

Supporting affordable housing supply through the land use planning system: international approaches

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This presentations draws on research undertaken with Prof. Nicole Gurran, Prof. Peter Phibbs and the US Studies Centre

FACULTY OF ARCHITECTURE,
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Inclusionary Housing

Designated affordable included as part of new development.

Aims:

- Make land available for affordable housing development (particularly in high demand / preferred locations);
- Offset or reduce cost of affordable housing provision;
- Achieve mixed-income communities and regions;

Affordable housing projects in Seattle



Images: City of Seattle, 2013

Presentation will look at:

1. How IH aims are supported at a state / regional level:
 - Statutory requirements, targets and definitions
2. Planning mechanisms to facilitate affordable housing inclusion:
 - Inclusionary zoning (North America);
 - Negotiated agreements (UK).
 - Bonuses and incentives (North America);

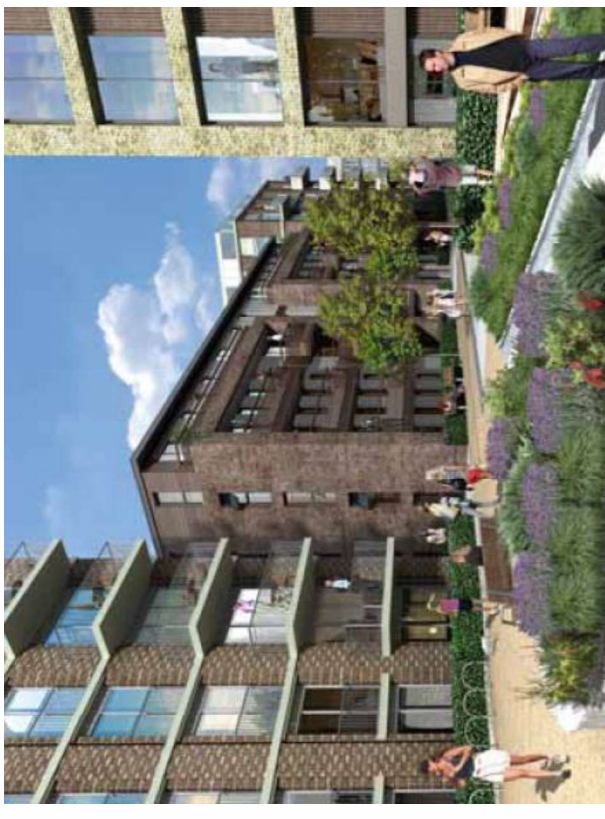


Image: Mayor for London, 2012

Supporting equitable distribution of housing opportunities across regions

Regional ‘fair share’ - California

Region	Target Period	Income Category	Units needed (percentage)	Units needed (number)
Association of Bay Area Governments	2014 – 2022	Very-low	24.8%	46,680
		Low	15.4%	28,940
		Moderate	17.8%	33,420
		Above-moderate	42%	78,950
		Total	100%	187,990

Association of Bay Area Government's (2013) Regional Housing Need Plan: San Francisco Bay Area 2014-2022, San Francisco: ABAG P.5

Distribution across municipalities considers:

Sustainability

- **Priority Development Areas;**
- **Jobs-Housing Connection Strategy**

Sphere of influence

- **Needs of unincorporated areas**

‘Fair-share’ of regional need

- **Past permits (low and very low income);**
- **Employment;**
- **Transit**

Income / social mix

- **Existing concentrations of income groups**

Author; information derived from Association of Bay Area Government's (2013) Regional Housing Need Plan: San Francisco Bay Area 2014-2022, San Francisco: ABAG

Santa Clara County

	Very Low	Low	Moderate	Above Moderate	Total
Campbell	253	138	151	391	933
Cupertino	356	207	231	270	1,064
Gilroy	236	160	217	475	1,088
Los Altos	169	99	112	97	477
Los Altos Hills	46	28	32	15	121
Los Gatos	201	112	132	174	619
Milpitas	1,004	570	565	1,151	3,290
Monte Sereno	23	13	13	12	61
Morgan Hill	273	154	185	316	928
Mountain View	814	492	527	1,093	2,926
Palo Alto	691	432	278	587	1,988
San Jose	9,233	5,428	6,188	14,231	35,080
Santa Clara	1,050	695	755	1,593	4,093
Saratoga	147	95	104	93	439
Sunnyvale	1,640	906	932	1,974	5,452
Unincorporated	22	13	214	28	277
Santa Clara Total	16,158	9,542	10,636	22,500	58,836

Association of Bay Area Government's (2013) Regional Housing Need Plan: San Francisco Bay Area 2014-2022, San Francisco: ABAG P.26

Local municipalities must update the housing element of their comprehensive plan to demonstrate capacity to meet targets

SANTA CLARA COUNTY	Very Low (0-50% AMI)			Low (50-80% AMI)			Moderate (80-120% AMI)			Above Moderate (120%+ AMI)			Total		
	RHNA	Permits Issued	Percent of RHNA Met	RHNA	Permits Issued	Percent of RHNA Met	RHNA	Permits Issued	Percent of RHNA Met	RHNA	Permits Issued	Percent of RHNA Met	RHNA	Permits Issued	Percent of RHNA Met
Campbell	199	32	16%	122	300	246%	158	67	42%	413	217	53%	892	616	69%
Cupertino	341	38	11%	229	31	14%	243	58	24%	357	657	184%	1,170	784	67%
Gilroy	319	29	9%	217	70	32%	271	65	24%	808	1,262	156%	1,615	1,426	88%
Los Altos	98	23	23%	66	22	33%	79	12	15%	74	784	1059%	317	841	265%
Los Altos Hills	27	25	93%	19	10	53%	22	5	23%	13	76	585%	81	116	143%
Los Gatos*	154	2	1%	100	41	41%	122	5	4%	186	180	97%	562	228	41%
Milpitas	689	336	49%	421	109	26%	441	264	60%	936	6,442	688%	2,487	7,151	288%
Monte Sereno	13	6	46%	9	12	133%	11	3	27%	8	14	175%	41	35	85%
Morgan Hill	317	98	31%	249	100	40%	246	43	17%	500	1,286	257%	1,312	1,527	116%
Mountain View	571	237	42%	388	28	7%	488	4	1%	1,152	2,387	207%	2,599	2,656	102%
Palo Alto	690	156	23%	543	9	2%	641	128	20%	986	787	80%	2,860	1,080	38%
San Jose*	7,751	1,774	23%	5,322	1,038	20%	6,198	144	2%	15,450	13,073	85%	34,721	16,029	46%
Santa Clara	1,293	412	32%	914	111	12%	1,002	198	20%	2,664	5,952	223%	5,873	6,673	114%
Saratoga	90	-	0%	68	13	19%	77	5	6%	57	20	35%	292	38	13%
Sunnyvale	1,073	572	53%	708	402	57%	776	1,204	155%	1,869	2,403	129%	4,426	4,581	104%
Santa Clara County	253	58	23%	192	396	206%	232	166	72%	413	422	102%	1,090	1,042	96%
County Totals	13,878	3,798	27%	9,567	2,692	28%	11,007	2,371	22%	25,886	35,962	139%	60,338	44,823	74%

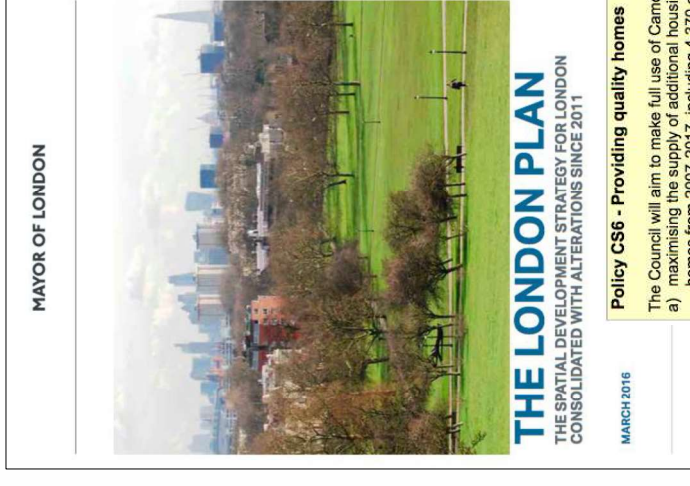
Association of Bay Area Governments (2015) San Francisco Bay Area Progress in meeting 2007-2014 Regional Need Allocation (RHNA), San Francisco: ABAG p.6

Affordable housing targets for Greater London

- Current London Plan identifies need for 17,000 affordable homes per annum
 - 60% social housing;
 - 40% ‘intermediate’ rent or sale
 - Should prioritise ‘affordable family housing’
- All Boroughs must address target in their local plan and in development assessment

Mayor of London (2016) The London Plan: the Spatial Development Strategy for London consolidated with alterations since 2011. London: Greater London Authority

The University of Sydney



Extract from Camden
Council Core Strategy

Policy CS6 - Providing quality homes

The Council will aim to make full use of Camden's capacity for housing by:

- a) maximising the supply of additional housing to meet or exceed Camden's target of 5,950 homes from 2007-2017, including 4,370 additional self-contained homes;
- b) maximising the supply of additional housing over the entire plan period to meet or exceed a target of 6,925 homes from 2010-2025, including 6,550 additional self-contained homes;
- c) supporting the supply of additional student housing, bedsits and other housing with shared facilities providing this does not prejudice the Council's ability to meet the target for the supply of additional self-contained homes, the balance of uses in the area; and the quality of residential amenity or the character of the surrounding area;
- d) minimising the net loss of existing homes;
- e) regarding housing as the priority land-use of Camden's Local Development Framework.

The Council will aim to secure high quality affordable housing available for Camden households that are unable to access market housing by:

- f) seeking to ensure that 50% of the borough-wide target for additional self-contained homes is provided as affordable housing;
- g) seeking to negotiate a contribution from specific proposals on the basis of:
 - the maximum reasonable amount of affordable housing under the specific circumstances of the site, including the financial viability of the development;
 - an affordable housing target of 50% of the total addition to housing floorspace, and
 - guidelines of 60% social rented housing and 40% intermediate affordable housing;
- h) minimising the net loss of affordable housing;
- i) regenerating Camden's housing estates and seeking to bring Council stock up to the Decent Homes standard by 2012.

The Council will aim to minimise social polarisation and create mixed and inclusive

Camden Council (2010) Camden Core Strategy 2010-2025.

Camden: Camden Council

Mandatory planning mechanisms to support inclusionary housing:

I. Inclusionary zoning

How does it work?

- Applies where land use zoning is the primary means of development control;
- Development in applicable zones must contribute to affordable housing
- Implemented at rezoning or ‘upzoning’ (share value uplift)
- Best in high demand / gentrifying locations

Location of developments including a proportion of affordable housing in central San Francisco



City and County of San Francisco (2015) SF Open Data
<https://data.sfgov.org/Housing-and-Buildings/Map-of-Residential-Pro>

New Inclusionary Units, 2011–2015

Year	Units
2011	11
2012	125
2013	220
2014	267
2015	286
TOTAL	909

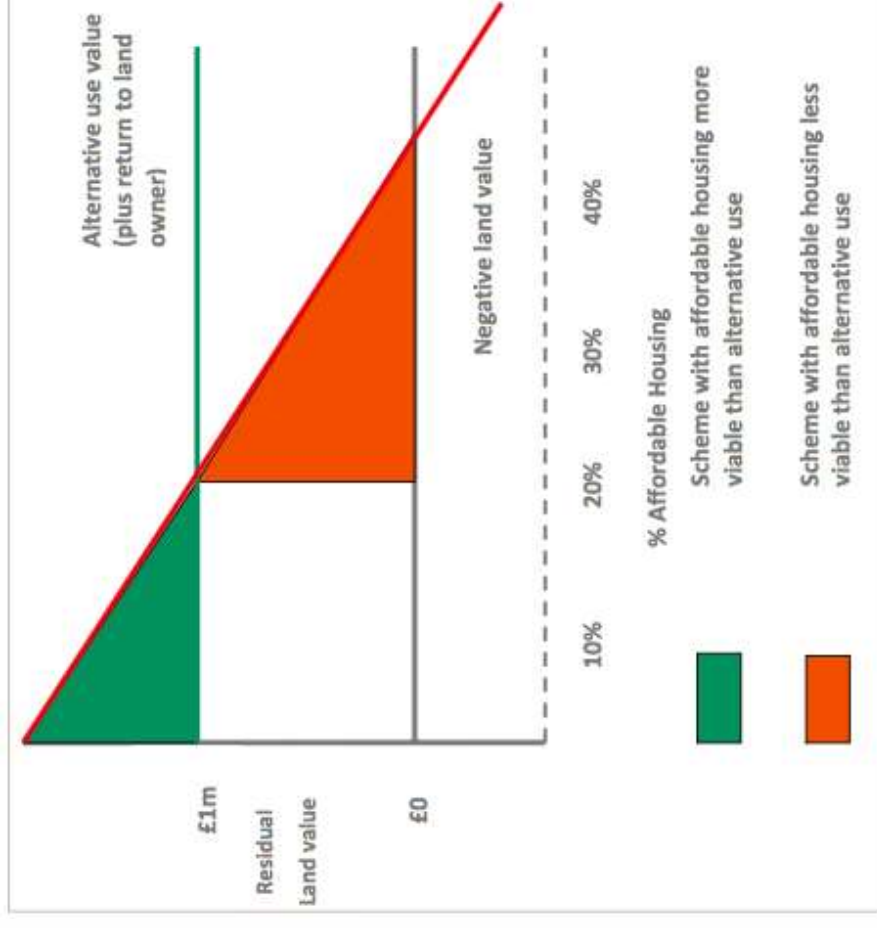
Now widespread, but lots of variation

Jurisdiction	Scale of requirement	Development type	Target households
San Francisco	12% – 33% depending on development size, mode of provision and target household	Developments of 10 or more dwellings	Households earning less than 120% AMI
Washington DC	8% - 10% gross floor area	Developments of 10 or more dwellings	Households earning 50% – 80% AMI
Vancouver	20% of base density (i.e. floor area permitted before rezoning)	Large, private developments requiring rezoning	Low and moderate income
Montreal	30% of dwellings (half social housing; half affordable)	Residential developments of 200 or more dwellings	Households earning less than 120% of regional median income
South Australia	15% of dwellings	Government and state significant sites	Moderate income (5 per cent high needs)
NSW	1% - 4% of gross floor area	Development in specified areas	Households earning less than 120% of regional median income

II. Negotiated developer contributions

Capturing 'planning gain' through S106 - England

- Aims to 'recapture' some of the value accrued through planning decisions for public benefit;
- Developer contributions towards affordable housing negotiated on site by site basis, based on defined targets and financial viability considerations;
- All schemes over defined size expected to contribute;
- On-site provision expected, except in exceptional circumstances



Cousins et al. (2010) Affordable Housing and Local Development Frameworks:
Developing an Evidence Base. Guildford: South East England Partnership Board p.33

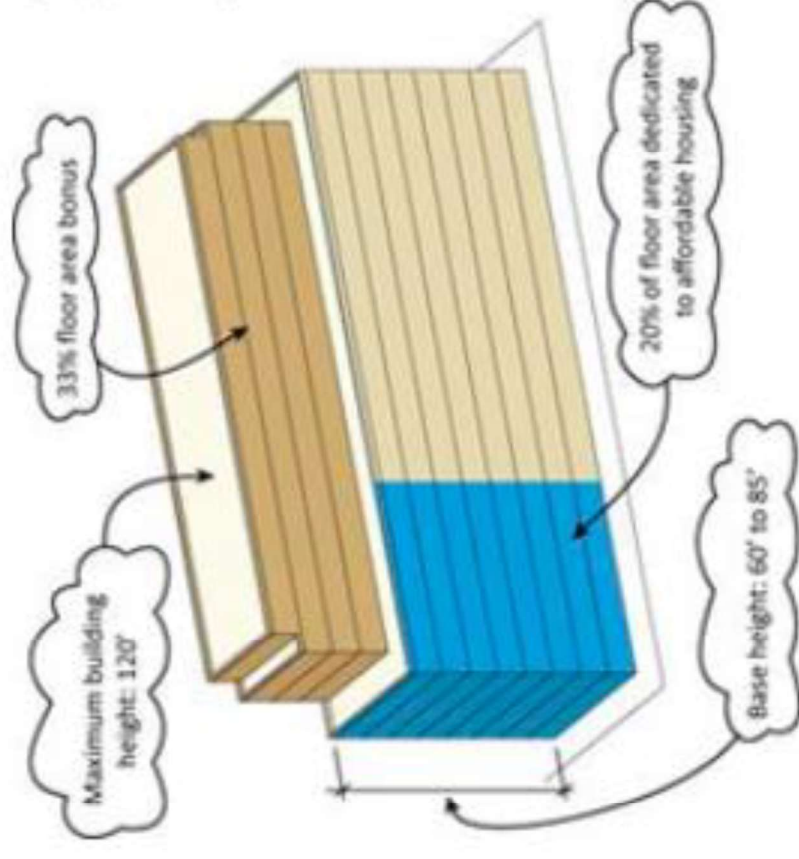
TABLE 2.8 AFFORDABLE HOUSING OUTPUT AS A PROPORTION OF OVERALL CONVENTIONAL HOUSING PROVISION OVER THE THREE YEARS TO 2014/15										
BOROUGH	TOTAL NET CONVENTIONAL AFFORDABLE COMPLETIONS					AFFORDABLE AS % OF TOTAL NET CONVENTIONAL SUPPLY				
	2012/ 13	2013/ 14	2014/ 15	TOTAL		2012/ 13	2013/ 14	2014/ 15	ALL YEARS	
Barking and Dagenham	243	588	14	845		48%	68%	3%	45%	
Barnet	408	320	368	1,096		29%	26%	28%	28%	
Bexley	30	166	170	366		7%	31%	21%	21%	
Brent	224	243	706	1,173		34%	35%	44%	40%	
Bromley	-68	140	-54	18		-13%	21%	-13%	1%	
Camden	299	201	61	561		53%	40%	13%	37%	
City of London	0	24	0	24		0%	6%	0%	3%	
Croydon	415	176	638	1,229		46%	14%	42%	33%	
Ealing	326	185	59	570		32%	25%	7%	22%	
Enfield	243	164	85	492		44%	32%	21%	34%	
Greenwich	87	679	286	1,052		27%	51%	25%	37%	
Hackney	576	574	498	1,648		46%	47%	31%	40%	
Hammersmith & Fulham	107	96	172	375		24%	15%	21%	20%	
Haringey	352	150	405	907		58%	33%	64%	54%	
Harrow	310	33	96	439		44%	11%	23%	31%	
Havering	127	237	276	640		45%	34%	43%	40%	
Hillingdon	406	93	78	577		26%	15%	8%	19%	
Hounslow	49	80	279	408		21%	9%	31%	20%	
Islington	315	358	220	893		30%	29%	26%	28%	
Kensington & Chelsea	4	164	196	364		7%	70%	20%	29%	
Kingston upon Thames	38	84	59	181		18%	32%	11%	18%	
Lambeth	269	346	358	973		42%	30%	25%	30%	

Density bonuses and other Incentives for affordable housing inclusion

How do they work?

- Apply where land use zoning is primary means of development control;
- Allows for additional development yield (revenue) or reduced costs
... if...
A contribution is made for affordable housing
- Aims to ensure that cost of affordable housing inclusion does not affect project viability / land cost.

Density Bonus



City of New York (2016) Inclusionary Housing Program

<http://www1.nyc.gov/site/planning/zoning/districts-tools/inclusionary-housing.page>

California's State Density Bonus Law

TARGET GROUP*	Target Units	Density Bonus	Concessions or Incentives
Very Low Income ⁽¹⁾	5%	20%	1
	10%	33%	2
	15% or above	35%	3
Lower Income ⁽²⁾	10%	20%	1
	20%	35%	2
	30% or above	35%	3
Moderate Income ⁽³⁾ (condominium or planned development)	10%	5%	1
	20%	15%	2
	30% or above	25%	3

* California Civil Code Section 65915 applies only to proposed developments of five (5) or more units.

Concessions and incentives could include:

- Waiving development fees;
- Reduction in other development standards;
- Allowing commercial element

Local municipalities must provide density bonuses (i.e. permit density that is additional to what is permitted in the zone) and other incentives to developers who commit to providing a proportion of affordable housing for target groups

Inclusionary housing program - NYC

R10 program

- Operating since 1987;
- Up to 20% floor area bonus (on top of max permitted floor area) for developments that provide affordable housing;
- Amount depends on:
 - Whether provision is on or off site;
 - Whether public funding is available
- Housing must remain perpetually affordable

More recent Inclusionary Housing Designated Area

- 33 per cent floor space bonus in designated areas where 20 per cent of floor area is affordable housing (households earning up to 80 per cent of AMI)
- 2005-13 = over 15,000 units in applicable schemes; 2,888 affordable units

“Anti-snob law” – Massachusetts

Chapter 40B:

- In municipalities where less than 10% of housing stock is defined as affordable, developers permitted to exceed density limits under local zoning regulations where their developments include 20-25% affordable housing;

Outcomes:

- 56,000 units delivered; 30,000 units for households earning up to 80% of AMI
- No government subsidy

SSBllc (2016) What is Chapter 40B affordable housing? <http://se-b.com/what-we-do/chapter-40b/>



Vancouver – incentives for purpose built rental housing

- Renting significantly cheaper than owning in Vancouver, but very low rental vacancy;
- New incentives for purpose built 100 % rental housing with regulated starting rents:
 - Reduced parking requirements;
 - Waiving of development cost levy;
 - Density bonus (only if rezoning is required; must go through design review and public hearing)

City of Vancouver (2016) Rental Incentives Guidelines. Vancouver: City of Vancouver



City of Vancouver (2016) Creating and Protecting Market Rental Housing
<http://vancouver.ca/people-programs/creating-new-market-rental-housing.aspx>

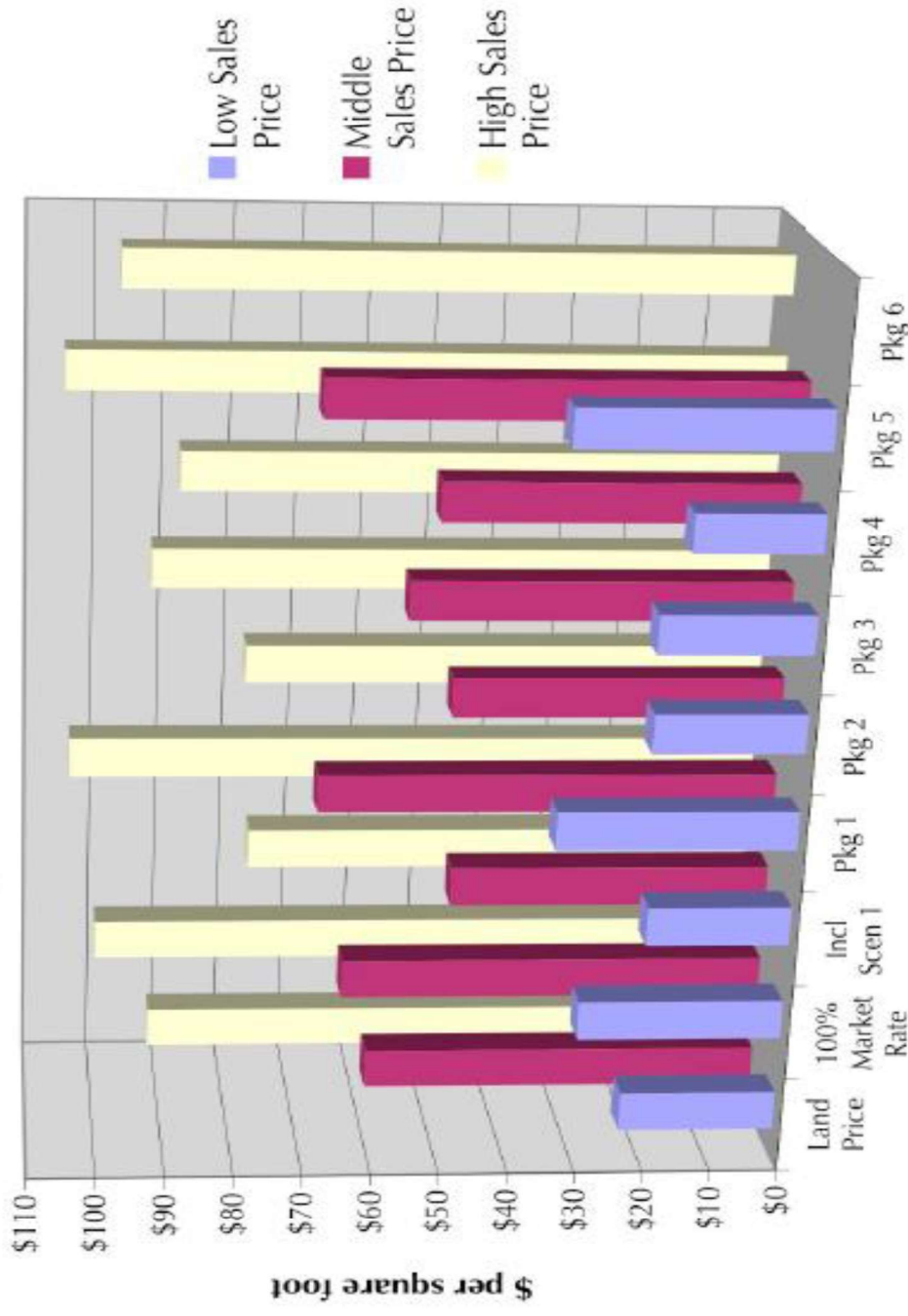
Conclusions

Best practice:

- Statutory requirement to address diverse housing needs;
- Clear goals, targets and definitions at state or regional level;
- Supported by planning tools (requirements and incentives);
- Consistency across political and market cycles;
- Scope for some flexibility on a site by site basis

Conclusions (cont.)

- No single approach a panacea;
- In practice, multiple planning mechanisms required (see example from Rosen study)
- Planning mechanisms part of the mix – also need not-for-profit housing sector; funding sources; lenders; legal expertise



David Paul Rosen and Associates, "City of San Jose: Inclusionary Housing Analysis," David Paul Rosen and Associates, Oakland, 2008, 83.