

the



MIXED-INCOME HOUSING **TOD** ACTION GUIDE

Created by
THE **CENTER FOR TRANSIT-ORIENTED DEVELOPMENT** for
the **GREAT COMMUNITIES COLLABORATIVE**

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Introduction

This **Action Guide** was designed as a tool to help community advocates, practitioners, intermediaries, and jurisdictions in their efforts to foster mixed-income transit oriented development (TOD). The term “mixed-income TOD” is shorthand to describe a set of goals that includes the provision of a mix of housing choices, affordable to a range of incomes, for people at different stages of life within a specific transit district (or transit zone). This guide has been organized to lead the reader through three key steps with the ultimate objective of generating a greater and more comprehensive understanding of the housing needs in a specific transit district and of the range of tools that can be employed to achieve the goals of mixed-income TOD. These steps include:

- 1. Outlining the data needed to assess the need, challenges, and opportunities;**
- 2. Directions to sources of that information, and guidance on how that data can be organized and analyzed**
- 3. Guidance on how to select which tool, or sets of tools, that are most appropriate for the specific conditions of the transit district.**

Going through the steps in this document will provide users with an invaluable set of data about the transit district, a greater awareness of key resources and programs, and a more holistic understanding of both the mixed-income housing landscape in their community and the key issues around which they should focus their efforts.

Background

A growing number of jurisdictions in the Bay Area are engaged in focused planning efforts to encourage successful transit-oriented development (TOD) near new and proposed transit stations. These TOD planning processes are layered with many goals, including: maximizing transit ridership, reducing traffic congestion, promoting economic development, growing local tax bases, providing more housing options to new and existing residents, and lowering overall greenhouse gas emissions. Regional agencies like the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG) are encouraging this trend with resources and incentives targeted for station area planning.

As TOD planning processes proliferate in the Bay Area, there is an increasing awareness that a mix of housing that serves a diversity of people at different income levels and stages of life can help to support and address other TOD goals. This awareness has spurred a growing interest in making sure TOD is broadly inclusive with ongoing housing opportunities for households at a range of incomes. Amongst those involved in this work in the Bay Area, regional agencies, philanthropic organizations, local governments, community-based organizations, and other non-profits are actively working to promote “mixed-income TOD.” For the past two years, the partners in the Great Communities Collaborative have been working to ensure that local TOD planning efforts promote truly walkable communities that include households of all sizes, types and income levels. ABAG also has launched a grant program specifically designed to preclude the displacement of existing, nearby low-income residents as part of infrastructure investments focused at transit nodes.

In July 2007, The Center for Transit-Oriented Development (CTOD), the Center for Community Innovation (CCI), and the Non-Profit Housing Association of Northern California (NPH) co-released ***Transit-Oriented for All: The Case for Mixed-income Transit-Oriented Communities in the Bay Area***. As the report states, “Stakeholders need to focus their efforts to facilitate the

development of housing near transit that is affordable to a broader range of incomes than the market would otherwise provide. Policies, programs, and financing tools that support the creation of mixed-income communities surrounding transit stations are urgently needed to ensure that the benefits of the formidable investments in new transit are leveraged equitable and efficiently.”

That paper further articulated the rationale for focusing public resources and policies to ensure TOD leads to mixed-income transit zones. It particularly focused on the following reasons for why having mixed-income housing near transit makes sense:

Mixed Income TODs...

- ...**offer truly affordable housing**. Increasingly, the majority of low cost housing in this region is being constructed at the exurban fringes. In these cases, while a household may save in rent or mortgage payments, its transportation costs rise considerably. By preserving and building affordable housing near transit, a household is able to save money on both its transportation AND housing expenditures.
- ...**stabilize transit ridership**. Because lower-income households make use of transit at a higher rate than higher-income households, affordable housing near transit can provide an even more reliable ridership than high-density housing that is market-rate. This can help encourage improved transit service, which can, in turn, persuade higher-income households to make use of the system.
- ...**broaden access to opportunities**. Currently, 39% of all Bay Area jobs are located in close proximity to fixed-guideway stations and major bus routes. Ensuring that access to these jobs is extended to a diverse of income groups is not only good for workers, but also to employers, who are likely to seek a workforce that possesses a wide range of skill levels.
- ...**extend the health benefits of TOD to all income groups**. Many of the urban design features commonly associated with TODs have been linked to higher rates of walking and biking and lower probabilities of being overweight or obese. The construction of affordable housing near transit helps to ensure that these benefits are extended to lower-income households, which tend to

be at higher-risk for many obesity-related diseases.

Transit-Oriented for All effectively made the case for why a broad range of parties should focus on policies and programs to provide more mixed-income housing near transit. However, that report lacked specific guidelines on how communities could achieve mixed-income housing. Therefore, the focus of this **Action Guide** is the on-the-ground implementation strategies that each jurisdiction, can employ to proactively ensure that mixed-income TOD is achieved over the short- and long-term, given the specific local conditions.

This **Action Guide** will help guide users through a considered and data-driven process that will allow local stakeholders to hone in on the most effective policies, programs, and financing tools that are responsive to the specific conditions in their community and by which they will best achieve mixed-income housing goals for each individual community. This approach reflects the fact that, when developing plans and policies for furthering housing diversity in transit zones, a “one-size-fits all” approach will not work. In addition, although housing is the primary focus of this report, there is an underlying expectation that new units will be coupled with community amenities, social services, educational opportunities, and other elements that are critical to a high quality of life.

Context is key.

Thus, while this guide aims to be as helpful and focused as possible, given the myriad conditions, opportunities, and challenges that can be found in each community, a single document cannot anticipate every scenario or provide a universal prescription for success. Our goal for this Action Guide is help stakeholders be better equipped to know the right questions to be asking, where they can find the answers, and what tools and strategies might be available to address their community needs.

Who This Guide Is For

The Primary Audience for this Action Guide is the community advocates and community-based organizations who are beginning the process of looking at mixed-income housing and TOD development in their area. It is also useful for the practitioners, intermediaries, and policy and decision makers who are all invested in ensuring the right policy and programmatic framework is in place to successfully accommodate the housing goals in their transit district.

How Is It Used?

The Structure of this Action Guide is broken out into three key steps and an appendix.

The three steps are:

1. Data Collection: What is the information needed and where can it be found?
2. Community Assessment: How does that data interact? How does one group the data for more effective analysis? What are some key 'calls' to make about a community?
3. Strategy Development: What are the key points/findings that should influence and shape the planning process, the strategies employed to find the right balance between housing preservation and production and the financing of these efforts?

The Appendix is comprised of:

- A Tool Glossary: What are the tools, programs and processes that can be utilized?

Action Guide Outcomes

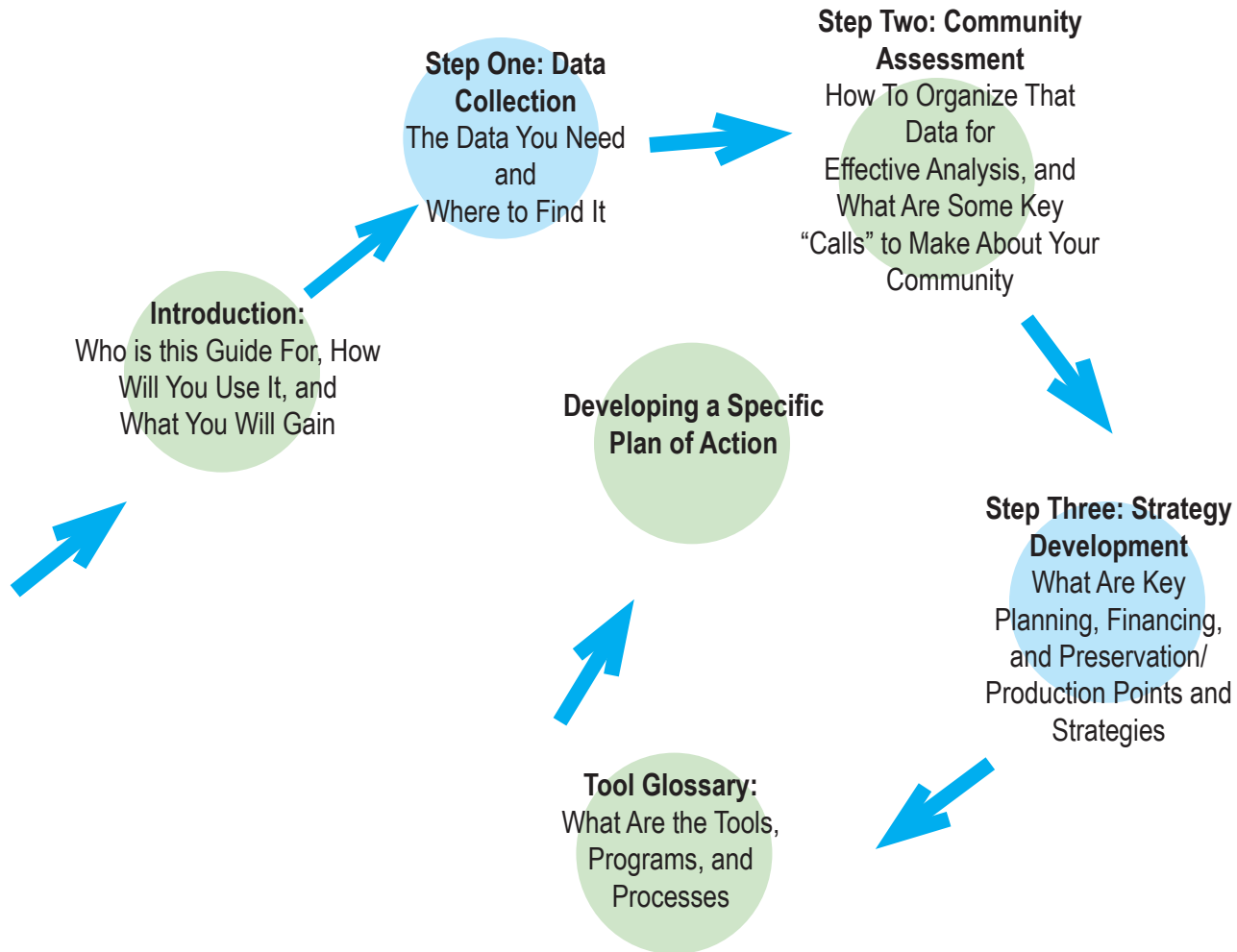
When the User has completed the steps of this Action Guide they will possess a data- set that outlines the housing needs, challenges, and opportunities in their community; key resources and programs to contact; a clear picture of the overall housing landscape in their community; and the parts of equation upon which they need to focus.

No one policy or program will be sufficient to produce a mixed-income transit district. It is therefore important to develop a comprehensive plan, and make use of a range of tools, to be effective. In most cases communities will want to employ a mix of housing preservation and production strategies, as well develop a mix of affordable and market-rate housing. This Action Guide should assist the reader in figuring out that balance.

It is important to note that the steps outlined in this document will be most effective when included as a part of a planning process undertaken by the local jurisdiction (e.g. the writing of a specific area plan). If the jurisdiction is currently undertaking such a process, but is forgoing these steps, one can, and should, advocate for their inclusion in the analysis by the City and/or its consultant.



Action Guide Process Diagram



Step One: Data Collection

The first step in the process of strategizing for mixed-income transit-oriented development is collecting the data on existing conditions in the local community.

The primary ways to gather this information are:

- talk to your planning department
- review the pertinent Housing Element
- access US Census data
- check with the Nonprofit Housing Association and other civic and local organizations who are working in the area

This research should be composed of the following elements, for which more detail will be provided in the following pages:

Demographic Conditions: This component focuses on who currently lives in the district and the surrounding region. It also includes looking at how these conditions have changed over time and how they might be expected to change in the future. This helps determine the housing needs of the local community and helps predict who may be attracted to new development.

Housing Market Conditions: The focus of this step is to identify the data that will give the reader a fuller understanding of the status of the housing market in and near the transit district. Examining prevailing housing options, conditions, and prices; vacancies; and the cost of development will lead to a greater understanding of what forms of development are feasible and what public interventions may be necessary. The inventory of existing housing stock, in terms of amount, affordability, and type (age, density, rental vs. ownership) helps define the community's preservation or development needs.

Land Supply: Information about land supply is critical for identifying opportunity sites for new development and evaluating overall development capacity. As a fundamental barrier, or asset, for the development of new housing, this information will be crucial for determining strategies later.

Policy Environment: Examining existing policies helps delineate existing barriers to and opportunities for the preservation and development of mixed-income transit districts. Understanding the policy environment also provides a framework to help outline key strategies and tools that should be employed in this process that also address local conditions.

A. Demographic Conditions

Two fundamental and related questions answered through the demographic assessment are:

1. WHO currently resides in and near the transit zone?

- What incomes are currently represented?
- What share of household incomes are residents spending on housing?
- What are the household types?
- What is the distribution of ages?

2. HOW has this changed over time?

Key data to collect:

- The median household income for the transit district and surrounding area
- The distribution of incomes for households in the transit district and surrounding areas
- The percentage of housing income spent either on rent or mortgages
- The percentage of households composed of individuals and families and, of those, the percentage that include children
- The distribution of ages, including the percentage of children and seniors
- How each of the above statistics has changed over time.

How To:

Most demographic information can be found from the U.S. Census Bureau's on-line resource, "American Factfinder" (<http://factfinder.census.gov>) and Neighborhood Knowledge California (www.NKCA.ucla.edu). These databases allow the user to search for a range of demographic and housing data customized to a range of geographies from areas as large as the nation to ones as small as a single city block.

For interpreting current household income distribution, it is helpful to look at the percentage of households that fall within income brackets as defined by United States Department of Housing and Urban Development (HUD). HUD uses the following terms, defined in relation to the regional household median:

High Income	Greater than 120% of the area median income (AMI)
Moderate Income	80-120% of AMI
Low Income	50-80% of AMI
Very Low Income	30-50% of AMI
Extremely Low Income	Less than 30% of AMI

HUD (<http://www.huduser.org>) and the Bay Area Census (<http://www.bayareacensus.ca.gov/bayarea.htm>) can provide recent data on area median income (AMI).

B. Housing Market Conditions

This portion of the assessment is composed of two parts: the Existing Housing Stock and the Market Conditions.

The key questions for assessing Housing Stock are:

- 1. What is the mix of single- vs. multi-family dwellings?**
- 2. What is the mix of rental vs. owner-occupied housing?**
- 3. What is the mix of unit sizes in the transit zone? (1-bedroom; etc.)**
- 4. What is the age of the housing stock?**
- 5. What is the extent of subsidized housing in the transit zone?**
 - Is there permanently affordable or public housing?
 - Are any units set to expire and lose their affordability? How many?
- 6. What is the vacancy rate of the housing stock?**
- 7. What is the physical condition of the housing stock? (Well-maintained? In poor condition? Wide variation?)**

A key consideration in assessing the development needs in a transit zone is the condition and qualities of the existing housing stock. When coupled with demographic data, this portion of the assessment will provide important insight into which populations are, and are not, being served by the housing currently available. In addition, this yields information, not only about current conditions, but also about an area's susceptibility to gentrification and, potentially, displacement. This information will be critical later when choosing effective development strategies and policy tools.

Key data to collect:

- The percentage share of the housing composed of single-family houses and of higher-density, multifamily housing.
- The mix of dwelling unit size, in terms of number of bedrooms
- The percentage share of the rental and owner-occupied housing stock.
- The age of the housing stock
- The quality and condition of the housing stock
- The number of units of subsidized, affordable housing that are currently in or near the transit district

- The populations served by that housing
- Whether these units are likely to stay affordable and whether there is pressure or opportunity for them to revert to market rate.

How-To:

- The US Census is a good source for most of the quantitative data relevant to housing stock: (<http://factfinder.census.gov>)
- A walk or “windshield survey” will provide important information related to the condition of, and potential changes in the housing stock.
- This website operated by the California Tax Credit Allocation Committee has a list of all low-income housing tax credit projects in the state: (<http://www.treasurer.ca.gov/ctcac/>)
- The California Housing Partnership Corporation has information about the supply of Section 8 housing in each county, including how much of it is at risk of conversion to market rate: (<http://www.chpc.net/>)
- The Housing Element of your jurisdiction’s General Plan should provide an inventory of all affordable housing projects in your area

The key questions for assessing Market Conditions include:

- 1. What is the prevailing cost of housing, including both rental and homeownership units?**
 - How has this changed over time?
 - How does this compare to the region?
- 2. How pervasive are foreclosures within, and in the areas surrounding, the transit district?**
- 3. What is the cost of development within the transit district?**
- 4. How much development has there been in recent years? How much is planned?**
- 5. What is the composition of local employment?**
- 6. How strong is recent regional job growth?**

While likely to change more rapidly than any other aspect of this assessment, the market conditions of an area have profound implications for the forms of development that are possible and the strategies that are most appropriate

for achieving them. The data collected in this section will be used to assess the local housing market in Step Two.

Key data to collect:

- For both the local area and the region: rent data, including distribution, average, and change over time
- A sense of, if not hard statistics related to, the rate of foreclosures
- For both the local area and the region: housing price data, including distribution, average, and change over time
- Cost of land in transit district
- Cost of new construction in transit district
- A list of the most recent developments including number of units and vacancy rates
- A list of developments that are under construction or have applied for permits including the number of units
- Data on job composition and growth regionally, especially within a 30 minute commute shed

How-To:

- The US Census is a good, free source for most of the data relevant to rent and housing prices: (<http://factfinder.census.gov>). More recently updated data is available from trulia.com and realfacts.com. It is also available for purchase from First American Real Estate Solutions (FARES).
- A listing of properties in, or facing, foreclosure is available from www.foreclosures.com
- Estimates of land cost are available from the county’s assessor’s office. This information can often be downloaded from the office’s website.
- Estimates of construction cost are available from RSMMeans.com. For more accurate estimates, contact developers that are active in your area.
- Data on recent and proposed development are available from your jurisdiction’s department of city planning.
- Regional employment data can be downloaded from the Bureau of Labor Statistics (<http://data.bls.gov/cgi-bin/dsrv?sm>)

C. Land Supply

The key questions for this portion of the assessment are:

1. What are the predominant land uses in the transit district?
2. What is the quantity and character of vacant or underutilized parcels in the transit district?

- Are any of these parcels of significant size, or is land assembly necessary?
- Are any of these parcels owned by public entities?

An assessment of under-utilized and/or vacant parcels will yield important insight into the opportunities for private, new housing development. Information about adjacent land uses will help to guide the character of this new development, while an understanding of the land ownership patterns will determine potential strategies for implementing these projects. Data collected in this section will be based on more qualitative indicators than other sections and will rely primarily on land use maps, visual surveys, and ownership information.

Key Data to Collect:

- The amount and location of developable vacant or underutilized land in the transit district.
- Whether this is primarily composed of small parcels or includes one or more large parcels that may be attractive to developers
- The ownership status of the parcels, including whether they are in the hands of multiple, small property owners or only a few major property owners.
- Whether any parcels are owned by public entities
- The types and locations of the major land uses in the area
- The types and locations of the major activity centers
- The parcels or areas that the jurisdiction has identified as opportunity sites

How-To:

- As with the evaluation of housing stock, “windshield survey” will provide important information related to the supply and condition of vacant and underutilized parcels in the transit district.
- Take photographs of the area, paying special attention to
 - vacant parcels or buildings in poor condition
 - popular or important uses, that could attract additional investment
 - buildings and parcels adjacent to either of the above
 - recently constructed or renovated projects
- Collect maps, especially those that show current land use. These can be found in your jurisdiction’s general plan and on-line via Google Earth.
- Look for information about the transit district at the California Infill Parcel Locator (<http://www.infill.org/>). This will include basic information about the use and value of each parcel, as well as the value of each building. It also provides an assessment of whether or not each parcel is underutilized.
- Review maps and data from your county’s tax assessor’s office. In many cases, this information will be available online, and will provide detailed information about the ownership of each parcel, as well as its assessed value.
- Review your jurisdiction’s general plan, especially its housing element; this should highlight areas in which the City or County intends to direct additional affordable housing development



D. Policy Environment

This section outlines the key questions and resources needed to assess the policy environment, with regard to development possibilities in the transit district. The existing framework, as defined by local and state policies, has a profound influence on what kind of development is possible in the transit district. Policies may either serve to support or obstruct a desired development program by failing to respond to the place and its particular needs. By becoming better attuned to these policies, one can better determine how to work within the existing policy framework to achieve community goals. Alternatively, this knowledge can serve to highlight which policies should be revised, eliminated, or enhanced to better foster mixed-income transit districts.

The key questions to answer are:

1. Is there an inclusionary housing ordinance in place?

- If so, what percentage of new units must be affordable?
- To which income groups must new units be affordable?
- Must units be built on site, or is there an option for in-lieu fees?
- How many units have been created through the inclusionary policy?
- How much revenue has been collected?

2. Are there protections in place for current renters?

- Is there a “just-cause” eviction policy?
- Is there rent control?
- Are there condominium conversion restrictions?

3. Is the district within a Redevelopment Area?

4. How many units of housing must the jurisdiction accommodate under its Regional Housing Needs Assessment (RHNA) allocation?

- What progress has been made toward these benchmarks?

5. What is the zoning of land within the station area?

- What are the height and density limits for this area?
- What is the precedence for variances, in terms of density, height, parking, and use?

6. What are the parking requirements for housing built in the jurisdiction?

- What about parking requirements in transit zones?
- Do requirements exceed one space per unit?
- Are there reductions allowed for smaller units or affordable units?

How-to:

- Contact a representative from your jurisdiction’s planning department, who will be able to answer most of these questions and refer you to key documents.
- Consult your jurisdiction’s zoning code and maps. Often, if there is an inclusionary housing ordinance, it will be listed within this document. Parking requirements are also usually discussed in this portion of the municipal code. Finally, the zoning code will tell you the density and forms of development that are permitted, not only in the transit district, but also in the jurisdiction as a whole. Pay special attention to whether there are any special zones, such as overlay zones that may apply to transit station areas. Determine what if any additional uses are permitted in these zones, or whether the overlay zone allows for any existing zoning restrictions to be relaxed.
- Review ABAG’s report, San Francisco Bay Area Housing Needs Plan 2007-2014, which features the latest RHNA numbers for each jurisdiction in the Bay Area: (<http://www.abag.ca.gov/planning/pdfs/SFHousingNeedsPlan.pdf>.) Armed with these data, consult your jurisdiction’s Housing Element, which must provide a comprehensive housing needs assessment for the jurisdiction, and identify opportunity sites for meeting its RHNA housing needs. The Housing Element must address land use controls such as minimum lot size requirements, developer fees and exactions, building codes and permit processing procedures that may affect its ability to meet the allocation.
- Finally, check your Redevelopment Agency’s (RDA) Redevelopment Area map to see if the transit district falls under the RDA’s purview. If it does, then the agency is required to expend at least 20% of all Tax Increment Financing receipts on the development of affordable housing; if available, this is a useful tool for helping to foster a mixed-income TOD.

STEP ONE WORKSHEET

Note to User: In this worksheet, space has been given to allow for the collection of all information outlined in the previous Step One chapter; not every data item will be available or necessary in every community in order to move on to Step Two.

Demographic Conditions		Transit District	Surrounding Area	Change Over Time
Median Household Income		\$	\$	%
Distribution Of Income	\$	%	%	%
	\$	%	%	%
	\$	%	%	%
	\$	%	%	%
	\$	%	%	%
	\$	%	%	%
	\$	%	%	%
Housing Income Spent On Rent Or Mortgages		\$	\$	%
		%	%	%
Households Composed Of	Individuals	%	%	%
	Families	%	%	%
	Families With Children	%	%	%
Distribution Of Ages	Adults	%	%	%
	Children	%	%	%
	Seniors	%	%	%

Existing Housing Stock		Transit District		Surrounding Area	
Percentage Share Of The Housing	Single-Family Houses	%		%	
	Higher-Density, Multifamily Housing	%		%	
Dwelling Unit Size Percentages	1 Room	%		%	
	2 Rooms	%		%	
	3 Rooms	%		%	
	4 Rooms Or More	%		%	
Occupied Homes	Rental	%		%	
	Owner-Occupied	%		%	
Age Of The Housing Stock					
Quality And Condition Of The Housing Stock					
Overall Number Of Units Of Subsidized, Affordable Housing		Units	Affordable Until Date	Units	Affordable Until Date
Units Serving Specific Populations	Population	Units	Affordable Until Date	Units	Affordable Until Date

Step Two: Needs and Opportunities Assessment

In Step Two you will analyze and synthesize the four areas of data that you collected in Step One to determine community needs and opportunities within the context of the transit zone. There are four core areas where establishing the current status of your community is key to identifying its specific needs:

- A. **Which populations are currently served and not served? How does this relate to the needs of your community and regional demographics?**
- B. **What is the state of your market?**
- C. **What are your key development and preservation opportunities?**
- D. **Are current policies supporting or obstructing needed development? Is affordable housing being built?**

At the completion of this section, you will be able to formulate a comprehensive “Transit Zone Housing Needs Statement”. The Needs Statement is intended to provide a framework for honing in on the appropriate set of tools for your transit zone, as outlined in Step Three: Strategy Development.

A. Which populations (income groups, household types, ages) are or are not being served by the current housing stock?

- How does this relate to the needs of your community and regional demographics?

Getting a more thorough understanding of which populations in the community are being adequately served or not served calls for bridging the data collected in the Physical Condition and Demographic Condition sections in Step One. This can be accomplished by answering two questions: First, given the type of housing options available, which populations can live in the transit district? Second, given the demographics of the surrounding areas, which populations need to be accommodated?

- How diverse are current housing options? Does the mix of rental and homeownership opportunities accommodate a range of incomes, ages, and household types?

Diversity of household types is a crucial ingredient in a “complete” and more stable community. In addition, a diverse community, wherein members reach major life stages (such as having children or retiring) at different points, rather than all at once, places less of a strain on public services. However, the diversity household types is largely limited by the diversity of unit types. If the housing stock is primarily composed of large dwellings, it may be unable to attract young professionals, couples without children, or seniors looking to move to smaller dwellings; conversely, if one-bedrooms and studios are the predominate housing types, the area may not be able to accommodate families.

Likewise, the provision of rental housing is important to ensure access for lower-income and younger households. At the same time, a community with a high percentage of renters and limited income-restricted housing is at higher risk of rapid neighborhood change than one with a greater share of homeowners or many permanently affordable housing options. This is especially true in areas with rising housing prices or an area where a catalytic development would prompt increased market activity. As such, homeownership also

fosters enhanced neighborhood stability and can act as a barrier to displacement.

- How does the mix of existing housing in the transit district compare to the demographics of the larger community?

The right mix of housing depends a great deal on the population to be served. While the household types found in the transit district itself will be determined largely by the current housing options, comparing these data to those for the city and region will determine whether each of these populations is being well-served. Using data from the Demographic Conditions section, examine how the current mix of housing options compares to the household types. Comparing data on current housing tenure with demographic data about age and household types in and near the transit zone can help to determine the proper mix.

- What are current household housing expenditures and the availability of subsidized housing?

The percentage of household income spent on housing is a commonly used index of housing affordability in an area: a “housing burden” exists in a household spending over 30% of its income on rent or a mortgage, a “severe housing burden” denotes a household spending over 50% of income on housing expenditures. When a household, and especially a renter household, falls into either of these categories, it becomes more vulnerable to changes in market conditions. If a large portion of a neighborhood is experiencing a housing burden, the development of additional subsidized housing may be called for. Likewise, if the stock of housing is either insufficient or in poor condition it may be important to advocate for new construction. However, if there is already an adequate stock of affordable housing that is at-risk of conversion to market rate it may be a higher priority to ensure the preservation of these units.

- How much diversity is there in household income; how was this changed over time?

A deeper analysis of income diversity and trends can give insight into the stability of the transit zones population and this will help guide which types of housing are needed to foster additional stability. For example, a zone that is predominantly upper income and trending away from income diversity would point to the need for more aggressive efforts to create footholds for lower income households. Likewise a predominantly low-income transit zone that is remaining low-income may point to the need to introduce more housing options for higher-income households, while still preserving and enhancing opportunities for existing residents to stay in the area.

B. What is the state of your market?

Evaluating the state of your local housing market can determine the feasibility of various development strategies including the potential roles for the public and private sectors. In a warmer housing market government agencies may be able to leverage their control of the entitlements process and require developers to provide community amenities and affordable housing. In this case, greater restrictions on development may be in the public interest. In cooler markets public agencies may need to construct the affordable housing and community amenities themselves or offer incentives to private developers. In especially cool markets, jurisdictions may be prone to approving projects that fall far short of meeting their vision and mixed income goals in their transit zones due to a perceived need to get some type of development in the ground. Once that land is developed, the opportunity to develop at its highest and best use is lost. Thus, while current state of the market is important, it is equally imperative to consider long-term goals, rather than focusing exclusively on economic conditions, which may be change rapidly.

A determination of the feasibility and viability of a specific project requires an analysis that is far more complex and detailed than can be completed without considerable professional expertise. However, a broader assessment of the housing market as a whole, such as the one outlined below, can still yield important insights into the feasibility, and applicability, of various policy interventions.

Warmer or Cooler?

An area that yields higher rents or prices than the rest of the region is likely to attract more interest in new development than other areas. This might be a sign that the district is in a warmer market, while an area with lower housing costs might be a cooler market. However, this can only be fully assessed in the context of historical data. Generally speaking, there are four possible conditions for a given housing market:

1. An area with high housing costs and rapid appreciation relative to the regional average;
2. An area with high housing costs, but with depreciation or slower appreciation relative to the regional average;
3. An area with low housing costs, but with rapid appreciation relative to the regional average; or
4. An area with low housing costs and depreciation or slower appreciation relative to the regional average;

It is clear that the first and third of these conditions represents a warmer market, and that the fourth represents a cooler market. However, the second condition may be warmer, cooler, or stable, depending on the area. Greater insight into this can be achieved through an examination of recent and planned development. Data on the amount, location, and asking price of new housing can give important insight into how developers perceive the current market. If there is a great quantity of new and planned development, especially focused in a particular

area and/or of a price or character that differs substantially from surrounding housing, it is likely that developers anticipate an escalation in market demand. However, it is important to consider the lag time that is involved in development; a new building reflects a developer's "prediction" about the market at the point that the project was initiated. Sometimes this guess is wrong, and asking prices are a reflection of the amount needed to cover costs, rather than of the amount that the market will bear. Consequently, these data should be considered in conjunction with vacancy data. A building may take several months or years before all units are occupied even in a warmer market. However, if a building remains largely vacant for an extended period, or there is a high rate of foreclosures in the surrounding area, the market may be cooler than the new development might otherwise imply.

The costs of land and construction should also be considered when evaluating the housing market. An area with high costs of land and construction, especially relative to the rest of the region, may be less able to attract new development unless new units can garner high rents or sales prices. Even in cases where this is true, the ability to construct affordable housing may be limited.

Finally, there needs to be an evaluation of the state of the overall economy, especially the job market. Data on job growth can give important insights into an economy's health, as well as the likelihood for long-term population growth. In a region with a robust level of employment expansion, even cooler markets can expect to face development pressures in the long term. In addition to overall growth, attention should be paid to the composition of the workforce at a sub-regional level. Regional jobs growth might mask a local economy that is composed of jobs in declining industries. Furthermore, if jobs near the transit district are largely low-skilled and low-wage, there may be a greater need for affordable housing than would emerge from the demographic analysis. A familiarity with these data can help to formulate short- and long-term development and policy strategies.

Fully integrating these factors in a rigorously quantitative manner may require the assistance of a consultant. However, by looking critically at these data, you will be able to get a general sense of the state of your local housing market, and will be able to make preliminary judgments on what level of development is feasible in the transit zone.

C. What are your key development and preservation opportunities?

In this context, “preservation” refers to taking actions that ensure that existing affordable housing opportunities remain accessible to lower-income households. For subsidized units, this means preventing conversion to market-rate rents; for unsubsidized units, this means accessing funding streams and instituting policies that can mitigate against rising rents. Since preservation is often far less expensive, it is important that preservation opportunities are not overlooked. In general, however, the need for preservation, as opposed to development, in the transit zone will be partially determined by the responses to the previous questions concerning the state of the housing market. Where new private housing development opportunities are limited, policies such as inclusionary zoning can’t be relied upon to deliver needed affordable housing. In these types of districts, greater emphasis may need to be placed on developing on public land, joint private/public development, or other creative development approaches. Alternatively, limited new development opportunities may signal the need to focus on enhancing existing housing opportunities through preservation strategies.

Similarly, limited building acquisition opportunities for housing preservation may signal the need for more aggressive development strategies, or measures that help low-income renters or homebuyers better afford the opportunities that are available, for instance through targeted first-time homeowner assistance (Tool #22) or the creation of limited equity housing cooperatives (Tool #23).

While these general strategies may be largely determined by housing needs and economic conditions, the identification of specific sites, will be largely defined by data collected in the Land Supply section in Step One.

Assessing Appropriate Preservation Opportunities:

A critical piece in understanding the current housing stock involves assessing the quality and condition of the affordable housing (both subsidized and market rate) that exists. As such, before outlining an approach to assessing affordable housing preservation opportunities, it is worth clarifying definitions. For purposes of this guide, “appropriate” preservation opportunities are:

- In buildings that have densities sufficient to support transit,
- Relatively easy to rehabilitate (meaning they aren’t saddled with issues like mold, flooding, foundational damage or other heavy damage), and
- Either presently low-cost or subsidized, but at risk of converting to market-rates.

Approach:

1. Review the local Housing Element. As with new development opportunities, the Housing Element can help identify opportunities for making presently low-cost housing permanently affordable.
2. Identify subsidized properties at risk of conversion to market-rate housing. Are any of the subsidized affordable housing developments identified in Step One approaching expiration of their affordability terms (particularly Section 8 or LIHTC units not managed by non-profit affordable housing developers)?

3. Identify low-cost, appropriately dense, privately-owned multi-family housing in the transit zone. By looking at an Existing Land Use map in conjunction with resources like the California Infill Parcel Locator, one can get a better sense of existing, low-cost multi-family housing developments in a particular transit zone. In addition, the CTCAC and HUD resources (listed above), along with your jurisdiction's General Plan, can provide information about the populations that these developments are serving (families, seniors, those with special needs, etc.). Additional information about the year built provides further insight into whether a property may potentially be at risk of being purchased and made less affordable over time. Buildings built before 1945 may be appealing candidates for purchase by market-rate developers interested in increasing rents. Existing land use information maintained by cities often contains information on the year properties were built. City planning departments can also help identify if any proposals have been submitted for more immediate condo conversion or redevelopment of these properties.
4. Ask local nonprofit housing developers their assessment of existing structures. Local nonprofits experienced in rental housing rehabilitation often have insights into the condition of buildings within a given transit zone that can clarify whether a particular site would be appropriate or not for preservation.

Assessing New Development Opportunities:

1. Review the local Housing Element. A very helpful place to start in assessing new development opportunities in a transit zone is to review the local jurisdiction's mandated General

Plan Housing Element. One of the required functions of the local Housing Element is to provide an up-to-date inventory and assessment of the jurisdiction's opportunity sites for new development. This includes vacant sites as well as potential redevelopment sites. The inventory in a Housing Element indicates the size, zoning, and general plan designation of each opportunity site, describes the existing use, and assesses on-site impediments such as environmental constraints (though the latter need not be site-specific). By attending to these officially recognized opportunity sites, the case can be made to local jurisdictions why placing affordable and high density housing near transit is an important public policy decision.

2. Use an existing land use map, the California Infill Parcel Locator, and/or qualitative observation (in person or using Google Earth) to identify other under-developed sites. Many under-developed sites may not appear in the Housing Element inventory but still represent potential opportunities for redevelopment as transit-supportive, affordable housing. Key opportunities to look for include:
 - Private parking lots
 - Aging commercial buildings
 - Outdated industrial properties
 - One-story, multi-family housing structures,
 - Low-priced motels, and
 - Private storage facilities.
3. Identify public lands or public structures in the district, such as:
 - Surplus school land
 - Abandoned schools
 - Surface Parking lots
 - Planned public facilities

- Public facilities undergoing redevelopment.
- Other surplus public property.

Public lands and public structures are a significant opportunity because of the much higher likelihood of being able to negotiate reduced acquisition prices or joint development opportunities. For example, an aging library might be rebuilt with affordable housing above it. In addition, the use of public lands can be used to leverage state, local, and federal rehabilitation and development funds. By thinking creatively about adjacent uses, including vacant and underutilized land and land owned by multiple public agencies, a critical mass of land can be assembled to develop truly transformative projects. Finally, even when public lands are not available, these sites may still represent important public amenities that may be used to leverage development on adjacent parcels.

D. Are current policies supporting or obstructing needed development? Is affordable housing being built?

The degree to which policies are supporting needed development is very complex and rests largely on the determination of exactly what development is needed. As such, an evaluation of the relationship between policies and development may be somewhat contentious. Nevertheless, this question is paramount for identifying what forms of development and strategies will be most effective in the current policy environment. Moreover, this analysis is critical for determining how the policy environment ought to be changed.

- Does the zoning in the transit zone permit development that will meet the housing and community needs?

If only low-density housing is allowed in the zoning, then the resulting

development will not be transit-supportive and is unlikely to be affordable to a range of incomes and household types. Also, if a limited range of uses is allowed in the area, it will be less walkable and less attractive to those seeking to reduce their driving and increase their transit usage. Specific Area or General Plan updates are important opportunities to ensure that the legal framework for development encourages rather than discourages development of the type outlined earlier in Step Two.

- Does an inclusionary housing policy exist? If so, does it target the appropriate income levels and populations?

Currently, 57 jurisdictions out of 109 within the Bay Area have inclusionary housing ordinances. However, these policies vary greatly in their requirements for developers. Depending on the number of units mandated, the income levels to be targeted, and the availability of options for in-lieu payments or off-site construction, they may result in considerably different outcomes. While there is no one “best” inclusionary policy, it is important to ensure that the policy in your jurisdiction fits well with the needs of the transit zone, as defined above. In addition, as mentioned previously, any inclusionary housing policy depends on a warmer market; if the transit zone is in a cooler market, other tools will need to be considered to ensure the provision of affordable housing.

- Do parking requirements prevent the development of high-density, affordable housing?

Parking requirements can often work to undercut the goals of mixed-income transit zones. First, the cost of constructing and/or setting aside land for parking is expensive and this cost is passed on to renters and buyers, reducing the possibility of market-rate affordable housing and increasing the subsidy necessary to build rent-restricted housing.

In addition, because parking, physically and/or by statute, reduces the number of units that can be produced on a given parcel of land, density may be reduced substantially. This undercuts the development's ability to support transit and it compounds the affordability problem as each unit must offset a larger share of the land costs. In a transit zone, parking requirements (Tool #9) should be lower than in the rest of the jurisdiction. Ensuring that these requirements are reasonable can be an important step in supporting mixed-income transit zones.

- Are public approvals and permitting processes efficient and transparent?

This subjective issue can have a profound impact on the success of the transit zone. An approvals process that is efficient and transparent may attract development, just as a slow, complicated one may dissuade development by creating more uncertainty for developers. Developers will often be willing to make investments in community amenities, including affordable housing, in order to secure a more streamlined process. Looking at the history of recent developments and meeting with developers can provide insight into potential problems, or achievements, in your jurisdiction.

- Have relevant public agencies demonstrated a willingness to take an active role in supporting key projects?

Innovative development projects may have difficulty in approvals processes designed to address more traditional forms of development. Having advocates among elected officials and within public agencies can make developers more confident that their investments will have local support. Just as with the previous question, this can be assessed by examining recent developments and meeting with developers and officials to gauge prevailing attitudes concerning the development

environment.

- How does the amount of recent housing production, affordable and market rate, compare to RHNA allocations?

In California each jurisdiction is allocated a share of both affordable and market-rate housing that they must plan for and accommodate in order to meet regional housing needs. These allocations reflect both local and regional needs and provide a good framework for assessing how accessible the jurisdiction is to a range of income groups. By comparing these RHNA allocations to actual construction statistics one can infer which needs are not being addressed and also how actively local government is working toward ensuring that the local market is meeting regional housing needs. This can then guide future policy efforts toward income groups that need special attention.

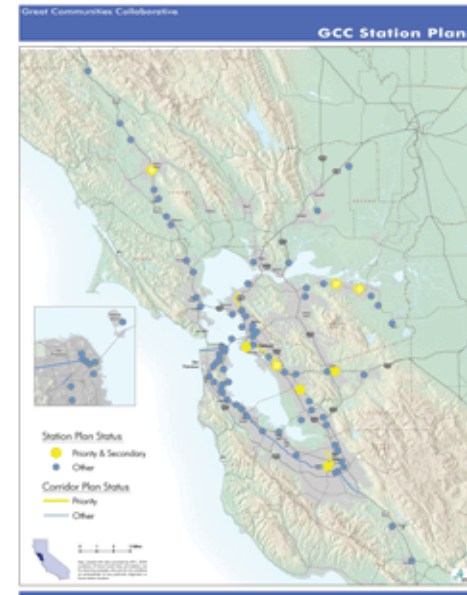
Transit Zone Housing Need Statement

Transit zones can represent some of the few remaining opportunity areas for a jurisdiction to address imbalances in its overall income diversity. City stakeholders are often more open to zoning for higher than average densities in their transit zone, which serves to accommodate a range of housing choices at different levels of affordability as well as other important community amenities. That said, the housing need for a given transit zone cannot be defined without taking into consideration a jurisdiction's overarching housing needs. While focusing housing in the transit zone should be a priority, it is also important to understand overall community housing needs so that you have a full picture of other opportunity sites for development that may fall out of the transit zone but may also help meet housing goals.

In utilizing the information gathered in Step One to develop a housing

need statement for your transit zone, it is important to keep in mind that communities that are presently income diverse, but home to many low-income renters and few permanently affordable housing options, are at potential risk for low-income displacement. This is particularly true in warmer housing markets. As such, these transit zones should be considered prime targets for permanently affordable housing, in order to offer housing and mobility choices for low-income households and to mitigate against future displacement potential.

For the purposes of identifying the right general policy tools for your transit zone, the key distinction is determining whether the primary need is affordable, market-rate housing, or both. The final need statement should also be specific about: a) target incomes; b) size/types of units; and c) rental versus owner-occupied housing. These distinctions are important for fine-tuning the tools chosen through this decision making process.



STEP TWO WORKSHEET: Transit Zone Housing Need Statement

Which populations (income groups, household types, ages) are or are not being served by the current housing stock in your community?

Are your current housing options diverse enough? If not, what's missing?

Does the mix of rental and homeownership opportunities accommodate the right range of incomes, ages, and household types? If not, what's missing?

Does the mix of existing housing in the transit district match well with the demographics of the larger community? If not, what's missing?

Are current household housing expenditures and the availability of subsidized housing adequate?

Is there a diversity of household income? If not, what's missing?

How was this changed over time?

What is the state of your market? Warmer or Cooler?

___ Are you an area with high housing costs and rapid appreciation relative to the regional average?

___ Are you an area with high housing costs, but with depreciation or slower appreciation relative to the regional average?

___ Are you an area with low housing costs, but with rapid appreciation relative to the regional average?

___ Are you an area with low housing costs and depreciation or slower appreciation relative to the regional average?

These are key preservation opportunities:

Along with mapping the sites, this is a list of some preservation sites:

These are subsidized properties at risk of conversion to market-rate housing:

These are low-cost, appropriately dense, privately-owned multi-family housing in the transit zone:

These are existing structures appropriate for preservation:
These are key development opportunities:
Along with mapping the sites, this is a list of some under-developed sites:
Private parking lots
Aging commercial buildings
Outdated industrial properties
One-story, multi-family housing structures
Low-priced motels
Private storage facilities
Along with mapping the sites, this is a list of some public lands or public structures:
Surplus school land
Abandoned schools

Surface Parking lots
Planned public facilities
Public facilities undergoing redevelopment
Other surplus public property
Are current policies supporting or obstructing needed development in my community?
Is affordable housing being built?
Does the zoning in the transit zone permit development that will meet the housing and community needs?
Does an inclusionary housing policy exist? If so, does it target the appropriate income levels and populations?
Do parking requirements prevent the development of high-density, affordable housing?
Are public approvals and permitting processes efficient and transparent?
Have relevant public agencies demonstrated a willingness to take an active role in supporting key projects?
How does the amount of recent housing production, affordable and market rate, compare to RHNA allocations?

Step Three: Strategy Development

After completing the analyses conducted in Step 2, you will have developed a much clearer picture of the conditions of, and needs in, the transit zone. The discussion below will help you to translate this information into a plan of action. Creating a diversity of housing choices in transit zones requires a multi-pronged approach that includes a mix of tactics, policies, and planning processes. While the Tools Glossary at the end of this Action Guide will provide a detailed explanation of each of these, this section will help you determine which are most appropriate for your community.

In addition to the information gathered and analyzed previously, there are three general considerations to keep in mind when selecting a strategy. They are:

- 1) **What planning processes are, will be, or should be taking place?**
- 2) **What funding and financing sources are available?**
- 3) **What is the proper balance between “preservation” and “production” strategies?**

1) PLANNING

As discussed in Step 2, zoning, parking requirements, inclusionary housing ordinances, and other municipal policies are often critical determinants of the feasibility of mixed-income TODs. The best way to ensure that these policies serve to facilitate, rather than impede, good development is to become involved in on-going and future planning processes. By contacting your jurisdiction’s planning department and inquiring about these processes, you can help ensure that your input is incorporated into the plan’s vision and attendant policies. The most critical of these processes are General Plan Amendments and Updates. Explained in greater detail in the tools section, the General Plan is the “blueprint” for your jurisdiction; in California, the vision contained therein is legally binding and, if they are inconsistent, supersedes zoning ordinances. Of special importance is the required Housing Element in each jurisdiction’s General Plan. This piece, which is required to be updated independently of and more frequently than the rest of the Plan, details the state of housing in the jurisdiction and presents a plan for how needs will be met. In particular, there is a legal mandate that the Housing Element provide a reasonable plan for accommodating the number of new housing units allocated under the Regional Housing Needs Assessment (RHNA) process.

A related set of processes is the writing, revision, and amendment of “Specific” or “Area” Plans. While similar in purpose to the General Plan, these documents are focused on smaller areas within jurisdictions. In addition, they have fewer legal requirements, so the contents, strategies, and implementation plans can be more fully tailored to the needs and vision of the local community. Since future development in a transit zone is likely to be somewhat divergent in character from that in surrounding areas, a Specific Plan can help articulate the unique goals for projects in the district.

Although fundamentally different from the long range planning efforts listed above, another set of planning processes relate to the development entitlements process. Challenging a development that is inappropriate for a mixed-income transit district may result in important, positive changes to the design and character of the project. Such challenges may be voiced during planning commission or city council meetings or as a part of the California Environmental Quality Act (CEQA) review process. In some cases, concerns about the development can be addressed through a Development Agreement or Community Benefits Agreement. Although somewhat different in character, these agreements offer the developer greater speed and certainty in the entitlements process in exchange for promising to provide community amenities or local employment. Although these agreements can be considered on an ad-hoc basis, they are most effective in the context of a consistent, predictable municipal policy. While these tactics may have somewhat more limited impact than involvement in long range planning, they can help ensure that the scarce resource of transit-accessible land is not squandered on poor quality development with limited community benefit.

In addition to these, there are several other less common planning efforts that may be underway. By being proactive in your communication with your jurisdiction's planning department, you can ensure your involvement at all stages of the processes and can hold your jurisdiction accountable for fostering complete and inclusive community participation. This can help to foster transit-supportive land use policies and the development of new housing that is accessible to the full range of income groups and household types.

- Tools
- General Plans (Tool #1)

- Housing Element (Tool #2)
- Specific Planning for TOD Zones (Tool #3)
- Overlay Zones (Tool #4)
- Development Agreements (Tool #8)

2) FUNDING AND FINANCING

An understanding of resources available to fund the development of each feature of a mixed-income TOD is critical for ensuring that goals are reasonable that implementation strategies are feasible. Funding for affordable housing is often difficult to obtain and always includes detailed requirements for the form, location, and/or character of the project. While a detailed discussion on the mechanisms for funding and financing affordable housing production and preservation are beyond the scope of this paper, the Tools Glossary includes an overview of several of the most important sources. In addition, the Non-Profit Housing Association of Northern California will be able to direct you to organizations that can offer advice on which resources are most appropriate; they may also be able offer opinions on what development is most feasible in your transit area.

In addition to the governmental sources for affordable housing, there may be philanthropic institutions that are willing to offer a grant to support community amenities in the transit district.

Non-Profit Housing Association of Northern California, www.nph.org
Northern California Grantmakers Association, www.ncg.org
Council on Foundations, www.cof.org

Tools

- Financing Sources listed in Tool #19

3) PRESERVATION VS. PRODUCTION

Transit districts are likely to benefit from a combination of affordable housing production and preservation strategies. However, the choice of emphasis – preservation vs. production – varies with the housing market, the availability of opportunity sites, and the housing need. The discussion below is focused on the circumstances under which a preservation or production strategy would work best and what tools may be applied to those circumstances. Preservation efforts may be least necessary in cooler-market districts, and most needed in warmer markets. However, in warmer markets with limited appropriate preservation opportunities (for example communities with very low-density housing), advocates will not be able to rely on preservation efforts to achieve their housing goals, and may need to explore more creative approaches to new production. Conversely, in districts with high development costs, limited subsidy funding can be quickly exhausted by the site acquisition costs involved in new production. In these contexts, it is also worth looking at ways to preserve or enhance existing, low-cost housing options.

An emphasis on housing preservation makes sense when:

1. There are multiple, appropriate preservation opportunities, and
2. There is high potential for displacement of existing renters; -or-
3. New production opportunities are relatively scarce.

Each condition is treated separately below:

1) **Multiple, appropriate preservation opportunities.**

Preservation strategies make the most sense as a primary emphasis in transit areas where there are multiple appropriate sites to target for ongoing affordability. Appropriate sites are:

- Relatively easy to rehabilitate (meaning they aren't saddled with issues like mold, flooding or foundational damage) and
- Are already dense, or would permit adequate densification upon rehabilitation.

It is not necessary to have multiple preservation opportunities to pursue a preservation strategy for one's transit zone. For example, condo conversion limits and tenant eviction policies can help stem the loss of low-income rental stock without the acquisition of low-cost housing stock, or the extension of existing, subsidized housing. But multiple appropriate preservation opportunity sites are necessary if preservation is to be a primary approach to sustaining the affordability of a given transit district.

2) Displacement of Existing Low-Income Residents

In some transit districts – particularly lukewarm and warmer transit districts with limited permanent affordable housing and high numbers of renters – there is real potential for displacement of lower-income households and the erosion of the transit district's existing income diversity. In warmer-market districts, this may be already happening. In lukewarm markets, new public or private investments may set in motion a rise in home prices and rents that leads to an erosion of income diversity a few years down the line. Without early, intentional efforts to prevent low-income displacement, market pressures can undercut advances made through new housing production and actually lead to less income diversity over time.

Transit districts for which there is a risk of displacement tend to share three characteristics, assessed in Steps One and Two:

- Rising rents or home prices
- High numbers of renters (particularly low-income renters), and
- Limited permanent affordable housing.

Displacement happens in various ways. Some have to do with market improvement, such as:

- Increase in rents
- Condo conversions or redevelopment of existing rental properties
- Sale of rental properties, triggering evictions of existing tenants
- Owners re-occupying rental properties

Displacement may also occur through the expiration of existing, subsidized housing, including:

- Section 8 voucher expiration, and
- The conclusion of affordability terms for subsidized affordable housing.

It is important to identify a transit district's particular displacement pressure(s) to select the right preservation strategy and/or tools.

3) New production opportunities are relatively scarce.

While there are no transit zones in the Bay Area where new development is free of difficulties and challenges, the reality is that some transit zones have very limited opportunities for development or redevelopment. These may be zones that are built-out and/ or dominated by single-family homes. Or, they may in such hot markets that high land prices constrict the amount of new housing

production that can happen in a given year. An emphasis on housing preservation makes particular sense here. This is especially true where the cost of acquiring, rehabilitating and preserving existing housing is less than the cost of new construction.

Choosing a Preservation Strategy: Five affordable housing preservation strategies are briefly described below:

STRATEGY 1: Protect Against Immediate Renter Displacement

In hot markets, displacement may already be happening. The tools associated with this strategy can help stem the loss of low-income renters in transit districts when new construction or rehabilitation would occur too slowly.

Tools

- Condominium Conversion Controls (Tool #20)
- First-Right-of-Refusal Laws for Tenants and Nonprofits (Tool #25)

STRATEGY 2: Help Lower-Income Residents Afford Homeownership Opportunities in Transit Zones

Most affordable housing strategies discussed in this Guide focus on the supply side of the housing equation. But supply-side strategies work best when complemented by “demand-side” assistance that increases the range of housing options available to low- and moderate-income households. Tools associated with this strategy focus on increasing the capacity of low- and moderate-income households to own housing in transit zones, either in the form of shares or outright unit ownership.

Tools

- Targeted Homeownership Assistance (Tool #22)
- Limited Equity Housing Co-ops (Tool #23)

STRATEGY 3: Preserve Existing Subsidized Housing

This strategy looks at tools for preserving subsidized housing sites identified in Step One of the Action Guide. There are two types of affordable housing discussed here that may be at risk of conversion to less affordable market-rate housing, and which may be appropriate retention targets.

Project-Based Section 8 Units.

A portion of a Public Housing Authority's Section 8 vouchers are "project based" – meaning they are tied to particular private housing units, and can only be used there. Landlords typically enter into ten year contracts to make their housing units "project based." Under this arrangement, the Public Housing Authority will pay the landlord the difference between "fair market" rent and whatever a voucher-holding renter can afford, determined as 30 percent of household income. After ten years, participating property owners can opt out of the program.

Many project-based vouchers in transit zones nationwide are reaching the point where owners can opt out. In a recent report by Reconnecting America and the National Housing Trust, a 100,000 federally assisted units within a ½ mile of rail stations or proposed rail stations were identified in 8 major cities across the country. Approximately 65,500 of these units are covered by government contracts expiring before the end of 2012. Efforts to persuade or entice private landlords into renewing their participation in the program can go a long way to ensuring ongoing transit zone affordability.

Subsidized affordable housing developments.

Public and private assistance for affordable housing typically carry requirements that the project receiving assistance remain affordable for certain periods. For some older, subsidized projects that have begun to reach the end of their term, the original developers may be no longer around to maintain affordability. These projects are at particular risk of purchase and redevelopment as market-rate housing, particularly in lukewarm and warmer housing markets. Institutions such as housing trusts, however, can step in to maintain ongoing affordability of these developments.

Tools

- "Project-Based" Section 8 Preservation (Tool #21)
- Limited Equity Housing Co-ops (Tool #23)

STRATEGY 4: Preserve the Affordability of Non-Subsidized, Low-Cost Rental Housing

In cooler and lukewarm housing markets, market-rate rentals that are presently affordable to low-income households may soon become unaffordable, particularly as transit improvements are reflected in the value of the properties. Retaining the affordability of existing, low-cost multi-family housing is another important strategy for preserving a transit district's overall affordability.

Tools

- Community Land Trusts (Tool #24)
- First-Right-of-Refusal Laws for Tenants and Nonprofits (Tool #25)

An emphasis on housing production makes sense when:

- key incomes are being underserved by the existing housing stock;
- there are multiple opportunity sites for new development (redevelopment of under-utilized sites, vacant lots, joint public/private development); or
- there are limited, appropriate housing preservation opportunities.

Affordable housing production is possible in hot as well as cold markets. As discussed below, however, some strategies are more effective or urgently needed in hot vs. cold markets, or transit zones with certain types of opportunity sites.

STRATEGY 1: Link Affordable Housing Production to Market-Rate Development

In hot and lukewarm housing markets, high land prices and intense competition for land amongst private developers can make it difficult for affordable housing developers to gain footholds – i.e. site control – for new affordable development. For-profit, market-rate developers are frequently able to maneuver and gain access to land acquisition loans more quickly than nonprofit developers, and may tie up land for housing development targeted exclusively at higher income brackets. For affordable housing developers, limited subsidy funding covers even less of total development costs when high land prices are factored in. This is a common challenge in transit zones, particularly as soaring gas prices—among other trends—make transit-oriented development an increasingly appealing housing choice for moderate-to-high income households.

One helpful strategy in this context is to require affordable housing

development as part of new market-rate production. In warmer housing markets it may be feasible to set inclusionary requirements for new development without assistance provided. In lukewarm or cooler markets it may be only possible to attract market-rate housing while imposing affordability conditions if some major form of public assistance is provided.

Various tools such as inclusionary zoning, and policies tying public assistance to affordable housing set-asides, are associated with this strategy.

Tools

- Inclusionary Zoning (Tool #6)
- Incentive-based zoning (Tool #7)

STRATEGY 2: Reduce the Cost of Housing Production

Rising construction costs, fueled in part by the skyrocketing costs of steel and other construction materials, have made new housing development challenging in many areas of the Bay Area. Housing for moderate or lower-income households is particularly difficult. Policies and tools that find other ways to lower the cost of housing production can be very helpful – particularly in colder housing markets where rents or home prices may be otherwise inadequate to cover costs. This is true for affordable as well as market-rate housing.

Parking requirements are one place to start, especially where they are set inappropriately high. Provision of large amounts of parking can make construction prohibitively expensive by restricting the amount of land available for income-generating uses, or by necessitating structured parking (above or below ground) at \$20,000 to \$60,000 per space.

Small, scattered sites are particularly sensitive to regulatory constraints, housing requirements and other factors that increase development costs, given that fixed costs can be spread over a relatively small number of units.

Other tools, such as expedited permitting and fee waivers are other important tools associated with this strategy.

Tools

- Reduced Parking Requirements (Tool #9)
- Fast-track Permitting (Tool #11)
- Fee Waivers, Reductions and Deferrals (Tool #12)
- Regulatory Accommodation for Small Sites (Tool #13)

STRATEGY 3: Remove On-Site (Site-Specific) Development Obstacles

Many redevelopment opportunities in transit zones remain underdeveloped because of challenges particular to that site that deter would-be developers. The public sector can play a role in removing some of these barriers so that private development may proceed more easily, whether it's market-rate or affordable. Where appropriate, this assistance can be conditioned on the inclusion of affordable housing units into the overall development.

City redevelopment agencies, for example, can purchase and assemble sites with fragmented owners, remove tax liens, demolish vacant buildings, apply for federal brownfield remediation assistance, and clear up murky title issues to make properties easier for private development.

Tools

- Tax Forgiveness (for Affordable Housing)(Tool #14)
- Brownfield Remediation (Tool #15)

STRATEGY 4: Provide Land Acquisition Assistance for Affordable Housing

High land and property acquisition prices in warmer and lukewarm housing markets can make developing low and moderate-income housing very challenging. There are multiple ways the public sector can play a role in reducing these costs. Flexible land acquisition financing can be particularly useful in transit zones where the timing for development may not yet be optimal – either because of the market or because transit or other key infrastructure improvements have yet to occur. Some tools designed to increase the availability of low-cost loans can also help developers close more quickly on land that might be sought after by other developers with other intentions other than affordable housing. Outright land dedication or land write-downs for private developers can be particularly helpful in cooler markets where otherwise rents could not support new development, or in hot markets, where land prices are otherwise prohibitively expensive. Often this assistance is conditioned on the provision of affordable housing.

Tools

- Land Banking (Tool #18)
- Public Land Dedication and Write-Downs (Tool #16)
- Joint Public/Private Development (Tool #17)

STRATEGY 5: Increase the Availability of Subsidy Funding and Financing for Affordable Housing in Transit Districts

Outright grants and equity are the most helpful forms of assistance for affordable housing developments. They are essential to projects being able to offer below-market rents. But these funding sources are also highly competitive. For example, for the Low Income Housing Tax Credit (LIHTC) – one of the most lucrative forms of equity funding – it is not uncommon for developers to have to return for multiple years of tax credit awards to bring a substantially sized project to fruition. Limited local funding frequently forces affordable housing developers to piece together multiple, funding sources in order to make a project financially feasible. This in turn adds significantly to the overall development timeline, and therefore development costs, making the project more challenging to complete.

All Bay Area transit districts can benefit from additional subsidy funding for affordable housing. There are various ways jurisdictions can increase subsidy funding for affordable housing developers in transit zones. A novel approach with considerable promise would be to target existing local funding to transit districts. Other tools focus on increasing the overall pie for subsidy funding through the creation of dedicated revenue sources or increasing fees for such things as condo-to-rental conversions.

Tools

- Targeted Financing Sources (Tool #19)
- Condominium Conversion Controls (Tool #20)

STRATEGY 6: Zone for a Diversity of Housing Types

In transit zones with limited large development opportunities, it is particularly important to allow for a diversity of housing options. For example, in built-out single family neighborhoods, secondary and rear units can subtly densify a transit district by taking advantage of space behind existing single family homes, while providing smaller, lower-cost housing units for purchase or rental.

Tools

- General Plan (Tool #1)
- Station Area Specific Plans (Tool #3)

FINAL POINTS

As stated above, there is no one “right” set of tools. Furthermore, a tool that works in one place may not work in another context. Every community is distinct, with a different set of needs, assets, and barriers for mixed-income TOD. Taken broadly, however, the tools included in the glossary that follows can be seen as more or less appropriate depending on three axes: market condition, need for housing production vs. preservation, and land availability. The following chart does not include every tool in the tool box. Some, such as the planning processes described at the beginning of step three are important in any context. These include:

- General Plan (Tool #1)
- Housing Element (Tool #2)
- Station Area Specific Plans (Tool #3)
- Five-Year Redevelopment Implementation Plans (Tool #5)

Others tools are included more than once, as they are appropriate in more than one context. This chart can be used as a general guide for which tools may be most useful for your community.

	Preservation		Production	
	High Land Availability	Low Land Availability	High Land Availability	Low Land Availability
Warm Market	<ul style="list-style-type: none"> • Condominium Conversion Controls (Tool #20) • Project-Based Section 8 Preservation (Tool #21) • Targeted Homeownership Assistance (Tool #22) • Limited Equity Housing Co-ops (Tool #23) • Community Land Trusts (Tool #24) • First Right of Refusal for Tenants and Non-profits (Tool #25) 	<ul style="list-style-type: none"> • Condominium Conversion Controls (Tool #20) • Project-Based Section 8 Preservation (Tool #21) • Targeted Homeownership Assistance (Tool #22) • Limited Equity Housing Co-ops (Tool #23) • Community Land Trusts (Tool #24) • First Right of Refusal for Tenants and Non-profits (Tool #25) 	<ul style="list-style-type: none"> • Overlay Zones (Tool #4) • Inclusionary Zoning (Tool#6) • Incentive-Based Zoning (Tool #7) • Development Agreements (Tool #8) • Reduced Parking Requirements (Tool #9) • Parking Maximums for Transit Areas (Tool #10) • Fast-Track Permitting (Tool #11) • Fee-Waivers, Reductions, and Deferrals (Tool #12) • Brownfields Remediation (Tool #15) • Public Land Dedication or Write-Downs (Tool #16) • Joint Public/Private Development (Tool #17) 	<ul style="list-style-type: none"> • Overlay Zones (Tool #4) • Inclusionary Zoning (Tool#6) • Incentive-Based Zoning (Tool #7) • Development Agreements (Tool #8) • Reduced Parking Requirements (Tool #9) • Parking Maximums for Transit Areas (Tool #10) • Fast-Track Permitting (Tool #11) • Fee-Waivers, Reductions, and Deferrals (Tool #12) • Regulatory Accommodation for Small Sites (Tool #13) • Brownfields Remediation (Tool #15) • Public Land Dedication or Write-Downs (Tool #16) • Joint Public/Private Development (Tool #17)
Cold Market	<ul style="list-style-type: none"> • Tax Forgiveness for Affordable Housing (Tool #14) • Project-Based Section 8 Preservation (Tool #21) • Limited Equity Housing Co-ops (Tool #23) • Community Land Trusts (Tool #24) • First Right of Refusal for Tenants and Non-profits (Tool #25) 	<ul style="list-style-type: none"> • Tax Forgiveness for Affordable Housing (Tool #14) • Project-Based Section 8 Preservation (Tool #21) • Limited Equity Housing Co-ops (Tool #23) • Community Land Trusts (Tool #24) • First Right of Refusal for Tenants and Non-profits (Tool #25) 	<ul style="list-style-type: none"> • Reduced Parking Requirements (Tool #9) • Parking Maximums for Transit Areas (Tool #10) • Fast-Track Permitting (Tool #11) • Fee-Waivers, Reductions, and Deferrals (Tool #12) • Tax Forgiveness for Affordable Housing (Tool #14) • Brownfields Remediation (Tool #15) • Public Land Dedication or Write-Downs (Tool #16) • Joint Public/Private Development (Tool #17)) 	<ul style="list-style-type: none"> • Reduced Parking Requirements (Tool #9) • Parking Maximums for Transit Areas (Tool #10) • Fast-Track Permitting (Tool #11) • Fee-Waivers, Reductions, and Deferrals (Tool #12) • Tax Forgiveness for Affordable Housing (Tool #14) • Brownfields Remediation (Tool #15) • Joint Public/Private Development (Tool #17) • Land Banking (Tool #19)



Appendices

Tools Listing

1. **General Plan**
2. **Housing Element**
3. **Station Area Specific Plans**
4. **Overlay Zones**
5. **Five-Year Redevelopment Implementation Plans**
6. **Inclusionary Zoning**
7. **Incentive-Based Zoning**
8. **Development Agreements**
9. **Reduced Parking Requirements**
10. **Parking Maximums for Transit Areas**
11. **Fast Track Permitting**
12. **Waivers, Reductions and Deferrals**
13. **Regulatory Accommodation for Small Sites.**
14. **Tax Forgiveness (for Affordable Housing)**
15. **Brownfield Remediation**
16. **Public Land Dedication or Write-Downs**
17. **Joint Public/Private Development**
18. **Land Banking**
19. **Funding Sources (Targeted to Transit Zones)**
 - **Low-Income Housing Tax Credits (LIHTC)**
 - **The California Multifamily Housing Program**
 - **The Federal Home Loan Bank Affordable Housing Program**
 - **HOME**
 - **CDBG**
 - **Redevelopment Affordable Housing Set-Aside funding,**
 - **Housing Trust Fund revenue,**
 - **HUD 202, and**
 - **Special Needs Housing.**
20. **Condominium Conversion Controls**
21. **“Project Based” Section 8 Preservation**
22. **Targeted Homeownership Assistance**
23. **Limited Equity Housing Co-ops**
24. **Community Land Trust**
25. **First-Right-of-Refusal Laws for Tenants and Nonprofits**

Tools Glossary

1. General Plan

The General Plan is a comprehensive long-term plan for the physical development and growth of a county or city. In California, there is a legal requirement that all planning and development actions be consistent with the General Plan. As a constitution or “blueprint” for development, the General Plan can establish an overarching framework in support of a city’s values and principles, including mixed-income transit-oriented development. For example, the General Plan can prioritize TOD Districts as places for higher density, mixed-use and mixed-income development and make the appropriate zoning changes to accommodate those goals.

The General Plan must contain seven (7) state-mandated elements. The seven (7) mandated elements are: Land Use, Open Space, Conservation, Housing, Circulation, Noise, and Safety. The Land Use and Housing Elements in particular present opportunities to formalize goals and implementation strategies for providing mixed-income housing in areas well served by transit.

2. Housing Element

The Housing Element is a state-mandated element of a County or City’s General Plan. It identifies a city’s existing and future housing needs, sets housing goals for the jurisdiction, analyzes barriers to meeting needed housing, and outlines how these goals will be achieved. Most importantly, a jurisdiction’s Housing Element must present a plan for meeting the jurisdiction’s Regional Housing Needs Assessment (RHNA) allocation. This includes creating an inventory of appropriately zoned land, and showing that the zoned land is enough to meet the municipality’s fair share of affordable housing.

A Housing Element can be a key tool for targeting housing resources for affordable housing production and preservation to transit zones within a city. California law mandates that the Housing Element of a General Plan be updated every five years.

RESOURCES:

- California Housing Law Project. Housing Element Law. www.housingadvocates.org/pdf/site/facts/HousingElementLaw.pdf
- California Department of Housing and Community Development. Building Blocks for Effective Housing Elements. www.hcd.ca.gov/hpd/housing_element/index.htm

3. Station Area Specific Plans

As stated previously, specific plans similar in purpose to the General Plan, but are focused on smaller areas within jurisdictions. As future development within station area (often set at a half mile radius around the station) is likely to be considerably different from surrounding areas, a Specific Plan can help articulate the unique goals for the district. Specific Plan for a station area, and the community planning process involved in developing a Specific Plan, is an excellent opportunity to formalize a set of goals, and outline specific implementation strategies for achieving mix of housing types, at appropriate densities and affordability levels, in a transit zone or district. Ideally, Specific Plans present policies, zoning and development strategies for fostering transit-supportive land uses within the half-mile “transit zone.” The Specific Plan can also be a useful tool for addressing issues of connectivity, station access, pedestrian-friendly design, TOD-supportive parking and “placemaking” generally.

To promote affordable and mixed-income housing, effective station area specific plans should:

- Set comprehensive affordability goals for the transit district. Plans should set goals for the types and quantity of affordable and market rate housing in their transit district and indicate how these goals will be achieved, including identifying priority sites for affordable housing and ensuring they are zoned at the appropriate densities to make housing development financially feasible.
- Zone for a diversity of housing types. Zoning in transit zones should allow for a range of housing options, including rental housing, smaller housing sizes, and secondary (also called “accessory”) units that can be built on the same property as existing single-family homes.
- Set “By right” zoning. Because zoning and parking requirements can be a source of contention during the entitlement process, station area specific plans can facilitate affordable housing development by making high density and affordable housing “by right” rather than “conditional” uses. In addition, by incorporating density bonuses and reduced parking requirements for affordable housing into the plan, a developer will have not need to appeal for these variances that often make the difference in a project’s feasibility. The result is reduced time and, therefore, cost of getting approvals, thereby making affordable and mixed-income housing developments more economically feasible.

RESOURCES:

- Transportation Commission (MTC). Station Area Planning grant program. http://www.mtc.ca.gov/planning/smart_growth
- Center for Transit-Oriented Development, TOD 202: Station Area Planning: How to Make Great Transit-Oriented Places
- MTC. Station Area Planning Manual. www.mtc.ca.gov/planning/smart_growth/Station_Area_Planning_Manual_Nov07.pdf

- Strategic Economics. Creating a Regional Model of Mixed-Income, Transit-Oriented Development in Downtown San Leandro: Opportunities, Challenges and Tools. 2007. www.greatcommunities.org/intranet/library/sites-tools/SL_report.pdf
- SPUR. Secondary Units: A Painless Way to Increase the Supply of Housing. 2001.

4. Overlay Zones

Overlay zones can be powerful planning tools for promoting affordable housing in transit zones. Overlay zones work as part of the zoning code, but are superimposed on the existing zoning map providing modifications to the underlying zoning classifications. This is usually done to promote specific types of development within certain areas, especially near important public amenities, commercial thoroughfares, or transit nodes. Common provisions of overlay zones include lower parking requirements and higher density allowances. In addition, within an overlay zone a city can impose a more rigorous affordability requirement on new development. A chief benefit of using an overlay zone is that it can be added without requiring a major overhaul of the existing zoning code or a major revision of general or specific plans.

The Town of Corte Madera has used overlay zoning to create an “exclusive affordable housing zone” that requires the development of a substantial percentage of affordable units on affected sites. On other sites, inclusionary requirements are voluntary.¹

RESOURCES:

- Nonprofit Housing Association of Northern California. Affordable Housing Overlay Zoning. <http://www.nonprohousing.org/actioncenter/toolbox/policy/overlayzoning.pdf>.

¹ ULI, *Developing Housing for the Workforce: A Toolkit*, 2007, p.185.

5. Five-Year Redevelopment Implementation Plans

California requires redevelopment agencies created prior to 1994 to adopt Five-Year Implementation Plans. These plans outline what activities will be undertaken by the Agency, and how and where tax increment funds will be spent – including funds set aside in the Low and Moderate Income Housing Fund (LMIH). Redevelopment Plans represent an opportunity to target affordable housing set-aside funds to transit districts as well as other redevelopment dollars that can go towards street improvements, community amenities, and other placemaking investments.

RESOURCES:

- California Redevelopment Association. www.calredevop.org

6. Inclusionary Zoning

Inclusionary zoning (also referred to as “inclusionary housing”) can be a powerful tool for involving the private sector in producing affordable housing near transit. Inclusionary zoning asks developers of new housing to make a percentage of units affordable to lower-income households as a condition of permitting approval. There are 4 key components of an Inclusionary Zoning policy that play an important role in determining how effective the policy is in producing actual housing:

- 1) The percentage required (these often range from 10% to 25%);
- 2) How the percentage is broken down. For example, a jurisdiction may have a 15% Inclusionary requirement with 8% for low-income and 7% for very-low income housing. Ideally, the breakdown of the percentage should reflect the identified housing needs in the community.
- 3) How strong the policy language is in terms of requiring

developers to build the units on-site (“must build”). Most jurisdictions offer the option for the developer to pay an in-lieu fee instead of building affordable housing on-site. Depending on the jurisdiction, this option may be available to all developments or it may be limited to small projects or projects facing special hardships. In-lieu fees can often be positive, allowing for the more efficient development and thus, to a greater unit of units offered at deeper levels of subsidy. In addition, it may make some developments feasible, where a “must build” policy would be cost-prohibitive. However, when land is scarce or expensive, in-lieu fees may limit affordable housing construction to areas far away from the original development; this may lead to less income diversity in the transit district and a reduction of access to transit for lower-income households.

- 4) The formula for setting the in-lieu fee. Different jurisdictions have different formulas for calculating their in-lieu fees. Some have a flat rate per unit, while others calculate a fee based on a percentage of building costs or sales prices. Regardless of formula, however, it is important to make sure that the in-lieu fee is set at a level high enough to fund the construction of off-site units.

Some effective strategies to employ as part of an Inclusionary Zoning ordinance include:

- Restrict off-site compliance at sites within ½ mile of transit stations. Land in the transit zone should be designated as a location where developers “must build” the inclusionary homes rather than having the option of building them on cheaper land somewhere else in the city;
- Prohibit in-lieu fees, unless the local government or affordable housing developers have site control of multiple

parcels in transit zones that can utilize in-lieu fee revenues for affordable housing

- Allow developers to meet their inclusionary requirements through 100% affordable buildings, as opposed to requiring that every building feature a mix of market-rate and affordable units. This flexibility makes it possible for market-rate developers to contract with nonprofit developers to produce and manage the affordable housing more efficiently
- Apply inclusionary requirements to condominium conversions, when other condo conversion controls are not already in place.

RESOURCES:

- Nonprofit Housing Association of Northern California (NPH) – Inclusionary Housing Toolkit, www.nonprofnhousing.org/actioncenter/toolbox/campaigntools/InclusionaryTool.pdf
- California Rural Housing Coalition – Searchable Database of California Inclusionary Housing Policies. www.calruralhousing.org/housing-toolbox/inclusionary-housing-policy-search/search
- PolicyLink – Inclusionary Housing Web Tool: www.policylink.org/EDTK/IZ/

7. Incentive-Based Zoning

Incentive-based zoning provides developers with rewards like density bonuses, greater height or floor-area allowances, or parking space reductions, in exchange for meeting certain housing objectives. Zoning incentives generally entice market-rate developers by increasing the building envelope in which developers can build, lowering developers' per-unit costs, and helping to make inclusion of affordable housing more feasible. Through these incentives, jurisdictions can encourage developers to provide mixed-income housing at increased levels of affordability.

In California, state law requires that local jurisdictions grant density bonuses of 20-35 percent for projects that make a certain percentage of their units affordable.² Additionally, developers are also allowed a certain number of development “concessions” or “incentives” depending on affordability level. However, local governments can layer additional incentives to promote deeper levels of affordability, by increasing the density bonus or adding incentives such as reduced parking requirements.

RESOURCES: California Housing Law Project. SB 1818 – Density Bonus. www.housingadvocates.org/default.asp?ID=749

8. Development Agreements

Development agreements are contracts between local governments and developers that guarantee long-term planning approvals for a project for a certain number of years (even if zoning policies change at a later date), in exchange for specific public benefits from the developer. Affordable housing can be one of those benefits. Development agreements work best for sites with long-term development timelines and multiple stages. In these situations, the added entitlement certainty provided by the agreement is especially valuable for the developer, and may therefore be worth the inclusion of affordable housing.

² At least 5 percent of total units must be affordable to very low income households, or 10 percent for low-income households, to trigger a 20 percent bonus. With greater levels of affordability, the bonus also increases up to a maximum of 35 percent. Additionally, developers are also allowed development “concessions” depending on affordability level. [For more information, see: Goldfarb & Littman, *Frequently Asked Questions Regarding SB 1818 (Hollingsworth)* – *Density Bonus Law*, www.goldfarbblipman.com/art_sb1818faq.html.]

9. Reduced Parking Requirements

High parking requirements can make housing prohibitively expensive to build, particularly affordable housing near transit, where the cost of land can be relatively high. Typically, localities govern parking through minimum requirements, which require a certain amount of parking based on number of bedrooms, units or square feet. With every parking space consuming 320-350 square feet, high parking requirements increase the amount of land that must be purchased for housing or trigger the need for structured parking, which adds \$20,000 to \$40,000 per space to the project's total development costs.

Cities can lower the cost of housing near transit by adopting parking standards that reflect the greater likelihood that residents in well-designed, transit-oriented developments will use transit. Presently, nearly two-thirds of Bay Area households living within ½ mile of transit stations own one car or fewer.³ Parking minimums for transit zones should not exceed this ratio. Furthermore, parking policies in transit zones should:

- Lower parking minimums for affordable units, small units and senior housing. For example, the City of Denver's MS-3 zoning overlay applies the following parking requirements to main streets and areas within 600 feet of enhanced transit corridors:

Market rate housing	1 space/unit
Affordable housing	0.8 spaces/unit
Senior housing	0.25 spaces/unit
Housing for households < 40% AMI	0.25 spaces/unit
Units < 550 square feet	0.25 spaces/unit
Single-room occupancy housing	0.25 spaces/unit
Special needs housing	0.25 spaces/unit

³ Analysis by the Center for Transit-Oriented Development of US Census data.

- Lower minimums for developments that “unbundle” parking. When parking spaces are sold or rented separately from housing units there is evidence that demand drops. Granting lower parking minimums for unbundled parking rewards developers with lower costs, and helps households that don't require parking save on the final price of their unit.⁴
- Lower parking minimums for developments that have shared parking facilities,⁵ or on-site, car share services. Shared parking facilities can help reduce the cost of housing in transit districts by allowing parking to be provided off-site and less expensively than the alternative of integrating it into each housing development. Some communities have experimented with shared parking districts in which multiple developers combine their respective parking units into one structure. Homeowners or renters can “opt-in” to the parking, at a price. Structures can also be built for complementary users, like offices and housing developments, to allow for each use to take advantage of the other's slack parking supply. Cities sometimes create parking assessment districts to finance the construction of city-built, shared parking facilities.

⁴ A UC Berkeley study found that housing without parking sold for 12% less than comparable units with parking, were affordable to 24% more San Francisco households, and sold an average of 41 days faster than condominium units with parking.

⁵ The peak demand for parking spaces in a mixed-use development is usually less than the combined total of the peak demands for the individual uses. This is because the hours when there is high demand for parking at office and commercial uses is roughly complementary to the hours when there is a high demand for parking at residential uses. As such, cities can promote housing affordability by lowering overall parking requirements for these developments when shared parking facilities are built.

- Through the development of a Parking Management Plan, a local government can flexibly respond to different variables that influence the amount of parking necessary in a development or in a neighborhood, including differences in auto ownership based on incomes and housing type, the qualities of the place that make it more walkable and pedestrian-oriented, and access and proximity to good transit and a mix of uses that reduce the need for auto-oriented trips. The parking management plan can also outline shared uses where parking spaces are used at night by residents and during the day for commercial and office workers.

Resources:

- Nonprofit Housing Association (NPH), Planning for Residential Parking: A Guide for Housing Developers and Planners. www.nonprophousing.org/actioncenter/toolbox/parking/parking_home.html
- MTC. Toolbox/Handbook: Parking Best Practices & Strategies For Supporting Transit Oriented Development In the San Francisco Bay Area. 2007. http://www.mtc.ca.gov/planning/smart_growth/parking_seminar/Toolbox-Handbook.pdf

10. Parking Maximums for Transit Areas

Even when zoning codes allow lower parking ratios, pressure from residents in surrounding neighborhoods can sometimes lead developers to provide higher levels of parking than necessary. Maximum parking standards help prevent the oversupply of parking and have been used by many cities, including San Antonio, Seattle, Portland and San Francisco. Maximum ratios could be used in transit areas to insulate developers from pressures to provide more parking than is needed to serve residents and office workers who have a greater propensity to use transit. San Francisco's new parking policy establishes parking maximums for downtown housing while eliminating parking minimums altogether.

Resources:

- Livable City. (has a good summary of San Francisco's move to parking maximums in downtown) See: www.livablecity.org/campaigns/c3.html
- SPUR, Parking and Livability in Downtown San Francisco, www.spur.org/documents/050101_report_01.shtml

11. Fast Track Permitting

Time is money when it comes to building housing. Jurisdictions can help reduce the cost of affordable or mixed-income housing in transit zones by expediting permitting approvals for these kinds of projects. Expedited permitting helps in two ways – it can lower the costs of holding land in advance of construction, and it helps inject greater certainty into the development process, which can in turn lower the cost of financing.

The City of Austin, Texas provides expedited permit reviews to transit-oriented projects with affordable housing as part of its SMART program (Safe, Mixed-Income, Accessible, Reasonably-Priced, Transit-Oriented). During the first three years of the program, the average completion time for SMART Housing reviews was approximately half the time of conventional reviews. In the Bay Area, permitting processes could be fast tracked for all housing developments proposed for transit zones, or just for affordable housing within walking distance of transit. Expediting can occur by:

- Prioritizing the review of transit zone projects,
- Establishing set time periods for decisions on applications,
- Creating “one-stop,” multi-agency review committees,
- Assigning a project expeditor within local government staff for each transit zone project, or
- Utilizing other techniques that emerge as a result of a jurisdiction taking comprehensive look at how to streamline

and coordinate the various approvals processes for development projects without compromising other public interests such as safety, health and quality of life.

Resources:

- The American Planning Association (APA) has developed a model statute for creating a unified permitting process, as part of its Growing Smart program. See: www.planning.org/growingsmart
- The City of San Jose offers expedited reviews for affordable housing developments. See: City of San Jose Planning Department. www.sanjoseca.gov/planning/
- City of Austin. SMART program. www.austintexas.gov/ahfc/smart.htm
- US HUD. Regulatory Barriers Clearinghouse. www.regbarriers.org

12. Fee Waivers, Reductions and Deferrals

Local governments can reduce the cost of producing affordable and mixed-income TOD housing by waiving, reducing or deferring impact fees. Many Bay Area communities charge impact fees on a “pay-as-you-go” system to cover the costs of additional infrastructure like parks and roads for new residents. The degree to which this process is unpredictable, this contributes to uncertainty among developers concerning the true costs of the project. Communities can reduce impact fees on affordable housing in transit districts in various ways. One approach is to revise a jurisdiction’s overall impact fee structure and assess fees on a per-square-foot basis, as opposed to assessing fees per unit. This would lessen fees for modest-sized single-family housing as well as condominiums and apartments. Other communities may choose to waive fees altogether for affordable housing.

The City of Austin, Texas provides fee waivers (in addition to expedited permitting) for transit-oriented, affordable housing. Fees are reduced on a sliding scale basis, based on portion of a development’s units priced for households earning less than 80 percent of AMI:

Given that, in most cities, municipal fiscal resources are tight, it may be more realistic at times to seek fee deferrals for affordable housing rather than full waivers. Fee deferrals help affordable housing developers by delaying the assessment of fees until after construction, at which point the developer’s long-term financing can cover these costs at lower expense. The municipality still recovers the fees, but later in the development process.

The City of Fremont is an example of a municipality that does this. Deferral of impact fee payments of up to 18 months is available for affordable housing developments with at least 49 percent of the units affordable to very low to moderate income households, and which have received financial support from the City and/or Redevelopment Agency for an amount equal to or greater than the amount of the development impact fees.

Resources:

- City of Fremont. www.ci.fremont.ca.us/Construction/DevelopAffordableHousing/default.htm
- City of Austin. SMART program. www.austintexas.gov/ahfc/smart.htm

13. Regulatory Accommodation for Small Sites.

Small, scattered sites are particularly sensitive to regulatory constraints, housing requirements and other factors that increase development costs, given that fixed costs can only be spread over a relatively small number of units. Where site assembly is not possible, it is important to look at how to maintain the viability of small sites for development, particularly where additional market-rate development is needed.

In many transit zones, for example, it may make sense to exempt smaller projects from inclusionary zoning ordinances. Most inclusionary ordinances exempt projects with fewer than five units. This idea could be extended to sites less than a specified size, for example sites less than ¼ acre.

Other regulatory impacts to examine include parking space requirements and impact fees. A recent study of opportunities and barriers to TOD in San Mateo County found that sites smaller than 10,000 square feet (about ¼ acre) were prohibitively expensive for infill development when parking space requirements exceeded 1.3 spaces per unit and inclusionary housing requirements exceeded 15 percent.

Some cities like Denver, Colorado reduce parking requirements for housing located on small lots. The City's MS-3 zoning overlay – which applies to main streets and areas within 600 feet of enhanced transit corridors – exempts lots smaller than 6,250 square feet from parking requirements altogether. For lots less than 18,750 square feet, the parking ratio for affordable housing units drops from .80 to .65 spaces per unit. For housing serving households earning less than 40 percent of AMI or less, and for units smaller than 550 square feet, parking requirements drop to zero.

RESOURCES:

- HNTB Corporation, Strategic Economics and Hexagon Transportation Consultants, San Mateo County Transit-Oriented Opportunity Study – Final Report (prepared for Samtrans), 2007. www.grandboulevard.net/library/GrandBoulevard/TOD_Final_Report_073107.pdf
City of Denver. Main Street Zoning Overlay. www.denvergov.org/MS/MainStreetLanguage/tabid/391249/Default.aspx

14. Tax Forgiveness (for Affordable Housing)

One way in which local governments can facilitate private affordable housing development is by removing tax liens on abandoned properties for developers providing affordable housing. Vacant land and vacant buildings often remain undeveloped because of outstanding property tax obligations that must be assumed by whomever purchases the property. Local governments can forgive these tax liens for developers that agree to build affordable housing on site. In some contexts it may be appropriate to expedite the process by which local governments can acquire tax delinquent properties (also known as “in rem” properties) through foreclosure.

15. Brownfield Remediation

Brownfields are former commercial or industrial sites whose reuse is impeded by real or perceived contamination that has accumulated over many years, and sometimes through different ownership. Cleaning these sites for residential uses can require considerable financial resources and is made more challenging by the involvement of state and federal agencies, and frequent legal disputes over who is responsible for soil or groundwater contamination. Given these costs and uncertainties, large brownfield sites with substantial development potential are more likely to draw developer interest than smaller sites.

That said, local governments can help developers remediate brownfield sites in various ways. In 1997, the federal government created the Brownfields National Partnership to coordinate the resources of multiple federal agencies connected to brownfield remediation. Local governments can help developers access this federal assistance, and facilitate interactions with state agencies. Local governments can also help fund site cleanup themselves, provide funds for site assessments, and even take on legal responsibility for certifying remediation.⁶

Resources:

The Center for Creative Land Recycling (CCLR) is a nonprofit organization focused on creating sustainable communities by identifying and implementing responsible patterns of land use and development. CCLR's mission is to encourage and facilitate land recycling in ways that revitalize urban areas, discourage urban sprawl, and conserve greenspace. www.cclr.orgThe City of Emeryville has created a comprehensive program for cleaning up brownfields. See:www.ci.emeryville.ca.us/bf/bf-finalstatus.htmlPolicyLink. Equitable Development Toolkit: Brownfields. www.policylink.org/EDTK/Brownfield

16. Public Land Dedication or Write-Downs

California law requires local governments planning to dispose of public or surplus land to offer public agencies or nonprofits first right of refusal for building housing on the site. However, local jurisdictions can further facilitate the production of affordable housing in transit zones by making public property available to affordable housing developers at reduced prices. One way this happens is a local government will donate public land (e.g. vacant lots, surplus property, abandoned schools), or mark down its price, on the condition that a portion or all of the land is used for affordable housing. Land

dedication or mark-down can both be used as an incentive to encourage market-rate developers to include affordable housing in their projects, or as a means to help affordable housing developers achieve financial feasibility for a given project.

17. Joint Public/Private Development

Another way local governments can facilitate affordable housing development is through partnering with affordable housing developers to jointly develop public facilities. Many public facilities – including schools, public parking garages, libraries, and government offices – could be opportunities for mixed-use development with affordable housing. Like land dedication, the joint development of public land can help make affordable housing more financially feasible while overcoming the challenge of limited site availability.

18. Land Banking

A land bank is a governmental entity created expressly to acquire, hold and facilitate development on vacant, abandoned and tax-delinquent properties. Jurisdictions can create land bank authorities to acquire and hold properties so they can be saved for development as affordable or mixed-income housing near transit. Land banks typically require their own enabling legislation. Land bank authorities also typically have powers to help prepare challenging properties for development through such means as clearing title encumbrances, forgiving property taxes (and thereby removing tax liens), removing environmental contamination, and assembling parcels. When the time is right for development, land bank authorities usually transfer land to private developers (for-profit or non-profit) with conditions attached that guide how the property will be developed.

⁶ ULI, *Developing Housing for the Workforce: A Toolkit*, p.172.

19. Funding Sources (Targeted to Transit Zones)

Local jurisdictions control multiple pools of funding that can be used to support affordable and mixed-income housing in transit zones. These funds are from different sources including Federal and State agencies and come with their own set of requirements and criteria. Key funding and financing sources at their discretion include:

- Low-Income Housing Tax Credits (LIHTC)
 - The California Multifamily Housing Program
 - The Federal Home Loan Bank Affordable Housing Program
 - HOME
 - CDBG
 - Redevelopment Affordable Housing Set-Aside funding,
 - Housing Trust Fund revenue,
 - HUD 202, and
 - Special Needs Housing.
- **Low-Income Housing Tax Credits (LIHTC):** At the federal level, LIHTC is the dominant funding mechanism for the development and rehabilitation of affordable housing in the US. Although funding originates at the Internal Revenue Service, the program is administered by each state; in California, the relevant body is the California Tax Credit Allocation Committee (CTCAC), The actual funding process is too convoluted to be explained here, but it is important to note that LIHTC includes two programs, commonly known as “9% tax credits” and “4% tax credits.” The 9% program offers significantly more money than the 4%, but is more difficult to obtain and, in practice, is limited to developments in which 100% of units are affordable. The 4% program offers tax-exempt bonds rather than full tax credits, but is somewhat

more flexible and can be used in mixed-income projects. In addition California offers a state tax credit program, which is designed to augment the federal LIHTC; as such, only developments that are granted LIHTC are eligible for state tax credits. For more details, see the CTCAC website at: <http://www.treasurer.ca.gov/ctcac/program.pdf>

- **California Multifamily Housing Program:** Administered by the California Department of Housing and Community Development, this program offers low-interest, 55-year loans for new construction, rehabilitation, or acquisition, rehabilitation of permanent or transitional rental housing, as well as the conversion of nonresidential structures to rental housing. Funding under this program is highly flexible, but is only available to projects that have not received LIHTC funding.

The Federal Home Loan Bank Affordable Housing Program: The federal home loan bank and its membership organizations is the nation’s largest source of residential credit and mortgage and community development credit in the nation. Composed of 12, highly independent regional banks, including one in San Francisco, FHLB sets aside 10% of its assets for grants and low-interest loans to affordable rental and homeownership housing. In 2007, the program provided \$65.2 million to support 132 projects in its service area (California, Nevada, and Arizona), as well as select developments around the country. These funds are highly flexible and can be used in conjunction with any other financing sources. For more information, see the San Francisco FHLB website, www.fhlbsf.com

- **HOME:** The HOME program, administered by the US Department of Housing and Urban Development (HUD), is a highly flexible funding source that can be targeted to a

jurisdiction's transit zones. HOME Grant blocks are given to jurisdictions on a formula basis and can be allocated for a range of activities promoting affordable housing, including land acquisition, land improvement, building acquisition and rehabilitation, homeowner assistance, and – unlike CDBG funds – new housing construction.

- **CDBG:** The federal Community Development Block Grant (CDBG) program is another key source of affordable housing funding from HUD. Like HOME funds, to receive CDBG funds jurisdictions must be the primary municipality in a Metropolitan Statistical Area (MSA), have a population of over 50,000, or qualify as an “urban county.” CDBG funds are somewhat less flexible than HOME in that CDBG funds cannot be used for new affordable housing construction. CDBG can be used however for pre-development, site acquisition, site improvements, property acquisition, property rehabilitation and first-time homebuyer assistance. CDBG funds can also be used for other purposes, such as the construction of public facilities, public services and economic development activities. At least 70 percent of CDBG funds must be used for the benefit of low and moderate-income households.
- **Redevelopment Affordable Housing Set-Aside Funding:** At least 20 percent of funds collected through Tax Increment Financing (TIF) in Redevelopment Areas must be “set aside” in a Low and Moderate Income Housing Fund (LMIH) and used for affordable housing. For many cities in appreciating housing markets, this amounts to a very large funding source for affordable housing – even larger for cities like Oakland and San Francisco that have elected to increase the required set-aside to greater than 20 percent. In San Francisco, for

example, the set-aside requirement is 50 percent.⁷ Cities decide how and where affordable housing set-aside funding will be spent through their Redevelopment Implementation Plans. From a developer's perspective, set-aside funding is highly desirable because often it can be used more quickly than HOME and CDBG funds. Accordingly, targeting set-aside funding to transit zones can be a highly effective incentive for focusing new construction or low-cost housing retention activities in these areas.

- **Housing Trust Fund Dollars:** Many local governments use housing trust funds to pool funds for affordable housing. Housing trust funds are typically set up with a dedicated revenue source that would not otherwise be earmarked specifically for affordable housing. Several Bay Area jurisdictions capitalize their housing trust funds with local real estate transfer taxes, which are assessed on real estate transactions when property is sold or transferred. Housing trust funds also frequently act as the depository for commercial linkage fees, condo conversion fees and “in-lieu” fees paid by developers to ensure these funds are actually used for affordable housing. A jurisdiction's Housing Element frequently outlines how local housing trust fund dollars will be spent. These funds could be targeted to promote affordable or mixed-income housing in transit zones.

HUD 202: This is a competitive grant program offered by HUD to support the development of rental housing for seniors. Funding can be used for construction costs and for rental assistance. However, tenancy is limited to very-low income households in which at least one resident is over the age of 65. More information can be found at www.hud.gov/offices/hsg/mfh/progdesc/eld202.cfm

⁷ www.sfgov.org/site/sfra_page.asp?id=5580

- **Special Needs Housing:** Although not discussed in any of the steps, there may be a significant un-met need for housing for special populations (homeless and/or disabled). There are a variety of programs available that support the development of temporary, transitional, and/or permanent housing for these populations.

- HUD 811- This program functions very similarly to the HUD 202, but serves very low-income households in which at least person is over the age of 18 and has a physical or developmental disability or mental illness. Under HUD guideless, drug or alcohol dependency qualifies as a disability. More information can be found at www.hud.gov/offices/hsg/mfh/progdesc/eld202.cfm <http://www.hud.gov/offices/hsg/mfh/progdesc/disab811.cfm>

- McKinney-Vento- This program offers funding for the full “continuum of care” for the homeless population, providing construction and operating funding for temporary, transitional, and permanent housing, as well as for necessary supportive services. Although funding originates at HUD, applications are typically processed by the local jurisdiction. For more information, see: <http://www.hud.gov/offices/cpd/homeless/lawsandregs/laws/index.cfm?title=t4>

- Housing Opportunities for Persons with AIDS (HOPWA)- “The HOPWA program is the only Federal program dedicated to address the housing needs of persons living with HIV/AIDS and their families. Funds are distributed to states and cities by formula allocations and made available as part of the area’s Consolidated Plan. In addition, some projects are selected in national competitions to serve as service delivery models or operate in non-formula areas. Grantees partner with nonprofit organizations and housing agencies to provide housing and support to beneficiaries” (from HOPWA website: <http://www.hud.gov/offices/cpd/aidshousing/index.cfm>.)

- Veterans Administration- The VA offers a range of programs to support the development of affordable housing for disabled veterans. For more information, see: <http://www1.va.gov/homeless/page.cfm?pg=2>

RESOURCES:

- HUD. Home Program. www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm

HUD. CDBG Program. www.hud.gov/offices/cpd/communitydevelopment/programs/

- California Redevelopment Association. www.calredevelop.org
Center for Community Change. Housing Trust Fund Project. www.communitychange.org/our-projects/htf

- PolicyLink. Equitable Development Toolkit: Housing Trust Funds. www.policylink.org/EDTK/HFH

20. Condominium Conversion Controls

Condominium conversion controls are a tool for protecting existing renters. One of the ways in which low-income rental options can be lost in appreciating markets is the conversion of apartments to condominiums. In hot housing markets that are seeing growing demand for homeownership housing, owners may evict tenants and sell off individual units as condominiums at prices too expensive for existing renters to afford. In such markets, there is rarely time to prevent the loss of renter households just by creating new affordable housing, as conversions can happen on a much quicker timeline.

Condominium conversion controls can moderate the conversion of rental units into condominiums, stemming the loss of low-cost housing options in a transit district and buying time for the creation of other affordable housing options. Local governments typically use a combination of fees, restrictive conditions and permit limits to manage condominium conversions in their jurisdiction. Per-unit conversion fees discourage conversions altogether if set at a high enough level. Alternately, fees can generate funding that can be used for affordable housing production elsewhere in the jurisdiction. The City of Berkeley, for example, requires owners seeking to convert rental units to condominiums to pay an “Affordable Housing Mitigation

Fee” set at 12.5 percent of the sales price of the condominium. Other jurisdictions like San Francisco assess a nominal fee for conversion, but place a numerical limit on the number of conversions allowed annually (200 per year in San Francisco). Applicants must also meet several conditions to win a permit for conversion. For example, conversions are only permitted in buildings with 2-6 units that also meet other requirements pertaining to eviction history and owner occupancy.

It is important to acknowledge that condo conversions can help create lower-priced homeownership options for moderate-income households. In creating controls, therefore, a jurisdiction ultimately needs balance its need for homeownership housing with its need to retain low-income rental opportunities.

RESOURCES:

- Sirkin Paul Associates. Condominium Conversion in San Francisco, January 2008, www.andysirkin.com/HTMLArticle.cfm?Article=2
- City of Berkeley Planning and Development Office. Condo Conversions in the City of Berkeley. www.ci.berkeley.ca.us/contentdisplay.aspx?id=794

21. “Project Based” Section 8 Preservation

The Federal Section 8 program is a partnership between the US Department of Housing and Urban Development, local Public Housing Authorities and private property owners to promote affordable rental housing. Qualified households can use Section 8 vouchers to cover the difference between “fair market rent” and the rent that a voucher-holding household can afford, determined as 30 percent of household income. A portion of a Public Housing Authority’s Section 8 vouchers are “project based” – meaning they can only be used at particular private housing units. Landlords enter

into contracts (typically 10 years) to make their housing units “project based.” After this period, participating property owners can opt out of the program.

Many project-based vouchers in transit zones nationwide are reaching the point where the rental assistance contracts between property owners and HUD are expiring, giving property owners an opportunity to opt out. A recent study by Reconnecting America and the National Housing Trust that looked at federally assisted affordable housing near transit in eight major US cities found that nearly two-thirds of units were covered by rental assistance contracts that will expire before the end of 2012.⁸ Furthermore, the Reconnecting America study found that approximately 60 percent of units were privately owned, as opposed to nonprofit owned, meaning they are at greatest risk of loss. The Bay Area’s transit zones are likely to face similar risk of losing project-based units.

Efforts to persuade or entice private landlords into renewing their participation in the program can go a long way to ensuring ongoing transit zone affordability. Waiving property taxes is one novel approach for providing incentives to property owners near transit to stay in the project-based Section 8 program.

Resources:

- California Department of Housing and Community Development. Affordable Rental Housing At Risk of Conversion. www.hcd.ca.gov/hpd/hrc/tech/presrv/atrisk.pdf
- Reconnecting America. Preserving Opportunities: Saving Affordable Homes Near Transit. 2008. www.reconnectingamerica.org/public/reports

⁸ Boston, Chicago, Cleveland, Detroit, New York City, Portland, St. Louis and Seattle.

-PolicyLink. Equitable Development Toolkit: Expiring Use: Retention of Subsidized Housing. www.policylink.org/EDTK/ExpiringUse/

22. Targeted Homeownership Assistance

Local jurisdictions often have multiple programs to help homebuyers purchase housing. These programs take many forms, including: down-payment and closing cost assistance, forgivable loans, below-market-rate mortgages and mortgage guarantees. These assistance programs focus on the demand side of the affordable housing equation, but can still be targeted to certain neighborhoods – like transit zones – just as they are often targeted at certain homebuyers – like first-time homebuyers and low-income households.

23. Limited Equity Housing Co-ops

One of the most effective ways to help stabilize a base of residents that are at risk of displacement is to give them opportunities to purchase property. But it is difficult for many very-low and low-income households to afford condos or single family homes in the Bay Area's transit zones. Limited equity co-ops offer ownership opportunities at a much lower cost than typically available through an individual mortgage or downpayment formulas.

Through the cooperative model, residents share ownership of a multi-unit building. But rather than purchase individual units, participants purchase shares of a building, usually at a much lower price than a typical downpayment. Households also pay “carrying charges,” essentially monthly rents limited to a percentage of income, which cover operating expenses and mortgage debt service. A nonprofit or affordable housing developer can use low-income housing tax credits to make up much of the remaining equity.

Through this model, households not only benefit from the stability

of homeownership but also can share in the appreciation of the multi-family building and often have access to tax advantages like mortgage interest deductions.

Limited equity co-ops are also usually set up to ensure long-term affordability. Resale limits are placed on the sale of shares, so that shares sold to subsequent buyers will be as affordable as they were initially.

Local jurisdictions can support limited equity co-ops by making them eligible for local subsidy funding and supporting nonprofits that create and manage them. Washington, DC for example operates a Cooperative Conversion Seed Money Loan Program that provides assistance to low-income and moderate-income tenant groups with a high potential for successful cooperative conversion. The assistance is in the form of non-interest-bearing loans to help defray certain up-front costs of cooperative conversion.

RESOURCES:

- Washington, DC: Cooperative Conversion Seed Money Loan Program. http://os.dc.gov/os/lib/os/info/odai/title_14/26.pdf
- PolicyLink. Equitable Development Toolkit: Limited Equity Housing Cooperatives. www.policylink.org/EDTK/LEHC/default.html
- Enterprise Foundation. “Alternative Financing Models – Hybrids of Homeownership: Limited Equity Cooperative Housing,” www.practitionerresources.org/redir.html?id=19613&topic=Affordable%20Housing&doctype=Spreadsheet&url=http%3A%2F%2Fwww.practitionerresources.org%2Fcache%2Fdocuments%2F196%2F19613.do
- National Association of Housing Cooperatives. www.coophousing.org

- Codman Square NDC. (developing a limited equity housing cooperative as part of TOD in Boston, Massachusetts). (617) 825.4224. <http://www.csndc.com/ecdevelopment.php>
Jair Lynch Development Partners. (facilitated the Capitol Manor Cooperative near transit in Colombia Heights -- Washington, DC). www.jairlynch.com

24. Community Land Trusts

Community Land Trusts (CLTs) purchase and retain ownership of land to ensure its ongoing use for community purposes. Often they are set up to promote the long-term affordability of rental buildings and ownership housing. CLTs promote ongoing housing affordability by retaining ownership of the land beneath homes and multi-family buildings, even after those buildings are sold to income-qualifying households or other nonprofits. By retaining land ownership, CLTs permanently remove the price of land from the home's cost, thereby reducing the degree to which rising land prices inflate the cost of the home when property changes hands. This land ownership also gives the CLT legal leverage to require that homes are sold at affordable prices based on agreed-upon resale formulas, or rented at affordable levels.

Once the domain of nonprofit organizations, a growing number of municipalities have formed land trusts of their own to promote affordable housing, including Irvine, Chicago, Washington DC and 17 cities in Florida. These are sometimes referred to as Affordable Housing Trust Funds.

CLTs or Affordable Housing Trust Funds can help preserve the affordability of scattered as well as contiguous housing. For instance, a land trust could acquire and sell units in smaller buildings to first-time homebuyers, while selling larger buildings to nonprofits able to

manage them as affordable rental housing.

Resources

- San Francisco Community Land Trust. (recently acquired a multi-family building in Chinatown at risk of market-rate conversion). <http://www.sfclt.org/>.
- Institute for Creative Economics (ICE) – provides technical assistance and financial assistance for CLTs nationwide. www.iceclt.org
- PolicyLink. Equitable Development Toolkit: Community Land Trusts. <http://policylink.org/EDTK/CLT/>

25. First-Right-of-Refusal Laws for Tenants and Nonprofits

One way to preserve low-cost housing opportunities in transit districts is to give nonprofit affordable housing developers, tenants or tenant cooperatives the first right to purchase multi-family buildings put up for sale. Such a law helps increase the likelihood that when formerly low-cost housing developments are put up on the market they will be purchased by either existing renters, or by entities that will keep the buildings affordable over the long-term.

Presently, state law grants this right of “first refusal” only when a subsidized, affordable housing development is to be sold or discontinued. Nonprofits or local governments have the first right to meet the asking price. Extending a local right-of-first-refusal law to all multi-family buildings in transit zones could enable tenants to acquire their buildings as participants in limited equity co-ops or tenancies in common, or help nonprofits preserve affordable rental opportunities near transits.

Washington, DC uses such a law to facilitate limited equity co-ops in many of its gentrifying neighborhoods. Under DC's Tenant

Opportunity to Purchase Act (TOPA), tenants can also transfer their first right of refusal to another entity, such as a limited-equity housing cooperative.

RESOURCES:

- Washington, DC. – Tenant Opportunity to Purchase Act (DC ST § 42-3404).

- Harrison Institute for Public Law, Georgetown University Law Center. DC's Tenant Opportunity to Purchase Act -- An Analysis of the Strengths and Deficiencies of Washington, D.C.'s Tenant Opportunity to Purchase Act. 2006. www.knowledgeplex.org/showdoc.html?id=183436