Town of Cary
Affordable Housing Tool Kit

Town of Cary
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Introduction

This "tool kit" was prepared in 1999 and is an exploration of the variety of approaches the Town of Cary can take in implementing its affordable housing initiative. Ordinances, policies, programs, and other practices are described, examples are given from around the country, and the pros and cons are presented for each tool. The recommended tools (high and medium priority only) are included in a table below. The high priority tools include inclusionary zoning with density bonuses, fast-track review, development fee reimbursements, growth control exemptions, creative density increase, infrastructure support, downpayment/ closing cost/mortgage assistance, homeownership education, and grants for affordable housing development. Medium priority tools include partnerships with financial institutions that proactively address affordable housing needs, land purchase and transfer to affordable housing developers, and employee ownership programs. Those tools that may not be appropriate for the particular needs of the Town of Cary, that are already being addressed by other entities, or that, because of administrative complexity, may be better addressed after the Town develops more familiarity with housing programs, are also included for discussion purposes in the tool kit, but are not included on the table below.

Virtually all of the largest cities and counties have housing programs aimed at serving a wide spectrum of housing needs through land use regulations, public housing, rent subsidies, rehabilitation of older units, mortgage assistance, rental and single-family housing production, infrastructure development, and other public contributions and inducements. This document focuses primarily on the affordable housing approaches of moderately sized, suburban communities experiencing growth pressures in the eighties and nineties, since these types of communities are more analogous to the Town of Cary than large, older metropolitan cities.

Several Town housing goals also are presented for consideration for use in the Housing Plan component of the comprehensive plan under development. A proposed definition of "affordable housing" is also presented. The definition follows the national standard that is used by county, state, and federal funding agencies.

The purpose of the tool kit is to help the Town Council in its decision-making about the future direction the Town takes in addressing its relatively high cost of housing. By helping to increase the proportion of homes that are financially within reach of many members of the Town's workforce, such as retail clerks, service workers, teachers, policemen, and firefighters, the Town reduces in-commuting, enhances the ability of its public employees to respond to emergencies, and promotes economic diversity. The tool kit, as well as the Town of Cary Housing Report, will be incorporated into the Affordable Housing Plan to be considered for adoption in 2000. The affordable housing approaches that Council chooses to pursue will be assembled into the Town of Cary Affordable Housing Plan, which will be adopted by Town Council in 2000.

[Note: The Town of Cary Affordable Housing Plan was adopted on May 11, 2000.]

TOWN OF CARY PROPOSED HOUSING GOALS

- Provide for a full range of housing choices for all income groups, families of various sizes, seniors, and persons with special challenges.

- Promote the preservation of the Town of Cary's existing housing stock through housing rehabilitation resources to maintain the affordable housing that already exists in the community.

- Facilitate the creation of a reasonable proportion of the Town of Cary's housing as affordable units through additional homeownership opportunities for individuals and families earning between 60% and 80% of area median income and affordable apartments for individuals and families earning up to 60% of the area median income.

- Strive for innovation and partnerships in the creation of model ordinances, policies, and programs in the area of providing expanding housing opportunities for low- and moderate-income persons.

- Facilitate the affordable housing activities of other entities within the Town of Cary, including construction of affordable housing units, rehabilitation of existing housing, homeownership training, and marketing of assistance programs.

- Encourage the location of high density housing within walking and convenient commuting distance of employment, shopping, and other activities, or within a short walk of a bus or transit stop, through "mixed use" developments, residences created on the upper floors of nonresidential downtown buildings, and other creative strategies.

- Actively participate in the renewal of neighborhoods suffering from physical deterioration or from the inequitable distribution of public resources in the past.

- Assure a quality living environment and access to public amenities for all residents, present and future, of the Town of Cary, regardless of income.

Proposed Definition of "Affordable Housing"

Housing that costs no more than 30% of the monthly income of moderate-income persons and families.

For homebuyers:

- costs include principal and interest, real estate property taxes, and hazard insurance (PITI),
- moderate income is defined as up to 80% of the Raleigh metropolitan area median income, adjusted for family size.

Example: An affordable three-bedroom housing unit in 1999, assuming it will be occupied by a four-person family (earning up to $47,600), cannot cost more than $137,600 (at 7.0% interest, 3% downpayment).

For renters:

- costs include asking rent and tenant-paid utilities (except telephone and cable),
- moderate income is defined as up to 60% of the Raleigh metropolitan area median income, adjusted for family size.

Example: An affordable two-bedroom apartment in 1999, assuming it will be occupied by a three-person family (earning up to $32,600) paying all utilities, cannot cost more than $700. The affordable rental limit would be $800 if utilities were paid by the landlord.

[Note: The definition above is based on 1999 HUD income data and mortgage interest rates available at the time of document preparation. The Town of Cary's affordable housing definition will be revised as these variables change.]

Affordable Housing Tools Recommended for the Town of Cary

Tool and Description	Priority	Time Frame	Impact	Cost to Town	Administrative Burden
Inclusionary Zoning: local ordinance requiring developers to include a percentage of housing within the means of moderate income families.	High	2-3 years	High	Low	Medium
Fast Track Development Review: policy of giving priority to site and subdivision plans that include affordable housing.	High	1 year or less	Low	Low	Low
Development Fee Reimbursement: policy of returning all or a portion of impact and other fees to developers building affordable housing.	High	1 year or less	Low	Medium	Low
Special Consideration in Growth Management Initiatives: a policy of countering the cost-inflationary impact of growth controls with allowances (or exemptions) for low-cost housing .	High	1 year or less	Medium	Low	Low
New Forms of Higher Density Housing: provisions in zoning and subdivision ordinances for accommodating smaller or clustered units to promote affordability. Examples: zero lot lines, tandem housing, accessory apartments	High	1 year or less	Medium	Low	Low
Banking Partnerships: providing incentives to increase the proactive affordable housing activities of banks.	High	1-2 years	Medium	Low	Front end only
Grants to Affordable Housing Developers: providing city funds to help bring down the costs of rents and mortgages.	High	1 year or less	High	High	Low
Downpayment Assistance/ Closing Costs/Second Mortgages: components of most "first time homebuyer programs" that contribute public funds to reduce the costs of homeownership.	High	2-3 years (if pursued as a Town-administered program)	High	Medium	High

Affordable Housing Tools Recommended for the Town of Cary (continued)

Tool and Description	Priority	Time Frame	Impact	Cost to Town	Administrative Burden
Employee Homeownership Programs: some cities (and companies) provide low-interest loans for helping their moderate-income employees acquire a home.	High	1 year	Low	Medium	Medium
Homeownership Education: provided by housing agencies, banks, nonprofits, and others, often at little or no cost, to help "de-mystify" the home buying process and explain resources available for moderate-income buyers.	High	1 year	Low	Low	Low
Infrastructure Support: city provision of water, sewer, drainage, or street improvements as a contribution to an affordable housing development.	High	1 year	High	High	Medium
Land Purchase and Re-sale: city acquisition of land that is donated/sold at lower price/amortized at low interest to an affordable housing developer, who passes the savings on to the purchasers.	Medium	2-3 years	High	High	High
Support for Community Land Trust: city contributes funds to a nonprofit land development company that retains ownership of land but sells units (less the cost of the land) to moderate-income families.	Medium	2-3 years	High	Low	Low
Housing Rehabilitation: primarily for owner-occupants, town can partner with Wake County Housing to provide additional resources to address substandard properties in Cary.	Medium	1 year	Medium	Medium	Medium

High-Priority Affordable Housing Tools

Inclusionary Zoning

This term refers to local government action to encourage or require the construction of housing within the means of moderate income families through mandatory government regulation or through incentives. Usually such ordinances require that housing be affordable (payments = 30% or less of a moderate monthly income) for a period of years (these range from 5 to 30 years).

Montgomery County, MD has had a Moderately-Priced Dwelling Unit (MPDU) program since 1974 which mandates that 12 ½% - 15% of all residential units being built in developments of fifty or more be sold to moderate-income families (80% of median family income) as certified by the county housing office. Developers are granted a density bonus of 22% above what current zoning allows. This program has produced nearly 10,000 units. According to the Innovative Housing Institute,

> The most successful inclusionary zoning program in the country is found in Montgomery County, Maryland. There, the local Moderately Priced Dwelling Unit (MPDU) ordinance, enacted in 1974, requires developments of more than 50 units to include 15 percent MPDUs. Of that 15 percent, two-thirds are sold to moderate-income first-time homebuyers and the remainder can be purchased by the local housing commission or local non-profits for use in their affordable rental programs. So, for example, in a typical new subdivision of 100 units, 85 units would be market-rate, 10 would be sold to first time income-eligible homebuyers, and five would be owned by the housing commission (or a non-profit) for use in their rental programs.
>
> To make the program work Montgomery County provides a "density bonus" to developers; that is, within local planning constraints, a builder is granted the ability to build 22 percent more units in the subdivision than otherwise would be allowed. Thus, the land for the MPDU's is "free."
>
> Montgomery's mandatory MPDU inclusionary zoning program has produced nearly 10,000 units since 1974. Other states, such as California and New Jersey, have instituted programs that promote affordable housing through the use of density bonuses. [There are] a number of jurisdictions throughout the country who are exploring or implementing inclusionary zoning ordinances.

Fairfax and Loudoun Counties in northern Virginia have ordinances similar to Montgomery County's. Fairfax County's Affordable Dwelling Unit (ADU) program is linked to its First Time Homeowners Program and applies to developments of 50 or more units at densities of more than one unit per acre. Resale profit restrictions and other requirements are recorded in a covenant. Homeownership opportunities are restricted to condominiums and townhouses priced between $80,000 and $120,000 and are targeted to families at 70% or less of area median income (or AMI, of the Washington metro area). Rental opportunities are targeted to those at 65% of AMI (2/3 of units), and 50% AMI (1/3 of units). Loudoun County's Affordable Dwelling Unit (ADU) program is directed to those earning between 30% and 70% of MFI, uses a lottery to select program participants, controls resale prices for 15 years, and requires "good credit rating, low level of consumer debt, and sufficient savings to make at least a 5% down payment and pay closing costs."

The Loudoun County ADU also includes a rental component for those earning between 30% and 50% of MFI, and the prices of rentals are controlled for 20 years after the initial rental.

Longmont, CO (pop. 58,000), and the California communities of **Irvine, Davis, Monterey County**, and **Chula Vista** also have inclusionary zoning programs. Longmont, which is 37 miles north of Denver, requires that 10% of all housing units built on annexed land of five acres or more be affordable through rents or purchase price to lower income households ($43,500 for a family of four in 1998). Irvine's program requires a thirty-year affordability period, a mix of sizes, dispersion of affordable units (instead of clustering), and that 10% be accessible under ADA standards. Irvine includes a variety of incentives for builders who set aside up to 25% of their units for affordable housing: waiving development fees, CDBG funding, and land write-downs. Monterey's program is mandatory, requiring all projects (rental and for sale) to provide AH for 15% of the total. The affordability period is 30 years. Incentives (fee waivers, density bonuses, fast-track review, cost of environmental studies) are offered to builders providing affordability at 25%. Chula Vista requires that 10% of projects with 50 or more units be affordable for 30 years or more through construction or dedication of land equal in value to the required units (in some cases a payment in lieu is accepted). Incentives include density bonuses and bond financing.

Santa Fe, NM has an inclusionary zoning ordinance that is applicable to all developments except single lot splits and family transfers, and it includes density bonuses to offset the financial effects. Simplified paperwork is offered in cases of 75% to 100% affordability. The city ordinance requires developers to provide, at the time of application submittal, a "written declaration regarding the price classification of the proposed development" and whether it is predominately for-sale or rental. The city created a trust fund capitalized by voluntary contributions from developers in compliance with its inclusionary housing program. One example is Villa de los Arboles, originally rezoned in 1993 for 34 residences. The developer requested and received an increase in density to 43 townhouse units--all of which are affordable. The city uses development agreements to assure affordability among for-profit developers (copy requested).

Regional "Fair Share" Solutions: In response to court mandates, such as the one contained in the *Mt. Laurel* case in New Jersey, some communities have attempted to address affordable housing on a regional level, under the concept that every member jurisdiction in a region should share some of the burden of providing for the housing needs of all members of a region's population (as opposed to the model of concentrating lower cost housing in the central city ringed by suburbs of higher-cost housing). **West Windsor Township, NJ**, for example, provided for its "fair share" of low- and moderate-income housing by an inclusionary housing ordinance that required 10% low-income and 10% moderate-income housing be dispersed within the subdivisions where required and built "in tandem with the market units," and accessible to the same amenities, such as open space, shopping, and public facilities. The township also addressed the size of units (40% two-bedroom, 15% three-bedroom), and provided for a thirty-year affordability period and profit restrictions on resale.

Example of the impact of the Town of Cary using inclusionary zoning without and with a density bonus is as follows:

Case #1: New 100-unit housing development without inclusionary zoning
1998 median new single-family house price: $247,000
Developer profit @ 9.2% (National Association of Homebuilders 1998 average): $22,724 per house, $2,272,400 for 100 houses

Case #2: New 100-unit housing development with inclusionary zoning but without density bonus
85 market rate units @ $247,000 = $1,931,540 profit from market rate units
15 affordable units @ $135,000 = $186,300 profit from affordable units
Total profit = $2,117,840 (loss of $154,560)

Case #3: New 100-unit housing development with 15% inclusionary zoning, 15% density bonus
15 additional units allowed over existing zoning= 115 units total, 98 market rate, 17 affordable ($135,000 maximum sales price) units.
98 market rate units @ $247,000 = $2,226,952 profit from market rate units
17 affordable units @ $135,000 = $211,140 profit from affordable units
Total profit = $2,438,092 (additional profit of $165,692)

Developer would lose $154,560 if the inclusionary zoning mandated 15% of the unit be affordable without a density bonus. With the added feature of a 15% density bonus, the developer is compensated an additional $165,692 for providing 17 moderately priced houses. Of course, the details could be modified to achieve "break even," or no net loss/compensation without extra profit.

Pro:

- Tried and true in various parts of the country. As long as compensation is provided to the developer (as in a density bonus that would allow more intensive development to enable the developer to recapture what the locality has required him/her to produce below what the market would sustain), "takings" challenges in the courts (Fifth Amendment prohibition of taking property without just compensation) can be avoided.
- Affordable units can be blended into market-rate developments, as has been demonstrated in Maryland, to minimize impact on market-rate re-sales and to avoid concentrations of lower-priced units.

Con:

- General Assembly approval would be needed.
- Additional staff required and extra administrative costs.

Fast Track Development Review of Affordable Housing Proposals

The adage that time is money is applicable to the field of residential construction. To the extent a planning office can reduce the time involved in approving a subdivision, the more receptive developers will be in providing what the community requires (such as affordable housing) to receive the reduced-time option. Although this tool doesn't contain clear, easy-to-calculate cost savings that translate into cheaper houses, it does at least make building affordable houses more attractive as a land development option. **Fort Collins, CO** offers an expedited review process for developers proposing to build housing units for low- and moderate-income persons. **Monterey County, CA** offers an expedited review process for builders who guarantee that 25% of the houses to be built in a subdivision will be affordable. [**Raleigh, NC** offers an expedited review, not for affordable housing developments, but for those paying a $500 fee.]

Pro:
- Has the potential to help steer residential developers toward creating affordable housing to the extent that the normal process is perceived to be cumbersome or time-consuming.
- Sends a message that the Town is serious about affordable housing by putting these types of projects "first in line."

Con:
- Assumes that there are procedures that are unnecessary or that staff has the ability to reduce the work-hours involved in development review.
- May require additional staff.

Development Fee Waivers/Reimbursement of Fees

Eliminating or reducing development fees is a "carrot" cities can dangle in front of housing developers to encourage them to build lower cost housing and which can reduce the cost of housing when the savings are passed on to the buyers or renters. In some states cities can waive the fees, in others (such as North Carolina) cities collect then reimburse after compliance is determined. In some cases all fees related to residential development are included (school and traffic impact fees, water and sewer fees, park fees, building permit fees), in other cases only some fees are waived.

Arvada, Colorado (suburb of Denver, 1995 est. pop. 103,700) has an ordinance that provides for a development fee waiver "for all housing developments which will be granted a federal subsidy for rent or mortgage payment." (Section 25-17) **Longmont, CO** (suburb of Denver, pop. 58,000) also offers up to 100% waiver of certain fees, using a five-year affordability period for single-family development, ten years for multi-family. **Hillsborough County, FL** (around Tampa) has an Impact Fee Relief Program, which waives impact fees for water, sewer, rights-of-way, parks, and transportation. In one affordable apartment development project, almost $500,000 was saved, greatly enhancing the ability to offer low-cost rents. **Santa Fe, NM** offers fee waivers to development proposals offering 75% of units to those at or below 80% of median family income. **Orange County**, NC provides school construction impact fee rebates ($3,000 per unit in **Chapel Hill** and **Carrboro**, $750 elsewhere) to nonprofit groups building affordable units for first time homebuyers. **Wilson**, NC eliminated development fees for a thirty-five unit affordable subdivision it helped develop. **Asheville** (up to 50% of costs) and **Raleigh** (up to 100%) forgive development fees for AH developments. Apex ($4,087 per unit) and **Holly Springs** ($5,600 per unit) also have financed development fees for moderate-priced housing construction. The process used in Asheville includes payment up front before construction of an "affordable house," defined as one selling below $100,000 at the time the building permit is issued. A receipt is given for payment. When the home is sold (within 12 months of the issuance of a building permit), the payment receipt is sent back to Asheville's Community Development Department, along with the fee waiver form and a copy of the "HUD-1" closing statement proving the selling price of the home. The CD Department then sends a refund check to the applicant.

Example of the impact of the Town of Cary waiving or reimbursing fees in 1999 on the selling price of a house is as follows:

<u>Case #1: No Fee Waiver</u>
House Sales Price: $165,000 Downpayment @ 10%: $16,500
Required Mortgage: $148,500 PITI: $1,284
Affordable to a household earning: $51,360

<u>Case #2: With Fee Waiver</u>
House Sales Price: $165,000 – Fees @ $5,229 = $159,771
Downpayment @ 10%: $15,977
Required Mortgage: $143,794 PITI: $1,244
Affordable to a household earning: $49,760
A four-person household is considered moderate-income if it earns $47,600 or less.

Pro:
- Requires no budget allocation.
- Can make affordable housing projects more attractive to developers since waivers result in fewer up-front, out-of-pocket costs by the developer, and reimbursements at least return the up-front costs to result in net savings.
- Provides another "layer" of subsidy to projects already benefiting from federal grants or loans, which in high-cost areas is often what is required to bring the cost of housing down to the level needed for their moderate-income residents and workers.

Con:
- Subsidy may not be deep enough to achieve significant savings in new units, as shown in the case studies above; only helps incrementally.
- Difficult to track the passing of savings on to the housing consumer.
- Unless applied to units receiving another subsidy, may not guarantee that units are occupied by moderate-income persons.
- Has no impact on the sales price of *existing* units, only new houses.
- A 1992 study by Wooten for Cary concluded that "reductions in required impact/development fees are not likely to have a significant short term impact." In 1992 the fees typically totaled $3,400. (In 1999 the fees have risen to $5,229, a 53% increase.) By itself, as shown in the example above, a fee waiver would help, but not to a degree sufficient to bring a typical new house (even one well below the $247,000 average of all new houses) into the affordability range for many moderate-income families.

Special Consideration in Growth Management Initiatives

High growth communities faced with the struggle to expand infrastructure (schools, roads, water, sewer, parks) to keep pace are increasingly turning to moratoria, caps, Adequate Public Facilities Ordinances (APFO), and other growth management tools. Such slow-down strategies, despite their advantages, can freeze the community's attempts to increase the proportion of affordable housing, or worse, drive up the cost of housing even more by reducing the availability of buildable lots. Some communities recognize such unintended consequences in their growth control ordinances either as a regrettable but inevitable by-product or as a situation in need of countervailing measures.

Arvada, Colorado (suburb of Denver, 1995 est. pop. 103,700), which has instituted a residential building permit allocation system "to preserve the character of the city" (597 allowed in 1999), nonetheless exempts "low/moderate income housing" as determined by HUD income limits.

The **Town of Cary** has included a clause in its schools APFO that allows affordable housing projects an additional 5% above the "adequacy standard" for new residential construction.

Pro:
- Has the effect of increasing the proportion of housing stock that is moderately priced without the expenditure of public money.
- Assures that a town's affordable housing initiative continues at the same time the town carries out growth management procedures.

Con:
- Has the potential of significant opposition from builders of higher end houses and apartments.
- The market may *only* provide moderate income housing, unless the town promotes mixed income housing (e.g., exemptions where at least 20% is affordable—rather than 100%).

New Forms of Higher Density Housing (Doing More with Less): Tandem Houses, Zero Lot Line Zoning, Accessory Apartments

Communities seeking to expand their stock of lower-cost housing are not restricted to encouraging new subdivisions through the usual script of annexations, rezonings, and extensions of water, sewer, and roads. In some circumstances a given development site can absorb higher density housing while providing a quality living environment or the current housing stock itself can be a resource for new housing.

Orlando, Florida has pioneered the concept of allowing subdivisions to include "tandem single family development" as a conditional use on lots that allow duplex development. Orlando's ordinance requires a "minimum separation of 10 ft. between buildings/structures, with no less than 5 ft. on each side of the property line." The design

requirements include a provision that "all lot layouts, circulation, and open space provided…permit an attractive variety of orientations and groupings of dwellings and driveways consistent with the existing development pattern of the neighborhood."
Babylon, NY passed a two-family dwelling law that allowed owners of existing houses to add a second living space but permitted only a single front entrance to maintain the appearance of a single family dwelling. The added unit is either sold or rented.
Zero lot line (ZLL) development is a similar strategy to increase density in a single family detached environment. **Bentonville, AR** and **Dade County, FL** were showcased in a HUD report (Removing Regulatory Barriers to Affordable Housing) as success models for ZLL. Bentonville responded to a major Wal-Mart expansion and other job creation activities through passing a zero lot line ordinance to overcome a housing shortage. The ZLL district allowed developers to increase density to 16 houses per acres (including duplexes and detached units), instead of the conventional 4 units. Average lot cost was reduced 50 – 75%, and streets were narrowed to 24 feet, with sidewalks required on public streets.

Allowing accessory apartments, or "granny flats," to be installed in single-family homes is one strategy that enables communities to expand their current housing stock on existing infrastructure and with less land consumption than, for example, the construction of a new apartment complex. By these measures a community can achieve the multiple objectives of creating reasonably-priced apartments, allowing (for example) the widow on a fixed income to remain in her house and supplement her earnings, and allowing some to care for their less-than-totally-independent elderly parent(s). **Daly City, CA** passed a Second Unit Ordinance in 1983 that permitted the development of accessory apartments by right and created 400 affordable units in less than ten years. **Asheville, NC** allows accessory apartments in all residential districts.

Some communities offer a density bonus (independent of inclusionary zoning) as the "carrot" to encourage developers to build more units per acre than ordinarily allowed under existing zoning. Normally a fixed percentage of housing reserved for low and moderate-income families is part of the ordinance and sometimes deed restrictions to insure that the housing remains affordable are written into sales agreements.
Fairfax County, VA tried and abandoned such a voluntary system in favor of a mandatory inclusionary zoning ordinance that included a density bonus as compensation.
Anaheim, CA grants a 25% density bonus to developers of affordable housing.
Town of Cary, in the PUD section of its Unified Development Ordinance, provides a density bonus of up to 25% for projects that include housing affordable to those at or below 80% of the area median income, adjusted for family size.

The current **Town of Cary** Unified Development Ordinance allows all single-family homes to include accessory apartments as long as they are attached to the main building and occupied by a relative. The UDO could be broadened by removing or amending language about apartment occupants being related to the owner, size restrictions, or restrictions limited to main-structure conversions (as opposed to out-building "carriage apartments"). One Planned Unit Development, however (Carpenter Village), does include accessory apartments over the garages.

Pro:
- Apartments can be added to the current housing stock and/or new housing with less impact, and presumably less opposition, than a new apartment complex.
- Homeowner screening of tenants who will be sharing their dwelling or lot can be expected to be more thorough than the usual apartment complex process.
- Reduces sprawl as the population "grows in place."

Con:
- Care needs to be exercised, particularly with regard to allowing apartments to be added to existing houses, that parking is adequate to the increased occupancy.
- Opposition from adjacent property owners may emerge at some locations.

Banking Partnerships for Affordable Housing

Municipalities sometimes develop partnerships with local banks to carry out affordable housing activities. One example involves selecting financial institutions for deposit of local public funds based on the willingness of such institutions to contribute loans and other resources to valued public activities such as facilitating moderate income home ownership. By "linking" their deposits to such activities, cities are able to achieve civic improvements, provide additional housing resources, and other initiatives without spending taxpayers' money.

Loudoun County, VA won Virginia Municipal League and Governor's Housing awards for their program of linking a proportion of county deposits ($5,500,000) in local financial institutions with the affordable housing activities of those institutions. After enabling legislation was secured in the Virginia General Assembly, an RFP was issued to allow equal access among all interested County financial institutions. Three responded and two banks split the deposit as well as the affordable housing activities to be provided. These activities included twenty Affordable Housing Mortgage presentations, Marketing, eight First Time Homebuyers Seminars, $5,000,000 Home Mortgage funds with no Private Mortgage Insurance, $3,000,000 in Residential Construction Funds, and Federal Home Loan Bank Funds Advisory Services and presentations to non-profit housing agencies. The value of the banks' housing activities brought about by Loudoun County's $5,500,000 investment was calculated at $8,011,500. The interest income was only $5,000 below what otherwise would have been earned. Both residents of and those who worked in Loudoun County were eligible, if the family income was 70% or less of median family income. **Atlanta, GA** and **Charlotte, NC** have similar programs and **Durham, NC** is considering steering city, county, and school system investments to local banks investing in a variety of urban renewal efforts.

Pro:
- Uses a public-private partnership to achieve more inclusive housing.
- Some strategies require no new appropriation of public funds.
- Helps local banks meet Community Reinvestment Act responsibilities.

Con:
- Many local banks already have moderate-income homeownership programs.
- May be problematic to change banking accounts with town's investments.

Grants to Affordable Housing Developers

Columbus, OH entered into a partnership in 1995 with two developers and the State Savings Bank to produce mixed income housing inside the city school district (growth was occurring in the suburbs). Phase I of the project was to build 400 homes. The bank committed $38 million for land acquisition, site development, and mortgages, and the city provided $1.2 million (local funds) for down payment assistance for the home buyers (@$3,000 each). The process (according to the HUD report Models That Work) is as follows: 1) the developer acquires site control; 2) the city approves development plans for each site, after which the developer enters into a development agreement with the city to create the subdivision (clearing and installation of sewer, streets, and sidewalks); 3) the **city partially reimburses the developer for street construction costs** in an amount equal to $3,000 per improved lot and the developer sells the lots to builders. At that time the $3,000 is deposited into an escrow account and is released toward downpayment and closing costs when the house is built and sold to a buyer. Phase II was announced in late 1995 for an additional 1,000 homes.

High Point, NC, in its Infill Housing Reimbursement Program, provides up to $10,000 per infill house for construction of homes for first time buyers in core city neighborhoods. $100,000 in local general funds are committed to this program. In 1997 ten homes were constructed through this program. **Durham, NC** recently provided grants to bring houses built by a local nonprofit organization into the affordability range of moderate-income buyers.

Pro:
- Grants, unlike loans involving repayment over an extended period, are easier for the Town to administer, require no new collection system, and avoid delinquent payment issues.
- Grants (especially if from non-federal sources) are also easier for recipients to manage and therefore more likely to be used than a loan.

Con:
- Public acceptance of grants is lower than loans.
- Grants are not the best option if the housing program is to be self-supporting.

Downpayment Assistance/Closing Costs/Second Mortgages

Usually all of these tools are offered together in a "first time home buyer" program, and since HUD funds these efforts under its Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) programs, virtually all entitlement communities provide these services. Wake County operates CDBG and HOME programs that include Cary and their programs include first time homebuyer assistance.

Richland, WA (high tech city, pop. 36,550, $48,200 median family income) has a Downpayment Assistance Program that assists qualified low and moderate income first-time home buyers with up to 50% of the down payment, including closing costs and other associated costs payable at the time of closing. Eligible homes will be in the City of

Richland. The assistance will be in the form of a 0% interest loan, with repayment deferred until sale or transfer of the property.

Boise, ID (pop. 175,000, 1998 MFI: $48,000, high tech town) helps low- and moderate-income families build a home. The city lends up to $25,000 for a residential lot (5.5% interest, 30-year term, payments deferred for 5 years if family is 65% of less of median family income) and U.S. Bancorp provides up to $67,000 @7.5%, 30 years for the construction loan.

Austin, TX provides financial assistance to purchasers is available in the form of:
1. Low interest financing (Travis County Bond Program), 2. down payment/closing cost assistance (grant not to exceed $1,500), 3. an $8,000 no interest, no monthly payment second lien loan for as long as the home remains purchaser's primary residence.

Fresno, CA provides loans for downpayment and closing costs (3.5% interest, 20-year term) which is forgiven unless the property is transferred. The buyer must provide from $2,000 to $4,000 from his own resources to qualify.

Cambridge, MA's "Soft Second Mortgage Program" reduces a borrower's monthly costs by dividing the loan into two components: a conventional 30-year fixed rate loan (usually for 75% or less of the purchase price) and a subsidized second mortgage (interest only for 10 years). The program also has a 5% down payment requirement and more flexible underwriting than many conventional mortgage products and lower closing costs. Eligibility is contingent upon a family moderate income, completion of a first time homebuyer class, and meeting with a Housing Access Counselor. The program is funded by the state and loans are available through seven lenders.

The "Cambridge Home Buyer Initiative" (CHBI) is an affordable home ownership program for low and moderate income residents. CHBI provides technical and financial assistance to residents who want to buy a condominium in the city. CHBI can provide financial assistance in three ways:
1) pay for necessary rehab (up to a fixed amount); 2) pay for the difference between the price of the condo and what buyer can afford; or 3) pay for a part of the down payment or a combination of all three (up to a fixed amount).

	Total Cost of Condo (including any rehab)	CHBI Contribution (maximum subsidy)
studio	$110,000	$20,000
1 bedroom	$125,000	$25,000
2 bedroom	$140,000	$30,000
3 bedroom	$150,000	$35,000

Akron, OH, in its Home Purchase Incentive Program (HPIP), provides a grant of up to $5,000 for homebuyers purchasing a home in target neighborhoods, with up to $2,000 to go toward the downpayment, the remainder toward rehab.

DuPage County, IL (a high-cost, fast-growing Chicago suburb) is host to a "homestead" program where one of 25 participating lenders provides a 30-year, fixed rate mortgage for up to 55% of the home purchase price (the loans are sold to Fannie Mae), and the state housing authority provides a second mortgage at 40% of value, 0% interest, 30-year term. Buyers receive a 2% downpayment grant and provide 3% from their own resources.

Topeka, KS (pop. 120,000) has a program with the easy-to-remember name TOTO (Topeka Opportunity to Own) to recycle its stock of vacant houses while providing ownership opportunities. The city has a partnership with five lenders, a nonprofit, and the Kansas Department of Corrections (inmate labor for carpentry). The lenders, who set aside a total of $5 million for TOTO, waive the loan origination and other fees, offer a lower-cost appraisal, and provide the first 30-year mortgage. The city provides a second mortgage for rehab, which may go up to $15,000 and is forgiven (with deferred monthly payments) if the owner remains in the home for ten years.

Tampa, FL has a “Mayor's Challenge Fund Partnership,” a cooperative effort among the City, lending institutions and non-profit agencies to increase the quality and number of affordable housing units in the City of Tampa. The primary objectives of the partnership are to encourage homeowners to repair their existing homes, to encourage homebuyers to buy within the city limits of Tampa and to encourage the rehabilitation of multi-family housing. In 1995, 28 local banks and credit unions committed more than $100 million in low-cost loans over five years. The City coordinates the program, provides loan processing, subsidized down payment assistance, loan guarantees and monitors the construction process. The lenders provide relaxed underwriting guidelines and below market interest rates. The non-profit agencies provide a bridge to Tampa's local neighborhoods and residents, to those who might not otherwise take advantage of homeownership through housing counseling, loan packaging, construction and marketing.

Wake County works with First Citizens Bank Shelter Source homebuyer program. The bank program for low- and moderate-income first time homebuyers has been in operation since 1991 and closed 1,240 loans totaling $58.5 million in the first five years. Closing costs can be financed and neither points nor origination fees are charged to the borrower. Wake County provides downpayment assistance that can be combined with a Shelter Source mortgage.

Pro:
- These have become important gateways to homeownership for those having difficulties accumulating sufficient resources to afford a downpayment/closing costs.
- Second mortgages help bring houses in an expensive housing market within reach of those whose 30% of income is insufficient to afford a home.
- Since the program is run by Wake County, there is no overhead for the Town.

Con:
- Often such programs are staff-intensive, especially those not restricted to the top of the moderate-income range (such as targeting or restricting resources to those between 60% and 80% of area median income), with the efforts sometimes required to clear up credit problems.

Employee Homeownership Programs

Some cities, and some companies, provide financial resources (low interest loans, matching grants, etc.) to enable their service workers to purchase a home as an employee benefit.

Baltimore, MD helped 213 of the moderate income members of its 25,000 workforce buy homes through a homeownership program that provides up to $10,000 in assistance. $2 million was budgeted for the 1995 program. Employees must have at least $1,000 of their own money, which the city matches dollar-for-dollar up to $2,500. This is supplemented by a $7,500 deferred loan with a ten-year term with a declining balance. Fannie Mae agreed to purchase the loans and bring together eighteen lenders to make first mortgages. Homebuyer education was required. 40% of the participants were police officers, firefighters, and teachers. The average sales price was $70,600, the average first mortgage was $61,700, and the average income was $24,600.

Lawrence, Massachusetts, along with a bank, and two factories participated in an employee homeowner program. First Essex Savings Bank waived processing fees and closing points, the city provided $1,000 as a deferred loan, and the other businesses provided $1,500 for each buyer toward downpayment assistance. Sixty-two town and other employees purchased homes under the program in 1994-95. **Chicago, IL** has a program to help teachers and other school employees own a home near the schools in which they work. Mortgages are ¼ percent below market rate and participating lenders waive application and appraisal fees.

Yale University in **New Haven, CT** provides a homebuyer program for its employees through providing grants of $2,000 per year for ten years, in addition to $4,000 for closing costs and home repairs. They must occupy the dwelling for at least two years and it must be located in a neighborhood near the university. In the first two years of the program, 227 Yale employees purchased homes (46% were clerical, technical, service, or maintenance workers), requiring a $4 million commitment by Yale. Most of the properties were priced between $50,000 to $100,000. **Legacy/Emanuel Hospital** in **Portland, OR** provides $5,000 in a forgiveable loan, the principal of which is reduced 20% per year for five years (which makes it a grant after five years). The hospital benefited 80 employees 1991-1995. **Los Angeles, CA** provides homebuyer assistance to its police officers and firefighters in the form of a $10,000 forgiveable loan (deferred as a "soft second" mortgage with a five-year declining balance). Maximum purchase price: $213,000 (1995).

Johnston County, NC school officials encouraged a local developer to offer new teachers affordable homes in a new subdivision with "no money down." The county markets the subdivision to new teachers in an attempt to attract and keep teachers who have been attracted to more lucrative assignments in more affluent counties.

Durham County, NC makes available a second $10,000 mortgage with deferred payments and waiver of water and sewer connection fees in an effort to attract the best teachers to its school system. The **Town of Cary** offers downpayment/closing cost assistance to employees who have been on the payroll for at least one year and whom have not owned a house in three years. This assistance is in the form of financing 50% of the downpayment and closing costs (not to exceed $5,000) repaid through a two-year diversion of Town contributions to the employee's 401(k) account, at an interest rate equal to prime rate minus 2. The North Carolina Housing Finance Agency (NCHFA) provides the first mortgage of 95% of the total, and a third mortgage for up to 25% of the downpayment and closing costs. The low maximum house sales price (NCHFA standard) limits the usefulness of this benefit to townhouses and condos.

Pro:
- This is a good way to directly benefit some of the most often cited groups in need of housing assistance: public employees such as police and firefighters.
- If homebuyer is limited to within town boundaries, commuting time to work (and traffic load on highways) can be reduced—particularly important for "essential" employees' access to town during a public emergency.
- Minimum public opposition.
- Local employers can be encouraged to follow the town lead and offer a similar benefit to their employees.

Con:
- Care must be exercised to offer a generous enough offer to make a difference in the ability of targeted employees to buy houses in the Town, where the median price of all sales (new and existing, single-family and townhouses) in 1998 was $186,000.
- Other layers of assistance (such as NCHFA) may have unrealistic maximum loan amounts that are out of sync with local real estate realities: $120,000 new house, $113,000 existing.

Homeownership Education

Virtually all of the major cities in North Carolina and elsewhere that administer federally funded housing programs (CDBG, HOME) include homeownership education, either through their own staff or through nonprofit groups. These programs usually charge a nominal fee or are free and seek to familiarize moderate-income with lending requirements, home budgeting principles, special mortgage lending programs, and public resources available to income-eligible households.

Chattanooga, TN is the origin of the Fannie Mae-approved, nationally recognized "Fastrak to Homeownership" training program, which was developed by the Chattanooga Neighborhood Enterprise (CNE) nonprofit, and used by 200 public and private groups nationally. After performing an initial assessment, participants are steered to either one-on-one counseling or a Life Skills course (household financing, home maintenance, personal growth, and pre-purchase homebuyer training) before beginning the Fastrak instruction, or they begin the Fastrak course immediately. Fastrak covers budgeting, underwriting and credit, finding a home, financing, the mortgage process, and post-purchase topics such as home maintenance, default, and foreclosure. CNE also provides mortgage loans and have a default rate of less than 2%.

Pro:

- Educating first time home buyers about the process of buying a home, maintaining it, paying the mortgage, saving up reserves for repairs, etc. are crucial to the success of homeownership programs. Many housing administrators cite such programs as critical to the ability of lower income groups and others to succeed and avoid default (or even foreclosure).

Con:

- This type of assistance is often offered free or at low cost by banks, realtors, and others. There may not be a need for the Town of Cary to create its own program.

Infrastructure Support

A typical way to support new housing while reducing development costs is to provide the needed water, sewer, drainage, and streets (extensions of existing lines and/or "on-site" infrastructure). Often the proportion provided on-site is the same as the proportion of homes which will be occupied by low- and moderate-income (LMI) families. Communities receiving federal CDBG and HOME funds often provide this type of assistance and monitor the incomes of occupants for LMI status. (Cary participates in Wake County's CDBG and HOME programs and would need to have specific proposals included in the annual CDBG/HOME action plan.)

Rochester, NY participated in a 50-unit affordable housing project through a $400,000 investment in rebuilding roadways, sewers, water lines, sidewalks, street lighting, and a new street. The New York State Affordable Housing Corporation provided mortgage buydown and closing cost grants in the amount of $22,500 per house. $500,000 came from the Federal Home Loan Bank of New York Affordable Housing program, and First Federal Savings and Loan provided interest-free construction financing and gave up the $365,000 developer's fee. **Chicago, IL** provides "perimeter site improvements" such as sidewalks to affordable housing developments.

Pro:

- The opportunity exists to tap into federal CDBG resources to pay the water, sewer, and street/drainage costs of an affordable housing development, with the administrative/monitoring burden borne by Wake County.

Con:

- Water and sewer lines, streets and sidewalks are expensive construction items.

Medium-Priority Affordable Housing Tools

<u>Land Purchase and Resale (or Donation) to Affordable Housing Developers</u> [Note: this tool moved to High-Priority after stakeholder meetings]

Of the many variables that determine the cost of a house (land, labor, materials, fees) land price is a variable that can be radically different from one community to another. Materials and labor can be imported from less-costly neighboring communities but land is subject to the host community's market forces driven by relative scarcity, quality of life factors, and others that contribute ultimately to what a given building site costs to the developer and eventually to the consumer. Some communities acquire land to exercise control over the land component of housing costs and either "write down" (meaning selling it for less than the cost of acquisition) the cost to a nonprofit or other affordable housing developer, or selling the land directly to low- and moderate-income homebuyers. The acquisition amount "forgiven," or not reclaimed in the property transfer, can be adjusted depending on the financial needs of the project or the homebuyer. Sometimes a land trust or other nonprofit intermediary is established to operate the program.

Lawrence, Kansas (which won a "Blue Ribbon" best practices award from HUD) has purchased land and developed a single family detached subdivision that will offer thirty low- and moderate-income families the opportunity to own their own homes. **Lynn, MA** (pop. 81,245), in its Infill Housing Program, since 1982 has donated vacant lots for 80 homes ranging in price from $57,000 to $105,000, for first-time moderate-income home buyers.

Santa Fe, NM purchased 850 acres at a fraction of its appraised value after the bankruptcy of a residential developer. This was rezoned along with 571 acres on adjacent parcels to Planned Residential Community, "with the intention of creating a mixed-density, mixed-use community emphasizing affordable housing (web page)." The city created a non-profit group to act as the developer and a competition was held among local developers for the opportunity to prepare a revised master plan and design guidelines for the 1,421-acre site. A team was selected that included a nationally known expert in neo-traditional planning (Peter Calthorpe). The result was a multi-phased development that includes low density and medium density single-family homes, rental town homes (transitional housing), subsidized apartments (low-income housing tax credits), and a business incubator. Santa Fe also partially funded (with HUD) the purchase of another site (30 acres) by its Community Housing Trust that became available when an industrial park proposal met with significant opposition. After a series of focus group meetings, the housing trust developed a plan for a mix of affordable single-family homes ($60,000 - $111,000) and elderly apartments. The city granted final plat approval even though there remained opposition from some neighborhood organizations. The project includes four acres of open space and play areas.

James City County, VA (outside Williamsburg) acquires land for mixed-income subdivisions where lot prices are lowered on a case-by-case basis to enable moderate-income families to purchase new homes. The lower-cost units may lack a garage or some other amenity present in the market-rate units.

Staunton, VA is creating a new subdivision in a redevelopment area of cleared vacant houses with the assistance of CDBG (new water and sewer lines and internal streets) from the state and Habitat for Humanity.

Asheville, **Greensboro**, **Winston-Salem**, and **High Point**, NC administer on-going housing programs that include purchasing land and selling it below cost to developers of lower cost housing. Town of **Hickory**, NC created a subdivision of single-family affordable homes using town-owned land and second mortgages from the North Carolina Housing Finance Agency. **Wilson**, NC was featured in Southern City (January, 1999) for its Freeman Place II development where the city acquired and demolished 56 properties, made infrastructure improvements, and gave the properties to the homebuilder's association for 33 new affordable homes to be constructed on the site, while waiving development fees.

In the **Holly Springs**, NC Westview development, land was donated by a private development firm, a CDBG grant from the state of NC was used to pay for streets, water lines and sewer hook-ups, the boy scouts landscaped the entrance and donated trees, and 27 three-bedroom homes selling for $65,000 were built. The price of the homes was cut by $9,000.

Pro:

- A community is able to decide the location of affordable housing developments and its quality. Developers can be asked to compete for the opportunity to build on town-owned land.
- Since land cost is a major component of the selling price of a house, a community can remove this part of the equation for the benefit of its moderate-income citizens.

Con:

- Care must be taken to assure that the public subsidy is passed on to the consumer and that the developer fulfills all promises made.
- The question of the appropriate zoning of the acquired property—and the party responsible for the rezoning—needs to be considered, given the possible public opposition that could arise.

Community Land Trusts

Community land trusts (CLT) are a vehicle for assuring long-term affordability of houses since the land is held by a nonprofit while the only the houses on the land are sold to moderate-income persons. Usually the value of the land is not part of the original or subsequent purchase price and resale prices are limited by a formula which restricts the amount of profit a buyer is able to make. According to an article in PlannersWeb, there are 83 CLTs nationally, and 23 "under development."

Albany, NY has the non-profit Albany Community Land Trust, which financed the acquisition, renovation, and affordable resale of eleven houses which will remain permanently affordable through lease-purchase agreements. In **Burlington, VT**, a CLT acquired and renovated a large historic rooming house for temporary lodging for single women. In **Santa Fe, NM** both the city and county provide funding to a local nonprofit, the Santa Fe Community Housing Trust (SFCHT), which "acts as grantee, fiduciary agent and administrator of affordable housing funds," which are distributed only to nonprofit housing developers. Santa Fe also leases land to SFCHT, which develops housing (two-four bedroom units, $60,000-$111,000).

The **City of Charlotte, NC** provides $2 million per year (a combination of local and federal money) to the Charlotte-Mecklenburg Housing Partnership, a nonprofit created in 1988 that has helped build or repair more than 1,300 homes in the city. One example of the group's success is Genesis Park where CMHP bought dozens of houses (mostly duplexes) in an existing neighborhood and helped 90 families buy homes through counseling and lining up below-market financing. The homes sold for between $46,000 to $84,000. CMHP created a homeowners association and helps make sure that covenants are enforced to maintain the neighborhood's improved appearance.
Durham Community Land Trustees recently constructed eight houses in the West End area, the design of which won an award in a contest sponsored by the American Institute of Architects. The units have pitched roofs and front porches in keeping with the pre-World War II bungalows in the neighborhood. The houses cost $73,000 each to build, but are being sold for $60,000, with city grants making up the difference. [Raleigh News & Observer, 12/9/98]

The Town of **Carrboro**'s Board of Alderman recently voted to require developers who participate in the Town's Small Area Plan's affordable housing density bonus (allowing up to 150% of allowed density) to put land into a land trust. The land trust leases land to homeowners for one hundred years, during which time the resale price of the home is regulated to prevent homeowners buying below market from profiting from the extra increment provided through Town regulation. It also has the effect of keeping the house affordable into the future.

Pro:
- Has the effect of assuring long term affordability.
- The fact that profits are regulated may encourage turnover, making sure beneficiaries "buy up" when they can, freeing up land trust houses for those who truly need them.

Con:
- Permanent affordability deprives the homebuyers of the opportunity to fulfill one of the major goals of homeownership: realizing the investment potential of owning real estate.
- Town has less control over a housing program administered by an independent trust.

Owner-Occupied and Rental Rehabilitation

Funded by the Community Development Block Grant (CDBG) with the built-in income limits of 80% of area median family income, most cities and towns over 50,000 in population offer this assistance to bring the existing housing stock up to a basic level of safety, comfort, and soundness (HUD's minimum housing quality standards). Variations among cities' programs are in the areas of maximum subsidy per unit, whether the assistance is a grant or loan (amortized, deferred, or forgiveable), how high an interest rate is used (if any), whether rental properties are eligible or lower priority than owner-occupied units, and similar programmatic considerations. Often communities also offer emergency rehabilitation and weatherization programs that address items that pose an immediate life-threatening danger, such as a lack of water due to failed plumbing or lack of heat in winter. Weatherization programs are designed to increase the energy efficiency of a home by adding things like insulation, weatherstripping and caulk.

Richland, WA's Rental Rehabilitation Program assists owners with improvements to substandard rental properties in low income neighborhoods. No interest loans are provided to the owner, who agrees to keep rents affordable for low-income renters for a period of 10 years. The program is not used as a substitute for commercial financing, but is a supplementary source for owners who can not secure adequate financing from commercial lenders.

Kalamazoo, MI provides a federally funded program designed to encourage the rehabilitation of existing rental units for low-income persons. The HOME Rental Rehabilitation Program (HRRP) combines City subsidies with private funds for the rehabilitation of a property. Additionally, it provides deferred payment loans for up to 75% of the total eligible rehabilitation costs. **Austin, TX**'s Housing Improvement Program (HIP) provides the lessor of 50% of costs or $20,000 per multi-family unit built ($15,000 for rehab).

Wake County administers the CDBG program for all its jurisdictions except Raleigh and Holly Springs. Town of Cary has been a beneficiary of CDBG funds for LMI-occupied houses through the Wake County program.

Pro:

- Housing rehab programs have a long history with many established models available for local replication.

Con

- Since Wake County already operates a rehab program in Cary, there is no need for the Town to create such a program.

Low-Priority Affordable Housing Tools
(Not recommended for use in the Town of Cary)

Town-Initiated Zoning for High Density Housing

The local government wishing to increase the supply of apartments, townhouses, and condos (more likely to be affordable than single family housing) in certain locations (such as near employment centers) may be the appropriate entity to fight the rezoning battle. This was a recommendation of the Wake County Affordable Housing Task Force and was mentioned by one nonprofit developer who attempted to build in Cary in the past. This would relieve developers of the burden of going through contentious rezoning procedures and possible NIMBYism(not in my backyard) of adjacent property owners.

The **suburbs of Minneapolis and St. Paul** are required by Minnesota state law to designate sites where affordable housing can be built in their communities.

Pro:
- Sends a clear message that the town is serious about making high density (and possibly affordable) housing happen.
- Allows the town to select high density residential areas beyond what the Land Use Plan can encourage.
- Helps AH developers overcome the NIMBY syndrome.

Con:
- High density is not always equal to moderate income housing. Without additional requirements (incentives, a special zoning category, etc.), there is the risk that high-density "luxury" housing may be built instead of the intended housing.
- Prezoning "second guesses" the market and it is possible no one wants to build high density housing on a site rezoned by the Town for such.
- An alternative to town-initiated rezoning would be revising the protest petition and rezoning processes to assure that NIMBYism isn't allowed to prevail in the absence of substantive objections to a proposed land use.

<u>De-regulation and Building Methods: Reducing Development Costs</u>

Popular in the 1980s with HUD under Jack Kemp, local governments were encouraged to reduce subdivision design (street width, setbacks, etc.) and other standards to reduce the cost of housing. Some of these recommendations had environmental benefits, such as use of natural grassy swales (instead of curbs and gutters) to absorb and direct stormwater runoff and eliminating sidewalks to reduce the percentage of impermeable surface.

Anaheim, CA (1990 pop. 266,400) allows reduced parking, unit size, and building height standards for developments where 25% or more units are set aside for very low-income elderly tenants for thirty years.

Ogden, UT adopted a progressive Infill Zoning Ordinance to provide more design flexibility and allow more creative land planning. As a result the developer of the 24-unit Lorin Farr subdivision was able to use narrower streets and smaller lot sizes to produce high-amenity affordable homes (some rented, some purchased). The city's redevelopment authority provided $400,000 in land acquisition and site improvement financing.

Westry Crossing in **Rocky Mount** won a 1998 North Carolina housing award for building (with Signature Homes) "high quality homes priced 20% below competition (press release)." The builder used house designs that minimized material waste, using standard lumber sizes and standardizing the homes by eliminating nonessential items.

There are ten floor plans ranging from 838 to 1,742 square feet, costing between $64,900 to $95,900. The builder also pays a portion of the closing costs and prepaid items.

Pro:

- May prove popular with those who prefer to avoid local tax expenditures for affordable housing.

Con:

- The deregulation philosophy presupposes that onerous development regulations are the cause (or a major factor) in the high cost of housing and discounts many of the benefits of certain development standards.

Affordable Housing Overlay Districts

This device would allow affordable housing as a use by right in areas selected by the town, regardless of the current zoning. **Arlington County, VA** created a Special Affordable Housing Protection District (SAHPD) to offset the escalating housing prices put into motion since the extension of the DC Metro into Arlington in the 1970s. The County Land Use Plan designates certain areas that traditionally had hosted lower cost apartments. Before a developer can receive a rezoning and redevelop to the highest density allowed, the original units would have to be replaced in a comparable location (near a metro stop if that was the original location). Clarendon Court was a $14 million, 103-unit apartment project that was developed under the SAHPD with a $1.5 million loan from the county, low-income housing tax credits, and state housing funds. The financing agreement included the requirement that the units remain affordable for 25 years with purchase options for the tenants or nonprofit organization at the end of that term.

In **New York**, the Long Island Builders Institute proposed this solution about five years ago on land zoned for commercial and light industry since Long Island faced a shortage of land zoned residential. Only **Hempstead** in Nassau County took steps to adopt. Although not involving an overlay district, **San Diego, CA** requires that developers demolishing multifamily housing replace the units in the county. **Santa Fe, NM** uses Arts and Crafts overlay zoning, which allows up to half a residence being used as a commercial studio or artisan space for self-employed individuals. Buffalo Grass Studios was created, with 25 single-family live/work units on less than seven acres.

Pro:

- Allows the freedom to insert affordable housing opportunities into selected locations and facilitate the production of apartments and townhouses near employment centers.

Con:

- Does not guarantee that affordable housing will actually be built.
- Care must be taken to assure that appropriate buffers, transitions, and connections are in place to make for a compatible mix of residences and non-residential land uses.
- May reduce the likelihood that owners will keep up properties if their ability to maximize their return on their investment (as they perceive it) is stymied.

Linkage: Requiring Housing with Commercial Development

Most new economic development creates a need for housing as workers moving into the labor market area seek shelter. New businesses such as shopping centers or warehouse/ distribution centers usually involve a multitude of lower wage service jobs, which means individuals and families not financially equipped to pay high rents or mortgages. The linkage concept requires new commercial projects to contribute to solving the related (or "linked") need for affordable housing by paying fees into a fund or through providing housing as part of their development, a proportion of which is required to be affordable. (This tool was mentioned at the 1999 Town of Cary Growth Management Retreat by Clarion and Duncan Associates.)

Aspen, CO (where the year-round population is 7,200 and the median home sales price was over $500,000 in 1990) requires that every residential or commercial development include a contribution to the city's affordable housing stock through "deed restricted" dwelling units, land, or payments based on "employee generation" multipliers. Owners are allowed to resell, but not in excess of 106% of purchase price (except for minor improvements). The city and Pitkin County have provided over 1,600 affordable units in twenty years.

Telluride, **Vail**, **Park City** and **Breckenridge**, **CO** have similar programs. **Boulder, CO** has a zoning code that encourages mixed-use development such as mixing housing with commercial development. Developers are allowed to construct fewer parking spaces per unit than would have been the case with commercial-only development. Where commercial developers include housing, they are allowed a higher floor area ratio (i.e., more square footage per square foot of lot). **Nantucket, MA** requires one affordable housing unit for every 4,000 square feet of new commercial development.

Pro:
- Linkage helps assure that major employment generators provide close-in living for the new work force, thus relieving the housing crunch and workforce commuting otherwise created.
- Helps support the activity center concept in the Town of Cary Land Use Plan.

Con:
- Could possibly "scare off" potential employers who can build in the same market in a different jurisdiction that has no linkage requirements.

Grants/Other Assistance for Pre-Development Costs

Often the up-front "soft costs" are a barrier to the development of low-cost housing as would-be homebuilders fear the significant costs of exploratory environmental site studies that may not be recouped. Local governments can assume this risk on behalf of creating affordable housing by financing the costs of environmental and other studies, either as a grant or seeking repayment at zero or low interest at the end of construction.

Santa Fe, NM offers a predevelopment loan fund to cover the following types of costs faced by a developer: options, design fees, appraisals, testing, legal work, financing consultants, and other costs of preparing a project for acquisition and construction financing. Maximum loan amount: $500 per unit/ $20,000 per project; term: one year renewable; interest rate: from zero to market, "depending on need and social value." Loans are approved by a "roundtable" of nonprofit housing providers subsequent to review and recommendation by an allocation subcommittee of non-benefiting members. The loan fund was capitalized by a $750,000 contribution from a private foundation.

Cities around the country have entered into a variety of partnerships with developers, nonprofit organizations, and banks to create affordable housing opportunities.

Lease/Purchase Housing

With this tool, houses are acquired or built and then leased to households unable to obtain a mortgage for income or credit reasons. The assisted household is able during the lease period to accumulate downpayment funds, clear up bad credit, and receive homeownership and credit counseling. If the rent payments are at a level equivalent to a mortgage, then the ability to manage a mortgage is demonstrated to potential lenders. The Enterprise Foundation cites the following typical features: eligibility criteria usually include steady employment history, 33% mortgage-debt-to-income ratio and 40% total-debt-to-income ratio. Usually the step from renter to owner requires a grant or soft second mortgage from a public agency.

The **Cleveland Housing Network** (a nonprofit organization comprising 14 community-based development organizations) has operated a program since 1986 in conjunction with LIHTC and produces 300 homes annually, acting as the managing general partner in a limited partnership for the 15-year LIHTC compliance period. **Austin, TX** also provides affordable houses in three neighborhoods through a 15-year lease-to-own period. **Tampa, FL** and The United Methodist Center have been successful rehabilitating over 350 vacant structures to provide homeownership opportunities for first-time homebuyers. **Hendersonville, NC** provides transitional rental housing to families trying to purchase a home. Eight two-bedroom, 900-square-foot apartments are rented to families earning below 60% of MFI for $250/month (1995), placing part of their earnings in escrow for downpayment on a house while receiving home purchase counseling.

Fairfield, AL enlisted the aid of a community-based housing development organization to run its affordable housing production program. The nonprofit builds brick houses ($62,000 average selling price cited in a 1997 HUD publication, "Models that Work") which first time homebuyers lease for two years and assume a mortgage in the 25th month. A portion of the lease payment goes toward the down payment ($700 on average).

In **Eugene, OR**, the Neighborhood Economic Development Corporation (NEDCO) operates a lease purchase program where participants during a three-to-five year lease period have an option to buy a house built by NEDCO while they accumulate a downpayment (which is supplemented by grants from the city of Eugene). Buyers assume the balance of the thirty-year loan from NEDCO at the end of the lease period. NEDCO's equity (the difference between the appraised value at time of property transfer and the value of the loan balance) is secured by a 0% interest note and second deed of trust, but repayable only if the house is sold during a ten-year period.

Pro:

- Allows prospective homebuyers to get on a "homeownership track" and save necessary downpayment funds while learning how to manage their finances as a homeowner.
- Provides the housing agency the ability to "grow" their homeownership clients through a lease period that can require attendance at credit counseling seminars.

Con:

- Requires an entity with property management experience.
- A renting household that does not fulfill the purchase requirements must be evicted or have its lease extended: neither a comforting prospect for public agencies.

Existing Housing Purchase/Resale to Moderate-Income Purchasers

Communities can bring their current housing stock within reach of their moderate-income citizens by buying existing homes and selling them to moderate-income purchasers. The community can sell the properties at a lower price or participate in the financing by using a "soft" second mortgage. Typically this is where the difference between 30% of the buyer's income and the selling price is either deferred until the property is next transferred, paid over time at a lower interest rate (or principal only), or "forgiven" over time as long as the occupant continues to occupy the dwelling (or using a schedule such as 20% per year for five years).

Under the Charleston Housing Trust (established by an ordinance of City Council in 1988), the City of **Charleston, SC** purchases vacant, dilapidated houses for redevelopment. Once acquired, the City secures these properties and offers them for sale to persons or entities which agree to rehabilitate them for occupancy by low and moderate-income households. The Trust also offers a small deferred loan to assist with the rehabilitation of the building. More recently, the Trust's activities have included the development of new homes which are constructed and then sold to qualified first-time homebuyers under the City's Scattered Site Homeownership Program.

Dubuque, IA uses city funds to purchase vacant houses, write-down acquisition costs (i.e., sell units at less than cost), and provide second mortgages to cover the costs of rehabilitation. Local lending institutions provide low-interest, fixed rate mortgages and city staff counsel families on inspections, local and state building codes, and contractor selection. All home buyers participate in a 12-week training course which covers home maintenance, budgeting, minor repairs, etc. **Paducah, KY's** "HOPE 3" program acquires and rehabilitates properties and markets them to low-income first time homebuyers, providing training and counseling, and funds for closing costs and down payments.

Chicago, IL offers purchase subsidies of up to $20,000 per single family home, $32,000 per duplex for affordable housing developers. The **Nashville, TN** Metropolitan Development and Housing Agency's lease-purchase program won national awards and this strategy was also pursued in **Albany, NY** through a non-profit organization.

Tampa, FL relocated and rehabbed 70 homes scheduled for demolition by a highway project. (Cost per house to move and place on new foundation: $14,000 in 1995.) The homes were moved onto city-owned lots that were provided at less than market value, and the city deferred impact, hookup, and permit fees until the houses were sold. Tampa's housing department processed the applications for the prospective home buyers, a bank lent money to non-profit agencies to move and rehabilitate the houses, and another provided permanent financing for the homebuyers (20 year mortgages at 7% guaranteed by the Mayors Challenge Fund). The city subsidized the rehabilitation of the houses through deferred loans (non-amortized) of up to $15,000 each (no payments required while original buyer continues to own and reside in the unit; $15,000 reclaimed at the point the house is sold). The result was that 70 low- and moderate-income families were able to become homeowners with $282 per month in principal and interest payments. **Colorado Springs, CO** also took advantage of a highway improvement project to acquire ten houses in the right of way for $50 each, move them to a 1.75-acre parcel in an area in which the city had invested significantly in parks, sidewalks, a community center, and housing rehab, and offered them for sale in a lottery. The renovation costs were included in the buyers' mortgage payments.

In **Bartholomew County, IN,** Housing Partnerships, Inc., a community-based housing development organization, offers home buying assistance to families with an income as low as 35% of the area median. Usually the homes require repairs of which prospective homebuyers must invest 200 hours. Ten hours are also spent in a comprehensive homebuyer education course. HPI adjusts the selling price of every house to arrive at payments of 30% of gross income. Subsidies are forgiven over twenty years. In **Minneapolis, MN,** the city community development agency uses local funds to buy government foreclosure and tax forfeiture properties, rehab them, and sell them to first time homebuyers of moderate income. Lease-to-own is an option and buyers can earn credit toward the downpayment by volunteering (at $15 per hour) at local social service agencies. **Fairfax County, VA** operates a Moderate Income Direct Sales (MIDS) program that provides primarily townhouses and condominiums for purchase by moderate-income families.

In North Carolina**, Charlotte**, **Jacksonville**, **High Point**, and **Wilmington** operate programs to purchase homes and sell them to moderate-income persons.

Pro:

- Takes advantage of already-available housing currently served by existing infrastructure on land already zoned residential.
- Can be administered independent of a third-party developer.

Con:

- May not be acceptable in communities that expect a self-supporting program.

- Assumes the availability of housing appropriate for the program (decent, safe, and sound, but non-luxury).
- There may be problems with neighborhood acceptance when someone moves in and pays significantly less than those who paid market rate for their homes
- Cash must be spent up front by the Town at the risk that they picked homes not desired by moderate-income homebuyers.

Development of Affordable Scattered Site Housing/Single-Family Subdivisions

Richland, WA offers an Infill Program is a program which assists low income families or individuals ($\leq$ 80% median income) obtain affordable homeownership. Available funds may be used for obtaining an existing home and performing rehabilitation work, or purchasing a newly constructed home. Participating lenders reduce some fees and waive others. The Infill Program provides additional financing in the form of a second mortgage, secured by the property. For new construction in the city, participating contractors provide an assortment of home plans designed to be affordable.

Orlando, FL created a housing development function within its planning department (1990 staff of four, operating budget of $120,000), called the Orlando Neighborhood Improvement Corporation. In addition to building moderately-priced housing (such as a 48-unit apartment complex) and offering downpayment assistance, ONIC acts as a clearinghouse for permits, grant applications, neighborhood plans, and city policies toward meeting city housing goals.

Charleston, SC's Housing Trust's activities have included the development of new homes which are constructed and then sold to qualified first-time homebuyers under the City's Scattered Site Homeownership Program.

San Jose (1998 median family income: $77,200), in California's Silicon Valley, addressed its lack of moderately-priced housing through an infusion of local funds ($6.3 million), pro-housing policies and programs, forming partnerships with the public and private sectors, office, and requiring all affordable housing developments to meet high quality design standards. Since its housing office (staff of 45) was established in 1989, 6,000 affordable units have been built and 2,000 rehabilitated, 25,000 persons have been assisted. San Jose has received many awards from a variety of national organizations in recognition of its affordable housing efforts.

Austin, TX (1990 pop. 465,622; 1995 median household income $43,200) administers a Scattered Cooperative Infill Program (SCIP), which is designed to provide newly constructed affordable single family homes in three East Austin neighborhoods to families of low and moderate income. These homes are priced from $45,000 to $60,000. Some of the homes may be purchased immediately, others are available on a lease purchase program with home ownership opportunity in three years. Others are rented for fifteen years after which time the tenant may buy the property at a reduced price. The estimated cash required to close the purchase is $3,000.00. ($1,500 if they qualify for the Down Payment Assistance Program.)

Albany, NY, **Burlington, VT**, **Louisville, KY**, **Orange, NJ**, and **Springfield, MA** are examples of communities cited by HUD that pursued successful infill housing strategies in the 1980s.

Raleigh, NC has inserted single-family homes into redevelopment areas near its central business district. Irving Park is a neighborhood of thirteen three and four bedroom homes of 1,076 to 1,452 square feet, priced from $80,000 to $96,000. Since the new homes were being built in the historic district, they contained features such as covered front porches, brick masonry crawl spaces, soffitt overhangs, tapered porch columns, and gable vents.

Holly Springs (pop. 6,000 – 8,000) was recently featured in the local press for Crosspointe Village, a subdivision of thirty-five 3 BR/2 BA homes ranging from 1,100 to 1,200 square feet in size, and from $85,000 to $90,000 in price. The homes are being created through a partnership among the Town, state (DCA and NCHFA) and Stafford Land Company (based in Southern Pines, NC).

Pro:
- Local governments that maximize their involvement in the design, location, and other details of affordable housing developments enable themselves to "call the shots" instead of bemoaning the failure of the market to fill a need in the manner best suited to serving the common good.

Con:
- Housing development contains a level of complexity beyond the reach of many untrained in construction financing, site development, etc. and normally requires the involvement of other entities, if not the addition of staff.

Adaptive Reuse of Town-owned/Other Nonresidential Buildings for Low-Cost Housing

Often communities lacking financial resources nonetheless own schools or other buildings obsolete for their initial use that can be adapted for apartments. The Towns of **Damascus** and **Pembroke**, and **Craig County** –all in southwest **Virginia**-- transformed local landmark schools into apartments for LMI families (Damascus) or elderly (Pembroke and Craig County). **St. Paul, VA** transformed an old hotel into apartments for the elderly. The **City of Lynchburg** and the **Town of Culpeper** in central Virginia also have pursued this strategy. Similar projects have been undertaken in North Carolina. **Sanford** and **Lee County**, NC each provided interest-free 30-year loans of $250,000 to help transform the Wilrik Hotel into forty-one apartments. NCHFA also provided low-income housing tax credits for this $3.5 million project. Garner (old school), **Smithfield** (department store), **Warrenton** (hotel), **Statesville** (shirt factory), **Winston-Salem**, and **Wilmington** (Hooper School)—all in North Carolina—have transformed non-residential properties into lower-priced multi-family units.

Pro:
- Free buildings (sometimes acquired from school boards for $1.00) already connected to water and sewer—in the case of old schools—are important contributions to the overall project cost profile.
- "White elephants" can be transformed into sources of local pride.
- Local historic landmarks can be preserved.

Con:
- Asbestos, lead paint, and soil contamination are sometimes hazards initially overlooked in these projects (as well as ADA requirements), which can add significantly to total project costs.
- Location is a given and in some cases may not be appropriate for the intended residents or host neighborhood. Zoning may not match the new use.
- Cary may lack available buildings for this strategy in the short term.

Converting Motels to Low-Income Housing, Converting Apartments to Affordable Condominiums

Often cities have older motels that are "past their prime" and become de facto temporary lodging for relocated workers, construction crews working on a local project, and other persons in need of short term housing. These motels can be transformed into more permanent affordable housing.

The city of **Bloomington, IN**, through its Department of Housing and Neighborhood Development (H.A.N.D.), partnered with the owners of a motel to rehabilitate the rooms into 40 efficiency apartments and four one-bedroom units. The renovations included adding kitchen facilities and cabinets, and new wiring and plumbing. The city invested $156,000 from federal HOME funds that the owner must pay back if, after five years, the rents are increased to market rate. In **Santa Fe, NM** a developer worked with the city to assure affordability of units for current residents of an older apartment community under conversion to condominiums. Sixty-six units were added to the city's stock of affordable owner-occupied units.

Pro:
- These types of projects can serve the dual functions of breathing new life into older properties in need of an upgrade and giving current residents (after a screening process) a first homeownership experience in the place where they live.

Con:
- In condominium conversions, care must be exercised to select the best candidates for homeownership, which may leave some current residents with the need to acquire another apartment at possibly higher cost.

APPENDIX A: GLOSSARY

Affordable Housing: a dwelling which does not require more than 30% of the monthly income of persons or families who earn 80% or less than the area median income (AMI, see below) for like-sized families, or, for apartments, who earn 60% or less than the AMI for like-sized families.

Area Median Income (AMI): calculated on an annual basis by the U.S. Department of Housing and Urban Development (HUD) for all metropolitan areas and counties, this term refers to the middle value of all family incomes in an area, which is either a county or Census-defined metropolitan area.

Forgiveable Loan: often used in housing rehabilitation programs, this type of loan, usually over five years, retires the principal of the loan by a percentage (e.g., 20% per year for a five-year period) as long as the beneficiary remains in compliance, such as by continuing to occupy the dwelling.

Low and moderate income (LMI): families and individuals whose total income (from all sources by all non-student family members) is 80% or less than the area median income (see above) for like-sized families in their county or metropolitan area. These values are provided by HUD on an annual basis, primarily for the benefit of jurisdictions participating in the Community Development Block Grant (CDBG) program.

Median Family Income (MFI): see the definition of area median income above.

Second Mortgage: a second mortgage loan on a residence, usually provided by a public agency at a below-market interest rate, to bring the monthly payment within the affordable range for a moderate-income family. Sometimes the first months or year of payments are deferred to enable the homebuyer to occupy the residence immediately while waiting for earnings to "catch up" with the full costs of ownership. Many times closing costs, and sometimes a portion of the downpayment, is financed by the second mortgage. In the event of foreclosure, the first or principal mortgage holder is paid first.

APPENDIX B: HOUSING FINANCIAL RESOURCES

Development Assistance Programs

Community Development Block Grant

The Community Development Block Grant (CDBG) Program is authorized under Title I of the Housing and Community Development Act of 1974, as amended. The purpose of the program is described in 24 CFR § 570.2

The primary objective of Title I of the Housing and Community Development Act of 1974, as amended, and of the community development program of each grantee under the Title is the development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Consistent with this primary objective, not less than 70 percent of CDBG funds received by the grantee under subparts D, F and M of this part, and under Sec. 108(q) of the Housing and Community development Act of 1974 shall be used in accordance with the applicable requirements for activities that benefit persons of low and moderate income.

National Objectives of the Program

CDBG funds can only be used in compliance with the national objectives of the program. Participating communities must certify that the projected uses of funds have been developed so as to give maximum feasible priority to activities that will carry out one of the national objectives of:

• Benefit to low and moderate income families,

• Aid in the prevention or elimination of slums and blight,

• Addressing urgent needs

CDBG funds may be used for the prevention or elimination of slums and blight through demolition and façade improvements in downtown areas. Urgent needs include such conditions as natural disasters and activities designed to address them have a particular urgency because the existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs.

Seventy percent of all CDBG funds must be used to benefit low and moderate income persons.

HOME Investment Partnership

The HOME Investment Partnerships Act (the HOME ACT) (Title II of the Cranston-Gonzalez National Affordable Housing Act) was signed into law November 28, 1990 (Public Law 101-625), and created the HOME Investment Partnerships Program that provides funds to expand the supply of affordable housing for very low-income and low income persons. HOME funds may be used by a participating jurisdiction to provide incentives to develop and support affordable rental housing and homeownership affordability through the acquisition (including assistance to homebuyers), new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities, including real property acquisition, site improvements, conversion, demolition, and other expenses, including financing costs, relocation expenses of any displaced persons, families, businesses, or organizations; to provide tenant-based rental assistance, including security deposits; to provide payment of reasonable administrative and planning costs; and to provide for the payment of operating expenses of community housing development organizations.

Communities have used HOME funds for homeownership assistance, residential repairs, moderate rehabilitation, transitional housing, and group homes.

Housing Tax Credit Program

The Housing Tax Credit Program provides an incentive for developers to produce rental housing for lower income households by allowing a 10-year federal tax credit which is calculated on the project's “qualified basis.” The program is administered by the North Carolina Housing Finance Agency (NCHFA) with the involvement of an allocation committee. The program’s annual application cycle requires a pre-application (including preliminary site and market information) due at the end of January, and a full application due in April. Allocation decisions are made by mid-summer. Over $9 million is available statewide in 2000.

Rental Production Program

The Rental Production Program (RPP) administered by NCHFA provides loans of up to $1.5 million per development for the construction of rental housing for households below 60% of median income. $11.5 million is available statewide in 2000.

Mortgage Assistance Programs

NCHFA’s Home Ownership **Mortgage Loan** Program offers mortgages to homebuyers with low and moderate incomes at below-market interest rates. It is targeted to first-time homebuyers or individuals who have not owned a home in three years. It is funded by the sale of tax-exempt bonds. Funds are available anytime throughout the year until exhausted. $200 million is available statewide in 2000.

Interest-free, deferred second mortgages up to $3,500 are available to pay a substantial part of the down payment and closing costs for homebuyers below 80% of median income. Funds are available throughout the year until exhausted. Nearly $2 million is available statewide in 2000.

The **Mortgage Credit Certificate** (MCC) Program is a NCHFA program that reduces the federal income taxes that homebuyers pay, which leaves them with more disposable income to qualify for a market-rate mortgage. Funds are available throughout the year until exhausted. $150 million is available statewide in 2000.

APPENDIX C: IMPACTS OF USING SEVERAL OF THE AFFORDABLE HOUSING TOOLS

Various monetary investments			
Examples of Uses of a $500,000 Town of Cary Appropriation	Quantity Purchased/ Improved/Affected by the Investment	Unit Cost	Impact: Number of Low-Priced Units Created
Development fee "waivers" (or fees paid from Affordable Housing Fund)	96 fees paid from AH Fund	$5,229 (water, sewer, transportation)	96 houses
Land acquisition/write-down	20 acres total; 19 net developable acres for a total of 75-150 houses	$25,000 per acre	50 @ $10,000 33 @ $15,000 20 @ $25,000 17 @ $30,000
Land clearance (preparing site for medium density, with requirement that 20% be affordable)	100 acres total (assume 95 net developable acres) for 760 houses	$5,000 per acre	152 lower priced houses
Infrastructure costs a. residential roadway (27' wide with 5' sidewalks, curb and gutter) b. water line c. sewer line	 6,667 linear feet 20,000 LF 14,285 LF	 $7,500 per 100 linear feet (LF) $25 per LF $35 per LF	 a: apartment complex or small subdivision b & c: major subdivision
Second Mortgages	20 home purchases	$25,000	20 homes made affordable by the Town's investment