City of Raleigh
Affordable Housing Task Force
Final Report

February 2009

Expanding Housing Choices

How to Preserve and Expand Affordable Housing Opportunities

Recommendations to the Raleigh City Council

Affordable Housing Task Force

February 27, 2009

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Purpose of this Report

This report offers recommendations of the Affordable Housing Task Force to Raleigh City Council on how best to preserve and expand affordable housing opportunities in the city despite persistent market pressures brought on by rapid growth. All recommendations are intended by the Task Force to influence Raleigh's updated Comprehensive Plan, _Planning Raleigh 2030_. The purpose of our recommendations is to assist the City of Raleigh in integrating effectively into the Comprehensive Plan the community's commitment to equitable housing opportunities for all income groups.

CITY COUNCIL'S CHARGE TO THE AFFORDABLE HOUSING TASK FORCE

The Raleigh City Council charged the 23 Affordable Housing Task Force appointees with providing input into affordable housing polices and strategies for possible inclusion into the City's Comprehensive Plan Update. Specifically, the Task Force was asked to:

- Review affordable housing needs and issues identified.
- Review the existing housing element and current City of Raleigh housing programs and resources.
- Review the Draft Comprehensive Plan, including the Community Inventory and the Housing Element.
- Review best practices in other jurisdictions.
- Submit recommendations on potential affordable housing strategies to the City Council.

Excerpts from Public Review Draft of Raleigh's Comprehensive Plan:

Vision Themes

Six key themes reinforce Raleigh's Vision for 2030 and serve as Planning Raleigh 2030's overall goals:

- *Economic Prosperity and Equity*
- ***Expanding Housing Choices***
- *Managing Our Growth*
- *Coordinating Land Use and Transportation*
- *Greenprint Raleigh— Sustainable Development*
- *Growing Successful Neighborhoods and Communities.*

The vision themes express and reinforce the major concerns the Plan seeks to address and the issues raised by the public.[*]

* From *Introduction and Framework Element, Public Review Draft, The 2030 Comprehensive Plan for the City of Raleigh, page 17.*

Housing and Neighborhoods

There is a need for Raleigh to increase housing opportunities for existing and future residents and to create diverse neighborhoods of choice that attract new investment and that do not exclude residents due to housing costs or discriminatory practices. The coordination and funding of housing and neighborhood planning activities and programs across several City departments will be a significant challenge for Raleigh during the next 20 years.*

*From *Introduction and Framework Element, Public Review Draft, The 2030 Comprehensive Plan for the City of Raleigh, page 12.*

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Executive Summary

The Affordable Housing Task Force

The Raleigh City Council created the Affordable Housing Task Force in August 2008 and charged the 23 Council-appointees with providing input into affordable housing polices and strategies for possible inclusion into the City's Comprehensive Plan Update. The 23 members all work in housing-related industries and come from the private, public, and nonprofit sectors. Members include private sector developers and nonprofit community development corporations; Wake County Housing Assistance and the Raleigh Housing Authority; affordable housing advocates and service providers. Community Development Department staff organized meetings and assisted the Task Force in its work.

The Purpose of this Report

This report offers recommendations to Raleigh City Council on how best to preserve and expand affordable housing opportunities in the city despite persistent market pressures brought on by rapid growth. All recommendations are intended to influence Raleigh's updated Comprehensive Plan, *Planning Raleigh 2030*. The purpose of our recommendations is to assist the City of Raleigh in integrating effectively into the Comprehensive Plan the community's commitment to equitable housing opportunities for all income groups.

Our report includes specific recommended changes to several Policies and Actions in the Housing chapter of the draft Comprehensive Plan. Cumulatively our recommendations add up to one overarching recommendation that is fundamental to all the others: that the City must take steps to integrate affordable housing into the other elements of the planning process while recognizing that the greatest need for public sector support is for very low-income households.

These recommendations are the product of presentations by public sector and academic experts invited by the Task Force to share their knowledge; research conducted by City staff and interns based on Task Force member requests for additional information; and the experience Task Force members themselves brought to the many productive discussions from their extensive work in the public, private and nonprofit housing

sectors. The Task Force used Bay Area Economics' Housing Market Analysis (September 2005) and the Community Inventory Report to supplement Task Force experience regarding the need for affordable housing. We familiarized ourselves with the City's current affordable housing programs and the funding sources used. We studied Raleigh's Scattered Site Policy to obtain an overview of the original concept, its effectiveness, how the policy has evolved over time, and possibilities for improvement. We also requested and received a presentation and research on inclusionary zoning for an overview of the promise and limitations of that approach to increasing the production of affordable housing.

In a thriving residential market, to effectively meet the challenge of providing an adequate supply of affordable housing distributed throughout the city, particularly in High Priority Areas as defined in the City's Scattered Site Policy, the City of Raleigh must address the issue in a holistic, integrated way. The Task Force recognizes that costs to achieve this goal must be considered carefully and distributed equitably.

Statement of General Principles

The Task Force recognizes that the federal and local bond funds administered by the Community Development Department are required by law to serve the needs of households and individuals below 80% of area median income (AMI). Historically, CD's practice has been to invest those funds to serve primarily households below 50% of AMI. The preference of the Affordable Housing Task Force is to see that practice continue because households with income below 50% of AMI are the most cost burdened and in greatest need of public support.

However, the Task Force believes that homeownership programs should serve primarily households at 60–80% of AMI. At the same time the Task Force acknowledges exceptions to that rule, such as Habitat for Humanity of Wake County, which serves households with incomes from 25 - 60% of AMI.

Whenever we refer to "long-term" affordability we mean 20 years, unless otherwise indicated by deed restrictions.

The Task Force also believes in the value of income diversity. For this reason, though we believe the City's housing policies should be directed to assist households with incomes at or below 50% of AMI, we are aware that there may be occasions when it is appropriate for the public sector to support, in various ways, the housing needs of households with income between 80 - 120% of AMI, particularly in areas where land costs are prohibitively high, such as the downtown, transit oriented developments, or as part of a mixed-income community. Households with income between 80 – 120% of AMI could most effectively be served through regulatory changes.

Integrate Affordable Housing into the Planning Process

The Task Force believes that Raleigh's affordable housing challenge has been treated as an isolated issue separate from other City challenges affecting land use, transportation, growth management, economic development, and environmental conservation. In effect, affordable housing has been segregated into one departmental "silo." This approach has been ineffective and has not kept pace with affordable housing needs. A change of approach is essential.

To succeed in expanding housing choices for all Raleigh residents, the Task Force believes that affordable housing must be integrated with all the other elements of the planning process. The Task Force, therefore, has approached the Housing Policies and Actions with the goal of achieving this integration. We believe that the implementation of the *Revised and Recommended Housing Policies and Actions* will more effectively expand housing choices for all Raleigh residents.

Why Focus on Actions?

The Housing chapter of the Public Review Draft of the Comprehensive Plan Update rolled out December 3, 2008, contained 35 Policies and 22 Actions. Task Force revisions resulted in 31 Policies and 37 Actions. The Task Force paid particular attention to the Actions because of their important function as a bridge between broad policies that guide decision makers and the daily work of City employees, i.e., the actual implementation of the Plan. Ken Bowers, Assistant Planning Director, described the Actions as a "to-do list" for the City of Raleigh, the means through which the broad policies could be implemented into the City budget and employee work plans. Mr. Bowers said Plan Actions could provide the basis for an annual "report card" for the public to review how implementation is proceeding. The Affordable Housing Task Force believes that results matter; we recommend the City take this step as a commitment to transparency and accountability and encourage Council to support an annual "report card" on Plan implementation.

Revised and Recommended Housing Policies and Actions

Affordable Housing Task Force recommendations range from very broad to specific. Some of the key areas addressed in the *Revised and Recommended Housing Policies and Actions* are:

Inclusionary Housing

The policy reviewed most extensively by the Task Force was inclusionary zoning, the concept of requiring builders of residential developments of a certain size to include moderately-priced units in their developments while receiving compensation through a density bonus or other form of public "pay-back." This is a complex legal issue. The Task Force recommendation represents a moderate position, avoiding the controversial "choice" of mandatory versus voluntary by making a consensus-based call for the City to be results oriented as it crafts a new policy to achieve more income-balanced neighborhoods throughout the City.

Related Actions: H 18

Mixed-Income Communities

The Task Force recommends that City-funded affordable housing programs continue to give preference to households at or below 50% of area median income (AMI). At the same time, the Task Force also believes in the value of income diversity. We are aware that there may be occasions when it is appropriate for the public sector to support, in various ways, the housing needs of households with income between 80-120% of AMI, particularly in areas where land costs are prohibitively high, such as the downtown,

transit oriented developments, or as part of a mixed-income community. Households with income between 80 – 120% of AMI could most effectively be served through regulatory changes. Several recommended Policies and Actions address these issues.

Related Actions: H 1, H 3, H 4, H 5

Create New Affordable Housing "Tools"

We recommend that Raleigh add some affordable housing "tools" to its toolkit that have been employed successfully in other cities. These include land banking, establishing a Community Land Trust, and creating a dedicated funding source for the purpose of producing affordable housing, such as a Housing Trust Fund.

Related Actions: H 5, H 16, H 22, H 23, H 24

Make improvements in the Land Development Process

Some modifications in the development process itself could increase the annual production of affordable housing. There is an opportunity to make sure that providing lower-cost housing through non-financial means is maximized as the City proceeds to revise its development regulations.

Related Actions: H 9, H 13, H 25

Fair Housing, Special Needs Housing, Aging in Place

Fair housing (eliminating discrimination in sale or rental of housing), providing housing for the homeless, physically challenged, and others with special needs, and allowing our seniors to age in place are important elements that need to be recognized and supported by the City in the Comprehensive Plan. Included in the Task Force recommendations are several Actions that address these issues.

Related Actions: H 33, H 34, H 35, H 36

Moving Toward a Regional, Holistic Approach to Addressing Low-Income Housing Needs

Affordable housing is not an isolated, "stand alone" issue. The only way to successfully provide an adequate supply that meets the needs of current and future Raleigh residents is to approach affordable housing production in conjunction with other needed services and in concert with non-city community partners. Several Actions encourage the City to work with Wake County, the public housing authorities, and other resources that may supplement what the City is able to provide.

Related Actions: H 10, H 11, H 21, H 26, H 30, H 31

RECOMMENDATIONS

Introduction

We, the members of the Affordable Housing Task Force, respectfully submit the following recommendations for City Council's consideration. These recommendations represent a consensus of the Task Force. During the course of our work, we heard a cross section of views from the Raleigh community. All view points were carefully considered. We believe it is our charge from City Council to try to take the broadest possible view while adhering to our basic principles of affordability and income diversity, and the fundamental belief that everyone deserves safe, sanitary, and decent housing. We believe our recommendations embody those principles.

Our report includes specific recommended changes to the language of several Actions and Policies in the Housing Element of the draft Comprehensive Plan resulting from lively Task Force discussions, extensive staff research, and special presentations by experts. We consider each individual recommendation that follows important but cumulatively they add up to one overarching recommendation that is fundamental to all the others: that the City must take steps to integrate affordable housing into the other elements of the planning process while recognizing that the greatest need for public sector support is for very low-income households, as noted in various City plans, such as *Raleigh's Five-Year Consolidated Plan*, *Ending Homelessness: The 10-Year Action Plan*, etc. To effectively meet the challenge of providing an adequate supply of affordable housing distributed throughout the city, particularly in High Priority Areas as defined in the City's Scattered Site Policy, in a thriving residential market, the City of Raleigh must address the issue in a holistic, integrated way. The Task Force recognizes that costs to achieve this goal must be considered carefully and distributed equitably.

The Comprehensive Plan's Vision and Housing Goal

The Affordable Housing Task Force strongly recommends including in the Vision of the Comprehensive Plan an explicit statement against discrimination in housing, as shown below:

Affordable Housing Task Force **Recommended Change to Comprehensive Plan's** **Vision Statement** **with Reason for Revision**	
Original Vision Statement	**Revised Vision Statement**
Raleigh will be a city that values and fosters development that provides economic prosperity, housing opportunity, and equity for all Raleigh residents. Raleigh will embody environmental conservation, energy efficiency, and sustainable development. Raleigh will be a great place to live with distinctive and attractive neighborhoods, plentiful parks and green spaces, quality schools and educational opportunities, and a vibrant downtown.	Raleigh will be a city that values and fosters development that provides economic prosperity, housing opportunity ***free of discrimination***, and equity for all Raleigh residents. Raleigh will embody environmental conservation, energy efficiency, and sustainable development. Raleigh will be a great place to live with distinctive and attractive neighborhoods, plentiful parks and green spaces, quality schools and educational opportunities, and a vibrant downtown.
Reason for Revision: A stand against housing discrimination is important to make in a statement that expresses the community's vision for the future. This is not only a statement confirming a commitment to law but also one of values and conveys something important regarding Raleigh's identity as a diverse community.	

The Affordable Housing Task Force supports the six key themes or city-wide goals of the Plan:

1. Economic Prosperity and Equity
2. Expanding Housing Choices
3. Managing Our Growth
4. Coordinating Land Use and Transportation
5. Greenprint Raleigh—Sustainable Development
6. Growing Successful Neighborhoods and Communities

The Task Force, in general, supports the Plan's Expanding Housing Choices Goal but would suggest the following revision:

Affordable Housing Task Force
Recommended Changes to Comprehensive Plan's
Expanding Housing Opportunities Goal
with Reason for Revision

Original Goal	Revised Goal
Raleigh will have an expanded supply of affordable and workforce housing options that provide housing opportunities for all segments of our population. This expanded supply of decent affordable housing will provide stability for families, improve opportunities for education and career advancement, and reduce homelessness for low and moderate income households.	Raleigh will have an expanded supply of affordable ~~and workforce~~ housing options that provide housing opportunities ***free of discrimination*** for all segments of our population. This expanded supply of decent affordable housing will provide stability for families, improve opportunities for education and career advancement, and reduce homelessness for low and moderate income households.

Reason for Revisions: Following lengthy discussions, the Task Force recommends the revisions indicated above for the following reasons:

(1) The Task Force strongly opposes the use of the phrase "workforce housing" and believes that phrase should be removed from the Comprehensive Plan. The phrase implies that people in households with income below 80% of AMI do not work, which is not true. The Task Force supports the definition of affordable to mean affordable to households with incomes below 80% of AMI where the cost of total rent payment (for renters) or principle, interest, taxes, and insurance (for owner-occupants) does not exceed 30% of household gross income.

(2) Data strongly suggests that those with the greatest need for housing assistance are households below 50/60% of AMI. (See Table 2 below from the Community Inventory Report.) The Task Force believes the City of Raleigh should focus incentives for affordable housing production that serve those households, rather than households adequately served by market forces.

(3) That being said, the Task Force believes that the plan should support the availability of housing for households earning between 80% and 120% of AMI, while maintaining a preference for using public sector support for households at and below 60% AMI. At a minimum, in the city's new development regulations and policies, inclusion of non-luxury, moderately-sized units should be required to be included "in the mix" of site, subdivision, and Planned Development District proposals and higher-density housing in rezoning proposals, particularly in downtown and Transit-Oriented Development Districts. In addition, downpayment assistance from the City may be appropriate in such areas.

(4) The Analysis of Impediments to Fair Housing Choice adopted by the City Council December 4, 2007 identified the lack of affordable housing within Raleigh as one of the three impediments to choice and equitable treatment of citizens in our city. The Task Force considers the inclusion of Fair Housing language ("free of discrimination") in the Expanding Housing Opportunities Goal necessary to keep this focus in all activities designed to increase the supply of affordable housing, both rental and homeownership, and provide the protections guaranteed by the Title VIII of the Civil Rights Act of 1968 (Fair Housing Act) as amended.

The Need for More Affordable Housing

Affordable housing in Raleigh is becoming increasingly scarce. The table below indicates that during the 1990s the number of low income households with a housing cost burden increased, renters and home owners alike.

Table 1 Low-Income Households with a Housing Cost Burden 1990 & 2000			
	1990	**2000**	**% Change**
Low-Income Renter Households with 30% Cost Burden	15,460	19,377	25.3%
Low-Income Owner Households with 30% Cost Burden	4,681	7,206	53.9%
Total Households with 30% Cost Burden	**20,141**	**26,583**	**32.0%**
Raleigh Comprehensive Plan Update, Public Review Draft, December 2008, page 131 Data Source: Bureau of the Census, Census 2000			

The problem continues despite the best efforts of affordable housing providers. According to the 2006 American Community Survey, there were 28,882 renter-occupied and 11,292 owner-occupied households with annual incomes below $50,000 in Raleigh paying more than 30 percent of their income for housing costs. As shown in Table 2 below, cost burden was particularly acute for both renters and owners with incomes below $20,000 per year. Moreover, many of these same households were experiencing severe cost burden since they often have to pay more than 50 percent of their income for housing costs.

Table 2: Raleigh Households below $50,000 Annual Income with Cost Burden, 2006			
Affordable Housing Needs for Renter Households			
	Renter Households		
By Household income	**Total # of Renter Households**	**Renter Households with 30% or more cost burden**	**% with cost burden**
Renter households < $10,000	9,021	7,550	84%
Renter households $10,000 - $19,999	11,126	10,320	93%
Renter households $20,000 - $34,999	15,722	10,063	64%
Renter households $35,000 - $49,999	9,734	949	10%
Subtotal	**45,603**	**28,882**	**63%**
Renter Households $50,000 or more	17,019	377	2%
Total Households	**62,622**	**29,259**	**47%**

Affordable Housing Needs for Owner Households			
By Household income	**Owner Households**		
	Total # of Owner Households	**Owner Households with 30% or more cost burden**	**% with cost burden**
Owner households < $20,000	3,394	2,941	87%
Owner households $20,000 - $34,999	5,970	3,357	56%
Owner households $35,000 - $49,999	10,038	4,994	50%
Subtotal	**19,402**	**11,292**	**58%**
Owner Households $50,000 or more	51,864	5,854	11%
Total Households	**71,266**	**17,146**	**24%**
City of Raleigh Community Inventory Report, 2006; pgs. 148-149 Data Source: Bureau of the Census, American Community Survey, 2006			

In 2006, median household income for a four-person household in the Raleigh-Cary metro area was $69,800; 50% of AMI was $34,900. Table 2 demonstrates that the greatest housing cost burden for both renters and homeowners fell on households with incomes below 50% of AMI. The gap between the supply of and demand for affordable housing continues to grow.

The Task Force believes that Raleigh's affordable housing challenge has been treated as an isolated issue separate from other City challenges affecting land use, transportation, growth management, economic development, and environmental conservation. In effect, affordable housing has been segregated into one departmental "silo." This approach has been ineffective and has not kept pace with affordable housing needs, as the tables above clearly indicate. This is discouraging. A change of approach is essential.

To succeed in expanding housing choices for all Raleigh residents, the Task Force believes that affordable housing must be integrated with other essential elements of the planning process. The Task Force, therefore, has approached the Housing Policies and Actions with the goal of achieving this integration. We believe that the implementation of the Housing Policies and Actions, as modified, will more effectively expand housing choices for all Raleigh residents.

Housing Actions: *Why focus on the Actions?*

Ken Bowers, Assistant Planning Director, in his presentation to the Task Force on the Comprehensive Plan (December 16, 2008) explained the function of the Policies and Actions in the Plan. Policies provide ongoing guidance to decision-making. Policies apply to City government and all segments of the community. Actions, on the other hand, are like a "to-do" list and are directed to City departments. The Actions are the bridge between the broader policy statements and the everyday work of City employees and the processes they implement. The Affordable Housing Task Force made a conscious decision to direct attention to the Actions because Task Force members believe results are what count: will the Comprehensive Plan result in a greater production of affordable housing units, both annually and as a percentage of all units produced? Results matter. The Comprehensive Plan's Actions appear to offer the most direct means of achieving this objective.

Mr. Bowers stated that the Planning Department would be reporting on Plan accomplishments annually, with measurable objectives drawn from the Action items in each chapter. The Affordable Housing Task Force commends the City for its commitment to transparency and believes the annual "report card" on plan accomplishments will provide one good method of ensuring accountability for progress on the affordable housing issue.

Revised and Recommended Housing Policies and Actions

In the Comprehensive Plan, Policies are guides for decision makers. Policies provide consistency and predictability to decision making. There were 35 original policies in the Public Review Draft of the Comprehensive Plan. The Affordable Housing Task Force reviewed the policies and made some revisions. The revised Policies that the Task Force recommends to Council are listed in the table below on the left.

There were 22 original Action items in the Public Review Draft in the Housing Element of the Comprehensive Plan. The Affordable Housing Task Force spent several meetings discussing these actions and made many revisions. The order of the actions was also rearranged and aligned with the policies they will help implement.

The Task Force's Revised and Recommended Housing Policies and Actions follow in the table below (pages 11 - 16). These are the Policies and Actions the Task Force is recommending to Council to include in the Housing chapter of the Comprehensive Plan.

Tables in the Appendix on pages 21 - 38 describe the revisions to the original 35 Policies and 22 Actions made by the Task Force and the reasoning behind the revisions. These are spelled out and highlighted in the Appendix sections titled **Housing Policies: Revisions Worksheet** and **Housing Actions: Revisions Worksheet**.

**Affordable Housing Task Force
Statement of General Principles
regarding the
Revised and Recommended Housing Policies and Actions**

The federal and local bond funds administered by the Community Development Department are required by law to serve the needs of households and individuals below 80% of AMI. Historically, CD's practice has been to invest those funds to serve primarily households below 50% of AMI. The preference of the Affordable Housing Task Force is to see that practice continue because households with income below 50% of AMI are the most cost burdened and in greatest need of public support.

However, the Task Force believes that homeownership programs should serve primarily households at 60 – 80% of AMI. At the same time the Task Force acknowledges exceptions to that rule, such as Habitat for Humanity of Wake County which serves households with incomes from 25 - 60% of AMI.

Whenever we refer to "long-term" affordability we mean 20 years, unless otherwise indicated by deed restrictions.

The Task Force also believes in the value of income diversity. For this reason, though we believe the City's housing policies should be directed to assist households with

incomes at or below 50% of AMI, we are aware that there may be occasions when it is appropriate for the public sector to support, in various ways, the housing needs of households with income between 80-120% of AMI, particularly in areas where land costs are prohibitively high, such as the downtown, transit oriented developments, or as part of a mixed-income community. Households with income between 80 – 120% of AMI could most effectively be served through regulatory changes, as was mentioned in suggested changes to the housing goal on page 6 of this report.

Affordable Housing Task Force Revised / Recommended Housing Policies and Actions	
Revised Housing Policies	**Revised Implementing Actions**
Quality, Diversity, and Affordability of Housing	
Policy H 1: Promote the production of new affordable housing and mixed-income neighborhoods throughout the City, particularly within high-density development at employment centers, downtown, and along transit corridors.	**Action H 1**: Modify the city's Scattered Site Policy to provide greater flexibility to developers to create more mixed-income communities by indexing local requirements to the requirements of the state low-income housing tax credit program so as to enable larger mixed-income developments and increase the number of affordable units produced, while ensuring that affordable units are distributed throughout the complex. (*Short-term*)
	Action H 2: Continue the City of Raleigh's Affordable Rental Program for the City to acquire and maintain additional affordable rental units for households below 50 percent of median income throughout all areas of the city. (*On-going*)
	Action H 3: Provide an expedited or fast tracking development review process for housing developments that include at least 30 percent long-term affordable units for households with income at 50% of AMI or below. (*Short-term*)
	Action H 4: As part of the update of the City's development ordinances, include zoning provisions that encourage mixed-use and mixed-income developments. *(Short-term)*
	Action H 5: As part of the update of the City's development ordinances, develop zoning provisions for transit-oriented development that produce housing diversity and affordable housing for households at 50% of AMI or below in the immediate area around transit corridors. *(Short-term)*
Policy H 2: Disperse publicly-supported rental housing throughout the City.	**Action H 1**; **Action H 2** **Action H 6**: Review zoning regulations controlling

	location of housing serving persons with disabilities to eliminate any undue barriers and facilitate development of additional units. (*Short-term*)
Policy H 3: Encourage the preservation of existing housing units whenever feasible, especially structures of historic or architectural significance.	**Action H 7**: Track existing rental housing, with federal expiring use subsidy contracts or affordable rents to mitigate the loss of these units. (*Short-term*)
Policy H 4: Design assisted and market rate housing (ownership and rental) so that it blends with the context of the neighborhood in which it is located, emphasizing quality design and appearance.	
Policy H 5: Ensure that all new publicly-supported housing construction and rehabilitation meet energy efficiency standards, such as those set by the current SystemVision Energy Guarantee Program.	**Action H 8**: Provide financial incentives to developers of affordable housing to ensure that housing is designed to minimize energy costs and meet sustainable design principles. (*Short-term*)
Policy H 6: Assure that infill residential development is sensitive to the context and architectural style(s) of the established neighborhoods into which it is placed.	**Action H 9**: Make changes to the City's procedures (including administrative review) for approving infill residential development proposals to improve consistency and predictability of the process that will ensure that such developments are compatible with the built environment of established neighborhoods into which they are placed. (*Short-term*)
Policy H 7: City departments should take the initiative in assisting the Raleigh Housing Authority (RHA) in the early stages of large, new developments and redevelopments to facilitate a smooth land development process.	**Action H 10:** Review RHA annual action plans to ensure consistency with Raleigh's Consolidated Plan, neighborhood plans, and Raleigh's Redevelopment Area Plans. (*Short-term*) **Action H 11:** Institute regular meetings between City departments and the RHA to review on-going or future construction / redevelopment projects. (*Short-term*)
Policy H 8: Address regulatory and policy barriers to affordable housing development while still maintaining Raleigh's high-quality development standards.	**Action H 12**: Review city housing loan polices to ensure that requirements for return on investment do not over-ride goals of affordable housing. (*Short-term*) **Action H 13**: Review existing zoning regulations and development processes (including the city's Scattered Site Policy) to determine what modifications could remove barriers for affordable housing production. (*Short-term*) **Action H 3** **Action H 14**: Reduce off-street parking requirements and assure that on-street parking is made available for adequate visitability for developments containing affordable housing units. (*Short-term*)

Policy H 9: Place special emphasis on expanding the range of housing choices provided in Downtown Raleigh.	**Action H 15**: Develop a funding mechanism to pay impact fees and provide capital grants to reduce land acquisition and site development costs in developments that serve very low-income households, in particular the Downtown. (*Mid-term*)
Policy H 10: Create a permanent local funding source to help produce and preserve affordable housing units.	**Action H 16**: Create a local dedicated source of funding for affordable housing which is recurring and included in the 5-year capital budget. (*Mid-term*).
Policy H 11: Encourage reinvestment, preservation, and maintenance of the <u>existing housing stock</u> to prevent the conversion of existing affordable housing units to market-rate units, including funding the City's housing rehabilitation programs.	**Action H 2**; **Action H 7** **Action H 17**: Continue to preserve and develop additional homeownership and rental units that are affordable to households below 50 percent of median income. (*On-going*)
Policy H 12: Explore the creation of an <u>inclusionary housing</u> program that applies to residential development projects to foster mixed-income developments throughout the City.	**Action H 18:** Develop an inclusionary housing ordinance and associated policies that will increase the number of units of affordable housing produced in all larger developments in all areas of the city. (*Short-term*) **Action H 19:** Bundle prime City-owned development sites, such as downtown sites and in High Priority Areas, as defined in Raleigh's Scattered Site Policy, with sites located in neighborhoods in need of reinvestment and affordable housing. Developers bidding to develop the prime sites would also have to make plans for the redevelopment of the bundled sites. (*Mid-term*) **Action H 20:** Use City-owned, available sites in High Priority Areas, as defined in Raleigh's Scattered Site Policy, for affordable housing and provide incentives for the development of new affordable housing on privately owned vacant sites. (*Mid-term*)
Policy H 13: Work with non-profit housing providers to expand their capacity to develop affordable housing.	**Action H 21**: Develop and implement a partnership program to increase local nonprofit housing providers' administrative and programmatic capacity. (*Mid-term*)
Policy H 14: Expand the City's range of housing assistance programs benefiting low/moderate income persons, by supplementing existing federal and state programs.	**Action H 22**: Establish a program to advance acquisition monies to acquire existing properties for the purpose of providing long term affordable housing. (*Short-term*) **Action H 23**: Create affordable housing using vehicles (such as a Community Land Trust, deed restrictions, and shared equity appreciation mechanisms) to assure long-term affordability of housing. (*Short-term*)

	Action H 16 **Action H 24**: Create a program to purchase and "bank" vacant land or land that can be redeveloped to support affordable housing. (*Short-term*)
Policy H 15: Ensure that newly created for-sale and rental affordable housing units developed with City financial assistance remain affordable for more than 20 years through a Community Land Trust, developer agreements with 40- to 60-year affordability periods, or similar mechanisms.	**Action H 23**
Policy H 16: Include a set-aside of affordable housing units in housing or mixed-use projects involving City-owned or other publicly-owned properties in High Priority Areas, as defined in Raleigh's Scattered Site Policy. For City-owned properties, the set-aside should be 30 percent.	**Action H 25:** Establish a procedure in the land development process to ensure that residential or mixed-use projects involving City-owned land in High Priority Areas, as defined in Raleigh's Scattered Site Policy, include 30% of all residential units as affordable to households below 80% of AMI. (*Short-term*) **Action H 26**: In partnership with the County, seek to locate affordable housing on land acquired by government for schools, parks, and other complementary uses, with priority given to households below 50% of AMI. (*On-going*)
Policy H 17: Continue to acquire vacant and sub-standard residential lots and assemble into standard lots for new affordable or mixed-income housing.	**Action H 24**
Policy H 18: Support programs that minimize residential displacement by redevelopment activity and provide replacement housing in the general area of the original housing.	
Policy H 19: Expand public transit to serve housing in all parts of the City.	
Policy H 20: Provide zoning and financial incentives for inclusion of affordable and middle income housing near transit stations, particularly for persons with disabilities.	**Action H 5**

Supportive and Special Needs Housing	
Policy H 21: Implement prevention, housing, and service strategies outlined in the 2005 document *Ending Homelessness: The Ten-Year Action Plan (see text box)*.	
Policy H 22: Address the root causes of homelessness resulting from re-entry, deinstitutionalization, and poverty by supporting workforce training, access to transportation, access to affordable child care, counseling and other strategies to help low-income residents reach self-sufficiency and afford housing.	**Action H 27:** Support, through the City's legislative agenda, any legislative studies on re-entry. (*Short-term*) **Action H 28**: Create and publicize a report on the measurable outcomes resulting from *Ending Homelessness: The Ten-Year Action Plan* midway into the 10-year plan. (*Mid-term*) **Action H 29**: Review the impact of local PHAs' policies, procedures, and funding on the availability of housing and support services for households below 30% of AMI to ensure compatibility with *Ending Homelessness: The Ten-year Plan*. (*Mid-term*)
Policy H 23: Promote efforts of governmental, non-profit organizations, and the private sector to provide transitional, emergency housing services, and permanent housing for the homeless.	**Action H 30**: Financially support the activities of non-profits to provide transitional, emergency housing services, and permanent housing for the homeless. (*Short-term*)
Policy H 24: Ensure that regulations for the spacing, density, licensing, and upkeep of rooming houses are consistent with *Ending Homelessness: The Ten-Year Plan*.	
Policy H 25: Continue and strengthen linkages and coordination between all public agencies and Public Housing Authorities (PHAs) which provide affordable housing and supportive services.	**Action H 31:** Create an inter-local governmental agreement that promotes a regional approach to affordable housing countywide. (*Mid-term*) **Action H 32**: Review County property assessment practices to assure that real estate assessments of publicly-supported affordable housing reflect the impacts of contractual limitations on rents or re-sale prices. *(Short-term)*
Policy H 26: Support the efforts of the Continuum of Care Collaborative, Wake County Supportive Housing, Wake County Housing and Community Development, and the non-profit community to increase the supply of supportive housing.	
Policy H 27: Support Wake County in creating an integrated, comprehensive system of care to provide health and behavioral health care, housing and social services.	

Fair Housing, Universal Access, and Aging in Place	
Policy H 28: Ensure enforcement of the federal Fair Housing Act to provide equal access to housing and prevent unfair lending practices.	**Action H 33**: Make any changes needed in the City's Fair Housing Ordinance to become substantially equivalent with the federal Fair Housing Act as amended and actively pursue enforcement. (*Short-term*)
Policy H 29: Facilitate the ability of homeowners to age in place.	**Action H 34**: Incorporate the principle of "aging in place" in the City's revised development regulations for residential construction in new subdivisions and multifamily communities. (*Short-term*) **Action H 35**: Expand CD's use of universal design and visitability in City-sponsored residential construction and rehabilitation, including infill developments in Redevelopment Areas. (*Mid-term*) **Action H 36**: Explore additional property tax relief mechanisms for elderly and low-income households facing rising tax cost burdens. (*Mid-term*)
Policy H 30: Support development of accessible housing for residents with disabilities, especially for households at 50% or below AMI, particularly near transit stations and corridors.	**Action H 37**: Include an enhanced focus on the housing needs of the physically challenged in the City's revised development regulations; in particular ensure that housing accessible to residents with physical challenges is included along transit corridors and near transit stations. (*Short-term*)
Policy H 31: Provide and fund housing rehabilitation programs that assist elderly homeowners to repair, and modernize their homes and remove barriers to age in place.	

APPENDICES

Origin of the Affordable Housing Task Force

The Affordable Housing Task Force had its origins in the Affordable Housing Roundtable held March 4, 2008 at the Urban Design Center, an important event in Raleigh's Comprehensive Plan Update process. The roundtable was well-attended by members of the private, public, and non-profit sectors, including home builders, developers, financial institutions, government agencies, and social service providers. Participants identified what they considered to be the most important affordable housing challenges confronting Raleigh. Following that event, continuing vocal community concern regarding the limited availability of affordable housing in the local housing market, particularly for low income households, prompted City Council to establish a task force to further explore the issues and make recommendations for Council's consideration. The first meeting of the Affordable Housing Task Force took place August 26, 2008.

Task Force Process

The Affordable Housing Task Force met at least monthly from August 2008 to February 2009. All meetings were open to the public. The minutes of all meetings are available on the City of Raleigh Community Development Department's Web site.

Discussion and research began with the 12 Potential Strategies for increasing production and preservation of affordable housing units taken from the "Housing and Neighborhoods" section of the draft *Community Inventory Report*, a comprehensive source of data on Raleigh compiled by the Community Development Department for the Comprehensive Plan Update process.

The Task Force divided into three subcommittees; each subcommittee selected four of the 12 Potential Strategies for further study and discussion in small group sessions. The discussions / research of each subcommittee were presented to the entire Task Force at the monthly meetings. In addition, experts gave informative presentations at the monthly meetings on key topics, including an overview of the Community Inventory Report and the challenge of affordable housing in the Raleigh market; Raleigh's Scattered Site Policy; current affordable housing programs run by the City; inclusionary zoning; and the Public Review Draft of the updated Comprehensive Plan.

The Role of Policies and Actions in Planning Raleigh 2030
_____

Policies provide general guidance for decision-makers and help direct the city towards achieving the guiding themes. Policies are generally open ended as to time frame, as they provide ongoing direction.

Actions are specific measures that should be taken to implement the policies. They generally have an identifiable end state after which the action is considered complete. These are prioritized and assigned to different City agencies in the Action Plan. All actions in the Comprehensive Plan are items for the City to undertake.*

*From *Introduction and Framework Element, Public Review Draft, The 2030 Comprehensive Plan for the City of Raleigh, page 5.*

The 12 Potential Strategies on affordable housing from the *Community Inventory Report* evolved into 35 Policies and 22 Actions in the Housing Element of the Comprehensive Plan Update. The Plan defines policies as statements that provide general guidance to decision-makers; actions are defined as specific measures to be taken to implement the policies. Actions have been assigned a priority level in the draft Plan regarding the timing of implementation: short-term (1-2 years); mid-term (3-5 years); long-term (5-10 years); and on-going (no pre-determined start or end time).

Once the Public Review Draft of the Comprehensive Plan became available December 3, 2008, the Task Force naturally shifted focus to those Policies and Actions in the Housing Element. The Task Force concentrated primarily on the Actions because it will be through the Actions that the Policies will actually be implemented. However, Policies were also reviewed to ensure compatibility between Policies and Actions

The Task Force reviewed and discussed each of the 22 Actions over several meetings. Changes decided on were incorporated; the order of the actions was rearranged with similar actions grouped into general categories. Policies were then reviewed to ensure that the revised Actions implemented appropriate Policies. Community Development staff assisted a subcommittee of the Task Force in writing a draft report, which was then reviewed by the entire Task Force. A second revision of the report was presented to the entire Affordable Housing Task Force and adopted by consensus at a meeting on February 19, 2009.

Affordable Housing Task Force Appointees

Jeanne Tedrow, Chair, Passage Home
Octavia Rainey, Vice Chair, Fair Housing Board
Steve Beam, Raleigh Housing Authority
Jeffery Billingsley, North State Bank
Scott Cutler, Clancy & Theys Construction Company
Chris Estes, NC Housing Coalition
Richard Gaylord, Jr., 1st VP Wake County Home Builders Association
Barbara Goodmon, Healing Place / Community Volunteer
Wallace Green, Raleigh Area Development Authority (RADA)
Debra King, Community Alternatives for Supportive Abodes (CASA)
Annemarie Maiorano, Wake County Human Services
Laura Martin, CSJ, Housing Task Force
Tim Morgan, Evergreen Construction
Roger Perry, East West Partners Management Company
Bill Rowe, NC Justice Center
Diane Rupprecht, KB Homes
Les Seitz, Mayor's Committee for Persons with Disabilities
Dave Servoss, Anderson Homes
Reverend Edward Thomas, Young Temple Missionary
Claude Trotter, Southeast Raleigh Assembly (SERA)
Gregg Warren, DHIC, Inc. (Downtown Housing Improvement Corporation)
Cindy Wiggins-Tiede, NC Bankers Association
Woody Yates, Habitat for Humanity of Wake County

City Staff

The City of Raleigh, primarily through the Community Development Department with assistance from the Planning Department, provided staff support to the Task Force including meeting coordination and research assistance. Staff assistance was provided by:

Michele Grant, Community Development Director
Shawn McNamara, AICP, CD Program Manager, Strategic Planning
George Adler, CD Planner II
Elizabeth Jones, CD Intern
Elina Bravve, CD Intern
Joe Rappl, CD Program Coordinator
Alysia Bailey Taylor, Planner II, Planning Department

Housing Policies: Revisions Worksheet

In the tables below are the original 35 policies from the Public Review Draft of the Comprehensive Plan Update, with the Task Force recommended revisions and the reason for making the revisions. The original policy is on the left; the Task Force revision on the right. Changes are ***in italics, bold and underlined***. The reason for the revision is listed below the original and revised policy.

<table>
<tr><td colspan="3">Affordable Housing Task Force
Recommended Revisions Worksheet of
Housing Policies
with Reason for Revision</td></tr>
<tr><td></td><td>Original Policy</td><td>Revised Policy</td></tr>
<tr>
<td>Policy H 1</td>
<td>Promote mixed-income neighborhoods throughout the City, particularly within high-density development at employment centers, downtown, and along transit corridors.</td>
<td>Promote ***the production of new affordable housing and*** mixed-income neighborhoods throughout the City, particularly within high-density development at employment centers, downtown, and along transit corridors.</td>
</tr>
<tr>
<td colspan="3"><i><u>Reason for Revision to H 1</u></i>: Combines key language of Policy H 10 with this policy;</td>
</tr>
</table>

<table>
<tr><td></td><td>Original Policy</td><td>Revised Policy</td></tr>
<tr>
<td>Policy H 2</td>
<td>Disperse publicly-supported rental housing throughout the City.</td>
<td>No revision</td>
</tr>
</table>

<table>
<tr><td></td><td>Original Policy</td><td>Revised Policy</td></tr>
<tr>
<td>Policy H 3</td>
<td>Ensure that all new publicly-supported housing construction and rehabilitation meet energy efficiency standards, such as those set by the SystemVision Energy Guarantee Program.</td>
<td>Ensure that all new publicly-supported housing construction and rehabilitation meet energy efficiency standards, such as those set by the ***current*** SystemVision Energy Guarantee Program</td>
</tr>
<tr>
<td colspan="3"><i><u>Reason for Revision to H 3</u></i>: Insert "current" to clarify the type of energy efficiency standards envisioned by this policy in the event that new programs/standards are established.</td>
</tr>
</table>

	Original Policy	Revised Policy
Policy H 4	Design assisted housing, ownership and rental, so that it blends with the context of the neighborhood in which it is located, emphasizing quality design and appearance.	Design assisted ***and market-rate*** housing (ownership and rental) so that it blends with the context of the neighborhood in which it is located, emphasizing quality design and appearance.

Reason for Revision to H 5: Add market-rate because the problem of context and urban design applies to all housing regardless of income level.

	Original Policy	Revised Policy
Policy H 5	Support small, scattered-site rental developments on infill lots where appropriate and where design respects the neighborhood scale and context.	Assure that infill residential development is sensitive to the context and architectural style(s) of the established neighborhoods into which it is placed.

Reason for Revision to H 5: The emphasis is on sensitivity to context, a theme is found throughout the draft Comprehensive Plan.

	Original Policy	Revised Policy
Policy H 6	Encourage the preservation of existing housing units whenever feasible, especially structures of historic or architectural significance.	No revision

	Original Policy	Revised Policy
Policy H 7	The Raleigh Housing Authority should jointly plan with City departments all major alterations to or redevelopments of public housing, such as projects undertaken under the HOPE VI program.	***City departments should take the initiative in assisting the Raleigh Housing Authority (RHA) in the early stages of major renovations, large new developments, and redevelopments to facilitate a smooth land development process.***

Reason for Revision to H 7: Revision requires City departments to take the initiative in the relationship with RHA; effort is to strengthen the working relationship between City departments and RHA, since RHA is one of the largest providers of affordable housing in the city.

	Original Policy	Revised Policy
Policy H 8	Create a permanent local funding source to help produce and preserve affordable housing units.	No revision

	Original Policy	Revised Policy
Policy H 9	Expand the City's range of housing assistance programs benefiting low/moderate income persons, by supplementing existing federal and state programs.	No revision

	Original Policy	Revised Policy
Policy H 10	Promote production of new affordable and workforce housing units throughout all areas of the City.	DELETE

Reason for Revision to H 10: Combined key phrase from this policy with Policy H 1.

	Original Policy	Revised Policy
Policy H 11	Work with non-profit housing providers to expand their capacity to develop affordable housing.	No revision

	Original Policy	Revised Policy
Policy H 12	Encourage reinvestment, preservation, and maintenance of the existing housing stock to prevent the conversion of existing affordable housing units to market-rate units, including funding the City's housing rehabilitation programs.	No revision

	Original Policy	Revised Policy
Policy H 13	Address the root causes of homelessness and poverty by supporting workforce training, access to transportation, access to affordable child care, counseling and other strategies to help low-income residents reach self-sufficiency and afford housing.	Address the root causes of homelessness ***resulting from re-entry, deinstitutionalization,*** and poverty by supporting workforce training, access to transportation, access to affordable child care, counseling and other strategies to help low-income residents reach self-sufficiency and afford housing.

Reason for Revision to H 13: Included re-entry and deinstitutionalization with poverty because they are major causes of homelessness each requiring special services.

Policy H 14	Original Policy	Revised Policy
	Explore the creation of an <u>inclusionary housing</u> program that applies to residential development projects to foster mixed-income developments throughout the City.	No revision

Policy H 15	Original Policy	Revised Policy
	Address regulatory and policy barriers to affordable housing development while still maintaining Raleigh's high-quality development standards.	No revision

Policy H 16	Original Policy	Revised Policy
	Ensure that newly created for-sale and rental affordable housing units developed with City financial assistance remain affordable for more than 20 years through a Community Land Trust, developer agreements with 40- to 60-year affordability periods, or similar mechanisms.	No revision

Policy H 17	Original Policy	Revised Policy
	Continue to acquire rental units city-wide to increase Raleigh's ability to offer below-market rental opportunities to very low-income residents with incomes below 50 percent of AMI.	DELETE

Reason for Revision to H 17: This policy is almost identical to an Action. That Action was grouped under Policy H 1.

Policy H 18	Original Policy	Revised Policy
	Include a set-aside of affordable housing units in housing or mixed-use projects involving <u>City-owned</u> or other publicly-owned properties. For City-owned properties, the set-aside should be 15 to 20 percent.	Include a set-aside of affordable housing units in housing or mixed-use projects involving <u>City-owned</u> or other publicly-owned properties ***in High Priority Areas, as defined in Raleigh's Scattered Site Policy***. For City-owned properties, the set-aside should be 30 percent.

Reason for Revision to H 18: Added reference to City's Scattered Site Policy to emphasize the importance of mixed-income neighborhoods and distributing affordable housing throughout the city; raised percentage of units.

	Original Policy	Revised Policy
Policy H 19	Bundle prime City-owned development sites, such as downtown sites, with sites located in neighborhoods in need of reinvestment and affordable housing. Developers bidding to develop the prime sites would also have to make plans for the redevelopment of the bundled sites.	DELETE

Reason for Revision to H 19: Remove this as a policy; add as an action implementing policy on inclusionary housing.

	Original Policy	Revised Policy
Policy H 20	Use City-owned, available sites for affordable housing and provide incentives for the development of new affordable housing on privately owned vacant sites.	DELETE

Reason for Revision to H 20: Remove this as a policy; add as an action implementing policy on inclusionary housing.

	Original Policy	Revised Policy
Policy H 21	Continue to acquire vacant and sub-standard residential lots and assemble into standard lots for new affordable or mixed-income housing.	No revision

	Original Policy	Revised Policy
Policy H 22	Support programs that minimize residential displacement by redevelopment activity and provide replacement housing in the general area of the original housing.	No revision

	Original Policy	Revised Policy
Policy H 23	Expand public transit to serve housing in all parts of the City.	No revision

	Original Policy	Revised Policy
Policy H 24	Provide zoning and financial incentives for inclusion of affordable and workforce housing near transit stations, particularly for persons with disabilities.	Provide zoning and financial incentives for inclusion of affordable and **_middle income_** housing near transit stations, particularly for persons with disabilities.

Reason for Revision to H 24: Remove workforce housing and replace with term "middle income." See reason for revision of Housing Goal on page 5 of this report.

	Original Policy	Revised Policy
Policy H 25	Implement prevention, housing, and service strategies outlined in the 2005 document *Ending Homelessness: The Ten-Year Action Plan (see text box)*.	No revision

	Original Policy	Revised Policy
Policy H 26	Financially support the activities of non-profits to provide transitional and emergency housing services for the homeless.	DELETE

Reason for Revision to H 26: Deleted as a policy; but used as an Action to implement revised Policy H 28.

	Original Policy	Revised Policy
Policy H 27	Improve regulations for the spacing, density, licensing, and upkeep of rooming houses and transitional housing.	**_Ensure that_** regulations for the spacing, density, licensing, and upkeep of rooming houses **_are consistent with Ending Homelessness: The 10-Year Plan_**.

Reason for Revision to H 27: To use language appropriate to a policy, not an action; to connect this policy closely with the 10-Year Plan to end homelessness and to improve clarity of the policy.

	Original Policy	Revised Policy
Policy H 28	Assist the activities and efforts of governmental and non-profit organizations to provide transitional and emergency housing services for the homeless.	**_Promote_** efforts of governmental, non-profit organizations, **_and the private sector_** to provide transitional, emergency housing services, **_and permanent housing_** for the homeless.

Reason for Revision to H 28: "Promote" is more concise; Inclusion of private sector to keep all options open; added "housing" to be more encompassing of needs actually being served.

	Original Policy	Revised Policy
Policy H 29	Foster linkages and coordination between affordable housing and supportive services.	***Continue and strengthen*** linkages and coordination between ***all public agencies and Public Housing Authorities (PHAs) which provide*** affordable housing and supportive services.

Reason for Revision to H 29: "Continue" acknowledges these relationships exist; "strengthen" is stronger than foster and encourages action; need to specifically mention all public authorities and the PHA.

	Original Policy	Revised Policy
Policy H 30	Support the efforts of the Continuum of Care Collaborative, Wake County Supportive Housing, Wake County Housing and Community Development, and the non-profit community to increase the supply of supportive housing.	No revision

	Original Policy	Revised Policy
Policy H 31	Support Wake County in creating an integrated, comprehensive system of care to provide health and behavioral health care, housing and social services.	No revision

	Original Policy	Revised Policy
Policy H 32	Ensure enforcement of the federal Fair Housing Act to provide equal access to housing and prevent unfair lending practices.	No revision

	Original Policy	Revised Policy
Policy H 33	Facilitate the ability of homeowners to age in place through the use of universal design and visitability in all newly constructed age-restricted developments, and in City-sponsored new residential construction units, including single-family and townhouse units.	Facilitate the ability of homeowners to age in place.

Reason for Revision to H 33: Shorten to capture the essential point; details of how to do that will be included in Actions.

	Original Policy	Revised Policy
Policy H 34	Support development of accessible housing for residents with disabilities, particularly near transit stations and corridors.	No revision

	Original Policy	Revised Policy
Policy H 35	Provide and fund housing rehabilitation programs that assist elderly homeowners to repair, and modernize their homes and remove barriers to age in place.	No revision

	Recommended Policy H 9
NEW Policy	***Place special emphasis on expanding the range of housing choices provided in Downtown Raleigh.***
Reason for NEW Policy: Land values continue to increase, especially in the downtown. To prevent the downtown from becoming high income and exclusive, which would negatively affect downtown character and identity, special efforts will be necessary to support affordable housing.	

Housing Actions: Revisions Worksheet

In the tables below are the original 22 Actions from the Public Review Draft of the Comprehensive Plan Update, with the Task Force recommended revisions and the reason for making the revisions. The original action is on the left; the Task Force revision on the right. Changes are ***in italics, bold and underlined***. The reason for the revision is listed below the original and revised action.

Affordable Housing Task Force Recommended Revisions Worksheet: Comprehensive Plan Housing Element Action Steps, with Reason for Revision		
	Original Action	**Revised Action**
Action H 1	Expand the City of Raleigh's Affordable Rental Program to acquire and maintain additional affordable rental units for households below 50 percent of median income through out all area of the city. (*On-going*)	***Continue*** the City of Raleigh's Affordable Rental Program ***for the City*** to acquire and maintain additional affordable rental units for households below 50 percent of median income throughout all areas of the city. (*On-going*)

Reason for Revision to H 1: Change "expand" to "continue" because the point is to maintain what is currently in place in this action rather than grow it; "for the City" is added to make it clear that the City, as owner, should keep the properties affordable long-term, i.e., at least 20 years, unless otherwise indicated by a deed restriction.

	Original Action	**Revised Action**
Action H 2	As part of the update of the City's development ordinances, include zoning provisions that encourage mixed-use and mixed-income developments. *(Short-term)*	No revision

	Original Action	**Revised Action**
Action H 3	As part of the update of the City's development ordinances, develop zoning provisions for transit-oriented development that require housing diversity and affordable housing choices. *(Short-term)*	As part of the update of the City's development ordinances, develop zoning provisions for transit-oriented development that ***produce*** housing diversity and affordable housing ***for households at 50% of AMI or below in the immediate area around transit corridors***. *(Short-term)*

Reason for Deleting H 3: Replace "require" with "produce" because results are what count; specify 50% of AMI or below, because that is the segment with the greatest housing cost burden and the segment with the need to be on transit lines.

	Original Action H 4	Original Action H 5
Actions H 4 & H 5	Create a Local Housing Trust Fund with a dedicated source of funding. *(Mid-term)*	Create a vehicle (such as a Community Land Trust) to assure long-term affordability of housing. *(Mid-term)*

NEW ACTIONS:

(1) **_Create a local dedicated source of funding for affordable housing which is recurring and included in the 5-year capital budget_**. (**_Short-term_**).

(2) **_Create affordable housing using vehicles (such as a Community Land Trust, deed restrictions, and shared equity appreciation mechanism) to assure long-term affordability of housing. (Short-Term)_**

(3) **_Create a program to purchase and "bank" vacant land or land that can be redeveloped to support affordable housing. (Short-term)_**

Reason for Revisions
There was no mention of land banking in the original Actions and the Task Force believed this to be an unfortunate omission, so wanted to include an action to create a land bank program.

The possibilities of a dedicated source of funding for affordable housing shouldn't be limited only to a "Local Housing Trust Fund:" the point is to create a local, dedicated source of funding specifically for affordable housing, regardless of source. A Community Land Trust attaches conditions to the property title, thus insuring affordability through that mechanism. A Land Bank can be established for a variety of purposes; in this case, the purpose would be for the production of affordable housing. Administrative steps will need to be taken to set up both mechanisms but will probably be kept separate.

Considering current market conditions, work on developing these tools should begin as soon as possible; thus the recommendation to change the timeframe to short-term.

	Original Action	Revised Action
Action H 6	Create a program/entity/partnership to oversee compliance by private developers creating affordable units produced as a result of inclusionary policies and/or ordinances. *(Mid-term)*	DELETE

Reason for Deleting H 6: This statement is not needed as a Comp Plan Action; the City will address the implementation elements when it creates such policies or ordinances.

	Original Action	Revised Action
Action H 7	Modify the city's scattered site policy to encourage development of mix-income communities that exceed 50 to 80 units, so as to enable larger mixed-income developments and increase the number of affordable units produced. *(Short-term)*	Modify the city's Scattered Site Policy ***to provide greater flexibility to developers to create more mixed-income communities by indexing local requirements to the requirements of the state low-income housing tax credit program*** so as to enable larger mixed-income developments and increase the number of affordable units produced, ***while ensuring that affordable units are distributed throughout the complex***. (*Short-term*)

Reason for Revision to H 7: The City's Scattered Site Policy needs revisions to provide greater flexibility and effectiveness: the current caps limit develop of affordable units, so it better to remove them; it is necessary to be explicit about the distribution of affordable units in mixed-income developments/complexes, to prevent grouping all affordable units together in one part of any given development. The word "complex" was chosen to place limits on the scope of a "development:" complex refers to a single project.

	Original Action	Revised Action
Action H 8	Develop an inclusionary housing ordinance that provides bonuses for affordable housing as part of all larger developments. *(Mid-term)*	Develop an inclusionary housing ordinance ***and associated policies that will increase the number of units of*** affordable housing ***produced*** in all larger developments ***in all areas of the city***. (***Short-term***)

Reason for Revision to H 8: The Task Force believes it is important to focus on results. The reason for this Action is to develop an ordinance and policies that will result in the production of more units of affordable housing. The ordinance could apply to zoning changes, special use permits, and in overlay districts.

	Original Action	Revised Action
Action H 9	Review city housing loan polices to ensure that requirements for return on investment do not over-ride goals of affordable and workforce housing. *(Mid-term)*	Review city housing loan polices to ensure that requirements for return on investment do not over-ride goals of ***affordable housing***. *(Mid-term)*

Reason for Revision to H 9: See Reason for Revision of Expanding Housing Opportunities Goal, page 5, above.

	Original Action	Revised Action
Action H 10	Provide an expedited or fast tracking development review process for housing developments that include at least 10 percent affordable units or 20 percent of workforce units. *(Short-term)*	Provide an expedited or fast tracking development review process for housing developments that include at least ***30 percent affordable units***. *(Short-term)*

Reason for Revision to H 10: See Reason for Revision of Expanding Housing Opportunities Goal, page 5, above.

	Original Action	Revised Action
Action H 11	Review existing regulations and development processes to determine what modifications could remove barriers and provide incentives for affordable housing production. *(Short-term)*	Review existing ***zoning*** regulations and development processes ***(including the city's Scattered Site Policy)*** to determine what modifications could remove barriers for affordable housing production. *(Short-term)*

Reason for Revision to H 11: Mention specifically Scattered Site Policy to emphasize the importance of that policy for encouraging affordable housing production; delete the mention of incentives because incentives are included in an inclusionary housing ordinance.

	Original Action	Revised Action
Action H 12	Reduce off-street parking requirements for developments containing affordable housing units. *(Short-term)*	Reduce off-street parking requirements ***and assure that on-street parking is made available for adequate visitability*** for developments containing affordable housing units. *(Short-term)*

Reason for Revision to H 12: revisions made because affordable units may require occasional additional parking, particularly if on-site, off-street parking is reduced. It was noted that streets adjacent to apartment communities are sometimes overly restrictive.

	Original Action	Revised Action
Action H 13	Track units with expiring subsidy contracts and work with the owners to renovate the units and extend the affordable rents. (*On-going*)	Track ***existing rental housing***, with ***federal*** expiring ***use*** subsidy contracts ***or affordable rents*** to ***mitigate the loss of these units***. (*On-going*)

Reason for Revision to H 13: Revisions emphasize the core objective of this action: to ensure that units currently affordable remain affordable. It is up to the City Administration and staff to determine exactly how that should be accomplished.

	Original Action	Revised Action
Action H 14	Consider establishing a fund to advance acquisition monies to non-profits seeking to acquire foreclosed or other existing properties for the purposes of providing affordable housing. *(Mid-term)*	Establish a ***program*** to advance acquisition monies to acquire existing properties for the purpose of providing ***long term*** affordable housing. (***Short-term***)

Reason for Revision to H 14: "Program" preferred over "fund" because a program requires an implementing administrative structure; short-term chosen over mid-term to encourage that the program be put in place within one year; nonprofit removed because the outcome is more important (i.e., that more units of affordable housing be produced) than who specifically produces the housing; long-term added to remind implementers to insert that element into the program developed.

	Original Action	Revised Action
Action H 15	Develop a funding mechanism to pay impact fees imposed on affordable housing units. *(Mid-term)*	Develop a funding mechanism to pay impact fees imposed on affordable housing units ***and provide capital grants to reduce land acquisition and site development costs in developments that serve very low income households, in particular the Downtown***. (*Mid-term*)

Reason for Revision to H 15: Addition expands specific uses the funding mechanism can be applied to and specifies the downtown as area where those funds are most needed due to high land values.

	Original Action	Revised Action
Action H 16	Review County property assessment practices to assure that real estate assessments of publicly-supported affordable housing reflect the value impacts of contractual limitations on rents or re-sale prices. *(Short-term)*	No revision

	Original Action	Revised Action
Action H 17	Market the availability of assisted housing programs to new and existing City employees to encourage them to live in Raleigh. *(On-going)*	DELETE

Reason for Revision to H 17: The City already markets housing programs. City employees should not be singled out.

	Original Action	**Revised Action**
Action H 18	Expand the Community Enhancement program that provides funding to non-profits for homeless services and other programs. *(Long-term)*	DELETE

Reason for Revision to H 18: There should be no reference to specific local programs.

	Original Action	**Revised Action**
Action H 19	Develop and preserve additional rental units that are affordable to households below 50 percent of median income. (*On-going*)	**_Continue to preserve and develop_** additional **_homeownership_** and rental units that are affordable to households below 50 percent of median income. (*On-going*)

Reason for Revision to H 19: "Continue" added to indicate that this is currently being pursued; order of words changed for clarity; homeownership added to emphasize that homeownership also important for households at this income level. Some discussion as to why 50 percent of AMI was chosen rather than 40 or 30 percent. The reason being that 50 percent is current City policy; 50 percent also coincides with tax credit limit.

	Original Action	**Revised Action**
Action H 20	Review zoning regulations controlling location of supportive housing to eliminate any undue barriers and facilitate development of additional units. (*Short-term*)	Review zoning regulations controlling location of **_housing serving persons with disabilities_** to eliminate any undue barriers and facilitate development of additional units. (*Short-term*)

Reason for Revision to H 20: "Supportive housing" is too vague; "housing serving persons with disabilities" refers to a protected class of persons, so is more specific and clear and is something the City needs to do anyway to ensure compliance with federal law.

	Original Action	**Revised Action**
Action H 21	Explore additional property tax relief mechanisms for elderly households facing rising tax cost burdens. (*Mid-term*)	Explore additional property tax relief mechanisms for elderly **_and low-income_** households facing rising tax cost burdens. (*Mid-term*)

Reason for Revision to H 21: Language changed to expand the Action statement to include low-income.

	Original Action	**Revised Action**
Action H 22	Review the City's Fair Housing Ordinance and make any changes needed to become substantially equivalent with the federal fair Housing Act as amended. (*Short-term*)	***Make any changes needed in the City's Fair Housing Ordinance to become substantially equivalent with the federal Fair Housing Act as amended and actively pursue enforcement***. (*Short-term*)

Reason for Revision to H 22: Language changed to strengthen the Action statement; thus "Make any changes needed" rather than "Review;" and "actively pursue enforcement".

	Revised and Recommended Action H 8
NEW Action	***Provide financial incentives to developers of affordable housing to ensure that homes are designed to minimize energy costs and meet sustainable design principles. (Short-term)***

Reason for NEW Action: This action supports Revised and Recommended Policy H 5.

	Revised and Recommended Action H 26
NEW Action	***In partnership with the County, seek to locate affordable housing on land acquired by government for schools, parks, and other complementary uses, with priority given to households below 50% of AMI. (On-going)***

Reason for NEW Action: Supports Revised and Recommended Policy H 16.

	Revised and Recommended Action H 9
NEW Action	***Make changes to the City's procedures (including administrative review) for approving infill residential development proposals to improve consistency and predictability of the process that will ensure that such developments are compatible with the built environment of established neighborhoods into which they are placed. (Short-term)***

Reason for NEW Action: Supports and implements Revised and Recommended Policy H 6.

	Revised and Recommended Action H 10
NEW Action	*Review RHA annual action plans to ensure consistency with Raleigh's Consolidated Plan, neighborhood plans, and Raleigh's Redevelopment Area Plans. (Short-term)*
Reason for NEW Action: Part of the effort to improve coordination between governmental units; implements revised and Recommended Policy H 7.	

	Revised and Recommended Action H 11
NEW Action	*Institute regular meetings between City departments and the RHA to review on-going or future construction / redevelopment projects. (Short-term)*
Reason for NEW Action: Part of the effort to improve coordination between governmental units; implements revised and Recommended Policy H 7.	

	Revised and Recommended Action H 19
NEW Action	*Bundle prime City-owned development sites, such as downtown sites and in High Priority Areas, as defined in Raleigh's Scattered Site Policy, with sites located in neighborhoods in need of reinvestment and affordable housing. Developers bidding to develop the prime sites would also have to make plans for the redevelopment of the bundled sites. (Mid-term)*
Reason for NEW Action: Implements revised and Recommended Policy H 12.	

	Revised and Recommended Action H 20
NEW Action	*Use City-owned, available sites in High Priority Areas, as defined in Raleigh's Scattered Site Policy, for affordable housing and provide incentives for the development of new affordable housing on privately owned vacant sites. (Mid-term)*
Reason for NEW Action: Implements revised and Recommended Policy H 12.	

	Revised and Recommended Action H 21
NEW Action	*Develop and implement a partnership program to increase local nonprofit housing providers' administrative and programmatic capacity. (Mid-term)*
Reason for NEW Action: Implements Revised and Recommended Policy H 13.	

NEW Action	**Revised and Recommended Action H 25**
	Establish a procedure in the land development process to ensure that residential or mixed-use projects involving City-owned land in High Priority Areas, as defined in Raleigh's Scattered Site Policy, include 30% of all residential units as affordable to households below 80% of AMI. (Short-term)

Reason for NEW Action: Implements Revised and Recommended Policy H 16.

NEW Action	**Revised and Recommended Action H 28**
	Create and publicize a report on the measurable outcomes resulting from Ending Homelessness: The Ten-Year Plan. (Mid-term)

Reason for NEW Action: Implements Revised and Recommended Policy H 22.

NEW Action	**Revised and Recommended Action H 29**
	Review the impact of local PHAs' policies, procedures, and funding on the availability of housing and support services for households below 30% of AMI to ensure compatibility with Ending Homelessness: The Ten-year Plan. (Mid-term)

Reason for NEW Action: Implements Revised and Recommended Policy H 22.

NEW Action	**Revised and Recommended Action H 30**
	Financially support the activities of non-profits to provide transitional, emergency housing services, and permanent housing for the homeless. (Short-term)

Reason for NEW Action: Implements Revised and Recommended Policy H 23.

NEW Action	**Revised and Recommended Action H 31**
	Create an inter-local governmental agreement that promotes a regional approach to affordable housing countywide. (Mid-term)

Reason for NEW Action: Implements Revised and Recommended Policy H 25.

	Revised and Recommended Action H 34
NEW Action	***Incorporate the principle of "aging in place" in the City's revised development regulations for residential construction in new subdivisions and multifamily communities. (Short-term)***
Reason for NEW Action: Implements Revised and Recommended Policy H 29.	

	Revised and Recommended Action H 35
NEW Action	***Expand CD's use of universal design and visitability in City-sponsored residential construction and rehabilitation, including infill developments in Redevelopment Areas. (Mid-term)***
Reason for NEW Action: Implements Revised and Recommended Policy H 29.	

	Revised and Recommended Action H 37
NEW Action	***Include an enhanced focus on the housing needs of the physically challenged in the City's revised development regulations; in particular ensure that housing accessible to residents with physical challenges is included along transit corridors and near transit stations. (Short-term)***
Reason for NEW Action: Implements Revised and Recommended Policy H 30.	

Presentations Made to the Task Force

August 26, 2008. "Raleigh's Housing Needs and Raleigh's Existing Housing Programs." Shawn McNamara, AICP, gave a brief overview of affordable housing needs in the local housing market and an overview of the City of Raleigh's housing programs. Question and answer session followed.

November 13, 2008. "*City of Raleigh Scattered Site Policy.*" Michele Grant and Shawn McNamara gave a brief overview of the evolution and efficacy of Raleigh's Scattered Site Policy since it's inception in 1979. Question and answer session followed.

November 17, 2008. "*Introduction to Inclusionary Zoning in North Carolina.*" Tyler Mulligan, UNC School of Government, gave an overview of what inclusionary zoning is, some of the legal limitations, and the differences between voluntary and mandatory programs in other cities in North Carolina and elsewhere. Question and answer session followed.

December 16, 2008. "*Overview of Raleigh's Comprehensive Plan: Planning Raleigh 2030.*" Mitchell Silver, AICP, Planning Director and Ken Bowers, AICP, Deputy Planning Director, Department of Planning, City of Raleigh gave an overview of the draft Comprehensive Plan and the next steps during the public comment period. Question and answer session followed.

Introduction to Inclusionary Zoning in North Carolina

Tyler Mulligan
UNC School of Government

Raleigh Affordable Housing Task Force
November 17, 2008

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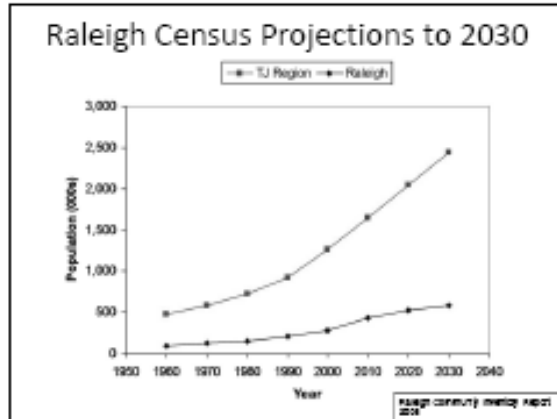_____
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Objectives

- "Orientation" – just the facts, no advocacy
- Evaluate key data relevant to Inclusionary Zoning (IZ)
  - Context
  - Effectiveness of voluntary IZ
  - Market effects of mandatory IZ
- Legal authority
- Program design

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Raleigh Census Data 1990-2007

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Raleigh Census Projections to 2030
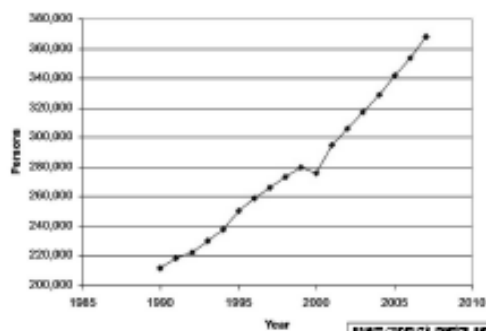
Context: Raleigh is Growing

- "As the City of Raleigh continues to grow, it is faced with two principal challenges in the next 20 years:
  1) *producing* new affordable units; and
  2) *preserving* existing housing units, both subsidized and market rate, which provide decent affordable housing."

Raleigh Community Inventory Report 2008

Context: High Demand at All Price Points – Some Go Under-served

- During growth periods, developers allocate resources to most profitable projects.
- More incentive for developers (and their lenders/investors) to build housing at higher price points due to generally higher margins.
- Less incentive to respond to demand at lower price points, where margin is generally lower.

The Affordable Housing Gaps

Income	# Cost-Burdened HH	Affordable Rent (30%)
<$10,000	7550	$250
$10,000-$19,999	10,320	$375 (income $15,000)
$20,000-$34,999	10,063	$687 (income $27,500)
	60% AMI: $31,440 (1 person) and $44,940 (4)	
$35,000-$50,000	949	$1000 (income $40,000)
	80% AMI: $41,950 (1 person) and $59,900 (4)	

Raleigh Community Inventory Report 2008   7

Context: Majority of Low-Income Households Not Assisted

- "As is true nationally, the majority of low-income households do not receive any housing assistance in Raleigh with only a small portion served by the Raleigh Housing Authority and private and nonprofit agencies."

Raleigh Community Inventory Report 2008

Government subsidies insufficient to address gaps.

8

Context: Increasing Numbers of LI Households are Cost-burdened

- Low-income _renters_ with 30%+ cost burden
- Low-income _owners_ with 30%+ cost burden

- 19,377 in 2000
  – 25% more than 1990

- 4,681 in 2000
  – 54% more than 1990

Growth has not eliminated the affordable housing gaps.

Raleigh Community Inventory Report 2008

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Inclusionary Zoning:
A Private Sector Approach

- Encourages or requires developers (as a condition of permit approval) to include some portion of affordable housing in new market-rate housing.

- Effectiveness of voluntary program
- Market effects of mandatory program
- Legality
- Program design considerations

Effectiveness of Voluntary IZ

- North Carolina
  - "As a general rule, voluntary density bonuses are an ineffective affordable housing strategy."
  - "These findings correspond with research from across the country which concludes that voluntary density bonus incentives alone have not effectively enticed for-profit builders to produce affordable housing."

    Locally Initiated Inclusionary Zoning Programs – A Guide for Local Governments in North Carolina and Beyond 2004

Effectiveness of Voluntary IZ

- Raleigh
  - "To date, none of the residential developments constructed within the Downtown Overlay District have used the affordable housing density bonus."

    Raleigh Community Inventory Report 2008

Market Effects of Mandatory IZ

- National Association of Home Builders Research (2008)
- Studied California IZ programs
- Findings
  - Significant increase in multifamily construction
  - No significant decrease in single-family construction
  - No net effect on housing starts
  - "increase the _price_ of more expensive homes"
  - "decrease the _size_ of less expensive homes"

The elephant in the room: Is it legal?

- Multiple possible sources of authority in NC
  - General Police Power
  - Zoning
  - Subdivision
  - Housing Authority
- "Adequate Public Facilities" approach
  - Not enough affordable housing to meet need
  - Nexus studies: New development further increases demand for affordable housing
- Unclear how NC courts might react

2003 Triangle J Report

- "...NC statues authorize local governments to implement carefully drafted inclusionary zoning, with the caveat that if an ordinance is challenged, _there is a risk that the courts will not agree_."

Economics + Politics > Law?

- No IZ program in NC has been challenged to date
- Legal uncertainty leaves some room for political compromise
- Local government risk
- Developer risk

Working *with* Developers

- Run the numbers in various scenarios
  - Affordable to which income levels?
  - Set-aside percentages
  - Consider incentives: density bonuses, infrastructure assistance, fast-track, fee waivers
- Support/subsidize affordable housing design
  - NC State
- DEMONSTRATE effects using pro forma analysis.

IZ Program Design

- Level of compulsion
- Production provisions
  - Set-aside percentage
  - Affordable for whom (income levels)
  - Incentives
- Flexibility measures
- Developer compliance
- Tenant/Purchaser eligibility
- Administration of affordable units
- Control period and re-sale

11/17/2008

What are the goals?

- Produce maximum number of affordable units?
- Very low-income, or workforce housing?
- Mixed-income communities?
- Transportation-oriented development?

Questions and Comments

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City of Raleigh Affordable Housing Task Force Background Report:
Inclusionary Housing
By Elina Bravve, Task Force Research Intern

Inclusionary Zoning Policy: Context and Considerations for Raleigh, NC
As Raleigh's population continues to grow, low to moderate income households will find the search for affordable housing increasingly challenging. Gentrification, teardowns, and the conversion of subsidized units to market rate units over time will impact the existing supply of affordable housing. The supply will become even more limited with time as land available for development decreases unless policies are established to preserve and create more units of housing affordable to those earning below the median household income in the city of Raleigh.

Raleigh's current real estate market provides many options for those earning above the median income. These households have many options in terms of the style, location and layout of a home. However, few options exist for buyers who are unable to buy homes that cost above $200,000. 54% of homes in Raleigh cost over $200,000. In contrast, homes priced below $150,000 compose only 20% of the market. The number of homes on the market that cost below $100,000 has fallen from 8.8% in 1999 to 3% in 2007. Housing choices are shrinking for low to moderate income households.

Renter households are increasingly cost burdened in Raleigh. Extremely poor households are most vulnerable. Over 76% of extremely low income households (earning below 30% of AMI) are cost burdened. Working poor households unable to purchase homes at market rates, but also ineligible for public housing programs are often under the most substantial "cost burden" in any community. New, innovative policies to provide more housing opportunities for this particular segment of the population are much needed in Raleigh.

The Housing Opportunities Index is published by Wells Fargo and the National Association of Home Builders. In the third quarter of 2008, the Raleigh-Cary MSA was ranked 88th most affordable nationally, and 34th most affordable in the south. According to HOI data, 64.8% of homes sold during the third quarter of 2008 were affordable to families earning the median income in the MSA. According to the HOI Index, Raleigh is slightly less affordable than Charlotte and Atlanta. A smaller proportion of homes in Raleigh are affordable to households earning the median income. However, while Atlanta has become less affordable over the past ten years, Raleigh has remained at approximately the same affordability level according to the index.

One tool utilized by municipalities across the county to increase the production of inclusionary housing is inclusionary zoning (IZ). However, this mechanism can be implemented in a variety of ways according to the particular needs and circumstances of a community.

Typically, the characteristics of successful IZ programs include:
- **Developers have been provided with ample incentives to offset their costs**
- **Developers have been provided with flexible options**
- **Affordable units have been designed to blend into the community**

- **Affordable units are marketed and resold through a third party organization such as a community land trust which is entrusted with maintaining affordability over time**
- **Set aside requirements and in-lieu fees have been developed according to the results of a nexus study which correlates new development with a need for affordable housing units**
- **Use of an income tier to create units affordable to a variety of income levels**
- **Applying the IZ requirement to a broad range of housing including single family homes as well as smaller condominiums**
- **Avoid clustering units produced under IZ together within a development**
- **Successful programs that have produced affordable units are typically mandatory. Voluntary programs are ineffective because communities rarely have the ability to offer developers enough incentives to lure the interest of developers.**
- **Integrating inclusionary zoning with other growth management and zoning strategies.**
  - **For example, in Boulder, Colorado, residential construction is limited to 1% growth annually. There is a high demand for residential building permits as a result. However, developments that exceed inclusionary zoning requirements by providing a substantially higher percentage of affordable units (35%) are exempt from the growth management requirements. Overall, the development industry in Boulder is more likely to get a project past all necessary approvals by incorporating affordability.**

Program questions under consideration:
- **Creating a mandatory or voluntary policy**
  - Nearly all communities with IZ policies have mandatory policies. One of the few exceptions is Kirkland, Washington. The program was set up in 2004 and designed so that the incentives would "exceed the cost to the developer". If developers provide one affordable unit in a development of ten, they are able to also add one additional market rate unit to offset the costs. This policy applies in specifically zoned areas where multi-family housing is encouraged. **Yet, these incentives have not been utilized as of January, 2008. As such, the planning director has asked the city council to consider the implementation of a mandatory program.**
  - A voluntary incentive program has often been used to pilot the mandatory program and allow administers to work out problems in advance. Tallahassee (Florida) and Redmond (Washington) phased in the IZ programs in their communities. **Other communities (Boulder, Colorado) have transitioned from a voluntary program to a mandatory program when it was clear that voluntary programs did not produce affordable housing.**
  - A voluntary program has the potential to work only when the incentives are very generous, and this creates a separate issue of running a program that is transfers the burden of costs to the public and the municipalities.

- o Due to political conflict, Orange County (CA) switched to a voluntary program. However, the voluntary program produced only 86 units a year. Under the formerly mandatory policy, which lasted four years, the county produced over 1500 units each year for a total of 6,389 units during the time period of 1979-1983.
- **Set aside and threshold requirements**:
  - o Set aside requirements range from 10% (Redmond, Washington) to 12.5% (Montgomery County, MD) to 20% in Highland Park (IL). Montgomery County provides a more substantial incentive (density bonus) if developers choose to exceed the requirement.
  - o The IZ policy is applicable when projects have a minimum number of units. For example, Montgomery County applies the IZ policy to developments with 35 units or more. Redmond's (WA) policy applies to developments of 10 or more. This policy can vary depending on development trends in a community. As Redmond's policy mainly applies to downtown infill, a policy that applies to smaller projects makes sense. Communities with large subdivision/Greenfield development typically have a higher "threshold".
- **Coverage area**:
  - o Some municipalities limit the policy to specific "high-growth" areas such as downtown.
    - Redmond limits the IZ policy to downtown specifically.
    - Sacramento limits the policy to redevelopment areas that are the focus of other planning strategies to revitalize the city.
- **Incentives for developers to offset the cost of constructing affordable units are a necessity to ensure that the policy is not interpreted by courts as a illegal "taking" and to ensure that development is not stifled.**
  - o Two forms of incentives are typically used:
    - Density bonuses: Redmond (WA) allows up to 15%. The range is typically between 10% (Denver, CO) to 25% (Sacramento, CA).
    - Expedited and simplified permit approval process: Sacramento expedites the review process and waives fees. This approach is much less common, but makes sense in communities where the density bonus does not incentivize affordable housing development due to the availability of land. If there is a lot of growth and land is highly limited, then density bonuses are usually sufficient.
- **Flexibility is key. As such, alternatives to building units on site include:**
  - o In lieu fees/buy-outs: such policies provide the administration with flexibility to loosen the inclusionary zoning policies under specific type of circumstances.
    - Examples include high risk development in areas where land costs are high or the real estate values are undervalued. Applying the standard IZ policy in these locations may not be prudent as the developer will not be able to make the project work if forced to incorporate affordable units.

- In other areas, zoning requirements make incentives available to developers void. For example, neighborhoods with height restrictions may make the density bonus incentives irrelevant. In these areas, developers may require other options to make the project work.
    o In lieu fees are typically offered to developers who request a "buyout": Montgomery County : $21,000 per unit based upon cost to build paid into Housing Initiative Fund
        - Highland Park began an Affordable Housing Trust Fund into which developers pay $100,000 per unit in-lieu
        - Boulder (Colorado) has a requirement which adjusts annually based on sales prices in the area. The fee also depends on the type of unit. However, it currently ranges from $20,000-$24,000 dollars per unit.
    o Dedicating land to the local municipality for affordable housing construction is yet another option, used by Sacramento.
- **Income targets usually set according to HUD standards. Often, 50%-80% of the AMI is the primary target population served.**
    o Highland Park uses a complex tiered policy. However, overall the program targets residents earning up to 120% of the AMI. Tiered policies make logical sense because they allow a municipality to encourage housing for a broader range of income levels, however this creates more administrative complexity when determining the mix of units in each individual development.
        - In rental properties, 1/3 of all affordable units must be set aside to those earning below 50%. Another third of set aside units are targeted towards those earning 50% to 80%.
        - Half of the affordable set aside units in for-sale developments are set aside for those earning 50% to 80% of the AMI. However, the rest can provide housing for residents earning up to 120% of the AMI.
- **Third Party Non-Profit Partnerships are Valuable**:
    o Land Trusts or third party non-profits are often under contract to sell and market the affordable units in a community. The Land Trusts receive funds to cover operating expenses from the city.
    o Appreciation: typically, beyond a price control time limit, owners of units are able to retain a proportion, half, of the appreciation. The rest is retained to build more affordable housing via a trust fund mechanism.
- **Size and design of units**:
    o Smaller MPDU units, such as one bedroom condos, have not attracted buyers in some localities such as Montgomery County because households often have children.[1] In order to ensure that MPDU units accommodate the needs of potential residents, the county has implemented policies to encourage larger units. For

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[1] 11-2

example, the mix of sizes among units in a rental property must match the market
rate mix.

o   Typically, communities require that developers use comparable external materials
on affordable units. However, there can be differences in terms of the materials
and finishes used inside. Communities also have often required that affordable
units are dispersed within a development. The single concession in terms of cost
cutting often allowed involves the size of the units. While the numbers of
bedrooms and bathroom within an affordable unit must reflect the typical
specifications of a market rate unit in the development, the square footage can be
smaller. This saves the developer some amount of construction / materials costs.

Madison (Wisconsin) adopted an inclusionary zoning program in 2004. It was spearheaded
by Mayor Dave Cieslewicz. The program seemed to make sense initially because Madison
was a "hot" market with a strong economy. Proponents argued that the strong market for
housing within the city had raised the cost of housing substantially, making affordable
housing a priority. In addition, Mayor Cieslewicz felt that developers would be able to
successfully proceed with projects regardless of the new requirements because building in
Madison was so profitable.

However, by 2005, a minority of city council members were already calling for the law's
repeal[2]. By the end of 2008, the program expired due to non-renewal among some
controversy. When the law expired, a new task force was created to look at alternative
options for creating affordable housing opportunities. While the law worked along the
perimeter of the city, where land was cheaper, it stifled downtown developers who claimed
that incorporating affordable housing downtown was difficult because many of their sites
required "demolition, environmental cleanup, underground parking."[3] The policy failed, in
my opinion, because it was not well coordinated with other zoning policies. The density
bonus, for example, was meaningless in many of the neighborhoods where development was
happening due to height restrictions. **Without integrating inclusionary zoning into
broader zoning and planning policies, IZ is set up to fail.**

Alternatives: In Austin, Texas, inclusionary zoning is forbidden due to state legislation
passed in 2003. However, as part of a broader housing policy, called SMART housing,
Austin encourages transit oriented and sustainable residential development, and developers
are eligible for fee waivers and expedited review by providing affordable units. As a result
of this policy, about a quarter of new homes permitted in Austin were SMART homes in
2005. Of these homes, approximately 73% were affordable to those earning 80% of less of
the AMI**.**

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[2] Sensenbrenner, Lee. Is Inclusionary Zoning Working Here? The Capital Times. November 5, 2005. 1B.
[3] Mosiman, Dean. Madison Law that Makes Developers put Lower Cost Housing in Projects is Forcing Some
Developers of Downtown Condos to Seek Public Assistance. Wisconsin State Journal. P. A1.

Location	Production with IZ Policy
Montgomery County (MD)	200 units, on average, since 2000
Boulder (Colorado)	300 units total since 2000
Redmond (Washington)	200 units since 1993 in limited areas
Sacramento (California)	1552 since 2000 in limited areas
Highland Park (IL)	Minimal units (4) since 2003, but Affordable Trust Fund has collected in-lieu fees substantial enough to fund projects through grants to non-profits.