust and who have completed the home buyer education program” (City of Santa Fe, New Mexico, 1998).

**Smart Growth Impacts.** From a smart growth perspective, CLTs provide an important means for nonprofit groups to acquire, redevelop, and resell buildings in existing neighborhoods. The long-term lease made available to the homeowner by the CLT (and the equity limitations associated with it) act as tools for communities that seek to protect low-income residents from displacement in gentrifying neighborhoods. The partnership between the CLT and the homeowner to acquire and maintain the home helps preserve existing housing stock, enhance community character, and contribute to a sense of place.

## Affordable Housing Tax Incentives



*Washington State Capitol, Olympia, Washington.*

**Objective:** Many states across the nation are beginning to address the need for additional affordable housing relief programs, such as tax credits or incentives. Although Washington currently has state legislation that passed in 1995 authorizing a property tax exemption to encourage the development of additional multifamily housing in urban centers, additional tax relief incentives may be necessary at the state level. In 1995, Washington State Senate Bill 5387 authorized cities with populations of more than 150,000 to provide a property tax exemption for ten years to those who rehabilitate, convert, or build new housing units in designated urban areas. The program is designed to make housing projects

more appealing to investors by freeing up capital and reducing operating costs. The law allows other financing sources, such as the Washington State Housing Trust Fund and the Washington State Low-Income Housing Tax Credits, to also be used with the program.<sup>10</sup> Bills of this type may be adapted to suit affordable housing criteria.

### *Highlights*

- Utilized at the State level to encourage the development of affordable housing.
- May be incentive programs, such as property tax waivers for stated lengths of time, or relief programs targeted to applicable low-income citizens.

### **Jurisdiction: State of Massachusetts – Community Preservation Act**

Among other programs, Massachusetts’s Smart Growth Alliance reports on the conditions of the state level program enacted to allow jurisdictions to set aside a portion of property tax funding for affordable housing.

#### *“Community Preservation Act*

The former Governor of Massachusetts, Paul Celluci signed the Community Preservation Act (CPA) into law September in 2000. Voters must vote to adopt a CPA for their own municipality. Once passed, the CPA allows municipalities to add a property tax surcharge of up to 3 percent for the specific purpose of protecting their historic and environmental resources and providing more affordable housing. These funds are then matched by the state providing more incentive for the adoption of the CPA. State funds to pay communities with an adopted CPA come from a new fee at the registries of deeds. Municipalities must use 10 percent of their funds for the preservation or acquisition of each of the following: natural resources, affordable housing and historical resources. The remaining 70 percent can be divided in any way among these three initiatives. Local legislators appoint a committee to draft plans for the use of the funds and plans are open for comment and approval by the public. Over 75 communities have adopted the Community Preservation Act” (2006).

<sup>10</sup> City of Tacoma. (2006). Tax Incentive for Multi-Family Housing. Retrieved November 3, 2006 from <http://www.cityoftacoma.org/Page.aspx?nid=456>

**Jurisdiction: State of Texas -Property Tax Code 2004 Edition**

The State of Texas allows special consideration of property tax values for both low-income and moderate-income housing. The following are excerpts of the state's affordable housing property tax code.

**“Sec. 23.21. Property Used to Provide Affordable Housing.**

(a) In appraising real property that is rented or leased to a low-income individual or family meeting income-eligibility standards established by the owner of the property under regulations or restrictions limiting to a percentage of the individual's or the family's income the amount that the individual or family may be required to pay for the rental or lease of the property, the chief appraiser shall take into account the extent to which that use and limitation reduce the market value of the property.

(b) In appraising real property that is rented or leased to a low-income individual or family meeting income-eligibility standards established by a governmental entity or under a governmental contract for affordable housing limiting the amount that the individual or family may be required to pay for the rental or lease of the property, the chief appraiser shall take into account the extent to which that use and limitation reduce the market value of the property.

Added by 1997 Tex. Laws, p. 3051, ch. 980, Sec. 53; amended by 1999 Tex. Laws, p. 358, ch. 62, Sec. 16.04.

**Cross References:**

Appraisals generally, see Sec. 23.01.

Market value definition, see Sec. 1.04(7).

**Sec. 23.215. Appraisal of Certain Nonexempt Property Used for Low-Income or Moderate-Income Housing.**

(a) This section applies only to real property owned by an organization:

(1) that on the effective date of this section was rented to a low-income or moderate-income individual or family satisfying the organization's income eligibility requirements and that continues to be used for that purpose;

(2) that was financed under the low income housing tax credit program under Subchapter DD, Chapter 2306, Government Code;

(3) that does not receive an exemption under Section 11.182 or 11.1825; and

(4) the owner of which has not entered into an agreement with any taxing unit to make payments to the taxing unit instead of taxes on the property.

(b) The chief appraiser shall appraise the property in the manner provided by Section 11.1825(q).

Added by HB 3546, 78th Tex., Leg., 2003, effective January 1, 2004.

**Cross References:**

Appraisals generally, see Sec. 23.01.

Exemption of community housing development organizations, see Sec. 11.182.

Exemption of organizations constructing or rehabilitating low-income housing, see Sec. 11.1825.”

(State of Texas, Property Tax Code 2004 Edition).

**Jurisdiction: Washington State Legislature**

Several different pieces of legislation introduced in both the 2005 and 2006 sessions are currently under consideration in the Washington State Legislature regarding property tax relief for affordable housing. Municipalities that are considering affordable housing programs that include such measures should be encouraged to monitor the bills' progress.

**HB 1744 - DIGEST**

Finds and declares that it is in the public interest of the people of the state of Washington to encourage home ownership. To achieve this purpose, this act provides a property tax homestead exemption to help offset the tax impact of rising property values, and thus make home ownership more affordable to low-income and middle-income households. Declares that it is the clear and unambiguous intent of the legislature that such property as described within this measure be exempt from taxation, as authorized by Article VII, section 1 of the Washington state Constitution.<sup>11</sup>

**HB 2784 - DIGEST**

Provides property tax relief for senior citizens, persons retired because of physical disability, and veterans.<sup>12</sup>

**Jurisdiction: Fulton County, Georgia – Homestead Property Tax Exemption**

A brief explanation of Fulton County's Homestead Exemption is included to aid in comparison to the upcoming HB1744 being considered by the Washington State Legislature.

“A homestead exemption is a reduction in homeowners' property taxes. Currently, the homestead exemption in Fulton County reduces the taxable value of a home by \$15,000.

To qualify, the homeowner must apply for this exemption on or before March 1st. Once granted, this exemption is automatically renewed each year as long as they continuously occupy the home under the same ownership” (Fulton County, Georgia, 2006).

---

<sup>11</sup> Washington State Legislature, Sessions 2005 and 2006. Retrieved November 9, 2006 from <http://www1.leg.wa.gov/legislature/>

<sup>12</sup> See above.

## Housing Preservation Programs

### Historic Preservation and Affordable Housing

**Objective:** The Fannie Mae Foundation has published findings that an estimated 5 to 10 percent of all building rehabilitations are historic. “According to the National Park Service, in the past five years more than \$4.76 billion has been invested in projects it has reviewed and approved. With these funds, 27,851 low- to moderate-income housing units were constructed, constituting 44 percent of the total number of housing units completed through the historic preservation tax credit program in the same five years.



*The Annobee Apartments,  
Tacoma Washington.*

In response to the growing need for affordable housing and recognizing the ability of historic preservation to address that need, the Advisory Council for Historic Preservation (which administers parts of the NHPA) in 1995 issued an Affordable Housing and Historic Preservation policy statement for application to historic preservation standards. It was recommended that Federal and State agencies, local governments, housing providers, and the preservation community in general actively seek ways to reconcile national historic preservation goals with the special economic and social needs associated with affordable housing, given that this is one of the nation's most pressing challenges. " <sup>13</sup>

### How Is Historic Preservation Being Used for Affordable Housing?

Many community development corporations and other nonprofits utilize historic preservation incentives to rehabilitate the housing stock in their target neighborhoods. Development incentives, permit fee waivers, and advocacy are just a few the methods jurisdictions may utilize to promote historic preservation in their communities. The most significant single incentive for historic preservation and the production of housing (including affordable units), and the one for which the most comprehensive data are available, is the Historic Rehabilitation Tax Credit (HRTC).

“Developers using the HRTC can most effectively produce housing affordable to low- and moderate-income households by "piggybacking" the HRTC's benefits with other subsidies, such as the Low-Income Housing Tax Credit (LIHTC). The gain in equity yielded from combining the LIHTC with the HRTC is illustrated in a hypothetical example from a book published by the National Park Service. In this instance, combining the LIHTC and HRTC yields \$940,000 in equity, compared with \$675,000 in equity from the LIHTC alone—a gain of \$265,000.”<sup>14</sup>

<sup>13</sup> Listokin, Barbara and Listokin, David. (2001). Historic Preservation and Affordable Housing: Leveraging Old Resources for New Opportunities. Fannie Mae Foundation. Housing Facts and Findings. Volume 3, Issue 2. Retrieved October 28, 2006 from <http://www.fanniemaefoundation.com/programs/hff/v3i2-histpres.shtml>

<sup>14</sup> See above.

### **Jurisdiction: City of Tacoma, Washington - Annobee Apartments Restoration**

The National Trust for Historic Preservation (NTHP), Housing Best Practices and Case Studies, (2006) showcases the applicability of historic preservation with a location within Pierce County, Washington. The NTHP reports, "The 1925 Annobee Apartments, a prominent part of Tacoma's North Slope Historic District, were transformed from three- and four-room apartments into 43 single units of quality, affordable senior housing. Directed by the Tacoma Economic Development Department, this \$5 million project has been a key to the preservation and revitalization of its neighborhood.

### **Background**

The Annobee Apartments help illustrate the early 20th century development of Tacoma. The city gained more than 35,000 residents between 1910 and 1930 as workers came to fill jobs in lumber and other industries. This influx helped spawn a building boom that dramatically changed Tacoma's architectural character, as a wooden late-19th century town became a masonry-based, modern industrial center.



*The Annobee's crumbling exterior before rehabilitation.*

Construction of the Annobee highlighted several of these trends. Located on a hill dominated by single-family wooden homes, its 1925 construction (it gained an addition three years later) made it one of the Tacoma's first multi-unit apartments. The building, designed by local inventor and roofing specialist Oscar B. Clow, is considered a forerunner of modern apartment building design because of its central corridor plan, symmetrical apartment layouts, and efficient use of space.

The Annobee operated successfully until the 1970s, when it suffered through a series of ownership changes and the beginnings of overall neighborhood decline. It was abandoned by the late '80s and sat vacant through almost all of the '90s.

### **Project Description**

As people began returning to downtown Tacoma in the 1990s, several historic buildings in the North Slope were demolished to make way for sprawling new apartment complexes that were highly incompatible with the rest of the neighborhood. The rehabilitation of the Annobee became emblematic of local efforts to revitalize the area and to fend off encroaching, insensitive development; it also became part of another movement that was addressing the needs of low-income seniors.

Work on the apartments started in October of 1999. Previous owners of the property had done some demolition, but project managers, intent on protecting the building's integrity, protected the many historic features that remained. Elements such as the historic stairwell were preserved, and managers even fabricated new wood windows to match originals that had been lost. The rehabilitation also incorporated modern amenities whenever appropriate and used an energy efficiency design to help reduce utility costs.



*The Annobee's restored facade provides an inviting curb appeal for its residents and the North Slope neighborhood.*

The total cost of the project was \$4,929,000. The primary sources of funding were Low Income Housing Tax Credits (\$2 million), a bank loan (\$1 million), Historic Rehabilitation Tax Credits (\$790,000) and Affordable Housing Funds (\$750,000). The Annobee also benefited from Tacoma's local Special Tax Valuation program, which allows property owners who complete a substantial rehabilitation within a period of two years reduced property taxes for a period of ten years. This system offsets potential increase in taxes caused by building improvements and helps owners regain their investment efficiently.

### Results

The rehabilitated Annobee Apartments opened in the summer of 2000 and now provide 43 units of affordable housing for low-income seniors. Residents benefit not only from high-quality housing in a historic building, but from a location that puts them close to health care services and retail. The restored Annobee also provided an anchor for the community. It helped stop demolitions within the North Slope, now one of the largest residential historic districts in the nation. Successful projects like this one support the preservation of both the area's housing stock, which includes fine examples of Victorian, Craftsman, Queen Anne, Bungalow styles, and of a diverse population” (National Trust for Historic Preservation, Housing Best Practices, Housing Case Studies, 2006).



*The Annobee's new entrance provides accessibility for its senior residents*

## Expiring Use of Federal Subsidies

**Objective:** Federally subsidized rental housing is a valuable resource for low-income families. Under a contract with the Department of Housing and Community Development (HUD), property owners provide reduced-rent units to very low-income households for a number of years (typically, 20 years). However, federal subsidies on an unprecedented number of apartments set aside for low-income tenants nationwide will expire between now and 2009. At the end of the contract period, owners of the rental properties have the option of converting the once subsidized units to market-rate rental housing. Such units are known as Expiring Use Housing. Localities may try to find additional funding to preserve expiring federal subsidized housing.



*North Beach Place, HOPE VI Housing, San Francisco, California.*

### Highlights

- Extends the life of affordable housing units for communities.
- Potential to adopt various affordable housing models to the property in order to keep the units affordable once the subsidy expires.

### Jurisdiction: San Francisco, California

San Francisco guarantees lenders, owners, and purchasers of federally assisted housing that it will pay the difference between restricted rents and market rate rents if the federal government fails to provide Section 8 vouchers to existing properties. Restricted rents are the tax credit eligible or tax-exempt bond-eligible rents ranging between 45-60% of the adjusted area median income. The program's success is attributed to local ordinances and code enforcement requirements, financial assistance for tenant organizing, substantial local funding, and efficient use of additional fiscal resources. The San Francisco Redevelopment Agency (SFRDA) also utilizes a leasehold structure where the city or SFRDA purchases the land under affordable housing developments and leases it to owners of the improvements for use as affordable housing for up to 99 years. This contributes to maintaining the developments' affordability as the federally-assisted developments are scheduled to be converted to market-rate housing.

**Jurisdiction: District of Columbia - Expiring Section-8 Contracts**

Mayor Anthony A. Williams' Housing Initiative – 'Preservation, Rehabilitation and Production' enacted in 1982 gives the following example of city efforts to preserve expiring use housing:

“An apartment owner received Section 8 project-based assistance in exchange for a commitment to serve low-income residents. In 2002, the owner plans to sell the building to a developer who would convert it into condominiums. Under the new policy, the current owner would have to notify the District government and the residents nine months before the proposed sale. The notice period would give the current tenants and the District government an opportunity to examine ways of maintaining the building's affordability” (District of Columbia, 2001).

**Eligible Target Population:** The affordability level of the designated units can target one income group, such as households earning 50% of the median income, or may serve a range of incomes.

## Education and Advocacy

### Grassroots Awareness and Public Service Announcements

**Objective:** While low-cost housing is a necessity for many Americans, a social stigma is often attached to such developments. The negative reaction by individuals or organizations to unpopular proposals in their community is known as the “Not in My Backyard” (NIMBY) syndrome. Many communities associate affordable housing with reduced property values, increased crime, and loss of community character, which can influence how localities implement their affordable housing policies and programs. Public education programs and advocacy groups can spread information about the positive effects of affordable housing on local communities helping to dispel myths and garner support for such projects. Such efforts are now becoming known as YIMBY (Yes, in My Backyard).

#### *Highlights*

- Helps eliminate stereotypes and stigmas associated with affordable housing.
- Reverses NIMBY concerns in a community and encourages YIMBY.
- Local governments can participate with increasing support for affordable housing in their municipalities.

#### **Grassroots Awareness**

Grassroots awareness programs strive to change public perception of affordable housing at the neighborhood level. Resources are focused on educating the community about the benefits of affordable housing while combating the negative perceptions often held by local residents. The most effective campaigns frame the issue of affordable housing around the fact that housing is unaffordable for people with jobs in the service, hospitality and healthcare fields rather than focusing on the needs of the very poor. They also provide evidence of how affordable housing developments can enhance local communities, such as the potential for new economic development as businesses are attracted to the growing neighborhoods.



*Women Build 2003, Habitat for Humanity gathering for Tacoma – Pierce County affordable housing.*

**Examples of Materials and Outreach Strategies used in Housing Education Campaigns:**

The following are examples of a wide variety of materials and outreach tools groups have used in the Bay Area, California to inform communities about affordable housing. Please note, *most campaigns combine several types of materials and outreach strategies.*<sup>15</sup>

<b>Print and Audio-Visual Materials</b>	<b>Outreach Strategies to the Media:</b>	<b>Outreach Strategies for Government and Community:</b>
<ul style="list-style-type: none"> <li>• Brochures</li> <li>• Briefing kits or affordable housing primers</li> <li>• Fact sheets</li> <li>• Broadsheets</li> <li>• Affordable housing calendars</li> <li>• Print own newspaper</li> <li>• Postcards</li> <li>• Posters</li> <li>• Bus/shelter placards</li> <li>• Billboards</li> <li>• Photo-board exhibits</li> <li>• “Best practices” publications</li> <li>• Large canvass signs</li> <li>• Videos</li> <li>• Slideshows</li> <li>• Reports on results of study/research</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct interviews on radio and TV shows (local cable access) about the affordable housing crisis in your community.</li> <li>• Instigate letters to the editor campaigns.</li> <li>• Produce public service announcements (print, radio, or TV).</li> <li>• Write feature articles and/or op-ed pieces for newspapers, magazines, or newsletters.</li> <li>• Visit editorial boards.</li> <li>• Conduct newsworthy events and seek coverage.</li> <li>• Link a housing theme to an existing local, regional or national celebration.</li> <li>• Host a media breakfast.</li> </ul>	<ul style="list-style-type: none"> <li>• Organize housing tours of successful affordable housing developments.</li> <li>• Meet one-on-one with local government decision-makers and community leaders.</li> <li>• Arrange study sessions with local government commissions and decision-making bodies.</li> <li>• Hold small group presentations for homeowner associations, civic groups, businesses, etc.</li> <li>• Organize a housing conference or symposium.</li> <li>• Put on a theatrical production.</li> <li>• Feature affordable housing and its residents in art shows.</li> <li>• Hold a walk or symbolic public action (e.g. search for housing).</li> <li>• Launch a new effort to contribute to solutions (e.g. housing trust fund campaign).</li> <li>• Confer annual “YIMBY” (Yes-In-My-Back-Yard) awards to individuals or groups who have welcomed controversial developments.</li> <li>• Conduct “housing games” with small groups.</li> <li>• Place photo board exhibits in libraries, bank lobbies, cafes, and public buildings.</li> <li>• Use a celebrity endorsement to gain attention and interest.</li> <li>• Conduct an annual affordable housing day or week proclaimed as such by state and/or local authorities and filled with events and opportunities to educate.</li> <li>• Link a housing theme to an existing local/regional/national celebration.</li> <li>• Create a local or regional committee with technical or other expertise on affordable housing.</li> <li>• Send pro-affordable housing flyers with water bills, bank statements, or other regularly mailed materials sent by public agencies or utilities.</li> </ul>

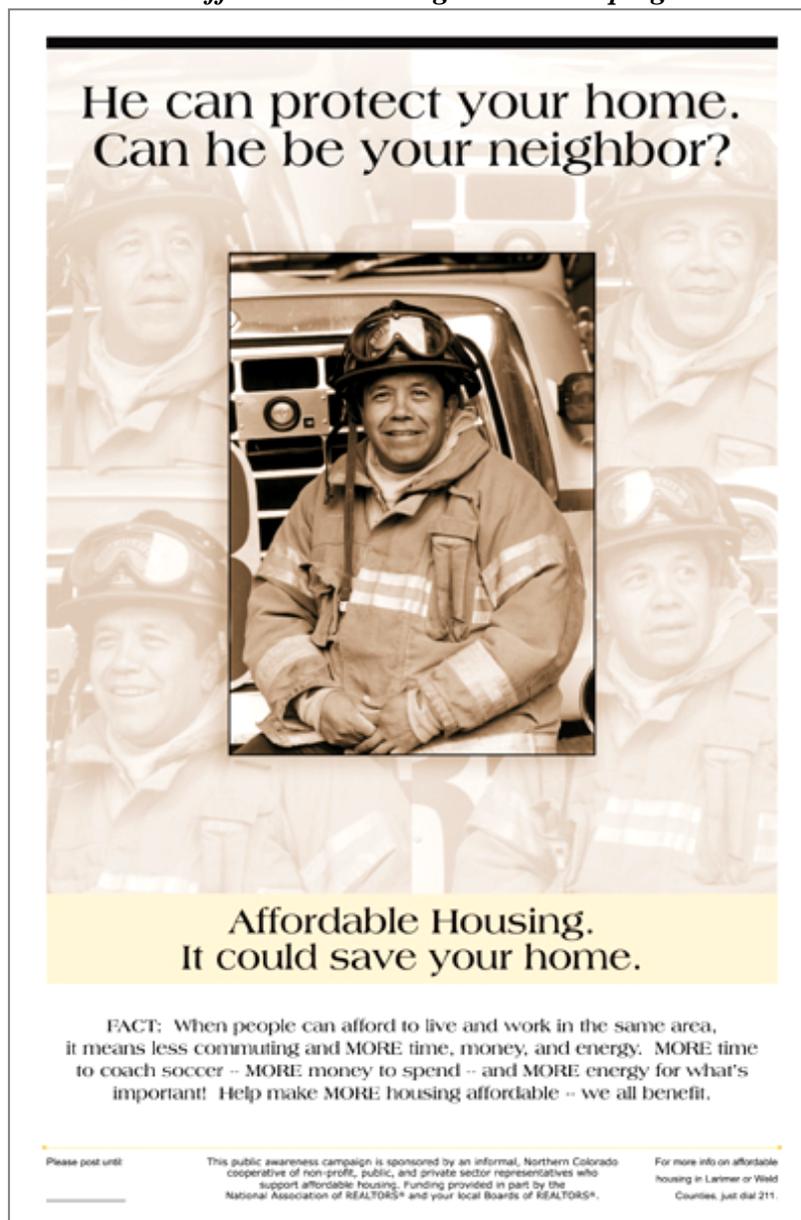
<sup>15</sup> Non-Profit Housing Association of Northern California (NPH) 369 Pine Street, Suite 350, San Francisco, CA 94104. Ph: (415) 989-8160 Fax: (415) 989-8166 www.nonprofithousing.org

**Public Service Announcements**

Public service announcements, such as radio and television advertisements, are an effective way of reaching a wider audience than many grassroots advocacy organizations may be capable of. They also provide the opportunity for partnering with nontraditional allies who are highly regarded in the community, such as elected officials and business leaders, who may not otherwise work together. Combined with other materials, such as information pamphlets and flyers, public service announcements spread the message that affordable housing affects quality of life for everyone in a community.

**Jurisdiction: Fort Collins, Colorado**

*Behind the Award-Winning 2002 "Faces & Places of Affordable Housing" Poster Campaign and the 2004 Affordable Housing Poster Campaign "Can I Be Your Neighbor?"*



**“Our Humble Beginnings...**

How did this affordable housing poster phenomenon get started? It all began with a brainstorming session between a real estate guy and a planner. The goal was to help everyday community people better understand local affordable housing issues. The idea was a poster that showed the pictures - and wages - of teachers, retail clerks, firefighters, and others. The message was that "those" people are THESE people who need affordable housing.

Four years later, their poster idea became a reality. In 2002, a series of three posters was distributed to over 750 sites in our region as the "Faces and Places of Affordable Housing" public awareness campaign.

The first poster dealt with the original wages and housing gap idea. The second poster highlighted key local homelessness facts. The last poster portrayed quality affordable communities that

have already been built in our region. City staffers who were assigned to the project made connections with other groups who were interested in getting the affordable housing word out. What started out as one poster turned into the series, so that everyone's message could be shared. Team members estimate that it took nine months to get the posters just right, as the group focused in on the specific messages they wanted to communicate. An ambitious distribution plan involved posting in some fresh places, while targeting high-traffic locations in two counties. In addition to the usual civic spots and grocery stores, we decided to place posters in faith communities, laundromats, health clubs, bagel shops, and other high-traffic, daily routine locations. The overall response to the effort has been favorable beyond our wildest dreams - not only from our intended audience, but from the many front-line folks in the affordable housing trenches. People have told us that these posters articulate what so many of them have wanted to share with people” (City of Fort Collins, Colorado, Community Planning Department, Affordable Housing, 2006).

Tactic	Objective	Population Served				Pierce County Applicable?	Owner/ Renter	Required to Implement	Comments, Recommendations, and Priority
		Pierce County Median Household Income - \$50,000							
		Extremely Low <30% AMI  \$15,000	Very Low <50% AMI \$25,000	Low <80% AMI \$40,000	Moderate Income <100% AMI \$50,000				
<b>Planning and Zoning Tools</b>		<b>Potential for Creating Affordable Housing</b>							
<b>Transfer Development Rights (TDR)</b>	Transfer or banking of rural development rights tied to development of urban affordable housing units.		*	**	***	Yes Pierce County is researching potential to create TDR program.	Renter **  Owner ***	<ul style="list-style-type: none"> <li>Adoption of TDR program, amending comprehensive plan and zoning code.</li> <li>Mechanism for either “banking” development rights or allowing for transfer between private parties.</li> <li>Finding sufficient “receiving” locations and appropriate densities.</li> <li>Allowance for added densities.</li> <li>Finding property owners who want to sell their development rights.</li> <li>Determine mechanism for monitoring and maintaining affordability over time.</li> </ul>	<ul style="list-style-type: none"> <li>Receiving sites should be located where there is sufficient infrastructure, including transportation services, to accommodate higher densities.</li> <li>Program should be structured to accommodate both land conservation and affordable housing interests.</li> </ul> <p><b>Recommendation:</b> The County should proceed to develop and adopt a TDR program.</p> <p><b>Priority:</b> Moderate</p>
<b>Rural Villages to create Mixed Income Communities in Rural Zones</b>	Targeted areas or districts for affordable units in rural areas where the cost of land is lower; used in combination with land use, regulatory and/or financial incentives. (1)	**	**	**	**	Yes Depends on availability of incentives for affordable housing.	Renter **  Owner **	<ul style="list-style-type: none"> <li>Resolve conflicts with current GMA policy.</li> <li>Make district large enough to avoid over-concentration.</li> <li>Build community acceptance.</li> <li>State DOE acceptance of alternative septic system improvements.</li> <li>Determine mechanism for monitoring and maintaining affordability over time.</li> </ul>	<ul style="list-style-type: none"> <li>The extent of the assistance/incentives should be defined by the number of affordable units, the level of affordability achieved for low income households, and the duration of the commitment to maintain units as affordable.</li> <li>Place a cap on the amount of affordable housing created in any one development so as not to create an over-concentration.</li> <li>Placement of rural villages should be coordinated with rural activity centers</li> <li>Rural villages will require access to transportation services and other public infrastructure.</li> </ul> <p><b>Recommendation:</b> Create opportunity for mixed income communities in rural zones by providing incentives that encourage development of affordable housing.</p>

No Star = No Impact; \* = Low impact; \*\* = Moderate impact; \*\*\* = High impact

Tactic	Objective	Population Served				Pierce County Applicable?	Owner/ Renter	Required to Implement	Comments, Recommendations, and Priority
		Pierce County Median Household Income - \$50,000							
		Extremely Low <30% AMI  \$15,000	Very Low <50% AMI \$25,000	Low <80% AMI \$40,000	Moderate Income <100% AMI \$50,000				
									<b>Priority:</b> Moderate
<b>Planned Development Districts (PDDs) to Create Mixed Income Communities within the Urban Growth Area</b>	<p>The objective of amending the County’s PDD regulations is to create incentives for developers of market-rate housing to create mixed income communities with a range of affordable housing units.</p> <p>Use various land use, regulatory and financial incentives to encourage the development of affordable housing within PDDs located in the UGA.(1)</p>	**	**	**	**	Yes Pierce County has PDD regulations.	Renter **  Owner **	<ul style="list-style-type: none"> <li>Amend current PDD regulations.</li> <li>Identify package of incentives that create sufficient encouragement to construct mix of affordable housing.</li> <li>Determine mechanism for monitoring and maintaining affordability over time.</li> <li>Would require a change in PDD base densities.</li> </ul>	<ul style="list-style-type: none"> <li>The extent of the assistance/incentives should be defined by the number of affordable units, the level of affordability achieved for low income households, and the duration of the commitment to maintain units as affordable.</li> <li>Place a cap on the amount of affordable housing created in any one development so as not to create an over-concentration.</li> </ul> <p><b>Recommendation:</b> Amend PDD regulations to create opportunity for mixed income communities by providing incentives that encourage development of affordable housing.</p> <p><b>Priority:</b> High</p>
<b>Infill Housing Development</b>	Development or redevelopment of vacant or blighted land utilizing existing infrastructure. (1)	**	**	**	**	Yes However, it was noted by the committee that infill housing in locations without infrastructure does not reduce housing costs.	Renter *  Owner **	<ul style="list-style-type: none"> <li>Build community acceptance.</li> <li>Would require County to create pro-active program to construct sewer improvements.</li> <li>Determine mechanism for monitoring and maintaining affordability over time.</li> </ul>	<ul style="list-style-type: none"> <li>Current zoning code allows for infill housing development.</li> <li>Limiting factor is availability of sewer service to undeveloped lots.</li> </ul> <p><b>Recommendation:</b> The County commits general government resources to extend sewer system infrastructure that would encourage creation of more infill housing.</p> <p><b>Priority:</b> Moderate</p>

Tactic	Objective	Population Served				Pierce County Applicable?	Owner/ Renter	Required to Implement	Comments, Recommendations, and Priority
		Pierce County Median Household Income - \$50,000							
		Extremely Low <30% AMI  \$15,000	Very Low <50% AMI \$25,000	Low <80% AMI \$40,000	Moderate Income <100% AMI \$50,000				
<b>Inclusionary Housing (Zoning)</b>	<p>The objective of an inclusionary zoning program is to create incentives or requirements for developers of market-rate housing to include affordable housing units in developments over a certain size. The objectives are similar to those described for the Planned Development Districts, but inclusionary housing applies a set of tools and incentives to general development activities (beyond a PDD).</p> <p>Two basic approaches have been used by other jurisdictions: ordinances that require or encourage the inclusion of affordable housing units in new developments.</p> <p><b>Required:</b> A number of affordable units are required in new developments, based on pre-determined criteria (such as the size of the development). Alternatively, the jurisdiction may allow developers the opportunity to pay a proportional fee per unit or to include affordable units in another development, instead of including the affordable units at the present time and location. (1)</p> <p><b>Voluntary:</b> A jurisdiction will create a package of incentives to encourage developers to include affordable housing in new developments.</p>	**	**	***	***	Yes	Renter **  Owner ***	<ul style="list-style-type: none"> <li>Amend comprehensive plan.</li> <li>Amend zoning code.</li> <li>Determine mechanism for monitoring and maintaining affordability over time, and for measuring progress toward creation of new affordable units.</li> <li>Identify unit/lot threshold at which point affordable units would be required (i.e. developments over a certain size).</li> <li>Identify duration of affordability requirements.</li> </ul>	<ul style="list-style-type: none"> <li>The extent of the assistance/incentives should be defined by the number of affordable units, the level of affordability achieved for low income households, and the duration of the commitment to maintain units as affordable.</li> <li>Ability to achieve success with voluntary program will depend on the level of incentive provided.</li> <li>Place a cap on the amount of affordable housing created in any one development so as not to create an over-concentration.</li> <li>A voluntary approach is preferred as initial step, but creation of affordable units should be monitored carefully to determine if program is successful.</li> <li>Program design must define an acceptable level of progress toward desired result (creation of new affordable housing units).</li> <li>To avoid over-concentration of affordable units, all jurisdictions throughout the County and the region should be developing strategies to create additional affordable housing units. The County should support and encourage jurisdictions through the work on the Pierce County Regional Affordable Housing Strategy, and the revisions to the Countywide Planning Policies.</li> </ul> <p><b>Recommendation:</b> Create an initial two-tiered inclusionary zoning program. The first tier would provide developers with substantial incentives (i.e. density bonuses, fee waivers, expedited permits) in return for creation of affordable</p>

Tactic	Objective	Population Served				Pierce County Applicable?	Owner/ Renter	Required to Implement	Comments, Recommendations, and Priority
		Pierce County Median Household Income - \$50,000							
		Extremely Low <30% AMI  \$15,000	Very Low <50% AMI \$25,000	Low <80% AMI \$40,000	Moderate Income <100% AMI \$50,000				
								<p>housing units in a development. The second tier would (initially) require creation of affordable housing units (or payment of a fee) under two circumstances: 1) when an upzone is approved, and 2) for large master planned communities. A requested upzone provides an opportunity for significant private economic benefit, which can be tied to a public policy objective – creation of affordable housing. If the voluntary program does not create its desired result, the County should reevaluate the incentive package and consider adoption of a required inclusionary zoning program for all residential developments above a certain size.</p> <p><b>Priority:</b> High</p>	
<p><b>Accessory Dwelling Units (ADU)</b></p>	<p>Provides home owners with potential additional income to afford mortgage, and provides potential increase in supply of affordable rental units. (1)</p>	<p>*</p> <p>(For single-person household)</p>	<p>**</p>	<p>**</p>	<p>**</p>	<p>Yes Pierce County already allows ADUs.</p>	<p>Renter **</p> <p>Owner *</p> <ul style="list-style-type: none"> <li>• Pierce County permits many more ADUs in rural areas than in urban areas. Assess ways in which ADUs could be used more broadly (i.e. education/marketing, design standards, package with incentives, etc.).</li> <li>• Amend zoning and building codes, if required.</li> </ul>	<ul style="list-style-type: none"> <li>• ADUs currently allowed on all single-family parcels within Pierce County.</li> </ul> <p><b>Recommendation:</b> Evaluate the use of ADUs to determine why they are not used more broadly, and if any impediments can be resolved. Explore potential to tie ADUs to creation of affordable housing (i.e. use of ADUs to meet affordability requirements for Inclusionary Zoning program, or PDD mixed income developments).</p> <p><b>Priority:</b> Medium</p>	

Tactic	Objective	Population Served				Pierce County Applicable?	Owner/ Renter	Required to Implement	Comments, Recommendations, and Priority
		Pierce County Median Household Income - \$50,000							
		Extremely Low <30% AMI \$15,000	Very Low <50% AMI \$25,000	Low <80% AMI \$40,000	Moderate Income <100% AMI \$50,000				
<b>Cottage Housing</b>	Small square footage housing units for consideration for single-family homes or clustered for multi-family housing. Reduces cost to construct, and cost to purchase or rent. (1)			**	**	Yes	Renter **  Owner **	<ul style="list-style-type: none"> <li>Identify potential incentives to package with strategy.</li> <li>Create marketing strategy.</li> <li>Amend zoning and building codes, if required.</li> </ul>	<ul style="list-style-type: none"> <li>Does not address the cost of land, however, would result in lower cost per unit.</li> </ul> <p><b>Recommendation:</b> Assess ability to construct cottage housing based on current land use regulations. Consider inclusion in County base plans to expedite permitting. May also be appropriate for high density development at converted manufactured home parks.</p> <p><b>Priority:</b> Medium</p>
<b>Katrina Cottages</b>	Smaller than typical cottage housing with same considerations, either modular or site built. Reduces cost to construct, and cost to purchase or rent. (1)		*	**	**	Yes	Renter **  Owner **	<ul style="list-style-type: none"> <li>Identify potential incentives to package with strategy.</li> <li>Amend zoning and building codes, if required.</li> </ul>	<ul style="list-style-type: none"> <li>Lowe’s Company is marketing a high quality small cottage in selected locations nationally.</li> <li>Does not address the cost of land, however, would result in lower cost per unit.</li> <li>Could be used for first-time home buyers to get into housing market.</li> </ul> <p><b>Recommendation:</b> Insure that land use regulations allow for construction of these small cottages. Consider use as accessory dwelling unit (ADU). Consider inclusion in County base plans to expedite permitting. May also be appropriate for high density development at converted manufactured home parks.</p> <p><b>Priority:</b> Medium</p>
<b>Rezoning</b>	Policy objective is to evaluate opportunities to increase	*	*	**	**	Yes	Renter **	<ul style="list-style-type: none"> <li>Amend zoning code.</li> <li>Resolve community issues.</li> </ul>	<p><b>Recommendation:</b> Consider refining the zoning for mixed use designated</p>

Tactic	Objective	Population Served				Pierce County Applicable?	Owner/ Renter	Required to Implement	Comments, Recommendations, and Priority
		Pierce County Median Household Income - \$50,000							
		Extremely Low <30% AMI \$15,000	Very Low <50% AMI \$25,000	Low <80% AMI \$40,000	Moderate Income <100% AMI \$50,000				
	residential development in appropriate locations.  The selective, pro-active rezoning of residential land to encourage greater residential development. (1)						Owner **	areas to reserve properties for residential development. Residential densities in those zones would not exceed allowable standards – currently 25 units per acre. Rezone would place greater emphasis on residential development versus commercial development.  <b>Priority:</b> Medium	
<b>Manufactured Home Park Purchase Program</b>	Programs that provide resources to acquire manufactured home parks, or create incentives for owners of privately owned manufactured home parks to sell to homeowners association or non-profit entity.	**	**	**	Yes 128 manufactured units were lost to conversions in Pierce County in 2006; 234 units are expected to be lost in 2007. A State relocation fund exists, but is very limited.	Renter **  Owner **	<ul style="list-style-type: none"> <li>• Conduct analysis described under Recommendation to clarify nature and extent of challenge.</li> <li>• Create criteria defining circumstances under which public/non-profit acquisition would occur.</li> <li>• Work with local lending community to determine if loan guarantees are appropriate for home owners associations attempting to purchase manufactured home parks.</li> </ul>	<ul style="list-style-type: none"> <li>• Park owners are currently required to give mobile home owners twelve months notice prior to closure.</li> <li>• If mobile home parks are acquired for long-term affordable housing, there may also be a need for program funds to improve the quality of the homes (i.e. weatherization).</li> <li>• Housing Authorities in King and Snohomish Counties have acquired manufactured home parks.</li> </ul> <p><b>Recommendation:</b> The County should conduct an analysis of existing mobile home parks in Pierce County to determine if existing land use regulations or zoning codes play a role in encouraging conversion of mobile home parks. The analysis should include, but not be limited to, site characteristics, infrastructure, and existing density. This analysis should be completed before other strategies related to manufactured home parks are put in place.</p> <p>When manufactured home parks are being proposed for conversion to another use, and the park is unlikely to be purchased by the homeowners, the</p>	

Tactic	Objective	Population Served				Pierce County Applicable?	Owner/ Renter	Required to Implement	Comments, Recommendations, and Priority
		Pierce County Median Household Income - \$50,000							
		Extremely Low <30% AMI  \$15,000	Very Low <50% AMI \$25,000	Low <80% AMI \$40,000	Moderate Income <100% AMI \$50,000				
								<p>County should work with local housing authorities and non-profit organizations to create public funding opportunities to pursue acquisition of parks meeting specific criteria. The criteria may be related to site specific characteristics and existing condition of site infrastructure. The County should also work with local lending institutions to explore financial tools (including loan guarantees) that could assist home owner associations interested in purchasing parks that are being sold.</p> <p><b>Priority:</b> Analysis of existing mobile home parks – Medium Priority</p> <p>Create mobile home park purchase program – Medium/Low</p>	
<b>Limitations on Conversion of Manufactured Home Parks</b>	Creating taxing or land use policies that discourage the conversion of existing manufactured home parks. For example, parks could be taxed at current use rather than highest and best use, or create manufactured home zones.	**	**	**		Yes	Renter **  Owner **	<ul style="list-style-type: none"> <li>Amend State law regarding eligible uses of current use taxation program.</li> <li>Amend County tax policies, as required.</li> <li>Amend County land use regulations, as required.</li> </ul> <p><b>Recommendation:</b> The County should conduct an analysis of existing mobile home parks in Pierce County to determine if existing land use regulations or zoning codes play a role in encouraging conversion of mobile home parks. The analysis should include, but not be limited to, site characteristics, infrastructure, and existing density. This analysis should be completed before other strategies related to manufactured home parks are put in place. Depending upon the results of the analysis, the County may consider higher densities for specific parks.</p> <p>In addition, after the analysis is complete, the County may work to</p>	

Tactic	Objective	Population Served				Pierce County Applicable?	Owner/ Renter	Required to Implement	Comments, Recommendations, and Priority
		Pierce County Median Household Income - \$50,000							
		Extremely Low <30% AMI  \$15,000	Very Low <50% AMI \$25,000	Low <80% AMI \$40,000	Moderate Income <100% AMI \$50,000				
								amend state law, and County policy, to expand eligibility for the current use taxation program to include manufactured home parks that meet specific criteria associated with affordable housing.  <b>Priority:</b> Analysis of existing mobile home parks – Medium Priority  Revise Current Use Taxation Program – Medium/Low Priority	
<b><u>Regulatory Assistance Package for Affordable Housing Developers</u></b>		<b>Potential for Creating Affordable Housing</b>							
<b>Incentives to Assist Developers Create Affordable Housing, Including: Density Bonuses, Fee Waivers, Reduced Zoning Requirements, and Expedited Permitting</b>	The objective is to provide incentives to affordable housing developers constructing affordable units. This will primarily serve multi-family projects.  Developers proposing a project that primarily provides affordable housing for the extremely low, very low and/or low income households should have the opportunity to utilize incentives that lower project costs.  <b>Density Bonus:</b> Additional housing density granted to affordable housing projects. Typically do not exceed a maximum threshold (i.e. no more than 20% of allowable density based on underlying zoning). (1) <b>Fee Waivers:</b> Fees reduced or waived for affordable housing projects. Fees may include impact	***	***	***		Yes	Renter ***	<ul style="list-style-type: none"> <li>Determine package of incentives that would be appealing to affordable housing developers.</li> <li>Amend zoning code, as required.</li> <li>Develop residential design standards.</li> <li>Determine mechanism for monitoring and maintaining affordability over time.</li> <li>Determine size of projects that will receive assistance.</li> <li>Identification of criteria for expediting permits (what types of projects), and the degree of fast tracking.</li> <li>Evaluate staff resources needed to accomplish fast track permitting.</li> <li>Determine level and type of fee waiver that would create real incentive for development of affordable housing.</li> <li>Determine appropriate public policy trade-offs – i.e. forgoing the benefits of a particular zoning</li> </ul>	<ul style="list-style-type: none"> <li>The extent of the assistance/incentives should be defined by the number of affordable units, the level of affordability achieved for low income households, and the duration of the commitment to maintain units as affordable.</li> <li>Pierce County has created policy precedence by establishing priorities for expedited permitting for projects with significant economic development/jobs benefits. The benefits from the creation of affordable housing should also receive priority.</li> </ul> <b>Recommendation:</b> The County should provide assistance to for-profit and non-profit housing developers creating single-family or multi-family affordable housing. Eligible affordable housing projects should have at least 50% of the units targeted towards low, very low and/or extremely low income
							Owner *		

Tactic	Objective	Population Served				Pierce County Applicable?	Owner/ Renter	Required to Implement	Comments, Recommendations, and Priority
		Pierce County Median Household Income - \$50,000							
		Extremely Low <30% AMI  \$15,000	Very Low <50% AMI \$25,000	Low <80% AMI \$40,000	Moderate Income <100% AMI \$50,000				
	fees for new development, or land use regulation fees. Fees may be waived proportionally, based on the number of affordable units provided. (1) <b>Reduced Zoning Requirements:</b> In certain circumstances existing zoning requirements, such as parking requirements, height restrictions, and bulk requirements, could be reduced for affordable housing projects. <b>Expedited Permitting:</b> Fast-track review and permitting of affordable housing projects. (1)						requirement in return for the creation of affordable housing.	households. Because the creation of affordable housing is a critical policy objective, a package of incentives should be substantial and have the affect of lowering the cost of constructing the affordable units. The incentives should include, but not necessarily be limited to, density bonuses, fee waivers, reduced zoning requirements, and expedited permitting. Incentives could be tiered, to provide greater assistance to those projects serving the lower income populations.  <b>Priority:</b> High	
<b>Affordable Building Design Practices</b>		<b>Potential for Creating Affordable Housing</b>							
<b>Permit Ready Housing or Rehabilitation</b>	Municipally offered permits or housing designs that promote affordability, infill development, or preservation. (1)		*	**	**	Yes Pierce County has some pre-approved base plans currently used by developers.	Renter **  Owner **	<ul style="list-style-type: none"> <li>Expand the number of base plans to create affordable housing options. There are currently no base plans for homes less than 2000 sq. ft.</li> <li>Identify potential incentives to package with strategy.</li> <li>County would need to acquire and approve base plans for general public use.</li> <li>May acquire base plans through design competition, similar to City of Portland example.</li> </ul>	<ul style="list-style-type: none"> <li>By expanding the number of base plans available for use by developers it will reduce the time to secure permits, and the costs associated with design and permitting.</li> <li>The County should focus on creation of plans for small attached and detached homes.</li> </ul> <b>Recommendation:</b> The County acquires additional base plans and allows use by the general public if there is a guarantee that a certain number of resulting units are reserved for low income households.  <b>Priority:</b> Medium



Tactic	Objective	Population Served				Pierce County Applicable?	Owner/ Renter	Required to Implement	Comments, Recommendations, and Priority
		Pierce County Median Household Income - \$50,000							
		Extremely Low <30% AMI \$15,000	Very Low <50% AMI \$25,000	Low <80% AMI \$40,000	Moderate Income <100% AMI \$50,000				
								consider the expansion of areas within single-family zones allowing interior second floor entry if specific design standards are met. The County should also consider providing permit ready designs for these types of units.  <b>Priority:</b> Medium/Low	
<b>Special Needs Populations</b>		<b>Potential for Creating Affordable Housing</b>							
<b>Single Room Occupancy (SRO)</b>	Small affordable units for one individual.	**	*			Yes	Renter * Owner	<ul style="list-style-type: none"> <li>• Depends on availability of funding and finding suitable location.</li> <li>• Would be implemented by non-profits.</li> <li>• Amend zoning code.</li> </ul>	<ul style="list-style-type: none"> <li>• Pierce County code does not provide specific reference to Single Resident Occupancy (SRO) units.</li> <li>• Pierce County defines group homes as living accommodations for seven to sixteen unrelated individuals with special needs who share a single-family detached dwelling unit.</li> <li>• Shelters for homeless are allowed in various urban and rural zones, some of which require conditional use permits.</li> <li>• Developers constructing SRO housing would be eligible for regulatory assistance incentive package.</li> </ul> <p><b>Recommendation:</b> Amend the zoning code to clarify which use categories/levels apply to SROs. After clarification, review zoning districts which permit SROs and determine if broadening location opportunities is necessary.</p> <p><b>Priority:</b> High</p>

Tactic	Objective	Population Served				Pierce County Applicable?	Owner/ Renter	Required to Implement	Comments, Recommendations, and Priority
		Pierce County Median Household Income - \$50,000							
		Extremely Low <30% AMI  \$15,000	Very Low <50% AMI \$25,000	Low <80% AMI \$40,000	Moderate Income <100% AMI \$50,000				
<b>Transitional Housing</b>	Housing that provides temporary shelter and supportive services to assist homeless individuals and families.	**	*	*		Yes	Renter *  Owner	<ul style="list-style-type: none"> <li>• Depends on availability of funding and finding suitable location.</li> <li>• Would be implemented by non-profits.</li> </ul>	<ul style="list-style-type: none"> <li>• The Pierce County code does not provide specific reference to transitional housing.</li> <li>• The code defines motel as a group of attached or detached buildings containing individual sleeping units...for temporary use by...transients. A unit having kitchen facilities shall constitute a dwelling unit. Motels are only permitted within commercial zoning districts.</li> <li>• Transitional housing provides social service and training services in addition to housing units.</li> <li>• Developers constructing transitional housing would be eligible for regulatory assistance incentive package.</li> </ul> <p><b>Recommendation:</b> Amend the zoning code to clarify which use categories/levels apply to transitional housing. After clarification, review zoning districts which permit transitional housing and determine if broadening location opportunities is necessary.</p> <p><b>Priority:</b> High</p>
<b>Visitability Standards</b>	Building standards that create additional accessibility for disabled residents.	*	*	*	*	Yes Currently a large lot is required to construct accessible home.	Renter **  Owner **	<ul style="list-style-type: none"> <li>• Amendment to building code as needed.</li> </ul>	<ul style="list-style-type: none"> <li>• Attached single-family tri-plexes and four-plexes allowed in single-family zones currently require ground floor access.</li> <li>• Pierce County has adopted International Building Code standards which require a specific number of accessible units per total number of units provided in multi-family developments.</li> </ul>

Tactic	Objective	Population Served				Pierce County Applicable?	Owner/ Renter	Required to Implement	Comments, Recommendations, and Priority
		Pierce County Median Household Income - \$50,000							
		Extremely Low <30% AMI \$15,000	Very Low <50% AMI \$25,000	Low <80% AMI \$40,000	Moderate Income <100% AMI \$50,000				
								<p><b>Recommendation:</b> Pierce County should investigate the need for more affordable ADA units. Based on results, the County could review requirements associated with low-income projects and consider adjustments. The County may want to consider providing incentives to developers for creating accessible, affordable housing units. The County should also consider making it easier to modify plans to accommodate accessible units.</p> <p><b>Priority:</b> Medium/Low</p>	
<b>Financial Tools</b>		<b>Potential for Creating Affordable Housing</b>							
<b>Local Dedicated Revenue Source</b>	The County and/or voter-approved local funding source for	***	***	**		Yes	Renter ***	<ul style="list-style-type: none"> <li>• Would need to build political will to create substantial fund source.</li> </ul>	<ul style="list-style-type: none"> <li>• 2060 funding (from the “document tax”) has created more resources for</li> </ul>

Tactic	Objective	Population Served				Pierce County Applicable?	Owner/ Renter	Required to Implement	Comments, Recommendations, and Priority
		Pierce County Median Household Income - \$50,000							
		Extremely Low <30% AMI  \$15,000	Very Low <50% AMI \$25,000	Low <80% AMI \$40,000	Moderate Income <100% AMI \$50,000				
	construction or operation of affordable housing.						Owner **	<ul style="list-style-type: none"> <li>Identify funding mechanism.</li> <li>Create mechanism for disbursement of local funds. The County should consider creation of local housing trust fund if local revenues are significant.</li> <li>Determine mechanism for monitoring and maintaining affordability over time.</li> </ul>	<p>development of affordable housing, but available funding is still far short of the need.</p> <ul style="list-style-type: none"> <li>Local revenue measures would require clear targeting toward low-income populations, and strong accountability for the use of all funds.</li> </ul> <p><b>Recommendation:</b> Consider the potential for both voter approved measures (bond or levy), and non-voter approved sources. An illustrative, but not necessarily complete list of non-voter approved revenues could include: bonding against anticipated 2060 revenues; lease revenues or proceeds from the sale of surplus County land; dedication of some portion of the Real Estate Excise Tax earmarked for park acquisition; roof top fee for structures over a certain size or value; one cent of the real property tax.</p> <p><b>Priority:</b> High</p>
<b>Land Trusts</b>	Typically a community non-profit whose mission is to acquire land for, and develop affordable housing. Homeowners own their homes, but lease the land from the trust. The land continues to be owned by the land trust, reducing land costs and some site development costs, which reduces the price/rent of homes.	**	**	**		Yes However, there is currently no land trust in Pierce County performing this function.	Renter **  Owner **	<ul style="list-style-type: none"> <li>Creation of land trust.</li> <li>Provide initial funding support.</li> </ul>	<ul style="list-style-type: none"> <li>Land trust can be used for new construction or renovation, and single-family or multi-family developments.</li> <li>Land trusts have the ability to raise private and philanthropic funding to support their mission.</li> <li>Land trusts have been used successfully in Whatcom and San Juan counties.</li> </ul> <p><b>Recommendation:</b> The County should take leadership in creating a land trust, working with non-profits in the region to create an entity. The land trust could</p>

Tactic	Objective	Population Served				Pierce County Applicable?	Owner/ Renter	Required to Implement	Comments, Recommendations, and Priority
		Pierce County Median Household Income - \$50,000							
		Extremely Low <30% AMI \$15,000	Very Low <50% AMI \$25,000	Low <80% AMI \$40,000	Moderate Income <100% AMI \$50,000				
								<p>be managed by a private non-profit entity, or by the County. If sufficient local revenues are generated, they could serve as a source of funds to assist a land trust to acquire properties for affordable housing. Additionally, County surplus land could be used by a land trust for affordable housing.</p> <p><b>Priority:</b> Medium</p>	
<b>Property Tax Relief</b>	Provide property tax relief for commitment to build and maintain affordable housing	***	***	**		Yes	Renter *** Owner *	<ul style="list-style-type: none"> <li>• Would require State Legislature to give authority to counties.</li> <li>• Identify target population.</li> <li>• Determine criteria for use of tax relief, including size of projects and the amount of affordable housing provided.</li> <li>• Determine mechanism for monitoring and maintaining affordability over time.</li> </ul> <ul style="list-style-type: none"> <li>• The extent of the property tax relief should be defined by the number of affordable units, the level of affordability achieved for low income households, and the duration of the commitment to maintain units as affordable.</li> <li>• Tax relief could be included in regulatory assistance package for non-profit developers, inclusionary zoning incentives, and/or PDD incentives.</li> </ul> <p><b>Recommendation:</b> The County should pursue state legislative changes (working with the Counties and Cities Associations) to give Pierce County the authority to provide property tax relief for developers of affordable housing.</p> <p><b>Priority:</b> High</p>	
<b>Use of County Surplus Land</b>	Identify County surplus land that can be used for development of affordable housing.	*	*	*		Yes The County surpluses two types of property: those acquired through property tax foreclosures, and those acquired with	Renter * Owner	<ul style="list-style-type: none"> <li>• Explore potential to sell property for less than full market value, in return for achieving public benefit (i.e. affordable housing).</li> <li>• Identify potential surplus lands.</li> <li>• Develop process for disposing of surplus lands for affordable housing purposes.</li> </ul> <ul style="list-style-type: none"> <li>• Between 800 – 1,000 tax foreclosure properties are surplus each year. Annual revenue from sales is \$100,000 – \$150,000. Revenue is distributed between local taxing districts and the County according to requirements of state law. Pierce County annually receives 14% of the</li> </ul>	

Tactic	Objective	Population Served				Pierce County Applicable?	Owner/ Renter	Required to Implement	Comments, Recommendations, and Priority
		Pierce County Median Household Income - \$50,000							
		Extremely Low <30% AMI  \$15,000	Very Low <50% AMI \$25,000	Low <80% AMI \$40,000	Moderate Income <100% AMI \$50,000				
								<p>total.</p> <ul style="list-style-type: none"> <li>For County-owned surplus land, the funding source of the original purchase dictates the degree of flexibility the County has in dedicating revenues through a sale or lease. Approximately five County-owned parcels are surplus each year.</li> </ul> <p><b>Recommendation:</b> The County should consider three options: 1) dedicating the revenues from tax title sales and County-owned properties (when appropriate) to affordable housing; 2) explore the potential to sell surplus lands at less than market rate to developers of affordable housing; or 3) when larger-scale surplus lands are sold, require that affordable housing (or payment-in-lieu-of) be included in development plans for that land..</p> <p><b>Priority:</b> Medium</p>	

(1) Usually tied with other incentives.

## Appendix A. Web Link References

### Transfer of Development Rights (TDR) Programs

<http://dnr.metrokc.gov/wlr/tdr/>

<http://www.psrc.org/datapubs/pubs/view/1001.htm#Housing>

<http://www.metrokc.gov/budget/benchmrk/bench98/acrobat/chapter3.pdf#search=%22tdr%20and%20affordable%20housing%20site%3A.gov%22>

<http://www.nga.org/portal/site/nga/menuitem.9123e83a1f6786440ddcbeeb501010a0/?vgnextoid=6a685aa265b32010VgnVCM1000001a01010aRCRD>

### Affordable Housing Districts

<http://www.grandforksgov.com/gfgov/home.nsf/Pages/Housing+Authority>

<http://www.hud.gov/news/release.cfm?content=pr05-092.cfm>

<http://ordlink.com/codes/cortem/index.htm>

### Infill Housing Development

<http://www.ci.austin.tx.us/zoning/downloads/booklet.pdf>

<http://www.portlandonline.com/planning/index.cfm?c=decfj>

<http://www.portlandonline.com/planning/index.cfm?c=34024>

<http://phoenix.gov/BUSINESS/inflinct.html>

### Inclusionary Housing (Zoning)

<http://www.mrsc.org/mc/redmondcdg/cdg20D30.html>

[http://www.montgomerycountymd.gov/dhctmpl.asp?url=/content/dhca/housing/housing\\_P/Summary\\_and\\_History.asp](http://www.montgomerycountymd.gov/dhctmpl.asp?url=/content/dhca/housing/housing_P/Summary_and_History.asp)

[http://www.mass.gov/envir/smart\\_growth\\_toolkit/pages/CS-iz-dennis.html](http://www.mass.gov/envir/smart_growth_toolkit/pages/CS-iz-dennis.html)

[http://ordlink.com/codes/santacruzco/\\_DATA/TITLE17/Chapter\\_17\\_10\\_AFFORDABLE\\_HOUSING\\_/17\\_10\\_030\\_Inclusionary\\_housing.html](http://ordlink.com/codes/santacruzco/_DATA/TITLE17/Chapter_17_10_AFFORDABLE_HOUSING_/17_10_030_Inclusionary_housing.html)

<http://www.sccoplanning.com/brochures/bmrhousing.htm>

<http://www.designadvisor.org/gallery/farm.html>

### Accessory Dwelling Units (Attached and Detached)

[http://www.ci.santa-cruz.ca.us/pl/hcd/ADU/ADU\\_Manual.pdf](http://www.ci.santa-cruz.ca.us/pl/hcd/ADU/ADU_Manual.pdf)

### Cottage Housing

[http://www.seattle.gov/dpd/Planning/Alternative\\_Housing\\_Choices/CottageHousing/default.aspxhttp://www.seattle.gov/dpd/stellent/groups/pan/@pan/@plan/documents/web\\_informational/dpds\\_007095.pdf](http://www.seattle.gov/dpd/Planning/Alternative_Housing_Choices/CottageHousing/default.aspxhttp://www.seattle.gov/dpd/stellent/groups/pan/@pan/@plan/documents/web_informational/dpds_007095.pdf)

### Katrina Cottages or Transitional Affordable Housing

<http://www.mississippirenewal.com/>

[http://www.lra.louisiana.gov/pr\\_3\\_23\\_duany.html](http://www.lra.louisiana.gov/pr_3_23_duany.html)

<http://www.governorbarbour.com/recovery/enews/enews3.html>

[http://www.realestatejournal.com/columnists\\_com/plotsplots/20060831-plots.html](http://www.realestatejournal.com/columnists_com/plotsplots/20060831-plots.html)<http://sev.prnewswire.com/retail/20060823/CLW02823082006-1.html>

### **Permit-Ready Housing or Rehabilitation**

<http://www.livingsmartpdx.com/home/overview.asp>

<http://www.portlandonline.com/shared/cfm/image.cfm?id=114222>

<http://www.cortn.org>

<http://www.hdclinchvalley.org/associates.html>

### **Upzoning – Increasing Densities**

<http://www.mrsc.org/Publications/textaht.aspx>

[http://abd.cted.wa.gov/cted\\_case\\_study.asp?PID=10241](http://abd.cted.wa.gov/cted_case_study.asp?PID=10241)

<http://www.maricopa.gov/planning/compln/affordable.pdf#search=%22upzoning%20site%3A%2Cgov%22>

### **Zero Lot Line Development**

[http://www.bentonvillear.com/docs/planning/qr\\_guide.pdf](http://www.bentonvillear.com/docs/planning/qr_guide.pdf)

### **Manufactured Housing**

<http://sccounty01.co.santa-cruz.ca.us/red/Hsg%20Programs.htm#MHPark%20Purchase%20Program>

<http://sccounty01.co.santa-cruz.ca.us/red/HsgCompProj.htm>

[http://ordlink.com/codes/santacruzco/\\_DATA/TITLE13/Chapter\\_13\\_30\\_MOBILE\\_HOME\\_PARK\\_CO/index.html](http://ordlink.com/codes/santacruzco/_DATA/TITLE13/Chapter_13_30_MOBILE_HOME_PARK_CO/index.html)

### **Density Bonuses**

<http://www.metrokc.gov/dchs/csd/housing/Affordable.htm>

<http://www.co.san-juan.wa.us/planning/Comp%20Plan%20files/Comp%20Plan%20Section%20B--Element%205.pdf>

### **Fee Waivers: Impact and Land Use Regulation Fees**

<http://www.santafenm.gov/community-services/community-development/affordable-housing.asp>

[http://www.ci.austin.tx.us/ahfc/smart\\_faq.htm](http://www.ci.austin.tx.us/ahfc/smart_faq.htm)

### **Expedited Permitting**

<http://www.santafenm.gov/community-services/community-development/affordable-housing.asp>

<http://www.santafecommunityhousingtrust.com/>

<http://www.ci.austin.tx.us/ahfc/smart.htm>

<http://www.ci.austin.tx.us/ahfc/downloads/barriers.pdf>

**Green Buildings**

<http://greenbuildings.santa-monica.org/whatsnew/colorado-court/coloradocourt.html>

<http://www.seattle.gov/dpd/GreenBuilding/MultifamilyResidential/DesignToolsStrategies/SeaGreen/default.asp>

**Great House Concept**

<http://www.fairfaxcounty.gov/rha/greathouse/greathouse.htm>

**Adaptive Reuse**

[http://ci.ftlaud.fl.us/workforce\\_housing/123005draftreport.pdf](http://ci.ftlaud.fl.us/workforce_housing/123005draftreport.pdf)

<http://www.livableplaces.org/policy/adaptive.html>

<http://www.hud.gov/local/vt/library/archives/localnews/pr2005-01-13.cfm>

**Housing Opportunities for People with AIDS**

<http://www.ci.seattle.wa.us/humanservices/csd/planning/hopwa.htm>

**Single Resident Occupancy (SRO) Units**

<http://www.oaklandnet.com/default.html>

<http://www.dbarchitect.com/>

<http://www.ashinstitute.harvard.edu/Ash/singleroom.htm>

<http://clerkdoc.sannet.gov/legtrain/mc/MuniCodeChapter14/Ch14Art03Division05>

**Transitional Housing**

[http://www.miamidade.gov/homeless/quick\\_facts.asp](http://www.miamidade.gov/homeless/quick_facts.asp)

**Visitability Standards**

<http://www.ci.austin.tx.us/ahfc/downloads/smartguide.pdf>

**Local Dedicated Revenue Source**

[http://www.fairfaxcounty.gov/dmb/advertised/FY2007/pdf/Volume2/Capital\\_319.pdf](http://www.fairfaxcounty.gov/dmb/advertised/FY2007/pdf/Volume2/Capital_319.pdf)

[http://alexandriava.gov/fyi\\_alexandria/jul\\_05/](http://alexandriava.gov/fyi_alexandria/jul_05/)

<http://www.mrsc.org/ords/s42o120823.aspx>

**Housing Trust Funds**

[http://cted.wa.gov/portal/alias\\_cted/lang\\_en/tabID\\_493/DesktopDefault.aspx](http://cted.wa.gov/portal/alias_cted/lang_en/tabID_493/DesktopDefault.aspx)

<http://www.co.napa.ca.us/code2000data/title15/chapter%5F15%5F60%5F%5Faffordable%5Fhousing%5F/index.html>

<http://www.pima.gov/ced/CDNC/AH/trustFund.html>

<http://www.pima.gov/ced/CDNC/documents/winternewsletter05.pdf#search=%22rooftop%20fee%22>

**Community Land Trusts**

<http://www.opalclt.org/>

<http://www.pclt.org/>

<http://www.santafenm.gov/community-services/community-development/Affordable-Housing/results.asp>

**Affordable Housing Tax Incentives**

[http://www.ma-smartgrowth.org/smartg/smartg\\_housing.htm](http://www.ma-smartgrowth.org/smartg/smartg_housing.htm)

<http://www.window.state.tx.us/taxinfo/proptax/tc04/ch23b3.htm#23.21>

<http://www1.leg.wa.gov/legislature/>

[http://ww2.co.fulton.ga.us/index.php?option=com\\_content&task=view&id=259&Itemid=180](http://ww2.co.fulton.ga.us/index.php?option=com_content&task=view&id=259&Itemid=180)

**Historic Preservation and Affordable Housing**

[http://www.nationaltrust.org/housing/casestudy\\_WA\\_Annobee.html](http://www.nationaltrust.org/housing/casestudy_WA_Annobee.html)

[http://www.sfgov.org/site/bdsupvrs\\_page.asp?id=13658](http://www.sfgov.org/site/bdsupvrs_page.asp?id=13658)

<http://www.sfha.org/hope/nobeach.htm>

[http://dcbiz.dc.gov/dmped/LIB/dmped/services/pdf/mayor\\_analysis.pdf#search=%22expiring%20use%20of%20federal%20subsidies%20section%208%20site%3A.gov%22](http://dcbiz.dc.gov/dmped/LIB/dmped/services/pdf/mayor_analysis.pdf#search=%22expiring%20use%20of%20federal%20subsidies%20section%208%20site%3A.gov%22)

**Grassroots Awareness and Public Service Announcements**

[http://www.cacities.org/resource\\_files/24067.educcampaignmaterials.pdf](http://www.cacities.org/resource_files/24067.educcampaignmaterials.pdf)

<http://www.hcd.ca.gov/hpd/nimby.htm>

<http://www.ci.fort-collins.co.us/affordablehousing/neighbor-posters.php>

## Appendix B. Resolution Nos. R2006-13s and R2006-98

1 Sponsored by: Councilmembers Shawn Bunney, Roger Bush, Timothy M. Farrell, File No. 51  
 2 Barbara Gelman, Calvin Goings, Terry Lee, and Dick Muri  
 3 Requested by: Executive/Planning and Land Services  
 4

### RESOLUTION NO. R2006-13s

5  
 6  
 7 **A Resolution of the Pierce County Council Establishing an Ad Hoc Housing**  
 8 **Affordability Task Force to Examine the Costs of Housing**  
 9 **Development and Recommend Specific Measures to Address**  
 10 **the Affordable Housing Needs for all Economic Segments of**  
 11 **the Population With Particular Interest for Low Income**  
 12 **Populations; Providing Guidelines and a Timeline for the**  
 13 **Work of the Task Force; Requesting the Planning**  
 14 **Commission to Review the Proposal and Make**  
 15 **Recommendations for Action by the County Council; and**  
 16 **Setting a Sunset Date of the Ad Hoc Task Force.**  
 17

18 **Whereas**, the Washington State Growth Management Act includes a Planning  
 19 Goal for Housing, at Revised Code of Washington (RCW) 36.70A.020, to encourage the  
 20 availability of affordable housing to all economic segments of the population of this  
 21 state, promote a variety of residential densities and housing types, and encourage  
 22 preservation of existing housing stock; and  
 23

24 **Whereas**, the County-Wide Planning Policies for Pierce County include a policy  
 25 on affordable housing which calls for the County to determine and take steps to meet  
 26 the projected demand for housing for all economic segments of the population; and  
 27

28 **Whereas**, the Housing Element of the Pierce County Comprehensive Plan calls  
 29 for the creation of a Housing Affordability Task Force to examine the costs of housing  
 30 development and recommend specific measures to address the affordable housing  
 31 needs for all economic segments of the population with particular interest for low  
 32 income populations; **Now Therefore**,

33  
 34 **BE IT RESOLVED by the Council of Pierce County:**  
 35

36 Section 1. The County Council hereby establishes an Ad Hoc Housing  
 37 Affordability Task Force to examine the costs of housing development and recommend  
 38 specific measures to address the affordable housing needs for all economic segments  
 39 of the population with particular interest for low income populations. The Task Force  
 40 shall be facilitated by John Howell, Cedar River Group, LLC, and supported by staff

1 from the Pierce County Community Services Department's Housing Program, and shall  
 2 include for following members from identified interest groups:

3		
4	Advocate	Catherine Forbes
5	Associated General Contractors	Van Collins
6	Association of Realtors	Catherine Rudolph
7	Association of Realtors	George McGilliard
8	Association of Realtors	Judy Duncan
9	Banking	Lessley Shirley
10	Banking	Jeff Robinson
11	Citizen	Bill Giddings
12	Community Services	Tom Hilyard
13	Friends of Pierce County	Marian Berejikian
14	Master Builders Association	Rick Brunaugh
15	Master Builders Association	Lyle Fox
16	Master Builders Association	Tiffany Speir
17	Mobile Home Resident	John Landis
18	Mobile Home Resident	Jim Dean
19	Non-Profit Developer	Sandy Burgess
20	Non-Profit Developer	Denny Hunthausen
21	Pierce County Council	Roger Bush
22	Pierce County Council	Calvin Goings
23	Pierce County Housing Authority	Bob Peterson
24	Planning Commission	Helen Myrick
25	Planning Commission	John Purbaugh
26	Planning and Land Services	Chip Vincent
27	Public Works & Utilities	Brian Stacey
28	Tacoma Housing Authority	Michael Mirra

29 Each member may designate one alternate. Alternates will receive all notices,  
 30 agendas, and meeting packets that are distributed to members.

31  
 32 Section 2. The Ad Hoc Task Force shall sunset on December 31, 2006.

33  
 34 Section 3. The Housing Affordability Task Force is hereby requested to analyze  
 35 and examine all available opportunities to lower the cost of housing development  
 36 particularly related to low income needs and shall consider a series of pilot programs to  
 37 be implemented. The Task Force shall consider inclusionary zoning, density bonus  
 38 programs, fee waivers and other funding incentives that will encourage the development  
 39 of affordable housing for low income populations, and shall describe how proposed  
 40 strategies meet housing needs based on percentage of median income. The Task

1 Force shall identify responsibilities, priorities, and timelines for completion of measures  
 2 to address affordable housing needs and shall apply information obtained through its  
 3 analysis to update the Housing Element of the Pierce County Comprehensive Plan.

4  
 5 Section 4. The Housing Affordability Task Force is requested to develop its  
 6 recommendations for transmittal to the Planning Commission by October 1, 2006. The  
 7 Community Services Department's Housing Program staff is requested to provide staff  
 8 support to the Housing Affordability Task Force, provide appropriate notice of Task  
 9 Force meetings, make the necessary presentations for the review by the Planning  
 10 Commission, and coordinate with the Planning & Land Services Department to conduct  
 11 all necessary environmental review. The Planning Commission is requested to provide  
 12 its recommendation to the Council within 45 days after receipt of the transmittal from the  
 13 Task Force.

14  
 15 ADOPTED this 28<sup>th</sup> day of February, 2006.

16  
 17 ATTEST:

18 **PIERCE COUNTY COUNCIL**  
 19 Pierce County, Washington

20 Denise D. Johnson  
 21  
 22 Denise D. Johnson  
 23 Clerk of the Council  
 24

Shawn Bunney  
 Shawn Bunney  
 Council Chair

1 Sponsored by: Councilmembers Roger Bush and Calvin Goings  
2 Requested by: County Council

File No. 51

3  
4  
5 **RESOLUTION NO. R2006-98**  
6

7  
8 **A Resolution of the Pierce County Council Amending Resolution No.**  
9 **R2006-13s to Modify the Transmittal Process and Timeline**  
10 **for the Housing Affordability Task Force.**  
11

12  
13 **Whereas**, by Resolution No. R2006-13s, adopted February 28, 2006, the County  
14 Council established an ad hoc Housing Affordability Task Force to examine the costs of  
15 housing development and recommend specific measures to address the affordable  
16 housing needs for all economic segments of the population with particular interest for  
17 low income populations; and

18  
19 **Whereas**, the Task Force was requested to transmit its recommendations to the  
20 Planning Commission by October 1, 2006; and

21  
22 **Whereas**, direct transmittal from the Task Force to the Planning Commission is  
23 not necessary because the County Council will be transmitting any proposed  
24 amendments to the Pierce County Comprehensive Plan or Development Regulations to  
25 the Commission per established County procedures; and

26  
27 **Whereas**, the Task Force is working diligently to formulate recommendations  
28 and has requested a revision of the transmittal deadline; and

29  
30 **Whereas**, extending the timeline for this effort is appropriate; **Now Therefore**,

31  
32 **BE IT RESOLVED by the Council of Pierce County:**  
33

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30

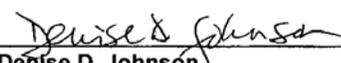
Section 1. Section 4. of Resolution No. 2006-13s is hereby amended as follows:

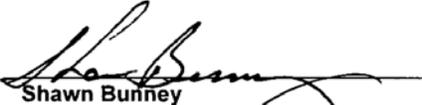
"Section 4. The Housing Affordability Task Force is requested to develop its recommendations for transmittal to the County Council Planning Commission by October 4 ~~December 31~~, 2006. The Community Services Department's Housing Program staff is requested to provide staff support to the Housing Affordability Task Force, provide appropriate notice of Task Force meetings, make the necessary presentations for the review by the Planning Commission, and coordinate with the Planning & Land Services Department to conduct all necessary environmental review. The Planning Commission is requested to provide its recommendation to the Council within 45 days after receipt of the transmittal from the Task Force. The County Council will review the recommendations and initiate the process for amendments to the Pierce County Comprehensive Plan or Development Regulations, as needed to implement the desired recommendations. All amendment processes will include review by the Planning Commission and land use advisory commissions."

ADOPTED this 26<sup>th</sup> day of September, 2006.

ATTEST:

**PIERCE COUNTY COUNCIL**  
Pierce County, Washington

  
Denise D. Johnson  
Clerk of the Council

  
Shawn Bunnay  
Council Chair