Regional Transit-Oriented Development Advisory Committee

Friday, June 15, 2018 | 10:00 a.m. – 12:00 p.m.
Puget Sound Regional Council | 1011 Western Avenue, Suite 500, Seattle, WA 98104

Focus on Housing

10:00  1. Call to Order – Committee Co-Chair
        2. Introductions – Committee Members
        3. Report of the Co-Chair
        4. Communications and Public Comment
        5. Staff Report

10:10  6. Information Item: Sound Transit TOD Policy

10:20  7. Discussion Item: VISION 2050 and Housing – PSRC staff
        • Report out on May 17th Peer Networking Housing Work Session
        • Group discussion – What strategies in the GTC Strategy are most germane to VISION 2050?

10:55  8. Discussion Item: Featured E-TOD Tool: Affordable Housing Incentives – PSRC staff; Emil King, City of Bellevue
        • Overview of select set of incentives
        • Gaps and opportunities in financial analysis of incentives
        • City of Bellevue’s tiered incentives for BelRed subarea

11:25  9. Discussion Item: Surplus Lands for Affordable Housing – James Madden, Enterprise Community Partners; Lauren Flemister, City of Tacoma
        • Enterprise Community Partners surplus lands mapping
        • Surplus lands policies in the City of Tacoma’s Comprehensive Action Strategy on Affordable Housing

10. Information Item: FTA Transit Planning in Communities Funding Opportunity

11:55  11. Next meeting: September 21, 2018 – Focus on Equitable Growth and Development
        • VISION 2050 and GTC: Regional Growth Strategy
        • Featured ETOD tool: Parking
        • Additional topics TBD

12:00  12. Adjourn Meeting

It is requested that Public Comments be limited to two minutes and relate to topics on today’s agenda. Committee members please submit proposed amendments and other materials prior to the meeting for distribution. Organizations/individuals may submit information for distribution. Send to Laura Benjamin at lbenjamin@psrc.org, fax 206-464-7134, or mail.

Sign language and communication material in alternate formats can be arranged given sufficient notice by calling (206) 464-7090 or TTY Relay 711. 中文 | Chinese, 한국 | Korean, Русский | Russian, Español | Spanish, Tagalog, Tiếng việt | Vietnamese Call 206-587-4819.
The Regional TOD Advisory Committee discussed the VISION 2050 scope, focusing on aspects of the update that could further implement the Growing Transit Communities Strategy, at their March 16, 2018 meeting. The committee cycled through three small group discussions corresponding to the major goals of Growing Transit Communities: attracting growth to station areas, affordable housing, and access to opportunity. Committee members were asked to discuss the following questions:

- Which of the Growing Transit Community strategy areas related to the attract growth goal should be prioritized for further work as part of VISION 2050?
- Are there preliminary ideas for how VISION may be amended to address this goal?
- What additional information or data would you like to see to support a more extensive discussion of this topic at a Regional TOD Advisory Committee meeting later in 2018?
- Are there additional aspects of the GTC strategies related to attracting growth in the form of TOD that you would like to discuss as it relates to VISION 2050?

A summary of these discussions is captured below.

### ATTRACTING GROWTH TO STATION AREAS

#### General
- Plan for TOD understanding community strengths and wishes, and providing guidance, support, and flexibility.
- Up front, agree on regional principles that people value and can easily understand.
- In discussing TOD, focus less on #s (density, building height) and more about amenities that result from community building around transit.
- Messaging is crucial, to public, electeds, business, and investors.

#### Regional Growth Strategy
- Identify desired regional outcomes for VISION 2050 as basis for how much to emphasize TOD.
- TOD should be the growth strategy.
- TOD uses our scarce urban land more efficiently.
- Identify where zoned capacity for TOD exists now, where upzones are needed and how much.
- Leverage recent trends in travel, housing, and neighborhood choices, including preference for walkable communities and the kind of amenities that TOD can provide.

#### Healthy Communities
- Achieving equity and livability need to be paramount objectives in all places.
- Plan ahead for future demographic trends, such as more seniors who will need walkability and accessibility in communities.
- Healthy communities, especially walkability, can help to market station areas for development.
- Transit communities need other types of services, such as schools.

#### TOD Implementation
- Plan for “development-oriented transit”, with transit lines and stations located in ways that support TOD.
- Density can be achieved through re-use of existing buildings along with infill and redevelopment.
- Stage public investment in anticipation of transit investments.
• Identify existing constraints on development, such as lot patterns.
• Reconsider resources currently devoted to park and ride capacity in station areas. More forward looking, other types of access to transit are going to be more lasting and important. Shift freed up resources to other amenities.
• Providing adequate parking now is important to selling TOD to local residents.
• Consider adaptive design for parking structures at transit stations to accommodate non-parking uses in the future.

**PROVIDE AFFORDABLE HOUSING CHOICES IN TOD**

**General**
- We need a regional plan to meet housing supply needs.
- VISION 2050 should be consistent with the housing goals in the GTC Strategy.
- Fund station area planning for housing.
- Identify gaps and failures in housing regulations and then design incentives to fill those gaps.
- Learn from best practices for regions with more established light rail/HCT – Portland, Twin Cities, others.

**Housing Need**
- Condo liability laws increase the pool of renters and decrease entry level ownership opportunities.
- Aging population increases need for a variety of affordable housing types.
- High land cost is biggest barrier to affordable housing in station areas.
- Required parking in new development is very expensive and a barrier to affordability.

**Displacement and Preservation**
- Increasing density can conflict with preserving existing units that are often in lower density, garden apartments.
- Goal should be to encourage development while maintaining rent levels and community members, although striking this balance can be difficult.
- Interventions to preserve existing market rate affordable units should avoid limiting rights of property owners.
- Displacement pressures will increase with the extension of South Link light rail.

**Housing Tools**
- Housing tools and strategies should be geographically specific – different places, different markets need different tools. Consider updating the GTC typology to inform this.
- Site control around transit stations enables new housing to come on line when market may not produce. Prioritize land acquisition early on – acquisition around South and North Link stations should be happening now.
- Affordable housing developers need new sources for gap financing.
- Educate people about the positive impact of development and density on local tax base.
- Washington State needs tax increment financing.
- Even if technically allowed by zoning, development code requirements often disincentivize infill housing, such as ADUs.
- Improve coordination of housing funding to increase efficiency and lower costs for developers.
- Reduce barriers to public-private and other partnerships (see Chicago hospital-housing case study).
- Create a platform for information sharing, such as experience with zoning and permitting infill.

**Housing Data**
- Better data for station areas should include: zoned housing capacity, households by income, housing units affordable at AMI quintiles.
• Identify the affordable housing gap – regionally and at station areas.
• Create community profiles using 2017 monitoring data.

SOCIAL EQUITY AND ACCESS TO OPPORTUNITY

General
• Local circumstances should guide more localized solutions.
• VISION 2050 should employ an equity evaluation tool – evaluate both regional and local policies.
• Proactively address suburbanization of poverty.
• Access to jobs, parks, and a neighborhood safety is crucial.
• Implementing a regional vision for social equity is hampered by many different local agendas and underlying organizational challenges.
• Funding is needed at the local and regional levels.
• Opportunity mapping should be accessible for local purposes.
• Create and maintain unique places to support thriving communities.
• Consider resources on EJ mapping at UW.
• Make it an explicit priority to close the opportunity gaps with clear targets, outcomes, and monitoring/assessment.

Equitable Engagement
• Local community outreach is an ongoing struggle for PSRC, and should be priority for VISION update, including engaging people “where they are.” Get a clear sense of community needs from communities themselves.
• Broaden and support equitable community engagement, including with community engagement grants.

Mobility
• Pedestrian connections are foundation of access in station areas.
• People need to be able to access transit (especially via walking) that connects them to the places they want/need to go.
• Lengthy commutes create a lack of social connectivity among communities.
• Think beyond present to future modes of access to transit stations.
• Budgeting for walk and bike alongside transit investments can help catalyze investments.

Employment/Economy
• Competition between economic development agencies is not beneficial to social equity outcomes.
• Focus on middle-wage jobs that meet the employment skills and needs of communities.

Healthy Communities
• Promote physical activity with access to transit by bike, walking.
• Address social/emotional health through placemaking and encouraging community interaction.
• Seek out health and equity expertise in updating VISION.
DATE: June 8, 2018
TO: Regional TOD Advisory Committee
FROM: Laura Benjamin, Senior Planner, Puget Sound Regional Council
SUBJECT: Sound Transit TOD Policy

IN BRIEF
Sound Transit staff will provide an overview of the adopted equitable transit-oriented development policy and next steps for implementation. This is a follow-up from staff’s presentation on the draft policy at the committee’s March 2018 meeting.

DISCUSSION
On April 26, 2018, the Sound Transit Board of Directors adopted an equitable transit-oriented development policy that responds to new state requirements for affordable housing and direction within the ST3 system plan.

The Agency spent the majority of 2017 working a handful of transactions through the pipeline in order to understand how the program operates under the new statute in order to apply best practices to the policy update. At the December 2017 Sound Transit Board of Director’s Executive Committee meeting staff received confirmation on policy scope, components and 5 priorities. The priorities identified were: affordable housing, engagement, financial responsibility, flexibility and integrated planning.

The scope and priorities stemmed from ST3, the transactions acted upon this year and the discussions that took place in the Sound Transit Boardroom. Starting in January 2018 staff used the Board direction to begin crafting the first draft of the updated policy and released that draft in late February to local and regional jurisdictions and stakeholders for comment. Sound Transit also held a series of workshops and briefings around the region to get feedback on the draft.

At the March 22nd Sound Transit Board meeting staff presented the first draft and discussed how it is comprised of goals, strategies and approaches that deliver:

1. Equitable TOD integrated in project delivery
2. Affordable housing outcomes with particular emphasis on partnerships
3. And the exploration of working with others on joint outcomes
Staff received direction from the Board to update the draft based on their discussion and to reflect the feedback received.

The staff recommended updates to the policy were presented and discussed at the April 5th Executive Committee and final action, including passage of a handful of resolutions, was taken to adopt the policy at the April 26th Board meeting. The resolutions added policy language to reflect and complement the Growing Transit Communities strategy, add emphasis to reporting and accountability and ensure equitable outcomes and coordination with local jurisdictions. The adopted TOD policy is available online.
At the June 15 meeting, Sound Transit staff will review the content of the adopted policy. The committee will have an opportunity to ask questions, and to discuss the adopted policy and next steps in light of the committee’s work to implement the Growing Transit Communities Strategy.

NEXT STEPS
Sound Transit staff is now tasked with working on guidelines and procedures and developing a regional plan that will capture the agency’s portfolio and establish a timeline for advancing properties. This work will be done with input from local and regional stakeholders and jurisdictions.

STAFF CONTACT
For more information, please contact Laura Benjamin at 206-464-7134 or lbenjamin@psrc.org.
DATE: June 8, 2018

TO: Regional TOD Advisory Committee

FROM: Laura Benjamin, Senior Planner, Puget Sound Regional Council

SUBJECT: VISION 2050 and Housing

IN BRIEF
The committee will be asked to provide input on housing tools and strategies from the Growing Transit Communities Strategy that are most germane to VISION 2050 to help inform the GMPB’s forthcoming discussion on housing.

BACKGROUND
As discussed in greater detail at the committee’s March 2018 meeting, PSRC has launched a two-year planning process for VISION 2050. Additional information regarding VISION 2050 and the environmental review process is available on the PSRC website at: https://www.psrc.org/vision.

The GTC Strategy has been identified as a foundational document for VISION 2050. As the Regional Transit-Oriented Development Advisory Committee works to promote the GTC Strategy and provide guidance to PSRC, the Committee has the opportunity to identify components of the GTC Strategy that are most germane to VISION 2050 and to develop recommendations on how to best integrate aspects of the GTC Strategy into the regional plan.

DISCUSSION
Housing in the Growing Transit Communities Strategy
Housing, specifically affordable housing, is a central theme of the Growing Transit Communities Strategy. The strategy sets as a goal to “provide housing choices affordable to a full range of incomes near high-capacity transit,” specifically to:

- “Use a full range of housing preservation tools to maintain the existing level of affordable housing within each transit community, and
- Use a full range of housing production tools and incentives to provide sufficient affordable housing choices for all economic and demographic groups within transit corridors, including new housing in the region’s transit communities collectively that is proportional to region-wide need or greater to serve transit-dependent households.”

The strategy also sets numeric goals to support and realize the benefits of a compact pattern of housing growth. Transit communities are expected to attract at least 25% of housing growth in the region through the year 2040. The strategy also states that new housing units should be proportional to regional-wide affordability needs, which are approximately:

18% of HH – 50-80% AMI (Moderate Income/Workforce)
12% of HH – 30-50% AMI (Low Income)
13% of HH—Less than 30% AMI (Very Low Income)
These goals apply to the region’s transit corridors collectively, and do not suggest a specific desired outcome for any individual transit community.

To advance these goals, the strategy recommends several regional and local tools and approaches that include:

- Assess current and future housing needs in transit communities
- Minimize displacement through preservation and replacement
- Direct housing resources to locations served by high quality transit
- Expand options for using value capture financing
- Make surplus public lands available for affordable housing
- Provide regulatory incentives for affordable housing

**Housing in VISION 2050**

VISION 2040 encourages housing production that meets existing and future needs. It places a major emphasis on the location of housing and promotes fair and equal access to housing. VISION 2040 calls for preserving and expanding housing affordability, incorporating quality and environmentally friendly design in homebuilding, and offering healthy and safe home choices for all the region’s residents.

The multicounty planning policies (MPPs) address housing diversity and affordability, jobs-housing balance, and best practices for residential development. VISION 2040 encourages the construction, preservation, and ownership of a variety of homes – including for special needs and middle- to low-income households. The regional plan recognizes the importance of having employment, services, and transportation options close to home. Increasing housing choices and opportunities in regional growth centers and employment centers aims to improve efficiency and mobility and strengthen the region’s economy.

Housing has been repeatedly noted as a critical regional issue, including during the Taking Stock 2016 review, during early discussions with the Growth Management Policy Board, and in the comments received during VISION 2050 scoping.

Recognizing that housing is a vast and complicated issue, PSRC started early work on housing to update data and engage stakeholders. PSRC released a draft Housing Background Paper, available online. PSRC held a Peer Networking event focused on housing to identify strategies that have the greatest promise for consideration by the GMPB for VISION 2050 or PSRC’S future work program. Much of the feedback received during the Peer Networking event (see Attachment A) aligns with the GTC Strategy and may benefit from further review by the committee. Three themes throughout the discussions were 1) recognition that housing is a regional issue and there is a need for greater regional coordination and consistency; 2) the need for additional technical assistance, data, and monitoring; and 3) strategically leverage affordable housing opportunities in high growth areas, such as transit communities.

**Questions for the Committee**

- Should a numeric goal for overall housing growth in transit communities be incorporated into the alternatives analysis/environmental review for VISION 2050? Should the goal be revised to reflect recent transit investments such as ST3, new BRT lines, and Kitsap Fast Ferries?
- Are there ways in which VISION could provide more specific guidance for local plans and/or subarea plans?
- What GTC tools/strategies at the regional, countywide, or local levels could be added to VISION 2050?
- Do the key themes identified during the Peer Networking event help to address the housing challenges facing the region and housing challenges specific to transit communities? If not, what is missing?
NEXT STEPS
A summary of the committee’s discussion will be shared with the GMPB to help inform the July 5 extended session on housing. Following the GMPB’s July 5 meeting, staff will work with stakeholders and the Regional Staff Committee to further assess and develop options for how VISION 2050 can better address housing needs in the region. Additional board discussions of housing may be scheduled for the fall and winter of 2018 to early 2019, including to look at potential changes to VISION.

STAFF CONTACT
For more information, please contact Laura Benjamin at 206-464-7143 or LBenjamin@psrc.org.

ATTACHMENT: A) Summary of Feedback from Peer Networking Housing Work Session (June 2018)
Housing has been repeatedly noted as a critical regional issue for VISION 2050, the region’s long-range growth plan. Recognizing that housing is a vast and complicated issue, PSRC held a Peer Networking work session on May 17, 2018 focused on housing to identify strategies that have the greatest promise for consideration by the Growth Management Policy Board (GMPB) for VISION 2050 or PSRC’s future work program. The work session included presentations from guest experts and round table discussions to consider a range of strategies for housing supply, incentives for affordable housing, funding and financing, displacement and preservation, tenant protections, and monitoring and reporting. Presentations and materials shared at the work session are available online.

Three themes were consistent throughout the small group discussions: 1) Recognition that housing is a regional issue and there is a need for greater regional coordination and consistency; 2) the need for additional technical assistance, data, and monitoring; and 3) strategically leverage affordable housing opportunities in high growth areas, such as transit communities. Participants identified common challenges of limited financial resources, political challenges, and the need to implement multiple strategies to tackle this complex policy area. The summaries below highlight key themes and areas of general consensus from the small group discussions. A more detailed report out of the small group discussions is available online.

**Housing Supply**
Increasing the supply of housing of all types can help to relieve market pressures and accommodate growth for years to come. Tools and strategies to increase the overall housing supply include: plans and regulations that allow and encourage sufficient housing supply, especially by increasing residential capacity near transit and jobs; plans and zoning that accommodate multiple housing types to diversify the housing stock, provide more affordable options, and meet the needs of various household types; and provisions to make housing easier and faster to build.

Participants in small group discussions identified a variety of ways in which regional coordination through VISION 2050 can support housing supply strategies, including:
- Focus housing growth in areas with existing infrastructure and services, and access to transit
- Technical assistance to ensure development regulations do not prevent zoned capacity from being realized
- Community education and outreach
Many participants noted that strategies to increase and diversify housing supply are often less technically challenging than other aspects of housing, but public opposition is often the strongest.

**Affordable Housing Incentives**

Incentives support affordable housing by leveraging market activity and by reducing the cost of developing affordable units for housing developers. Incentives fall into three broad categories: incentives for market rate developers to build affordable units; incentives that reduce the costs for developers of affordable units; and incentives and other supports for local government housing efforts, such as technical support.

Participants in small group discussions identified a variety of ways in which regional coordination through VISION 2050 can support affordable housing incentives, including:

- Provide legal clarity on affordable housing incentives to jurisdictions
- Educate elected officials and the public on housing needs and how incentives can help
- Model ordinances and codes to advance best practices and promote consistency among jurisdictions
- Support of specialized housing planner at PSRC to assist with education, technical assistance, and model ordinances

Many participants underscored the technical difficulty of developing and implementing successful incentives, specifically the challenges of balancing the level of incentive with the public benefit, and the need to layer or package incentives to be desirable to developers.

**Funding and Financing**

Funding affordable housing is complicated. To increase the overall funding available, existing funding sources can be increased and expanded, new funding sources can be created, and stakeholders can help to better link private and public funding sources.

Participants in small group discussions identified a variety of ways in which regional coordination through VISION 2050 can support funding and financing strategies, including:

- Advocacy for new revenue sources
- Research and technical assistance on the potential impacts of new revenue sources
- Model strategies for affordable land assembly and acquisition to advance best practices and promote consistency among jurisdictions
- Coordinating regional employers to develop a voluntary employers fund or other philanthropic loan or grant fund

Participants noted that while new revenue sources present great opportunity, they also stand against opposition and competing funding needs.
Displacement and Preservation
There are policies that can help extend the life of subsidized housing and tools to keep “naturally occurring” affordable housing in the private market from becoming more expensive. These include financial incentives, often in the form of tax credits and fee waivers, for maintaining affordable rental prices. Special funds can also be made available to rehabilitate a property in exchange for maintaining affordability.

Preservation also encompasses efforts to maintain the safety and soundness of affordable homes. Local governments can help ensure that homes comply with local codes and property owners bring them up to standard as necessary.

Participants in small group discussions identified a variety of ways in which regional coordination through VISION 2050 can support anti-displacement and preservation strategies, including:

- Displacement risk analysis and other region-wide data on neighborhood change indicators, with focus on communities with current and future high capacity transit stations
- Model ordinances to prevent and mitigate displacement to advance best practices and promote consistency among jurisdictions
- Education and outreach on existing resources for senior to age in place

Similar to affordable housing incentives, many participants underscored the technical difficulty of developing and implementing successful incentives to preserve neighborhoods, specifically the challenges of balancing the level of incentive with the public benefit, and the need to layer or package incentives to be desirable to property owners.

Tenant Protections
Many residents experience inequities in access to safe housing that meets their needs. Without the enforcement of proper protections, many tenants living on low incomes experience discrimination, poor housing conditions, and unhealthy housing. Most tools relating to tenant protections focus on enforcement of local codes and other regulations when tenants are in a home. Additional strategies focus on equal access to homes and address the application process. Incentives can promote the construction and retrofitting of units to be accessible for people with special needs and different abilities.

Participants in small group discussions identified a variety of ways in which regional coordination through VISION 2050 can support tenant protections strategies, including:

- Provide resources and information for tenants about their rights
- Model tenant protection policies to advance best practices and promote consistency among jurisdictions
- Provide legal clarity for jurisdictions
Many participants underscored the need for education and outreach on existing tenant protections. Several jurisdictions have enacted strong tenant protections, but residents are unaware of these existing and new regulations.

**Assessment, Monitoring, and Reporting**
Assessment, monitoring, and reporting on data and trends over time can help with the success of housing plans and programs. This can include assessments of housing needs, monitoring implementation and outcomes, and reporting to elected officials and the public. Ongoing reporting can be technically challenging and resource-intensive. Coordinated reporting efforts, sharing of resources, and technical support can help to create long-term and consistent analysis to fully understand the opportunities and gaps in local and regional markets and to better align policies and regulations with desired outcomes.

Participants in small group discussions identified a variety of ways in which regional coordination through VISION 2050 can support assessment, monitoring, and reporting strategies, including:
- Consistent data resources and methodology, with ability to roll up local data and analysis at higher levels, such as subareas
- A regional data dashboard to report key metrics for cities, counties, and the region to support local jurisdictions’ ability to conduct effective monitoring
- Promote partnerships between local jurisdictions and non-profit and private sector groups to collect and analyze data, such as the City of Bellevue’s partnership with Microsoft and King County’s work with the Housing Development Consortium

Participants underscored that assessment and monitoring is very difficult for smaller jurisdictions with limited staff and resources.

**Next Steps**
This Peer Networking session identified many ideas and strategies for PSRC boards to consider in updating VISION. PSRC’s Growth Management Policy Board will hold an extended session in July 2018 to discuss housing. Discussion of these ideas and strategies will be critical for understanding and setting regional and local goals for housing in the short-term and through the year 2050.
DATE: June 8, 2018
TO: Regional TOD Advisory Committee
FROM: Laura Benjamin, Senior Planner, Puget Sound Regional Council
SUBJECT: Featured E-TOD Tool: Affordable Housing Incentives

IN BRIEF
The Committee will be provided an overview of incentives to promote the development of affordable housing and hear a case study on affordable housing incentives in Bellevue’s BelRed and downtown subareas.

BACKGROUND
Building on the monitoring work completed in 2017, Committee meetings will include a “Featured Equitable TOD Tool” as a standing agenda item for 2018. Each featured tool will present more in-depth information, including best practices, lessons learned, and regional case studies, on a specific tool or subset of tools from the GTC Strategy. The featured tools are intended to provide timely and transferable information that can be applied to a wide range of transit communities with varying land use, infrastructure, and market conditions.

DISCUSSION
This month the Committee will focus on affordable housing incentives, specifically GTC Strategy 17: Leverage Market Value through Incentives for Affordability (see Attachment A). Incentives support affordable housing by leveraging market activity and by reducing the cost of developing affordable units for housing developers. Incentives fall into three broad categories: incentives for market rate developers to build affordable units; incentives that reduce the costs for developers of affordable units; and incentives and other supports for local government housing efforts, such as technical support. An overview of a select set of incentives that have proven effective in station areas is included as Attachment B.

Understanding the financial impact of affordable housing incentives is imperative to effectively adopt and implement an appropriate mix that will result in desired outcomes. An array of tools is currently available to assess the impact of incentives on the financial feasibility of specific development proposals; however, gaps exist related to the impacts of these incentives on broader development patterns and municipal budgets. PSRC staff have conducted a review of currently available financial analysis tools to better understand the strengths, weaknesses, and limitations of current approaches.

Emil King, Strategic Planning Manager at the City of Bellevue, will share information and lessons learned on the BelRed Floor Area Ratio (FAR) Amenity Incentive System to promote affordable housing in a newly rezoned mixed-use area with a future light rail station, as well as the incentive system for downtown Bellevue.
STAFF CONTACT
For more information, please contact Laura Benjamin at 206-464-7143 or LBenjamin@psrc.org, or Benjamin Brackett at 206-971-3280 or BBrackett@psrc.org.

ATTACHMENT:  A) GTC Strategy 17: Leverage Market Value through Incentives for Affordability
                     B) Overview of Affordable Housing Incentives
Strategy 17: Leverage Market Value through Incentives for Affordability

Incentives help achieve affordability in rental and ownership housing development, in both multi-family and single-family projects. Statute allows jurisdictions to create required or optional incentive zoning programs for affordable housing when additional development capacity is provided through zoning changes or density bonus programs, thereby ensuring that new development contributes to maintaining and expanding the supply of affordable units. Additionally, other voluntary incentives, such as multi-family tax exemption or fee waivers, may also be used to encourage affordable housing production and preservation. Although developing incentive strategies were not a central component of the Growing Transit Communities Partnership work program, they are critical to the long-term success of these communities and should be a focus area for future work.

Puget Sound Regional Council
17.1 Provide guidance and technical assistance to support adoption, where appropriate, of incentives for affordable housing in transit communities. Provide ongoing staff support to a broad stakeholder effort to further develop tools for the effective use of required and optional incentive programs tied to an increase in development capacity, through research, education, and state and local statutory changes.

17.2 Include in a regional station area plan implementation grant program the option of funding selected feasibility studies for local implementation of required and optional incentive programs for affordable housing.

Local Governments
17.3 Conduct a feasibility study to evaluate the costs and benefits of potential land use actions and incentives. Based on the feasibility study, adopt regulations that leverage the provision of additional development capacity, such as density or height, to produce and preserve affordable housing units. There are a range of ways to implement such provisions that are sensitive to local conditions and markets. For example, requiring affordability in all developments when increased development capacity is granted outright, or voluntary provisions where additional development capacity is gained in exchange for providing affordable housing.

17.4 In all transit communities planning for residential growth, adopt additional incentives for private developers to include affordable units in new residential projects. In determining the appropriate mix of incentives for each community, consider market conditions, housing needs, and existing regulations. Incentives that should be considered for adoption in all transit communities include:
- Reduced parking requirements for projects that include affordable units
- Impact or permit fee waivers for projects that include affordable units
- Use of multifamily tax exemption conditioned to provision of the longest-term and deepest affordability levels feasible
- Expedited permitting for projects that include affordable units

Developers and Financiers
17.5 Contribute industry knowledge to the analysis and design of inclusionary and incentive tools by local jurisdictions.

Priority Transit Communities for this Strategy
- Required or optional incentive zoning programs can be effective in transit communities undergoing updates to plans or regulations that result in added development capacity, especially in transit communities where market strength for TOD is emerging or strong. Additionally, incentive zoning programs may be more appropriate at a larger scale than the half-mile station area.
- Voluntary incentives can be effective in all transit communities where jurisdictions seek to attract residential growth to accompany existing or future high-capacity transit service.
Affordable Housing Incentives Overview

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Overview</th>
<th>Project Type</th>
<th>Affordability</th>
<th>Conditions Needed/Unique Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee Waiver or Reduction</td>
<td>Costs associated with the development process, such as impact fees and building permit fees, can be reduced or eliminated to encourage selected types of development. For example, jurisdictions may enact measures to reduce or waive such fees for projects that include a percentage or number of affordable housing units.</td>
<td>Single Family</td>
<td>Multi-family</td>
<td>Ownership</td>
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<tr>
<td>Density Bonuses</td>
<td>Density bonuses are a zoning tool that permits developers to build more housing units, taller buildings, or more floor space than normally allowed, in exchange for provision of a defined public benefit, such as a specified number or percentage of affordable units included in the development. An affordable housing density bonus program can be designed to allow developers to contribute to a housing fund in lieu of building the affordable units.</td>
<td>Single Family</td>
<td>Multi-family</td>
<td>Ownership</td>
</tr>
<tr>
<td>Surplus Property</td>
<td>Local governments can facilitate the development of affordable housing by making public land available for eligible projects. Parcels may be surplus or underutilized public properties, as well as vacant, abandoned, and tax-delinquent private properties acquired through purchase or tax foreclosure. Land banking programs can strategically acquire and preserve multiple properties for affordable housing development.</td>
<td>Single Family</td>
<td>Multi-family</td>
<td>Ownership</td>
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<tr>
<td>Incentive Zoning</td>
<td>Incentive zoning is a broad regulatory framework for encouraging and stimulating development that provides a desired public benefit as established in adopted planning goals. An incentive zoning system is implemented on top of an existing base of development regulations and works by offering developers regulatory allowances in exchange for public benefits. It can incorporate one or several incentives including density bonuses, flexible development regulations, parking reductions, fee waivers or reductions and permitting priority. Common public benefits achieved through incentive programs include affordable housing, historic preservation, open space and recreation, and increased environmental protection. Jurisdictions should craft incentive zoning policies that best reflect the needs of their residents, paying close attention to details relating to program management and monitoring.</td>
<td>Single Family</td>
<td>Multi-family</td>
<td>Ownership</td>
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<tr>
<td>Multifamily Tax Exemption (MFTE)</td>
<td>A state law (RCW 84.14) helps cities attract residential development. Cities may exempt multifamily housing from property taxes in urban centers with insufficient residential opportunities. The city defines a residential target area or areas within an urban center; approved project sites are exempt from ad valorem property taxation on the residential improvement value for a period of eight or 12 years. The 12-year exemption requires a minimum level of affordable housing to be included in the development (at least 20% of the units or 100% if the building is solely owner-occupied). The eight-year exemption leaves the public benefit requirement—in both type and size—to the jurisdiction’s discretion. The eight-year exemption carries no affordable housing requirement. Cities must pass an enabling ordinance to enact the MFTE and to allow applications for the exemption.</td>
<td>Single Family</td>
<td>Multi-family</td>
<td>Ownership</td>
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Note: This represents a select set of incentives that are most applicable for transit-oriented development. More information on a full range of incentives is available at [https://www.psrc.org/housing-innovations-program-hig](https://www.psrc.org/housing-innovations-program-hig), and [https://www.housingconsortium.org/local-policy-toolkit](https://www.housingconsortium.org/local-policy-toolkit).
DATE: June 8, 2018

TO: Regional TOD Advisory Committee

FROM: Laura Benjamin, Senior Planner, Puget Sound Regional Council

SUBJECT: Surplus Lands for Affordable Housing

IN BRIEF
The Committee will hear two case studies on tools and policies to promote use of surplus lands for affordable housing.

BACKGROUND
The Growing Transit Communities (GTC) Strategy identifies actions and tools necessary to attract growth to the region’s transit station areas, implement the region’s plans, and build prosperous and sustainable communities that benefit all. The Strategy recommends key actions and priorities that achieve three main goals for transit communities: 1) Attract residential and employment growth near transit; 2) Provide housing choices affordable to a full range of incomes; 3) Increase access to opportunity for existing and future transit community members.

DISCUSSION
GTC Strategy 16: Make Surplus Public Lands Available for Affordable Housing (see Attachment A) calls for coordinated research and technical support, and innovative development efforts to acquire and best use surplus lands in transit communities. Local governments, transit agencies and special districts may own property that is no longer useful for its original purpose or is ideally situated for shared public and private uses (e.g., transit-oriented development on construction staging or transit station sites). The agency may sell surplus property, prioritizing the development of affordable housing. Some agencies have assembled properties in order to co-locate transit facilities, civic buildings or other purposes, as well as to attract mixed-use housing and commercial development to support neighborhood revitalization. However, challenges with identifying and aggregating parcels, and development feasibility can hinder efforts to create affordable housing.

James Madden, Senior Program Director at Enterprise Community Partners and Lauren Flemister, Senior Planner at the City of Tacoma will share their work to develop tools and policies to identify and utilize surplus lands for affordable housing.

STAFF CONTACT
For more information, please contact Laura Benjamin at 206-464-7143 or LBenjamin@psrc.org.

ATTACHMENT: A) GTC Strategy 16: Make Surplus Public Lands Available for Affordable Housing
Strategy 16: Make Surplus Public Lands Available for Affordable Housing

Programming the future sustainable use of developable publicly owned surplus properties in transit communities creates a unique opportunity to improve housing options for low income residents and improve transit ridership. Best practices for the use of public lands for affordable housing include joint development, TOD development agreements between landowners and jurisdictions, discount sale, public-private land assembly, and the use of air rights above stations. Expanding state law and removing other legal or programmatic obstacles may facilitate broader use of these tools. A surplus public lands strategy was a central component of the GTC Partnership work program and is a high priority for implementation.

Puget Sound Regional Council
16.1 Provide guidance on best practices and technical assistance to public agencies and potential private sector development partners.
16.2 Maintain a regional inventory of developable public lands in transit communities.

Transit Agencies
16.3 Develop policies and best practices related to the disposition of properties that support affordable housing production on surplus sites.
16.4 Conduct analysis of TOD potential for properties that are considered for acquisition (See Strategy 7.7).

Local Governments
16.5 Develop policies and employ best practices, where appropriate, related to the acquisition and disposition of properties that support affordable housing on surplus sites.

State
16.6 Adopt legislation that gives public agencies more flexibility in the disposition of public lands for the public purpose of providing increased affordable housing opportunities in transit station areas, such as through discounted sale, joint development, or other mechanisms.

Priority Transit Communities for this Strategy
- Transit communities under any stage of light rail system development
- Transit communities with any other identified opportunities for development of surplus lands
Federal Transit Administration Announces $25.8 million for Transit Planning in Communities Nationwide

5/24/2018

WASHINGTON – The U.S. Department of Transportation’s Federal Transit Administration (FTA) announced today the availability of $25.8 million in grant funds to support transit planning efforts in communities across the country. The competitive grant funds are provided through FTA’s Pilot Program for Transit-Oriented Development (TOD) Planning. A Notice of Funding Opportunity (NOFO) appears in today’s Federal Register.

"It is important for communities and transit agencies to comprehensively plan their public transportation systems to improve mobility and access to transit," said FTA Acting Administrator K. Jane Williams. "This program is an excellent opportunity for cities and towns to maximize transit-oriented development around their transit systems and ensure they are capturing the value associated with transit."

The Pilot Program for TOD Planning provides funding to integrate land use and transportation planning efforts along eligible transit projects. The grants will fund comprehensive planning to support transit ridership, multimodal connectivity, and mixed-use development near transit stations. The Pilot Program for TOD Planning supports identification of infrastructure needs, engagement with the private sector and development of financial tools to encourage TOD implementation such as value capture.

Eligible applicants include FTA grantees that are either a project sponsor of an eligible transit project or an entity with land use planning authority in an eligible transit capital project corridor. To ensure that planning work reflects the needs of the local community, transit project sponsors and entities with land use planning authority must partner to conduct the planning work. The application period will close on July 23, 2018 at 11:59 p.m. Eastern time.

FTA’s TOD Pilot Program was established under the Moving Ahead for Progress in the 21st Century Act (MAP-21) and amended by the Fixing America’s Surface Transportation (FAST) Act. The program is authorized through fiscal year 2020.

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Updated: Thursday, May 24, 2018

Related Links

- Pilot Program for Transit-Oriented Development Planning 2018 Notice of Funding
- FTA’s Pilot Program for Transit-Oriented Development Planning