

Attachment 2 Overview of Best Practices in Affordable Housing

1. Obtaining Accurate and Relevant Data to Set Local Goals

- **Arlington, Virginia** tracks yearly progress toward 11 housing goals with numerical targets through the Annual Affordable Housing Targets report. Goal areas include reduction in homelessness, sustainable development, minimizing displacement of low-income households, new affordable units, family-sized units, and rental assistance.

Source: <http://www.arlingtonva.us/departments/CPHD/housing/pdf/file85925.pdf>

Within Arlington, the **Columbia Pike Neighborhoods Area Plan** offers an example of a small-area plan with a special focus on preserving affordable housing. Because the county has typically lost affordable units in previous revitalization efforts, the plan calls for preserving all of the Columbia Pike corridor's 6,200 market-rate affordable units — whose market rents are low enough to be within the budgets of low- and moderate-income households. Another goal of the plan is to preserve or replace all of the estimated 1,200 committed affordable housing units — those that were built with public funds. One strategy to accomplish this goal is to help owners convert market-rate affordable units into committed affordable units. This may be accomplished, for example, through tax incentives or public funding for energy-efficient upgrades in exchange for a commitment to continue a unit's affordability for a specific period of time.

Source: <http://www.columbiapikeva.us/revitalization-story/columbia-pike-initiative/>

- **Building Denver's Future** Housing Plan 2008-2018 sets 10-year targets, including:
 - Creating 5,500 rental housing opportunities, including 3,500 for working poor, elderly and disabled households earning less than 30% AMI, primarily as part of mixed-income communities;
 - Creating 2,500 homeownership opportunities for low- and moderate-income workers – the largest segment of the Denver workforce – in competitive neighborhoods; and
 - Enabling Denver residents to connect with jobs, schools and other opportunities by locating 50% of new city-subsidized housing for low- and moderate-income households in bus and rail transit corridors.

Source:

<http://www.denvergov.org/Portals/690/documents/Presentation/02.02.2012%20MHTF%20Denver%20Housing%20Plan%202008-2018.pdf>

- **Plan El Paso** recommends a number of goals and policies to promote housing affordability and complete, connected neighborhoods including the use of a rating system such as LEED-ND; adopting the Housing + Transportation formula developed by the Center for Neighborhood Technology; creating and preserving affordable housing opportunities; and conducting a “completeness audit” in low-income neighborhoods.

Source: http://planelpaso.org/wp-content/uploads/2012/ELP%206%20Housing_for%20web.pdf

2. Creating Dedicated Revenue Sources

- *Acquisition Fund for Preservation of Existing Affordable Housing*
Denver's TOD Fund was created in 2009 to enable to acquisition of property within one-half mile of existing or planned light rail stations and one-quarter mile of high frequency bus stops. The fund was initially capitalized with a \$2.5 million contribution from the City of Denver, and as of August 2011, the fund's manager, Enterprise Community Partners, had assembled \$15 million in additional investments from local and national philanthropies and private banks.
Source: <http://www.enterprisecommunity.com/financing-and-development/community-development-financing/denver-tod-fund>

The **Cook County (Illinois) Class 9 program** provides private developers incentives to do major rehabilitation on their properties, provided affordability restrictions are kept in place. Once rehabilitation is complete properties are taxed at 10% of the market value for 10 years, renewable in 10-year increments.

Source: http://www.cityofchicago.org/city/en/depts/dcd/supp_info/multi-family_assistance.html

- *Tax Increment Financing*
The **Skillman Corridor Tax Increment Financing (TIF) District** in Dallas is located approximately 9.5 miles northeast of downtown, and was created in 2005 to enhance the real estate market and encourage new investment by providing a source of funding for public amenities and infrastructure improvements. Twenty percent of all housing units in the Skillman Corridor TIF District using TIF funds must meet the City and County established criteria for affordable housing.
Source: <http://www.dallas-ecodev.org/incentives/tifs-pids/skillman-corridor-tif/>

- *Linkage Fees on Non-Residential Development*
The **Transforming Tysons Plan** for Fairfax County, Virginia addresses the redevelopment of the Tysons Corner area, an edge city set to undergo major growth with the addition of several new transit stops and thousands of new jobs and residents. The plan includes a recommendation that developers of new nonresidential projects contribute \$3.00 per square foot towards a housing trust fund. Fee revenue will be dedicated to creating low- and moderate-income housing opportunities in Tysons Corner, helping to meet the need for workforce housing projected to result from the new development and ensure that families of all incomes can afford to live in Tysons.
Source: <http://www.fairfaxcounty.gov/tysons/>

- *Tax Abatement Strategies*
In any given year, between 70,000 and 100,000 housing units are renovated under **New York City's J51 Program**. The program provides real estate tax exemptions and abatements to multifamily buildings that are renovated or rehabilitated according to certain requirements. Buildings converted from lofts or other nonresidential uses to residential use are also eligible. Affordable housing projects generally qualify for a 34-year exemption from the higher real estate taxes resulting from the improvement. The tax break allows owners to recoup the costs of repairs. From fiscal year 1980 to the end of 2006, these incentives spurred essential upgrades and system replacements for more than 2.4 million units.
Source: http://www.nyc.gov/html/dof/html/property/property_tax_reduc_j_51.shtml

Portland, Oregon has a range of tax abatement programs designed to promote development near public transit stations, rehabilitation of rental homes, the construction or rehabilitation of owner-occupied homes in certain "opportunity areas," and nonprofit ownership of affordable rental homes. As of fiscal year 2010-2011, almost 14,000 homes received one of these abatements, contributing significantly to the city's objectives for affordable homes and community development.

Source: <http://www.portlandonline.com/phb/>

- *Housing Trust Funds*

Austin's Housing Trust Fund was created in 2000 to contribute to the economic development of the City and assist the City in its objectives to preserve and create reasonably priced housing for City residents, to revitalize neighborhoods, and to build the City's tax base. The City Council defined various financing mechanisms for ongoing revenue to the HTF including dedicating 40% of all incremental tax revenues derived from developments built on property located in the Desired Development Zone that were not on the Travis Central Appraisal District property tax rolls as of June 1, 1997.

The **Philadelphia Housing Trust Fund**, established in 2005, is expected to generate \$10 million each year through a surcharge on document recording fees that range from \$57 to \$72 depending on the document type, such as such as birth certificates, deeds of trust, and marriage licenses.

Source: <http://www.phila.gov/ohcd/HTFUND.htm>

The **Salt Lake City Housing Trust Fund** is funded through Tax Increment Financing (TIF) proceeds. Administrators must apply for a portion of TIF revenues on an annual basis, and typically receive between \$360,000 and \$1 million each year. The TIF district is set to expire in 2025.

Source: <http://www.slcgov.com/hand/hand-housing-trust-fund>

The **Columbus/Franklin County, OH Housing Trust Fund** receives 8.37 percent of hotel tax revenues, generating about \$1 million in funding each year. Most major cities generate significant revenue through hotel/ motel taxes due to tourism and convention business. Hotels and motels generate a significant amount of lower-paying jobs and many cities lack housing that is affordable or acceptable to these workers.

Source: <http://www.hztrust.org/>

Chicago's Low Income Housing Trust Fund is used to subsidize rent for extremely low-income households (earning less than 30 percent off area median income) through quarterly payments made directly to landlords. Discretionary funds from the City of Chicago's corporate fund, as well as HUD grants and other federal assistance, have been used to support the Trust Fund since its inception. In 2005, the City of Chicago made a 5 year commitment totaling \$5 million from proceeds from the privatization of the Skyway (a 7.8 mile toll road connecting to the Indiana Tollway). The commitment was renewed in 2010 with a \$1.3 million allocation of proceeds from the sale of parking meters. The Trust Fund was also designated by the Chicago City Council to receive 40% of the fees developers pay for zoning and/or administrative relief which allows them to build at a higher density than normally allowed. Funding from this source is used to support long-term investments with forgivable loans and grants.

Source: http://www.cityofchicago.org/city/en/depts/dcd/supp_info/chicago_low-incomehousingtrustfund0.html

San Francisco's Housing Trust Fund was established in 2012 to create a permanent source of revenue estimated at \$1.5 billion to be invested in affordable housing production and housing programs over the next 30 years. Revenue sources to the fund include TIF district funding, a portion of hotel tax that was appropriated yearly for affordable housing, an additional \$13 million in new General Fund revenue from an increase in business license fees, and a real estate transfer tax for transactions involving all properties valued at \$1 million or above by 0.2 percent.

Source: <http://www.sfmayor.org/index.aspx?page=846&recordid=186&returnURL=%2findex.aspx>

- *Employer-Supported Housing*

Applied Materials in Santa Clara, CA employs 4,000 workers in Silicon Valley. Applied Materials contributed \$1 million to the Housing Trust of Santa Clara County, a public-private partnership that provides down payment assistance for first-time homebuyers and low-cost financing for developers of affordable homes.

Source: <http://www.housingpolicy.org/assets/EAH/Applied%20Materials.pdf>

The University of Chicago and University of Chicago Medical Center employs 14,000 workers, and provides interest-free forgivable loans and homeownership counseling for employees, and encourages investment in transitioning target neighborhoods.

Source: <http://www.housingpolicy.org/assets/EAH/Univ%20of%20Chicago.pdf>

- *General Obligation Bonds*

In 2006, voters in **Austin, Texas** approved \$55 million in general obligation bonds for affordable housing with a 62 percent majority. These efforts target households earning between 30 and 50 percent of the area median income, people transitioning out of homelessness, and elderly residents living on fixed incomes. In November 2009, the city announced the availability of the approved GO bonds for the GO Repair! Program, which provides funding for home repairs that address health and safety concerns for households earning 80 percent or less of the area median income.

In 2004, voters in Florida authorized the **Miami-Dade County Building Better Communities General Obligation Bonds**, totaling almost \$3 billion, to be funded over 40 years. Up to \$195 million of the bond proceeds were authorized for "constructing and improving affordable housing for the elderly and working families to encourage home ownership through the acquisition, construction and renovation of residential units." The county allocated \$32 million to build new public housing units and \$137.7 million to build other new affordable housing. As of 2007, Miami-Dade had used \$7.3 million toward the construction of more than 600 homes.

Source: <http://www.miamidade.gov/build/>

- *Support and Expand Use of the Low Income Housing Tax Credit Program*

New York City's 50/30/20 Mixed-Income Model incorporates 4 percent low-income housing tax credits in project financing by using local funds to make 30 percent of the market-rate units affordable to middle-income families (earning between 81 and 175 percent of area median income). This "50/30/20" split results in developments where 50 percent of units rent at market rates, 30 percent rent to middle-income families and 20 percent of units are rent-restricted according to Low-Income Housing Tax Credit guidelines.

Source: <http://www.nychdc.com/pages/Mixed%252dIncome-Developments.html>

- *Dedicated Tax Revenues*
The **Miami-Dade County Homeless and Domestic Violence Tax on Sale of Food and Beverages** is a one percent (1%) tax collected on all food and beverage sales by establishments that are licensed by the State of Florida to sell alcoholic beverages for consumption on the premises, except for hotels and motels. Only businesses that make over \$400,000 in gross receipts annually are obligated to collect this tax. Eighty-five percent (85%) of the tax receipts goes to the Miami-Dade County Homeless Trust, and fifteen percent (15%) goes to Miami-Dade County for domestic violence centers.
Source: <http://www.miamidade.gov/homeless/food-and-beverage-tax.asp>

In 2009, citizens of **Oklahoma City** passed a \$777 million referendum, known as **Metropolitan Area Projects 3 (MAPS3)**, to extend a one-cent sales tax that will be used to fund over 50 miles of sidewalks, fund a city-wide pedestrian and bike trail system, initiate the first phase of a fixed-rail transit system, construct a 70-acre downtown regional park, construct a new convention center, improve the Oklahoma State Fairgrounds, build a whitewater recreation center on the Oklahoma River and construct a series of senior aquatic centers throughout the city. This extension is the third time voters have approved a sales tax increase to initiate a series of improvements for the city. The previous two sales tax referendums were used to fund improvements to almost every public school in the city and construct several new schools, construct a new downtown library, improve the Oklahoma River, improve the convention center and civic center, and construct a downtown ballpark. The MAPS programs have leveraged Federal funds by making improvements to low-to-moderate income areas of the city and creating jobs for low-to-moderate income citizens.

Source:

<http://www.okc.gov/planning/consolidated%20plan/Consolidated%20Plan%20Third%20Action%20Year%202012-2013.pdf>

3. **Promote Supportive Regulatory Practices/Encourage Use of Zoning Techniques to Facilitate Development of Lower-Cost Housing**

- *Ensure Zoning Policies Allow a Diversity of Housing Types*
Seattle's Transferable Development Rights (TDR) program allows commercial developers who want more density than allowed under zoning rules can purchase unused density from owners of downtown properties with affordable housing, landmark buildings, or major open space. To enhance efficiency, nonprofits that need funds to repair and preserve their properties can sell the development rights to the city, which deposits them in a "TDR Bank" for later sale to office and hotel developers on an as-needed basis. The program is a critical tool for preserving low-income housing in the downtown area. Between 1986 and 2005, developers paid owners of over 900 units of low-income rental housing about \$7.8 million.
Source: <http://www.seattle.gov/housing/incentives/TDRbonus.htm>
- *Adopt Expedited Permitting and Review Policies*
Austin's S.M.A.R.T.™ Housing Initiative uses expedited review and fee waivers to stimulate the production of affordable homes. Residences built under this program are intended to be safe, mixed-income, accessible, reasonably priced, transit-oriented, and meet minimum green building standards.

- *Reduce Parking Requirements in Location-Efficient Areas*
In 2006, **San Francisco** eliminated minimum parking requirements for downtown residential development, instead establishing a parking maximum that caps the number of parking spaces allowed at one per four dwelling units (or 0.25 spaces per unit). Developers who wish to include additional parking spaces above this cap may submit an application for a conditional use permit, which would allow creation of additional parking of up to 0.75 spaces for each one-bedroom or studio unit and up to one space for each unit with two or more bedrooms. Applications are subject to case-by-case review by the Planning Commission. San Francisco has also prohibited downtown residential developers from requiring buyers to purchase a parking space. Spaces must instead be leased or sold separately from the housing unit, helping to reduce costs for homebuyers without cars. Source: http://www.sf-planning.org/ftp/general_plan/I1_Housing.htm

Several other cities, including **Coral Gables and Fort Myers, Florida; Milwaukee, Wisconsin; Portland, Oregon; and Seattle and Spokane, Washington** have also abolished residential parking requirements for certain downtown neighborhoods.

- *Make Publicly-Owned Land Available for Affordable Homes*
King County, Washington's Ordinance 12394, approved in 1996, states that any surplus parcels that are suitable for housing should be sold or leased for the development of affordable housing. Each year the surplus property list is updated, and suitable properties are offered for development as affordable homes. Factors considered in determining suitability include topography, zoning, and availability of utilities. Source: <http://your.kingcounty.gov/exec/news/2004/0517041.htm>

As a part of **New York City's New Housing Marketplace plan** to create or preserve 165,000 units of affordable housing in ten years, the city's Department of Housing Preservation and Development has worked with other city departments to acquire underutilized and surplus sites for affordable housing development. These sites include a historic public school in East Harlem and other Department of Education properties, underutilized parking lots owned by the Department of Transportation, a former hospital on Staten Island, and surplus land at a Brooklyn psychiatric hospital. Source: http://www.housingpolicy.org/building_a_strategy/faqs/new_york_profile.html