

Zoning for Affordability Evaluating a Program

April 13, 2023



COMMUNITY
PLANNING
COLLABORATIVE



Association of
Bay Area Governments



METROPOLITAN
TRANSPORTATION
COMMISSION

STREET
LEVEL

Image: Milpitas Metro

Agenda

Goal: To understand how to evaluate an existing inclusionary housing or similar program and identify options for updates.

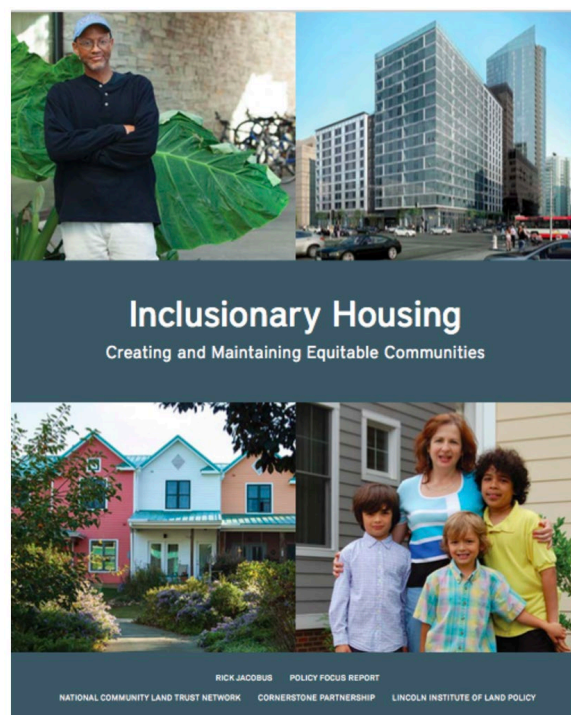
- Introductions
- Working Group Series
- Affordability Requirements/Policy Types
- Program Assessment
- Discussion: Priorities for Support
- Scheduling Future Sessions
- Closing

Please introduce yourself by typing your name and jurisdiction into the chat



Rick Jacobus

Street Level Advisors



Recent Clients:

San Francisco
San Jose
Berkeley
Honolulu
Seattle
New York
Atlanta
Minneapolis
Los Angeles County

Lincoln Institute for Land Policy
Grounded Solutions Network
PolicyLink
The Ford Foundation
F. B. Heron Foundation

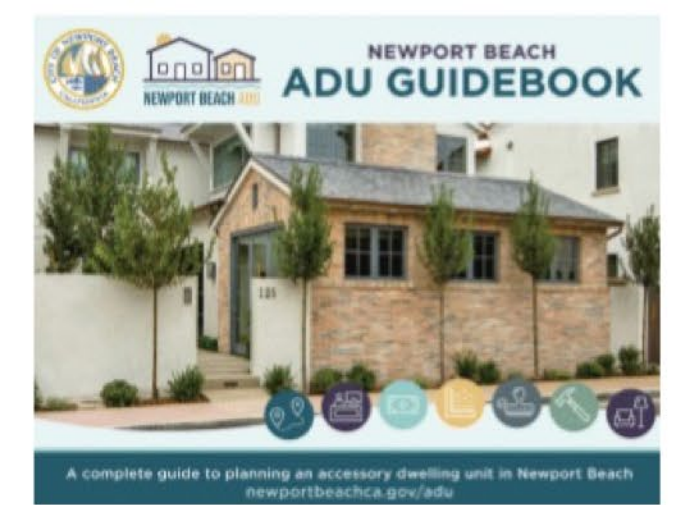
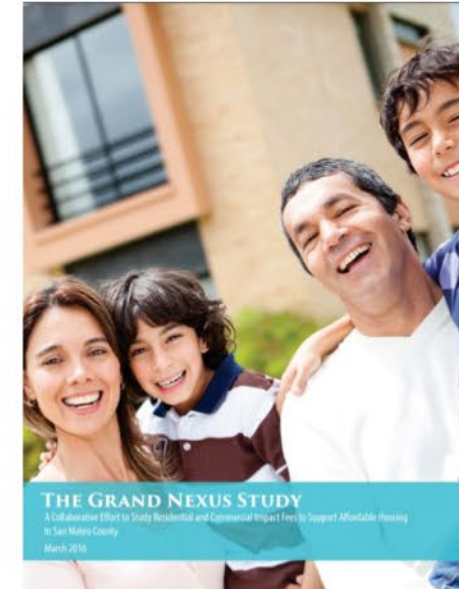


Joshua Abrams

COMMUNITY PLANNING COLLABORATIVE

RECENT CLIENTS

- San Francisco
- San Jose
- San Mateo County
- State of California
- ABAG
- Salt Lake City
- Chan Zuckerberg Initiative
- San Francisco Foundation
- Irvine Foundation



Accessory Dwelling Unit Calculator

Estimate the cost of converting part of your home or constructing a rental unit.

Save/Load My Settings English

Structure Construction Finances Rents **Costs** Value Projections

Physical Characteristics

Where will your second unit be built?
Sonoma

Type of Construction

- New Construction**
New construction includes both attached and detached second units.
- Conversion of Part of Garage or Pool House
Taking an existing garage or pool house, and turning it into a second unit.

Monthly Rent: **\$2,034**

Monthly Expenses: **\$1,701**

Legend:
\$1,210 Loan Payment
\$154 Taxes
\$128 Insurance
\$11 Management
\$16 Vacancy Allowance
\$19 Repairs

Napa Sonoma ADU ADU PLANS GALLERY

HOME PAGE PLANS SEARCH PAGES **NAPA SONOMA ADU CENTER WEBSITE**

Welcome to the Napa Sonoma ADU Standard Plans Program

- ✓ Find an ADU design you like that works for your property.
- ✓ Connect with the designer, architect, or prefab company.
- ✓ Save time and money!

Affordable Housing Policy | ADU | Facilitation | Sustainability

Working Group Series

March 2023

December 2013

Track A: Jurisdictions adopting new policies

Zoning for
Affordability

Evaluating
inclusionary
housing
programs

Evaluating
Economic
Feasibility

Compliance
Alternatives (Fees,
off site, etc)

Working with State
Policies (Density
bonus, SB 35, Etc)

Communicating
with the public

Track B: Jurisdictions revising policies

Affordable Housing Requirements

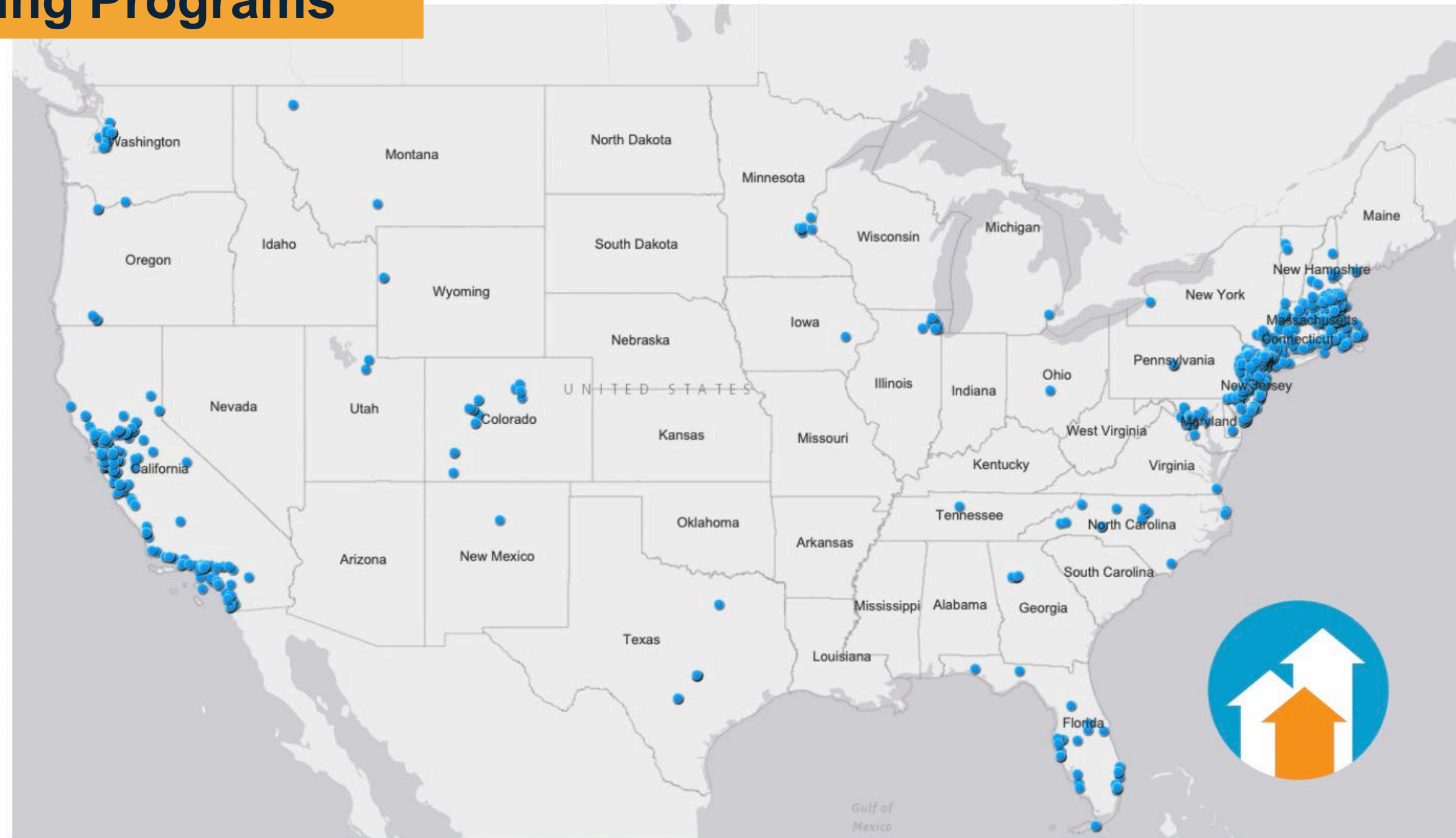
Require (or incentivize) any new multi-family housing to include a share of units that are permanently restricted to lower income residents at below market rate (BMR) rents or sales prices.



Image: Station Park Green, San Mateo

Inclusionary Housing Programs

Require provision of affordable units in new residential buildings



Location of inclusionary housing programs in United States

Potential Structures

- Inclusionary Zoning
- Affordable Housing Fees
- Density Bonus
- Overlay Zones
- Specific Plans
- General Plan Policies
- Commercial Linkage Fees

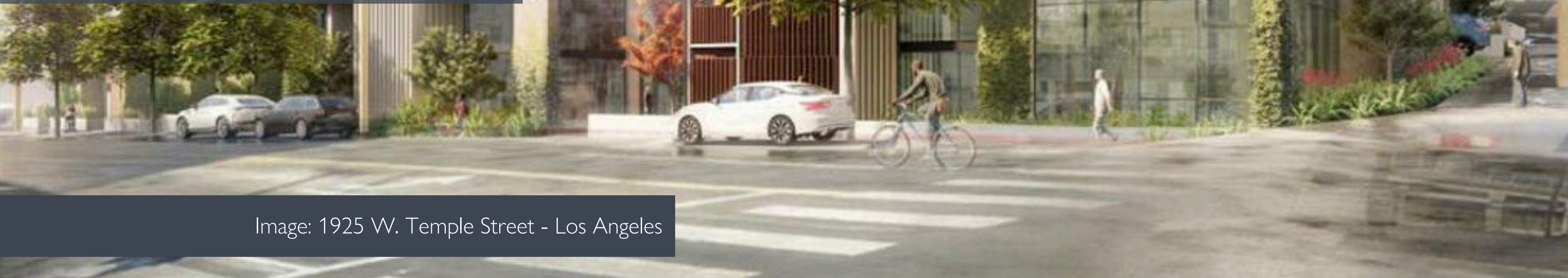


Image: 1925 W. Temple Street - Los Angeles

Mandatory vs. Voluntary

Mandatory:

Every project must include affordable units, whether or not they take advantage of available incentives (density bonuses, parking reductions)

Voluntary:

Projects only need to provide affordable units to the extent that they receive increased density of other incentives

Upzoning:

All projects are required to provide affordable units if they are located in areas where zoning was changed to allow for increased density

Evaluating your Ordinance

How do we know if our
policy has been
working?

Image: Wilton Court, Alta Housing

Updating Ordinance

Staff report will typically include:

- History of the program (and prior updates)*
- Summary of program performance*
- Summary of stakeholder feedback*
- Economic Feasibility Analysis*
- Comparison to comparable jurisdictions*
- Proposed changes (and alternatives)*

Process

The assessment could be as simple as an internal discussion (or series) with city staff or as complex as a 60 month consultant led evaluation.

Feedback sessions

- *Property Developers/real estate industry*
- *Property Managers*
- *Low income community advocates*
- *BMR residents/owners*
- *Elected officials*

Understanding the Purpose

What kind of impact was our program intended to have?

What problem were we trying to address?



Data Collection

- Number of BMR units produced
- Income levels served
- Rental/ownership split
- Geographic locations

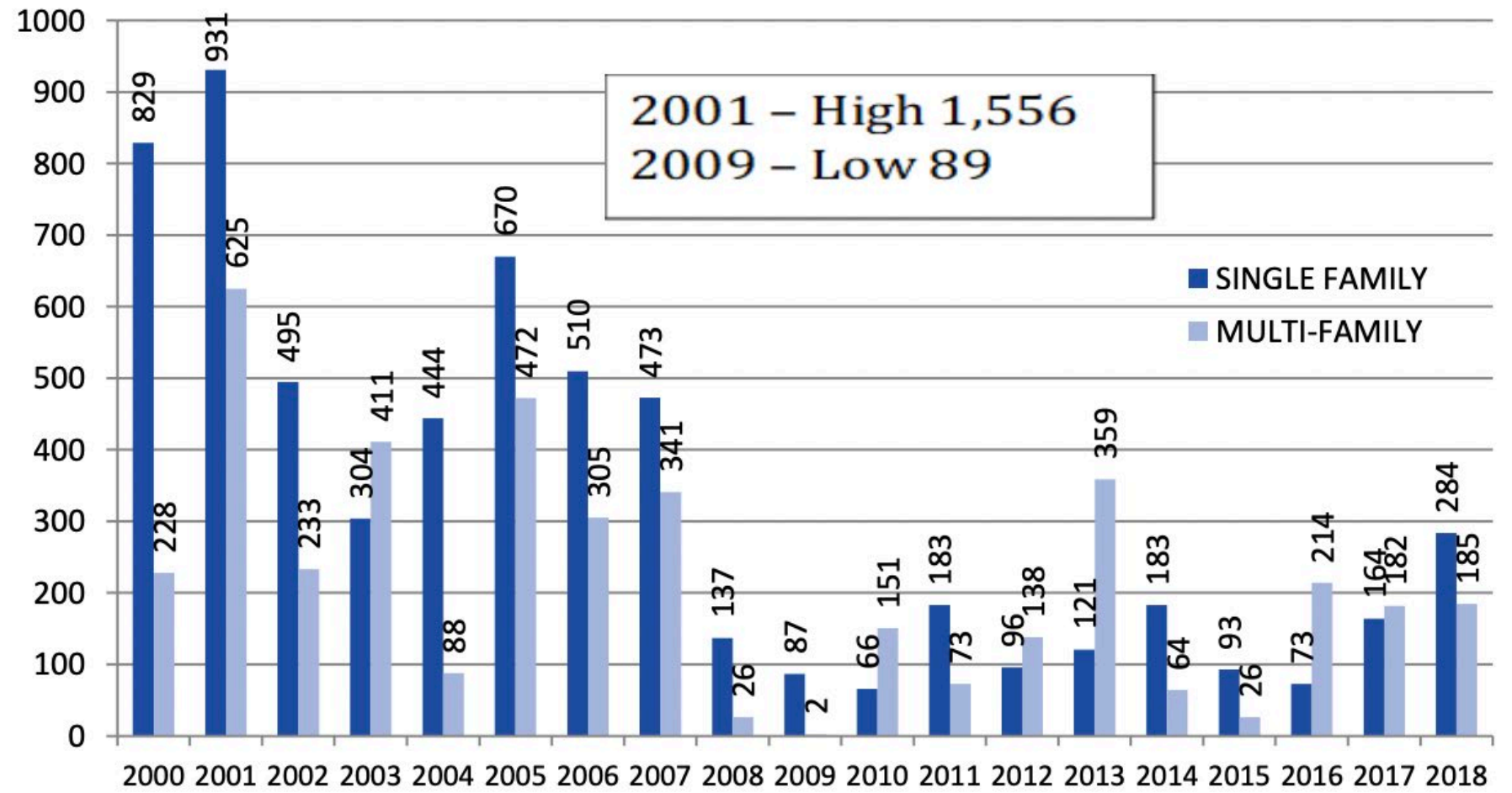
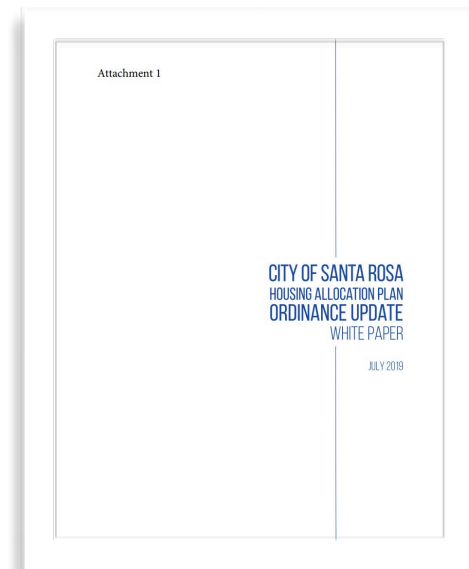


Table 6 - Units by City Quadrant, 2018

Housing Type	Northwest	Northeast	Southwest	Southeast
Multifamily Rentals	820	151	691	503
Senior Rentals	210	99	0	380
Special Needs	7	69	51	100
Ownership	137	32	131	8
TOTAL	1,174	351	873	991
Percentage	35%	10%	26%	29%



Data Collection - Fees

Inclusionary Housing Projects 1992-2018

Units	Projects	Market-Rate Housing	Affordable Housing
Inclusionary (On-Site)	9 *	1,105	174 *
Housing Impact Fee	23	0	1,510
Total Units		1,105	1,684

* Another 7 Projects Entitled, But Not Built, Including 97 Low Income Affordable Housing Units and 12 Moderate Income Units.

- *\$ amount of fee revenue collected*
- *% of projects that choose fees (vs units)*
 - *How do the locations compare?*
- *# of units produced with fees*
 - *How that compares to the number that **would have** been produced onsite.*

Questions/Discussion



Your Priority Questions

*Take a minute to review the program assessment questions list and make a **short list** of the questions that are most important in your jurisdiction right now?*

Add your own questions!

Note: we are not trying to answer these questions today

Inclusionary Housing Policy Update Program Assessment

April 2023

The questions below are intended to guide a periodic evaluation of an inclusionary zoning, density bonus or other affordable housing requirements policy. These questions could form the basis of a consultant study or a written staff report. They could also be used to plan a convening at which the jurisdiction collected feedback from advocates, developers, [applicants](#), and other stakeholders.

Outcomes

1. Does the program regularly produce a [public report](#) summarizing outcomes including:
 - a. How many affordable units have been created (onsite)?
 - b. How much money has been collected in fees? How has that money been spent?
2. If the program is producing BMR homeownership units, do those units remain affordable to the same income groups over time?
3. How do the results so far compare with what was expected when the ordinance was created/updated?

[Racial Equity](#)

1. Is the jurisdiction tracking the racial and income demographics of applicants and residents?
2. Does the pool of applicants reflect the full racial diversity of the broader local housing market?
3. Do the demographics of the ultimate residents of inclusionary units reflect the diversity of the applicant pool? Are there racial differences in selection rates?
4. How well does the income mix of affordable units match the affordable housing needs of [local residents](#)? Are those needs different for different racial groups?
5. Does the program periodically directly engage members of the communities that the program is designed to serve to understand their needs and priorities?
6. Does the program serve [Very Low Income and/or Extremely Low Income residents](#)?
7. How well do unit sizes for BMR units match with the needs of the local income eligible population? Are those needs different for different racial groups? Is the program producing too many studios?

Financial Feasibility

1. Has the program completed a [financial feasibility analysis](#) within the past 5 years?
2. Have market conditions (costs, rents, zoning rules/requirements) changed since the last study? Are there concerns that the ordinance is making development infeasible?
3. Looking at the [parts of the jurisdiction](#) where new housing has been most concentrated, are there significant differences in the rents being charged or the type of building being constructed?

Small Group Activity

Share the 1-2 top priority questions that your jurisdiction will be addressing as you update your ordinance.

Note: we are not trying to answer these questions today

Key Questions

- Production/outcomes
- Racial Equity
- Financial Feasibility
- In Lieu Fees
- Marketing/Fair Housing
- Homeownership
- Program Management

Racial Equity

- Does the applicant pool reflect the diversity of the community?
- Do the eventual residents reflect the diversity of the applicant pool?
- Does the income mix of units match the need?
- Do unit sizes match the need?

If your jurisdiction is considering a change related to this topic, please describe it in the chat.

Financial Feasibility

- Have market conditions changed fundamentally since you last set your requirements?
- Are there large differences in what's feasible in different neighborhoods?
- Which projects should be exempt?
- Are developers gaming your rules?

If your jurisdiction is considering a change related to this topic, please describe it in the chat.

In Lieu Fees

- Are too many/too few projects choosing to pay fees?
- Is your fee set at an appropriate level?
- Is fee revenue being spent?
- Are there geographic differences in who chooses the fee option?
- Are projects that receive fees located in similar areas as projects paying the fees?

If your jurisdiction is considering a change related to this topic, please describe it in the chat.

Marketing/Fair Housing

- Are property managers conducting fair marketing?
- If there is a local preference policy, is it consistent with fair housing law?
- Are BMR rents and prices far enough below market?
- Do units lease/sell in a reasonable time?

If your jurisdiction is considering a change related to this topic, please describe it in the chat.

Homeownership

- Is the resale pricing formula fair?
- Are units remaining affordable at resale?
- Are homeowners building wealth?
- Are homeowners facing too much interest rate risk?
- Do homebuyers understand the program?

If your jurisdiction is considering a change related to this topic, please describe it in the chat.

Program Management/Stewardship

- Do you have the staffing necessary for monitoring and enforcement?
- Do you collect fees to pay for monitoring?
- Are there aspects of the program that create unnecessary staffing burdens?

If your jurisdiction is considering a change related to this topic, please describe it in the chat.

Questions/Discussion



Activity

What kind of support would be most helpful as your jurisdiction moves forward to adopt this policy?

Scheduling

- *Can we meet through the summer?*
- *Would longer sessions be preferable?*
- *Office hours 1-1 or small group?*

Image: Mill District, Healdsburg

Office Hours

- *Use Calendly Link to reserve a time for 1-1 consultation*
- *<https://calendly.com/joshabrams/zoning-for-affordability>*

Image: Mayfair Station, El Cerrito



Other Resources

How does Inclusionary Housing address Racial Equity?

Inclusionary housing policies were first developed to specifically counteract a history of 'exclusionary zoning' policies that reinforced economic and racial segregation. Although not intended to completely right racial injustices embedded in our nation's housing practices, inclusionary housing can provide an immediate supply of affordable housing for households earning below median income in neighborhoods already rich with services and amenities.

[LEARN MORE](#)



What is it?

Local inclusionary housing policies tie the creation of affordable homes for low- and moderate-income households to the construction of market-rate housing or commercial development.



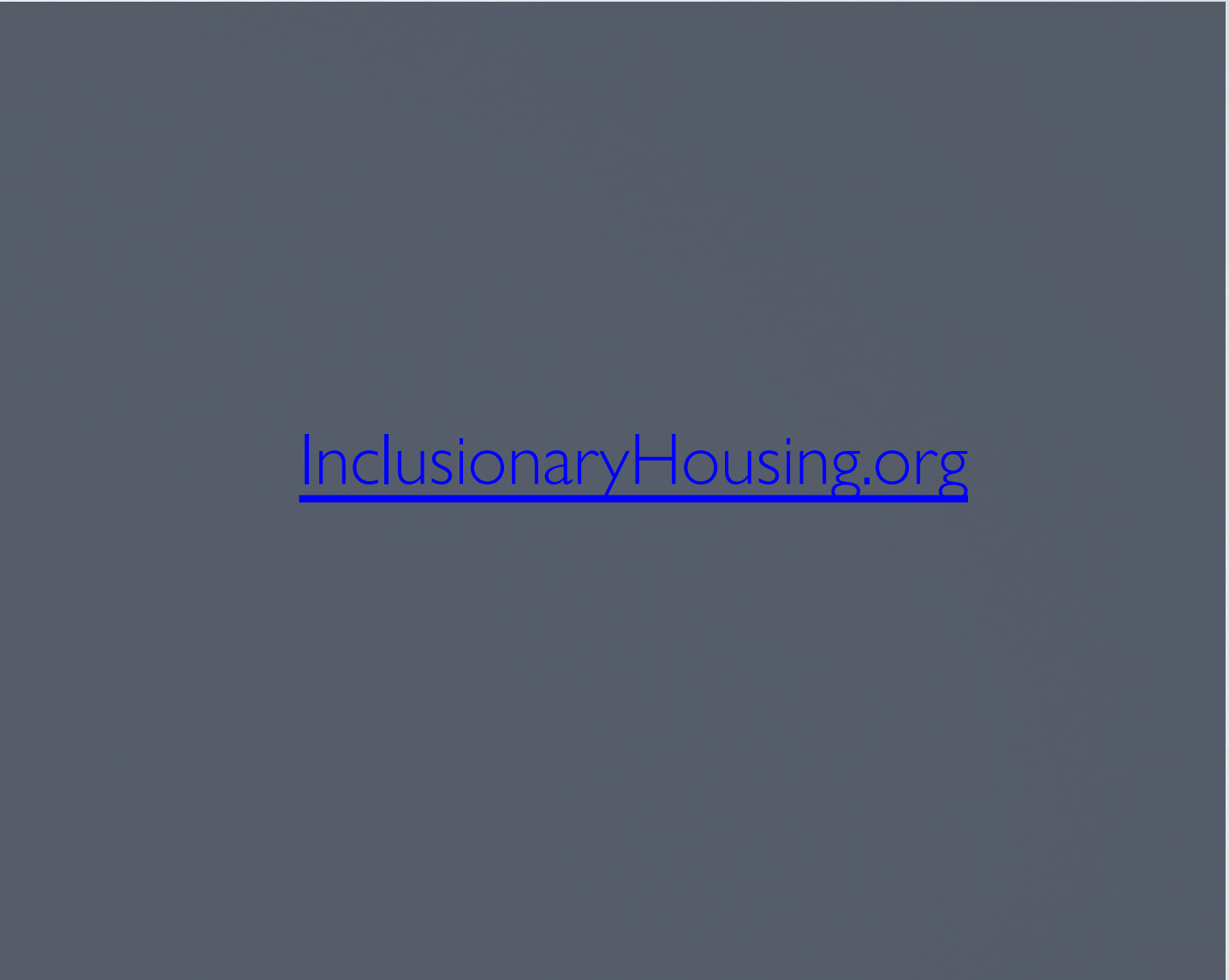
Who is using it?

There are over 1000 inclusionary housing programs in 31 states and the District of Columbia. They serve large central cities and smaller suburban communities wherever new development is occurring or anticipated.



What impact is it having?

Inclusionary housing policies have created over 100,000 housing units. While no one housing policy alone will meet a community's affordable housing needs, inclusionary housing can be one of several important sources of new affordable housing opportunities.





Thank You



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