Affordable Housing Incentives
Regional TOD Advisory Committee • June 15, 2018
Foundation Strategies
1. Continuing regional program
2. Partnerships and collaboration
3. Community and stakeholder engagement
4. Build community capacity
5. Evaluation and monitoring

Attract Growth
6. Station area plans
7. Efficient use of land
8. Transit system design
9. Innovative Parking Tools
10. Infrastructure and public realm investments

Housing Choices
11. Housing needs assessment
12. Preservation and replacement
13. Housing investments in transit communities
14. TOD property acquisition fund
15. Value capture financing
16. Surplus public lands
17. Incentives
18. Fair housing

Access to Opportunity
19. Community needs assessment
20. Environment and public health
21. Economic vitality and opportunity
22. Mobility
23. Education
24. Neighborhood safety
GTC: Affordable Housing Incentives

Strategy 17: Leverage Market Value through Incentives for Affordability

• Technical support
• Feasibility studies to evaluate costs and benefits
• Develop and implement incentives

2017 Monitoring Report – 18 of the 33 Cities* Have Adopted Incentives

• Density bonus
• Fee waiver
• Parking Reduction
• MFTE

*Cities with station areas included in the 2017 Monitoring Report
# Overview of Affordable Housing Incentives

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Overview</th>
<th>Single Family</th>
<th>Multifamily</th>
<th>Ownership</th>
<th>Rental</th>
<th>Market Rate</th>
<th>Subsidized</th>
<th>Less than 80% AMI</th>
<th>+80% AMI</th>
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<tbody>
<tr>
<td><strong>Fee Waiver/Reduction</strong></td>
<td>Costs associated with the development process can be reduced or eliminated to encourage selected types of development.</td>
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<td><strong>Density Bonuses</strong></td>
<td>Density bonuses allow developers to build more than normally allowed, in exchange for public benefit.</td>
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<td><strong>Surplus Property</strong></td>
<td>Local governments can facilitate the development of affordable housing by making public land available for eligible projects.</td>
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<td><strong>Incentive Zoning</strong></td>
<td>An incentive zoning system is implemented on top of an existing base of development regulations and offers developers regulatory allowances in exchange for public benefits.</td>
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<td><strong>Multifamily Tax Exemption (MFTE)</strong></td>
<td>Cities may exempt multifamily housing from property taxes in urban centers with insufficient residential opportunities.</td>
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Financial Analysis of Incentives

What is available?

- Project analysis and efficacy of incentives
- General impacts of affordable housing incentives
- Jurisdiction-level analysis of affordable housing incentives

What is not available?

- Dynamic tools that assess progress towards jurisdiction goals and highlight where current policies could be improved
- Adaptable financial models that capture a jurisdiction’s market development capacity and the net impact of affordable housing incentives:
  - on developer opportunity costs in dynamic markets
  - on citywide budget (deferred revenue)
  - In targeting development in desired zones (TOD, etc.)
Economics of Inclusionary Zoning – Urban Land Institute

Inclusionary Housing Calculator – Housing Solutions Network
https://inclusionaryhousing.org/calculator/

2012 Inclusionary Housing Analysis – San Francisco

Seattle Affordable Housing Nexus Analysis – David Paul Rosen & Associates
City of Bellevue Tiered Incentives

New Vision Established for BelRed Subarea in 2009

• Compact, transit-oriented neighborhoods
• 10,000 new jobs and 5,000 new housing units by 2030
• Affordable housing through incentive system
• Restored streams and ecological functions
• New parks, trails, bike paths and amenities
BelRed Subarea – East Link Light Rail

BelRed highlighted stations will provide light rail service to BelRed (opening in 2023).
BelRed Land Use and Natural Systems

Nodal Zoning Pattern

Parks and Streams Vision
Tiered Incentive System – Examples

2009

2018
Within Nodes
(MO-1, OR-1, OR-2, RC-1, RC-2, RC-3)

Tier 2: Any (0.5 FAR)
Tier 1: Parks & Streams, Regional TDRs (2.5 FAR)
Base (1.0 FAR)

Non-Residential Development

Residential Development

Outside Nodes
(R and CR Zones Only)

Tier 2: Any (0.5 FAR)
Tier 1b: Parks & Streams, Regional TDRs (1.25 FAR)
Tier 1a: Affordable Housing (1.25 FAR)
Base (1.0 FAR)

Non-Residential Development

Residential Development

Non-Residential Development

Residential Development

Note: Tier 1 bonus(es) must be fulfilled prior to pursuing Tier 2 bonus. Where applicable, Tier 1a bonus must be fulfilled prior to pursuing Tier 1b bonus.
### BelRed Incentive System Tiers

<table>
<thead>
<tr>
<th>Tier 1a</th>
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<tr>
<td><strong>Affordable Housing</strong> – Density bonus of 4.6 square feet of market rate housing for every 1 square foot of affordable apartments (at 80% AMI); MFTE may also be used (10% at 50% AMI and 10% at 70% AMI)</td>
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<th>Tier 1b</th>
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<tr>
<td><strong>Park Dedication</strong></td>
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<td><strong>Park Improvements</strong></td>
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<td><strong>Trail Dedication and Easements</strong></td>
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<td><strong>Stream Restoration</strong></td>
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<td><strong>Purchase of Regional TDRs</strong></td>
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<td><strong>Child Care/Nonprofit Space</strong></td>
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<td><strong>Public Restrooms</strong></td>
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<tr>
<td><strong>Public Art</strong></td>
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<tr>
<td><strong>Public Access to Outdoor Plaza</strong></td>
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<tr>
<td><strong>LEED Gold or Platinum Certification</strong></td>
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<tr>
<td><strong>Active Recreation Areas</strong></td>
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<td><strong>Natural Drainage Practices</strong></td>
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Overall Project
- 4.32-acre site
- 452 multifamily units
- Achieved 1.89 FAR; 4.0 maximum allowed

Amenities Used
- Tier 1a: 54 affordable apartment units at 80% AMI (12% of total units)
- Tier 1b: N/A
- Tier 2: N/A
Example – Project B

Overall Project
- 5.95-acre site
- 618 multifamily units
- Achieved 2.0 FAR which is maximum allowed

Amenities Used
- Tier 1a: 35 affordable apartment units at 80% AMI (6% of total units)
- Tier 1b: Purchase of 23 Regional TDRs for $1.4M; $450K towards parks system
Takeaways from Initial Implementation

• Amenity system is being used; appears to be a true incentive
• Not all development will reach maximum density allowed by zoning
• There are policy trade-offs regarding how tiers are structured to achieve public objectives
• Periodic amenity system review will be able to make any necessary modifications
Thank you.

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