



Affordable Housing in the U.S: Building Inclusive and Sustainable Communities

Housing and Urbanism in Barcelona
University of Barcelona
July 13, 2015

Robert Wiener, PhD
University of California, Davis
Community and Regional Development



Presentation for Today

1. What is the existential meaning of *Home*?
2. What is *Affordable Housing* in the U.S. Context?
3. What is *Inclusionary Housing* in the U.S. Context?

The Existential Meaning of Home



When hear the term 'Home', what does that mean to you?

Multi-Dimensional Characteristics of Housing

1. Home as a physical quantity:

Structure Type: single-family, multi-family, duplex, high-rise

Size: square feet, # stories, # rooms

Lot Size: square feet, acreage

Amenities: dishwasher, central heat/air, Jacuzzi

Multi-Dimensional Characteristics of Housing

2. Housing as an economic entity:

Cost/Affordability: household disposable income, savings

Investment: level of wealth and income

Tenure: right to own or possess, economic security (e.g., right to recover equity, determine payments, make improvements, avoid eviction.)

Taxes: property taxes, homeowner deductions (mortgage interest and property taxes)

Multi-Dimensional Characteristics of Housing

3. Housing as an item tied to forms of consumption:

Construction and Repair: consumption of materials and equipment to build/maintain home and property

Accessories: consumption of furnishings, durable goods, decorations to enhance comfort & function

Labor: consumption of labor to build, repair, and maintain

Credit: consumption of bank loans to buy, repair, and refinance

Multi-Dimensional Characteristics of Housing

4. Housing as a location in space:

Neighborhood: sense of community

Accessibility: goods and services, employment,
education

Economic and Social Mobility: Jobs, social networks

Housing is a Basic Need for Today's World

- Food & Water

- Clothing

- Housing

- Health Care

- Transportation



Housing Differs From Other Basic Needs

- By far, consumes largest % of household income
- Regular, large, fixed cost – can't cut back on payments
- All or Nothing: Partial payment leads to eviction
- Difficult, expensive, and time-consuming to move
- Easier to cutback, find substitutes, or temporarily suspend purchases of other types of basic needs

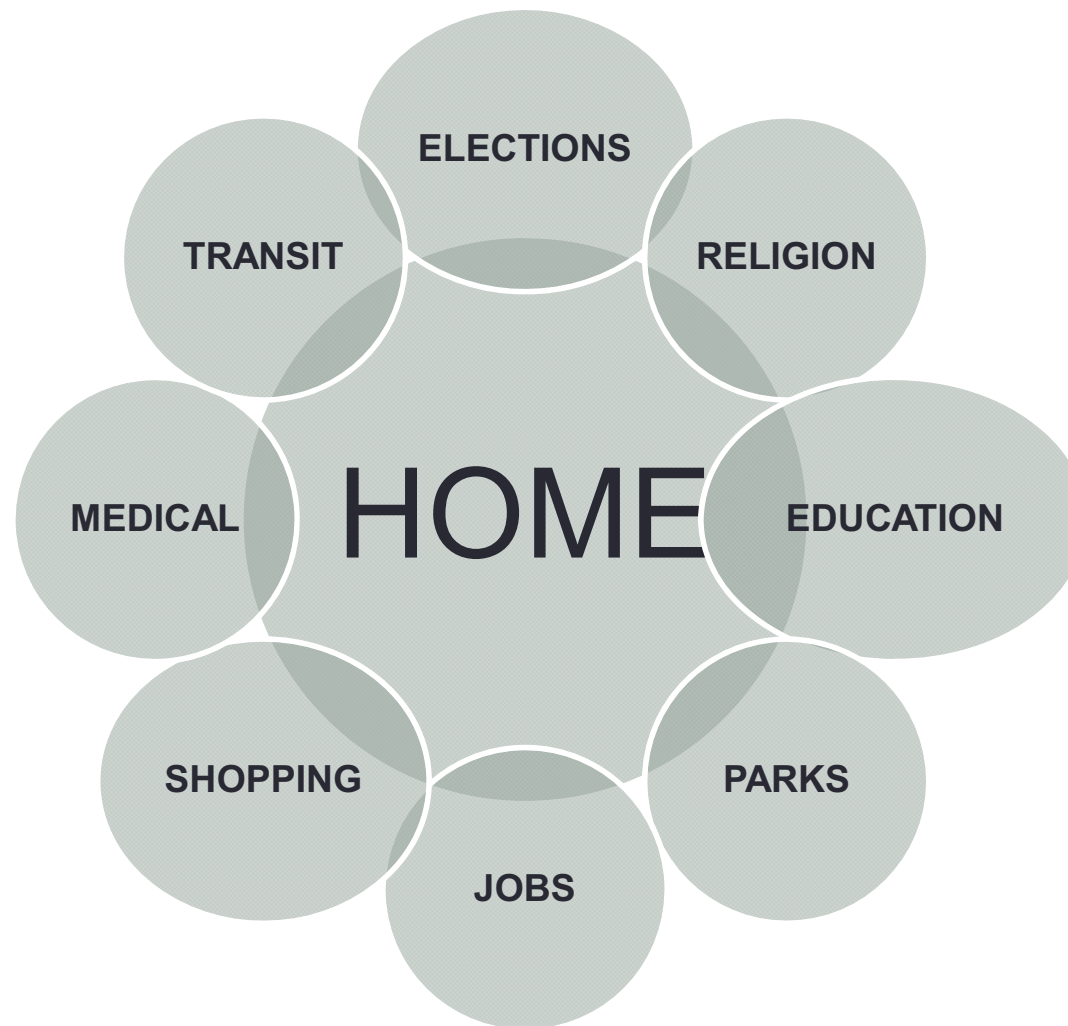
Unaffordable Housing Results in

- Overpaying
- Neglecting or cutting back on other needs
- Overcrowding
- Living in unsafe or unsuitable shelter
- Economic insecurity and transiency
- Displacement and homelessness

Affordable Housing Results in

- Platform for advancement and opportunities for individuals, families and their children
- Affordability enables devotion of more money and resources to education, training, employment, recreation, personal growth
- Stabilizes vulnerable and economically-stressed individuals and families so they can stay in one place long enough to gain jobs and educational, social, health, and other services

Affordable Housing Provides Access and Opportunity



Affordable Housing is Related to Advancement



Housing Development Provides Economic Stimulus

Fuels the Local Economy

- Generates fees & taxes for local governments
- Vital construction jobs
- Building materials demand
- Property management jobs
- Residential services & furnishings
- Generates investment
- Increases property values



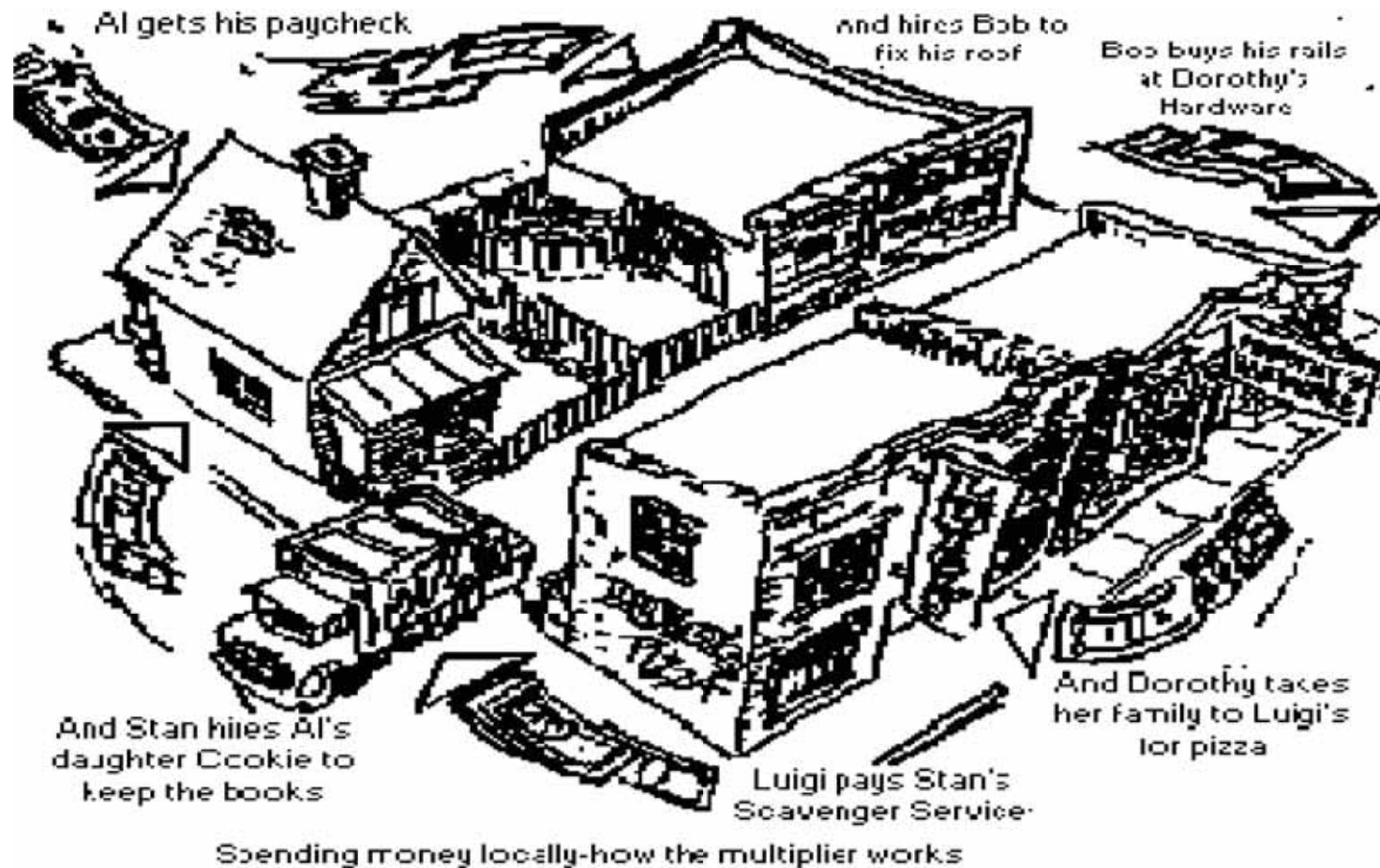
Demand for Local Businesses

- Affordable housing increases purchasing power for residents



- If residents are spending less on housing, they can spend more on consumer goods!

Why Sustainable Communities Need Affordable Housing



What is Affordable Housing?



Which one is the affordable housing?



What are the Goals of Affordable Housing?

- **Cost**: Pay 30% or less of household income before taxes
- **Size**: adequate for household size and composition
- **Suitable**: amenities for household need e.g. disabled
- **Quality**: Good condition, safe, energy-efficient
- **Secure Tenure**: no unfair payment increases or eviction
- **Location**: provides access to services, jobs, shopping

Who is Eligible?

Typically restricted to eligible households based on:

- Household Income – low or moderate income
- Household size
- Household status
 - ✓ Occupation – e.g. farm worker
 - ✓ Elderly
 - ✓ Disabled
 - ✓ Special needs
 - ✓ First-time homebuyer

Eligibility: Median Income Levels Explained

- Income levels to determine eligibility are based on the % of Area (County) Median Income (AMI)
- Median Income is the exact middle income for the Area:
 - **Half of all incomes are below median**
 - **Half of all incomes are above median**
- Family income eligibility is determined by how far it is below or above median income adjusted for family size

Standard Affordability Levels

- Common classifications of income levels:
 - **Moderate Income:** 80% - 120% of AMI
 - **Low-Income:** 51 - 80% of AMI
 - **Very-Low Income:** 31% - 50% of AMI
 - **Extremely-Low Income:** 30% or less of AMI

Who Builds, Rehabs, Owns & Operates Affordable Housing for Rent?

- Nonprofit affordable housing organizations
 - ✓ Mission-driven
 - ✓ Faith-based
- For-profit affordable housing companies
- Local governments (Public Housing Authorities)
- Nonprofit organizations also build for purchase

Comparison with Spain and Catalunya

- ❑ Called 'Social Housing'
- ❑ Government-Financed and -Regulated (e.g., income- and occupancy-restricted)
- ❑ 2 Kinds of Social Housing:
 - ✓ Social Rented (equivalent to Public Housing in U.S.)
 - ✓ Social Owned
- ❑ Overwhelming majority of social housing for ownership
- ❑ Typically built by for-profit companies
- ❑ Very few units built, owned, operated by NGOs

What Makes Affordable Housing “Affordable?”



SUBSIDY



What Forms of Subsidy are Used?

Subsidies are financial assistance from government agencies, private lenders, and private investors:

Production Subsidies for Builders:

- **Grants**: funds that do not have to be repaid
- **Loans**: no or low interest rates with favorable repayment terms that reduce cost of borrowing
- **Tax Credits**: investments by large corporations

Consumer Subsidies for Renters and Buyers:

- **Rent Payments**: cover part of monthly rent
- **Mortgage Assistance**: low-interest mortgages, down-payment grants and loans, insurance (FHA)

Affordable Housing is Synonymous with Smart Growth and Social and Economic Inclusion



Affordable Housing

=



A Variety of Housing Types for Diverse Population....

Casistas Del Sol: Rental Housing for Farm Workers in Livingston, CA.



Developer: Self Help Enterprises

Features:

- 36-unit rental project
- Near buses, shopping
- Community room
- Child Care Center
- Computer learning center
- Playgrounds, tot lot
- Energy-efficient units



Wolf Waters: Rental Housing for Large Families in La Quinta, CA



Developer: Coachella Valley
Housing Coalition

Features:

- 91 rental units
- Community Room
- Child Care Center
- Energy efficient units

2010 Green Builder Magazine's Best
Affordable Project of the Year Award



Walnut Terrace: Senior and Disabled Housing in Davis, CA



Developer: Community Housing Opportunities Corporation

Features:

- 20 rental units
- Bike racks
- Community room
- Residents services onsite
- Energy efficient appliances
- Energy saving design



Montgomery Oaks: Multifamily Homeownership in Ojai, CA



Developer: Cabrillo Economic Development Corporation

Features:

- 21 ownership units
- Community Room
- Playgrounds and recreation equip.
- Solar heating



Putah Creek: Affordable Single-Family Homeownership in Winters, CA



Developer: Mercy Housing

Features:

- 40 Homes
- Garage in Rear
- Energy Efficient
- Sweat Equity
- Mainly local workers
- Close to bus and shopping,



Keeps the Community in the Community

- By improving housing conditions and keeping costs affordable, displacement of residents is prevented



Improves Substandard Homes

BEFORE



AFTER



... While Preserving Affordability

BEFORE



AFTER



Can You Imagine a Community Without Housing?



What is a Sustainable Community

A Sustainable Community

- A **Sustainable Community** is a place where everyone works together to make sure all residents are able to thrive and succeed in the short and long run.
- THIS MEANS RESIDENTS HAVE:
 - Quality jobs
 - Safe, walkable streets
 - Adequate housing
 - Parks
 - Adequate childcare
 - Healthy Air
 - Healthy food outlets,
 - Transportation
 - Education and
 - Healthcare
 - Safe, available drinking water
 - And...

Affordable Housing is the Foundation of Community

While there are many ways Community can be defined, it is first and foremost a **place** with recognized boundaries where people **permanently live** and carry out the activities of life



Widespread Need: Workers who often cannot afford market-rate housing and qualify for housing subsidy

***Fast-Food Workers**

***Building Maintenance Workers**

***Administrative Assistants**

***Truck Drivers**

***Construction Workers**

***Nurses**

***Firefighters**

***Teachers**

***Cashiers**

***Police Officers**



Without Affordability, Smart Growth = Gentrification

- **By improving housing conditions and still keeping costs affordable, the displacement of existing residents is prevented**





Inclusionary Housing: Creating Affordability and Inclusion in New-Growth Areas

- A policy that requires or encourages new residential developments to include a certain percentage of affordable housing units for lower and moderate-income households.
- AKA “*Inclusionary Zoning*”

Inclusionary Housing: 40 Years of Innovation

- Origins – 1971 in Washington D.C. Suburbs
- Palo Alto - First California Program in 1973
- 144 Different Programs in California
- 27% of All California Cities and Counties
- About 30% of all U.S. Programs
- At Least 30,000 Affordable Units Produced for purchase and rent since 1999



Inclusionary Housing Goals

- Production of Affordable Housing
- Social and Economic Integration
- Simultaneity (Avoid NIMBYism)



Key Components of an Inclusionary Housing Program

- On-Site Production of Affordable Units
- Alternatives to On-Site Production

Off-Site Production

Land Dedication

In-Lieu Fee

Credit Transfer

- Compliance Incentives



Incentives to Offset Developer Costs

- Density Bonus
- Flexible Design (unit/lot size, amenities, product)
- Subsidies
- Fee Deferral, Waiver, Reduction
- Fast-Track Processing



City of Davis

Inclusionary Units: Over 1,500

- Adopted: 1990
- Population: 60,038
- Inclusionary Requirements:
 - Ownership projects: 25%
 - Rental projects 35%
- Affordability requirements: very low- to moderate-income



Lessons from the City of Davis

- Over half (1,026) of Inclusionary units from land dedications
- One fifth for elderly, disabled or special needs
- Over half for multifamily housing
- Significant contribution to social, income, housing-type diversity:

Special Needs, Elderly, Workforce Rental, Homeownership:
Condominiums, Cooperatives, Co-Housing



Inclusionary Land Dedication: Powerful Tool for Diversity

Table I: Land Dedication and Housing Production
(Includes completed and planned projects)

Housing Type	Developments	Units	Percent of Units
Multifamily Rental	13	566	56%
Multifamily Ownership	1	15	1%
Single Family Ownership	6	89	9%
Senior/Disabled	5	155	15%
Special Needs	1	52*	5%
Student Dormitory	1	112	11%
Unspecified	1	16	2%
Totals	28	1,026	100%

Windmere Apartments:

Family Housing in Upscale Mace Ranch Subdivision



Walnut Terrace Apartments:

Senior Housing in Upscale Mace Ranch Subdivision



Willow Glen Apartments: **Senior/Disabled Housing in Upscale Mace Ranch Subdivision**



2-Bedroom House:

Single-Family Unit in Upscale Mace Ranch Subdivision



Strong Design and Density Incentives Help IH Work

- Davis incorporates Smart Growth principles to reduce the costs of compliance for developers
 - Small lot sizes
 - Narrow streets
 - Reduced setbacks
 - Changes in house orientation
 - Irregular lot sizes
 - Elimination of sidewalks on one side of street





VI. Opportunities to Support Affordable Housing for Local Citizens



Support Actual Affordable Housing Projects

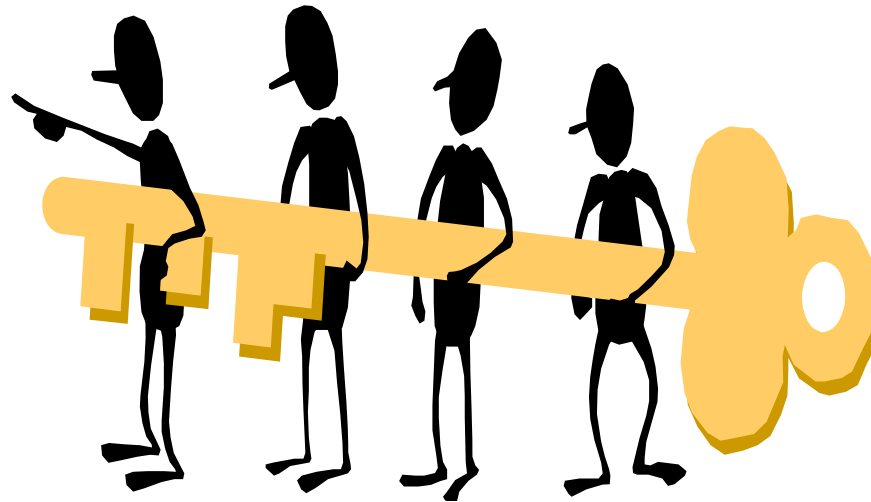
- Affordable Housing sometimes strongly opposed!



- *Community Support Can Make the Difference!*

Key to Participation – Working Together

- Get involved - Housing justice can only be achieved when people strive together!



Whatever You Do – Get Involved!

