Changes in Zoning to Encourage Affordable Housing

Strategy description

Exclusionary zoning regulations create barriers to the development of a diverse housing stock in many communities. A variety of zoning changes can be used to create more opportunities for affordable housing. Some of these include:

Providing a range of lot sizes to allow a variety of housing types

- Minimum-density requirements, so that land zoned for multifamily housing cannot be developed as single-family housing
- Zoning for multifamily housing, accessory dwelling units, and live/work units
- Rezoning underutilized industrial and/or commercial areas for residential use. Many cities have seen a decline in manufacturing and other types of industrial uses that are not likely to return and have a limited supply of land for housing, but have not rezoned land to reflect this new reality.
- Eliminating or reducing minimum lot sizes, buffer requirements, square footage and setback requirements, and restrictions of the number of units in a single building
- Eliminating septic and wetlands requirements that are more stringent than state requirements
- Reducing parking requirements for affordable housing developments, particularly those near public transportation
- Revising zoning rules that discourage affordable housing development to prohibit "*undue* adverse impacts" instead of "adverse impacts" on current property owners
- Using unified codes that eliminate separate subdivision requirements
- Avoiding broad interpretations of zoning rules that prohibit development that "changes the character of an area." Such rules are sometimes interpreted to mean that all denser housing types are prohibited.

History of the strategy

Zoning that discourages affordable housing development has been used in towns and cities for decades. For example, the 1975 New Jersey Supreme Court's decision in the *Mount Laurel* case specifically recognized that zoning rules were being used to exclude affordable housing. Changes in zoning to reverse exclusionary effects of zoning have been used as a strategy to encourage affordable housing for almost as long.

Target population

- Changes in zoning target different populations, depending on the specific zoning change. Some reduce barriers to multifamily development, targeting primarily renters; most target homebuyers at all income levels.

How the strategy is administered

Community stakeholders, including developers, local business owners, landowners, affordable housing advocates, and others may all petition for or advocate for zoning changes. A legislative body must pass the changes, whether that is a planning commission or a local government.

How the strategy is funded

No funding is necessary other than for enforcing new zoning codes.

Extent of use of the strategy

- Zoning changes are widely used to promote increased development of affordable housing.

Locations where the strategy is being used

- The city of Fremont, CA established a multifamily zone to encourage multifamily developments in the city. Among other incentives, the city offers reduced minimum lot setbacks, reduced increased maximum lot coverage, reduced on-site parking standards, and reduced minimum street widths.
- By enacting zoning policies that support a diversity of housing types, Cambridge, MA accommodates mixed-income developments such as Auburn Court. The development includes a mix of one-, two- and three-bedroom units, flats and duplexes for a total of 137 housing units.
- Cincinnati, OH revised its zoning code to allow 2,000 and 4,000 square foot lots in older neighborhoods. It also reduced requirements for side yards and setbacks.

Pros and cons to using the strategy

Pros:

- Reduces costs of building residential housing generally by permitting more efficient use of land.
- Improves diversity of the housing stock, creating units affordable to households at a range of incomes.
- Smaller lots and more dense development help protect environmentally sensitive areas that might have otherwise been used for development.
- May reduce transportation costs because residents may have shorter commutes and live closer to other amenities.

Cons:

- Changes in zoning can require a lengthy process.
- Zoning changes can meet strong resistance from local homeowners who fear that a change would drive property values down, or change the make-up of the community, or negatively affect community services.

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TYPES OF DEVELOPMENT

Cluster Development

Strategy description

Cluster development concentrates houses on smaller lots within specified areas of a parcel or site, allocating the remainder of the parcel to be set aside as common open space or to protect environmentally sensitive areas. Clustering houses can reduce the cost of housing by centralizing infrastructure. Road frontage, lot size, setbacks, and other traditional subdivision regulations may also be relaxed to permit the developer to preserve ecologically sensitive areas, historical sites, and/or other unique characteristics of the land being subdivided. Cluster development most often incorporates affordable housing when used in conjunction with density bonuses.

Target population

Cluster development targets the population that resides or will reside in the cluster zone generally. When density bonuses are allowed in conjunction with cluster development, some of the additional units are often targeted to low- and moderate-income renters and homebuyers.

How the strategy is administered

Cluster development can be administered in a number of ways. Normally, a cluster development strategy or ordinance must be adopted by a local municipality before implementation in the same way as any other ordinance or regulation would. The municipality can decide to mandate cluster development or offer it as a voluntary option to developers, in which case it usually includes incentives such as density bonuses.

The city/municipality may identify particular pieces of land suitable for cluster development and develops goals for those areas or may allow the use of cluster as an overlay zone or by right. These goals can be met through any number of incentives, including density requirements, physical design standards, and transfer of development rights.

Once a development has been completed in a clustered format, the open space created can be used exclusively by the residents, or to preserve agricultural land, wildlife, or other elements of local importance. Many communities also mandate the establishment of a homeowners association (HOA) to manage the common open space. The HOA is ultimately responsible for all management and maintenance responsibilities and capital improvements once the land development has been completed.

How the strategy is funded

No funding is necessary other than administration and enforcement of the code.

Extent of use of the strategy

Limited use as an affordable housing tool.

Locations where the strategy is being used

- In 2004, Woonsocket Neighborhood Development Corporation completed Woodridge Estates, a 26-unit development of affordable homes in Rhode Island. The cluster development strategy utilized for the project permanently preserves as open space seven of the ten acres of the wooded site upon which the units sit.
- The city of Moxee, WA incorporated cluster development standards in order to promote more efficient land use and encourage affordable housing through greater overall density.
- Amherst, MA encourages affordable housing in cluster development subdivisions by providing density bonuses for developments that include affordable units (see case study).

Pros and cons to using the strategy

Pros:

- Clustering development can reduce infrastructure costs and allow smaller lots, thus increasing affordability.
- Preserves ecologically and otherwise sensitive land areas, and thus contributes toward creating more aesthetically pleasing and safe surroundings for local residents.
- Can be easy to administer.
- Does not require large public expenditures.
- Effective in protecting the rights of rural property owners.

Cons:

- Not necessarily tied to affordable housing: most cluster development strategies that have been used in the U.S. are designed to protect ecologically sensitive areas or preserve other important land features rather than to provide affordable housing.
- Requires developers and communities to learn a system that can be very different from more traditional zoning ordinances.

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AMHERST, MASSACHUSETTS
CLUSTER DEVELOPMENT

- ✓ Cluster development
- ✓ Inclusionary zoning
- ✓ State incentives to local governments to encourage affordable housing development

The town of Amherst, Massachusetts has worked diligently over the last 30 years to protect the natural and cultural landscape surrounding their community. The unintentional result of the town's aggressive land protection strategy was an increase in land prices because much of what would have been buildable now was protected. Amherst became a highly desirable community with expensive residential land. Affordable housing was a community goal but an unachievable one without public intervention.

The genesis of the environmental protection policies occurred in the late 1970s and early 1980s, when it became clear that development could jeopardize the quality of the community's water supply and soil. At that time, the town began purchasing land and easements to support conservation. Eventually, agricultural easements were also used to ensure the pastoral landscape of the community was preserved and a revised zoning code was adopted to require cluster developments in aquifer recharge and watershed protection areas.

To meet the community's goal of providing housing for individuals of varying income levels while simultaneously pursuing the larger goals of conservation and sustainability, the town integrated affordable housing goals into its conservation-oriented ordinances through the use of density bonuses and inclusionary zoning.

Cluster development is Amherst's primary land use tool for encouraging affordable housing

The cluster development bylaw is one of the primary ways affordable housing is encouraged within Amherst's development regulations. Cluster developments are a sophisticated form of subdivision that cluster buildings into groups on reduced lot sizes in order to aggregate open space and permanently preserve it from development. The stated goals of the Cluster Development ordinance are:

- to develop in harmony with the natural features;
- to compatibly develop in line with the surrounding residential areas;
- to efficiently use land to increase the options for affordable housing;
- to protect natural resources, including aquifers, wetlands, and farmland; and
- to economically and efficiently install, construct, and maintain street, utility, and public facilities.[44]

All of these goals are accomplished by the unique design of the cluster developments, which group homes in developable areas and set aside the remaining undevelopable areas as permanent open space. Since this land generally would be undevelopable anyway, given the properties' location over the aquifer or in the watershed, the ordinance allows for creative treatment of the land to reach community goals. Affordable housing is encouraged by the Town of Amherst in all cluster development subdivisions through its provision of density bonuses for all developments that include affordable units.

Each cluster development must be a minimum of five acres, and at least 40 percent of the dwelling units must be single-family units. The level of density allowed is similar to what would be allowed in a conventional subdivision. The exception to this is "affordable clusters." If 10 percent of units in a development are affordable (to households earning less than 120 percent of area median income), the Planning Board may authorize an increase in the number of lots allowed up to 120 percent of the standard number of building lots allowable.

Inclusionary zoning

Amherst has also included an inclusionary zoning provision in its ordinance. The number of affordable units to be built is calculated used the following guidelines:

- Less than 10 units in a development 0 affordable units

❖ 10-14 units in development	1 affordable unit
❖ 15-20 units in development	2 affordable units
❖ 21+ units in development	12 percent of total unit count

Results

There were some early successful projects developed in Amherst when the ordinances were first put in place in the late 1980s and early 1990s. The first was Misty Meadows (1987), a 137-acre farm that was purchased by local developers (for $750,000) to build housing. Before the housing was built, the town bought 97 of the original 137 acres (for $310,000) for open space/conservation. The remaining 40 acres were developed under the town's Cluster Development Bylaw, with 41 units on 18 acres and 22 acres of permanently preserved open space. To receive the density bonus, the developers developed 15 affordable units (37 percent of total).[45]

The second successful project was Canterbury Farms (1990). Canterbury Farms was a 26-acre parcel including 23 acres located within the Aquifer Recharge Protection overlay district and three acres within the Watershed Protection overlay district. Under the conventional subdivision ordinance, development would have been prohibited, so the local developer sought to develop under the Cluster Development Bylaw, as well. The affordable housing density bonus allowed the developer to include two more lots than would have otherwise been allowed under the bylaw. In total, 15 single-family units were built, four of which were affordable (27 percent). Affordable housing agreements were created in both examples to ensure affordability in perpetuity.[46]

Since these early successes, the cluster development ordinance has been used many times, and developers have included affordable units in a quarter of the

developments. In total, about 35 affordable units have been developed under the ordinance through 2007.[47]

The effectiveness of the inclusionary zoning requirements has been limited by the size of projects being built (four to eight units). Since the requirement is triggered when ten or more units are built, most projects are exempt from the requirement. This trend is likely to continue because land constraints and market preference for single-family units are driving the number of units in each development.

> ***"…those few have been fought with unremitting ferocity by neighbors."***
> -Jonathan Tucker

Jonathan Tucker, planning director for Amherst, believes that neighborhood opposition is a major obstacle to developing more affordable units. "Our varied regulatory affordable housing incentives have been real, but fairly tepid and few and far between. And those few have been fought with unremitting ferocity by neighbors," he said.

Tucker and his colleague Roy Rosenblat, community services director for Amherst, emphasized the fact that citizen's objections have stalled most projects.[48] Locally, there has been strong support for the idea of affordable housing; when it comes to approving the actual citing of units, though, there is consistent and significant opposition from abutters. The consensus of Rosenblat and Tucker was that neighborhood objection can derail the best ordinances and regulatory provisions. Additionally, they both agree that the private market isn't demanding affordable housing and that the incentives available are not sufficient to change developer behavior or make the units more cost effective.

Community Preservation Act provides important resources for developing and preserving affordable housing

The town continues to encourage developers to take advantage of the affordable housing incentives available. However, to date, the Town has had the most success getting affordable units on the ground using resources available under the Massachusetts Community Preservation Act (CPA). Under the CPA, towns and cities in Massachusetts can choose to adopt the act, levying up to a 3 percent surcharge on taxable property.[49] The local tax revenue is then placed into a fund that the state matches at 100 percent. Activities related to open space, historic

preservation, and community housing initiatives must each receive at least 10 percent of a community's CPA funds; the remaining 70 percent of revenues may be spent on any of these purposes, plus recreation.[50]

Amherst adopted a 1.5 percent surcharge and revenues total about $600,000 per year. Resources are allocated evenly between affordable housing, historic preservation, and open space projects. The local Housing Authority administers the dedicated affordable housing funds. Funds have been used to support affordable units in planned market subdivisions through the provision of infrastructure and financing and have been used to save affordable units whose affordability requirements were expiring. About 18 affordable units have been developed or preserved using CPA revenues.

Amherst's cluster development bylaws are a work in progress

Amherst has been experimenting with cluster development and inclusionary zoning for over 20 years. During this time, they have learned that public support often is best focused on "buying down the cost" of a project through donating or purchasing land, particularly when land prices are high. Both Misty Meadows and Canterbury Farms received public support through land purchase or donation.

The other lesson Amherst learned was that cluster development should be allowed "by right" in the zoning code rather than require a zoning change. Rezoning generally requires the approval of the Zoning Board of Appeals, which is relatively easy for citizens to control because of its small size. Allowing the use as of right, through the special permit process (which requires approval by the planning board, a much larger body), provides the developer more surety that some form of the development will be approved and allows the town to maintain influence over project design.

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Infill Development

See also Reusing Vacant or Abandoned Property for Affordable Housing, Vacant Building Registry (in Other Strategies)

Strategy description

Infill development takes advantage of empty lots, underused or vacant buildings, and other property within existing urban areas, often for affordable housing. Infill development can benefit from public utilities and other infrastructure that is already in place, reducing the cost of housing construction.

Target population

The target population for infill development varies; however, generally infill development involves single-family homes and small multifamily developments because it can be difficult to find large enough parcels for more sizeable developments. Infill development specifically for affordable housing is targeted primarily to low- and moderate-income renters and homebuyers.

How the strategy is administered

Developers must obtain the necessary permits to conduct infill development; local governments may encourage infill development by streamlining this process, waiving impact fees (see Graduated Impact Fees for Infill Development), providing subsidies, or other strategies.

How the strategy is funded

Most infill development is self-funded by developers, but the locality may provide at no or low costs properties acquired through tax foreclosure or code enforcement and may reduce or waive impact fees or assist with provision of infrastructure.

Extent of use of the strategy

Widely used throughout the country.

Locations where the strategy is being used[51]

- The Midtown neighborhood of St. Petersburg, FL, has 3,000-4,000 vacant lots, along with 300-500 boarded up buildings. The city acquires properties through code enforcement and demolition, and offers them for sale to nonprofits at a discounted price to encourage development. The city is working to revise zoning regulations to speed the pace of infill development. Regulations established in the 1970s require lots with 75-foot frontage, but homes in older areas of the city have 50-foot frontages. Developers will no longer be required to obtain zoning variances to build new houses in areas such as Midtown with smaller lots, or to acquire two lots to build one house.

- Phoenix's Infill Housing Program was established in 1995 to encourage development of single-family owner-occupied housing on vacant or underutilized land within the "mature" portions of Phoenix. Incentives for builders include Development Occupation Fee waivers for water and sewer, both worth $600 per unit; city aid for off-site improvement costs for qualifying projects; blight control adjacent to infill sites; and expedited review processes.
- In 1997, the Downtown Partnership launched the Downtown Housing Initiative, which sought to revitalize the Howard Street portion of downtown Baltimore. Through various redevelopment incentives, including state-sponsored short term financing to convert downtown commercial buildings to housing; deferred or reduced property taxes; and contributions from the city toward streetscape improvements, the city has begun to revitalize a once vibrant downtown shopping district. Over 400 housing units had been completed or were underway by 1999.
- Sacramento's Vacant Lot Development Program was tested as a pilot program in the Oak Park and North Sacramento neighborhoods beginning in 2002. Infill development was a cornerstone of the strategy, which sought to address the long-term difficulties associated with vacant lots, low owner-occupancy rates, and the lack of large homes in certain Sacramento communities. An initial allocation of $200,000 by the county of Sacramento was used for the construction of six four-bedroom homes and two three-bedroom homes.
- Seattle's Central Area Development Association used a combination of infill and mixed-use development, and a citywide housing levy to revitalize the business areas of the Central Area portion of Seattle, in part by providing additional affordable and market-rate units. One of the major projects, Welch Plaza, was built on the former site of a neighborhood hardware store. CADA partnered with a private real estate development company to complete the approximately $27 million project, which included 162 apartments, 48 percent affordable, and 18,000 square feet of ground floor retail and commercial space.
- Once a site full of dilapidated industrial buildings, Emeryville, CA has used a variety of infill development strategies to transform itself into one of the San Francisco Bay Area's most successfully redeveloped areas. Between 1995 and 2000, the city built 561 apartments, lofts, townhouses, and condos, 224 of which were classified as affordable for low and moderate-income families. Surrounding the homes are a wide variety of retail shops and other commercial developments, including office space. The city has adopted a variety of inclusionary zoning ordinances and has used tax-increment financing to fund many of the redevelopment efforts. The city was also selected by the EPA to participate in a brownfields cleanup program. One element of the program was the creation of an online "One-Stop-Shop" where landowners, developers, residents, and other interested parties can access land use zoning, property ownership, and environmental information on any parcel within the city (see case study).

Strategy results

- In St. Petersburg, FL, the number of vacant and boarded properties in the Midtown neighborhood decreased 50 percent between 1998 and 2001 and has been further reduced since then.

- Denver has made substantial efforts at generating housing units through infill development throughout the metropolitan area, including 7,283 units completed, 2,203 units under construction, and 7,059 units planned for development.

Pros and cons to using the strategy

Pros:

- Useful in urban areas such as downtowns, economically depressed neighborhoods, transit corridors and locations near employment, shopping, recreational and cultural centers.
- Promotes efficient use of land in existing communities.

Cons:

- Since vacant land parcels are often scattered and spread out, opportunities to build more than one housing unit at a time are relatively uncommon.
- Constructing new buildings or rehabilitating existing buildings that are connected to already existing buildings can be difficult structurally and lead to increased costs.
- Existing infrastructure may be outdated and inadequate.
- Building on small sites, where there is very little room for equipment necessary for construction, can be difficult and costly.
- Infill development can be challenging in neighborhoods with old housing stock. Resale can be challenging because the new housing developed may be much more expensive than surrounding properties.
- Permitting policies can be difficult in areas where potential infill development may occur.

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EMERYVILLE, CALIFORNIA

Someone passing through Emeryville in 1977 and again in 2007 would hardly recognize the city. Emeryville has undergone a significant transformation over the past 30 years. During the late 1970s and early 1980s, Emeryville was dotted with abandoned former industrial sites, virtually all of which were contaminated. Today, Emeryville is dotted with shopping centers, residential communities, and commercial headquarters.

- ✓ Infill development
- ✓ Redevelopment of brownfields
- ✓ Changes in zoning to encourage affordable housing
- ✓ Mixed-use development
- ✓ Inclusionary zoning
- ✓ State mandates and guidance for local planning

At the same time that Emeryville has undergone revitalization, the city has maintained a focus on affordable housing, using a variety of strategies to produce hundreds of affordable units each year. These strategies range from brownfields and infill development to high-density zoning and inclusionary zoning.

Brownfields redevelopment and infill development

With 20 percent of Emeryville's non-residential property vacant and 40 percent underutilized in the 1970s, the city realized that the revitalization necessary to restore the city to fiscal health would require clean up and redevelopment of these areas. As a result, infill and brownfields redevelopment became the city's first major tools. "The city was literally dying," said Amy Hiestand of the Emeryville Redevelopment Agency. "Manufacturing was leaving."

The city established two redevelopment project areas that covered 99 percent of the area of the city. Using federal, state, and local sources of grant funding for redevelopment, the city partnered with the private sector by helping finance brownfields clean-up. Hiestand notes that the city recognized the importance that partnerships with the development community would play, including providing financial assistance for clean-up. "[These partnerships] really had to happen for any development to work," she said.

High-density zoning one of city's most effective strategies

Given that Emeryville is essentially built out, the city's next strategy was to allow high-density development and encourage mixed-use development. The city's zoning laws allow housing in all of the city's zoning districts except the shoreline and open recreational space zones. Even in the heavy industrial zones, live/work units are allowed.

Perhaps more importantly, Emeryville's zoning laws permit high unit density allowances by right. Emeryville contains no low-density zones; medium density zones allow 20 units per acre by right, and 45 with a conditional use permit, while its high density zones allow 45 units per acre by right, and 108 with a conditional use permit.

> ***"We encourage a higher density. We recognize we have limited land capacity."***
> -Amy Heistand

"We encourage a higher density," said Heistand. "We recognize we have limited land capacity. The city has tried to take a proactive role in encouraging attractive high density [residential development]."

As one strategy the city has used to promote attractive high-density development, the Redevelopment Agency has commissioned design studies and design guidelines that allow for maximum density usage.

"We use this as a tool for developers to show them what has been the density of projects in the city," said Heistand.

The city also maintains a master list of all proposed, current, and completed projects throughout the city to allow for streamlined and efficient land use planning processes. In working directly with developers who focus specifically on corridor development, Emeryville has been able to maximize efficient land use in crucial areas such as the San Pablo Avenue corridor.

Finally, the city has strongly encouraged mixed-use development that contains a ground floor retail component. Hiestand indicates that this has proved challenging at times, however, because the city does not yet have the population to support these businesses, so many of the already developed ground floor spaces remain for

lease. To help solve this problem, the city is considering converting some of the designated retail spaces into office space.

Emeryville seeks solutions to refine inclusionary zoning ordinance

The city of Emeryville has also spent much of the last 20 years developing a workable inclusionary zoning policy. The City passed an inclusionary zoning law in 1990 requiring projects with 30 or more units to include 20 percent moderate income units (affordable to households with incomes up to 120 percent of the area median income). As partial cost-offsets, the city offers a 25 percent density bonus and, with approval, permits the square footage of affordable units to vary from the market-rate units.

With a slow housing market during the 1990s, however, it was not until 2000 that a development project was subject to the inclusionary zoning ordinance. By this time, Emeryville's residential market was heating up, and the city began to see growth in private development, including many large parcel projects with mixed residential, retail, and commercial uses, almost all of which have produced affordable units under the inclusionary zoning law.

The first of these projects was the Emeryville Warehouse Lofts, completed in 2000, which converted an old warehouse building into 140 lofts, including 11 live/work units and 129 residential units, 26 of which were purchased by moderate- and low-income households. The development also contains a renovated parking structure, 7,000 square feet of retail space, and a 4,500 square foot landscaped courtyard.[52]

Emeryville Warehouse Lofts

Although dozens of moderate-income units have been produced since 2000 under the inclusionary zoning ordinance, property owners have struggled to find tenants to fill them. Part of the problem, Hiestand says, stems from the fact that in Emeryville, rental units affordable to moderate-income households rent for roughly the same amount as the market rate units, an average of about $1,800/month for a one-bedroom apartment.

In response, the Emeryville City Council is revising the inclusionary zoning law. The requirement that 20 percent of units be affordable to moderate-income households will be reduced to 9 percent, and 6 percent of units must be affordable to low- and very low-income households, for a total of 15 percent affordable units.

The city is soliciting input from the development community through a series of focus group meetings on how to revise the law. The city intends the new inclusionary zoning ordinance to be cost neutral for developers compared with the current 20 percent requirement. The city also hopes the units produced will better match the affordability needs of the community. Understanding Emeryville residents' housing needs is something that Hiestand indicates is a key lesson the city has learned through this process.

City provides direct financial assistance to developers and homebuyers

Under state law, 20 percent of the Redevelopment Agency's tax increment financing revenues are dedicated to a Low and Moderate Income Housing Fund (LMIHF), which provides direct assistance to developers and homebuyers. Last year, 40 homebuyers received a total of $2.26 million in loans, of which $1.1 million was from the LMIHF.

The city also provides low interest loans and land write-downs to developers; however, the assistance subjects developers to the state's prevailing wage laws, so many developers are not interested in the city's funding.

Emeryville plans for long-term housing needs

Emeryville's affordable housing production emphasis stems, in part, from local and state pressures. The regional government, the Association of Bay Area Governments (ABAG), of which Emeryville is a member, allocates the number of units each city

within the nine Bay Area counties is expected to produce over the next 10 years. California's Housing Element Law requires that the city prepare a Ten-Year Housing Compliance Plan to be updated every five years. This document must include plans for meeting the ABAG target.[53]

Emeryville's target for housing production between 2006 and 2014 is 1,137 units. The city has calculated that 49 percent of that number must be affordable to moderate, low, or very low-income households to meet state affordability targets.

Emeryville takes these targets seriously. "We're ahead of the game on our Housing Element," said Heistand. "It's due in 2009, and we started [working on it] in 2009."

The last time Emeryville completed a similar housing plan, between 1999 and 2006, it surpassed the total number of targeted units, but struggled to meet the affordable allocation. Hiestand says that the city is well on its way to meet the current plan's total unit production goals, but once again will struggle to achieve its affordable target.

Bay Street project highlights Emeryville's development progress

The first phase of the Bay Street project is one of Emeryville's largest and most successful redevelopment efforts to date. Bay Street includes retail stores, restaurants, a 16-screen multiplex movie theater, parking facilities for up to 1900 vehicles, a 250-room hotel,[54] and 322 residential units, of which 57 are affordable to very low and low income households. Bay Street also frequently hosts community events. An extension of the original project, which would add another 293 units as part of another mixed-use development is currently under review.

Bay Street Residential

The 21-acre brownfield, originally known as South Bayfront, formerly housed industrial warehouses dating to the early 1920s. After nearly a decade of planning, the Emeryville Redevelopment Agency invested $27 million from tax increment financing and tax allocation bond revenue to clean up, remediate, and assemble the nine separate but connected properties that made up the site. [55]

Once the site was ready for development, the Agency sold the property to the developers—Madison Marquette which developed the retail portion, and MacFarlane Partners, which did the residential portion—while it simultaneously sought repayment for the contamination from the responsible parties. The Agency financed the retail portion of the project; the retail developer is repaying the Agency over a 25-year period for their portion of the acquisition.

Due to the difficulty in financing mixed-use projects in Emeryville, Madison Marquette acquired pre-leases from 60 percent of the eventual tenants.[56] On the residential side, MacFarlane Partners sold many of the site's condominiums prior to the project's completion.

Bay Street Retail

The residential portion of the development is divided into two sections; the first contains 95 market rate condominiums that sit above the ground floor retail stores, and the second is a 284 unit rental complex on the opposite side of the property, which includes 20 percent (or 57) very low income units. As expected, the affordable units were very popular from the outset, attracting 400 applications for the 57 available units.

Hiestand considers the Bay Street development to have been a success for all parties involved, generating millions of dollars in annual sales tax and property tax

revenues for the city, increasing the number of jobs in the area from 150 to between 1,650 and 1,800, depending on the time of year, securing much-needed affordable housing, and helping Emeryville continue its transformation.[57]

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Mixed-Use Development

Strategy description

Mixed-use development is designed to allow a variety of land uses, including office, commercial, residential, live/work and—in some cases—industrial or manufacturing, to be combined within a single development or district. Commercial and market-rate residential units are sometimes used to subsidize affordable units. In addition, cost savings including shared parking arrangements, shared costs for building operation, maintenance, and security, and higher density development can improve housing affordability. In addition to reducing the costs of housing, mixed-used development may also reduce traffic and transportation burdens to residents and has the potential for creating job opportunities near affordable housing.

History of the strategy

Throughout most of human history, the majority of human settlements developed as mixed-use environments. Industrialization changed this, as cars and mass transit became standard and zoning segregated residential and other land uses early in the 20th century. Beginning in the 1960s the term mixed use development began to be incorporated into urban revitalization plans, as developers and city planners realized that combining residential and commercial land uses could benefit communities.

Target population

Low- and moderate-income renters and homebuyers benefit from affordable housing units created in mixed-use developments. Mixed-use development may also benefit the community generally, as development is concentrated, often in infill locations, creating a better synergy between uses and a more vibrant setting.

How the strategy is administered

- Administration varies, but often the local government works with developers (for-profit or not-for-profit) to identify land suitable for mixed-use development. Zoning ordinances must be in place to allow for mixed-use and/or high-density development; if they are not, new zoning laws must be adopted to allow for such development. For example, form-based codes, a method of regulation that primarily controls physical form and has only a secondary focus on land uses, can be implemented. This form of zoning addresses the design of a site in ways that are intended to create a sense of place. Codes may include requirements for building height, how a building is placed on site, and building elements (such as location of windows, doors, etc.).
- When affordable housing units are incorporated into mixed-use developments, local governments may be involved in ensuring long-term affordability.

How the strategy is funded

- The funding can come from a number of different sources. Often, local municipalities that own the land offer grants or loans to developers who choose to use mixed-use strategies as part of their development plan. Financing for mixed-use development can be difficult to arrange because of its combination of residential and commercial uses, so multiple lenders and city and state agencies may be involved in the same development project.
- Local governments sometimes offer density bonuses for mixed-use developments that include affordable units

Extent of use of the strategy

Mixed-use development is used widely throughout the country.

Locations where the strategy is being used

- Vermont has established a Task Force on Redevelopment of Upper Stories of Downtown Buildings, New Town Center Development Incentives and Regulatory Reform, or "upper floors task force." They found that many of Vermont's older and historic buildings in downtowns have unused or underused upper stories. One of the task force's recommendations that has been adopted is to provide a 50 percent state tax credit, up to $12,000, for installation or improvement of a lift, and $25,000 for installation or improvement of an elevator or sprinkler system in buildings in designated downtowns. Upper floors have been redeveloped in several Vermont towns, including Windsor, Brandon, Bellows Falls, and Randolph.
- In order to address the limited financing available for mixed-use development, the Pennsylvania Housing Finance Agency makes loans for rehabilitating residential portions of vacant properties while banks provide financing for the commercial portions.
- In Rollins Square, in South Boston, 20 percent of the units are rentals reserved for households with incomes from 30 to 60 percent of the Boston area median income, 40 percent are for-sale units for households with incomes 80 to 120 percent of the AMI, and the remaining 40 percent are market-rate units. A non-profit developer built Rollins Square.
- Through its "Upstairs, Downtown" program, New Jersey's Housing and Mortgage Finance Agency provides below-market mortgage funds to encourage property owners to create and maintain second story residential units above commercial uses in downtown locations.
- East Greenwich, RI has a mixed-use planned district that specifically encourages affordable housing. The low-density commercial part of the development is intended to offset the tax burden of the higher density residential component.

Pros and cons to using the strategy

Pros:

- Higher-density development can include a diversity of housing types, from lower-priced studio apartments to much larger units.

- May reduce residents' transportation expenses, because they are more likely to be in walking distance of jobs and amenities.
- Often makes use of underutilized existing space and infrastructure.
- Allows for shared parking between residential, office, and commercial uses.
- In distressed communities, mixed-use developments with careful planning of layouts can improve safety and create a sense of community.

Cons:

- Difficult to finance because lending institutions typically cannot sell loans for mixed-use developments on the secondary market, but must hold them in portfolio, limiting the financing available.
- Often requires changes in zoning ordinances that historically have separated residential from commercial land use.

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Planned Unit Development

Strategy description

Planned unit development (PUD) is a type of zoning district as well as a site planning approach to development that includes mixed uses and a variety of housing types, typically on large parcels of land. Within a PUD, flexibility in zoning is allowed, and regulation focuses on overall design of the development rather than lot-by-lot zoning. Residential land uses in a PUD typically are clustered to allow for shared open space. The higher densities often allowed, as well as the clustering of buildings and mixing of uses, allow for reduced site costs, which can increase housing affordability.

The primary difference between PUD and cluster development is that PUDs now typically include commercial as well as residential uses and generally involve larger parcels.

History of the strategy

The concept of a Planned Unit Development was used shortly after World War II in Levittowns, which were developed as whole communities within large metropolitan areas. In 1949, Prince Georges County, Maryland permitted the development of a large tract of land as a complete neighborhood unit, having a range of dwelling types, shopping facilities and off-street parking areas, parks, playgrounds, school sites, and other community facilities. One of the first uses of the term Planned Unit Development was in 1962 in San Francisco's zoning ordinance.[58]

Target population

PUDs benefit the community generally, by providing housing that may be less expensive because of the higher densities and lower cost of infrastructure. This is more true in communities that provide density bonuses for PUDs. Affordable housing included in PUDs is likely to target low- and moderate-income renters and homebuyers.

How the strategy is administered

PUD provisions must be added to a community's zoning law or ordinance. The process of adding PUD provisions to the local zoning law is identical to adopting any zoning local law or amendment. The PUD local law must be drafted, published, subjected to public hearing, and the zoning map amended, adopted and filed. Some communities create an overlay zone to accommodate PUDs, some treat it as a conditional use, and others as a designated district.

How the strategy is funded

No additional funding necessary.

Extent of use of the strategy

PUDs are widely used in municipalities throughout the country. While affordable housing is rarely the primary goal, the provision of affordable housing often accompanies the use of PUDs.

Locations where the strategy is being used

- Sequim, WA requires affordable housing to be included in PUDs of less than five acres, and allows a bonus of one standard lot for each affordable unit. PUDs larger than five acres are also allowed bonuses.[59]
- Bozeman, MT offers flexible application of underlying zoning requirements in a PUD in exchange for community goods provided in the PUD such as affordable housing or open space.
- Teton County, WY has a provision for PUD Districts for Affordable Housing. This special district allows flexibility for landowners to plan for the development of affordable housing.
- Talent, OR's PUD standards allow for innovative, affordable housing types such as cottage housing.
- Gardiner, ME offers density bonuses in PUDs for affordable housing.

Pros and cons to using the strategy

Pros:

- PUDs provide flexibility by allowing for mixed uses and a variety of structure types and densities. Single- and multifamily affordable housing can be mixed with market-rate housing, creating a community with income diversity.
- PUDs minimize the costs of infrastructure by minimizing lengths of roads and utility lines through efficient development planning.
- PUDs may reduce transportation costs because residents may have shorter commutes and/or live closer to shopping and other amenities.
- PUDs can increase the amount of protected open space without cost to the government, or need for maintenance by the municipality, if private ownership of the open space is retained.
- PUDs help to build relationships among various community stakeholders, as they work together to determine the specifications of the PUD.

Cons:

- PUDs may take longer to approve because they may require the cooperation of many different community stakeholders.

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