

Land-Use Tools to Promote Affordable Housing

INCLUSIONARY ZONING

Local governments can promote affordable housing by encouraging or requiring developers of new housing developments to contribute to the amount of affordable housing in the community. Inclusionary zoning can take many forms, with some programs being mandatory and others providing incentives to developers, such as density bonuses, zoning variances, or parking waivers. Some programs require cash contributions to an affordable housing fund, while others involve construction of affordable units within the development.

Requirements for Developers of Affordable Housing

- **Mandatory set-asides** - In exchange for development approval, developers must construct and set aside a certain percentage of homes to be rented or sold affordably. Some communities allow building the units off-site.
- **Rental-to-Owning Conversion Limits / Condominium Conversion Limits**– Requires a certain percentage of units remain in the rental market to prevent large reductions in a town’s available rental stock. This requirement prevents conversions to condominiums that often increase the cost of housing and displace residents. Also, turnover of affordable units can be prevented through deed restrictions.
- **Housing Requirements for Office Development**– Requires the construction of affordable housing in return for a permit to build offices and industrial developments. This requirement “links” the construction of offices and/or industrial facilities to the construction of housing for new workers.
- **Cash contributions** to affordable housing funds (although research shows this is less effective).

Incentives for Affordable Housing

Incentive zoning is a system by which zoning incentives are provided to developers on the condition that the development includes a specified percentage of affordable housing units. Incentives include increases in the permissible number of residential units or gross square footage of development, or waivers of the height, setback, use, or area provisions of the zoning ordinance. Incentive zoning can provide an economic incentive to set aside a number of affordable housing units.

- **Density bonuses** - Density bonuses allow developers to build more units than otherwise permitted, in exchange for construction of a certain percentage of affordable units. Density bonuses allow developers to build additional market-rate units without having to acquire more land, thereby reducing land cost per unit, and providing an economic incentive to construct affordable housing units. Where water and sewer infrastructure can accommodate increased density, reducing lot sizes lessens the cost of construction, with savings that can be passed along to buyers.

Both zoning and subdivision regulations can be modified to allow density bonuses for development of affordable housing as follows: (1) reduce minimum lot sizes, (2) reduce minimum unit sizes, (3) allow multiple units per lot.

- **Reduce Minimum Lot Size** - Reducing frontage and lot-width requirements, reducing setbacks from the street or property lines, and waiving minimum lot size requirements will promote smaller and more affordable lots.

- ❑ **Reduce Minimum Unit Size** - Reducing unit size and lot coverage requirements allows developers to build smaller and more affordable units, relative to market rate units, by reducing construction and land costs. Many programs allow unit size reduction while establishing minimum sizes.

For example, Burlington, Vermont, requires that inclusionary units be no smaller than 750 sqft. (1-bedroom), 1,000 sqft. (2-bedroom), 1,100 (3-bedroom) or 1,250 sqft. (4-bedroom).
- ❑ **Allow Multiple Units per Lot**– Allowing developers to build two or more units per lot, either attached or detached, allows units to be constructed at higher density without needing more land, thereby reducing land cost per unit.

For example, Boston, Massachusetts, grants inclusionary housing projects greater allowances for floor area-to-land area ratio.

Sacramento, California, permits modifications of road width, lot coverage, and minimum lot size in relation to design and infrastructure needs.
- **Parking waivers / Relaxed Parking Requirements** - Reducing the requirements for parking spaces per unit reduces overall costs and increases land efficiency and housing units per site. Measures to reduce parking burden include reducing the minimum number or size of spaces, and allowing underground, structured, or tandem parking. Parking requirements are easily controlled by linking to the number of bedrooms per unit (For example, 1.35 spaces for one-bedrooms, and 1.5 spaces for 2 bedrooms).

For example, Denver, Colorado, waives 10 required parking spaces for each additional affordable unit, up to a total of 20 percent of the original parking requirement.
- **Street Right-of-Way Reduction** - Reducing minimum width of streets and drainage infrastructure reduces costs of development.
- **Fee Waivers, Reductions, or Deferrals** – Reducing costs by waiving the impact or permit fees that support infrastructure development and municipal services provides an economic incentive to provide affordable housing. A municipality must budget for this, since it will mean a loss of revenue. Alternatively, allowing delayed payment of impact or permit fees reduces the developer’s carrying costs, while placing minimal burden on municipalities. One approach allows developers to pay fees upon receipt of certificate of occupancy, rather than upon application for a building permit.

For example, Longmont, California, waives up to 14 fees if developers construct additional affordable units or units at deeper levels of affordability. Average fees waived are \$3,250 per single family home and \$2,283 per apartment unit.

San Diego, California, allows deferral of Development Impact Fees and Facility Benefit Assessments.
- **Fast Track Permitting** - Streamlining the permitting process for development projects reduces developers' carrying costs, such as interest payments on predevelopment loans and property taxes. Fast track permitting is facilitated by quick design reviews, clear information on design requirements provided early in the design process, and prompt answers to inquiries.

For example, Sacramento, California, expedites the permitting of affordable housing projects to 90 days from the usual time frame of 9-12 months. The City estimates an average savings of \$250,000 per project.

LAND USE AND ZONING TOOLS

Overlay zones – Overlay zones build on the underlying zoning, and establish additional or stricter standards and criteria. The standards of the overlay zone apply in addition to those of the underlying zoning district. Overlay zones can be used to allow affordable housing in selected areas, regardless of the current zoning. Municipalities can also use overlay zones in existing low density, single use areas to encourage mixed-use or higher density development.

Floating zones – Floating zones are zoning districts that are described in a zoning ordinance, but unlike conventional zoning districts, are not designated on the zoning map. Once enacted into law they "float" over the community until, upon approval of an application, it is affixed to a particular parcel through an amendment to the zoning map. The floating zone is particularly useful in situations where a community wishes to permit a limited number of specific uses but does not wish to map their locations in advance. It also allows for locating use types which cannot be anticipated but which the plan would like to provide for. The floating zone allows this kind of control and flexibility.

Planned Unit Development – The Planned Unit Development (PUD) is a comprehensively planned land development project. By focusing on overall project design rather than traditional lot-by-lot zoning, PUD regulations give developers flexibility in use, setbacks and minimum lot sizes, while giving local governments valuable oversight in project design. PUDs may include provisions to encourage affordable housing, clustering of buildings, designation of common open space, and incorporation of a variety of building types and land uses that can help create a “community within a community”.

PUD ordinances may be adopted as a part of a community's zoning code, subdivision code, or as a stand-alone ordinance. PUDs may be a separate zoning districts, or as conditional or special-use permitted in selected districts. Some municipalities also designate PUDs as "floating zones" which do not apply to a particular location until an application is received and approved.

Performance zoning – Performance zoning is a type of flexible zoning which determines land use locations and characteristics through a system of performance criteria that regulates the impact of development on surrounding areas. Unlike traditional, "euclidean" zoning, which separates land uses into discreet districts based on their presumed compatibility or incompatibility with predetermined lists of permitted and prohibited uses, performance-based zoning systems evaluate proposed land uses on a case-by-case basis according to the merits of each proposal. To obtain a development permit under a performance-based zoning system, a proposed land use must show it will meet the specified performance standards without negatively impacting the community.

Many communities implement performance zoning through a point system that ties development approval to the ability of a proposed project to qualify for a sufficient number of points. Points are awarded for meeting basic performance criteria. Such performance criteria may include provision of affordable housing, compliance with density standards, compatibility with neighborhood, proportion of open space, traffic generation given capacity of existing streets, and noise levels.

Small Area Plans - Small Area Plans (sometimes called Precise Plans) are comprehensive planning documents that can be used to encourage mixed-use and compact development for defined geographic areas, such as downtowns and individual neighborhoods. While municipal-wide comprehensive plans guides development policy for entire cities, towns, or villages, small area plans guide development policy for specific neighborhoods. Small Area Plans usually contain comprehensive zoning and design guidelines that replace an area's original zoning, and guide the provision affordable housing,

clustering of buildings, designation of common open space, and promotion of small retail that can help create a “community within a community.”

SPECIFIC ZONES / PERMITTED USES

Accessory Dwelling Units - Small dwelling units constructed within or added onto existing single-family houses. Accessory dwelling units are additional living units, with separate kitchen, sleeping, and bathroom facilities, attached or detached from the primary residential unit, on a single-family lot. Attached “accessory apartments” often involve the renovation of a garage, basement family room, attached shed, or a similar space in a single-family home. These units increase the number of units within the footprint of an existing structure, and when rented, provide income for homeowners and relatively inexpensive space for renters. Detached “accessory cottages” are structurally independent from the primary residence. These units are typically placed in the rear or side yard, and often house elderly parents being cared for by their adult children living in the primary unit (see ECHO). Detached accessory cottages are generally more expensive to build than accessory apartments.

Cluster and Tandem Development - Cluster development allows more compact lot sizes and arrangements, more efficient use of infrastructure and greater densities than those allowed under traditional zoning, resulting in lower development costs. A 1978 HUD report notes that the cost of street pavement, clearing and storm sewers for cluster development is only 62 % of these costs for comparable traditionally zoned development. Permitting cluster developments “by-right” in certain zones can provide a relatively straightforward (and therefore, less costly) way of encouraging economical development without increasing overall density.

Tandem development, or the development of two single-family units on a single lot, also reduces development costs. Orlando Florida has pioneered its use by allowing tandem units as a conditional use in zones that also allow duplex development.

Elder Cottage Housing Opportunities (ECHO) – ECHO units are small, separate temporary manufactured homes that are installed in the side or back yards of single-family homes, and enable seniors to live very near their children without living in the same house. ECHO units allow older adults to get needed support while remaining independent in their own homes, and allow adult children the privacy and space. ECHO units are temporary and can be relocated. Locally, Better Housing for Tompkins County rents small modular homes to income-eligible seniors who wish to live in an Elder Cottage next to the family home of their adult children or other supportive relatives or friends. Municipalities can encourage ECHO units by permitting their use in residential areas.

Higher Density (upzoning) - Rezoning residential land to allow greater density (measured by the number of housing units allowed on a parcel). Higher density can include both multi-family and single-family housing. Municipalities that allow higher densities may also enact special design requirements to ensure that new higher density developments are compatible with existing housing in the community. Upzoning is one of the most basic and potentially effective techniques for promoting housing affordability.

Multifamily - Multifamily housing consists of separate units for more than one family, and includes a variety of types of apartments and condominiums. Due to reduced cost per unit compared with single-family homes, multifamily housing represents important opportunities for affordable housing. By housing more people on less land, multifamily housing developments make it possible to preserve more open space and natural features than do single-family housing developments, and require less public infrastructure, including roads, sewer and water pipes, and electricity and gas lines. Integration of affordable housing into market-rate multifamily developments is also easy.

Multifamily living often is the best or preferred housing solution for many people at different stages in their lives for a variety of reasons. It provides an important housing option for young people just starting out in a career or saving to buy a home, as well as for senior citizens who no longer care to maintain a single-family home yet want to remain near their children and grandchildren.

Mixed Use - Allows a variety of land uses, often including office, commercial, residential, and light manufacturing combined within a single development or district. Mixed-use zoning allows a balanced mix of office, commercial, and residential uses in close proximity to increase convenience for residents and to lessen the need for commuting and/or shopping trips needed. Mixed-use developments can range in size from single buildings, with apartments located over retail uses, to large-scale projects that include office and commercial parcels along with hotels, convention centers, theaters, and housing. Mixed-use development often allows diverse residential opportunities, and encourages more efficient land-use. For example, allowing second floor housing above retail space will lower cost of housing and improve the efficiency of public transit.

Mixed-use developments can be regulated in various ways. Some communities allow residential uses by-right or by special permit in certain identified commercial zones. Other communities allow mixed uses within a planned unit development or in special mixed-use districts which would allow this type of development by-right in designated areas.

Mobile and manufactured homes - Transportable dwelling units on permanent chassis, connected to plumbing, heating and electrical systems, often without permanent foundations. Mobile/manufactured homes have production costs substantially lower than conventional built housing, and represent a significant source of affordable housing for low- and moderate-income households. With improved construction quality in recent decades, manufactured housing provides a viable option for people seeking affordable homeownership. Towns can develop design standards for manufactured housing to ensure quality design and siting. Municipalities can increase the areas zoned to accommodate these new homes in order to enhance the location options for mobile/manufactured home buyers and contribute further to their affordability.

Senior Citizen Housing -Senior housing includes a variety of senior housing types, including:

- **Senior apartments** - multifamily residential properties for persons age 55 years or older. Senior apartments do not have central dining facilities and generally do not provide meals to residents, but many offer community rooms, social activities, and other amenities.
- **Independent living communities** - age-restricted multifamily properties with central dining facilities that provide residents as part of their monthly fee with access to meals and other services such as housekeeping, linen service, transportation, and social and recreational activities.
- **Assisted living residences** - state regulated properties that provide the same services as independent living communities, but also provide supportive care from trained employees to residents who are unable to live independently and require assistance with activities of daily living (ADLs) including management of medications, bathing, dressing, toileting, ambulating, and eating.
- **Alzheimer's/Dementia Care Facilities** - state licensed settings that specialize in caring for those afflicted with Alzheimer's disease and/or related dementias.
- **Continuing care retirement communities** - a combination of independent living, assisted living and skilled nursing services (or independent living and skilled nursing) available to residents all on one campus. Resident payment plans vary and include entrance fee, rental, and condo/coop programs.

Small lots / Small lots district – Allow reduced minimum lot sizes for single-family detached or attached housing in order to lower development costs and facilitate affordable housing development. Small lots, which may range from 2,500 to 6,000 sq. ft., and small lot districts permit: (1) reducing minimum lot size requirements to allow building on lots that are currently below the specified minimum size for their locales; and (2) dividing large lots that currently have excess space. Municipalities can designate special small lot zoning districts to permit development on small lots within an entire district and encourage the use of innovative site design techniques.

SUBDIVISION REGULATIONS

Cluster development / subdivisions - Cluster subdivisions have more compact lot sizes and arrangements, more efficient use of infrastructure and greater densities than those allowed under traditional subdivisions, resulting in lower development costs. A 1978 HUD report notes that the cost of street pavement, clearing and storm sewers for cluster development is only 62 % of these costs for comparable traditionally zoned development.

Cluster subdivisions are similar to planned unit developments (PUDs) to the extent that they both involve clustering of homes on smaller lots; however, a cluster subdivision is limited to residential uses, usually requiring less stringent review procedures, and which may or may not result in higher overall densities. Cluster subdivisions are more closely related to traditional subdivision development since they generally comply with existing zoning standards governing overall density and land use restrictions. As in PUDs, clustering decreases development and infrastructure maintenance costs by reducing street lengths, sidewalks, utility lines, and sewer infrastructure. Cluster developments can provide residents with an enhanced sense of community, protected open space, and increased affordability.

Permitting cluster subdivisions "by-right" in certain zones can provide a relatively straightforward (and therefore, less costly) way of encouraging economical development without increasing overall density. Cluster subdivision ordinances may include a statement of purpose, provisions permitting transfer of densities within the subdivision, review criteria, identification of districts where cluster subdivisions will be allowed, minimum size requirements, and open space requirements. Cluster subdivisions generally conform to a zoning districts "gross density" requirements (measured by the number of housing units per acre relative to the total area of the site), but may increase the site's "net density" (measured by the number of housing units per acre relative to the buildable area of the site), by reducing lot sizes and concentrating development on a smaller portion of the available site.

SITE PLAN REQUIREMENTS

Local governments can adopt site plan review regulations to govern the development of individual parcels of land. Site plan review requirements can be adopted in a stand-alone regulation, or can be incorporated into a zoning ordinance.

Since site plan review is concerned with how a parcel is developed, what a development will look like after it is completed, and how it will impact its neighbors, required site plan elements (that are defined by the municipality in the local law) may include: parking, site access (for vehicles, pedestrians, and bicycles), screening, signs, landscaping, architectural features, location and dimensions of buildings, adjacent land uses, and physical features meant to protect adjacent land uses and the community as a whole.