CITY PLANNING COMMISSION

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SMART HOUSING MIX ORDINANCE STUDY

PREPARED ON:
FEBRUARY 14, 2017

REVISED ON:
FEBRAURY 22, 2017

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Executive Summary

Introduction

The lack of affordable housing in New Orleans is a growing crisis. Though the City has been progressive in its efforts to ensure the City is rebuilt from Hurricane Katrina in a resilient and sustainable way, the development of housing for all of the City's residents has not kept pace with the housing demand. The shortage is affecting long-term residents who have worked hard since the levee failures of 2005 to restore their lives. It is affecting residents whose incomes are no longer sufficient to keep up with the rising housing costs. It is affecting working individuals and families. All of these people need a secure place to live. To meet the current and future housing needs of its residents, New Orleans will need to provide an increased mix of housing types and costs.

Housing is always a major consideration in discussing and creating the Master Plan, land use regulations, and other policy initiatives; however, only recently have studies been conducted to assess the city's current and future housing needs. In December 2015 HousingNOLA, a non-profit housing advocacy organization, released the *HousingNOLA 10 Year Strategy and Implementation Plan* that showed New Orleans will need an estimated 33,000 new housing units at all income levels by 2025 to keep up with the demand. The Administration is concerned about New Orleans affordable housing crisis. In June 2016, the Mayor's Office released a strategy report, *Housing for a Resilient New Orleans – A Five Year Strategy*. This report provides a framework for addressing the city's affordable housing needs and challenges. *Housing for a Resilient New Orleans* plans to provide 7,500 new or rehabilitated affordable housing units by 2021, and it calls for an inclusionary housing policy as one of the objectives to help meet this goal.

Recognizing the need for affordable housing, the City Council passed Motion M-16-490 directing the City Planning Commission to conduct a study on the creation and implementation of a Smart Housing Mix Ordinance. The ordinance would provide a regulatory legislative tool and implement a land-use program that leverages the construction of market-rate development to include affordable housing units.

Framework and Goals of the Smart Housing Mix Ordinance Study

The national consulting firms, Grounded Solutions Network and Street Level Advisors provided City Planning staff with analysis and recommendations for implementing a Smart Housing Mix program. Grounded Solutions Network was engaged by HousingNOLA and the Greater New Orleans Housing Alliance (GNOHA) to research and facilitate a discussion with government staff and housing advocates and experts on whether an inclusionary housing policy could work in New Orleans. Street Level Advisors was engaged by Enterprise Community Partners to provide City Planning staff with an analysis of the city's current development bonuses and make recommendations for implementation and monitoring the provisions.

The City Planning staff's study was guided by the following goals and objectives: evaluate the Grounded Solutions Network and Street Level Advisor reports to determine how the proposed recommendations can be applied to meet New Orleans specific housing needs, provide recommendations for implementation of a Smart Housing Mix policy in the Comprehensive Zoning Ordinance, provide recommendations for implementing a Smart Housing Mix policy in the City Code as well as any Administrative regulations, and propose steps needed to create, fund, monitor, and enforce a Smart Housing Mix Program.

The staff is generally supportive of a Smart Housing Mix Policy for New Orleans recognizing inclusionary housing is one of the tools that could assist in addressing the City's affordable housing needs. For this report, the staff conducted an analysis of the reports and recommendations provided by Grounded Solutions Network, *New Orleans Housing Mix Study,* dated December 2016, and Street Level Advisors, *The Affordable Housing Density Bonus in New Orleans,* dated September 2016. Based on this analysis, the staff recommends the following:

Recommendations

Comprehensive Zoning Ordinance Recommendations

- The Comprehensive Zoning Ordinance should be amended to create a new article, Article 28 Inclusionary Housing, to implement the Smart Housing Mix policy.
- Inclusionary housing shall be mandatory within the defined target area and voluntary outside of it.
- The Smart Housing Mix policy should establish an affordable housing set-aside requirement of 12% of the housing units in a new development, adaptive reuse project, or substantial renovations within mandatory inclusionary zone.
- The Smart Housing Mix policy shall require onsite affordable housing for development projects with 10 or more multi-family housing units, and development projects with 5 to 9 units shall provide a modest in-lieu fee payment.
- The rental units shall be affordable to families earning 60% of AMI or below and the for-sale units shall be affordable to families earning 80% of AMI or below.
- The affordability term should be between 50 and 99 years.
- Standards require affordable units that are comparable to market rate and not clustered.
- The Smart Housing Mix policy provides residential density, parking reductions, and tax abatement incentives to help defray the cost of providing affordable units.
- Further study is needed to finalize the following aspects of the Smart Housing Mix policy: boundary of the mandatory inclusionary housing zone, in-lieu fee formula, administrative policies, amount of the density and off-street parking incentives, and if additional incentives are required to utilize the density incentives.

Further Considerations and Next Steps

In addition to the Comprehensive Zoning Ordinance recommendations, the following elements need to be completed for the Smart Housing Mix Ordinance to function:

- CPC and OCD shall work with the Mayor's Office of Economic Development to develop standard tax incentives for projects that provide affordable housing under the Smart Housing Mix requirements including RTAs, PILOTs, and other or new incentives.
- A consultant needs to be hired to determine the in-lieu fee formula, and CPC and OCD shall establish policies for the in-lieu fee fund.
- CPC, OCD, One Stop Shop, and Safety and Permits shall establish an administrative framework for the Smart Housing Mix policy including the building permit review, the marketing and selection, long-term monitoring, and administrative funding.

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A. Existing Conditions

Smart Housing Mix Ordinance Background

The Smart Housing Mix Ordinance is being considered as a regulatory legislative tool by the City Council to address the City's affordable housing shortage. The ordinance would create and implement a land-use program that leverages the construction of market-rate development to include affordable housing units. As part of the Council's consideration in creating the Smart Housing Mix Ordinance, the City Council has directed the City Planning to conduct a study on the creation and implementation of such an ordinance.

In May, 2015, the City Council adopted a new Comprehensive Zoning Ordinance (CZO). The new CZO went into effect on August 12, 2015 and included several voluntary development provisions for developments that included affordable housing. Shortly after the CZO took effect, the City Council amended the CZO to enhance the development provisions and include a density bonus in all districts allowing multi-family development. Recognizing the need for program monitoring, should a developer choose to participate in any of the voluntary provisions and not knowing if there were areas in which the provisions could be improved, Enterprise Community Partners met with City Planning staff and offered to provide the City with a consultant that has expertise in density bonus programs. In September, 2016, Street Level Advisors provided the City with a report outlining recommendations for enhancing the CZO's development bonus provisions while also making recommendations for monitoring the program.

Following the implementation of the new CZO and the release of the *HousingNOLA 10 Year Strategy and Implementation Plan* in December 2015, the affordable housing and inclusionary housing experts at Grounded Solutions Network were contracted by the non-profit affordable housing advocates, the Greater New Orleans Affordable Housing Alliance (GNOHA) and the team at HousingNOLA to research and work with the City and community to determine how an inclusionary housing policy might be designed to fit New Orleans' affordable housing needs. In April 2016, Grounded Solutions Network began compiling information through bi-weekly phone calls with government and community representatives that included Council and City Planning staff, Mayor's staff, representatives from the New Orleans Redevelopment Authority, the Housing Authority of New Orleans, GNOHA, HousingNOLA, the Greater New Orleans Fair Housing Action Center, among other housing advocates. Grounded Solutions Network also met and spoke with market-rate developers and real-estate professionals, conducted market research, and researched New Orleans development data. On December 22, 2016, the City Planning Commission staff received Grounded Solutions Network's *New Orleans Smart Housing Mix Study* report. The Grounded Solutions Network report incorporates information gathered in meetings held over an eight month period with stakeholders and outlines its recommendations for how a Smart Housing Mix policy should be implemented in New Orleans.

In addition to the efforts outlined above, the Administration released a housing plan in 2016. The *Housing for a Resilient New Orleans-A Five-Year Strategy* report provides a framework for confronting the City's affordable housing challenges while also managing a growing economy. The report is guided by including the core principles of equity, collaboration, and openness and a promise by the Administration to build or preserve 7,500 affordable housing units by 2018 and another 3,500 units by 2021.[1] The report includes several strategies for accomplishing this goal, including the plan to "Introduce policies that require inclusion of affordable housing units in market-rate housing development." The report recognizes the City's growing need to include affordable housing in high-opportunity neighborhoods and states the City will amend the CZO and adopt an inclusionary housing policy while looking for ways to create more consistent development processes.

Through both the Street Level Advisors and Grounded Solutions Network efforts, City Planning has received two reports outlining recommendations for revising our current development provisions and implementing a Smart Housing Mix policy for the City of New Orleans. On October 20, 2016, the City Council passed Motion M-16-490 directing the City Planning Commission to hold a public hearing and conduct a Smart Housing Mix Ordinance Study.

Council Motion M-16-490

The scope of the Smart Housing Mix Ordinance Study is outlined in the motion that directs the City Planning Commission to conduct the study. The City Council desires further City Planning Commission study into the creation and implementation of a Smart Housing Mix Ordinance that leverages market rate development activity through mandated regulations and/or incentives to build and preserve lower-priced housing and to recommend changes in the Comprehensive Zoning Ordinance (CZO), the City Code, and any other applicable codes and regulations. The Motion grants the City Planning Commission and its staff the flexibility to expand the scope of the study to incorporate any legal and appropriate recommendations necessary in light of the study. The City Council plans to adopt land use amendments to the CZO and to implement a permitting and monitoring scheme in the City Code and Administrative regulations.

Recognizing the effect of shrinking government housing programs and the failure of the local housing market to supply affordable housing units to more than one-half of renters in the City of New Orleans, the City Council desires comprehensive regulation of a Smart Housing Mix Ordinance in the CZO, the City Code, and applicable Administrative procedures. The City Council Motion states that the City Council seeks a study that will examine how the incorporation of a mandatory requirement or incentives allocated to private-market developers will assist in addressing New Orleans affordable housing crisis.

[1] City of New Orleans, Housing for a Resilient New Orleans Report, June 2016. http://www.nola.gov/home/buttons/resilient-housing/

Description of Inclusionary Housing

Inclusionary housing programs incorporate requirements to include affordable housing units in market-rate developments. In areas that have become unaffordable, developers are required to sell or rent some units, typically 5-30%, to individuals or families with lower incomes. Inclusionary housing policies differ in structure and are typically tailored to a municipality's housing goals. Still, there are similarities as most municipalities seek to implement an inclusionary housing policy when they start to see land prices increase, which is typically due to increased development activity. As the cost of land starts to increase, so do housing development costs. These inflated costs are then passed on to the purchaser or renter who when unable to find affordable housing in the city's core, must move further away from major employers, schools, transit, hospitals, and retail stores and services. Inclusionary housing policies seek to capture the higher value by requiring developers to include affordable housing in development that would not otherwise include it.

Inclusionary housing is only one of the affordable housing tools that link the production of affordable housing to the production of market-rate housing. An inclusionary housing policy can be required (mandatory), voluntary, or a combination of the two. Typically, an inclusionary housing program requires or encourages a certain percentage of housing units be made affordable to low- or moderate income residents based on a determined feasibility. In return, some municipalities provide developers with cost offsets, which can include density and height bonuses that allow a developer to build more units than what the underlying zoning would allow, reduced parking requirements, tax abatement, or expedited permitting. Research shows that there is not a one-size fits all inclusionary housing policy and that an inclusionary housing policy is most successful if it considers a municipality's unique situation rather than applying blanket regulations.

New Orleans Need for an Inclusionary Housing Policy

In August of 2010, the City Council adopted the City's first ever Master Plan, *The Plan for the 21st Century, New Orleans 2030.* Though still heavily focused on storm recovery, the plan included recommendations for creating and implementing a comprehensive housing plan to address housing needs for all of the City's residents over the next twenty years. Moving this directive forward, the affordable housing advocate non-profit, the Greater New Orleans Housing Alliance (GNOHA) collaborated and spearheaded numerous convening's with City, State, philanthropic, for-profit, non-profit, and neighborhood partners to craft the *HousingNOLA* plan, released in December 2015. Shortly thereafter, in June 2016, the Mayor's Office released its *Housing for a Resilient New Orleans – A Five Year Strategy,* providing a framework for tackling the affordable housing challenges in the City. This plan calls for the City to adopt an inclusionary housing policy. Together, these two documents provide data and justification for considering the adoption of an inclusionary housing policy in New Orleans.

New Orleans hurricane rebuilding and recovery efforts have not kept pace in meeting the demand for an adequate supply of affordable housing needs in the City's high opportunity neighborhoods. Combined with the steady loss of federal funding, rising land costs, and in-migration, the inadequate supply of affordable housing has reached a crisis state. The research conducted for the HousingNOLA shows New Orleans is going to need 33,000 new housing units to come on line over the next ten years to meet the housing demand. This includes housing for residents at all income levels, but is most crucial to those whose incomes are in the extremely low-, low-, and moderate-income levels. HUD guidelines consider individuals and families who pay more than 30% of their income for housing to be cost burdened. Those who pay more than 50% of their income for housing are considered to be severely cost burdened. In New Orleans more than 70% of all households pay one-third or more of their income for housing.[2]

Study Goals

The City Planning Commission staff developed the following goals and objectives to guide the Smart Housing Mix Ordinance Study and its recommendations:

- Evaluate the Grounded Solutions Network and Street Level Advisor reports to determine how the proposed recommendations can be applied to meet New Orleans specific housing needs.
- Provide recommendations for implementation of a Smart Housing Mix policy in the Comprehensive Zoning Ordinance
- Provide recommendations for implementing a Smart Housing Mix policy in the City Code as well as any Administrative regulations.
- Propose steps needed to create, fund, monitor, and enforce a Smart Housing Mix Program.

[2] *HousingNOLA, 10 Year Strategy and Implementation Plan*, December 2015.

B. Current Regulations

In 2015, the City Council adopted a new Comprehensive Zoning Ordinance (CZO), which included provisions for development bonuses in certain sections, such as the Central Business District, the Riverfront Gateway Overlay District, and in Planned Developments. Shortly after adopting the new CZO, the City Council amended the ordinance to expand the bonus provisions to include density bonuses for all districts that allow multi-family development. These regulations are summarized in the image below, and the text in its entirety is outlined in the following section.

Figure 3: Comparison of density bonus programs

District	Minimum Lot Size	Floor Area Ratio	Maximum Height
Planned Developments - Residential	30% Reduction		
Planned Developments - non-residential	30% Reduction		25%
Planned Developments – Commercial Center	30% Reduction		50%
Central Business Districts	n/a	30% Increase	
Riverfront Gateway	~~Elimination~~	+1.5 Increase	2 stories
Historic Core Neighborhoods	30% Reduction		
Historic Urban Neighborhoods Suburban Neighborhoods Commercial Center and Institutional Campus	30% Reduction		

Figure 1: Summary of Affordable Housing Bonuses in the current CZO (source: Street Level Advisors)

Comprehensive Zoning Ordinance Regulations

Planned Development Height and Density Bonuses

5.6.C DEVELOPMENT BONUS

In the establishment and authorization of a planned development in the Historic Core and Historic Urban Residential Districts, the following provides the baseline for determining whether a project qualifies for a residential density bonus. The project may be awarded a maximum density bonus of thirty percent (30%) of the density allowed as outlined in Table 5-1. At least fifty percent (50%) of any density bonus applied to any project with a residential component must utilize the affordable housing bonus provisions described in Section 5.6.C.2.

1. The development uses innovative stormwater management that filters and stores at least twenty-five percent (25%) more stormwater than that required by this Ordinance.
2. Provides an affordable housing component on-site. Affordable housing shall be evenly distributed throughout the project, and shall be comparable to market-rate units in size, bedroom mix, and exterior finishes. A qualifying project is entitled to a density bonus if it meets one (1) of the following thresholds and maintains affordability for a period of at least fifty (50) years:
    a. Five percent (5%) of units at thirty percent (30%) AMI should yield a fifteen percent (15%) density bonus.
    b. Five percent (5%) of units at fifty percent (50%) AMI should yield a ten percent (10%) density bonus.
    c. Five percent (5%) of units at eighty percent (80%) AMI should yield a five percent (5%) density bonus.
    d. One-hundred percent (100%) reserved for senior housing may be awarded a density bonus up to thirty percent (30%).
3. The development is adjacent to an existing or proposed transit route, and provides multi-modal transportation features not required by this Ordinance.
4. The development standards of a recognized green building certification, such as LEED (Leadership in Energy and Environmental Design), Home Energy Rating System, Enterprise Green Communities, National Green Building Standard, Energy Star for Buildings Program, Net-Zero Energy

Building, or another similar certification approved by the Director of the Department of Safety and Permits.

Multi-Family Districts

ARTICLE 9 HISTORIC CORE NEIGHBORHOOD RESIDENTIAL DISTRICTS

9.8 DEVELOPMENT BONUS FOR HISTORIC CORE RESIDENTIAL NEIGHBORHOODS – VCR-1, VCR-2, HMR-1, AND HMR-2

In the establishment and authorization of a development in the Historic Core Residential Districts, VCR-1 and VCR-2 Vieux Carré Residential Districts and the HMR-1 and HMR-2 Historic Marigny/ Tremé /Bywater Residential Districts, the following provides the baseline for determining whether a project qualifies for a development bonus. The project may be awarded a maximum of thirty percent (30%) reduction in the minimum lot area per dwelling unit requirements and a thirty percent (30%) increase in the floor area ratio (FAR).

1. The development provides an affordable housing component on-site. Affordable housing shall be evenly distributed throughout the project, and shall be comparable to market-rate units in size, bedroom mix, and exterior finishes. A qualifying project is entitled to a development bonus if it meets one (1) of the following thresholds and maintains affordability for a period of at least fifty (50) years:

   a. Five percent (5%) of units aside at thirty percent (30%) AMI should yield a fifteen percent (15%) reduction in the minimum lot area per dwelling unit requirements and fifteen percent (15%) increase in the floor area ratio (FAR).

   b. Five percent (5%) of units aside at fifty percent (50%) AMI should yield a ten percent (10%) reduction in the minimum lot area per dwelling unit requirements and a ten percent (10%) increase in the floor area ratio (FAR).

   c. Five percent (5%) of units aside at eighty percent (80%) AMI should yield a five percent (5%) reduction in the minimum lot area per dwelling unit requirements and a five percent (5%) increase in the floor area ratio (FAR).

The development bonuses provided in items a., b. and c. above may be combined to provide a total bonus of up to 30%. All affordable housing provided pursuant to this section shall comply with the Affordable Housing Standards and Guidelines provided in Section 17.5.H.2, except where such standards conflict with the provisions of this section.

ARTICLE 10 HISTORIC CORE NEIGHBORHOODS NON-RESIDENTIAL DISTRICTS

10.9 DENSITY BONUSES FOR HISTORIC CORE NEIGHBORHOODS NON-RESIDENTIAL DISTRICTS –VCC-1, VCC-2, VCS, VCS-1

In the establishment and authorization of a development in the Historic Core Non-Residential Districts, VCC-1 and VCC-2 Vieux Carré Commercial Districts, VCS and VCS-1 Vieux Carré Service Districts, and HMC-1 and HMC-2 Historic Marigny/ Tremé /Bywater Commercial Districts and HM-MU Historic Marigny/ Tremé /Bywater Mixed-Use District, the following provides the baseline for determining whether a project qualifies for a development bonus. The project may be awarded a maximum of thirty percent (30%) reduction in the minimum lot area per dwelling unit requirements and a thirty percent (30%) increase in the floor area ratio (FAR).

1. The development provides an affordable housing component on-site. Affordable housing shall be evenly distributed throughout the project, and shall be comparable to market-rate units in size, bedroom mix, and exterior finishes. A qualifying project is entitled to a development bonus if it meets one (1) of the following thresholds and maintains affordability for a period of at least fifty (50) years:

    a. Five percent (5%) of units aside at thirty percent (30%) AMI should yield a fifteen percent (15%) reduction in the minimum lot area per dwelling unit requirements and a fifteen percent (15%) increase in floor area ratio (FAR).

    b. Five percent (5%) of units aside at fifty percent (50%) AMI should yield a ten percent (10%) reduction in the minimum lot area per dwelling unit requirements and a ten percent (10%) increase in floor area ratio (FAR).

    c. Five percent (5%) of units aside at eighty percent (80%) AMI should yield a five percent (5%) reduction in the minimum lot area per dwelling unit requirements and a five percent (5%) increase in floor area ratio (FAR).

The development bonuses provided in items a., b. and c. above may be combined to provide a total bonus of up to 30%. All affordable housing provided pursuant to this section shall comply with the Affordable Housing Standards and Guidelines provided in Section 17.5.H.2, except where such standards conflict with the provisions of this section.

ARTICLE 11 HISTORIC URBAN NEIGHBORHOODS RESIDENTIAL DISTRICTS

In the establishment and authorization of a development in the Historic Urban Neighborhoods Residential Districts, HU-RM1 and HU-RM2 Multi-Family Residential Districts, the following provides the baseline for determining whether a project qualifies for a development bonus. The project may be awarded a maximum of thirty percent (30%) reduction in the minimum lot area per dwelling unit requirements.

1. The development provides an affordable housing component on-site. Affordable housing shall be evenly distributed throughout the project, and shall be comparable to market-rate units in size, bedroom mix, and exterior finishes. A qualifying project is entitled to a development bonus if it meets one (1) of the following thresholds and maintains affordability for a period of at least fifty (50) years:
    a. Five percent (5%) of units aside at thirty percent (30%) AMI should yield a fifteen percent (15%) reduction in the minimum lot area per dwelling unit requirements.

    b. Five percent (5%) of units aside at fifty percent (50%) AMI should yield a ten percent (10%) reduction in the minimum lot area per dwelling unit requirements.

    c. Five percent (5%) of units aside at eighty percent (80%) AMI should yield a five percent (5%) reduction in the minimum lot area per dwelling unit requirements.

The development bonuses provided in items a., b., and c. above may be combined to provide a total bonus of up to 30%. All affordable housing provided pursuant to this section shall comply with the Affordable Housing Standards and Guidelines provided in Section 17.5.H.2, except where such standards conflict with the provisions of this section.

ARTICLE 12 HISTORIC URBAN NEIGHBORHOODS NON-RESIDENTIAL DISTRICTS

12.5 DENSITY BONUS FOR HISTORIC URBAN NEIGHBORHOOD NON-RESIDENTIAL DISTRICT - HU-MU

In the establishment and authorization of a development in the Historic Urban Neighborhoods Non-Residential District HU-MU Neighborhood Mixed-Use District, the following provides the baseline for determining whether a project qualifies for a development bonus. The project may be awarded a maximum of thirty percent (30%) reduction in the minimum lot area per dwelling unit requirements.

1. The development provides an affordable housing component on-site. Affordable housing shall be evenly distributed throughout the project, and shall be comparable to market-rate units in size, bedroom mix, and exterior finishes. A qualifying project is entitled to a development bonus if it meets one (1) of the following thresholds and maintains affordability for a period of at least fifty (50) years:
    a. Five percent (5%) of units aside at thirty percent (30%) AMI should yield a fifteen percent (15%) reduction in the minimum lot area per dwelling unit requirements.

    b. Five percent (5%) of units aside at fifty percent (50%) AMI should yield a ten percent (10%) reduction in the minimum lot area per dwelling unit requirements.

    c. Five percent (5%) of units aside at eighty percent (80%) AMI should yield a five percent (5%) reduction in the minimum lot area per dwelling unit requirements.

The development bonuses provided in items a., b., and c. above may be combined to provide a total bonus of up to 30%. All affordable housing provided pursuant to this section shall comply with the Affordable Housing Standards and Guidelines provided in Section 17.5.H.2, except where such standards conflict with the provisions of this section.

ARTICLE 13 SUBURBAN NEIGHBORHOODS RESIDENTIAL DISTRICTS

13.5 DENSITY BONUSES FOR SUBURBAN NEIGHBORHOODS RESIDENTIAL DISTRICTS - S-RM1, S-RM2, S-LRM1, AND S-LRM2

In the establishment and authorization of a development in the Suburban Neighborhoods Residential Districts, S-RM1 and S-RM2 Multi-Family Residential Districts, S-LRM1 Low-Rise Multi-Family Residential District, and the S-LRM2 Lake Area High-Rise Multi-Family Residential District, the following provides the baseline for determining whether a project qualifies for a development bonus. The project may be awarded a maximum of thirty percent (30%) reduction in the minimum lot area per dwelling unit requirements.

1. The development provides an affordable housing component on-site. Affordable housing shall be evenly distributed throughout the project, and shall be comparable to market-rate units in size, bedroom mix, and exterior finishes. A qualifying project is entitled to a development bonus if it meets one (1) of the

following thresholds and maintains affordability for a period of at least fifty (50) years:

a. Five percent (5%) of units aside at thirty percent (30%) AMI should yield a fifteen percent (15%) reduction in the minimum lot area per dwelling unit requirements.
b. Five percent (5%) of units aside at fifty percent (50%) AMI should yield a ten percent (10%) reduction in the minimum lot area per dwelling unit requirements.

c. Five percent (5%) of units aside at eighty percent (80%) AMI should yield a five percent (5%) reduction in the minimum lot area per dwelling unit requirements.

The development bonuses provided in items a., b. and c. above may be combined to provide a total bonus of up to 30%. All affordable housing provided pursuant to this section shall comply with the Affordable Housing Standards and Guidelines provided in Section 17.5.H.2, except where such standards conflict with the provisions of this section.

ARTICLE 14 SUBURBAN NEIGHBORHOODS NON-RESIDENTIAL DISTRICTS

14.5 DENSITY BONUS FOR SUBURBAN NEIGHBORHOOD NON-RESIDENTIAL DISTRICT - S-LC

In the establishment and authorization of a development in the Suburban Neighborhoods Non-Residential Districts S-LC Lake Area General Commercial District, the following provides the baseline for determining whether a project qualifies for a development bonus. The project may be awarded a maximum of thirty percent (30%) reduction in the minimum lot area per dwelling unit requirements.

1. The development provides an affordable housing component on-site. Affordable housing shall be evenly distributed throughout the project, and shall be comparable to market-rate units in size, bedroom mix, and exterior finishes. A qualifying project is entitled to a development bonus if it meets one (1) of the following thresholds and maintains affordability for a period of at least fifty (50) years:

a. Five percent (5%) of units aside at thirty percent (30%) AMI should yield a fifteen percent (15%) reduction in the minimum lot area per dwelling unit requirements.

b. Five percent (5%) of units aside at fifty percent (50%) AMI should yield a ten percent (10%) reduction in the minimum lot area per dwelling unit requirements.

c. Five percent (5%) of units aside at eighty percent (80%) AMI should yield a five percent (5%) reduction in the minimum lot area per dwelling unit requirements.

The development bonuses provided in items a., b. and c. above may be combined to provide a total bonus of up to 30%. All affordable housing provided pursuant to this section shall comply with the Affordable Housing Standards and Guidelines provided in Section 17.5.H.2, except where such standards conflict with the provisions of this section.

ARTICLE 15 COMMERCIAL CENTER & INSTITUTIONAL CAMPUS DISTRICTS

5.7 DENSITY BONUSES FOR COMMERCIAL CENTER AND INSTITUTIONAL CAMPUS DISTRICTS – MU-1, MU-2

In the establishment and authorization of a development in the Commercial Center and Institutional Campus Districts – MU-1 Medium Intensity Mixed Use District and MU -2 High Intensity Mixed-Use District, the following provides the baseline for determining whether a project qualifies for a development bonus. The project may be awarded a maximum of thirty percent (30%) reduction in the minimum lot area per dwelling unit requirements.

1. The development provides an affordable housing component on-site. Affordable housing shall be evenly distributed throughout the project, and shall be comparable to market-rate units in size, bedroom mix, and exterior finishes. A qualifying project is entitled to a development bonus if it meets one (1) of the following thresholds and maintains affordability for a period of at least fifty (50) years:

    a. Five percent (5%) of units aside at thirty percent (30%) AMI should yield a fifteen percent (15%) reduction in the minimum lot area per dwelling unit requirements.

b. Five percent (5%) of units aside at fifty percent (50%) AMI should yield a ten percent (10%) reduction in the minimum lot area per dwelling unit requirements.
c. Five percent (5%) of units aside at eighty percent (80%) AMI should yield a five percent (5%) reduction in the minimum lot area per dwelling unit requirements.

The development bonuses provided in items a., b. and c. above may be combined to provide a total bonus of up to 30%. All affordable housing provided pursuant to this section shall comply with the Affordable Housing Standards and Guidelines provided in Section 17.5.H.2, except where such standards conflict with the provisions of this section.

Central Business District

ARTICLE 17 CENTRAL BUSINESS DISTRICTS

17.5.H AFFORDABLE HOUSING

17.5.H.1 AFFORDABLE HOUSING PUBLIC BENEFIT FORMULA

Floor area bonuses for the provision of affordable housing are to be based on the following:

a. Any residential or mixed-use development with at least five percent (5%) of its dwelling units reserved as affordable for households with incomes equal to or below thirty percent (30%) of area median income (AMI) may be awarded an FAR bonus of ten percent (10%).

b. Any residential or mixed-use development with at least five percent (5%) of its dwelling units reserved as affordable for households with incomes equal to or below fifty percent (50%) of area median income (AMI) may be awarded an FAR bonus of ten percent (10%).

c. Any residential or mixed-use development with at least five percent (5%) of its dwelling units reserved as affordable for households with incomes equal to or below eighty percent (80%) of area median income (AMI) may be awarded an FAR bonus of ten percent (10%).

d. The bonuses in Sections 17.5.H.1.a., 17.5.H.1.b., and 17.5.H.1.c. above may be combined. The maximum bonus that may be obtained in a single development is equal to thirty percent (30%) of the base Floor Area Ratio.

17.5.H.2 AFFORDABLE HOUSING STANDARDS AND GUIDELINES

a. Area median income (AMI) is determined annually by the United States Department of Housing and Urban Development. A dwelling unit is affordable if the gross rent of the unit does not exceed thirty (30) percent of the income limitation applicable to the unit.

b. The income and rent restrictions necessary to meet the affordability criteria for the bonus FAR shall be maintained for a minimum period of thirty (30) years. A document indicating the agreement of the applicant to comply with this requirement shall be recorded together with the bonus FAR worksheet and approved final development plan in accordance with Section 17.5.A.2.

c. The affordable dwelling units shall be located within the same structure as the market-rate dwelling units in the development.

d. The affordable dwelling units shall be spread throughout the development and not concentrated on one story or in one area of the structure in which they are located.

e. The affordable dwelling units shall be comparable to market-rate dwelling units in the development in terms of floor area, number of bedrooms, and exterior finishes. The structure in which affordable units are located shall not be designed in a manner that distinguishes the location of affordable units from market-rate units.

Riverfront Gateway Overlay District

ARTICLE 18 OVERLAY ZONING DISTRICTS

18.13.G RIVERFRONT GATEWAY DESIGN STANDARDS AND HEIGHT LIMIT INCREASES

Certain areas along the riverfront act as gateways to the riverfront and are key to improving and encouraging pedestrian access from the surrounding neighborhoods to the river through the use of special design features. Incorporating superior design elements in a development within one of these areas qualifies a development for consideration of an increase height and/or density, in accordance with the following provisions:

1. Gateways areas are defined as the areas bounded by:

   a. Esplanade Avenue, a line extending from the centerline of Esplanade Avenue between North Peters Street and the center of the Mississippi

River, the Mississippi River, the Inner Harbor Navigation Canal, a line extending from the centerline of Chartres Street between Poland Avenue and the center of the Inner Harbor Navigation Canal, Chartres Street, St. Ferdinand Street, Decatur Street, Elysian Fields Avenue, Chartres Street, the rear property line of lots with any frontage on Elysian Fields Avenue, Decatur Street, Frenchmen Street, and Decatur Street on the East Bank of the Mississippi River;

b. the area bounded by the levee along the Mississippi River, the Orleans Parish/Jefferson Parish boundary line, Brooklyn Avenue, Powder Street, and Pelican Avenue, and a line extending from the centerline of Pelican Avenue to the levee on the West Bank of the Mississippi River.

2. To be eligible for consideration of an increase in the height limit, a development shall meet the design standards above, in addition to the following additional standards:

   a. Developments shall include landscaped public open space, public plazas, and/or sidewalk/open air cafés with direct visual access to the River, subject to the Public Plaza Standards and Guidelines contained within Section 17.5.F.2 except that the plaza may be located more than three (3) feet above the adjacent sidewalk area in order to provide better views.

   b. Developments shall be designed utilizing energy efficient design or other innovative sustainable design characteristics, sufficient to achieve a recognized green building certification, such as LEED (Leadership in energy & Environmental Design), Home Energy Rating System, Enterprise Green Communities, National Green Building Standard, Energy Star for Buildings Program, Net-Zero Energy Building, or another similar certification approved by the Director of the Department of Safety and Permits, and which is subject to the Whole Building Sustainability Standards and Guidelines contained within Section 17.5.C.2.

   c. At least ten percent (10%) of dwelling units shall be reserved as affordable for households with incomes equal to or below eighty percent (80%) of area median income (AMI), with at least half of such affordable dwelling units containing two (2) or more bedrooms. The development shall be subject to the Affordable Housing Standards and

Guidelines contained within Sections 17.5.H.2.a and 17.5.H.2.b. The affordable dwelling units shall be located within the same structure as the market-rate dwelling units in the development, shall be comparable to market-rate dwelling units in the development in terms of exterior design and finishes, and shall not be concentrated in any one area of the development.

d. In lieu of item 2.a above, a development may be eligible for a density bonus if the developer makes a substantial contribution to a new floodwall bridge, rail crossing, or other capital improvement which significantly increases public access to the riverfront. Such an improvement shall only be considered if, at the time of the application, the improvement is included as a priority project in the City's Capital Improvements Plan, and/or included in the City's Capital Budget. For purposes of this provision, "substantial contribution" shall mean a financial contribution of at least 50% of the cost of the improvement, but not less than $250,000, provided that at the time of the application, commitments exist from other sources ensuring that any remaining funds necessary to complete the cost of the improvement will be available within one (1) year of the date of the application. For purposes of clarity, any contribution made pursuant to this provision shall not be used to waive the standards provided in subsections 2.b or 2.c above.

3. For any property located within an area defined above as a gateway, development proposals which incorporate the design standards required in Section 2 above shall be entitled to the following: (i) an increase in the height limit up to two (2) stories, but no greater than twenty-five (25) feet beyond the height limit of the underlying zoning district, (ii) an increase of an additional 1.5 FAR Above the maximum FAR permitted in the underlying zoning district, and (iii) the elimination of any Minimum Lot Area per dwelling unit requirement applicable in an underlying zoning district.

Requests for height and density bonuses pursuant to this Section shall be considered and approved through the conditional use process provided in Section 4.3.

C. Public Input on Smart Housing Mix Ordinance Study

Public input is an important part of any planning study, specially this Smart Housing Mix study, which seeks to address the City's affordable housing need. City Planning Commission staff solicited input in a number of ways, which helped guide the study.

Public Hearing

On Tuesday, November 8, 2016, the City Planning Commission held a public hearing on the 8th floor of City Hall in the Homeland Security Conference Room. The public hearing included a short presentation by City Planning staff and time for the Commission to receive public input on the Smart Housing Mix Ordinance Study. At this meeting, 20 people signed in or filled out a comment card and each person was given up to two minutes to speak.

Additional Meetings and Conversations

As a follow-up to the public hearing, the City Planning Commission staff held meetings with representatives from HousingNOLA and various governmental agencies, including the Office of Community Development, the New Orleans Redevelopment Authority, the Housing Authority of New Orleans, the Law Department, the Department of Safety and Permits and the One Stop Shop. City Planning staff also contacted and spoke with representatives in the Mayor's Office and Grounded Solutions Network.

Written Comments

In addition to the public hearing, the City Planning Commission has received written public comments by mail, by email to CPCinfo@nola.gov or directly to CPC staff members, or in person at the public hearing. By the comment period deadline, February 13th, the City Planning Commission has received nine written comments on the Smart Housing Mix Ordinance Study. Written comments received by City Planning staff are attached to the end of this report.

Summary of Public Comments

Numerous housing advocates, including HousingNOLA and the Greater New Orleans Fair Housing Action Center spoke about their concerns and experiences in dealing with New Orleans current housing shortage. Many of the comments focused on the individuals and families who cannot afford the City's housing costs and are being pushed out of the City. Several comments focused on the specific cost of housing in the City while citing examples of rent prices in varying neighborhoods. A teacher spoke of the growing number of homeless students she is experiencing in the school she works in. Some commenters said that they work with people on fixed incomes and housing is a huge issue for their community.

Some comments focused on specific housing needs and housing types, such as the need for one bedroom units, but also there is a growing need for three-bedroom units. Some comments expressed concern about New Orleans future housing needs. Several commenters expressed the urgent need for affordable housing so long-term residents can stay in their neighborhoods. Commenters are concerned that as neighborhoods begin to improve, the people that have been living there will no longer be able to afford to remain in their homes. Increasing property taxes is one concern.

Another category of comments focused on the need for an inclusionary housing policy. Accountability is a key ingredient, according to one commenter. Some commenters spoke to current data stating housing prices are increasing. One comment was made about the affordability of land and the need for smaller infill development, which an inclusionary housing policy would address. According to some comments, there is plenty of new investment happening in the city and an inclusionary housing ordinance would ensure residents would be able stay in the city. Some comments addressed a desire for inclusive and mixed income communities. Another commenter spoke about the need for healthy neighborhoods and how those impacts could be addressed with inclusionary housing, including reducing time and distance to school and work, outside play, daily stress associated with commuting to and from work and school, and providing choice and opportunity.

A representative speaking on behalf of the Home Builders Association of Greater New Orleans cited a White House report that states inclusionary housing will slow development. The commenter stated that instead the City should expedite permitting, reduce parking, provide incentives for height, and leverage state and federal funding to create affordable housing. Another commenter stated that the City should also create a housing task force and relax zoning to address housing needs.

Another speaker spoke to the need for incentives in the downtown area, particularly height and floor area ratio incentives. Some speakers spoke about preservation of existing historic structures and neighborhoods and had concerns about how an inclusionary housing policy would affect preservation efforts. Lastly, a commenter expressed concern about the City’s current lack of monitoring and maintenance of multi-family housing.

D. Overview of Inclusionary Housing Programs[3]

Grounded Solutions Network

Grounded Solutions Network has identified more than 500 inclusionary housing programs in 27 states. More than 80% of these programs require mandatory participation and pertain to all residential development within a municipality. The table below lists cities with a mandatory structure and their affordability requirements.

Table 1: Example Cities Inclusionary Zoning Affordability Requirements

Jurisdiction	Requirement or Incentive	Applies to
Chapel Hill, NC	15% of for sale units set aside at 80% of median income	Development of 5 or more units
Irvine, CA	15% of units set aside at 60% of median income	Developments with 50 or more units
Portland, OR[4]	20% of units at 60% median income	All multi-family development with 20 units or more
Washington, DC	8-10% at 80% of median income	Projects with 10 or more units in certain higher density zones in the city
Chicago	10% at 60% of median income	Projects with 10 or more units that receive zoning changes or public land
Santa Fe, NM	15% at 80% of median income for rental and 20% at 100% of median income for ownership	All projects above 2 units, projects below 11 units pay a fee instead of providing units

Street Level Advisors

As stated in the beginning sections of this report, Street Level Advisors is a nationally recognized inclusionary housing expert firm and was recently engaged to evaluate New Orleans current density provisions and provide recommendations on implementing a successful program. The Street Level Advisors report assessed several cities with only voluntary or a combination voluntary and mandatory inclusionary zoning programs. Example cities included Anaheim, CA;

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[3] Grounded Solutions Network and Street Level Advisors are nationally recognized inclusionary housing policy advisors. Both of their reports include references and examples of inclusionary housing programs that were used to provide information for New Orleans housing program. Both of these reports are attached to this study for reference.

[4] Since the report by Grounded Solutions was submitted to the City Planning Commission, the City of Portland adopted an Inclusionary Housing Zoning Code Project (Ordinance No. 188162). The Ordinance was adopted 12/21/16 and goes into effect 2/01/17.

Arlington, VA; Austin, TX Chicago, IL; Durham, NC, and Seattle, WA. Each was evaluated by program structure and the number of affordable units created.

- Anaheim, CA offers a voluntary residential development program for all developments with more than 5 units. The bonus is tiered and scaled according to the level of affordable housing provided (generally 20-35%) and includes increased lot coverage, decreased tree requirement, reduction of setbacks, increased height, reduced parking, and other regulatory incentives. Units must remain affordable for 55 years.

- Arlington, VA offers a voluntary program for by-right projects, but mandatory for projects that apply through the Special Exception Plan or change of land use. Requirements may be satisfied by an in-lieu fee. For-rent or for-sale projects must be targeted at 60% Median Family Income to receive additional density and remain affordable for no less than 30 years.

- Austin, TX offers 10 different density programs regulated with separate ordinances. Generally, 50% of bonused floor area must be affordable housing. Developers may opt to pay an in-lieu fee or provide various community benefits. The most successful of the 10 density programs is the SMART program, but as the Street Level report states, it is successful due to its incentive to waive fees and expedited permitting not because density bonuses are offered.

- Chicago, IL grants a density bonus through its voluntary and mandatory program. Bonus is based on Floor Area Ratio (FAR) and may be increased by providing additional community benefits. For-rent units are targeted at 60% MFI while for-sale units are targeted at 100 % MFI. Units must remain affordable for at least 30 years.

- Seattle, WA applies its program to varying zones and includes residential and non-residential development with an in-lieu fee requirement. The bonus applies to affordable housing and other benefits, but in order to obtain a 60% bonus affordable housing units must be provided.

- Durham, NC allows 15% more units in a project if units are reserved for individuals and families earning less than 60% AMI.

The programs in the examples have varying levels of success, with Austin's SMART program producing the most units; however, it was noted that the success of the SMART program was not due to the density bonus, but rather its expedited permitting and fee waiver incentives. The table below summarizes how many units have been produced by the example cities since adopting a density program.

Table 2. Voluntary and Voluntary/Mandatory Program Profiles

Example City	Year Implemented	Units Produced
Anaheim, CA	2005	1,200 new construction-rental 900 new construction – for sale 150 rehab units
Arlington, VA	2005	59 units in voluntary program *more units have been created in mandatory, but unit data was not available
Austin, TX	2000	12,000 - SMART housing program
Chicago, IL	2003, expanded in 2007[5]	5 units
Seattle, WA	2001	106 units
Durham, NC	2015[6]	None

[5]City Planning staff provided this information as the dates were not provided in the Street Level Advisor report.
[6] Information obtained from https://durhamnc.gov/DocumentCenter/View/11687

E. Analysis

Introduction

This section pertains to the programmatic structure and policy recommendations outlined in the New Orleans Smart Housing Mix Study provided by Grounded Solutions Network. The recommendations are the result of Grounded Solutions Network's feasibility exercise, which included the consulting firm, AECOM, and a HousingNOLA convened stakeholder group, which included housing experts, department heads and city staff, and City Council staff. City Planning staff has organized this section by listing each of the Smart Housing Mix Study's topic areas and then listing the Study's proposal for that topic area followed by the City Planning staff's analysis and recommendation.

Program Structure

Smart Housing Mix Regulatory Structure
<u>Proposal</u>
None Proposed.

<u>Analysis</u>
The Grounded Solutions Network Smart Housing Mix Study supplies the various aspects of the policy, but it did not propose a regulatory structure to implement it. Since this policy would regulate the use of private property, it needs to be part of the Comprehensive Zoning Ordinance (CZO). There are multiple ways that an inclusionary housing policy could be implemented in the CZO, such as an overlay district or a use standard. Since this policy will have a map, use standards, design standards, and other regulations, the staff recommends creating a new Article in the CZO for the Smart Housing Mix policy.

Creating a new CZO Article is not entirely sufficient to implement the Smart Housing Mix policy. There are additional regulations on fees, administration, monitoring, marketing, enforcement, etc. that go beyond the scope of the CZO. Therefore, additional regulations are required in the City Code of Ordinances and Administrative Policy Manual(s) to fully implement the Smart Housing Mix Policy.

<u>Recommendation</u>
The City Planning Commission staff recommends following:

- Create a new Article 28 in the Comprehensive Zoning Ordinance to implement the Smart Housing Mix policy.

- Revise other articles in the CZO to add definitions, make references to Article 28, and any other necessary modification.
- Additional regulations in City Code and Administrative Policy Manuals will be required to fully implement the Smart Housing Mix policy.

Mandatory/Voluntary & Geographic Targeting

<u>Proposal</u>

The program should be mandatory in centrally-located and neighborhoods with good access to transit, voluntary elsewhere. Base boundaries of the mandatory area upon housing market indicators, transit and zoning maps.

<u>Analysis</u>

Inclusionary housing policies can either be mandatory or voluntary. The current policy in New Orleans is voluntary, and it has resulted in a minimal number of new affordable housing units during the one and a half year it has been in place. The Smart Housing Mix Study proposes that the new requirements should be mandatory. Mandatory policies are considered best practices and Grounded Solutions Network found that over 80% of inclusionary housing policies are mandatory. Mandatory policies will provide the greatest number of affordable units as developers will have to comply with the requirements. Voluntary programs tend to be less productive because developers do not have to participate. In addition, the incentives have to be much greater in voluntary programs to get developers to participate. Finally, mandatory programs are necessary to get affordable housing where it is needed most, the highest opportunity neighborhoods. For all of these reasons, the staff supports a mandatory Smart Housing Mix policy.

Another foundational aspect of an inclusionary housing policy is whether it should be citywide or geographically targeted. The Smart Housing Mix Study recommends a geographically targeted inclusionary housing policy for New Orleans. The purpose of inclusionary housing policies is for market rate developers to provide affordable housing units in the highest value and highest opportunity neighborhoods. Therefore, the Smart Housing Mix policy should target the neighborhoods that are near the Central Business District, near job centers, near high-frequency public transit corridors, and in high value neighborhoods. The exact boundaries of this area will be addressed in a section below. Inclusionary Housing policies should not be implemented in areas that are struggling to attract new market-rate developments, because the cost to provide those affordable units could deter new developments. Therefore, the staff supports a geographic targeted Smart Housing Mix policy, where inclusionary housing is mandatory within the target boundary and voluntary outside of it.

Recommendation

The City Planning Commission staff recommends following:

- Craft regulations that make inclusionary housing mandatory within the defined target area and voluntary outside of the target area.

Rental/For-Sale

Proposal

The program should apply to both rental and for-sale multi-family developments.

Analysis

It is important to provide both affordable rental and home ownership opportunities, which is why the Smart Housing Mix Study recommends that the inclusionary housing program applies to both rental and for-sale developments. Affordable home ownership provides great social and financial benefits to the buyers. The study recommends serving a slightly higher income level for the for-sale units to ensure a larger interested pool of potential buyers who would not over extend their financial resource to purchase a home (more detail in the pricing section below).

The Smart Housing Mix Study recommends an inclusionary housing ordinance that would apply only to multi-family development. In some communities, mostly in suburban areas, inclusionary housing policies apply to single-family developments as well during the subdivision process. This could be done in New Orleans as well, but given that there are not many large subdivisions that would result in any affordable units, it is logical to concentrate on for-sale multi-family/condominium developments. Also, it is important to note that in the New Orleans CZO there are a number of different types and definitions for multi-family residential, and the Smart Housing Mix policy should apply to all of them.

Recommendation

The City Planning Commission staff recommends following:

- The Smart Housing Mix policy should apply to both rental and for-sale multi-family developments.
- The Smart Housing Mix policy should apply to all developments with multi-family residential whether it is a standalone multi-family project or part of a mixed-use development and would include the following: multi-family dwellings, above ground floor dwellings, and established multi-family dwellings.

Size Threshold

Proposal

Exempt very small developments (1-4 units), offer medium-sized developments (5-9 units) a modest in-lieu fee payment option, and require participation from new and substantial rehabilitation projects of 10 units and above.

Analysis

The Study recommends that the Smart Housing Mix policy applies to all new developments and all sustainable rehabilitation projects. The Department of Safety and Permits has a definition for substantial improvements where the value of the work exceeds 50% of the value of the existing structure. This is the same measure used to determine if a rehabilitation project would be subject to the stormwater management requirements in the CZO, so it would be appropriate to use the same measure for the Smart Housing Mix policy.

The Study recommends exempting small developments, those with 4 units or less, from these regulations. There are a number of reasons why small developments are exempt. First, the minimum size in most inclusionary housing programs is typically 5 to 10 units, so exempting projects with 4 units or less is common place. Second, requiring compliance with the Smart Housing Mix policy could place undue hardship on many small developers, who are predominately (re)developing single- and two-family dwellings. Third, using the 12% affordable housing requirements, developments with 4 or less units would be required less than half a unit, which would be rounded to zero units.

The Study recommends that multi-family developments with 5 to 9 units be subject to the Smart Housing Mix policy, but not be required to provide the units onsite. Instead, the developer could pay a modest in-lieu fee. These smaller developments would not have enough market rate units to justify providing an affordable unit onsite, but are large enough to afford a modest in-lieu fee. The exact fee amount has not yet been determined, and further study is needed to develop a formula to assess an appropriate fee based on the project's size, location, bedroom mix, and potentially other factors. In is important to get the in-lieu fee amount correct; therefore, the staff recommends hiring a consultant with expertise in inclusionary housing to help determine the appropriate in-lieu amount.

The Smart Housing Mix Study recommends that developments with 10 units or more be required to provide the affordable housing onsite. Developments with 10 units or more are large enough to support the affordable unit onsite. This is typical of inclusionary housing programs in other cities.

Recommendation

The City Planning Commission staff recommends following:

- The Smart Housing Mix policy should apply to new construction and substantial renovation projects.[7]
- The Smart Housing Mix policy shall require onsite affordable housing for development projects with 10 or more multi-family housing units.
- Development projects with 5 to 9 units will not be required to provide onsite affordable housing, but shall provide a modest in-lieu fee payment.
- Further study and hiring an expert consultant is required to develop a formula for the in-lieu fee amount based on various aspects of the development.

Program Details

Target Percentage Affordability

Proposal

Require new development, adaptive reuse projects, and substantial rehabilitation projects to include 12% of their housing units as affordable.

Analysis

Determining the minimum number of affordable units to be set-aside in a market-rate development varies among inclusionary housing programs. Typically, municipalities will set-aside between 10% and 25% of the total number of dwelling units. Though, there are instances where the set-aside is as low as 5% or as high as 30%, or is determined by some other calculation, such as a sliding scale. Jurisdictions may also break down the requirement based on low or moderate income levels. As determined through a financial feasibility exercise and input received from stakeholders, the Study recommends a minimum of 12% of affordable units be set aside in developments providing 10 or more units inside the proposed mandatory inclusionary zone. The intended goal of an inclusionary housing program is to increase the number of affordable units while also ensuring profitable development. Therefore, it is important to impose the set-aside requirement at a rate that will reflect the identified housing need while also making certain development projects are cost-effective to developers. Given the City's need for affordable housing in the most sought-after neighborhoods, the Study found that the proposed 12% set-aside is appropriate and should be imposed even if it would require the City to invest public resources into the program.[8]

[7] Substantial renovations, or substantial improvements, are defined by the Department of Safety and Permits where the value of the work exceeds 50% of the value of the existing structure.
[8] See section on incentives

The Study's recommendation to implement a 12% set aside requirement for affordable housing units in the City's targeted neighborhoods is based on New Orleans' identified need of 33,000 affordable housing units over the next ten years.[9] The staff believes a set aside above 10% is warranted given the current development trends and will assist in meeting the City's housing needs while ensuring projects will still be profitable to the developer. Therefore, the staff supports a 12% set-aside of affordable units in the development of new construction, adaptive reuse, or substantial rehabilitation of dwelling units within a proposed mandatory inclusionary zone.[10]

Recommendation

The City Planning Commission staff recommends the following:

- The Smart Housing Mix policy should establish an affordable housing set-aside requirement of 12% of housing units in a new development, adaptive reuse project, or substantial rehabilitation project as affordable in developments within mandatory inclusionary zone.

Income Targeting (Rental)

Proposal

Allow individuals and families earning 60% of AMI or below to qualify for affordable rental units. Price units to be affordable, according to HUD guidelines, to families at 50% AMI for rental buildings.

Analysis

The Study recommends basing the affordability levels in Smart Housing Mix policy on New Orleans current and future housing needs. To this point, the Study found that the most desired neighborhoods, which offer close proximity to jobs, transit, schools, etc., are not only unaffordable to low-income residents, but are also becoming unaffordable to middle-income residents. Almost 60% of New Orleans renters and homeowners whose households earn between 50% and 80% AMI are considered cost burdened while more than 20% of these households are considered severely cost burdened.[11] Based on this information, there is a need to provide affordable housing to extremely low- and low-income residents; however, the Study points out that setting the income target too low, such as 30% or below AMI could off-set the developers profit significantly. Therefore, the Study recommends setting the income level for rental units for individuals and families earning 60% of AMI or below as this will safeguard

[9] HousingNOLA 10 Year Strategy and Implementation Plan, December 2016.

[10] The Department of Safety and Permits makes the determination of a substantial renovation where the value of the work exceeds 50% of the value of the existing structure.

[11] Families that spend more than 30% of their income on housing are cost burdened, and families that spend more than 50% of the income on housing are severely cost burdened.

developer profitability while achieving the development of affordable housing units. The staff supports this income level target since as stated there are a large number of residents that fall into the 60% AMI or below income levels and would be eligible for the projected affordable housing units.

In addition to rent, there are other housing costs that are not always included in the base rent of a housing unit, such as utilities, on-site parking, and renters insurance. To ensure prospective tenants are able to afford base rent and any additional housing costs associated with the unit, the Study recommends that affordable housing units be priced at 10% below the maximum allowable income, or 50%. By pricing units slightly lower than the 60% AMI and reducing to 50% AMI, the number of households who can afford the unit and associated costs, while meeting the income qualifications, will be greater than if the target and pricing are both set at 60% AMI. For these reasons, the staff supports pricing the units at 50% AMI.

Recommendation
The City Planning Commission staff recommends the following:

- The Smart Housing Mix policy shall allow individuals and families earning 60% of AMI or below to qualify for affordable rental units.
- The Smart Housing Mix policy should price rental units to be affordable to individuals and families earning 50% AMI or below.

Income Targeting (Ownership)
Proposal
Allow individuals and families earning 80% of AMI or below to qualify for affordable ownership units. Price units to be affordable, according to HUD guidelines, to families at 70% AMI in for-sale developments.

Analysis

The Study found affordable housing is available in certain neighborhoods for New Orleans residents earning 80% AMI and above. According to the Study, New Orleans housing market is not as constricted as some jurisdictions with higher housing costs and where it would be impossible to purchase a house at 80% AMI, or even 100% AMI. Nonetheless, New Orleans residents whose earnings are at 80% AMI would still not be able to afford a home in one of New Orleans core neighborhoods, which are located near job centers and provide services and amenities needed to sustain a good quality of life, such as access to dependable transit, schools, and retail and grocery stores. In other words, the study found that though it is good news residents could afford to purchase a home at this income level, they would be required to purchase properties in areas of the city that do not provide the same services and amenities as core neighborhoods. The Study notes this scenario would create segregated, unequal, and divided neighborhoods. Providing homeownership opportunities for residents closer to the City's core will provide opportunities for mixed-income neighborhoods while averting the creation of segregated neighborhoods.

The ability to purchase a home provides residents with both social and financial benefits, according to the study. Utilizing HousingNOLA data, the Study reiterates the city's need for 5,628 homes for households earning below 80% of median income and states that the Smart Housing Mix policy would assist in filling that gap. For instance, the proposed Smart Housing Mix policy would address families earning less than 80% AMI who are rarely able to find an affordable home on the open market while addressing the low production of affordable homes for low-income households.

For the reasons stated in the above topic on income targeting for renters, the Study recommends affordable for-sale units also be priced at 10% below the targeted 80% AMI so that prospective affordable for-sale dwelling units are targeted to individuals and families who are able to afford the cost of the housing unit as well as utilities, taxes, insurance, and condo fees.

Recommendation

The City Planning Commission staff recommends the following:

- The Smart Housing Mix policy shall allow individuals and families earning 80% of AMI or below to qualify for affordable for-sale units.
- The Smart Housing Mix policy should price rental units to be affordable to individuals and families earning 70% AMI or below.

Affordability Term

Proposal

Require 99-year terms of affordability.

Analysis

In order to ensure that affordable units remain affordable to the same income population for whom they were targeted, inclusionary housing policies must include provisions for maintaining affordability for a specific duration of time. The Study states that lasting affordability requirements prevents units from being removed from the affordability stock during market pressure. If the period of affordability is too short, it can undermine the goal of creating long-term affordable housing units. The most successful inclusionary housing policies are developed with careful consideration of a municipalities current and future housing needs. Moreover, they require substantial effort and may require significant resources as well as necessitate changes to local law and policy. If the term of affordability is not long enough to impact occupants beyond the initial renter or homeowner, significant resources and time will be lost and, therefore, may be vulnerable for failure.

The Study recommends that the Smart Housing Mix policy include a 99-year term of affordability. This, according to the Study, is typical of other jurisdictions with an inclusionary housing policy as one-third of all policies have either a perpetuity or 99-year affordability requirement. As the Study points out, an investor might pay more for a property with rent restrictions that expire after 15 years than one with a 99-year restriction, but the difference is slight and, therefore, the length of the affordability makes only a small difference on the front end, but makes a big difference long-term.

The staff is supportive of creating an affordability term exceeding the typical 15 to 30 year terms mandated in many inclusionary housing policies and tax credit financed projects, such as the American Can Apartments whose affordable housing requirement expired after only 15 years. The staff notes that there is concern about extending the period for longer periods and that since jurisdictions have only recently begun implementing longer affordability terms there isn't sufficient case law on longer affordability terms. Finally, the staff notes that the Study includes a recommendation for 99 year affordability term as there is not a significant cost difference between affordability terms; however, more study is needed to understand why this is the case. For these reasons the staff recommends an affordability term of 50 to 99 years.

<u>Recommendation</u>
The City Planning Commission staff recommends the following:

- The staff recommends the affordability term to be at least 50 years but not more than 99 years.

Unit Design, Location, & Mix
<u>Proposal</u>
Make units indistinguishable from the exterior and comparable in size. Prevent clustering or separate doors. Bedroom mix of affordable units should reflect the overall building mix.

<u>Analysis</u>
Currently, the City's Comprehensive Zoning Ordinance density provisions require affordable units to be evenly distributed throughout the development and be comparable to market-rate units in size and bedroom mix. Though exterior finishes must be comparable as well, interior finishes are not required to be exactly the same. The Smart Housing Mix Study recommends following these standards in the proposed Smart Housing Mix policy while recommending the following additional elements:

- Affordable units shall utilize the same entrances as market-rate unit and shall not have separate entrances;
- Affordable units shall not be clustered together;
- Affordable units shall be comparable in size to market-rate units;
- Affordable unit tenants shall have access to the same amenities as market-rate tenants; and
- Interior finishes or appliances may be different as long as quality, functionality, and longevity are retained.

The Study notes that it is not necessary to locate affordable housing units evenly, since this will allow developers to retain prime spaces for market-rate units. Though the Study does not address construction timing, the City Planning staff recommends requiring affordable units to be built at the same time market-rate units are constructed.

In regards to the bedroom mix of affordable units, the Study recommends that the affordable units reflect the bedroom mix of the development. In other words, if a market-rate development is constructed with a mix with one-, two-, three-, etc. bedrooms, then the affordable units should also include this mix. This recommendation will assist in preventing a development from being constructed with all affordable units as studio or one-bedroom units if the market-rate development is constructed with differing unit types. Basing its recommendation on the rental and for-sale housing demand in New Orleans over the next five years, the Study found that the need for one-, two-, and three-bedroom units is similar across incomes and therefore recommends mirroring market-rate developments. The staff supports this as well, but recognizes there may be a need to revisit this after the Smart Housing Mix policy has been in effect for two to three years or more to evaluate whether the City's housing needs are being met.

<u>Recommendation</u>

The City Planning Commission staff recommends the following:

- The Smart Housing Mix policy shall include provisions for affordable housing units to be the same size and not be clustered, have the same outward appearance, and have the same access to amenities of the market-rate units in the development. These requirements should be applicable to both for-sale and rental units.
- The Smart Housing Mix policy should require developers to construct affordable units at the same time as market-rate units.
- The Smart Housing Mix policy shall require developments to contain the same number of bedrooms in the affordable units as the market-rate units.
- After the Smart Housing Mix policy is implemented, the bedroom mix requirements can be revised if the program is not functioning properly.

Alternative Compliance

Proposal

Incentivize on-site development but provide maximum flexibility by allowing developers to pay a fee, build offsite, preserve a building or dedicate land as alternatives.

Analysis

As stated in the proposal, on-site development is the desired outcome of the Smart Housing Mix policy. Based on research cited in the Study and through discussions with the government and community representatives, the Study recommendation is to offer flexibility and incentives to developers to avoid affecting development activity. By offering four alternatives to the proposed mandatory requirement for developments constructing 10 or more units, such as an option to pay a fee (payment in-lieu), build affordable units off-site, dedicate land for affordable housing use, or preserve an existing building for affordable housing, maximum flexibility will be provided to developers.

- In-Lieu Fee: The Study recommends setting the in-lieu in the difference of price between the market-rate and affordable units. To make certain that the in-lieu fee is not too low making the option more attractive to developers, the Study recommends an in-lieu fee should be based on rents or sales in strong-market neighborhoods, not the citywide average.

- Off-Site Development: This recommendation provides an opportunity to build affordable housing in a different location. Typically, according to the Study, the developer of the market-rate development would partner with a non-profit developer who has experience building affordable housing. The Study recommends off-site housing be located within ½ mile of the market-rate development and be overseen by the Office of Community Development.

- Land Dedication: In this scenario, the developer of the market-rate housing would dedicate land for affordable housing development within ½ mile of the originating development. The Study recommends that the New Orleans Redevelopment Authority would receive the land and would work with the Office of Community Development in developing the affordable housing.

- Preservation: This alternative to on-site development would allow a developer to acquire and/or substantially rehabilitate an existing structure(s) in one or more locations as part of the market-rate development's affordable housing requirement. The preserved building(s) would then become part of the City's proposed program.

Given the critical state of the City's current affordable housing need in high opportunity neighborhoods and the projected housing needs over the next ten years, discussions between City Planning staff and the City's Office of Community Development, the New Orleans Redevelopment Authority, and the New Orleans Housing Authority determined that on-site development should be the requirement in the Smart Housing Mix policy. To that end, City Planning staff recognizes the challenges that would be involved in designing a program with numerous components which would take considerable time, money, and resources to implement. Creating such a structure could prolong the roll out of the program further exasperating the housing crisis. For these reasons, City Planning staff recommends against offering alternative compliance initially and require affordable housing units to be built on-site. The staff believes the program will be more successful if it is created with predictable streamlined and transparent requirements. The staff recognizes there may be a need to revisit the discussion about offering alternatives to developers after the Smart Housing Mix policy has been in effect for two to three years or more to evaluate whether the City's housing needs and developer's needs are being met.

Recommendation

The City Planning Commission staff recommends following:

- The Smart Housing Mix policy should not include alternative compliance options and instead should require affordable housing units to be built on-site when 10 or more dwelling units are proposed.
- The Smart Housing Mix policy should be revisited at a future time should it be determined that alternatives are necessary for the program's success.

Mandatory Inclusionary Housing Incentives

Residential Density Incentive

Proposal

Reduce Lot Area/Dwelling Unit requirement by 30%.

Analysis

This proposed incentive would provide developers with a density bonus of 30%, by allowing 30% more dwelling units than would otherwise be permitted by the zoning ordinance. The CZO regulates residential density by requiring a certain lot area, typically somewhere between 600 square feet to 1,500 square feet, for each dwelling unit. This proposed incentive would reduce the lot area per dwelling unit requirement by 30%, which would result in the developer being able to build up to 30% more dwelling units.

This bonus can help defray some of the cost associated with providing the affordable housing units. By building more units, the developer has more units to rent, which results in more rental income.[12] Density bonuses are typical of inclusionary housing programs in other cities. Density bonuses result in more housing units at all income levels (affordable and market rate). In addition, density bonuses do not have any direct cost to the City.

The Smart Housing Mix Study did not provide much in the way of justification for selecting a 30% reduction in lot area per dwelling unit. This 30% figure seems to come from the maximum bonus available in the current CZO affordable housing density bonus provisions. There is not much rational for this figure in the current CZO and the Street Level Advisors study shows that the current bonus program is not functioning properly. In addition, in the four housing prototypes analyzed in the Smart Housing Mix Study, the density bonus only made a difference in one of the developments. Finally, the study did not have a review of density bonuses in other cities, so it is unclear if the 30% bonus is comparable to other inclusionary housing programs. Therefore, the staff would like more information and further study before recommending any residential density incentives.

The staff notes a few issues with the density incentives. In many cases, the current density levels in the CZO were based on certain density limits in the Master Plan. There is an amendment that would remove these hard limits from the Master Plan. If this amendment is approved, the lot area per dwelling unit requirements (density limits) in the CZO should be re-evaluated to increase the potential for more dense housing development at an appropriate level of intensity for the zoning district.

In conjunction to any modifications to the density limits, it is important to consider the impacts that the bulk requirements, such as height, number of floors, setbacks, and open space, have on the density that you can provide. Therefore, the density limits and the building envelope requirements need to be consistent with each other. If density incentives are provided, then the building envelope requirements need to allow for that level of density to be achieved, or there needs to be other bonuses to the bulk regulations. If not, then the density incentives either will not provide much benefit to the developer, or it will encourage the developer to build small units which might not match the city's housing needs.

<u>Recommendation</u>

The City Planning Commission staff recommends following:

- More information and analysis is needed before a recommendation can be made on residential density incentives.

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[12] There are also additional cost, because it cost money to build additional units as the developer is paying to construct a larger building or is paying to construct more kitchens and bathroom (which are more expensive to build).

- In conjunction with the Master Plan Amendments to eliminate the maximum density level in certain Future Land Use Map designations, the staff should investigate modification to the lot area per dwelling unit requirements in the base zoning districts.
- Staff should investigate how the density limits, the bulk requirements, and any Smart Housing Mix regulation bonuses will work together.

Increased Bulk & Building Envelope Incentives

Proposal

Increase FAR and height limits by 30% and reduce setbacks by 30%.

Analysis

In addition to increasing the density, the Smart Housing Mix study recommends other incentives that would increase the building envelope by increasing the height by 30%, increasing the Floor Area Ratio (FAR)[13] by 30%, and reducing setbacks by 30%. As mentioned in the previous section, there is a need for further study to see how the density regulations and the bulk/building envelope requirements work together in every zoning district. The staff is recommending a density bonus of 30%; however, at this time, the staff does not support any bonuses that would increase the building envelope by creating height and FAR bonus and reducing setbacks.

There are a number of reasons for this. First, it is possible that the 30% density bonus could be achieved in the existing building envelope. This is likely the case in some districts and not the case in other districts. The staff would like to study this issue in further detail prior to recommending increases to the height and FAR and reductions to the setback requirements. In addition, height bonuses might not be appropriate in some parts of historic districts.

Finally, the staff does not support setback incentives. In most of the historic core and historic urban areas, the required setbacks are relatively small or do not exist so an incentive would not provide much benefit. The setbacks are larger in many suburban districts, but they are appropriate in these areas to match the surrounding development or to provide the required landscape buffer. For these reasons, the staff does not support the proposed setback reduction incentive. On a final note, these proposed incentives can be revisited once the Smart Housing Mix policy is in place.

Recommendation

The City Planning Commission staff recommends following:

- At this time, the staff does not support increasing the height and FAR requirements or reducing the setback requirements.

[13] Floor Area Ratio is calculated by dividing the lot area by the gross floor area of the structure. For example a 20,000 square foot building on a 10,000 square foot lot would have a FAR of 2.

- There needs to be additional study to determine if changes are needed to base zoning height & FAR requirements or give bonuses to developments providing affordable housing.
- After the Smart Housing Mix policy is implemented, area and bulk regulations can be revised if the program is not functioning properly.

Reduced Off-Street Parking Requirements

Proposal

Consider 30% reduction in off-street parking requirements.

Analysis

The Smart Housing Mix Study recommends reviewing whether providing a parking reduction is a beneficial incentive to offer developers. Parking exemptions or reductions are one way to increase the floor area of a project while contributing to a decrease in development costs. Also, a parking reduction would not cost the City anything. In this particular case, the Study notes a parking reduction could be offered as one of the incentive menu-items which could contribute to achieving 30% more units within a development (market-rate and affordable). Recognizing that a parking reduction would require City Planning to review this recommendation to ensure it is in accord with the Comprehensive Zoning Ordinance (CZO), the Study defers to City Planning staff to provide a recommendation.

The CZO requires multi-family developments to provide one off-street parking space for each dwelling unit; however, there are zoning districts that provide parking exemptions for residential development. These include the Historic Core Districts, except the HM-MU and HMC-2, and all of the Central Business Districts. Conversely, the Historic Urban Neighborhood, Suburban Neighborhood, Commercial Center districts allowing multi-family development require off-street parking on-site.

The value of a parking concession will vary by development and could be significant for some projects. For some projects, reduced parking may not affect a project's profitability at all. For those projects that would be affected by a parking requirement, a parking reduction could be the incentive that makes including affordable housing in a development more attractive and lucrative. The Study recommends across the board a 30% increase or reduction in all of the proposed incentives. Thus, in regards to a parking incentive, a 30% reduction is recommended for the Smart Housing Mix policy. The staff supports offering a parking reduction or exemption for development projects located in districts requiring off-street parking, but notes that further analysis should be conducted to determine appropriate districts, such as mixed use districts and whether limitations should be included in a parking reduction incentive.

Recommendation
The City Planning Commission staff recommends the following:

- The staff recommends including a parking reduction incentive in the Smart Housing Mix policy, but notes further analysis should be conducted to determine the specifics of the incentive.

Expedite Processing/By Right Development
Proposal
Designate multi-family housing an allowable use by right in areas where it is currently a conditional use. This should include adaptive reuse projects in otherwise single-family zoned neighborhoods.

Analysis
Multi-family residential is a permitted use in most zoning districts where it is appropriate. Multi-family residential is a conditional use in very limited number of zoning districts.[14] In a number of single- and two-family districts, multi-family dwellings can be allowed in some special circumstances, such as a structure has a documented history of multi-family residential use or as the adaptive reuse of certain large, non-residential structures.[15] In these cases, a conditional use or a planned development process is necessary to establish the multi-family use in a district where it would typically be prohibited. Therefore, the staff does not support designating multi-family residential as a by right use in all circumstances.

Recommendation
Since multi-family residential is permitted in most districts and the permitting process is expedited as much as possible, the City Planning Commission staff does not recommend this proposal. The City Planning Commission staff recommends following:

- In order for the Smart Housing Mix policy to function properly, all zoning incentives should be permitted by right and not through a conditional use or a variance process.

Restoration Tax Abatements
Proposal
Amend the Restoration Tax Abatement (RTA) to link to affordability expectations and recalibrate RTA levels to match current market realities.

[14] For example 3 & 4 unit multi-family dwellings are a conditional use in the HMR-3 District; however, these developments would not be subject to the Smart Housing Mix requirements. Multi-family residential is also a conditional in the S-LB2 District, which is a relatively small business district in the Lakeview/Lake Area.
[15] Former multi-family dwellings can be reestablished as an "Established Multi-Family Dwelling" through a conditional use process and multi-family dwellings can be created if they are an adaptive reuse of a historic non-residential structure through the planned development process.

Analysis

The RTA program is established in State Law, administered by the City of New Orleans, and requires approval from City Council. A RTA is used for rehabilitation projects and it freezes the property taxes at pre-improvement levels for a 5 year period. This program can provide a significant financial benefit for the developer in rental projects by significantly reducing their property tax burden. For a project to qualify for a RTA, the following criteria need to be met:

- The project is located in a national or local historic district, an economic development, district, or the CBD;
- The renovation investment must be at least 25% of the pre-improvement value;
- The project does not expand the structure footprint by 10%;
- There is a positive benefit-cost ratio (i.e. the value to the City's general fund is greater than the lost property tax revenue); and
- The project meets a Disadvantaged Business Enterprise (DBE) goal of 35%.

A RTA could be a benefit to many multi-family renovation projects, but the project would have to meet all of the other criteria in order to qualify for the tax freeze. It is unclear how many multi-family renovation projects that would be subject to the Smart Housing Mix regulations would qualify for a RTA and how many would not because of the other requirements.

The Mayor's Office of Economic Development is about to hire a consultant to analyze the City's tax incentive programs and their effectiveness in achieving the City's public policy objectives. The consultant will recommend ways to revise or reform current incentives or use new incentives to better achieve the public policy objectives and priority outcomes. This could result in modifications that could prioritize affordable housing in approving RTAs or establish an affordable housing specific RTA. It is important that any RTA requirement for affordable housing aligns with the requirements of the Smart Housing Mix policy.[16]

Recommendation

The City Planning Commission staff recommends following:

- CPC and OCD staff should work with the Mayor's Office of Economic Development and their consultant to ensure that RTAs are available for multi-family renovations that provide affordable housing and that the RTA criteria align with the Smart Housing Mix regulations.

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[16] For example, if the Smart Housing Mix policy requires 12% affordable units at 60% AMI, then the RTA should have the same criteria.

Payments In Lieu of Taxes (PILOT) Agreements

Proposal

Offer a standard Payments In Lieu of Taxes (PILOT) agreement to all new construction rental developments.

Analysis

While the RTAs are a tax incentive available for renovation projects, the Payments In Lieu of Tax (PILOT) program offers property tax incentives for new construction projects. There are two entities that can approve PILOTs the Finance Authority of New Orleans (FANO) and the Industrial Development Board (IDB). The terms of a PILOT agreement are negotiated, so the amount of the tax reduction and the length of the reduction term vary. PILOT agreements are offered to projects that support a public purpose,[17] but there are no hard guidelines for granting PILOTs. Since affordable housing supports a public purpose, this would be an appropriate use of the program. According to the IDB's PILOT application, in addition to serving a public purpose, a project must have at least 40% of its construction workers be Orleans Parish residents, and use best efforts to award 35% of construction contracts to DBEs.

The PILOT program can be a useful benefit to new construction projects that are providing affordable housing. The Smart Housing Mix Study recommends creating a standard formula for offering PILOT agreements for projects that provide affordable. The PILOT program will also be part of the Mayor's Office of Economic Development's analysis of tax incentive programs, and creating a standard formula would be consistent with the purpose of this study. The staff recommends working with the Mayor's Office of Economic Development to ensure that the PILOT project would support affordable housing and the PILOT requirements for affordable housing aligns with the requirements of the Smart Housing Mix policy.

Recommendation

The City Planning Commission staff recommends following:

- CPC and OCD staff should work with the Mayor's Office of Economic Development and their consultant to ensure that the PILOT program is available for new construction multi-family projects that provide affordable housing and that the PILOT criteria align with the Smart Housing Mix regulations.

Voluntary Inclusionary Housing Incentives

Changes to Voluntary

[17] IDB's PILOT application form states that the applicant provides a measure economic benefit to the City of New Orleans, such as sales taxes, affordable housing, etc.

Proposal

Simplify the existing density bonus policy so that the same policy is applied to all areas where multi-family housing development is allowed.

Analysis

In August 2015, the City of New Orleans implemented its new Comprehensive Zoning Ordinance which included provisions for residential density bonuses for projects that include affordable housing. These development bonuses are offered in Planned Developments, the Central Business District and the Riverfront Gateway Overlay district. Shortly after adopting the CZO, the City Council adopted Ordinance No. 26,570, which established a density bonus for all zoning districts that allow multi-family development.

Fundamentally, all of the development bonuses provide an incentive for providing affordable housing, but vary by incentive and affordable housing requirement. For instance, Planned Developments are offered a 30% minimum lot area reduction for the provision of affordable or senior housing, but also have an opportunity to receive a height and parking bonus for providing specified public benefits. The Central Business District bonus does not require a minimum lot size per unit; therefore, the bonus allows an increase in allowable Floor Area Ratio (FAR) for affordable housing development priced at 30%, 50%, or 80% AMI. The Riverfront Gateway Overlay district provides a menu of public benefits, including affordable housing from which a developer can choose to be eligible for a height bonus and FAR increase. Lastly, the districts that allow multi-family development provide a maximum 30% reduction in the minimum lot area requirement which is calculated by combining a required numbers of dwelling units set-aside at the 30%, 50%, and 80% AMI levels. In addition to the incentive and affordable housing requirements, there are also variations in the affordability term. For instance, the Central Business District requires an affordability period of 30 years while all other areas require a 50 year affordability period.

With the development bonuses in place for approximately a year and virtually no interest from developers in utilizing the bonuses, the City Planning Commission staff met with Enterprise Community Partners to discuss how the City could revise or enhance its provisions to make them more attractive to developers. Enterprise Community Partners offered to provide funding resources for national housing expert Rick Jacobus, Principal at Street Level Advisors, to provide a review of the CZO’s development provisions and make recommendations for enhancing the provisions. At the same time these discussions were happening, the Smart Housing Mix study was being conducted. Both of these efforts resulted in recommendations to simplify the current development bonus policy and apply a uniform development bonus policy to all areas where multi-family housing development is allowed.

As noted in above sections, the recommendation is to create a mandatory inclusionary zoning district in centrally located neighborhoods with good access to transit and allow voluntary inclusionary zoning elsewhere. Research shows voluntary programs tend to be less productive because developers do not have to participate and the incentives have to be much greater to get developers to participate. Based on the projected need in the City for affordable housing, the staff agrees that a Voluntary Inclusionary Housing policy should be implemented to encourage participation even in areas that are struggling to attract new market-rate developments and that the requirements should be simplified.

Recommendation

The City Planning Commission staff recommends the following:

- The Smart Housing Mix policy should include a Voluntary Inclusionary Program in all areas outside of the Mandatory Inclusionary Zone. The Voluntary Inclusionary Program should include a uniform incentive package and the same affordable housing requirements in all areas that allow multi-family development.

Area of Applicability

Proposal

Base boundaries of the mandatory area upon strong housing market indicators, transit and zoning maps.

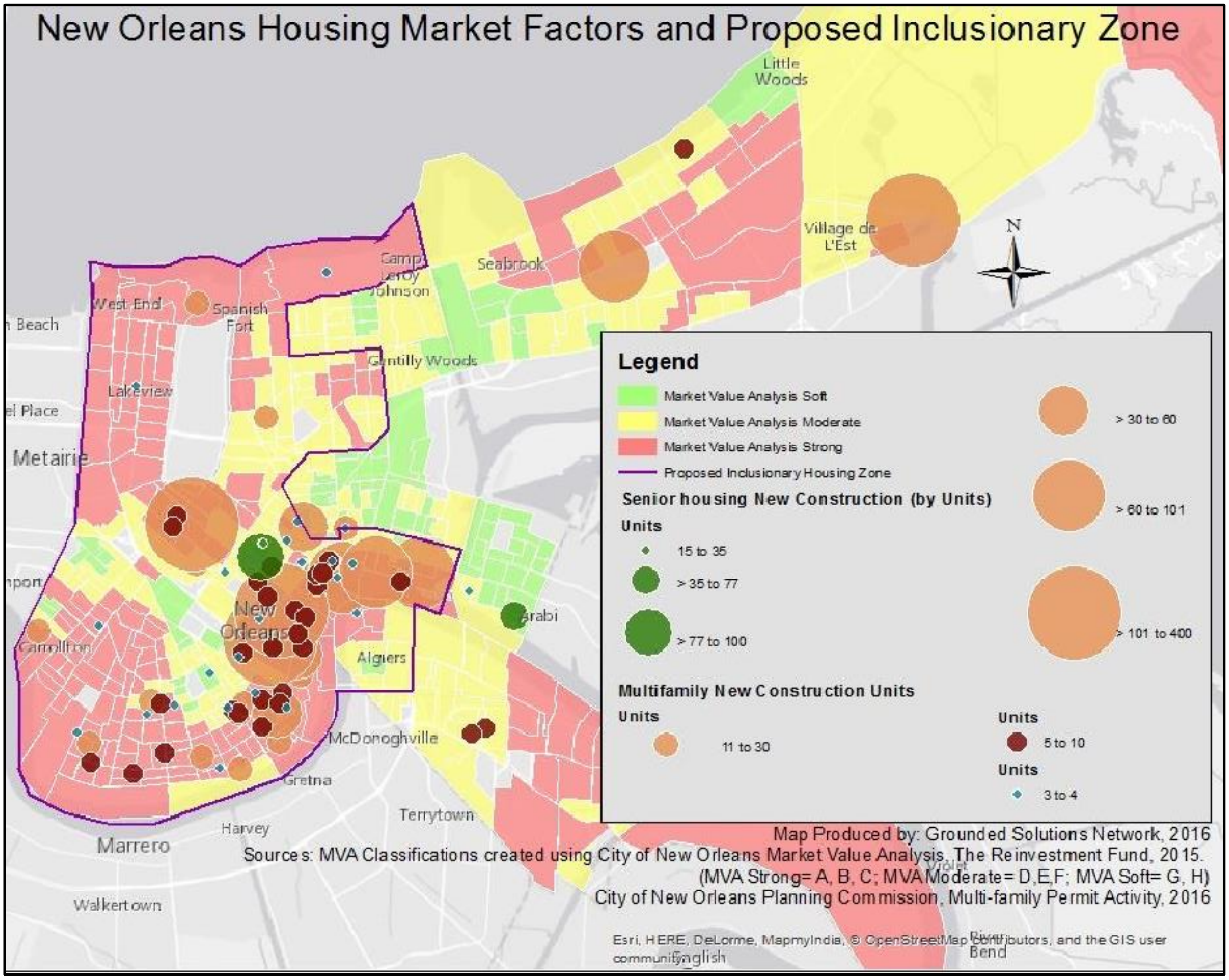


Figure 2: Proposed Mandatory Inclusionary Housing Zone (source: New Orleans Smart Housing Mix Study)

Analysis

The Smart Housing Mix Study recommended that the inclusionary housing policy shall be mandatory within the boundary (see the purple line in the map above) and voluntary outside of the boundary. The mandatory inclusionary housing zone was developed based on neighborhood housing market conditions, multi-family development activity, and planned transit enhancements. The Study notes the proposed boundary needs to be refined to align with the zoning map. In addition, this boundary would need to be updated every 3 to 5 years to account for changing market conditions.

The factors that the Smart Housing Mix Study used to develop the mandatory inclusionary housing zone are a good starting point. In addition to market conditions, development activity, and transit enhancements, the staff would also like to consider access to employment centers and high-frequency transit corridors in our analysis of the inclusionary housing zone. Staff would also like to consider some adjustments to the proposed boundary to ensure that it does not split zoning districts and accounts for significant multi-family districts near the boundary's edge. The staff will further study the mandatory inclusionary housing zone.

Recommendation

The City Planning Commission staff recommends following:

- The staff will further study and consider the proposed inclusionary housing zone based on the analysis done in the Smart Housing Mix Study and additional factors such as zoning districts, employment centers, and high-frequency transit corridors.

Master Plan Analysis

When the Master Plan was adopted in 2010, the Neighborhoods and Housing Chapter focused on the restoration of a diverse, high-quality housing supply in the aftermath of Hurricane Katrina. However, citizens participating in the development of the chapter had the foresight to include goals and strategies for collecting and monitoring housing data. The Master Plan recommends that when this housing data and conditions warrant, a full "toolbox" of strategies should be employed for the production of housing, including housing to meet affordability needs.

In 2016, when the City Planning Commission opened the Master Plan amendment application period, housing experts and the Mayor's office proposed extensive amendments that recognize the city's housing affordability needs and strategies to address those needs. Inclusionary housing is one of the key strategies. The City Planning Commission recommends modified approval of the inclusionary housing strategy in Chapter 5 Neighborhoods and Housing with the following statements:

- Large infill developments should also have inclusionary housing requirements for affordability if found feasible.
- Adopt mandatory inclusionary zoning as appropriate and feasible to housing and neighborhood needs.

According to the City Charter, zoning actions such as the implementation of an inclusionary housing policy must be consistent with the Master Plan. One possible issue with the consistency requirement is that some Future Land Use categories have a density limit. These density limits were used in the writing of the Comprehensive Zoning Ordinance and districts' minimum lot area per dwelling unit requirements. While there may be exceptions to these requirements in certain circumstances, the Master Plan density limits should be addressed to avoid future legal challenges of inclusionary housing policy. Several applicants submitted Master Plan amendment proposals relative to the density limits in the Master Plan's Future Land Use categories and the City Planning Commission recommends that the density limits be deleted.

Affordable Housing Impact Statement

In August, 2016, the City Planning Commission made recommendations to the City Council in its Affordable Housing Impact Statement Study to include an Affordable Housing Impact Statement for policy decisions that may impact affordable housing. Since the Smart Housing Mix policy would impact the City's affordable housing stock the staff provides the following:

> The Smart Housing Mix policy, requiring all developments with 10 or more dwelling units and located in a mandatory inclusionary zone to set-aside 12% of the dwelling units as affordable would increase the City's affordable housing supply. In addition, the proposed voluntary program would also increase the supply of affordable housing units, since developers would volunteer to participate in the program and there would be no reduction of units should a developer decide not to participate. Thus, the staff believes the Smart Housing Mix policy would increase the City's affordable housing supply.

F. Recommendations

Comprehensive Zoning Ordinance

The Smart Housing Mix policy should be instituted in a new Inclusionary Housing Article in the Comprehensive Zoning Ordinance (CZO). The text below is the basic structure and outline, but not the exact code language, for a new inclusionary housing CZO article:

Article 28 – Inclusionary Housing

28.1 Purpose

Include Inclusionary Housing Purpose Statement

28.2 Applicability

Include the following components of applicability to the Inclusionary Housing Policy:

- All developments with multi-family residential (multi-family dwellings, established multi-family dwellings, dwellings above ground floor) including mixed-use projects.
- All new construction and substantial renovations.
- Includes both rental and for-sale developments.
- Multi-family developments with 4 or fewer units are exempt

28.3 Area of Applicability

- Inclusionary Housing is mandatory within the boundary in Figure 28-1.
- Inclusionary Housing is voluntary outside the boundary in Figure 28-1.

Figure 28-1: Area of Applicability Map (include map, Area of Applicability TBD)

28.4 Use Standards

Include the following Inclusionary Housing Standards

- 12% of total dwelling units, after any incentives, shall be affordable units.
- Onsite units are required for developments with 10 or more dwelling units. An in-lieu fee is an alternative for developments with 5 to 9 dwelling units.
    - In-lieu fee information (TBD)
- For rental projects, the affordable units shall be rented to family earning no more than 60% AMI and the affordable units shall be rented at a rate that is affordable to a family earning 50% AMI.
- For for-sale projects, the affordable units shall be sold to family earning no more than 80% AMI and the affordable units shall be sold at a rate that is affordable to a family earning 70% AMI.

- Affordable units shall be set to an affordability term between 50 and 99 years.

28.5 Design Standards

Include the following project and unit design standards

- Affordable units shall utilize the same entrances as market-rate unit and shall not have separate entrances.
- Affordable units shall not be clustered together.
- Affordable units shall be comparable in size to market-rate units.
- Affordable unit tenants shall have access to the same amenities as market-rate tenants.
- Interior finishes or appliances may be different as long as quality, functionality, and longevity are retained.
- The bedroom mix of affordable units shall be proportional to the market-rate units.

28.6 Mandatory Incentives

The following incentives shall be available to projects that are subject to the inclusionary housing requirements. All inclusion housing CZO incentives shall be granted by right.

- Reduction in lot area per dwelling unit (amount TBD)
- Reduction in required off-street parking spaces (amount TBD)
- Any other incentives (TBD: may include FAR and height increases, etc.)
- Reference to RTA, PILOT, and/or other tax abatement incentives
    - Only projects that provide affordable housing units onsite are eligible for these tax abatement incentives

28.7 Voluntary Inclusionary Housing

- Applicable developments that are located outside of the area of applicability shall receive the same incentives if they meet the same affordability guidelines as the mandatory developments.

Other CZO Modification

<u>Definitions (Article 26)</u>

New definitions related to the Smart Housing Mix policy will be required in Article 26. The existing definition for "affordable housing set-aside" should be modified or eliminated. These definitions should include, but not be limited to the following:

- Inclusionary Housing
- In-Lieu Fee
- Area Median Income (AMI)
- Affordability Term

District Regulations (Articles 7 – 17)

The following modifications should be made to the each Article where a type of multi-family residential is a permitted or a conditional use in at least one of the districts:

- For every multi-family dwelling type, include references to Article 28 in the use standards column of the Use Table.
- Include a reference to Article 28 in the General Standards of Applicability section.
- Eliminate the existing "Development Bonus" provisions for providing affordable housing.

Other Recommendations

In addition to modifications to the Comprehensive Zoning Ordinance, a number of other code, policy, and administrative changes need to be made to adopt, implement, monitor, and enforce the Smart Housing Mix policy.

Tax Abatement Incentives

The City Planning Commission and the Office of Community Development shall work with the Mayor's Office of Economic Development and their consultant to develop tax abatement incentives for developments that provide onsite affordable housing through the Smart Housing Mix policy. The requirements for the tax incentives shall match the affordability requirements in the Smart Housing Mix policy. Currently, Restoration Tax Abatements (RTAs) are an option for redevelopment projects, and Payments In Lieu of Taxes (PILOT) agreements are an option for new construction projects. The staff recommends doing one of the following:

- Investigate with the Mayor's Office of Economic Development on potential modification to the exiting RTA and PILOT tax incentives to offer standard incentives for developments that provide onsite affordable housing through the Smart Housing Mix policy.
- Investigate with the Mayor's Office of Economic Development on new potential tax incentives for developments that include onsite affordable housing units.

Fee In-Lieu Fund

Hiring an expert consultant is needed to determine the in-lieu fee formula and/or amount, which could be based on the following factors:

- Cost of providing an affordable dwelling unit
- Development size (number of units)
- Bedroom mix

The Office of Community Development needs to establish a fund to receive the in-lieu fees, which could include the Neighborhood Housing Improvement Fund (NHIF), a subfund of NHIF, or a new fund. In addition, policy and procedures need to be developed around the collection, management, project selection, and granting of these funds. In addition, more research is needed to explore if a portion of the in-lieu fee funds can be used for pay for administration and monitoring of the Smart Housing Mix policy.

Development Review Procedures

The City Planning Commission (CPC), One Stop Shop, and Department of Safety and Permits (S&P) staff should do the following to review proposed projects for compliance with the Smart Housing Mix policy at the Building Permit stage of development:

- Create a project approval work flow (see Figure 10 in Street Level Advisors study).
- Develop a guide for the public that explains the process, requirements, and application materials.
- Develop a building permit application form supplemental for developments subject to the Inclusionary Housing requirements (see CPC's Affordable Housing Impact Statement study).
- Update LAMA procedures.
- Develop inspection procedures.
- Create a legal document framework for recording deed restrictions.

Affordable Housing Stewardship & Monitoring

The Office of Community Development (OCD) staff should do the following to review proposed projects for compliance with the Smart Housing Mix policy during marketing and selection process and for ongoing monitoring:

- Develop an Administrative Manual that outlines the requirements for unit pricing, marketing, and tenant/buyer qualification and selection.
- Develop procedures for ongoing tracking and monitoring of affordable units.
- Develop guidelines for resale of for-sale affordable units.

Administration and Monitoring Funding

There are one-time and ongoing costs associated with the Smart Housing Mix policy, mostly with staffing. Staff in the One Stop Shop (S&P and CPC) will review the plans for compliance with the Smart Housing Mix policy prior to the issuance of the building permits. Staff at OCD will have to review the plans unit pricing, marketing, and selection of tenants/buyers. There will be ongoing costs for OCD to monitor these developments on a regular basis over the life of the affordability term. These administrative costs need to be paid some way.

- Develop a funding plan to pay for the administration and monitoring of the Smart Housing Mix policy. Investigate legality of using in-lieu fees, monitoring fees, and resale fees as suggested in the Street Level Advisor's report. Consider alternatives (NHIF, general fund, etc.) if these sources are not feasible.

Next Steps

CZO Recommendations

The following steps are required to amend the Comprehensive Zoning Ordinance to implement the Smart Housing Mix policy:

- City Planning Commission's Smart Housing Mix Study will be transmitted to City Council by the February 24, 2017 deadline.
- City Council would have to adopt a motion to direct the City Planning Commission to consider a text amendment to the CZO to adopt the recommendation in this study.
- City Planning Commission would review the text amendment request, hold a public hearing, and make a recommendation on the proposed text amendment.
- City Council would have to approve a motion and then an ordinance to adopt the proposed text amendments.
- The ordinance would go into effect after it is signed by the Mayor.

Additional information and analysis is required for the City Planning Commission staff to make a recommendation on the following components of the Smart Housing Mix policy:

- Area of applicability
- Affordability term
- In-lieu fee formula and/or amount (hiring an outside consultant will be required)
- Density incentives amount (percent reduction in the lot area per dwelling unit)
- Any other potential zoning incentives (FAR & height increases and/or setback reductions)

Other Recommendations

<u>Develop Standard Tax Incentive Packages</u>

- CPC and OCD shall work with the Mayor's Office of Economic Development to develop standard tax incentives for projects that provide affordable housing under the Smart Housing Mix requirements including but not limited to RTAs, PILOTs, and other or new incentives.

<u>Create the Framework for an In-Lieu Fee Fund</u>

- Hiring a consultant to conduct additional research is needed to develop an in-lieu fee formula and/or amount.
- OCD needs to establish a fund to receive the in-lieu fees.
- OCD has to create policy and procedures around the collection, management, project selection, and granting of the in-lieu fee funds.

Establish a Framework to Administer the Smart Housing Mix Policy

- The One Stop Shop, CPC, and S&P needs to develop application review procedures to review projects for compliance during the building permit review.
- OCD shall create an administrative policy manual to ensure compliance during the marketing and selection processes and to monitor long-term compliance.
- The One Stop Shop, CPC, OCD, and S&P shall find funding sources to pay administrative costs to implement this policy.

G. City Planning Commission Meeting (February 21, 2017)

The City Planning Commission considered the study at their February 21, 2017 meeting. The City Planning Commission staff summarized the Smart Housing Mix Ordinance Study and its recommendations. A public hearing was held and the speaker cards are attached to the end of this report.

Commissioner Mitchell made a motion to adopt the Smart Housing Mix Ordinance Study and increase the affordable housing set-aside requirement to 17.5%. Commissioner Hughes seconded the motion. The motion was withdrawn by the mover and seconder prior to any action by the Commission.

Commission Stewart made a motion to adopt the Smart Housing Mix Ordinance Study and to allow for flexibility to increase the percentage of the affordable housing set-aside if found feasible based on further study. The motion was seconded by Commission Hughes and was unanimously adopted.

Motion 2

BE IT MOVED BY THE CITY PLANNING COMMISSION THAT THE SMART HOUSING MIX ORDINANCE STUDY IS HEREBY RECOMMENDED FOR MODIFIED APPROVAL AS AMENDED. BE IT FURTHER MOVED THAT THE EXECUTIVE DIRECTOR IS HEREBY AUTHORIZED TO NOTIFY THE CITY COUNCIL OF SAID ACTION.

YEAS: Brown, Duplessis, Green, Hughes, Mitchell, Steeg, Stewart, Wedberg

NAYS: None

ABSENT: Isaacson

Commission Brown made a motion to amend the staff recommendation to consider an in-lieu fee for developments with 10 or more units as outlined in Grounded Solutions Network Study on page A-74. The motion was seconded by Commissioner Wedberg.

Motion 3

BE IT MOVED BY THE CITY PLANNING COMMISSION TO AMEND THE SMART HOUSING MIX ORDINANCE STUDY'S RECOMMENDATION TO CONSIDER INCLUDING AN IN-LIEU FEE ALTERNATIVE FOR DEVELOPMENTS WITH 10 OR MORE UNITS AS OUTLINED ON PAGE A-74 OF THE GROUNDED SOLUTION NETWORK STUDY.

YEAS: Brown, Steeg, Wedberg

NAYS: Green, Hughes, Mitchell, Stewart,

ABSENT: Duplessis, Isaacson

The motion failed. The Smart Housing Mix Ordinance Study goes forward to City Council as approved and amended in Motion 2.

MOTION

NO. M-16-490

CITY HALL: October 20, 2016

BY: COUNCILMEMBERS WILLIAMS AND CANTRELL (BY REQUEST)

WHEREAS, cost burdened and severely cost burdened families may have difficulty affording necessities such as food, clothing, transportation and medical care; and

WHEREAS, In New Orleans, there is now a sense of urgency around the issues of equity, displacement, and the right of self-determination for neighborhoods; and

WHEREAS, the *HousingNOLA 10- Year Strategy and Implementation Plan* was released on December 10, 2015 and lays out how New Orleans can provide high-quality, safe and accessible housing throughout the city that is affordable to individuals and families of all income levels through a neighborhood-focused analysis tool that serves as a framework for creating policy initiatives and housing programs that are tailored to the affordability, sustainability, and accessibility of each neighborhood; and

WHEREAS, HousingNOLA, once again examined the current state of housing in New Orleans by highlighting key data points that illustrate changing demographics, decreasing affordability, and the increasing demand for housing throughout the city through its first *Annual Report Card* released in September 2016 which found (1) In New Orleans, more than half of all renters pay more than one third or more of their income towards housing costs; (2) there is a demand for approximately 33,000 units (new construction and rehab) over the 10 years of the Housing Plan; (3) median income in New Orleans is $39,077; median rent is $947; average home value is $216,800; and (4) African American households disproportionately pay more of their income towards housing costs; and

WHEREAS, through coordinating public resources from the City of New Orleans, the Housing Authority of New Orleans (HANO) New Orleans Redevelopment Authority (NORA), and the Finance Authority of New Orleans, *Housing for a Resilient New Orleans* projects that 7,500 renter and homeownership opportunities will be created by 2021, bringing the city in line with the national average for cost-burdened households; and

WHEREAS, the failure of the local housing market to supply affordable housing units makes the City of New Orleans increasingly unaffordable for low income families and individuals; and

WHEREAS, New Orleans can no longer solely rely on shrinking government programs to help fund affordable housing; and

WHEREAS, the City Planning Commission also makes recommendations to the City Council on said matters, neighborhood improvements, environmental protection, capital budget amendment, and other policy matters; and

WHEREAS, the Council believes a City Planning Commission study examining how private market developers can contribute to the addressing the affordable housing crisis; **NOW THEREFORE**

BE IT MOVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, That the City Planning Commission is hereby directed to conduct a public hearing and study on the creation and implementation of a Smart Housing Mix Ordinance that leverages market rate development activity to build and preserve lower-priced housing, such as by requiring or incentivizing the addition of lower-priced homes and apartments within otherwise market-rate developments, and to recommend potential changes to the Comprehensive Zoning Ordinance and other applicable codes, if necessary.

BE IT MOVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, That the City Planning Commission is hereby directed to conduct and complete the study within 90 days of the passage of this motion and conduct the public hearing within 30 days of the passage of this motion.

BE IT MOVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, That in the process of conducting a public hearing and study relative to the creation and implementation of a Smart Housing Mix Ordinance that leverages market rate development activity to build and preserve lower-priced housing, such as by requiring or incentivizing inclusion of lower-priced homes and apartments within otherwise market-rate developments, as provided herein, the City Planning Commission and staff are directed and granted flexibility to expand the scope of the study and make any and all legal and appropriate recommendations deemed necessary in light of the study, review, and public testimony resulting from this motion.

THE FOREGOING MOTION WAS READ IN FULL, THE ROLL WAS CALLED ON THE ADOPTION THEREOF AND RESULTED AS FOLLOWS;

YEAS:

NAYS:

ABSENT;

AND THE MOTION WAS ADOPTED.

JASON ROGERS WILLIAMS
COUNCILMEMBER-AT-LARGE

Office (504) 658-1070
Fax (504) 658-1077
1300 Perdido Street • Room 2W50
New Orleans, Louisiana 70112

New Orleans City Council

January 4, 2017

Robert D. Rivers
Executive Director
New Orleans City Planning Commission
1300 Perdido Street, 7th Floor
New Orleans, LA 70112

Re: Smart Housing Mix Study

Dear Bob,

We received your request for an extension to complete the Smart Housing Mix Study, outlined in City Council Motion (M-16-490). This motion was dated October 20, 2016 and gave the City Planning Commission 90 days to complete the study. We understand that it will be impossible for the study to be properly finished by the deadline laid forth in the motion. A complete and thorough study of the topic is essential to examine this potential policy and further housing equity in New Orleans.

Considering the importance and depth of this issue, we will accept the report later than originally outlined. Please transmit the study to the council no later than February 24th, 2017.

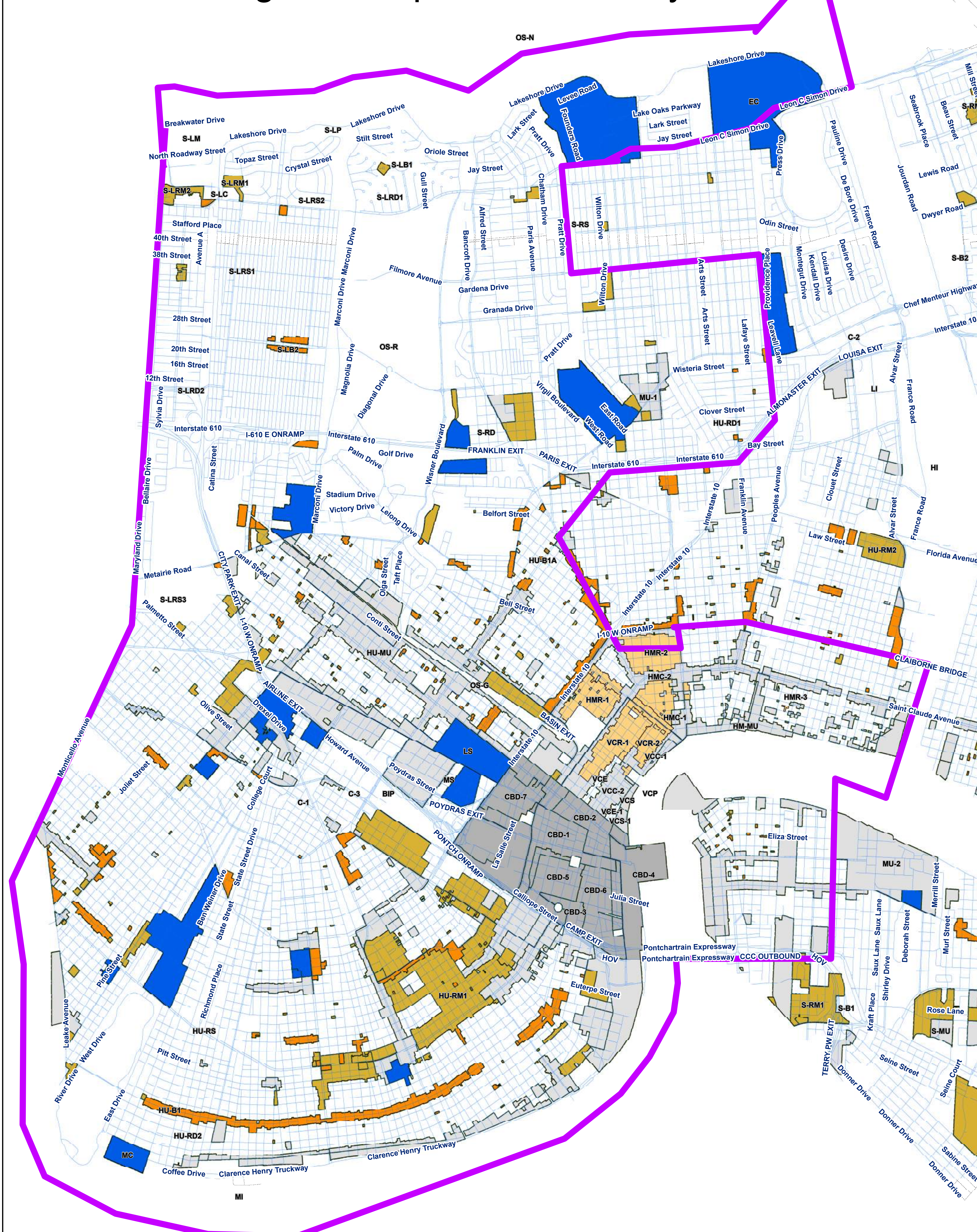
Please provide the appropriate public notice of this change and the updated timeline going forward. Thank you for your attention to this matter.

Sincerely,

Jason Rogers Williams
Vice President
New Orleans City Council

LaToya Cantrell
District B
New Orleans City Council

Smart Housing Mix Proposed Boundary



Legend

- Proposed Inclusionary Zone
- Mixed-Use Districts (HMC-1; HMC-1; HMC-2; HU-MU; MU-1; MU-2; S-MU; VCC-1; VCC-2; VCS; VCS-1
- Historic Urban and Suburban Non-Residential Districts (HU-B1; HU-B1A;S-LB2)
- Institutional Campus Districts (EC; LS; MS)
- Historic Core Residential Districts (HMR-1; HMR-2; VCR-1; VCR-2)
- Central Business Districts (CBD-1; CBD-2; CBD-3; CBD-4; CBD-5; CBD-6; CBD-7)
- Multiple-Family Residential Districts (HU-RM1; HU-RM2; S-LRM1; S-LRM2; S-RM1; S-RM2)

N

Map for Illustrative Purposes Only

The Affordable Housing Density Bonus in New Orleans

Draft for review and comment: September 8, 2016

Report to:
Enterprise Community Partners and the City of New Orleans

By:
Rick Jacobus
Principal, Street Level Advisors

StreetLevelAdvisors.com
Rick@StreetLevelAdvisors.com

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Executive Summary

In 2015 New Orleans adopted a set of planning code revisions that offer residential builders in certain neighborhoods to build more density in exchange for providing some share of units at prices or rents that are affordable to lower income residents. Street Level Advisors was engaged by Enterprise Community Partners evaluate the likely utilization of these programs and to make recommendations regarding how the city should prepare for successful implementation including ongoing monitoring of affordable units.

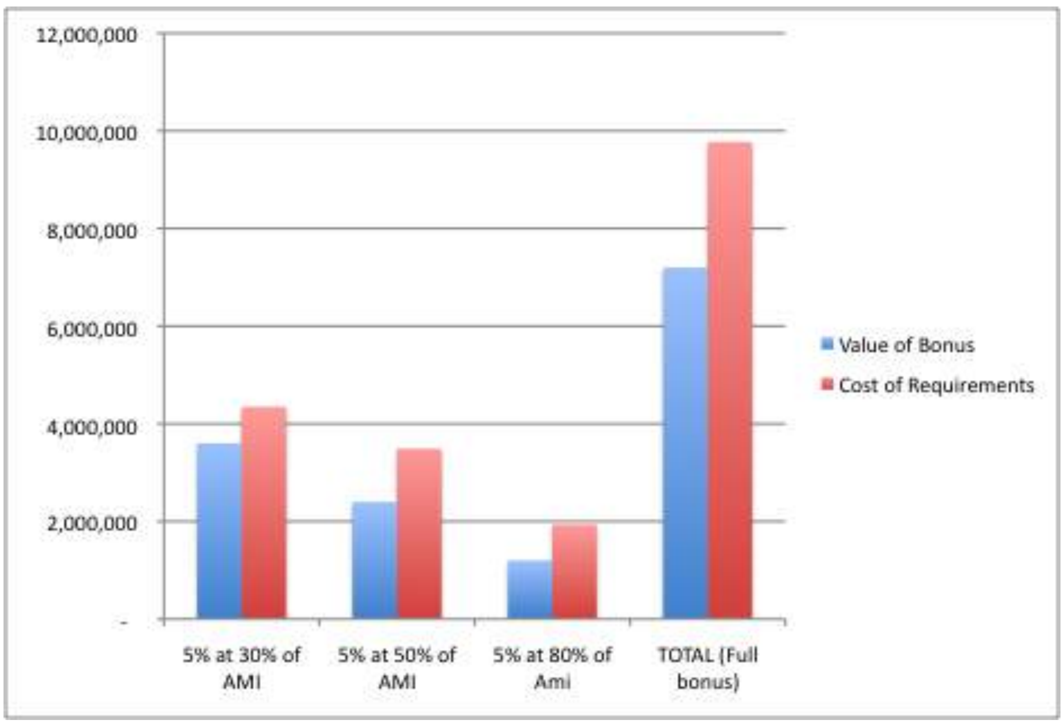
I. Program Design:

Together with Grounded Solutions Network, we conducted interviews with developers to better understand the value that the bonus density provisions offer. In order to validate the feedback we received from developers, we built simple project proforma for a hypothetical but realistic project which allowed us to estimate both the increase in project profit that would result from increases in allowable density and the decrease that would result from the affordable housing requirements. Both the interviews and the financial analysis suggest a number of conclusions:

- New Orleans' density bonus programs, as currently defined, are not likely to result in large numbers of new affordable housing units being developed.
- In most zones ,the cost of providing the required affordable units is far greater than value that the bonus density offers. This is true even for the projects that are able to receive the maximum benefit.

- The majority of new affordable units are likely to be in 100% affordable developments which would have built affordable units in any event but thanks to the bonus are now allowed to include more units. This is a valuable outcome of the policy.
- There may be a relatively small number of market rate projects in the Riverfront Gateway Overlay District or in the Central Business District which elect to build affordable units in exchange for increased density because the program rules offer greater benefit to developers in these districts.
- Market rate projects that elect to include affordable units will most likely only build the 80% of AMI units.
- Developers are far less likely to voluntarily produce units priced at 30% or 50% of AMI. Even though the programs generally provide a slightly greater density bonus for these units, the cost of reducing rents to this level is much greater.

Figure 1: Comparison of value of bonus to cost of requirements



- There is not sufficient data to accurately predict the total level of likely production under these programs, but our rough estimate is that the programs, as currently designed, will produce fewer than 200 affordable housing units over the next 5 years.

We also reviewed comparable density bonus programs and found that these challenges are not uncommon among voluntary density bonus programs. Based on this research we make several recommendations for strengthening the current density bonus programs:

Menu of Incentives: we found that the density bonus programs that are most successful in producing affordable homes offer a wider range of planning incentives than New Orleans' current programs (ie. Height bonuses, FAR Bonuses, set back reductions, parking reductions, etc.) and often couple these with financial incentives including fee waivers, tax abatements and tax increment financing. Together the package of incentives offer a larger inducement to offset the cost of providing affordable units.

Unified Program: If multiple incentives are offered, we recommend making the effort to structure the incentives so that they fit together and allowing developers to apply for the whole suite of incentives simultaneously in order to reduce the difficulty of securing multiple benefits from multiple city departments.

Income Targeting: Based on our analysis, the city would need to provide significant subsidy to induce developers to include 30% and 50% of AMI units in market rate projects. Rather than requiring Extremely Low Income units onsite many cities allow developers to pay fees in lieu in some situations and then invest these fees in projects that can leverage local resources with the federal Low Income Housing Tax Credit. While the use of fees introduces a risk of continued income segregation, this strategy allows the development of far more units for the same level of local funding and many cities have been successful in limiting this investment to tax credit projects located very near the market rate projects that pay the fees.

II. Implementation:

Initial applications from projects expecting to take advantage of the new density bonus programs are moving through the process now. While the volume of these projects is not likely to be overwhelming, the City will need to move quickly to establish more detailed policies and procedures governing the program and to establish administrative systems necessary to effectively approve projects and monitor and enforce affordability requirements. Many of the policies and procedures necessary to implement the density bonus programs could also be used to implement a mandatory inclusionary housing policy if one were adopted.

In section II we provide a detailed proposal for a potential sequence of administrative steps to review and approve density bonus applications and effectively prepare for long term monitoring of these projects.

We recommend developing a formal set of administrative guidelines and we provide an annotated outline for this document in Appendix A.

In order to adopt guidelines to implement the program a number of very significant and sometimes controversial decisions must still be made. We highlight a number of the most important decisions, including:

Pricing: What is the formula for determining the rent or price for affordable units?

Marketing and Selection: Must developers undertake affirmative marketing for affordable units? What are the eligibility standards and how will developers select residents when there are multiple qualified applicants?

Resale formula: For ownership units, how will resale prices be restricted to maintain affordability over the long term?

Tracking Units: What data system will the city use to track the existence of restricted units over a 50 year period?

Budgeting for Administration: How will the city pay for ongoing administration and monitoring of a portfolio that will initially be small but could grow much larger over time?

I. Program Design

A. Density Bonus Programs in New Orleans

New Orleans does not have one single density bonus program but actually 15 distinct sections of the planning code that provide for density bonuses.

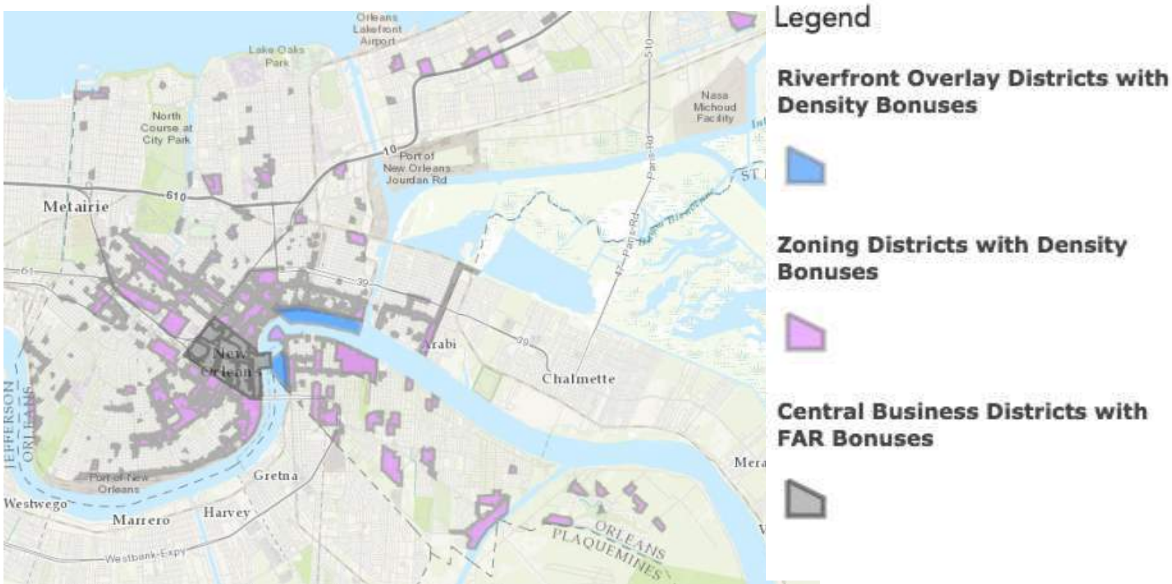
As part of the Comprehensive Zoning Ordinance (CZO) passed in May of 2015, three density bonus programs were established:

Planned Developments – Article 5
Central Business Districts – Article 17
Riverfront Gateway – Article 18

In September of 2015, the Council approved several additional density bonus programs:

Historic Core Neighborhoods – Articles 9 and 10
Historic Urban Neighborhoods – Articles 11 and 12
Suburban Neighborhoods Districts – Articles 13 and 14
Commercial Center and Institutional Campus Districts – Article 15

Figure 2: Map of density bonus zones



Interactive map available at: http://arcg.is/1XUvrf9

Figure 3: Comparison of density bonus programs

District	Minimum Lot Size	Floor Area Ratio	Maximum Height
Planned Developments - Residential	30% Reduction		
Planned Developments - non-residential	30% Reduction		25%
Planned Developments – Commercial Center	30% Reduction		50%
Central Business Districts	n/a	30% Increase	
Riverfront Gateway	Elimination	+1.5 Increase	2 stories
Historic Core Neighborhoods	30% Reduction		
Historic Urban Neighborhoods Suburban Neighborhoods Commercial Center and Institutional Campus	30% Reduction		

The specific incentive and the resulting affordable housing requirements vary somewhat from one district to another as shown in Figure 3.

Bonus Density:
In most districts, the bonus takes the form of a reduction in the minimum lot area requirement. The Minimum Lot Area requirements specify a minimum number of square feet of lot per dwelling unit which effectively limits the number of residential units that can be built on any given site. For example in HU-RS districts the Planning Code sets a minimum lot size of 5,000 square feet per dwelling unit which corresponds to roughly 8 units per acre. In HMR-2 districts the minimum lot area can go as low as 600 feet per unit (roughly 72 units per acre).

Ideally, reducing the lot size requirement increases the number of housing units that can be built on each site. However, other restrictions like height limits, lot coverage limits and setback requirements may prevent developers from taking full advantage of this change. In most districts the code allows for up to a 30% reduction in the minimum lot size requirement in exchange for providing 15% of housing units at prices or rents affordable to households earning between 30 and 80% of the Area Median Income (AMI). Projects can provide fewer affordable units in exchange for a smaller reduction in the lot size minimum.

In the Central Business Districts where the planning code does not impose minimum lot size standards, the bonus takes the form of an increase in the allowable Floor Area Ratio (FAR). The FAR is the ratio between the total square footage of the building and the square footage of the lot. For example a two story building that covered half of its lot would have an FAR of 1 and a 4 story building on the same footprint would have a FAR of 2.

In the Riverfront Gateway Overlay district the bonus is structured quite differently. In that district, projects that provide affordable housing (among other things) can take a two-story (up to 25 feet) height bonus as well as adding 1.5 to the maximum Floor Area Ratio that would otherwise apply. These projects are also exempted from any minimum lot size requirements.

Another exception is for "Planned Developments" in non-residential or Commercial Center districts where projects providing affordable housing are offered the same 30% reduction in minimum lot area, but if the projects also "incorporate existing or proposed transit routes and provide multi-modal transportation features" and/or achieve LEED certification, they can also receive a height bonus and reduction in parking requirements. In these districts, planned developments may find the combined package of incentives valuable enough to make providing some affordable housing attractive.

Level of Affordability: In most districts the amount of bonus available to a project is dependent on the level of affordability. Developers can achieve the maximum density bonus by layering several affordability tiers together.

% of Units	Income Level	Lot Size Reduction
5%	30% of AMI	15%
5%	50% of AMI	10%
5%	80% of AMI	5%

For Planned Developments, projects providing 100% senior housing are also eligible for a 30% reduction in the minimum lot size – regardless of affordability.

There are two exceptions to this pattern. In the Central Business Districts an FAR bonus is offered on a slightly different schedule:

% of Units	Income Level	Increase in maximum FAR
5%	30% of AMI	10%
5%	50% of AMI	10%
5%	80% of AMI	10%

The bonus program in the Riverfront Gateway Overlay District is more 'generous' than the other programs in three distinct ways. First the Riverfront bonus relaxes a greater number of potential restrictions on density. Developers who provide affordable units receive up to 25 feet or 2 stories of additional height, an increase of 1.5 FAR and the total elimination of lot size minimum standards. By relaxing several restrictions together, this program increases the likelihood that a project will actually be able to increase the total number of units on a site. Secondly, the Riverfront Gateway bonus program requires only 10% affordable units in exchange for the full benefit of bonus density where the other districts require 15% in order to receive the full bonus. And lastly, the units required in this district are all targeted to households earning 80% of Area Median Income, where the other districts all require some more deeply affordable units.

Affordability Period: In all zones other than the Central Business Districts the affordable units must be maintained as affordable housing for at least 50 years. Projects using the bonus in the Central Business District only need to offer 30 years of affordability.

Other Standards: In all cases the affordable units provided must be in the same structure as market rate units, spread throughout the development, and built to the same standard as market rate units, at least in terms of floor area, number of bedrooms and exterior finish. None of the programs require comparable interior finishes or amenities, etc.

B. Developer Feedback

Together with Grounded Solutions Network, we conducted interviews with New Orleans real estate developers and other stakeholders in order to better understand the extent to which projects were likely to benefit from the existing density bonus programs. Grounded Solutions Network is independently conducting research into the feasibility of Mandatory Inclusionary Housing in New Orleans and we combined discussion of the existing density bonus programs with discussion of the potential of Mandatory Inclusionary housing in these interviews.

Interviews Conducted:

- ✓ Hope Sherman, Edwards Community Developers
- ✓ Julius Kimbrough, Crescent City Community Land Trust
- ✓ Matt Schwartz, Domain Companies
- ✓ James (Drew) Morock, Riki Espadron, and Seung Hong,
- ✓ Tara Hernandez JCH Development
- ✓ Victor Smeltz, Renaissance Neighborhood Development Corporation

Key Observations

- A large share of New Orleans' market rate residential projects benefit from one or more public subsidy programs. Programs utilized include the New Markets Tax Credit Program, Historic Tax Credit Programs, PILOTs, etc.
- There was widespread agreement among interview subjects that in zones where the bonus takes the form of only a reduction in the minimum lot size, the number of projects that would benefit from this incentive would be very limited. While the minimum lot size requirement may be the most important limit to the density of development in many places, it is generally not the only limit. For many sites, even if there were no minimum lot size limit, the FAR, height restrictions, lot coverage limits or setback requirements could prevent developers from building more total housing units than currently allowed.
- There are likely some sites where relaxing the minimum lot size restriction alone could enable more total units to be built, but these sites appear to be somewhat rare.
- Developers also raised two concerns about the overall value of additional density (even if there were no planning limits).
    - For some sites, developers are not currently building to the maximum density due to concerns about the overall market strength. Higher density/larger projects expose developers to greater market risk. When they start a new project, developers

have to guess what rents or prices will be years later when the project is completed. The financial consequence of being wrong in that guess is far greater in a large project. In addition, one of the key factors driving prices for new housing is the number of units coming on line at any one time. When a lot of units are built at once, rents and prices fall and projects take longer to lease up or sell out. In a very strong market developers will generally build the maximum allowable density but in less strong markets, developers manage risk by building smaller projects.
    - There is also a concern about neighborhood opposition to taller projects – even if they are allowed under the bonus programs, some developers worry that they might not be approved.
- Perhaps more importantly, there was also general agreement that in most cases the likely cost of providing the required affordable units was quite high relative to the likely value of the bonus density (even in the cases where higher density could be built). *See below for our reality check of this observation.*
- The one exception to this general pessimism about the value of the programs is the bonus in the Riverfront Overlay District. In this one case the bonus program requires relative shallow affordability (10% of units priced at 80% of Area Median Income) in exchange for relatively generous reductions in planning restrictions. There will likely be a far greater number of market rate residential projects in this one zone that at least closely consider taking advantage of the bonus program.
- Several interview subjects suggested that the bonus programs would, however, offer real value to projects that were planning to offer affordable housing units in any event. For Low Income Housing Tax Credit or other 100% affordable housing developments, the bonus programs are likely to enable a greater number of affordable housing units to be built on some sites and may lower the total public subsidy necessary for these projects to be financially feasible.

C. Financial Analysis

It is common for developers to complain that public agency incentives for affordable housing are not generous enough. In order to validate this conclusion, we performed an analysis of the profitability of development for a single example project prototype with and without the density bonus. The economics of every project are different and no one prototype can effectively represent the full range of projects that might be built in New Orleans in the coming years. However, looking at the detailed economics for one hypothetical but realistic project type can help ground the policy discussion in real numbers and provide a rough sense of the value of the bonus generally.

We imagined a 400 unit apartment building on a 3 acre site though we would expect to see similar results for smaller projects. We assumed a mix of 1, 2 and some 3 bedroom units with an average unit size of 744 feet and an average rent of $1,875.

Figure 4 shows a simplified proforma for this project assuming no density bonus and including no affordable housing. Figure 5 shows the same project with a 30% density bonus and 15% affordable housing (5% at 80% of AMI, 5% at 50% of AMI and 5% at 30% of AMI[1]). It is important to note that with a 30% density bonus the project now includes 502 units and it is entirely possible that increasing the density by that amount would not be possible for any number of reasons including height limits, community opposition, market risk, or the need to switch to a more expensive construction type. As a result, the 30% bonus can be seen as the maximum possible bonus not necessarily a typical result. Also, because this is a project toward the high end of likely rents in New Orleans, the result should show the highest possible value for the bonus density, other projects would likely assign less value to added density.

[1] For the purposes of this analysis we used the HUD Income limits for Low, Very Low, and Extremely Low Income households for the New Orleans – Metairie, LA Metro Area. The Extremely Low Income Limit has traditionally been 30% of the AMI but now due to various HUD adjustments is closer to 40% of AMI. If we used 30% the results would show even less feasibility for the bonus units at this income level.

Figure 4: Project proforma assuming no density bonus

Prototype:

Woodframe Rental - No Density Bonus

Project Overview

	Studio	1 br	2 br	3 br	Total
Approximate Unit Size (Sq. Ft.)	-	575	900	1,500	
Market Rent	-	1,550	2,200	5,000	
Base Market-Rate Units	-	200	188	12	**400**
Density Bonus Units	-	-	-	-	-
Total Market Rate Units	-	200	188	12	**400**
Affordable Units					-
80% of Median Income	-	-	-	-	-
50% of Median Income	-	-	-	-	-
30% of Median Income	-	-	-	-	-
Total Affordable Units	-	-	-	-	-
					-
Total Project	**-**	**200**	**188**	**12**	**400**
	0%	50%	47%	3%	**0%**

Parking	%	#
Base Parking Ratio	1.00	400
Parking Reduction Incentive	0%	0
Net Parking Ratio	1.00	400

Rental Revenue

Rental		total	per unit
Gross Potential Income (Annual)		$9,403,200	$23,508
Less Vacancy	5% of Income	($470,160)	($1,175)
Gross Rental Income		$8,933,040	$22,333
Less Operating Costs	30% of Income	($2,679,912)	($6,700)
Tax Abatement		$0	$0
Net Operating Income (NOI)		**$6,253,128**	$15,633
Cap Rate		5.75%	
Estimated Project Value		**$108,750,052**	$271,875

Cost

Cost Analysis			$	% TDC	Per Unit
Construction Costs	$176	*Per Gross Foot*	$62,588,109	68.2%	$156,470
On & Off-Site Improvements	$150,000	*Per Acre*	$450,000	0.5%	$1,125
Parking Costs	$20,000	*Per Space*	$8,000,000	8.7%	$20,000
Residential Impact Fees	$0	*Per Unit*	$0	0.0%	$0
Condo "Wrap" Insurance	$0	*Per Unit*	$0	0.0%	$0
Other Soft Costs	*15%*	*of Hard Costs*	$10,655,716	11.6%	$26,639
SubTotal Hard and Soft Costs			$81,693,825	89.1%	$204,235
Financing Costs					
Cash Subsidy for Affordable Housing			$0	0.0%	$0
Construction Loan Amount	*60.00%*	*of TDC*	$49,016,295	53.4%	$122,541
Interest on Construction Loan	*4.00%*	*Annual Interest*	$3,529,173	3.8%	$8,823
Points on Construction Loan	*1.00%*	*of Loan $*	$490,163	0.5%	$1,225
Land Costs	3.0	Acres	$6,000,000	6.5%	$15,000
Total Development Cost (TDC)			**$91,713,161**	100.0%	$229,283
TDC Per Unit			$229,283		

PROFITABILITY

Estimated Profit ($)	$17,036,891
Profit as % of Total Development Cost	18.6%
Yield on Cost (NOI/TDC)	6.82%

Nonetheless, the comparison shows that the density bonus program dramatically reduces the project's profitability. Without the bonus this project looks very profitable. The total profit is $17 million which represents 18.6% of total development cost. A project of this type would typically expect a profit of at least 15% of development cost to be considered 'feasible.'

With the 30% bonus and affordable housing requirements the project earns only $8.75 million in profit or 7.7% of development cost – far below the level necessary for any developer to pursue development.

Figure 5: Project proforma with maximum density bonus

Prototype:
Woodframe Rental - No Density Bonus

Project Overview

	Studio	1 br	2 br	3 br	TOTAL
Approximate Unit Size (Sq. Ft.)	-	575	900	1,500	
Market Rent	-	1,550	2,200	5,000	
Base Market-Rate Units	-	170	160	10	**340**
Density Bonus Units	-	51	48	3	**102**
Total Market Rate Units	-	221	208	13	**442**
Affordable Units					-
80% of Median Income	-	*10*	*9*	*1*	**20**
50% of Median Income	-	*10*	*9*	*1*	**20**
30% of Median Income	-	*10*	*9*	*1*	**20**
Total Affordable Units	-	30	27	3	**60**
					-
Total Project	**-**	**251**	**235**	**16**	**502**
	0%	50%	47%	3%	

Parking	%	#
Base Parking Ratio	1.00	502
Parking Reduction Incentive	0%	0
Net Parking Ratio	1.00	502

Rental Revenue

Rental		total	per unit
Gross Potential Income (Annual)		$10,953,898	$21,821
Less Vacancy	5% of Income	($547,695)	($1,091)
Gross Rental Income		$10,406,203	$20,729
Less Operating Costs	32% of Income	($3,372,291)	($6,718)
Tax Abatement		$0	$0
Net Operating Income (NOI)		**$7,033,912**	$14,012
Cap Rate		5.75%	
Estimated Project Value		**$122,328,899**	$243,683

Cost

Cost Analysis		$	% TDC	Per Unit
Construction Costs	$176 *Per Gross Foot*	$78,664,885	69.3%	$156,703
On & Off-Site Improvements	$150,000 *Per Acre*	$450,000	0.4%	$896
Parking Costs	$20,000 *Per Space*	$10,040,000	8.8%	$20,000
Residential Impact Fees	$0 *Per Unit*	$0	0.0%	$0
Condo "Wrap" Insurance	$0 *Per Unit*	$0	0.0%	$0
Other Soft Costs	*15% of Hard Costs*	$13,373,233	11.8%	$26,640
SubTotal Hard and Soft Costs		$102,528,118	90.3%	$204,239
Financing Costs				
Cash Subsidy for Affordable Housing		$0	0.0%	$0
Construction Loan Amount	*60.00% of TDC*	$61,516,871	54.2%	$122,544
Interest on Construction Loan	*4.00% Annual Interest*	$4,429,215	3.9%	$8,823
Points on Construction Loan	*1.00% of Loan $*	$615,169	0.5%	$1,225
Land Costs	3.0 Acres	$6,000,000	5.3%	$11,952
Total Development Cost (TDC)		**$113,572,502**	100.0%	$226,240
TDC Per Unit		$226,240		

PROFITABILITY

Estimated Profit ($)	$8,756,398
Profit as % of Total Development Cost	7.7%
Yield on Cost (NOI/TDC)	6.19%

The reason for this outcome is that the affordable housing requirements ‘cost’ the development far more than what the bonus density adds to the project. For the sake of comparison we looked at what would happen to project profitability if the project received a density bonus with no affordable housing requirement and also if it provided affordable housing without any bonus density.

The three different affordability tiers have very different costs because the lower income units involve a much greater rent discount. Providing 5% of the units (20 units) at levels affordable to 80% of AMI “costs[2]” the developer $1.9 million ($97,000 per unit) while the same number of units affordable at 30% of AMI costs $4.3 million ($217,000 per unit).

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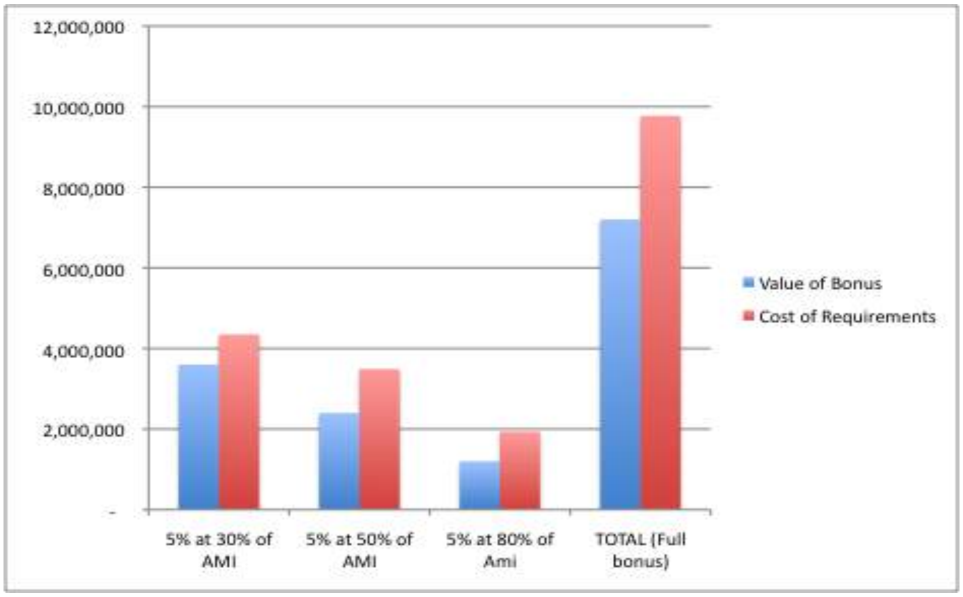
[2] The affordable units cost the same as market rate units to build but because they lower the monthly revenue for the building, they reduce the amount that a building could be sold for. We estimate the ‘cost’ as the reduction in likely sales price based on the Net Operating Income capitalized using a 5.75% cap rate.

Each additional 5% of bonus density is associated with an increase in profitability of about $1.2 million. It is somewhat harder to calculate the value of the density bonus per affordable unit because units at 30% of AMI generate relatively more bonus than units at 80%. Figure 6 compares the cost per unit and value per unit of each of the affordability tiers.

Figure 6: Comparing cost and value



The result is that for all three income tiers, the density offered is valuable but not valuable enough to absorb the cost of the associated affordability requirements.

Figure 7: Net value of the bonus taking the cost of requirements into account

	Bonus Programs			Cost' of Requirements		Value of Bonus		Net Value	
	% of Units	AMI	Bonus			Total	Per Unit	Total	Per Unit
Most Districts				Present Value	NPV /Unit				
	5%	30%	15%	$4,347,848	$217,392	3,600,000	180,000	($747,848.23)	($37,392.41)
	5%	50%	10%	$3,487,841	$174,392	2,400,000	120,000	($1,087,840.75)	($54,392.04)
	5%	80%	5%	$1,935,948	$96,797	1,200,000	60,000	($735,947.56)	($36,797.38)
				$9,771,637		7,200,000		($2,571,636.55)	

Figure 7 shows the net value of the bonus (ie. the value minus the cost). This net of between $35,000 and $55,000 is roughly the amount of additional financial incentive per affordable unit that would be necessary to induce developers to voluntarily provide the given level of affordability. These amounts are well below what it would likely cost the city to provide units at these income levels in any other way because the density bonus is providing much of the necessary 'subsidy.'

Note: this analysis assumes a voluntary program. In a mandatory inclusionary housing program additional subsidy may still be necessary but could be less. In a voluntary program the incentives must offset the full cost of the requirements, in a mandatory program, incentives are only necessary up to the point where the project achieves minimum profitability.

One district, the Riverfront Gateway, offers developers a very different tradeoff. There setting aside 10% of units at 80% of AMI generates a multifaceted bonus including up to 25 additional feet of height and an increase in the FAR of 1.5. If we were to build this sample project in the Riverfront Gateway district, it is possible that we could obtain a 30% (or greater) total increase in units as a result of these relaxed density restrictions. If that were the case the 'value' of the bonus would be $180,000 per unit – more than enough to offset the 'cost' of providing 40 units at 80% of AMI.

The Central Business District also has a different schedule for the density bonus which offers a total of 30% bonus in exchange for 15% affordable units, but here instead of offering a bigger bonus for 30% of AMI units, each tier earns a 10% bonus. What this means economically is that while a project claiming the maximum bonus would receive the same value at the same cost, a project that only provided 5% at 80% of AMI would receive a 10% density bonus instead of the 5% bonus available in the other districts. Under this scenario also the bonus would have a net positive value to the project (ie. it is worth more than it costs). Figure 8 compares the different bonus programs and shows only two cases where the net value of the bonus is positive for this example project.

Figure 8: Comparison of the value of different bonus programs

	Bonus Programs			Cost' of Requirements		Value of Bonus		Net Value	
	% of Units	AMI	Bonus			Total	Per Unit	Total	Per Unit
Most Districts				Present Value	NPV /Unit				
	5%	30%	15%	$4,347,848	$217,392	3,600,000	180,000	($747,848.23)	($37,392.41)
	5%	50%	10%	$3,487,841	$174,392	2,400,000	120,000	($1,087,840.75)	($54,392.04)
	5%	80%	5%	$1,935,948	$96,797	1,200,000	60,000	($735,947.56)	($36,797.38)
				$9,771,637		7,200,000		($2,571,636.55)	
Riverfront Gateway									
	10%	80%	30%	$3,871,895	$96,797	7,200,000	180,000	$3,328,104.87	$83,202.62
Central Business District									
	5%	30%	10%	$4,347,848	$217,392	2,400,000	120,000	($1,947,848.23)	($97,392.41)
	5%	50%	10%	$3,487,841	$174,392	2,400,000	120,000	($1,087,840.75)	($54,392.04)
	5%	80%	10%	$1,935,948	$96,797	2,400,000	120,000	$464,052.44	$23,202.62
				$9,771,637		7,200,000		($2,571,636.55)	

Conclusions:

- New Orleans' density bonus programs, as currently defined, are not likely to result in a sizable number of new affordable housing units being developed.

- The majority of new affordable units are likely to be in 100% affordable developments which are allowed to include more units as a result of the programs.
- There may be a relatively small number of market rate projects in the Riverfront Gateway Overlay District or in the Central Business District which elect to build affordable units in exchange for increased density.
- Market rate projects that elect to include affordable units will most likely only build the 80% of AMI units.
- Developers are far less likely to voluntarily produce units priced at 30% or 50% of AMI. Even though the programs generally provide a slightly greater density bonus for these units, the cost of reducing rents to this level is much greater.
- There is not sufficient data to accurately predict the total level of likely production under these programs, but our rough estimate is that the programs, as currently designed, will produce fewer than 200 affordable housing units over the next 5 years.

D. Comparison to Other Density Bonus Programs:

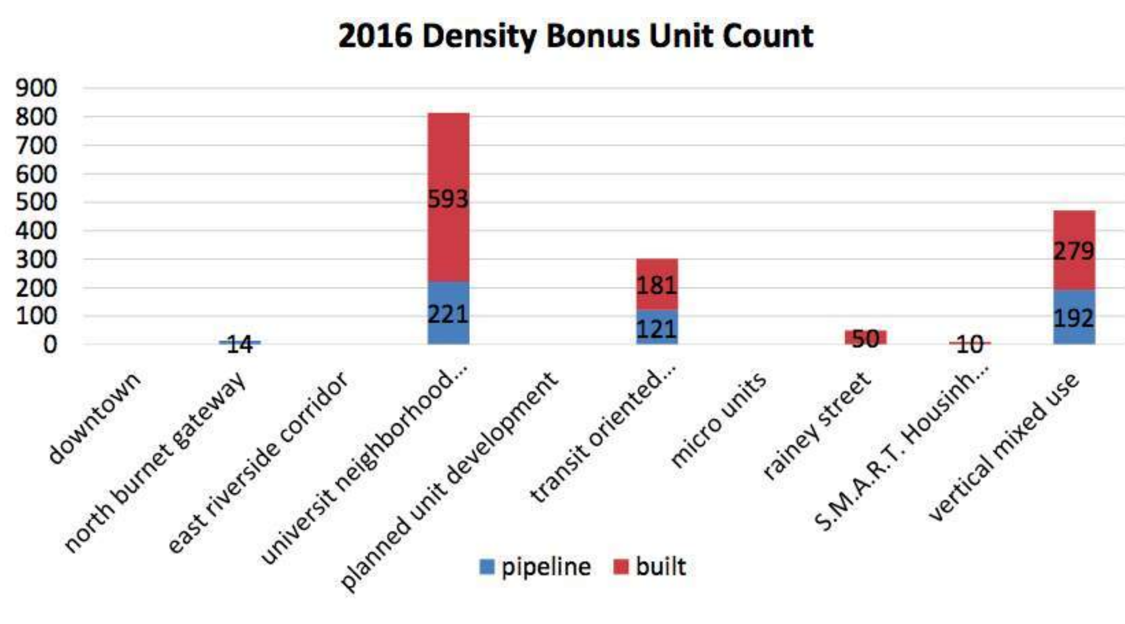
Overall density bonus programs have a very mixed track record. A small number appear to be successfully producing significant amounts of affordable housing but there are many local programs that have produced no units or very few units. Appendix B summarizes the terms and performance of several programs.

Two programs seemed particularly helpful as examples for New Orleans. Austin TX, (particularly the University Neighborhood Overlay Program) which is one of the most productive programs in the country and Anaheim, CA, which appears to offer a valuable resource for producing affordable housing in spite of the fact that the bonus is only used by developers of 100% affordable housing. Both programs are described in more detail in Appendix B.

Austin, TX

Austin, TX, has adopted 14 distinct density bonus programs. Many of these programs have produced few or no affordable housing units. The most productive is the University Neighborhood Overlay (UNO) District Density Bonus program. The relative success of the UNO program appears to be the result of the combination of multiple incentives. For example the North Burnet Gateway program relaxes height and FAR requirements only and has produced 14 affordable units. The UNO program offers flexible standards for height, setbacks, impervious cover, building coverage, FAR, and parking.

Figure 9: Productivity of Austin, TX bonus programs



In addition, developers using the program are able to take advantage of the City's SMART Housing program incentives, which allow for waiver of 31 different city fees as well as expedited project permitting. The fee waivers save the typical project several thousand dollars per unit. The density bonus alone may not have been enough to change the behavior of these developers but when combined with other incentives, it is hard for developers to refuse the bonus.

Anaheim, CA

Anaheim, CA also offers a broad list of incentives including additional height and reduced parking requirements, but because their program requires 20% of units be affordable to Very Low Income households, the cost of the requirements may be greater than the value provided by the incentives. As a result, the program has only been used by affordable housing developers who were developing 100% affordable projects. This has not meant that the program is not valuable – it has created close to 1000 additional affordable units in these projects, but it has not led to the inclusion of affordable units in market rate projects.

E. Recommendations:

The review of comparable programs suggests some best practices which might inform the refinement of New Orleans' existing density bonus programs.

Menu of Incentives:
A wider range of projects would be likely to take advantage of the density bonus if it were routinely coupled with additional incentives. In neighborhoods where the program currently allows only a reduction in the minimum lot size, it would make sense to consider adding additional planning incentives such as relaxing FAR or setback requirements. In addition, it is worth considering offering some of the following:

> **Parking Reductions:** While the City has reduced parking requirements in some areas, there may be additional opportunities to offer parking reductions in exchange for affordable housing.
>
> **PILOTS**: Developers in New Orleans are regularly able to receive reduced property tax payments through PILOT agreements. However these tax abatements are provided on an ad hoc basis which makes it difficult for developers to rely on (for example they have to tie up land before they know what level of PILOT might be available). There is not currently a formal program that offers tax abatement in exchange for affordable housing. While there seems to be considerable interest in designing such a program, it will be most effective if it is constructed in a way that complements the Density Bonus program and assumes that most developers will use both programs together.
>
> **Fee Waivers:** Another common incentive is fee waivers. Like other cities, New Orleans requires developers to pay a number of sizable fees when they build new residential units. A partial or complete waiver of some of these fees for projects that build the affordable housing required by the density bonus program could significantly increase the likelihood of market rate projects building affordable housing units.

Unified Program:
Combining the density bonus with other incentives may make the program more valuable but applying for multiple different incentives can be burdensome for developers. Even establishing your project's eligibility for a complex menu of incentives can be too much for some developers to manage. Similarly, if the affordability or other requirements are distinctly different, layering multiple incentives can be difficult or even impossible. Rather than designing separate stand

alone programs with separate eligibility and application procedures and affordability requirements, it will be more effective if the City can offer a unified program where developers who provide a defined level of affordable housing receive a defined set of incentives. To the greatest extent possible the program should have a single set of project eligibility standards and a single project approval process. Ideally a single office can be tasked with explaining program requirements to developers and helping them to comply – even if multiple departments ultimately have to approve elements of the project.

This kind of coordination can be challenging if the overall program combines both planning incentives (density bonus, parking, etc.) and tax incentives (PILOTS, TIF, etc.), but even small steps in this direction (single application form for multiple programs, etc.) can make a difference.

Income Targeting:

One challenge in the current design of New Orleans' density bonus programs is the expectation that developers will voluntarily provide units serving households at 30% of the Area Median Income. The additional density being offered as an incentive is unlikely to ever fully offset the full cost of providing units at this income level. While some deeply subsidized affordable housing projects may access the bonus by serving this income group, it will be difficult for market rate projects to include units targeting 30% of AMI. On the other hand, a program that only provided units at 80% of AMI may not address the most pressing housing needs. There appear to be market rate units in many parts of New Orleans that are currently affordable to households earning 80% of AMI. Targeting more of the density bonus units to households earning 50% to 65% of AMI might make the program more attractive to developers while ensuring meaningful public benefit.

The majority of voluntary density bonus programs and mandatory inclusionary housing programs target households earning 60-80% of AMI for onsite development requirements. In communities where serving lower income levels is a high priority, a more common strategy is to encourage developers to pay a fee into a local housing trust fund and then to grant these funds to nonprofit developers or others building 100% affordable housing projects. These projects are able to leverage the fee in lieu funds with federal and state affordable housing funding – most notably the Low Income Housing Tax Credit (LIHTC), in order to reach much deeper affordability levels.

The complexities of the LIHTC program make it difficult for developers to use the program to create mixed income projects and where this has happened it has been limited to very large-scale projects where the affordable units can essentially be treated as an independent real estate project for purposes of financing. This means that in most cases, it is much more effective to serve very low-income households with fee revenue than onsite affordable units in market rate projects. This limitation, however, does not mean that these very low-income units cannot be integrated into high cost neighborhoods.

Appendix B includes a detailed profile of Austin Texas's UNO Neighborhood Density Bonus Program. This program requires developers seeking the added density to include 10% of units affordable at 80% of AMI and 10% at 65% of AMI. The 80% units must be built onsite but developers have the option of paying a fee rather than building the 65% units. The city holds this fee revenue in a special fund for reinvestment only in the UNO neighborhood. In practice, when the city invests this funding they expect to serve households at even lower income levels, and it is also likely that the leverage from state and federal sources will enable the city to create significantly more units in these affordable projects than would have been built had developers built the 65% units onsite.

II. Implementation

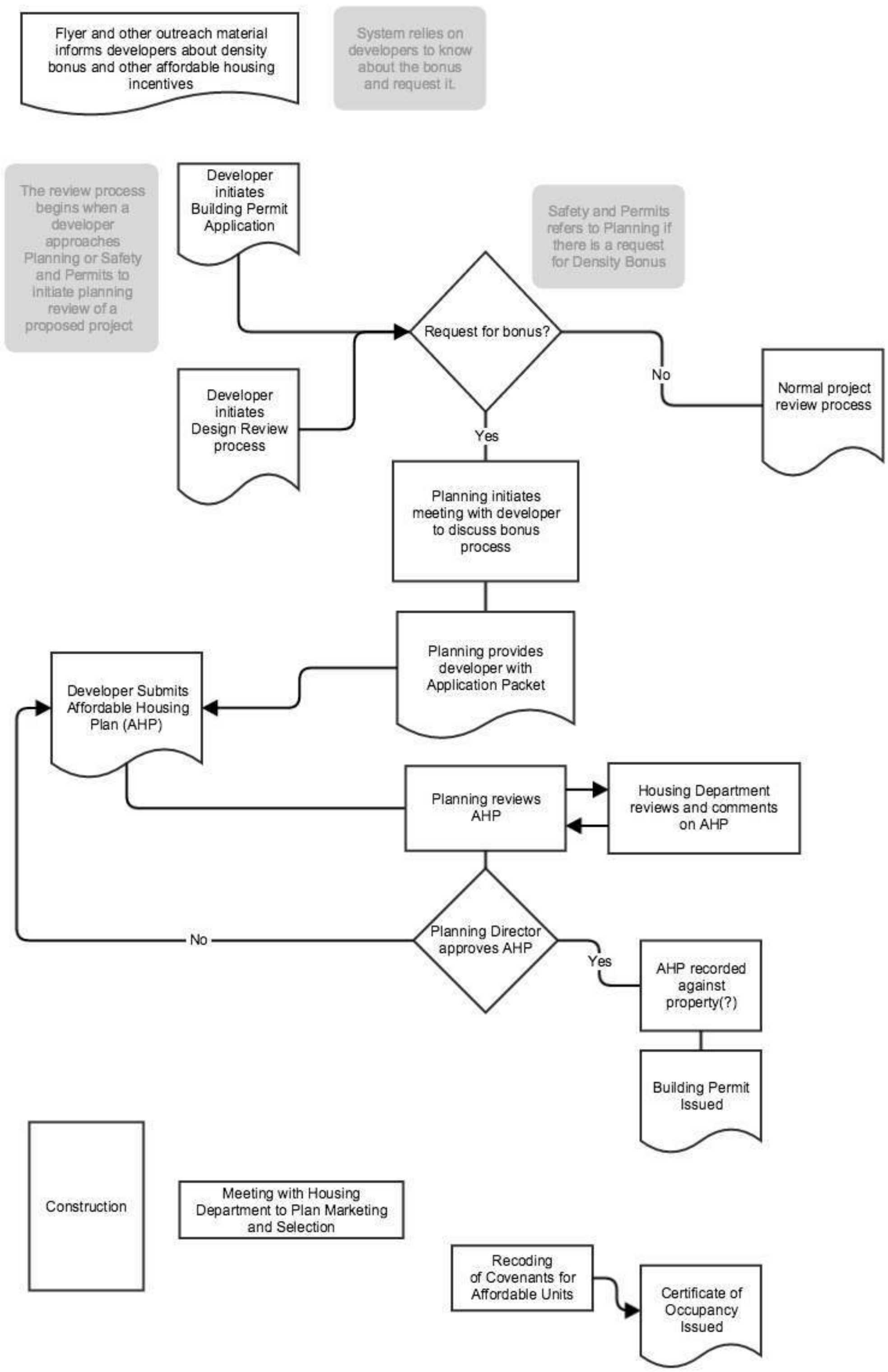
Initial applications from projects expecting to take advantage of the new density bonus programs are moving through the process now. While the volume of these projects is not likely to be overwhelming, the City will need to move quickly to establish more detailed policies and procedures governing the program and to establish administrative systems necessary to effectively approve projects and monitor and enforce affordability requirements. Many of the policies and procedures necessary to implement the density bonus programs could also be used to implement a mandatory inclusionary housing policy if one were adopted.

Appendix A contains a preliminary draft outline of an administrative procedures manual for the density bonus program including annotations describing the necessary content for key sections.

A. Project Approval Process

For the most part the process of approving projects utilizing the density bonus is simple and straightforward. However, because the density bonus provisions in the planning code provide few details on how the process works, the City should clearly outline the steps and any additional requirements for project review. The process might look something like the following:

Figure 10: Potential Project Approval Flow Chart



A. **Outreach**: The Planning Commission should produce some form of simple outreach material (flyer or brochure) to educate developers about the availability of the density bonus programs (and any other relevant affordable housing incentives). This material should be distributed by Planning and Safety and Permits to developers of eligible projects.
B. **Single Point of Contact**: Planning should designate one staff member to be the point of contact for all inquiries about density bonuses.
C. **Referrals**: Staff in Planning and Safety and Permits should be trained to identify projects that might benefit from the bonus and refer any developer who expresses interest in the program to the point of contact.
D. **Initial Meeting**: Either through a face to face meeting or a telephone conversation, the contact person should orient interested developers to the program and the approval process.
E. **Affordable Housing Plan (AHP):** Following the initial meeting developers who wish to apply for the density bonus should be asked to complete a simple Affordable Housing Plan which outlines the details of the bonus calculation and the proposed affordable housing. Key details would include:
    - ❑ Location of units in project
    - ❑ Affordable unit amenities and design (differences from market rate units)
    - ❑ Pricing or rents for affordable units
    - ❑ Length of affordability restrictions

    One option would be to provide a 'fill-in-the-blanks' template for this document. ***A Sample template from Cambridge, MA is attached as Appendix C.***
F. **Planning Review of AHP:** The designated point person for density bonus within the planning department should review the proposed plan for conformity with the program guidelines.
G. **Housing Review of AHP:** A designated staff person in the Housing Department should also review each AHP to ensure that the proposed project meets the city's affordable housing needs and can be adequately monitored over time. This review also provides the Housing Department with advanced notice before new projects come on line.
H. **Final Approval of AHP:** The City should clearly designate the Planning Director or someone else to finally approve the AHPs.
I. **Recording of AHP**: Some cities choose to record the final approved AHPs in the land records prior to recording final deed restrictions. This could provide some ability to enforce requirements if a project is transferred after a building permit is issued. In particular this is a concern for condominium or subdivision project where a property owner may seek approval before they have created the real estate parcels which the ultimate restrictions will be recorded against.
J. **Issuance of Building Permit**: Once the developer's affordable housing obligations have been clearly established in an approved AHP, the City can issue a building permit for the project. The City will need a system to ensure that projects expecting the bonus are not able to obtain permits before their

AHP is approved. Often this is as simple as adding a field to an existing form or data system such as the City's LAMA data system.

K. **Legal Document Development**: Before a final Certificate of Occupancy is issued for a project the City should prepare and execute deed restrictions or similar legal documents outlining the ongoing affordability requirements and other terms. For rental projects, one deed restriction will be recorded against the entire project. For ownership units, a separate restriction would be recorded for each affordable ownership unit.

L. **Project Review Before Final Certificate of Occupancy**: Once this step is complete, Planning should formally notify the Housing Department that the project is approved to begin leasing. This notice marks the formal handoff of the project from the Planning to Housing Department. One option would be to use the LAMA database for this handoff.

M. **Marketing and Selection Orientation**: Before a developer begins any marketing efforts for a density bonus project, they should meet with Housing Department staff to review the marketing and screening requirements. (See below for recommendations regarding standards.) Once the policy is developed, it helps to prepare a simple developer handout summarizing marketing and selection requirements.

N. **Lottery**: Assuming that there is high demand for affordable units, a lottery is the most common procedure for selection. Typically Housing Department staff would work with the project developer to manage a public lottery which fairly ranked applicants. If demand is not high, applications could simply be ranked based on the order in which they are received.

O. **Screening**: The developer would then review applications in the order of their rank. The developer or their property management company would document the eligibility of each applicant and submit packets to the Housing Department for income certification before signing a lease or purchase contract. The Housing Department should consider limitations on the criteria that developers might use to screen tenants to ensure fair access to scarce affordable housing opportunities.

P. **Income Certification:** Housing Department would review supporting documentation for each selected applicant and certify eligibility.

Q. **Appeals**: Applicants who are determined to be ineligible should have the opportunity to appeal to the City and have their application reviewed by a city staff member or other third party.

R. **Begin Monitoring:** Once initial leasing or sales is completed the City will begin some level of limited annual monitoring. For rental properties, this generally involves annually collecting data from property managers on rent levels for the affordable units and income qualification of the current residents. For ownership units, this may involve verifying owner occupancy annually (or every 3 years).

B. Stewardship and Monitoring

The job of providing affordable housing is not over once the units are built. Many cities have learned that simply requiring development of affordable units is not enough. Some degree of ongoing and active engagement on the part of the City is necessary to ensure that units are priced appropriately, fairly marketed and available to all segments of the local community and ultimately sold or leased only to eligible families. Once units are occupied, ongoing monitoring is necessary to ensure that they remain affordable over the long term. For ownership units, some additional support may be necessary to avoid foreclosures and to support the resale of affordable homes to eligible buyers in the future. The term "Stewardship" is used to refer to this set of tasks which are necessary to ensure that the full public benefit of affordable units is realized over the long term.

Attachment A contains a draft outline for an Administrative Procedures Manual. Many of the elements of the proposed outline are likely to be relatively easy to define. It is likely that many elements of the proposed manual can be drawn directly from guidelines for other existing housing programs administered by the City. However, there are a number of very significant choices that must still be made to fully define the density bonus program. We describe a few of the largest choices below.

Pricing
While New Orleans' existing density bonus programs outline the tiers of affordability that must be provided in exchange for bonus density, they provide very little detail regarding how the 'affordable' rents or sales prices will be established. Without additional detail it is impossible for a developer to evaluate the economic impact of the requirements or for the City to evaluate whether units truly qualify for the bonus.

Because density bonus units are not regulated by HUD or any other existing affordable housing program rules, there is significant ambiguity in the pricing of these units. A complete pricing formula must address:

- The income level used for pricing which might be slightly lower than the maximum income for eligibility (for example if a unit is restricted to households earning no more than 80% of AMI but also priced to be affordable to exactly 80% of AMI then only people earning exactly 80% will be able to afford it. Some cities would use 70% or 75% in the formula for pricing.)
- The household size used for determining prices/rents (i.e. # of bedrooms plus 1)
- The share of household income for housing that is considered affordable (i.e. 30% or 35%)

- Which, if any, utilities are included in the affordability calculation.

In addition to these variables, pricing ownership units requires assumptions about:

- The homeowner's downpayment
- The mortgage interest rate
- The cost of property taxes, insurance and mortgage insurance

Grounded Solutions Network has developed a video series to help with pricing of affordable units.

Marketing and Selection

Marketing Requirements:
Cities with density bonus or inclusionary housing programs generally impose some requirements to ensure that developers fairly market affordable homes. The worry here is that developers won't have an incentive to ensure that a wide cross section of the population of eligible households knows about the affordable housing opportunity. While anyone leasing or selling housing is subject to fair housing laws which prevent racial and other types of discrimination .federal housing subsidy programs also impose 'affirmative fair marketing' standards on projects that receive HUD funding but these requirements won't necessarily apply to density bonus units. Many cities develop their own affirmative marketing requirements, which require that the affordable units be advertised in certain venues and that marketing material be produced in multiple languages.

Selection Criteria:
Every program needs clear criteria for determining which households are eligible. Key questions to be addressed include:

- ❑ How is the maximum income for eligibility determined?
- ❑ What documentation is required to verify income eligibility?
- ❑ Is there an asset limit?
- ❑ Do applicants need to be US citizens or legal residents?
- ❑ Can applicants be staff of the developer or the City or relatives of these people?
- ❑ Is there a minimum household size requirement (i.e. can a single person rent a 3 bedroom apartment?)
- ❑ Is there a maximum household size to prevent overcrowding?

In addition to the above, the following questions would apply for ownership units:

- ❑ Do applicants need to be first time homebuyers? If so, how is this defined?
- ❑ Can applicants rely on gifts from family members for their downpayment?
- ❑ Are applicants required to participate in homebuyer counseling before buying?
- ❑ Will the program have a minimum credit score for applicants?
- ❑ Does the program require applicants to prequalify for a mortgage before applying?

- ❑ Are there limits on the type of financing that buyers can use (i.e. interest only loans, etc?)

Resale Formulas
In order to maintain the affordability of affordable ownership units for up to 50 years, it is necessary to establish a resale formula that limits how much each family can sell the home for when they choose to move. There are a number of formulas that are commonly used for this purpose but none are perfect. These formulas attempt to preserve affordability for future buyers while also offering homeowners the opportunity to build meaningful wealth. Most formulas can easily achieve both goals under most circumstances, but the formulas differ in how they handle unusual situations like periods of housing market decline or rising interest rates. It is worth taking time to consider the options and select an approach that will meet community expectations in New Orleans before the first project is ready to sell affordable ownership units.

> ***Grounded Solutions Network has a very helpful set of materials designed to help with this choice.***

Tracking Affordable Units

The City needs to identify a database system where it will maintain permanent record of the affordability restrictions included in market rate projects. Ideally this system would record all of the information provided in each Affordable Housing Plan. At a bare minimum, the system should capture owner contact information for each project, the number of restricted units in each income category and the date that the restrictions were recorded.

Ideally this would be a system that is accessible to both Planning and Housing staff. One option would be the existing LAMA system.

Budgeting for Administration
Imposing long term affordability requirements, as New Orleans has done, creates a need for ongoing funding for administration and monitoring. While the number of density bonus units built in any given year is likely to be fairly modest, these units will be restricted for up to 50 years (or more) and, over 50 years, the portfolio of units that must be monitored could grow to the point where significant ongoing staffing was necessary.

While it is necessary to identify a plan for this ongoing expense, it is important to keep in mind that these costs are very small relative to the cost of either not requiring long-term affordability or not monitoring units to protect affordability. Creating new affordable housing units is very expensive relative to monitoring and preserving existing units. Each time a developer builds an affordable unit under the density bonus program the unit will cost the developer between $100,000 and

$200,000. This value can be seen as a public asset and the ongoing cost of monitoring that unit can be understood as an asset management cost. Just as the financial firm that manages the City's pension fund charges an annual fee based on the value of the pension fund, the cost of monitoring the stock of affordable homes created by the density bonus program will grow as the value of that portfolio of homes grows. But the monitoring cost will always be very small relative to the value of the asset being monitored.

While most cities include the cost of monitoring units like this in their general Housing Department administrative budgets, a growing number of communities have established monitoring fees or other dedicated revenue sources to pay for adequate staffing to ensure the ongoing affordability of these units. There are two common approaches:

> **In lieu fees:** The current bonus programs do not allow payment of a fee in lieu of providing onsite units, but in a future generation of this program, if an in lieu fee is authorized, it would make sense to set aside up to 10% of fees collected to offset the cost of program administration and monitoring.
>
> **Monitoring fees:** Some jurisdictions require each regulated property to pay a modest fee per monitored unit to cover administrative expenses associated with ongoing monitoring. It is not clear whether the City has the statutory authority to charge such a fee in New Orleans. It would make sense to meet with the City Attorney to research the feasibility of this kind of fee and to do so before significant numbers of projects take advantage of the bonus program.
>
> **Resale Fees:** Another common source of key funding for ongoing stewardship, at least for homeownership units, is resale fees. A deed restriction can require homeowners who are selling their homes to pay a small fee (i.e. 1% of sales price) to the City or a nonprofit designated by the City to help defray the cost of supporting the resale of homes to future income qualified buyers.

Outsourcing Stewardship of Ownership Units

Many cities have found that the staffing requirements for ongoing monitoring and support of long-term affordable homeownership units can be a burden on internal staffing resources. It is often possible to offer homeowners a higher level of support at a lower cost by contracting with a local nonprofit organization. For example, the town of Chapel Hill contracts with a local Community Land Trust, Community Home Trust, to administer the homeownership units that result from their inclusionary housing program. CHT works with developers to manage the marketing of new homeownership opportunities to qualified lower income buyers, helps buyers access appropriate financing, and ensures that those buyers understand the town's resale price restrictions. After sale, CHT monitors to ensure owner occupancy and steps in at every resale to ensure that homes are market fairly and that all future buyers are income eligible.

Appendix A: Annotated Outline of Administrative Manual

I. PROJECT DEVELOPMENT PROCEDURES

A. Project Approval Process

Describe the steps in securing project approval.

1. Affordable Housing Plan

Describe the requirements for the document developers must submit outlining how they will incorporate affordable units into their project.

B. Onsite Construction of Affordable Units

1. Pricing and Income Requirements
2. Term of Restrictions
3. Timing of Construction and Delivery of On-site Units
4. Design, Size and Location of Units
5. Development Subsidies

Are developers allowed to use public subsidies to offset the cost of providing affordable units?

6. Marketing Requirements
7. Monitoring Compliance
8. Monitoring Fee (not currently required)
9. Requirement to Record Restrictions

C. Payment of Fee In Lieu of onsite units (Not currently authorized)

If an in lieu fee is ever authorized, describe the requirements.

1. Formula for calculating the required fee
2. Indexing the fee over time
3. Timing of payment of the fee
4. Allowable uses for fee revenue

D. Marketing Procedures for Initial Sale and Rental of Affordable Units

1. General Requirements for Marketing of all Initial Sales and Rentals of Affordable Units

Do developers need to proactively market units to all segments of the community? What about marketing in languages other than English?

2. Contents of Marketing Plan
3. Application Review Process
4. Inability to Find a Buyer or Renter for an Initial Sale or Initial Rental Unit

E. Marketing Procedures for Resale and Re-rental of Affordable Units

1. Marketing Procedures for Affordable Ownership Units upon Resale

2. Marketing Procedures for Affordable Rental Units upon Re-rental

II. OWNERSHIP PROPERTIES

A. Qualified Buyer

What standards are used to determine eligibility?

1. First-time Homebuyer Requirement
2. Income and Asset Requirement
3. Household Definition and Requirements
4. Household Size Determination
5. Minimum/Maximum Household Size
6. Asset Test

   Is there a limit to how much savings an applicant can have and still be eligible for affordable housing?

   a. Asset Test Exemption for Seniors/retirement savings accounts
7. Conflict of Interest

   Are employees of the project sponsor, the City or their family members eligible for affordable units?
8. Title and Loan Requirements

   Can buyers use adjustable rate or interest only loans, etc.?
9. First-time Homebuyer Education Workshop Requirement
10. Loan Preapproval Requirement

B. Process

1. Application Process

   Describe the steps that potential homebuyers must go through.
2. Application Requirements
3. Request for Application Reconsideration/Appeals
4. Realtor Representation
5. Selection of Buyers upon Initial Sale and Resale of Units
6. Selection Process

   Describe lottery or other process for fairly selecting from among multiple potential buyers.
7. Post-selection Process

   Describe additional screening before selected buyers are able to close.
8. Escrow
9. Transaction Fees for Affordable Ownership Units

   Define fees charged to help offset program administration costs.

C. Establishment of Initial Sale and Resale Pricing

1. Income Table
2. Methodology for Pricing Initial For Sale Units

   Provide detailed formula for setting the maximum 'affordable' price for restricted units.

3. Pricing Methodology for Affordable Units upon Resale

    Provide detailed formula for setting the maximum resale price that a homeowner may charge when they move.

D. Financing Requirements

    Outline requirements for acceptable homebuyer loans.

1. Loan to Value Ratio
2. Downpayment Requirement
3. Debt Ratios
4. Interest Rates
5. Documentation of Income
6. FICO Score
7. Co-signing
8. Fees
9. Seller Credits
10. Named Borrowers
11. Appraisals
12. Government-insured Loans
13. Refinancing
14. Home Equity Lines of Credit and Home Equity Loans
15. Default and Foreclosure
16. Short Sales
17. Financing Additional Items upon Purchase

E. Title and Escrow Requirements

    Describe how buyers hold title to the property – helps ensure enforceability of restrictions in the future.

1. Named Titleholders
2. Vesting

F. Restrictions on Ownership Units and Owners

1. Term of Restriction
2. Occupancy Requirements
3. Rental Prohibition
4. Maintenance and Insurance
5. Transfer Procedures
    a) Transfer to Spouse or Domestic Partner
    b) Transfer upon Owner's Death Removing a Person from Title
    c) Inheritance
6. Units Unable to Resell

    What happens when a homeowner wants to move and cannot find an eligible homebuyer?

7. Capital Improvements and Special Assessments
8. Procedure for Submitting Capital Improvements
9. Estate Planning

    Can homeowners place their units into a trust?

10. Monitoring of Ownership Units

III. RENTAL PROPERTIES

A. Qualified Renter

Describe the qualifications of an eligible tenant.

1. Non-homeowner Requirement Income and Asset Requirement
2. Household Definition and Requirements
3. Asset Test

   Is there a limit to how much savings an applicant can have and still be eligible for affordable housing?

   a. Asset Test Exemption for Seniors/Retirement Savings Accounts
4. Conflict of Interest

   Are employees of the project sponsor, the City or their family members eligible for affordable units?
5. Household Size Determination
6. Minimum Household Size

   Can a single person rent a 4-bedroom apartment?
7. Occupancy Requirement

B. Process

1. Application Process
2. Application Requirements
3. Request for Application Reconsideration/Appeal
4. Application Fees
5. Selection of Tenants
   a. Selection Process
   b. Post-Selection Process

C. Establishment of Initial Rental and Re-rental Pricing

1. Income Table
2. Methodology for Establishing Initial Maximum Monthly Rent for Affordable Rental Units
3. Parking Space Policy for Affordable Rental Units

   Can owners charge tenants for parking?
4. Methodology for Establishing Rental Rate upon Re-rental of Affordable Rental Units
5. Permissible Rent Increases for Affordable Rental Units
6. Rent Subsidies

   Can tenants bring Section 8 vouchers or other rent subsidies?
7. Additional Fees Required of Renters

   Can property owners charge other fees to tenants?

D. Restrictions on Affordable Rental Units and Renters

1. Term of Restriction
2. Occupancy Requirement
3. Rental Prohibition
4. Maintenance
5. Lease Changes
6. Transferring Units

7. Annual Recertification
8. Permissible Increase in Income

   What happens when a tenant's income rises above the income limits for their unit?

E. Monitoring of Affordable Rental Units

F. Conversion of Rental Unit to Ownership Unit

Appendix B: Profiles of Comparable Bonus Programs

Summary of Comparable Programs

Program	Notes	# affordable units
Anaheim, CA		
Voluntary **Residential development** (not non-residential) **No in-lieu fee** All developments with more than 5 units may apply, and the percentage of density bonus allowable is scaled according to the level of affordable housing provided, ranging generally from 20-35% density bonus. Units must remain affordable for a period of 55 years. Tiers of density bonus incentives: T1: increased lot coverage, decreased tree size requirement, reduction of interior lot line setback, reduction of building separation setback. T2: reduction in ROW dedication or improvements, increased maximum building height, density bonus greater than 35 percent, decreased parking ratios, mixed use zoning, or other regulatory incentives.	Before the multifamily affordable housing (MFAH) ordinance in 2005, Anaheim already had density bonus provision. Incentive program rewritten to incent construction of multifamily units. Existing density bonus program combined with MFAH to make the current Density Bonus Ordinance (DBO). The DBO is available for condo conversions, but none have been created. It is also available for developments with child care facilities but none created either.	Since 2005 the DBO was created, 1,200 new units of rental, 900 units of for-sale housing, and 150 rehab units were built, all leveraging other affordable housing resources (such as tax credits).
Arlington, VA		
Voluntary for by-right zoning applications, but **mandatory** for development applications that apply through the Special Exception Site Plan (SESP), i.e., for greater density or a change of land use. **Residential & non-residential development** **In-lieu fee** Requirements may be satisfied by providing either for-sale or rental	Applies to non-residential development, option to provide contributions toward library, fire, or school facilities.	*Since 2005: for bonus density applications, special planning districts, general land use plan changes, or special affordable housing protection district projects, an additional 59 onsite units have been produced

units at 60% Median Family Income (MFI) for a term of no less than 30 years. Program provides additional density to development that meets different levels of LEED certification.		*overall performance of various density bonus and incentive programs, not just the incentive program. Disaggregating the unit production and success of the individual programs was not possible with the data available.
Austin, TX		
Voluntary and **mandatory** **Residential & non-residential** **Some in-lieu fees** 10 different density bonus programs, which has resulted in an environment of unpredictability. Residential requirements: At least 50 percent of the bonused floor area must be affordable housing; The housing may be provided on-site; Alternatively, the developer may pay a fee in lieu of $10 per square-foot for the gross additional floor area above base FAR; Less than 50 percent may also be provided in various community benefits.	Complication in existence of land use loophole, whereby a developer can apply for a Central Urban Redevelopment (CURE) zoning designation, which permits developments to obtain additional entitlements for a very limited public benefit.	Only 4 of 10 density bonus programs have produced units: 1) Transit Oriented Developments (TOD) districts: appx. 146 units created since 2009 2) University Neighborhood Overlay (UNO) district (mandatory): appx. 490 units built onsite (most successful) 3) Vertical Mixed Use districts: appx. 148 units built onsite since 2010 4) SMART housing Districts: more than 12,000 units produced since 2000, successful because offers development fee waivers of 25 to 100% and expedited review, however, **not** because density bonuses offered.
Chicago, IL		
Voluntary and **mandatory** **Residential & non-residential** **In-lieu fees**		5 units created through the incentive ordinance.

Grants bonus ranging from 20-30% of the base FAR or an additional 2 to 3 FAR for various community benefits. The specific density bonuses corresponding to the benefits provided. Affordable housing may be provided onsite, either rental at 60% MFI or for-sale housing at 100% MFI, and remain affordable for a duration of at least 30 years. The units must also be dispersed through the project, have a similar exterior appearance to the market rate units, though they may have different interior finishes, and the overall mix of affordable unit types must be proportional to the overall mix of market rate unit types.		
Seattle, WA		
Program specifics vary by zone, applies to **residential** and **non-residential** areas with **in-lieu fees.** To obtain a density bonus in a residential development, 60 percent of the bonus may be gained by providing affordable housing and 40 percent through other benefits.		As the incentive ordinance applies to non-residential development (since 2001), 106 units have been built; as it applies to residential development (which did not take effect until 2006), since there have been no condominium projects since then, 0 units have been built.
Durham, NC		
Allow 15% more units in a project without additional zoning provided they're reserved for people who make 60% or less of the area median income		none

Austin, Texas
University Neighborhood Overlay (UNO) Density Bonus Program

Austin, TX has 10 different voluntary density bonus programs, each regulated by a different ordinance. Of these programs, the top performing program is the **University Neighborhood Overlay (UNO**). Introduced in 2004, the purpose of UNO is to promote high density redevelopment in the area generally west of the University of Texas Campus, provide a mechanism for the creation of a densely populated but livable and pedestrian friendly environment, and protect the character of the predominantly single-family residential neighborhoods adjacent to the district. Ordinances and amendments were developed through an intensive stakeholder process where property owners in the area were a main stakeholder group.

UNO Density Bonus Incentives

The UNO program offers a set of density bonus entitlements that developers can choose to utilize, which consist of:

- increased Floor Area Ratio (FAR)
- height bonuses
- reduced setbacks

The UNO program also offers parking reductions. Additionally, all UNO developments are eligible for S.M.A.R.T. Housing™ incentives:

> *S.M.A.R.T. Housing is an incentive program designed to encourage accessible, mixed-income development by providing development fee waivers and an expedited review process for developers who set aside 10 percent of housing units as affordable. Units must also meet the Austin Energy Green Building Program minimum energy efficiency rating.*

The S.M.A.R.T. Housing program offers several valuable incentives including expedited permitting and fee waivers. The program fully or partially waives the requirement to pay 31 different city fees which can total several thousand dollars per new housing unit.

The City of Austin waives fees for developments that NHCD has certified as **S.M.A.R.T. Housing™**.

How much does the average project receive in fee waivers? While the total fees waived will vary depending on the project (e.g. whether a rezoning is required), fees generally add up to:

Single-family Infill: Approximately $1500 per unit

- Permit Fees – Approximately $400 for a 1500 square foot home (fee varies by square footage)
- Water/Wastewater Capital Recovery Fees – Approximately $1100 per unit.

Single-family Subdivisions: Approximately $2650 per unit

- Permit Fees – Approximately $400 for a 1500 square foot home (fee varies by square footage)
- Water/Wastewater Capital Recovery Fees – Approximately $1100 per unit.
- Construction Inspection Fees – Up to $500 per unit.
- Parkland Dedication Fees – Up to $650 per unit for reasonably-priced units.

Multi-Family: Approximately $1250 per unit

- Waived amounts for Permit Fees, Water/Wastewater Capital Recovery Fees, and Construction Inspection Fees have averaged approximately $600 per unit.
- Parkland Dedication Fees – Up to $650 per unit for reasonably-priced units.

UNO Affordable Housing Requirements

Developments opting to use UNO site development standards must have 10% of all units or bedrooms occupied by persons with household income of less than 80% of Austin's median family income level (MFI). Units must remain affordable for 40 years. An additional 10% of all units must be occupied by persons with household income of less than 65% MFI, for 40 years, or developers must pay a partial fee-in-lieu into the University Neighborhood District Housing Trust Fund:

> *Instead of complying with the 65% MFI affordable housing requirement above, a person may pay into the University Neighborhood District Housing Trust Fund a fee of $1.00 for each square foot of net rentable floor area in the multi-family residential use or group residential use development. Money allocated from the fund for housing development in the university neighborhood overlay district must provide at least 30% of its dwelling units or bedrooms to persons whose household income is at or below 50% of the median income in the statistical metropolitan area, for a period of not less than 40 years from the date a certificate of occupancy is issued.*

Additional affordable housing requirements apply if accessing the 15' height bonus.

Success

Between 2004-2016, 593 affordable units have been built using the UNO program and there are 221 affordable units in the pipeline (814 total). The total development projects participating, both anticipated and completed is 50. Additionally, the total fees-in-lieu collected, both anticipated and completed, is $1,695,252.

Links:

Ordinance amending UNO District Requirements, Municipal Code (shows changes made from policy pre-2014)
UNO District Requirements, Municipal Code (present)
S.M.A.R.T.™ Housing Policy Initiative (last updated 2008, substantial draft revisions to be in August)
Matrix of the 10 Density Bonus/Development Incentive Programs

Contacts:
Jessi Ray Koch, Planner Senior, Neighborhood Housing and Community Development, City of Austin
(512) 974-3184 / Jessi.koch@austintexas.gov

Anaheim, California
Density Bonus Ordinance

In 2005, the Anaheim City Council adopted an Affordable Housing Strategic Plan to increase the number of affordable housing units in the city. Anaheim also adopted a **Density Bonus Ordinance** to implement updated California State law effective in 2005. The City defines Density Bonus as "the allocation of development rights that allow a parcel to accommodate additional square footage or additional residential units beyond the maximum for which the parcel is zoned, usually in exchange for the provision or preservation of an amenity at the same site or at another location" (Anaheim 2014-2021 Housing Element). The Ordinance, which goes above and beyond State-mandated density bonus provisions, was developed in a cooperative effort between the City and affordable housing advocacy interests.

Density Bonus Ordinance & Incentives
An applicant requesting a density bonus (up to 35%) shall calculate the density bonus, according to the number and type of affordable units proposed. A senior citizen housing development shall be eligible for a 20% density bonus, unless otherwise prohibited by state and/or federal law.

Anaheim's additional development incentives are organized in two tiers. The number of incentives granted is based on the percentage of affordable units provided. Affordable rental housing developments receive any and all Tier One Incentives and up to three Tier Two Incentives, which include a density bonus greater than 35%.

Some Tier One incentives include:
- Increased allowable site coverage;
- Decreased size for 50% of the required trees from 24-inch box to 15 gallon;
- Reduced landscape setback;
- Increased maximum allowable building height;
- Further reduction of a required setback.

Some Tier Two incentives include:

- Reduction of right-of-way dedication or improvements;
- Increase maximum building height;
- Density bonus of more than 35%;
- Reduction in the minimum parking spaces;
- Approval of mixed-use zoning.

In addition to the density bonus and development incentives, reduced parking requirements are offered for projects that meet the criteria for either a density bonus or Affordable Rental Housing Development.

Affordable Housing Requirements

General Requirements: Upon request from the applicant, the City grants a density bonus (up to 35%) based on the percentage of affordable units, senior housing units or transfer of land to the City for development of very-low income housing units or the provision of child care facilities. Most developments must meet minimum lot or site requirements. In general, the project must have a minimum of five units and an affordability covenant is required for at least 30 years.

- Affordable Rental Housing: Qualifying affordable rental housing developments are granted a density bonus of 35%. A qualifying project must be at least one acre in size with at least 36 units unless this requirement is waived by the Planning Director. A minimum of 20% of the total units or five units, whichever is greater, must be affordable to very-low income households for at least 55 years.
- Transfer of Land: The City grants a density bonus when an applicant agrees to donate land to the City for the development of very-low income affordable units. The density bonus is based on the percentage calculated by number affordable units to be built on the transferred land divided by the total number of units in the proposed housing development.
- Condominium Conversion: A density bonus, or another incentive of equivalent financial value, is granted for a condominium conversion project when the applicant agrees to provide at least 33% of the total ownership units to low or moderate income households or 15% to lower income households. The density bonus is a 25% increase in units over the number of units otherwise legally permitted.
- Childcare: Developments that qualify for a density bonus and include child care facilities located on-site or adjacent to the development are granted an additional density bonus equal to or greater than the amount of square feet of the child care facility. In lieu of the density bonus, an additional concession or incentive that contributes significantly to the economic feasibility of the construction of the childcare facilities can be granted.

Success

Since 2005, 1,252 affordable rental units have been built in Anaheim, and the projects that applied under the Density Bonus Ordinance resulted in 646 of those affordable rental units. All of those projects used Low Income Housing Tax credits and other incentives in addition to the density bonus. A typical project was able to build 5-15 additional units because of the density bonus, and the total additional affordable rental units built because of the density bonus is 121. The number of homeownership units built since 2005 is 1,131 and of those units, 377 are affordable.

Links:
Density Bonus Municipal Code
Anaheim 2014-2021 Housing Element

Contact:
Andy Nogal, Senior Project Manager, Housing Development, Community & Economic Development Department
anogal@anaheim.net
714-765-4368

Appendix C: Sample Fill in the Blanks Affordable Housing Plan

INCLUSIONARY HOUSING PROGRAM (IHP)
PLAN SUMMARY
(Form IHP-1)

1. Project Name or Principal Address: ______________________________________
____

2. Applicant Information

Person(s) or legal entity that will own property upon issuance of building permits.

Name of owner: ____
Principal contact person for this plan: ______________________________
Mailing address: ____
Phone: ______________________________ Fax: ___________________________
Email: ____

Check and fill in all that apply to the Applicant:
☐current owner ☐proposed purchaser
☐individual(s) ☐partnership ☐LLC ☐ stock corporation ☐nonprofit corporation
☐registered ☐to be formed and registered. State of registry:______________

Please attach copy of deed showing current ownership.

Name/Contact information for owner's counsel: ___________________________

3. Information about Subject Property

Describe the parcel(s) to be developed that are subject to IHP. Applicants should note that IHP can apply to any adjoining parcel(s) that have been developed (for residential or mixed use) by the Applicant or an entity controlled by the Applicant during the 12 months prior to any current filing for any permit from the City for the subject property. IHP can also apply prospectively or retroactively to any adjoining parcels that are developed by the Applicant in the 60 months following any such filing for a permit. Provide descriptions of any such parcel(s):

a. Address(es): ____
b. Lot number(s): ____
c. Lot area of parcel(s):
Parcel 1: _______ Parcel 2:________ Parcel 3: _________ Total: _____________
d. Number of existing dwelling units on the property: ______________________
e. Zoning District: __________________________
f. Minimum Lot Area per Dwelling Unit Required: ________square feet
g. Total Number of Units Allowed as of Right: ___________________________
h. Date, type, and case number of zoning decision authorizing residential use: ________
____

4. Number of Proposed Dwelling Units

Answer the following questions about construction subject to IHP, as defined in Item 3.

a. The total number of new dwelling units built or to be built: _____
b. The total number of dwelling units converted or to be converted: _____
c. Add the two lines above and put the result here: _____

5. Gross Floor Area of New and Converted Dwelling Units

Give the square footage of residential construction subject to IHP, as defined in Item 3.

a. Floor area of new units built or to be built on Subject Property: ________
b. Floor area of units converted or to be converted: ________
c. Add the two lines above and put the result here: ________
d. Divide the line above by 1,000 and put result here: ________

6. Threshold Criteria

If the answer to both of these questions is "yes," IHP applies to your project. If an answer to either question is "no" IHP does not apply and you should not complete this form. If your project is in the Cambridgeport Revitalization Redevelopment District, other affordability requirements may apply.

a. Does Line 4c or 5d equal 10 or more? ☐ yes ☐ no
b. Is the project located outside the Cambridgeport RR District? ☐ yes ☐ no

7. Calculation of Number of Affordable Units

a. Total number of dwelling units proposed (from Line 4c): ______
b. Base number of dwelling units (divide Line 7a by 1.30): ______
c. Is Line 7b less than number of units allowed by right by zoning excluding the Inclusionary Zoning density bonus: ☐ yes ☐ no

<u>If answer to Line 7c is yes</u>:
d. Percentage of affordable units required: 0 .15
e. Multiply the Line 7b by Line 7d and put result here: ______
f. Required IHP Units (round up or down to a whole number): ______

<u>If answer to Line 7c is no</u>:
d. Percentage of affordable units required: 0 .15
e. Multiply the Line 7a by Line 7d and put result here: ______
f. Required IHP Units (round up or down to a whole number): ______

8. Calculation of Number of Dwelling Units Allowed Under IHP

<u>If answer to Line 7c is yes</u>:
a. Base number of dwelling units (from Line 7b): ______
b. Required IHP Units (from Line 7f): ______
c. Bonus Units – one for each required IHP Unit (Line 7f): ______
d. Maximum number of units allowed under IHP (add three lines above): ______

<u>If answer to Line 7c is no</u>:
d. Maximum number of units allowed under IHP (from Line 4c): ______

9. Calculation of Bonus Floor Area Ratio (FAR)

Use this calculation if the IHP project will be located in only one zoning district. If it is located in two or more districts with different FARs, complete this calculation for each district.

	District 1	District 2
a. Bonus FAR factor	.30	.30
b. Maximum FAR allowed, per base zoning for parcel(s):	_______	_______
c. Bonus added to FAR (multiply lines 9a and 9b):	_______	_______
d. Maximum FAR allowed, per IHP (add lines 9b and 9c):	_______	_______

10. Calculation of Maximum Gross Floor Area

	District 1	District 2
a. Lot area in square feet:	_______	_______
b. Maximum gross floor area per IHP (9d times 10a):	_______	_______
c. IHP bonus floor area (9c times 10a):	_______	_______
d. Minimum bonus area reserved for IHP Units (50% of 10c):	_______	_______

The remainder of the bonus floor area may be used only for residential units, exclusive of any hotel or motel units.

11. Description of Proposed IHP Units

PROPOSED IHP UNITS:

	Studio	1-BR	2-BR	3-BR	4-BR	5+	Total
Number of IHP units:	_____	_____	_____	_____	_____	_____	_____
Floor area, smallest IHP unit:	_____	_____	_____	_____	_____	_____	_____
Floor area, largest IHP unit:	_____	_____	_____	_____	_____	_____	_____
Average floor area, IHP units:	_____	_____	_____	_____	_____	_____	_____

Parking

One parking space is required for each IHP unit. If there are fewer parking spaces than total units in the proposed development, then the number of parking spaces provided for the IHP units shall be in the same proportion as the number provided for the non-IHP units. If there is a parking fee being charged, then the fee for the IHP units is the lesser of: a) that fee which is in the same proportion of parking fee to rent payment as for those market units of equivalent size to the IHP units and having the lowest rents in the proposed development ***OR*** *b) that fee which when combined with the maximum rent payment permitted for the IHP unit as defined in Section 11.201 of the Inclusionary Zoning Ordinance, does not exceed 33% of the IHP Unit's occupant.*

Total # of parking spaces	_____	Parking Fee	$_____/mo.
Total # of units	_____		
# of IHP Units	_____		
# of parking spaces available for IHP units	_____	IHP Parking Fee	$_____/mo.

12. Representations Regarding Marketing and Resident Selection

☐ I agree to use the City of Cambridge Community Development Department's (CDD) Marketing and Resident Selection Plan that is in effect at the time units are marketed.

☐ I will not enter into any agreements to sell or lease IHP Units, unless the units are marketed and residents selected according to the guidelines of the Plan.

☐ I hereby agree that the City or its agent will certify the eligibility of prospective buyers or renters of my IHP Units prior to a sales contract or lease agreement being executed.

13. Submission Checklist

I have attached the following items to this submission:

- ☐ Copy of Deed showing current ownership
- ☐ Floor plans and elevations for all proposed structures, indicating IHP units.
  Please provide final building permit set of plans, if available; CDD will need a copy of the final building permit set to finalize the IHP documents.
- ☐ Description of Dwelling Units Proposed (Form IHP-2)
  Please also provide an electronic version of Form IHP-2 via email or disk.
- ☐ Summary description of construction materials

14. Signature and Certifications

I hereby certify (check off):

- ☐ I am the Applicant or authorized to make this submission for the Applicant(s);
- ☐ All statements of fact herein are true and correct to the best of my knowledge;
- ☐ All descriptions herein of proposed activities reflect the intent of the Applicant(s);
- ☐ The Applicant(s) have read and understood the following IHP Guidelines:
  - ☐ The Applicant(s) understand that they must read, understand, execute and record an Inclusionary Zoning Affordable Housing Covenant consistent with this plan, as a senior interest in the title, prior to building permits being issued.
  - ☐ The Applicant(s) understand that a Marketing and Resident Selection Plan must be approved by the City prior to receiving a Certificate of Occupancy or prior to my/our entering into any agreements to sell or lease the units.
  - ☐ The Applicant(s) understand that, for ownership housing, condominium documents must be reviewed and approved by the City prior to recording.
  - ☐ The Applicant(s) understand the long-term price restrictions, monitoring requirements, and reporting requirements regarding IHP Units.

For: ____

Name(s) of Applicant(s)

____

Signature

____

Date

By: ______________________________ Date: __________________

Signature

____

(Relationship of Signer to Applicant)

DESCRIPTION OF ALL DWELLING UNITS PROPOSED
(Form IHP-2)

ALL DWELLING UNITS – SUMMARY INFORMATION:

	Studio	1-BR	2-BR	3-BR	4-BR	5+	Total
Number of units:	______	______	______	______	______	______	______
Floor area, smallest unit:	______	______	______	______	______	______	______
Floor area, largest unit:	______	______	______	______	______	______	______
Average floor area:	______	______	______	______	______	______	______

Please describe each of the proposed dwelling units using the chart below. Attached additional sheets if necessary. Please also provide an electronic copy via email or disk.

Building/Address	Unit #	Area (s.f.)	# BRs	# Baths	Unit Type**	Rent or Sales Price	Est'd Condo Fee, if applic.	IHP Unit?

* List by building, then by address, then by unit. Use multiple sheets if necessary.
** F=Flat, Du=Duplex, T=Townhouse, Dt=Detached. Add "HC" for accessible units.

UTILITIES
What utilities and services will be included in the rent/condo fee?
☐ Heat ☐ Hot Water ☐ A/C ☐ Electricity

What energy source will be used for heating?
☐ Gas ☐ Oil ☐ Heat Pump ☐ Resistance Electric ☐ Other:_________________

FINISHES
Will all units be identical with respect to materials, finishes, and amenities?
☐ yes, all units will be identical ☐ no, units will vary

If no, please describe how units will be finished, including finish selection options for renters/buyers. Note that the IHP units will need to mirror the market units.

Describe amenities for all units. If not all units will have the same amenities, identify the units and describe how the amenities will differ:

REQUIRED ATTACHEMENTS:

1) Copy of deed showing current ownership

2) Copy of building permit set of plans, including floor plans and elevation, and indicating residential unit numbers

3) Electronic copy of IHP Form - 2, list of all proposed dwelling units.

New Orleans Smart Housing Mix Study

December, 2016

Sponsored by:
HousingNOLA

Written by:
Sasha Hauswald,
Grounded Solutions Network

EXECUTIVE SUMMARY

In April 2016, HousingNOLA and the Greater New Orleans Housing Alliance (GNOHA) engaged Grounded Solutions Network to research and facilitate a discussion on whether an inclusionary housing policy could work in New Orleans and, if so, how to tailor such a policy to fit the city's unique needs and housing market.

This recommendations report is the final deliverable for that engagement. It is also the result of a collective effort of dozens of experts and policymakers who provided insight and feedback over the course of an eight-month process. We thank all who contributed their time and expertise.

Financial Feasibility Exercise

Grounded Solutions Network subcontracted with the consulting firm AECOM to conduct a financial feasibility exercise to test the potential financial impacts on prototypical housing developments of adopting a Smart Housing Mix policy. This exercise included:

- Interviewing developers and real estate experts in New Orleans
- Collecting market data from published sources about recent for-sale and rental projects
- Collecting financial market and cost data for residential projects from local developers and real estate experts
- Creating four development prototypes representing the New Orleans market
- Using model proformas to test the viability of applying Smart Housing Mix requirements to new residential projects in New Orleans under different market and financial scenarios

The financial feasibility exercise results indicate that typical developments, including adaptive-reuse projects, new rental development and new condominium development, would remain financially feasible under the Smart Housing Mix Policy as recommended.

The financial feasibility findings also indicate that local subsidy, in the form of RTA or PILOT tax abatements would, in many cases, be necessary to offset program costs. Local developers, who would receive zoning benefits such as by-right density and parking reductions under the proposed policy, would also need to receive one of these two forms of tax abatements. Establishing tax abatement levels that are both fair to developers and economical for the City will require additional analysis.

Policy Design

While conducting the financial feasibility research and modeling, HousingNOLA convened a stakeholder group of experts, government staff and elected officials to work with Grounded Solutions on designing a Smart Housing Mix policy. Grounded Solutions facilitated conversations and contributed information about national trends and best practices. After seven two-hour meetings, the Smart Housing Mix Tiger Team finalized their recommendations:

- Require new development, adaptive reuse projects, and substantial rehabilitation projects to include 12% of their housing units as affordable.
- Allow individuals and families earning 60% of AMI or below to qualify for affordable rental units.
- Allow individuals and families earning 80% of AMI or below to qualify for affordable ownership units.
- Price units to be affordable to families at 50% AMI in rental buildings and 70% AMI in for-sale developments.
- Make units indistinguishable from the exterior and comparable in size. Prevent clustering or separate doors.
- Bedroom mix of affordable units should reflect the overall building mix.
- The program should be mandatory in central and transit-oriented development (TOD) neighborhoods, voluntary elsewhere.
- Base boundaries of the mandatory area upon housing market indicators, transit and zoning maps.

- Exempt very small developments (1-4 units), offer medium-sized developments (5-9 units) a modest in-lieu fee payment option, and require participation from new and substantial rehabilitation projects of 10 units and above.
- Incentivize on-site development but provide maximum flexibility by allowing developers to pay a fee, build offsite, preserve a building or dedicate land as alternatives.
- Offer a standard, unified package of incentives to accompany Smart Housing Mix requirements. The unified incentive package should include:
    - Density bonuses
    - Parking reductions
    - Development by-right as a method for speed and predictability in granting development approvals
    - A standard, RTA or PILOT offering for rental developments with the amount set by a simple formula rather than negotiation
- Amend the Restoration Tax Abatement (RTA) to link to affordability expectations and recalibrate the RTA levels to match current market conditions.
- Offer a standard Payments In Lieu of Taxes (PILOT) agreement to all new construction rental developments.
- Require 99-year terms of affordability.
- Hire staff in the City Planning Commission and Office of Community Development to oversee program administration.

INTRODUCTION

Project History

In 2015, New Orleans City Planning Commission (CPC) contacted Grounded Solutions Network to review and provide feedback on the City's proposed Comprehensive Zoning Ordinance (CZO), which offered density bonus incentives in exchange for affordable housing units. We provided suggestions to strengthen the code, while acknowledging that a voluntary density bonus policy as it was proposed would unlikely induce mixed-income housing development.

Subsequently, the New Orleans Office of Community Development (OCD) invited Grounded Solutions to support the HousingNOLA process as an outside expert with a national perspective. After playing a limited advisory role in the development of the *HousingNOLA 10 Year Implementation Plan and Strategy*, we were engaged to facilitate the next steps on one particular policy tool that had been identified in the HousingNOLA process. This tool – inclusionary housing – was a subject of interest from the CPC as a way to strengthen the density bonus provisions passed in the CZO. It also received attention as a potential policy tool by several councilmembers, the Mayor's Office and affordable housing advocates.

Inclusionary Housing Overview

Inclusionary housing programs are local policies that tap the economic gains from rising real estate values to create affordable housing for lower income families. As housing prices rise, developers and land owners are able to make greater profit for building commercial and residential developments. Inclusionary policies seek to "capture" a portion of the higher value by requiring that developers include affordable housing in developments that otherwise would not include it. In its simplest form, an inclusionary housing program might require developers to sell or rent 10 to 30 percent of new residential units to lower-income residents.

Inclusionary housing policies have been adopted in more states and places than commonly thought. A nationwide scan identified 507 inclusionary housing programs in 482 local jurisdictions. Since inclusionary programs are tools for sharing the benefits of rising real estate values, as a result, they are generally found in communities where prices are actually rising. In many parts of the United States, land prices are already very low, and rents and sales prices often would be too low to support affordable housing requirements even if the land were free. In these environments, policies that impose net costs on developers are unlikely to succeed (though some communities nonetheless require affordable housing in exchange for public subsidies).

Inclusionary housing policies were first developed to specifically counteract a history of 'exclusionary zoning' policies that reinforced economic and racial segregation. A wealth of recent research has convincingly demonstrated that concentrated poverty is a cause of many of our worst social problems and is especially damaging to children. Inclusionary housing is one of the only affordable housing strategies that has been successful in creating sustainable mixed-income communities.

In addition to creating mixed-income communities, Inclusionary housing policies increase the total number of reasonably-priced housing units available for rent and for sale. In recent decades, most new housing has been luxury housing. We are under-building housing for lower-and middle-income households. Inclusionary housing helps in two distinct ways. First, it creates a new source of financing for affordable housing, and second, it offers capacity to get homes built. Inclusionary housing policies also create affordability beyond what can be achieved through existing/traditional federal/state/local subsidies, because they do not rely on traditional affordable housing production programs like HOME, CDBG, or LIHTC. Where other affordable housing strategies generally rely on government or nonprofit agencies to build new homes, inclusionary programs typically rely on private developers to build affordable homes. In many communities, this can mean affordable homes are built more quickly.

Smart Housing Mix Study Process

In April 2016, HousingNOLA and the Greater New Orleans Housing Alliance (GNOHA) engaged Grounded Solutions Network to research and facilitate a discussion on whether inclusionary housing would work in New Orleans and how to tailor an inclusionary housing policy to fit the city's unique needs and housing market.

Grounded Solutions Network began by reviewing existing documents and local data identifying neighborhood conditions, affordable housing policies and zoning requirements.

In May 2016, we conducted our first of two visits to New Orleans, which included a public presentation and Q&A about inclusionary housing policies, interviews with local developers, and the first convening of the Smart Housing Mix Tiger Team.

Grounded Solutions Network partnered with the economics consulting firm AECOM to conduct a financial feasibility modeling exercise[1] investigating if an inclusionary housing or Smart Housing Mix policy could work in the New Orleans market, and if so, what incentives would ensure robust and unhindered market-rate development.

While AECOM built the development prototypes and tested financial feasibility, Grounded Solutions Network facilitated seven conversations of the Smart Housing Mix Tiger Team to create a framework for a rational, place-specific policy for New Orleans.

In October 2016, Grounded Solutions Network visited New Orleans to discuss the Smart Housing Mix Tiger Team's recommendations with City Council members and the City Planning Commission. HousingNOLA Executive Committee members and staff also met with the Mayor's Office to gather their input as well.

During these visits, we explained the rationale for each element of the proposed program and solicited feedback, which was generally positive. Conversations contributed helpful information about how to implement the program. The City Planning Commission staff, in particular, discussed how the City might amend the current density bonus policies and elements of the Comprehensive Zoning Ordinance to align with the proposed Smart Housing Mix Policy. Their inputs, as well as results from the Street Level Advisors evaluation of the density bonus policy, are incorporated into this report.

The following report is the result of a collective effort of dozens of experts and policymakers who provided insight and feedback over the course of an eight-month process.

FINANCIAL FEASIBILITY

[1] This exercise was not intended to substitute for a professional feasibility study, and results, available in Appendix C, are not intended to predict financial feasibility to the level of precision needed to dictate details of a policy, but rather, to determine with a reasonable level of confidence, whether some form of mandatory inclusionary housing policy might be viable in the New Orleans market. Later in this memo we make recommendations on how the City might build upon the Grounded Solution's models to come to the level of detail required for making policy decisions. In particular, additional research will be required to determine the precise level of tax reduction that should be offered to developers through a PILOT agreement under the Smart Housing Mix Program.

Financial Feasibility Exercise Process

Robust financial feasibility studies are a valuable tool for jurisdictions that are considering an inclusionary housing program. These studies provide objective data on project feasibility from a neutral outside party. However, because these studies require a great deal of research, modeling, sensitivity testing and refinement, they can be quite costly and time-consuming.

At the start of this project, there were insufficient resources and time to conduct a traditional financial feasibility study for New Orleans. Instead, Grounded Solutions contracted with AECOM, an internationally recognized consulting firm, to conduct an abbreviated "ballpark" analysis.

Based on input from interviews with developers (see Appendix A) and on data from the City Planning Commission, AECOM identified a set of prototypical development templates that reflect the most common development types currently being built in New Orleans. The development prototypes included:

- Low-rise rehab/reuse rental – 41 units, 3-4 stories, wood frame and masonry construction
- High-rise rehab/reuse rental – 190 units, 20+ stories, steel-frame construction
- Midrise new construction rental – 300 units, 5-8 stories, concrete block
- Low-rise condo development—10 units, 3 stories, wood construction and covered parking

AECOM developed a financial model to evaluate the financial feasibility of each prototype. To do so, they collected detailed data about development costs and revenues from the following sources:

- Proformas and Industrial Development Board reports provided by local developers
- University of New Orleans Institute for Economic Development and Real Estate Research
- NAI/Latter & Blum Multifamily Division
- CoStar Multifamily housing comparable reports for New Orleans
- RS Means Square Foot Cost Data
- Primary market research conducted by AECOM

Due to widely varying economic conditions across projects and locations, AECOM's prototype models realistically reflect actual projects being built in the market, but they are not necessarily "average." Many real projects will differ from these prototypes in terms of cost, rents, unit configuration and many other factors. The prototypes allow for an evaluation of the impact of potential affordable housing requirements and incentives on several realistic projects, but they are not intended to represent the impact on all actual or potential projects.

Local developers were interviewed to further inform AECOM's initial prototype models, also called model proformas or development prototypes. The goal of additional interviews and primary research was to ensure that the assumptions about development costs, rents and sales prices reflect current realities in New Orleans. AECOM received thoughtful feedback and made a number of changes to the prototypes to more closely reflect current typical projects in New Orleans.

SideBar: Summary of Developer Interviews

Project Economics

- Market-rate rents and project feasibility vary considerably from one neighborhood to the next. Uptown, the Warehouse District and the Central Business District are currently seeing the highest rental rates. In many areas of town, the rental rates are too low to attract investor capital.
- Construction costs are quite high. Much of the buildable land is on brownfield sites that suffered contamination from Katrina. Pilings and buildings need to endure flooding. Land acquisition costs and insurance costs are additional factors.
- Developments that do not receive some form of public support typically serve high-income earners renting at the upper-end of the market.

- Small, local developers that focus on single-family home construction or small (2-4 unit) apartment buildings might operate with slimmer profits than larger development companies.
- Adaptive reuse of existing structures into housing has, for many years, been one of the most feasible ways to develop new housing. The best of these buildings have already been repurposed, and today there are fewer adaptive reuse opportunities available. However, churches, schools and small- to medium-sized apartment buildings remain available for adaptive reuse or substantial rehabilitation.

Barriers to Development

- Neighborhood opposition often poses a barrier to exceeding the by-right height limits, for instance, building five stories rather than four stories. In general, opposition to multi-family construction and higher density housing is prevalent.
- The current process for receiving planning and building permits requires approvals from multiple departments and multiple levels of government. The process can be lengthy, opaque and unpredictable. There are often additional delays for approvals in places with heightened review requirements to preserve historic neighborhoods and in areas where conditional use permits are required (those areas where multi-family construction is not allowable by right).
- Parking requirements in some areas of town – particularly areas well served by transit – increase the cost of development.

Developer Benefits

- Most development in New Orleans since Hurricane Katrina has benefited from some form of government support – either direct subsidy or tax abatement programs. Utilized programs include the Community Development Block Grant Program (CDBG), the HOME Investment Partnerships Program (HOME), the New Markets Tax Credit Program (NMTC), Historic Tax Credit Programs, Low Income Housing Tax Credits (LIHTC), Restoration Tax Abatement Program (RTA), and Payments In lieu of Taxes (PILOTs). A significant amount of this support was one-time disaster recovery funding for Hurricanes Katrina and Rita that has been expended, and many of the recurring sources of funding are diminishing.
- The increased density that is available through current density bonus policies helps to improve project feasibility in areas of town where limitations in floor area ratios or minimum lot sizes constrain the range of allowable buildings. However, other zoning constraints, such as setback requirements and height limits can also be limiting factors that reduce the effectiveness of density bonus incentives.
- Density bonuses provide additional revenue to developers in many scenarios; however, in some cases other incentives may be needed to ensure project feasibility.
- Working with the Industrial Development Board to receive a PILOT agreement is a time-consuming and unpredictable process. Applying for a Restoration Tax Abatement is a much clearer and more predictable process.

Feasibility Findings

The real estate development industry uses several different metrics to gauge the financial feasibility of potential projects. No one measure is appropriate for all purposes. In order to compare different prototypes and potential policy alternatives, we measure project profitability as a percentage of total development costs, a straightforward and clear metric which allows for an easy comparison of return on investment across project types.

For the for-sale prototype, we compare the total revenue from unit sales (after expenses) to the total cost of development. This total profit divided by the cost of development provides a simple measure to compare the profitability across different projects. All other things being equal, a project where the projected profit is a high percentage of the development cost will be more attractive to developers.

Developers in different parts of the country require different rates of return on investment (ROI) depending on local real estate market conditions and based on perceptions of risk. Looking at ROI terms of profit as a percentage of total development costs, most developers nationally require an ROI of anywhere from 10 to 20 percent. This target ROI varies by region, marketplace, developer and investor. New Orleans developers and real estate industry stakeholders contacted for this effort reported that developers would likely need to achieve at least an ROI of 15 percent in order to pursue a new market-rate residential project. Stated differently, 15 percent is a typical local "hurdle rate", or minimum threshold requirement for profitability. For the financial feasibility exercise, we assume that projects where the profit is at least 15 percent of total development cost will be feasible in New Orleans. (AECOM Sustainable Economics, 2016)

For the rental prototype, we estimate net operating revenue at stabilized occupancy and divide that figure by an exit capitalization rate of 5.75 to calculate the total project value. Estimated profit is the result of subtracting total development costs from the total project value. The estimated profit is then divided by total development costs for the metric of profit as a percentage of development costs. For rental projects in New Orleans, we assume that projects where the profit is at least 15% of the development cost will be feasible.

In order to evaluate the impact of potential Smart Housing Mix Policy options, we first must establish a baseline understanding of the current financial feasibility of market-rate development with no affordable housing units.

New Orleans has a relatively strong housing market, evidenced by the strong demand for new multi-family residential development. Housing prices are rising rapidly and our development prototypes, at baseline, without any affordable housing requirements or special developer benefits, were all feasible. The new construction rental project we modeled was the least profitable, at 15.1% profitability. A summary of the baseline assumptions and returns is below

Table 1: Baseline Assumptions and Returns

1. Baseline Assumptions and Returns by Product Type

	Rental			For-Sale
	Prototype #1	**Prototype #2**	**Prototype #3**	**Prototype #4**
	Conversion/ Reuse	*Conversion/ Reuse*	*New Construction*	*New Condominium*
# Units	41	190	300	10
Baseline Density (DU/Acre)	41	190	75	14
Parking Spaces	0	190	300	10.0
Avg. Unit Size	917	1,000	883	1,250
Average Rent/Sale Price	$1,852	$2,004	$2,040	$450,000
Average Rent/Sale Price/Sq. Ft.	$2.02	$2.00	$2.31	$360
Hard Costs/Sq. Ft.	($148)	($165)	($170)	($175)
Total Development Costs/Unit	($210,200)	($230,800)	($246,000)	($353,800)
Exit Capitalization Rate	5.75%	5.75%	5.75%	NA
Profit (% of Total Dev. Costs)	22.2%	19.4%	15.1%	20.8%
Value Capture Opportunity	$624,536	$1,935,716	$61,608	$205,776

Next, AECOM and Grounded Solutions created a number of scenarios to test whether affordable housing requirements would be feasible for projects like our prototypes. The below summary shows outcomes of our final round of modeling, under which developers would be required to provide 12% affordable units and would receive a number of benefits in return. According to our financial feasibility modeling exercise, all development types would remain financially feasible under the Smart Housing Mix Program as recommended. However, additional analysis will be necessary to finalize the level of tax abatement that should be offered through PILOT agreements. More discussion of this point is in the incentives section of this report.

The complete proforma models are shown in Appendix C.

Table 2: Returns with Affordable Housing and Incentives

2. Returns with Affordable Housing and Incentives				
	Rental (60% AMI)			For-Sale (80% AMI)
	Prototype #1	**Prototype #2**	**Prototype #3**	**Prototype #4**
	Conversion/ Reuse	*Conversion/ Reuse*	*New Construction*	*Condominium Wood Frame*
# Units	41	190	390	13
Baseline Density (DU/Acre)	41	190	75	14
Parking Spaces	0	190	390	13
Avg. Unit Size	917	1,000	883	1,200
Average Rent/Sale Price	$1,852	$2,004	$2,040	$450,000
Average Rent/Sale Price/Sq. Ft.	$2.02	$2.00	$2.31	$375.0
Hard Costs/Sq. Ft.	($148)	($165)	($170)	($175)
Total Development Costs/Unit	($194,200)	($226,700)	($235,100)	($286,600)
Exit Capitalization Rate	5.75%	5.75%	5.75%	NA
% Affordable	12.0%	12.0%	12.0%	12.0%
Profit (% of Total Dev. Costs)	16.9%	15.7%	15.0%	16.6%
Value Capture Opportunity	$154,315	$314,742	$0	$60,852
Density Bonus	30%	30%	30%	30%
Reduced Time for Approvals	6 months	6 months	6 months	6 months
Annual Tax Abatement (10 yrs)	$28,188	$130,625	$559,565	N/A
Parking Reduction	Not Included	Not Included	Not Included	Not Included

SMART HOUSING MIX TIGER TEAM RECOMMENDATIONS

Target Percentage Set-Aside

Recommendation: Require new development, adaptive reuse projects, and substantial rehabilitation projects to include 12% of their housing units as affordable.

Inclusionary housing programs in the U.S. typically require market-rate developers to set aside a specified portion of the units or square footage to serve as affordable housing. In most programs, the percentage set-aside falls between 10% and 20%, although there are notable exceptions with requirements as high as 30% or as low as 5%. Programs located in strong housing markets and those that offer significant developer incentives are more likely to have high percentage set-aside requirements.

Some programs base the percentage set-aside requirements on local housing needs and goals. However, it is increasingly common to calibrate the set-aside to maximize production of affordable housing, while ensuring market-rate development remains financially feasible. Market data on housing development costs and revenues, as well as input from local developers, typically are the basis for determining what will be possible without hindering development activity.

The Smart Housing Mix Tiger Team used the AECOM financial feasibility exercise to explore a variety of percentage set-aside options for the City of New Orleans. Team members expressed that the urgency and scale of affordable housing needs in New Orleans warranted a set-aside requirement above 10%, even if this would require the City to invest public resources into the program.

> **TextBox: The Urgency of Affordable Housing**
>
> According to the Mayor's Housing for a Resilient New Orleans Plan, the average annual income of local service workers is $23,000, while the annual income needed to afford rent in the city is $38,000. As a result of this imbalance between housing costs and wages, 37 percent of households pay half or more of their income on housing.[2]

To maximize production, while minimizing expenditure of public dollars, the Smart Housing Mix Tiger Team recommended a 12% set-aside requirement. Thus, twelve percent of the total units, *after any density bonuses are applied*, would be rented or sold at a reduced price to qualifying households. Based on our models, this requirement will likely require financial incentives to be paired with affordability requirements.

Following typical program guidelines, developers will round to the nearest whole unit. For example, a 45-unit building would be required to include five affordable units (not 5.4 units) and a 48-unit building would be required to provide six affordable units (not 5.76 units).

Max Allowable Income (Rental)

Recommendation: Allow individuals and families earning 60% of AMI or below to qualify for affordable rental units.

Affordability levels in inclusionary housing programs are typically based upon housing needs – both current and future.

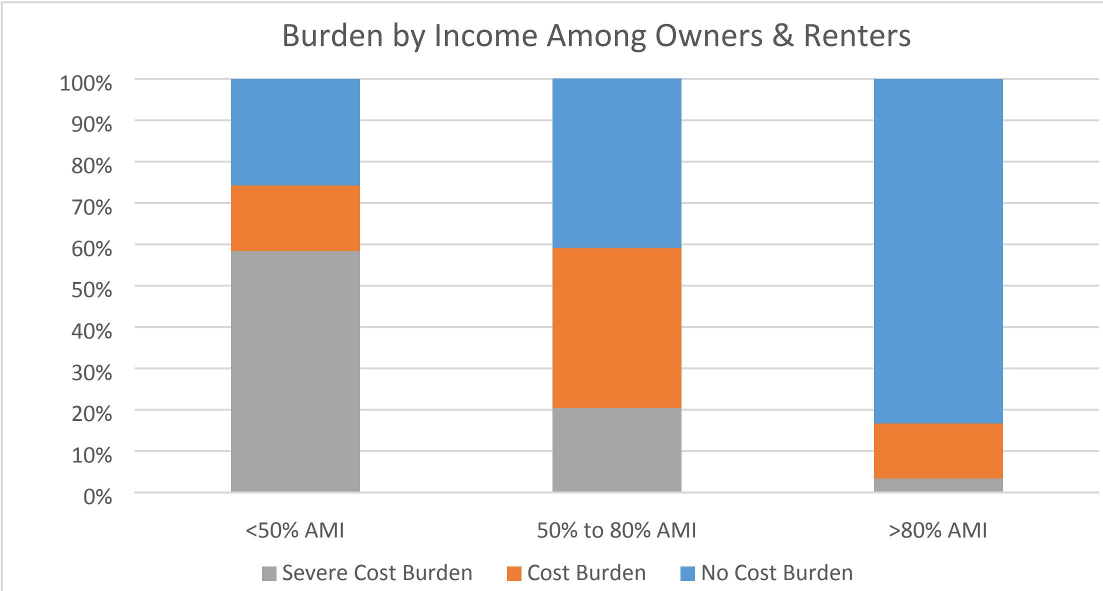
Housing in certain New Orleans neighborhoods is becoming unaffordable for even middle-income earners. However, citywide, there is a stock of relatively inexpensive homes and apartments when compared to typical "hot-market" places like New York or San Francisco.

At this point, renters and prospective homebuyers earning over 80% of median income are often able to find suitable housing within their price range (Table 3). Of course, this does not mean they are able to find a perfect home in their desired neighborhood, which raises concerns about the city becoming increasingly segregated by

[2] *10 Year Strategy and Implementation Plan for a More Equitable New Orleans*, (New Orleans: HousingNOLA, 2015), 16.

income. Nonetheless, HUD data show that households in the moderate income bracket often find affordable options.

Table 3: Housing Cost Burden in New Orleans



Definitions: Cost burdened households pay 30-50% of income on housing. Severely cost burdened households pay at least 50% of income on housing. Source: 2009-2013 American Community Survey 5-year estimates, US Census Bureau.

About three quarters of households earning 80% AMI or more are able to find housing they can afford. In contrast, only one quarter of households below 50% AMI find homeownership opportunities or rentals within their price range, even when looking in less desirable neighborhoods and lower quality buildings. As a result, the remaining three quarters of very low income families, about 29,000 households, are cost burdened or severely cost burdened by their housing expenses.

While affordable housing units should serve the population in need, deeply affordable units also have a higher opportunity cost for developers. A unit that is affordable to a family earning $30,000 a year must be priced significantly lower than a unit affordable to a family earning $60,000 a year. Developers experience a higher "cost" in the form of forgone revenue for providing a deeply affordable Smart Housing unit. To respect developers' profit requirements, while also achieving a 12% set-aside, the Smart Housing Mix Tiger Team recommended a maximum allowable income for rental units at 60% of area median income (AMI).

Recommendation: Allow individuals and families earning 80% of AMI or below to qualify for affordable ownership units.

Research continues to demonstrate that home ownership provides both social and financial benefits, IF buyers are able to afford their mortgages and keep their homes. For lower income families in New Orleans, this is a big "if". Between 2000 and 2013, the percentage of homes valued below $100,000 declined by more than two-thirds, while the percentage of homes valued over $300,000 more than tripled. Furthermore, most of the programs that once served low and moderate income families have exhausted their resources and are no longer accepting applications .[3]

To meet the city's housing demand between 2015 and 2025, New Orleans developers need to build 5,628 homes for households earning below 80% of median income (Table 4). The Smart Housing Mix program would help fill the gap.

[3] 10 Year Strategy and Implementation Plan for a More Equitable New Orleans, HousingNOLA, 2015.

Table 4: Estimated Owner-Occupied Demand by Income group

Owner	<50% AMI	50%-80% AMI	80%-100% AMI	Over 100% AMI	Total
2015-2025	3,300	2,328	4,838	6,455	16,921

Source: 10 Year Strategy and Implementation Plan for a More Equitable New Orleans; HousingNOLA, 2015.

Table 5: Estimated Renter-Occupied Demand by Income group

Renter	<30% AMI	30%-50% AMI	50%-80% AMI	80%-100% AMI	Over 100%AMI	Total
2015-2025	5,201	2,861	2,890	1,248	4,472	16,672

Source: 10 Year Strategy and Implementation Plan for a More Equitable New Orleans; HousingNOLA, 2015.

The Tiger Team recommends that the maximum allowable income for homeownership opportunities be set at 80% of AMI because:

- Families earning less than 80% AMI can rarely find a home they can afford in the open market.
- There is little production to meet the growing demand for homeownership amongst low-income households.
- The price difference between Smart Housing units and market rate units should help ensure a sizeable pool of interested buyers. If they choose to sell, owners will be required to sell to other low-income buyers. Moderate income buyers who have more homeownership choices in the City may be less likely to opt into a program with resale restrictions.
- The AECOM analysis confirmed that a 12% set-aside at this affordability level will be financially sustainable for typical local developers.

Pricing

Recommendation: Price units to be affordable, according to HUD guidelines, to families at 50% AMI for rental buildings and 70% AMI in for-sale developments.

To align with best practices, the pricing for the Smart Housing units should be set to be affordable at 10% below the maximum allowable income. Thus, a rental unit would be priced to cost 30% of income for a family of 4 earning 50% AMI (rather than 60% AMI), or $700 per month. There are two reasons to create a buffer between the maximum allowable price and the maximum allowable income:

1. *Ensures an adequate pool of qualified renters and buyers:* If pricing is set to be affordable to families at 60% AMI, then the pool of local households who can both afford the unit and meet income qualifications would be quite small. This can result in a challenge filling the affordable units. 10% buffer helps ensure a larger pool of qualified applicants.
2. *Plans for homeowner association dues:* HOA dues can rise unpredictably, and in extreme circumstances, force low-income homeowners to sell or to face foreclosure. Initial pricing should consider these potential increases in HOA dues.

Affordable pricing is typically defined as 30% of income on all housing costs, which include utilities, insurance, taxes and initial HOA dues. Programs differ on whether developers may charge something additional for parking spaces. Rules for pricing should be addressed in program guidelines.

Unit Quality and Location

Recommendation: Make units indistinguishable from the exterior and comparable in size. Prevent clustering or separate doors.

Inclusionary housing programs must define minimum quality standards for the affordable units, as well as determine whether affordable units can be clustered in one part of the building or scattered evenly throughout the development.

Choices about unit location and mix have trade-offs. Requirements for units to be identical and distributed evenly throughout the building, which are not unusual in inclusionary programs, increase developers' costs for providing each affordable unit. For instance, top-floor units in a luxury building are highly desirable, so renting these units at an affordable rate, compared to the rate they would demand on an open market, could significantly reduce profit. Alternately, programs without any location and quality requirements have encountered problems with developers who created sub-standard dwellings or units that were noticeably different and divided from the rest.

To balance cost considerations with the goal of providing high-quality housing in a harmonious, mixed-income environment, the Smart Housing Mix Tiger Team decided to follow the City's current density bonus policy guidelines. Units cannot be clustered together or have a separate entrance, they must be indistinguishable from the exterior, comparable in size, and have access to the same amenities as market-rate residents. However, Smart Housing units do not need to be scattered evenly, which allows developers to reserve top floor units, for example, for market-rate sales or rental. Interior finishes or appliances may be different from the market-rate units so long as quality, functionality and longevity are retained.

Bedroom Mix

Recommendation: Bedroom mix of affordable units should reflect the overall building mix.

Most inclusionary housing programs require the bedroom mix for the affordable units to mirror the proportion of studios, one-bedroom units, two-bedroom units, etc. in the market-rate portion of the building. This strategy helps ensure that not all of the affordable units are studios, which are usually least expensive to build. Some programs require a specific percentage of two-bedroom and three-bedroom units because they want to target families for the affordable units.

Based on the affordability needs in New Orleans, which reflect similar demand for units across incomes (Tables 6 and 7), the Smart Housing Mix Tiger Team opted for affordable units to reflect the bedroom mix of market-rate units in the development. For example, a 100-unit building that has 40 studio units, 40 one-bedroom units, and 20 two-bedroom units would be required to provide 12 total affordable units (five studio units, five one-bedroom units, and two two-bedroom units.)

Tables 6 and 7: Rental and Ownership Housing Demand by Unit Size and Area Median Income

Housing Demand	Percentage	Total
New Rental Units Needed- 5 Year		
Units Needed by Income:		
<30% AMI		
1 BR	49%	140
2BR	31%	88
3+ BR	20%	58
30%-50% AMI		
1 BR	45%	128
2BR	34%	98
3+ BR	21%	60
50%-80% AMI		
1 BR	47%	136
2BR	33%	96
3+ BR	22%	57
80%-100% AMI		
1 BR	45%	57

2BR	33%	41
3+ BR	22%	27
Over 100% AMI		
1 BR	51%	63
2BR	33%	41
3+ BR	17%	21

Housing Demand	Percentage	Total
New Ownership Units Needed- 5 Year		
Units Needed by Income:		
<50% AMI		
1 BR	23%	381
2BR	52%	171
3+ BR	25%	83
50%-80% AMI		
1 BR	21%	49
2BR	44%	103
3+ BR	35%	81
80%-100% AMI		
1 BR	18%	200
2BR	40%	455
3+ BR	42%	474
Over 100% AMI		
1 BR	19%	214
2BR	41%	459
3+ BR	40%	456

Source: Housing Demand Model, 10 Year Strategy and Implementation Plan for a More Equitable New Orleans; HousingNOLA, 2015.

Mandatory/Voluntary

Recommendation: The program should be mandatory in central and transit-oriented development (TOD) neighborhoods, voluntary elsewhere.

Inclusionary housing programs may be voluntary or mandatory, and they may be citywide or targeted to specific areas of town. New Orleans currently has a density bonus policy that is equivalent to a voluntary, geographically specific inclusionary housing program. In areas of town that are zoned for multi-family housing, developers may elect to receive a density bonus in exchange for providing a portion of their units as affordable. A recent evaluation of the density bonus policy by Street Level Advisors found that, in most cases, the value offered by density bonuses fails to offset the cost of providing on-site affordable housing at the income levels required by the City's current program. For this reason, market-rate developers are unlikely to opt in to the program, and to date, only one market-rate developer has participated.

The challenge facing New Orleans' density bonus policy is a typical one for voluntary inclusionary programs. Nationally, voluntary policies are less productive because city government can rarely provide sufficient financial incentives to make participation attractive. The Smart Housing Mix Tiger Team recommends a mandatory program that includes by-right developer incentives as well as predictable requirements that developers can count on without negotiation.

SideBar: Voluntary vs Mandatory Programs

Among the more than 500 inclusionary housing policies identified by Grounded Solutions Network, more than 80% are structured as mandatory requirements and most apply to all residential development throughout a jurisdiction. A smaller number of policies are structured as voluntary programs, which allow developers to choose to provide affordable housing in exchange for certain incentives. These programs commonly offer planning incentives, such as density bonuses or reduced parking requirements, and/or financial incentives, such as tax abatements or Tax Increment Financing (TIF).

The distinction between voluntary and mandatory programs is not as clear as it sometimes seems. Nearly all of the mandatory programs offered many of the same incentives as the voluntary programs to help offset the cost of providing the mandated affordable housing. Additionally, some of the voluntary programs deny zoning variances or other common incentives to developments that do not "voluntarily" provide affordable housing.

Table 8: Example Affordability Requirements

Jurisdiction	Requirement	Applies to
Chapel Hill NC	Mandatory 15% of for sale units set aside at 80% of median income	Developments of 5 or more units
Irvine CA	Mandatory 15% of units set aside at 60% of median income	Developments with 50 or more units
Portland	Currently considering a proposal to require 20% of units at 80% of median income	All multi-family development with 20 units or more
Washington DC	Mandatory 8-10% at 80% of median	Projects with 10 or more units in certain higher density zones in the city
Chicago	Mandatory 10% at 60% of median	Projects with 10 or more units that receive zoning changes or public land
Santa Fe NM	Mandatory 15% at 80% of median for rental and 20% at 100% of median income for ownership	All projects above 2 units, projects below 11 units pay a fee instead of providing units

Geographic Targeting

Recommendation: Base boundaries of the mandatory area upon housing market indicators, transit and zoning maps.

Inclusionary housing programs work best in healthy housing markets where prices are rising. They do not work in neighborhoods with low-priced rentals and for-sale units, because these areas don't attract developers and real estate investors. A policy requiring 12% of each new building to be affordable, in a place where there are no new market-rate developments, will yield no new units. Furthermore, the cost of providing inclusionary units could deter new housing investments in fragile or high-risk markets. The Smart Housing Mix Tiger Team recommends that New Orleans implements a market-responsive, geographically targeted program.

For simplicity, the program would divide the City into two zones. The boundary would be reassessed once every three to five years. In setting the reassessment period, the City will need to balance several considerations. Revising the boundary frequently will allow the policy to respond to rapidly changing neighborhood conditions.

However, revising the boundary is also time-consuming for City staff and every time the boundary is re-assessed, developers planning a new development face unpredictable expectations.

In corridors ripe for transit-oriented development (TOD), and in strong- and promising-market neighborhoods, Smart Housing will be mandatory. In low-rent neighborhoods with weaker real estate markets, further from the urban core, participation in the program will be voluntary and subject to approval from the Office of Community Development. Requiring OCD approval will ensure that affordable and mixed income developments in conflict with City goals for economic integration would not automatically receive density allowances and tax reductions through the Smart Housing Mix policy.

Grounded Solutions created a series of maps overlaying development pipeline data from the City Planning Commission, planned transit enhancements, and neighborhood market conditions. This mapping exercise resulted in Appendix E, suggested boundaries for a mandatory Smart Housing Mix Policy. Outside of the purple border, participation would be voluntary and subject to discretionary approval to ensure developments are consistent with fair housing goals adopted in the Assessment of Fair Housing, Housing for a Resilient New Orleans plan, and HousingNOLA plan.

The initial boundary suggestion you see in Appendix E needs to be refined in order to align with the current CZO. We also recommend adjustments based on local knowledge about current neighborhood conditions and areas primed for growth or “gentrification.” Grounded Solutions is available to work collaboratively with City staff to enhance our initial suggestions.

Threshold size

Recommendation: Exempt very small developments (1-4 units), offer medium-sized developments (5-9 units) a modest in-lieu fee payment option, and require participation from new and substantial rehabilitation projects of 10 units and above.

Most inclusionary housing programs include an exemption for buildings below a specific size. Typically, the minimum size is between five and 10 units, although some programs exempt larger buildings, and others require participation from all new development. Programs with no threshold size usually require small developments to pay a fee scaled to the size of the development.

There are several reasons to exempt very small developments in New Orleans:

- Single-family home development/rehabilitation, and very small multi-unit projects such as shotgun doubles and two to four unit buildings, are often undertaken by families or small businesses that are less able to navigate the complexity of a Smart Housing Mix Program.
- Profit margins for construction of single family homes and small apartment developments can be slim.
- Development and substantial rehabilitation of single-family homes and doubles are particularly critical for the continued recovery from the devastation of Hurricane Katrina.

In an effort to support and promote families and small businesses who undertake small-scale residential projects, the Smart Housing Mix Tiger Team recommends exempting projects of one to four units from the policy. Definitive data on the type of developer who undertake these small projects was not available, but public perception, professional experience and anecdotal information informed this recommendation.

Several developers and real estate experts noted that in coming years, aging apartment buildings with five to 20 units, which are currently a source of naturally-occurring affordable housing, are likely to be renovated into high-end rentals. According to local experts, most of the large-scale, multi-family buildings are already being rehabilitated, but many smaller buildings remain.

Loss of naturally-occurring affordable housing is one of the City’s greatest challenges, and an important impetus for considering a Smart Housing Mix Policy. Consistent with program goals that new development and redevelopment in central neighborhoods include a mix of affordability, the Smart Housing Mix Tiger Team recommends that projects of five to nine units in size would be subject to the policy, with the option to decline participation by paying a modest in-lieu fee.

The Smart Housing Mix Tiger Team recommends different fee levels for buildings five to nine units in size and buildings 10 or more units in size. A lower-cost option for small developments is based on perception that these projects have tighter margins. Although this perception was not explicitly verified by the AECOM financial feasibility exercise (development prototypes modeled were all larger buildings) it is a logical assumption. In places with high land prices, higher density developments usually benefit from lower per-unit costs (unless they are steel-frame high rise developments).

Alternatives

Recommendation: Incentivize on-site development but provide maximum flexibility by allowing developers to pay a fee, build offsite, preserve a building or dedicate land as alternatives.

Academic researchers on the topic have concluded that inclusionary housing programs can avoid affecting development activity by offering flexibility and incentives to developers.[4] The policy recommended by the Inclusionary Housing Tiger Team offers maximum flexibility by including four alternatives to on-site development.

In order for these alternatives to offer local developers meaningful choices, each alternative must be calibrated to be economically equivalent under typical development scenarios. If one alternative is substantially less costly than the others, it will become the default option. A common mistake in the development of an inclusionary housing policy is setting the in-lieu fee option too low, which results in all developers paying the fee, which undermines the economic integration goals of the program.

Many members of the Smart Housing Mix Tiger Team voiced that the core goal of the program is to promote economic integration and create mixed-income development. To meet this goal, they recommend that the four alternatives be based upon a 15% percent set-aside requirement rather than a 12% set-aside. Additionally, developers choosing to pay the in-lieu fee should not benefit from direct financial support from the City in the form of a PILOT agreement or RTA. Note that executing this recommendation will require revising local PILOT and RTA policies.

In-Lieu Fee

The Smart Housing Mix Tiger Team recommends that the City base the required in-lieu fee on the typical difference in price (or rent) between market-rate and affordable units. Thus, the fee would be equal to the average foregone revenue for providing an affordable unit. For example, if the median price for a new condo unit is $450,000 and the affordable price for a family at 70% of median income is $95,000, then the fee would be $355,000 per affordable unit foregone. If a development included 100 units, then the in-lieu fee would be $5,325,000 (15% * 100 * $355,000). This calculation should be based on rents or sales prices in desirable neighborhoods, rather than citywide averages. Otherwise, the higher value neighborhoods, which are places where the City wants to create more affordable options, will be locations where developers fee-out of the program.

Off-site Development

Allowing developers to build Smart Housing units in a different location has benefits and drawbacks. Typically, the off-site development will be a traditional affordable housing building, developed under the leadership of an experienced affordable housing developer who can leverage their expertise and federal and state funds to create

[4] Amy Armstrong, Vicki Been, Rachel Meltzer, Jenny Schuetz; *The Effects of Inclusionary Zoning on Local Housing Markets: Lessons from the San Francisco, Washington DC and Suburban Boston Areas*; Furman Center for Real Estate and Urban Policy at New York University, March 2008.

a new affordable building. The market-rate developer plays the role of a partner/investor rather than the lead developer.

If the off-site affordable development is located in a good neighborhood with access to transit, and it would not have been developed without the financial support of the market-rate developer, then this can be a great benefit to the City. Often it is possible to create more units offsite by leveraging outside funding than would be financially feasible onsite. However, off-site development is less likely to result in mixed-income housing. Furthermore, unless the location of the off-site development is carefully determined, the affordable units may end up in undesirable locations or concentrated in certain areas of the city.

The Smart Housing Mix Tiger Team recommends an off-site option that ensures neighborhood level economic integration so that any off-site developments will be mutually beneficial to both the public and the developer. This off-site option would allow development within one half mile of the originating development and the location must be reviewed by the Office of Community Development (OCD) to confirm that it meets both HousingNOLA, Housing for a Resilient New Orleans plan, and Assessment of Fair Housing Plan guidelines. These guidelines will ensure that the site is appropriate for affordable housing and will not contribute to concentrated poverty.

The off-site development should not be on the same parcel or an immediately adjacent parcel, and it should result in a total number of units equivalent to 15% of the originating development. Off-site developments should not “double dip” by using City funding or scarce federal/state programs such as the 9% low-income housing tax credit. In the program’s administrative procedures manual, the City will need to stipulate which sources are allowable, likely because they are not highly competitive (such as the 4% tax credit), and which funding streams cannot be used.

Lastly, the design of off-site units should meet affordable housing standards stipulated under either the HUD HOME program or the Low Income Housing Tax Credit program rules. Design review and approval should be conducted by OCD staff who have experience with these minimum quality standards.

Land Dedication

The Smart Housing Mix Tiger Team recommends similar rules and requirements for allowing land dedication in lieu of building affordable housing units. Because parcels of significant size in centrally located neighborhoods with amenities are scarce and costly, the donation of land for development of affordable housing is a valuable public benefit. The location of publicly owned parcels is shown in Appendix D. Most of the buildable parcels currently owned by the New Orleans Redevelopment Authority (NORA) and the Housing Authority of New Orleans (HANO) are located in low-income neighborhoods.

To dedicate land instead of building a mixed-income development, developers would make a proposal to the Office of Community Development with supporting documentation. The parcel should be within a half mile of the originating development, should meet HousingNOLA and/or Smart Housing guidelines, and should be assessed at a value that is roughly comparable to the developer’s in-lieu fee level (assuming that the City will set the in-lieu fee as recommended above). The assessed value may be slightly lower than in-lieu fee levels if the parcel is an otherwise desirable asset to the City. The New Orleans Redevelopment Authority (NORA) would be the receiving entity, and NORA would work with OCD to ensure the parcel is developed as affordable housing.

Preservation

New Orleans has a large stock of aging single-family homes and small apartment buildings. According to recent Census estimates, 54% of housing in New Orleans was built before 1960. In fact, some say that the city does not have an affordable housing problem, it has a *decent* affordable housing problem. Affordable opportunities are often in dilapidated structures or high-poverty neighborhoods without access to transit and amenities. According to the Brookings Institute, between 2009-2013, poverty exceeded 40 percent in 38 of the city’s 173 census tracts.

Table 9: Year of Construction for Housing in New Orleans

	New Orleans city, Louisiana	
	Estimate	Percentage
Total:	191,951	100%
Built 2014 or later	116	<1%
Built 2010 to 2013	3,016	1.5%
Built 2000 to 2009	16,721	9%
Built 1990 to 1999	7,570	4%
Built 1980 to 1989	14,604	8%
Built 1970 to 1979	26,547	14%
Built 1960 to 1969	20,424	11%
Built 1950 to 1959	23,052	12%
Built 1940 to 1949	18,834	10%
Built 1939 or earlier	61,067	32%

Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

To help tackle preservation needs, inclusionary housing programs can allow for acquisition and/or substantial rehabilitation of an existing structure or multiple scattered sites as an alternative to building onsite affordable housing units. The preserved building would become part of the inclusionary program, with units carrying the same City-monitored affordability requirements as they would in new mixed-income buildings.

The Smart Housing Mix Tiger Team recommends that preservation activities be allowed and that developers follow a similar approval process as they would for dedicating land or off-site development, including site approval and design review. Program guidelines will need to ensure that substantial building improvements and investments occur, perhaps by requiring that the total developer investment in the building is equivalent to what their in-lieu fee payment obligation would be.

Incentives

Recommendation: Offer a standard, unified package of incentives to accompany inclusionary housing requirements. The unified incentive package should include:

- *Density bonuses*
- *Parking reductions*
- *Development by-right as a method for speed and predictability in granting development approvals*
- *A standard, non-negotiated RTA or PILOT offering for rental developments*

Most inclusionary housing programs, both voluntary and mandatory, provide developers with incentives as part of the program's package. These incentives help offset reduced revenue flow that developers will experience for providing price-restricted units. Density bonuses are the most widely used incentive because they can offer substantial financial value to developers but are nearly revenue neutral to the municipality. Other common incentives include parking reductions, other zoning variances, fast-track processing, tax benefits, fee waivers and direct financial support.

Interviews with local developers helped Grounded Solutions and the Smart Housing Mix Tiger Team to determine the most valuable incentives. Developers indicated that the voluntary density bonus policy offered value in some cases, but would be more useful with some small adjustments. Developers also noted that parking reductions in certain parts of the city could provide significant cost savings. They emphasized the difficulty and unpredictability of moving through the planning approvals and permitting process, enthusiastically supporting any means that would move developments forward more quickly and easily. Most developers also agreed that the City would need to provide direct financial assistance in the form of tax benefits in order to help partially offset the costs of providing affordable units. It should be noted that the goal of financial assistance is to ensure that development activity is not stymied. Financial assistance is not intended to fully offset the costs of providing affordable units nor to ensure that developers recoup the full profit they might in the absence of Smart Housing Mix requirements.

Density, Parking and Development Approvals

For density bonuses to offset developers' costs enough to allow profitability, the City should slightly amend the existing density bonus policy. Grounded Solutions offers these initial observations and suggestions to the City Planning Commission (CPC), but we defer to the expertise of planning staff to make more specific final recommendations to City Council. Technical knowledge and input from CPC staff will be crucial to properly amend the existing density bonus policies to work with a mandatory Smart Housing Mix Policy. As a starting point, we recommend that the following issues be addressed in amendments:

- AMI and pricing requirements in the recommended Smart Housing Mix recommendations do not exactly align with density bonus policies.
    - Amend the density bonus policy to match the AMI targeting, pricing requirements, and other details contained in the Smart Housing Mix policy.
- There is no single density bonus program, but 15 distinct sections of the planning code providing bonuses.[5] This complexity makes it more challenging to understand and make use of the density bonuses.
    - Simplify the density bonus policy so that the same policy is applied to all areas where multi-family housing development is allowed.
- Density bonuses are offered in terms of exceptions to the minimum lot size, maximum height allowance, and maximum floor area ratio. However, other important limitations on density, such as set-back requirements, are not addressed.
    - Allow developers to choose from a menu of density allowances in order to achieve 30% more units on site than otherwise possible. The menu could include up to a 30% increase or reduction in one or more of the following limiting factors:
        - Maximum floor area ratio (FAR)
        - Minimum lot sizes
        - Maximum dwelling units per acre
        - Minimum set-back requirements
        - Maximum height allowance
        - Parking reduction
- Developers we interviewed were not sure if the current density bonuses require a lengthy approval process.
    - Clarify in the ordinance and communications that developers can access the density bonus menu by right, without review and approval from the full City Planning Commission or the City Council.
- Abandoned churches and schools must go through a conditional use process before they can be converted into housing. These existing structures offer an opportunity to build higher density housing that fits into existing neighborhoods while rehabilitating historic structures simultaneously.
    - Designate multi-family housing an allowable use by right in areas where it is currently a conditional use. This should include adaptive reuse projects in otherwise single-family zoned neighborhoods.

Restoration Tax Abatements and PILOT Agreements

The City of New Orleans offers two highly valuable tax incentives to rental developers: the Restoration Tax Abatement (RTA) and Payments In Lieu of Taxes (PILOT) agreements. Tax abatements are largely irrelevant for homebuilders because property taxes are paid by buyers, not developers.

Based upon AECOM models, adaptive reuse projects and significant rehabilitation projects typically require less tax abatement than new rental development projects. Our recommendation is to standardize a predictable level of abatement via RTA for adaptive reuse and rehabilitation projects, and to standardize a predictable level of abatement via PILOT agreements for new rental developments.

[5] Street Level Advisors, the Affordable Housing Density Bonus in New Orleans, September 2016

Recommendation: Amend the Restoration Tax Abatement (RTA) to link to affordability expectations and recalibrate RTA levels to match current market realities.

The RTA program provides developers "who expand, restore, improve or develop an existing structure in a downtown development district, economic development district, or historic district the right to pay ad valorem taxes based on the assessed valuation of the property for the year prior to the commencement of the project for five years after completion of the work."[6] The abatement can be renewed for an additional five years for continued improvements to the property.

The RTA greatly reduces taxes for rehabilitation/reuse projects, conferring millions of dollars in benefit to developers without requiring affordable housing in return. The high-rise rehabilitation building modeled by AECOM would qualify for nearly 10 million dollars in public benefit over 10 years with an RTA. In order to implement the proposed Smart Housing Mix Policy, the RTA should be linked to affordability requirements and the abatement could be downsized, thereby saving significant public resources.

More research and analysis is needed to determine the level of RTA that should, under a Smart Housing Mix Policy, be provided to rehabilitation/reuse projects in New Orleans. This task requires support from City staff, such as the Tax Assessor's Office and the Office of Economic Development. With knowledgeable City staff at the table, a consultant or City employee would create realistic model proformas, similar to the AECOM models but structured as multi-year cash flows allowing for a variety of profitability measures and more precise estimates of the annual tax benefits that might accrue to a private developer in exchange for providing some percentage of affordable housing. The AECOM static proforma model looks at total return on investment at a single point in time in a stabilized year, and also only provides a general estimate of the capitalized value of a hypothetical property tax abatement.

Recommendation: Offer a standard Payments *In Lieu of Taxes (PILOT) agreement to all new construction rental developments.*

PILOT agreements are the only discretionary tax reductions offered by the City for new development. They may be provided by one of two entities: the Industrial Development Board (IDB) or Finance Authority of New Orleans. Grounded Solutions did not conduct interviews with the IDB, but we did speak with the Finance Authority's former and current executive directors. Both believed that the Finance Authority could play an appropriate role in granting PILOT agreements, on a well-researched formula basis, for mixed-income housing development.

The AECOM financial feasibility exercise indicates that new market-rate rental developments will likely need some form of tax abatement, at least in the near term, in order to accommodate a 12% set-aside of affordable units. Our rough initial estimate shows that a new rental development containing 264 market rate units and 32 affordable units would need a tax reduction of about $500,000 per year over a 10-year timeframe. Although this is only a small portion (about 10%) of the total taxes that would be paid by our theoretical development, it also represents a substantial investment of public resources. Therefore, we strongly recommend that the City identifies an individual or firm to conduct additional analysis and recommend tax abatement levels with precision and confidence. The financial feasibility exercise provides a starting point but not a final answer to the question of how much tax reduction should be provided through the PILOT agreements.

Over a longer timeframe, inclusionary housing costs are absorbed into the value of land, thereby attenuating rising land costs. Thus, the costs of inclusionary housing are ultimately borne by landowners – not developers. This is generally true for any land-use restriction. However, in the first years of an inclusionary housing program, the requirements can impact project feasibility, especially for developers who have already purchased land and cannot negotiate a reduced price.

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[6] City of New Orleans Business Services Website, accessed at http://www.nola.gov/economic-development/business-services/tax-incentive-programs/restoration-tax-abatement/

We recommend that the City pair the Smart Housing Mix Program with a standard by-right PILOT agreement that is predictable and fair to all program participants.

Sidebar: Land Economics

While inclusionary housing programs directly impact the cost of development, they indirectly impact the price of developable land. When we increase development costs, we decrease the amount that developers are willing to pay for land. Understanding how these requirements impact land values is vital for designing policies that appropriately allow communities to share in the benefits of new construction without stifling development.

The term "residual land value" refers to the idea that landowners end up capturing whatever is left over after the other costs of development. When the cost of construction rises, it might hurt developer profits in the short term, but higher costs will then cause all developers to bid less for development sites. As land prices fall (or rise more slowly), developer profits tend to return to "normal" levels.

When a city requires developers to provide affordable housing, they are likely to earn less than they would have if they had been able to sell or rent the affected units at market value. This forgone revenue represents the "opportunity cost" of complying with the affordable housing requirements. It is fairly easy to calculate this "cost" for any given mix of affordable housing units and, if these requirements are predictable in advance, they should roughly translate into corresponding reductions in land value over the longer term.

Most inclusionary housing programs don't simply impose costs; rather, they also attempt to offset those costs (at least, in part) with various incentives for the developers. The most common incentive is the right to build increased density (e.g., building taller buildings, building more units in place of providing parking, etc.). When developers can build more units, the extra income can offset the costs of providing affordable units, and the result will be a smaller (if any) reduction in land value.

But incentives frequently don't fully offset the cost of providing affordable housing. In these cases, there is a real net cost which exerts downward pressure on land prices. If the net cost is small relative to land values, and if it is applied consistently and predictably, landowners will have little choice but to accept reduced prices. But, if the net cost is too great, landowners may choose not to sell their properties, and the result will be that the program prevents development that would otherwise have happened. Inclusionary housing programs have to work hard to understand land markets in order to avoid this situation.

Land values don't change overnight, and some communities have carefully phased in inclusionary requirements with the expectation that developers, when they can see changes coming, will be able to negotiate appropriate concessions from landowners before they commit to projects that will be impacted by the new requirements. Similarly, some program designs are likely to have a clearer and more predictable impact on land prices than others. More universal, widespread and stable rules may reduce land-prices more directly than requirements that are complex and changing.

Term of Affordability:

Recommendation: Require 99-year terms of affordability.

The overwhelming trend has been for inclusionary housing programs to adopt very long-term affordability periods. A recent national study found that more than 80% of inclusionary housing programs require units to remain affordable for at least 30 years, and one-third of those require 99-year or perpetual affordability.

Lasting affordability requirements ensure housing opportunities for future generations and prevent units from being removed from the affordable housing stock during market pressure. Shorter control periods result in a loss of affordable units and thus a loss of the public investment for the jurisdiction. The public investment includes development incentives and monitoring expenses. A logical case for effective perpetuity follows that since the density bonus or other incentives are permanent, affordability should be too.

There are several ways to structure an affordability term that keeps units in the program. Some municipalities require affordability for the life of the building or 99 years to create lasting affordability. In states where there are legal restrictions on the term of affordability, programs may opt for a control period of 30 years with the legal obligation to renew the control period with each resale.

In the case of rental units, some developers may initially be concerned about permanent affordability for economic reasons. While it is true that an investor might pay more for a property with rent restrictions that expire after 15 years than one with a 99-year restriction, there's likely a slight difference. In other words, the length of affordability makes a big difference in the program's long-term impact, but only a small difference on the front end.

Developers who are unfamiliar with inclusionary housing programs may also have concerns about how to handle unit turnover and screening tenants for affordable units. In such cases, third-party monitoring may be beneficial to both developers and prospective occupants.

Recommendation: Hire staff in City Planning Commission and Office of Community Development to oversee program administration.

Monitoring is an essential component of any inclusionary program's success. Staffing is needed to ensure that the units are created in alignment with the policy, occupied by qualifying families, and maintained over time.

Most often, the local planning department monitors developments through planning and construction phases to ensure that quality affordable units get built. In New Orleans, the CPC is the logical home for this function. If developers are not compliant, they can be denied planning approvals, building permits, or certificates of occupancy. For example, this could be the case if a developer attempts to cluster all affordable units in the basement of the building or fails to comply with requirements for number of bedrooms.

The Smart Housing Mix Tiger Team recommends that primary administrative oversight and enforcement transition to OCD staff as the development approaches completion, although there will likely be a window of overlap between CPC staff and OCD staff in the months before the developer receives a certificate of occupancy.

Responsibilities for oversight and administration of the Smart Housing Mix program will need to be detailed in the program's administrative guidelines. In preparation for drafting those guidelines, the City will have a number of decisions to make. For instance, will OCD approach administrative responsibilities for the Smart Housing Units in the same way that they monitor compliance requirements for other affordable units subsidized with local, state, and federal funds? Specific recommendations for administration of the Smart Housing Mix Program are contained in the Street Level Advisors report on the New Orleans density bonus programs, please refer to that report for more discussion on the topic.

CONCLUSION AND NEXT STEPS

HousingNOLA led a robust and inclusive process for investigating and discussing a potential Smart Housing Mix Policy. This report is the result of input from dozens of local experts and real-estate developers. Although many hours of work are behind us, we are still at the beginning of a longer process. We, Grounded Solutions Network and HousingNOLA, hope that City leadership and department staff will see fit to build upon this work in 2017. We also hope that this summary report provides clear guidance on how to craft a Smart Housing Mix Policy that works for the New Orleans housing market and also meets local affordable housing needs.

In the coming months, we recommend that the City take the following steps toward implementation of the Smart Housing Mix Policy:

(1) Determine levels of tax abatement to offer under a Smart Housing Mix policy. The City is currently in the process of reviewing all of its development incentives to create greater transparency, consistency, and efficiency and to better focus the incentives on achieving the City's goals, including the development of affordable housing. The Office of Economic Development is leading this effort with participation by

several other departments including OCD. This working group is the logical home for future analysis of how the PILOT and RTA policies would operate with the Smart Housing Mix Policy.

(2) Work with City Planning Commission staff and leadership to revise the current density bonus policies to align with the recommended Smart Housing Mix Policy.

(3) Work with City Planning Commission staff and leadership to revise the proposed boundaries of the mandatory Smart Housing Mix Area.

(4) Set in-lieu fee levels and determine a methodology for annually updating in-lieu fee levels.

(5) Draft a Smart Housing Mix Ordinance based upon model inclusionary housing ordinances.

(6) Initiate a working group with City Planning Commission staff and Office of Community Development Staff to draft and adopt detailed program guidelines and administrative procedures.

(7) Create program summaries and online materials for developers, city staff and the public.

(8) Identify staffing and resources for program monitoring and enforcement. Implement systems for coordination and information sharing between OCD, CPC, developers, and property managers.

APPENDIX A: KEY INFORMANTS INTERVIEWED

Developers and Real Estate Experts

Angela O'Bryan, President, Perez, APC
Jon Luther, Executive Vice President, Home Builders Association of Greater New Orleans
Hope Sherman, Vice President, Edwards Communities Development Company
Tara Carter Hernandez, President, JCH Development
Victor Smeltz, Executive Director, Renaissance Neighborhood Development Corporation
Julius E. Kimbrough, Jr., Executive Director Crescent City Community Land Trust
Drew Morock, Associate, Peiffer Rosca Wolf Abdullah Carr & Kane APLC
Riki Espadron, Hacienda Works Inc.
Seung Hong, Consultant, STH Consulting
Matthew Schwartz, Principal, Domain Company
Will Bradshaw, President, Green Coast Enterprises
Brian Lawlor, Special Counsel, Jones Walker
Amber Seely-Marks, Director of Development, Renaissance Property Group
Christopher E. Johnson, Owner and Principal, Christopher E. Johnson, Architect, LLC
Wayne Troyer, Partner and Design Director, Studio WTA
Amber Mays Beezley, Interim Assistant VP, University Planning, Tulane University
Paula Peer, Principal, Trapolin Peer Architects
David Waggonner III, President, Waggonner & Ball
Tracy Lea, Principal, Eskew+Dumez+Ripple
Marcel L. Wisznia, President, Wisznia
John T. Campo, Principal, Campo Architects
Jason Richards, Senior Associate, Eskew+Dumez+Ripple
Nick Marshall, Design Director, Chase Marshall Architects
Joel Pominville, Executive Director, AIA New Orleans + the New Orleans Architecture Foundation
Angela Morton, Associate Director, Mathes Brierre Architects

City Staff

Rebecca Conwell, Office of Mayor Mitch Landrieu
John D. Pourciau, Chief of Staff, New Orleans City Council, Councilmember LaToya Cantrell
Rachel M. Clayton, Legislative Aide and Staff Assistant, City Council, Councilmember James Gray
Liana Elliot, Chief of Staff, City Council, Councilmember-At-Large Jason Williams
Damon Burns, Executive Director, Finance Authority of New Orleans
Ellen Lee, Director of Housing Policy and Community Development, City of New Orleans
Kelly G. Butler, Director of Special Projects, Office of Councilmember Susan G. Guidry
Paul Cramer, Planning Administrator, New Orleans City Planning Commission
Robert Rivers, Executive Director, New Orleans City Planning Commission

Other

Mtumishi St. Julien, Finance Authority of New Orleans
Damon Burns, Finance Authority of New Orleans
Lucinda Flowers, Lucinda Flowers Consulting
Marcelle Beaulieu, Senior Policy Analyst, Office of Walter J. Leger III

APPENDIX B: SMART HOUSING MIX TIGER TEAM MEMBERS

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Ameca A. Reali, New Orleans Program Officer, Foundation for Louisiana
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Nicole Heyman, Vice President and Director of Louisiana Initiatives, Center for Community Progress
Monica Gonzalez, Senior Program Director, Enterprise Community Partners
Nicholas J. Kindel, Senior City Planner, City of New Orleans
Brenda M. Breaux, Executive Director, New Orleans Redevelopment Authority
Alexandra Miller, Principal, Asakura Robinson Company
Isabel Barrios, Program Officer, Greater New Orleans Foundation
Jennifer Stenhouse David, Director of Development, Center for Planning Excellence
Alice Riener, Chief Legal Officer, NO/AIDS Task Force
Andreanecia Morris, Executive Director, HousingNOLA
Ciara Stein, Program Coordinator, HousingNOLA
Ross Hunter, Program Coordinator, Greater New Orleans Housing Alliance
Monika Gerhart, Director of Policy and Communications, Greater New Orleans Fair Housing Action Center
Maxwell Ciardullo, Policy Analyst, Greater New Orleans Fair Housing Action Center
John Sullivan, Senior Program Director for State and Local Policy, Enterprise Community Partners
Paul Cramer, Planning Administrator, New Orleans City Planning Commission
Robert Rivers, Executive Director, New Orleans City Planning Commission
Kelsy Yeargain, Executive Director, Tulane/Canal Neighborhood Development Corporation
Ellen M. Lee, Director of Housing Policy and Community Development, City of New Orleans
Rachel Diresto, Executive Vice President, Center for Planning Excellence
Alex Posorske, Executive Director, Ride New Orleans
Wayne Glapion, Director, The Village
John D. Pourciau, Chief of Staff, New Orleans City Council, Councilmember LaToya Cantrell
Suzanne Blaum, Education and Outreach Program Director, Preservation Resource Center

Prototype #1
Historic Rehab Low Rise - Rental

1	Base Units	41	
2	% of Affordable Housing	0%	
3	Density Increase (% DU/Acre)	No	0%
4	Parking Reduction (-%)	No	0%
5	Cash Incentive ($/Unit)	No	$0
6	Annual Tax Abatement Per Unit	No	$0

1. PROJECT METRICS

Dwelling Units Per Acre	41
Base DU's per Acre	41
Floor Area Ratio	0.76
Development Cost Per Unit	($210,200)
Hard Costs (construction, offsite, parking)	($5,027,300)
Soft Costs	($754,100)
Total Development Cost	($8,619,600)
Rentable Feet	28,950
Hard Cost Per Rentable Foot	($174)
Average Unit Size	917
Average Market Rent	$1,852
Market Rent Per Foot	$2.02
Total Units	41
Market Rate Units	41
Affordable Units	0
Bonus Units	0
Parking Spaces	-
Operating Expenses	$259,664
OpEX/Unit	$6,333
NOI (Stabilized)	$605,882
Estimated Value	$10,537,070
Profit	$1,917,475
Profit as a % of Cost	22%
Yield on Cost	7.03%
Value Capture Opportunity	$624,536

2. UNIT MIX

Total Units	41				
Market Rate Units	100%				
Affordable units	0%				
	Studio	**1 BR**	**2 BR**	**3 BR**	**4 BR**
Market rate	0%	71%	22%	7%	0%
Bonus Units	0%	71%	22%	7%	0%
80% of Median Income	0%	71%	22%	7%	0%
70% of Median Income	0%	71%	22%	7%	0%
60% of Median Income	0%	71%	22%	7%	0%
Market rate	0	29	9	3	0
Bonus Units	0	0	0	0	0
80% of Median Income	0	0	0	0	0
70% of Median Income	0	0	0	0	0
60% of Median Income	0	0	0	0	0
Unit Size (SqFt)	0	600	850	1,300	0
Parking Required	0				

3. UNIT SQFT MIX

	Studio	**1 BR**	**2 BR**	**3 BR**	**4 BR**
Market rate	0	17,400	7,650	3,900	0
Bonus Units	0	0	0	0	0
80% of Median Income	0	0	0	0	0
70% of Median Income	0	0	0	0	0
60% of Median Income	0	0	0	0	0
Total Units	0	17,400	7,650	3,900	0
% unit types	0%	60%	26%	13%	0%
Residential BUA	28,950				
All BUA	33,293				

4. RENT SCHEDULE

	Studio	**1 BR**	**2 BR**	**3 BR**	**4 BR**
Market rate	$0	$1,550	$2,400	$3,125	$0
Bonus Units	$0	$1,550	$2,400	$3,125	$0
80% of Median Income	$735	$840	$945	$1,050	$1,134
70% of Median Income	$630	$720	$810	$900	$972
60% of Median Income	$525	$600	$675	$750	$810

5. ASSUMPTIONS

Project Type		
Project Name	Prototype #1	
Project Type	Historic Rehab Low Rise	
Tenure	Rental	
DEVELOPMENT COST ASSUMPTIONS		
Land		
Site Area	1.00	Acres
Land/Aquisition Costs	$2,500,000	Per Acre
Building		
All Units	41	
Base units	41	
Bonus units	0	
Average Unit Size	917	Sqaure Feet
Common Area Percent	15%	% of Built area
Hard Costs		
Construction Cost (excluding parking)	$148	Per Square Foot
On & Off-Site Improvements	$100,000	Per Acre
Parking Ratio (spaces per unit)	0.00	Spaces Per Unit
Cost/Parking Space	$20,000	Per Space
Soft Costs		
Other Soft Costs	15%	% of Hard Costs
Residential Impact Fees	$0	Per Unit
Condo "Wrap" Insurance	$0	Per Unit
Financing		
Construction Loan Interest Rate	4.0%	Annual %
Period of Initial Loan (Months)	24	Months
Initial Construction Loan Fee (Points)	1.00%	Points (% of loan total)
Average Outstanding Balance	60.00%	%
Loan to Value Ratio	65.00%	%
Profitability		
Cap Rate	5.75%	%
Required Profit	15.0%	% of Total Development Cost
Discount Rate	8.0%	
Revenue Scenario		
Vaccancy	5.00%	
Operating Expenses	30.0%	
AFFORDABILITY SUMMARY		
Affordability Summary		
Market Rate Units (%)	100.0%	
Bonus Units	0.0%	
Affordable Units (%)	0.0%	
Area Median Income	$60,000	Dollars annually
80% AMI	0%	% of affordable units
70% AMI	0%	% of affordable units
60% AMI	0%	% of affordable units

6. RESULTS

RENTAL REVENUE	
Gross Potential Income (Annual)	$911,100
Vacancy	($45,555)
Gross Rental Income	$865,545
Operating Costs	($259,664)
Tax Abatement	$0
Net Operating Income (NOI)	**$605,882**
Estimated Project Value	$10,537,070
COST ANALYSIS	
Construction Costs	($4,927,290)
On & Off-Site Improvements	($100,000)
Parking Costs	$0
Residential Impact Fees	$0
Condo "Wrap" Insurance	$0
Other Soft Costs	($754,094)
SubTotal Hard and Soft Costs	**($5,781,384)**
Financing Costs	
Cash Subsidy for Affordable Housing	$0
Construction Loan Amount	($3,757,899)
Interest on Construction Loan	($300,632)
Points on Construction Loan	($37,579)
Land Costs	($2,500,000)
Total Development Cost (TDC)	**($8,619,594)**
TDC Per Unit	($210,234)
PROFITABILITY	
Estimated Profit ($)	$1,917,475
Profit as % of Total Development Cost	22.2%
Yield on Cost (NOI/TDC)	7.03%
Leveraged IRR	16.21%

Historic Rehab Low Rise - Rental

1	Base Units	41	
2	% of Affordable Housing	12%	
3	Density Increase (% DU/Acre)	No	0%
4	Parking Reduction (-%)	No	0%
5	Cash Incentive ($/Unit)	No	$0
6	Annual Tax Abatement Per Unit	Yes	$550
7	Expedited Processing	Yes	6.00

1. PROJECT METRICS

Dwelling Units Per Acre	41
Base DU's per Acre	41
Floor Area Ratio	0.69
Development Cost Per Unit	($194,200)
Hard Costs (construction, offsite, parking)	($4,544,200)
Soft Costs	($681,600)
Total Development Cost	($7,963,600)
Rentable Feet	26,200
Hard Cost Per Rentable Foot	($173)
Average Unit Size	917
Average Market Rent	$1,852
Market Rent Per Foot	$2.02
Total Units	41
Market Rate Units	36
Affordable Units	4
Bonus Units	0
Parking Spaces	-
Operating Expenses	$219,821
OpEX/Unit	$5,361
NOI (Stabilized)	$535,465
Estimated Value	$9,312,426
Profit	$1,348,851
Profit as a % of Cost	16.94%
Yield on Cost	6.72%
Value Capture Opportunity	$154,315

2. UNIT MIX

Total Units	41				
Market Rate Units	88%				
Affordable units	12%				
	Studio	**1 BR**	**2 BR**	**3 BR**	**4 BR**
Market rate	0%	71%	22%	7%	0%
Bonus Units	0%	71%	22%	7%	0%
80% of Median Income	0%	71%	22%	7%	0%
70% of Median Income	0%	71%	22%	7%	0%
60% of Median Income	0%	71%	22%	7%	0%
Market rate	0	25	7	2	0
Bonus Units	0	0	0	0	0
80% of Median Income	0	0	0	0	0
70% of Median Income	0	0	0	0	0
60% of Median Income	0	3	1	0	0
Unit Size (SqFt)	0	600	850	1,300	0
Parking Required	0				

3. UNIT SQFT MIX

	Studio	1 BR	2 BR	3 BR	4 BR
Market rate	0	15,000	5,950	2,600	0
Bonus Units	0	0	0	0	0
80% of Median Income	0	0	0	0	0
70% of Median Income	0	0	0	0	0
60% of Median Income	0	1,800	850	0	0
Total Units	0	16,800	6,800	2,600	0
% unit types	0%	64%	26%	10%	0%
Residential BUA	26,200				
All BUA	30,130				

4. RENT SCHEDULE

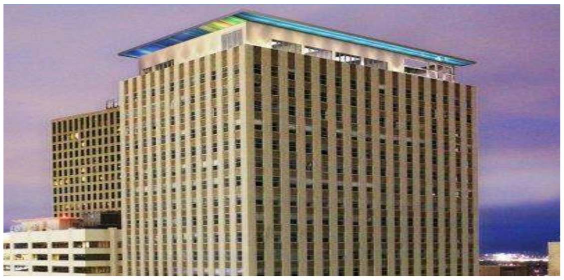
	Studio	1 BR	2 BR	3 BR	4 BR
Market rate	$0	$1,550	$2,400	$3,125	$0
Bonus Units	$0	$1,550	$2,400	$3,125	$0
80% of Median Income	$735	$840	$945	$1,050	$1,134
70% of Median Income	$630	$720	$810	$900	$972
60% of Median Income	$525	$600	$675	$750	$810

5. ASSUMPTIONS

Project Type		
Project Name	Prototype #1	
Project Type	Historic Rehab Low Rise	
Tenure	Rental	
DEVELOPMENT COST ASSUMPTIONS		
Land		
Site Area	1.00	Acres
Land/Aquisition Costs	$2,500,000	Per Acre
Building		
All Units	41	
Base units	41	
Bonus units	0	
Average Unit Size	917	Sqaure Feet
Common Area Percent	15%	% of Built area
Hard Costs		
Construction Cost (excluding parking)	$148	Per Square Foot
On & Off-Site Improvements	$100,000	Per Acre
Parking Ratio (spaces per unit)	0.00	Spaces Per Unit
Cost/Parking Space	$20,000	Per Space
Soft Costs		
Other Soft Costs	15%	% of Hard Costs
Residential Impact Fees	$0	Per Unit
Condo "Wrap" Insurance	$0	Per Unit
Financing		
Construction Loan Interest Rate	4.0%	Annual %
Period of Initial Loan (Months)	24	Months
Initial Construction Loan Fee (Points)	1.00%	Points (% of loan total)
Average Outstanding Balance	60.00%	%
Loan to Value Ratio	65.00%	%
Profitability		
Cap Rate	5.75%	%
Required Profit	15.0%	% of Total Development Cost
Discount Rate	8.0%	
Revenue Scenario		
Vaccancy	5.00%	
Operating Expenses	30.0%	
AFFORDABILITY SUMMARY		
Affordability Summary		
Market Rate Units (%)	88.0%	
Bonus Units	0.0%	
Affordable Units (%)	12.0%	
Area Median Income	$60,000	Dollars annually
80% AMI	0%	% of affordable units
70% AMI	0%	% of affordable units
60% AMI	100%	% of affordable units

6. RESULTS

RENTAL REVENUE		
Gross Potential Income (Annual)	$838,786	
Vacancy	($41,939)	
Gross Rental Income	$796,847	
Operating Costs	($239,054)	
Annual Tax Abatement	$6,150	$76,875
Net Operating Income (NOI)	**$563,943**	
Estimated Project Value	$9,807,700	
COST ANALYSIS		
Construction Costs	($4,908,893)	
On & Off-Site Improvements	($100,000)	
Parking Costs	$0	
Residential Impact Fees	$0	
Condo "Wrap" Insurance	$0	
Other Soft Costs	($751,334)	
SubTotal Hard and Soft Costs	**($5,760,227)**	
Financing Costs		
Cash Subsidy for Affordable Housing	$0	
Construction Loan Amount	($3,744,148)	
Interest on Construction Loan	($224,649)	
Points on Construction Loan	($37,441)	
Land Costs	($2,500,000)	
Total Development Cost (TDC)	**($8,522,318)**	
TDC Per Unit	($207,861)	
PROFITABILITY		
Estimated Profit ($)	$1,285,382	
Profit as % of Total Development Cost	15.1%	
Yield on Cost (NOI/TDC)	6.62%	
Leveraged IRR	15.05%	



Prototype #2
High Rise Rehab - Rental

1	Base Units	190	
2	% of Affordable Housing	0%	
3	Density Increase (% DU/Acre)	No	0%
4	Parking Reduction (-%)	No	0%
5	Cash Incentive ($/Unit)	No	$500
6	Annual Tax Abatement Per Unit	No	$100

1. PROJECT METRICS

Dwelling Units Per Acre	190
Base DU's per Acre	190
Floor Area Ratio	3.82
Development Cost Per Unit	($230,800)
Hard Costs (construction, offsite, parking)	($31,337,900)
Soft Costs	($4,700,700)
Total Development Cost	($43,849,500)
Rentable Feet	144,600
Hard Cost Per Rentable Foot	($217)
Average Unit Size	1,000
Average Market Rent	$2,004
Market Rent Per Foot	$2.00
Total Units	190
Market Rate Units	190
Affordable Units	0
Bonus Units	0
Parking Spaces	190
Operating Expenses	$1,290,366
OpEX/Unit	$6,791
NOI (Stabilized)	$3,010,854
Estimated Value	$52,362,678
Profit	$8,513,146
Profit as a % of Cost	19%
Yield on Cost	6.87%
Value Capture Opportunity	$1,935,716

2. UNIT MIX

Total Units	190				
Market Rate Units	100%				
Affordable units	0%				
	Studio	**1 BR**	**2 BR**	**3 BR**	**4 BR**
Market rate	0%	50%	47%	3%	0%
Bonus Units	0%	50%	47%	3%	0%
80% of Median Income	0%	0%	0%	0%	0%
70% of Median Income	0%	50%	47%	3%	0%
60% of Median Income	0%	0%	0%	0%	0%
Market rate	0	95	89	5	0
Bonus Units	0	0	0	0	0
80% of Median Income	0	0	0	0	0
70% of Median Income	0	0	0	0	0
60% of Median Income	0	0	0	0	0
Unit Size (SqFt)	0	600	900	1,500	0
Parking Required	190				

3. UNIT SQFT MIX

Total Units					
	Studio	**1 BR**	**2 BR**	**3 BR**	**4 BR**
Market rate	0	57,000	80,100	7,500	0
Bonus Units	0	0	0	0	0
80% of Median Income	0	0	0	0	0
70% of Median Income	0	0	0	0	0
60% of Median Income	0	0	0	0	0
Total Units	0	57,000	80,100	7,500	0
% unit types	0%	39%	55%	5%	0%
Residential BUA	144,600				
All BUA	166,290				

4. RENT SCHEDULE

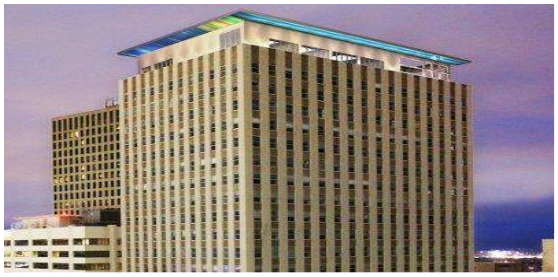
Total Units					
	Studio	**1 BR**	**2 BR**	**3 BR**	**4 BR**
Market rate	$0	$1,700	$2,200	$4,000	$0
Bonus Units	$0	$1,550	$2,200	$4,000	$0
80% of Median Income	$735	$840	$945	$1,050	$1,134
70% of Median Income	$630	$720	$810	$900	$972
60% of Median Income	$525	$600	$675	$750	$810

5. ASSUMPTIONS

Project Type		
Project Name	Prototype #2	
Project Type	High Rise Rehab	
Tenure	Rental	
DEVELOPMENT COST ASSUMPTIONS		
Land		
Site Area	1.00	Acres
Land Cost	$5,000,000	Per Acre
Acquisition Cost		per Sqaure Foot
Building		
All Units	190	
Base units	190	
Bonus units	0	
Average Unit Size	1000	Sqaure Feet
Common Area Percent	15%	% of Built area
Hard Costs		
Construction Cost (excluding parking)	$165	Per Square Foot
On & Off-Site Improvements	$100,000	Per Acre
Parking Ratio (spaces per unit)	1.00	Spaces Per Unit
Cost/Parking Space	$20,000	Per Space
Soft Costs		
Other Soft Costs	15%	% of Hard Costs
Residential Impact Fees	$0	Per Unit
Condo "Wrap" Insurance	$0	Per Unit
Financing		
Construction Loan Interest Rate	4.0%	Annual %
Period of Initial Loan (Months)	36	Months
Initial Construction Loan Fee (Points)	1.00%	Points (% of loan total)
Average Outstanding Balance	60.00%	%
Loan to Value Ratio	60.00%	%
Profitability		
Cap Rate	5.75%	%
Required Profit	15.0%	% of Total Development Cost
Discount Rate	8.0%	
Revenue Scenario		
Vaccancy	5.00%	
Operating Expenses	30.0%	
AFFORDABILITY SUMMARY		
Affordability Summary		
Market Rate Units (%)	100.0%	
Bonus Units	0.0%	
Affordable Units (%)	0.0%	
Area Median Income	$60,000	Dollars annually
Primary AMI Level	60.0%	
80% AMI	0%	% of affordable units
70% AMI	0%	% of affordable units
60% AMI	100%	% of affordable units

6. RESULTS

RENTAL REVENUE	
Gross Potential Income (Annual)	$4,527,600
Vacancy	($226,380)
Gross Rental Income	$4,301,220
Operating Costs	($1,290,366)
Tax Abatement	$0
Net Operating Income (NOI)	**$3,010,854**
Estimated Project Value	$52,362,678
COST ANALYSIS	
Construction Costs	($27,437,850)
On & Off-Site Improvements	($100,000)
Parking Costs	($3,800,000)
Residential Impact Fees	$0
Condo "Wrap" Insurance	$0
Other Soft Costs	($4,700,678)
SubTotal Hard and Soft Costs	**($36,038,528)**
Financing Costs	
Cash Subsidy for Affordable Housing	$0
Construction Loan Amount	($21,623,117)
Interest on Construction Loan	($2,594,774)
Points on Construction Loan	($216,231)
Land Costs	($5,000,000)
Total Development Cost (TDC)	**($43,849,533)**
TDC Per Unit	($230,787)
PROFITABILITY	
Estimated Profit ($)	$8,513,146
Profit as % of Total Development Cost	19%
Yield on Cost (NOI/TDC)	6.87%
Leveraged IRR	16.87%



Prototype #2
High Rise Rehab - Rental

1	Base Units	190	
2	% of Affordable Housing	12%	
3	Density Increase (% DU/Acre)	No	0%
4	Parking Reduction (-%)	No	0%
5	Cash Incentive ($/Unit)	No	$0
6	Annual Tax Abatement Per Unit	Yes	$550
7	Expedited Processing	Yes	6.00

1. PROJECT METRICS

Dwelling Units Per Acre	190
Base DU's per Acre	190
Floor Area Ratio	3.8
Development Cost Per Unit	($226,700)
Hard Costs (construction, offsite, parking)	($31,053,200)
Soft Costs	($4,658,000)
Total Development Cost	($43,068,100)
Rentable Feet	143,100
Hard Cost Per Rentable Foot	($217)
Average Unit Size	1,000
Average Market Rent	$2,004
Market Rent Per Foot	$2.00
Total Units	190
Market Rate Units	167
Affordable Units	20
Bonus Units	0
Parking Spaces	190
Operating Expenses	$1,183,491
OpEX/Unit	$6,229
NOI (Stabilized)	$2,865,979
Estimated Value	$49,843,113
Profit	$6,774,965
Profit as a % of Cost	16%
Yield on Cost	6.65%
Value Capture Opportunity	$314,742

2. UNIT MIX

Total Units	190				
Market Rate Units	88%				
Affordable units	12%				
	Studio	**1 BR**	**2 BR**	**3 BR**	**4 BR**
Market rate	0%	50%	47%	3%	0%
Bonus Units	0%	50%	47%	3%	0%
80% of Median Income	0%	50%	47%	3%	0%
70% of Median Income	0%	50%	47%	3%	0%
60% of Median Income	0%	50%	47%	3%	0%
Market rate	0	83	78	5	0
Bonus Units	0	0	0	0	0
80% of Median Income	0	0	0	0	0
70% of Median Income	0	0	0	0	0
60% of Median Income	0	11	10	0	0
Unit Size (SqFt)	0	600	900	1,500	0
Parking Required	190				

3. UNIT SQFT MIX

Total Units					
	Studio	**1 BR**	**2 BR**	**3 BR**	**4 BR**
Market rate	0	49,800	70,200	7,500	0
Bonus Units	0	0	0	0	0
80% of Median Income	0	0	0	0	0
70% of Median Income	0	0	0	0	0
60% of Median Income	0	6,600	9,000	0	0
Total Units	0	56,400	79,200	7,500	0
% unit types	0%	39%	55%	5%	0%
Residential BUA	143,100				
All BUA	164,565				

4. RENT SCHEDULE

Total Units					
	Studio	**1 BR**	**2 BR**	**3 BR**	**4 BR**
Market rate	$0	$1,700	$2,200	$4,000	$0
Bonus Units	$0	$1,600	$2,200	$4,000	$0
80% of Median Income	$735	$840	$945	$1,050	$1,134
70% of Median Income	$630	$720	$810	$900	$972
60% of Median Income	$525	$600	$675	$750	$810

5. ASSUMPTIONS

Project Type		
Project Name	Prototype #2	
Project Type	High Rise Rehab	
Tenure	Rental	
DEVELOPMENT COST ASSUMPTIONS		
Land		
Site Area	1.00	Acres
Land Cost	$5,000,000	Per Acre
Acquisition Cost		per Sqaure Foot
Building		
All Units	190	
Base units	190	
Bonus units	0	
Average Unit Size	1,000	Sqaure Feet
Common Area Percent	15%	% of Built area
Hard Costs		
Construction Cost (excluding parking)	$165	Per Square Foot
On & Off-Site Improvements	$100,000	Per Acre
Parking Ratio (spaces per unit)	1.00	Spaces Per Unit
Cost/Parking Space	$20,000	Per Space
Soft Costs		
Other Soft Costs	15%	% of Hard Costs
Residential Impact Fees	$0	Per Unit
Condo "Wrap" Insurance	$0	Per Unit
Financing		
Construction Loan Interest Rate	4.0%	Annual %
Period of Initial Loan (Months)	36	Months
Initial Construction Loan Fee (Points)	1.00%	Points (% of loan total)
Average Outstanding Balance	60.00%	%
Loan to Value Ratio	60.00%	%
Profitability		
Cap Rate	5.75%	%
Required Profit	15.0%	% of Total Development Cost
Discount Rate	8.0%	
Revenue Scenario		
Vaccancy	5.00%	
Operating Expenses	30.0%	
AFFORDABILITY SUMMARY		
Affordability Summary		
Market Rate Units (%)	88.0%	
Bonus Units	0.0%	
Affordable Units (%)	12.0%	
Area Median Income	$60,000	Dollars annually
Primary AMI Level	60.0%	
80% AMI	0%	% of affordable units
70% AMI	0%	% of affordable units
60% AMI	100%	% of affordable units

6. RESULTS

RENTAL REVENUE	
Gross Potential Income (Annual)	$4,195,861
Vacancy	($209,793)
Gross Rental Income	$3,986,068
Operating Costs	($1,195,820)
Tax Abatement	$104,500
Net Operating Income (NOI)	**$2,894,748**
Estimated Project Value	$50,343,438
COST ANALYSIS	
Construction Costs	($27,688,320)
On & Off-Site Improvements	($100,000)
Parking Costs	($3,800,000)
Residential Impact Fees	$0
Condo "Wrap" Insurance	$0
Other Soft Costs	($4,738,248)
SubTotal Hard and Soft Costs	**($36,326,568)**
Financing Costs	
Cash Subsidy for Affordable Housing	$0
Construction Loan Amount	($21,795,941)
Interest on Construction Loan	($2,179,594)
Points on Construction Loan	($217,959)
Land Costs	($5,000,000)
Total Development Cost (TDC)	**($43,724,121)**
TDC Per Unit	($230,127)
PROFITABILITY	
Estimated Profit ($)	$6,619,317
Profit as % of Total Development Cost	15%
Yield on Cost (NOI/TDC)	6.62%
Leveraged IRR	15.68%

Prototype #3
New Construction - Rental

1	Base Units	300	
2	% of Affordable Housing	0%	
3	Density Increase (% DU/Acre)	Yes	0%
4	Parking Reduction (-%)	No	0%
5	Cash Incentive ($/Unit)	No	$0
6	Annual Tax Abatement Per Unit	No	$1,000
7	Expedited Processing	No	6.00

1. PROJECT METRICS

Dwelling Units Per Acre	75
Base DU's per Acre	75
Floor Area Ratio	1.62
Development Cost Per Unit	($246,000)
Hard Costs (construction, offsite, parking)	($54,693,000)
Soft Costs	($8,204,000)
Total Development Cost	($73,802,900)
Rentable Feet	246,000
Hard Cost Per Rentable Foot	($222)
Average Unit Size	883
Average Market Rent	$2,040
Market Rent Per Foot	$2.31
Total Units	300
Market Rate Units	300
Affordable Units	0
Bonus Units	0
Parking Spaces	300
Operating Expenses	$2,093,040
OpEX/Unit	$6,977
NOI (Stabilized)	$4,883,760
Estimated Value	$84,934,957
Profit	$11,132,044
Profit as a % of Cost	15%
Yield on Cost	6.62%
Value Capture Opportunity	$61,608

2. UNIT MIX

Total Units	300				
Market Rate Units	100%				
Affordable units	0%				
	Studio	**1 BR**	**2 BR**	**3 BR**	**4 BR**
Market rate	0%	40%	40%	20%	0%
Bonus Units	0%	40%	40%	20%	0%
80% of Median Income	0%	40%	40%	20%	0%
70% of Median Income	0%	40%	40%	20%	0%
50% of Median Income	0%	40%	40%	20%	0%
Market rate	0	120	120	60	0
Bonus Units	0	0	0	0	0
80% of Median Income	0	0	0	0	0
70% of Median Income	0	0	0	0	0
50% of Median Income	0	0	0	0	0
Unit Size (SqFt)	0	600	850	1,200	0
Parking Required	300				

3. UNIT SQFT MIX

Total Units					
	Studio	**1 BR**	**2 BR**	**3 BR**	**4 BR**
Market rate	0	72,000	102,000	72,000	0
Bonus Units	0	0	0	0	0
80% of Median Income	0	0	0	0	0
70% of Median Income	0	0	0	0	0
50% of Median Income	0	0	0	0	0
Total Units	0	72,000	102,000	72,000	0
% unit types	0%	29%	41%	29%	0%
Residential BUA	246,000				
All BUA	282,900				

4. RENT SCHEDULE

Total Units					
	Studio	**1 BR**	**2 BR**	**3 BR**	**4 BR**
Market rate	$0	$1,550	$2,050	$3,000	$0
Bonus Units	$0	$1,550	$2,200	$3,000	$0
80% of Median Income	$735	$840	$945	$1,050	$1,134
70% of Median Income	$630	$720	$810	$900	$972
50% of Median Income	$525	$600	$675	$750	$810

5. ASSUMPTIONS

Project Type		
Project Name	Prototype #3	
Project Type	New Construction	
Tenure	Rental	
DEVELOPMENT COST ASSUMPTIONS		
Land		
Site Area	4.00	Acres
Land Cost	$1,500,000	Per Acre
Acquisition Cost		per Sqaure Foot
Building		
All Units	300	
Base units	300	
Bonus units	0	
Average Unit Size	883	Sqaure Feet
Common Area Percent	15%	% of Built area
Hard Costs		
Construction Cost (excluding parking)	$170.00	Per Square Foot
On & Off-Site Improvements	$150,000	Per Acre
Parking Ratio (spaces per unit)	1.00	Spaces Per Unit
Cost/Parking Space	$20,000	Per Space
Soft Costs		
Other Soft Costs	15%	% of Hard Costs
Residential Impact Fees	$0	Per Unit
Condo "Wrap" Insurance	$0	Per Unit
Financing		
Construction Loan Interest Rate	4.0%	Annual %
Period of Initial Loan (Months)	36	Months
Initial Construction Loan Fee (Points)	1.00%	Points (% of loan total)
Average Outstanding Balance	60.00%	%
Loan to Value Ratio	60.00%	%
Profitability		
Cap Rate	5.75%	%
Required Profit	15.0%	% of Total Development Cost
Discount Rate	8.0%	
Revenue Scenario		
Vaccancy	5.00%	
Operating Expenses	30.0%	
AFFORDABILITY SUMMARY		
Affordability Summary		
Market Rate Units (%)	100.0%	
Bonus Units	0.0%	
Affordable Units (%)	0.0%	
Area Median Income	$60,000	Dollars annually
Primary AMI Level	60.0%	
80% AMI	0%	% of affordable units
70% AMI	0%	% of affordable units
60% AMI	100%	% of affordable units

6. RESULTS

RENTAL REVENUE	
Gross Potential Income (Annual)	$7,344,000
Vacancy	($367,200)
Gross Rental Income	$6,976,800
Operating Costs	($2,093,040)
Tax Abatement	$0
Net Operating Income (NOI)	**$4,883,760**
Estimated Project Value	$84,934,957
COST ANALYSIS	
Construction Costs	($48,093,000)
On & Off-Site Improvements	($600,000)
Parking Costs	($6,000,000)
Residential Impact Fees	$0
Condo "Wrap" Insurance	$0
Other Soft Costs	($8,203,950)
SubTotal Hard and Soft Costs	**($62,896,950)**
Financing Costs	
Cash Subsidy for Affordable Housing	$0
Construction Loan Amount	($37,738,170)
Interest on Construction Loan	($4,528,580)
Points on Construction Loan	($377,382)
Land Costs	($6,000,000)
Total Development Cost (TDC)	**($73,802,912)**
TDC Per Unit	($246,010)
PROFITABILITY	
Estimated Profit ($)	$11,132,044
Profit as % of Total Development Cost	15.1%
Yield on Cost (NOI/TDC)	6.62%
Leveraged IRR	16.58%

Prototype #3
New Construction - Rental

1	Base Units	300	
2	% of Affordable Housing	12.0%	
3	Density Increase (% DU/Acre)	Yes	30%
4	Parking Reduction (-%)	No	0%
5	Cash Incentive ($/Unit)	No	$0
6	Annual Tax Abatement Per Unit	Yes	$825
7	Expedited Processing	Yes	6.00

1. PROJECT METRICS

Dwelling Units Per Acre	98
Base DU's per Acre	75
Floor Area Ratio	2.08
Development Cost Per Unit	($235,100)
Hard Costs (construction, offsite, parking)	($69,884,800)
Soft Costs	($10,482,700)
Total Development Cost	($91,671,700)
Rentable Feet	314,500
Hard Cost Per Rentable Foot	($222)
Average Unit Size	883
Average Market Rent	$2,040
Market Rent Per Foot	$2.31
Total Units	390
Market Rate Units	264
Affordable Units	32
Bonus Units	90
Parking Spaces	390
Operating Expenses	$2,460,245
OpEX/Unit	$6,308
NOI (Stabilized)	$6,062,323
Estimated Value	$105,431,697
Profit	$13,759,982
Profit as a % of Cost	15%
Yield on Cost	6.61%
Value Capture Opportunity	$9,225

2. UNIT MIX

Total Units	390
Market Rate Units	88%
Affordable units	12%

	Studio	1 BR	2 BR	3 BR	4 BR
Market rate	0%	40%	40%	20%	0%
Bonus Units	0%	40%	40%	20%	0%
80% of Median Income	0%	40%	40%	20%	0%
70% of Median Income	0%	40%	40%	20%	0%
60% of Median Income	0%	40%	40%	20%	0%
Market rate	0	105	105	52	0
Bonus Units	0	31	31	15	0
80% of Median Income	0	0	0	0	0
70% of Median Income	0	0	0	0	0
60% of Median Income	0	18	18	9	0
Unit Size (SqFt)	0	600	850	1,200	0
Parking Required	390				

3. UNIT SQFT MIX

Total Units	Studio	1 BR	2 BR	3 BR	4 BR
Market rate	0	63,000	89,250	62,400	0
Bonus Units	0	18,600	26,350	18,000	0
80% of Median Income	0	0	0	0	0
70% of Median Income	0	0	0	0	0
60% of Median Income	0	10,800	15,300	10,800	0
Total Units	0	92,400	130,900	91,200	0
% unit types	0%	29%	42%	29%	0%
Residential BUA	314,500				
All BUA	361,675				

4. RENT SCHEDULE

Total Units	Studio	1 BR	2 BR	3 BR	4 BR
Market rate	$0	$1,550	$2,050	$3,000	$0
Bonus Units	$0	$1,550	$2,020	$3,000	$0
80% of Median Income	$735	$840	$945	$1,050	$1,134
70% of Median Income	$630	$720	$810	$900	$972
60% of Median Income	$525	$600	$675	$750	$810

5. ASSUMPTIONS

Project Type		
Project Name	Prototype #3	
Project Type	New Construction	
Tenure	Rental	
DEVELOPMENT COST ASSUMPTIONS		
Land		
Site Area	4.00	Acres
Land Cost	$1,500,000	Per Acre
Acquisition Cost		per Sqaure Foot
Building		
All Units	390	
Base units	300	
Bonus units	90	
Average Unit Size	883	Sqaure Feet
Common Area Percent	15%	% of Built area
Hard Costs		
Construction Cost (excluding parking)	$170.00	Per Square Foot
On & Off-Site Improvements	$150,000	Per Acre
Parking Ratio (spaces per unit)	1.00	Spaces Per Unit
Cost/Parking Space	$20,000	Per Space
Soft Costs		
Other Soft Costs	15%	% of Hard Costs
Residential Impact Fees	$0	Per Unit
Condo "Wrap" Insurance	$0	Per Unit
Financing		
Construction Loan Interest Rate	4.0%	Annual %
Period of Initial Loan (Months)	36	Months
Initial Construction Loan Fee (Points)	1.00%	Points (% of loan total)
Average Outstanding Balance	60.00%	%
Loan to Value Ratio	60.00%	%
Profitability		
Cap Rate	5.75%	%
Required Profit	15.0%	% of Total Development Cost
Discount Rate	8.0%	
Revenue Scenario		
Vaccancy	5.00%	
Operating Expenses	30.0%	
AFFORDABILITY SUMMARY		
Affordability Summary		
Market Rate Units (%)	88.0%	
Bonus Units	23.1%	
Affordable Units (%)	12.0%	
Area Median Income	$60,000	Dollars annually
Primary AMI Level	60.0%	
80% AMI	0%	% of affordable units
70% AMI	0%	% of affordable units
60% AMI	100%	% of affordable units

6. RESULTS

RENTAL REVENUE		
Gross Potential Income (Annual)	$8,760,787	
Vacancy	($438,039)	
Gross Rental Income	$8,322,748	
Operating Costs	($2,496,824)	
Tax Abatement	$321,750	$5,595,652.17
Net Operating Income (NOI)	**$6,147,673**	
Estimated Project Value	$106,916,061	
COST ANALYSIS		
Construction Costs	($62,520,900)	
On & Off-Site Improvements	($600,000)	
Parking Costs	($7,800,000)	
Residential Impact Fees	$0	
Condo "Wrap" Insurance	$0	
Other Soft Costs	($10,638,135)	
SubTotal Hard and Soft Costs	**($81,559,035)**	
Financing Costs		
Cash Subsidy for Affordable Housing	$0	
Construction Loan Amount	($48,935,421)	
Interest on Construction Loan	($4,893,542)	
Points on Construction Loan	($489,354)	
Land Costs	($6,000,000)	
Total Development Cost (TDC)	**($92,941,931)**	
TDC Per Unit	($238,313)	
PROFITABILITY		
Estimated Profit ($)	$13,974,129	
Profit as % of Total Development Cost	15.0%	
Yield on Cost (NOI/TDC)	6.61%	
Leveraged IRR	15.92%	

Prototype #4
New Construction Condos - Ownership

1	Base Units	10	
2	% of Affordable Housing	0%	
3	Density Increase (% DU/Acre)	No	0%
4	Parking Reduction (-%)	No	0%
5	Cash Incentive ($/Unit)	No	$0
6	Annual Tax Abatement Per Unit	Yes	$0
7	Expedited Processing	No	-

1. PROJECT METRICS

Dwelling Units Per Acre	14
Floor Area Ratio	0.41
Development Cost Per Unit	($353,800)
Hard Costs (construction, offsite, parking)	($2,322,500)
Soft Costs	($348,400)
Total Development Cost	($3,538,500)
	12,500
Hard Cost Per Sq. Ft.	($186)
Average Unit Size	1,250
Average Sale Price	$450,000
Market Price Per Sq. Ft.	$360
Parking Spaces	10
Operating Expenses	$0
OpEX/Unit	$0.00
Net Sales Proceeds	$4,275,000
Profit	$736,544
Profit as a % of Cost	21%
Value Capture Opportunity	$205,776

2. PROJECT METRICS

UNIT MIX

Total Units	10				
Market Rate Units	100%				
Affordable units	0%				
	Studio	**1 BR**	**2 BR**	**3 BR**	**4 BR**
Market rate	0%	0%	100%	0%	0%
Bonus Units	0%	0%	100%	0%	0%
110% of Median Income	0%	0%	100%	0%	0%
100% of Median Income	0%	0%	100%	0%	0%
80% of Median Income	0%	0%	100%	0%	0%
Market rate	0	0	10	0	0
Bonus Units	0	0	0	0	0
110% of Median Income	0	0	0	0	0
100% of Median Income	0	0	0	0	0
80% of Median Income	0	0	0	0	0
Unit Size (SqFt)	0	0	1,250	0	0
Parking Required	10	0	0	0	0

3. UNIT SQFT MIX

UNIT MIX

Total Units					
	Studio	**1 BR**	**2 BR**	**3 BR**	**4 BR**
Market rate	0	0	12,500	0	0
Bonus Units	0	0	0	0	0
110% of Median Income	0	0	0	0	0
100% of Median Income	0	0	0	0	0
80% of Median Income	0	0	0	0	0
Total Units	0	0	12,500	0	0
% unit types	0%	0%	100%	0%	0%
Residential BUA	12,500				
All BUA	12,500				

4. UNIT PRICES

UNIT MIX

Total Units					
	Studio	**1 BR**	**2 BR**	**3 BR**	**4 BR**
Market rate	$0	$0	$450,000	$0	$350,000
Bonus Units	$0	$0	$450,000	$0	$350,000
110% of Median Income	$140,438	$161,485	$179,705	$193,684	$213,913
100% of Median Income	$119,849	$137,955	$153,233	$164,271	$182,147
80% of Median Income	$58,082	$67,364	$73,818	$76,032	$86,850

5. ASSUMPTIONS

Project Type

Project Name	Prototype #4	
Project Type	New Construction Condos	
Tenure	Ownership	

DEVELOPMENT COST ASSUMPTIONS

Land		
Site Area	0.70	Acres
Land Cost	$1,000,000	Per Acre
Acquisition Cost		per Sqaure Foot
Building		
All Units	10	
Base units	10	
Bonus units	0	
Average Unit Size	1,250	Sqaure Feet
Common Area Percent	0%	% of Built area
Hard Costs		
Construction Cost (excluding parking)	$175	Per Square Foot
On & Off-Site Improvements	$50,000	Per Acre
Parking Ratio (spaces per unit)	1.00	Spaces Per Unit
Cost/Parking Space	$10,000	Per Space
Soft Costs		
Other Soft Costs	15%	% of Hard Costs
Residential Impact Fees	$0	Per Unit
Condo "Wrap" Insurance	$250	Per Unit
Financing		
Construction Loan Interest Rate	4.5%	Annual %
Period of Initial Loan (Months)	24	Months
Initial Construction Loan Fee (Points)	0.50%	Points (% of loan total)
Average Outstanding Balance	60.0%	%
Loan to Value Ratio	65.0%	%
Profitability		
Cap Rate	5.75%	%
Required Profit	15.0%	% of Total Development Cost
Revenue Scenario		
Vaccancy	5.0%	
Sales Marketing Costs	5.0%	

AFFORDABILITY SUMMARY

Affordability Summary		
Market Rate Units (%)	100.0%	
Bonus Units	0.0%	
Affordable Units (%)	0.0%	
Area Median Income	$60,000	Dollars annually
Primary AMI Level	80%	
110% AMI	0%	% of affordable units
100% AMI	0%	% of affordable units
80% AMI	100%	% of affordable units
Incentive Summary		
Streamlined Processing (months)	-	Months
Fee Reduction ($/Unit)	$ -	$/Unit
Density Increase (% DU/Acre)	10%	% DU/Acre
Parking Reduction (-%)	0%	%
Cash Incentive ($/Unit)	$ -	$/Unit
Annual Tax Abatement Per Unit	$ -	Per Unit
Discount Rate	8%	

6. PRO FORMA

RENTAL REVENUE	
Gross Sales Proceeds	$4,500,000
Sales Marketing Cost	($225,000)
Net Proceeds	$4,275,000
Tax Abatement	$0
Estimated Project Value	**$4,275,000**
COST ANALYSIS	
Construction Costs	($2,187,500)
On & Off-Site Improvements	($35,000)
Parking Costs	($100,000)
Residential Impact Fees	$0
Condo "Wrap" Insurance	($2,500)
Other Soft Costs	($348,375)
SubTotal Hard and Soft Costs	**($2,673,375)**
Financing Costs	
Cash Subsidy for Affordable Housing	$0
Construction Loan Amount	($1,737,694)
Interest on Construction Loan	($156,392)
Points on Construction Loan	($8,688)
Land Costs	($700,000)
Total Development Cost (TDC)	**($3,538,456)**
TDC Per Unit	($353,846)
PROFITABILITY	
Estimated Profit ($)	$736,544
Profit as % of Total Development Cost	20.82%
Required Profit	15.00%

Prototype #4
New Construction Condos - Ownership

1	Base Units	10	
2	% of Affordable Housing	12.0%	
3	Density Increase (% DU/Acre)	Yes	30%
4	Parking Reduction (-%)	No	0%
5	Cash Incentive ($/Unit)	No	$0
6	Annual Tax Abatement Per Unit	No	$0
7	Expedited Processing	No	6.00

1. PROJECT METRICS

Dwelling Units Per Acre	14
Floor Area Ratio	0.43
Development Cost Per Unit	($286,600)
Hard Costs (construction, offsite, parking)	($2,475,000)
Soft Costs	($371,300)
Total Development Cost	($3,725,500)
	13,200
Hard Cost Per Sq. Ft.	($188)
Average Unit Size	1,200
Average Sale Price	$450,000
Market Price Per Sq. Ft.	$375
Parking Spaces	13
Operating Expenses	$0
OpEX/Unit	$0.00
Net Sales Proceeds	$4,345,127
Profit	$619,671
Profit as a % of Cost	17%
Value Capture Opportunity	$60,852

2. PROJECT METRICS

UNIT MIX

	Studio	1 BR	2 BR	3 BR	4 BR
Total Units	13				
Market Rate Units	88%				
Affordable units	12%				
Market rate	0%	0%	100%	0%	0%
Bonus Units	0%	0%	100%	0%	0%
110% of Median Income	0%	0%	100%	0%	0%
100% of Median Income	0%	0%	100%	0%	0%
80% of Median Income	0%	0%	100%	0%	0%
Market rate	0	0	8	0	0
Bonus Units	0	0	2	0	0
110% of Median Income	0	0	0	0	0
100% of Median Income	0	0	0	0	0
80% of Median Income	0	0	1	0	0
Unit Size (SqFt)	0	0	1,200	0	0
Parking Required	13	0	0	0	0

3. UNIT SQFT MIX

UNIT MIX

Total Units	Studio	1 BR	2 BR	3 BR	4 BR
Market rate	0	0	9,600	0	0
Bonus Units	0	0	2,400	0	0
110% of Median Income	0	0	0	0	0
100% of Median Income	0	0	0	0	0
80% of Median Income	0	0	1,200	0	0
Total Units	0	0	13,200	0	0
% unit types	0%	0%	100%	0%	0%
Residential BUA	13,200				
All BUA	13,200				

4. UNIT PRICES

UNIT MIX

Total Units	Studio	1 BR	2 BR	3 BR	4 BR
Market rate	$0	$0	$450,000	$0	$0
Bonus Units	$0	$0	$450,000	$0	$350,000
110% of Median Income	$140,438	$161,485	$179,705	$193,684	$213,913
100% of Median Income	$119,849	$137,955	$153,233	$164,271	$182,147
80% of Median Income	$58,082	$67,364	$73,818	$76,032	$86,850

5. ASSUMPTIONS

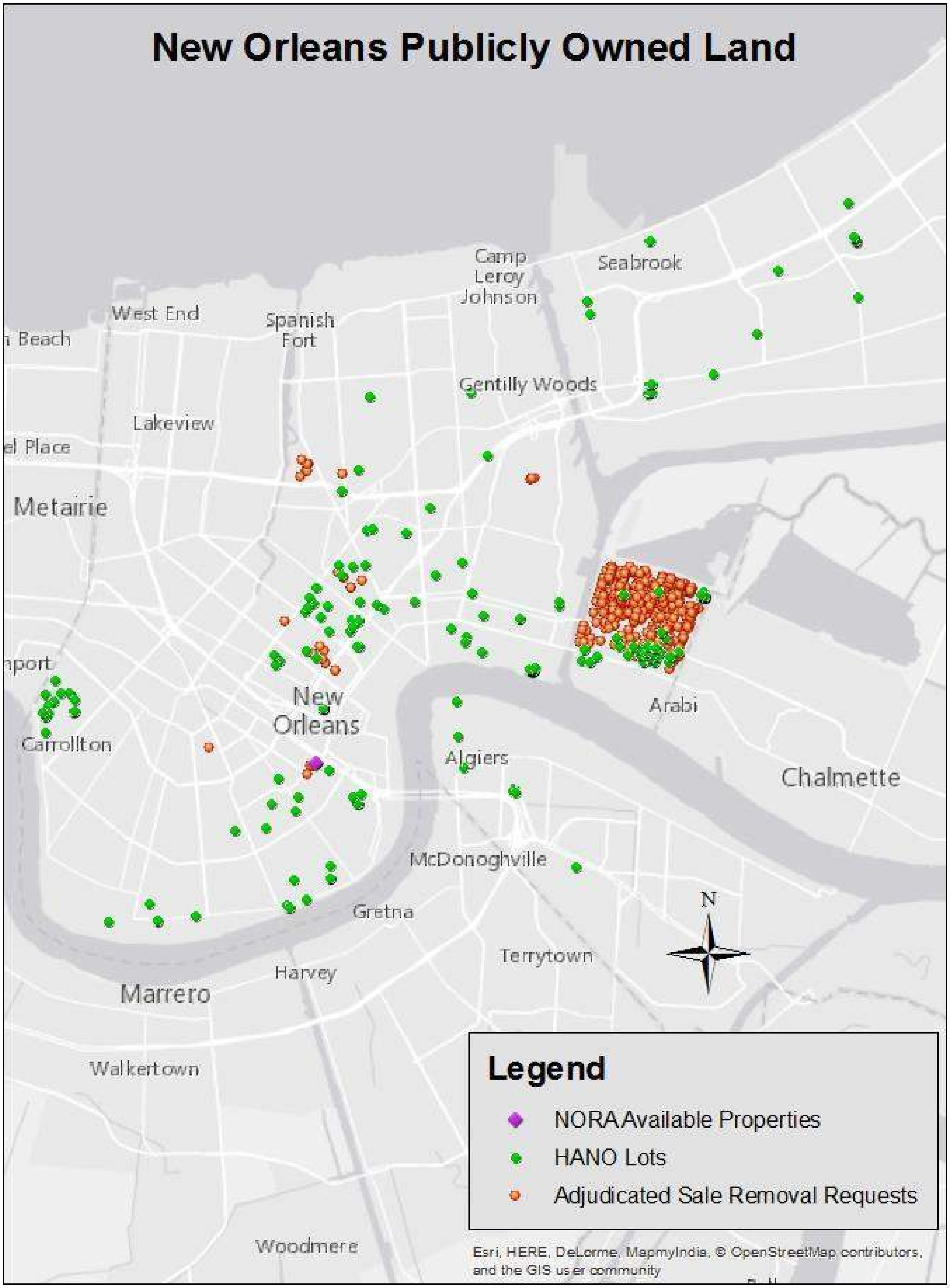
Project Type

Project Name	Prototype #4	
Project Type	New Construction Condos	
Tenure	Ownership	
DEVELOPMENT COST ASSUMPTIONS		
Land		
Site Area	0.70	Acres
Land Cost	$1,000,000	Per Acre
Acquisition Cost		per Sqaure Foot
Building		
All Units	13	
Base units	10	
Bonus units	3	
Average Unit Size	1,200	Sqaure Feet
Common Area Percent	0%	% of Built area
Hard Costs		
Construction Cost (excluding parking)	$175	Per Square Foot
On & Off-Site Improvements	$50,000	Per Acre
Parking Ratio (spaces per unit)	1.00	Spaces Per Unit
Cost/Parking Space	$10,000	Per Space
Soft Costs		
Other Soft Costs	15%	% of Hard Costs
Residential Impact Fees	$0	Per Unit
Condo "Wrap" Insurance	$250	Per Unit
Financing		
Construction Loan Interest Rate	4.5%	Annual %
Period of Initial Loan (Months)	24	Months
Initial Construction Loan Fee (Points)	0.50%	Points (% of loan total)
Average Outstanding Balance	60.0%	%
Loan to Value Ratio	65.0%	%
Profitability		
Cap Rate	5.75%	%
Required Profit	15.0%	% of Total Development Cost
Revenue Scenario		
Vaccancy	5.0%	
Sales Marketing Costs	5.0%	
AFFORDABILITY SUMMARY		
Affordability Summary		
Market Rate Units (%)	88.0%	
Bonus Units	23.1%	
Affordable Units (%)	12.0%	
Area Median Income	$60,000	Dollars annually
Primary AMI Level	80%	
110% AMI	0%	% of affordable units
100% AMI	0%	% of affordable units
80% AMI	100%	% of affordable units
Incentive Summary		
Streamlined Processing (months)	6	Months
Fee Reduction ($/Unit)	$ -	$/Unit
Density Increase (% DU/Acre)	30%	% DU/Acre
Parking Reduction (-%)	0%	%
Cash Incentive ($/Unit)	$ -	$/Unit
Annual Tax Abatement Per Unit	$ -	Per Unit
Discount Rate	8%	

6. PRO FORMA

RENTAL REVENUE	
Gross Sales Proceeds	$4,573,818
Sales Marketing Cost	($228,691)
Net Proceeds	$4,345,127
Tax Abatement	$0
Estimated Project Value	**$4,345,127**
COST ANALYSIS	
Construction Costs	($2,310,000)
On & Off-Site Improvements	($35,000)
Parking Costs	($130,000)
Residential Impact Fees	$0
Condo "Wrap" Insurance	($3,250)
Other Soft Costs	($371,250)
SubTotal Hard and Soft Costs	**($2,849,500)**
Financing Costs	
Cash Subsidy for Affordable Housing	$0
Construction Loan Amount	($1,852,175)
Interest on Construction Loan	($166,696)
Points on Construction Loan	($9,261)
Land Costs	($700,000)
Total Development Cost (TDC)	**($3,725,457)**
TDC Per Unit	($286,574)
PROFITABILITY	
Estimated Profit ($)	$619,671
Profit as % of Total Development Cost	16.63%
Required Profit	15.00%

APPENDIX D: MAP OF PUBLICALLY OWNED LANDS


New Orleans Publicly Owned Land
Camp Leroy Johnson
Seabrook
West End
Spanish Fort
Beach
Gentilly Woods
Lakeview
el Place
Metairie
nport
Carrollton
New Orleans
Algiers
Arabi
Chalmette
McDonoghville
Gretna
Terrytown
Harvey
Marrero
Walkertown
Woodmere
N
Legend
NORA Available Properties
HANO Lots
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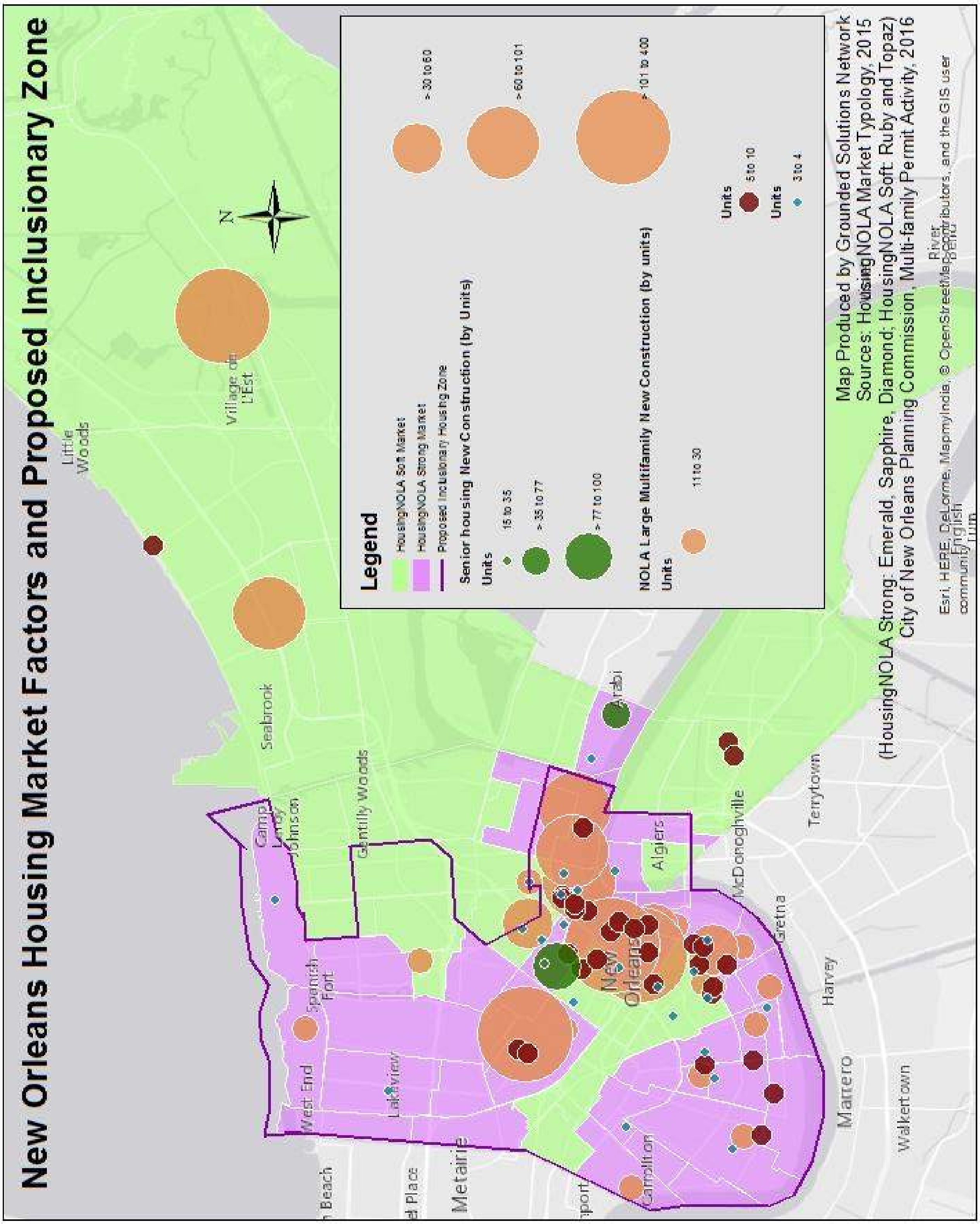
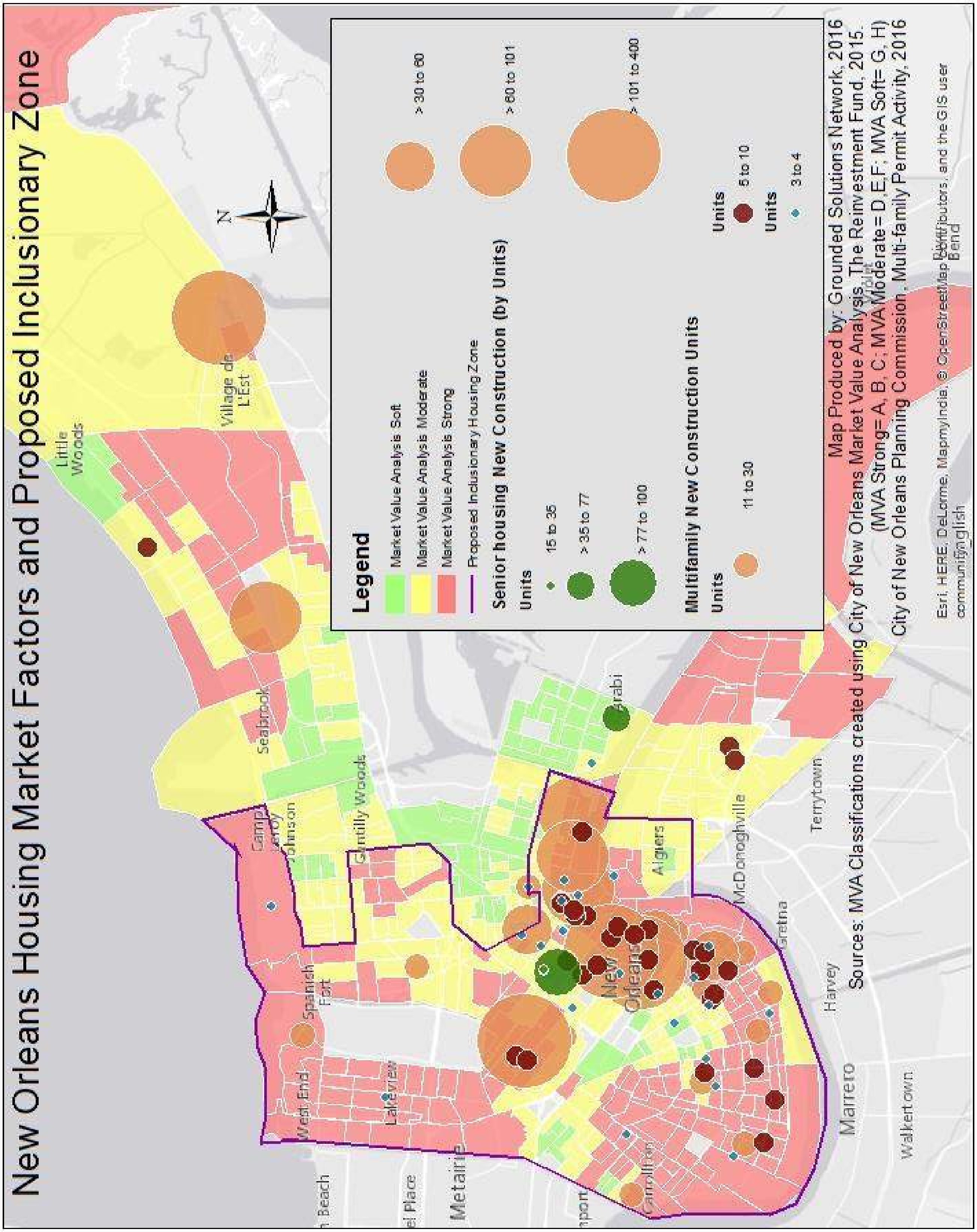

New Orleans Housing Market Factors and Proposed Inclusionary Zone
Legend
HousingNOLA Soft Market
HousingNOLA Strong Market
Proposed Inclusionary Housing Zone
Senior housing New Construction (by Units)
Units
15 to 35
> 35 to 77
> 77 to 100
NOLA Large Multifamily New Construction (by units)
Units
11 to 30
> 30 to 60
> 60 to 101
> 101 to 400
Units
5 to 10
Units
3 to 4
Map Produced by Grounded Solutions Network
Sources: HousingNOLA Market Typology, 2015
(HousingNOLA Strong: Emerald, Sapphire, Diamond; HousingNOLA Soft: Ruby and Topaz)
City of New Orleans Planning Commission, Multi-family Permit Activity, 2016
Little Woods
Village de L'Est
Seabrook
Gentilly Woods
West End
Spanish Fort
Lakeview
Metairie
New Orleans
Algiers
McDonoghville
Gretna
Terrytown
Harvey
Marrero
Walkertown
Arabi
Carrollton


New Orleans Housing Market Factors and Proposed Inclusionary Zone
Legend
Market Value Analysis Soft
Market Value Analysis Moderate
Market Value Analysis Strong
Proposed Inclusionary Housing Zone
Senior housing New Construction (by Units)
Units
15 to 35
> 35 to 77
> 77 to 100
Multifamily New Construction Units
Units
11 to 30
> 30 to 60
> 60 to 101
> 101 to 400
Units
5 to 10
Units
3 to 4
Map Produced by: Grounded Solutions Network, 2016
Sources: MVA Classifications created using City of New Orleans Market Value Analysis, The Reinvestment Fund, 2015.
(MVA Strong= A, B, C; MVA Moderate= D,E,F; MVA Soft= G, H)
City of New Orleans Planning Commission, Multi-family Permit Activity, 2016
Little Woods
Village de L'Est
Seabrook
Camp Leroy Johnson
Gentilly Woods
Spanish Fort
West End
Lakeview
Metairie
Arabi
Algiers
McDonoghville
Terrytown
Gretna
New Orleans
Harvey
Marrero
Walkertown
Carrollton

APPENDIX F: AIA New Orleans Inclusionary Housing Program Design Feedback

THE AMERICAN INSTITUTE OF ARCHITECTS

AIA
New Orleans

INCLUSIONARY HOUSING PROGRAM DESIGN – NEW ORLEANS
[MEETING SUMMARY]

DATE / TIME:
12 October, 2016 / 11am

OVERVIEW:
Discussion of upcoming municipal policies that will incorporate Inclusionary Housing in new residential developments within New Orleans. A draft of the Inclusionary Housing Program Design was reviewed and participants commented.

PARTICIPANTS:
AIA New Orleans Zoning Committee, HousingNOLA, Grounded Solutions
[AIA comments in brackets / bold]:

POINTS ADDRESSED:

1) Inclusionary Housing [IZ hereafter] goals vary by neighborhood.
   a. Mandatory IZ requirements may work best in high demand neighborhoods.
   b. Voluntary IZ options with bonuses may work best in neighborhoods with less development activity.
   c. HousingNOLA developed a map of "neighborhood typology," which may serve as (or help determine) boundaries for IZ overlays in the Zoning Ordinance, to show where best to use Mandatory and where best to use Voluntary policies.

2) INCENTIVIZING INCLUSIONARY ZONING
   a. Density bonuses:
      i. Bonus may vary by neighborhood.

      [Some neighborhoods have invariable development limits regarding height or F.A.R., such as Historic Marigny and Lafayette Square. Density bonuses won't be an effective incentive for developments in these areas as the extra

height or density afforded by the bonus may not actually be able to be built if the new size of the building would exceed the neighborhood development limits.]

ii. There may need to be a modification to the IZ overlay map showing where density bonuses are not to be used.

b. Expedited Permitting

i. Permit review duration may be reduced (to 6 months?)

[This may not be an effective incentive because:

1. **Developments not seeking waivers or exemptions, and not located within control districts [HDLC, Overlay Corridors, etc.] are typically permitted efficiently.**
2. **Developments within control districts or are seeking to avoid strict compliance to code requirements and are seeking waivers are subject to many additional steps in the permit review process that are not able to be expedited.]**
3. **There are many different departments that review a permit application. An expediting bonus should clearly identify how each department review will be expedited.**

c. Fee-in -Lieu and Off-Site / Scatter Site options

i. Could … has potential, but New Orelans goals for Inclusionary Zoning are to grow diversity within neighborhoods where new development is taking place, not just add more affordable units to the market. Fee-in-Lieu and Scatter Site options increase the overall number of affordable units, but may not be equitably distributed around city.

[Could lead to concentrating povery away from asset-rich neighborhoods]

ii. [No self-policing developers. It would be most effective if fees were paid to qualified pre-determined 3rd party agency.]

iii. [Off-site options could be limited to renovating existing blighted properties instead of improving vacant lots.]

iv. [Off-site development locations could be pre-determined by City, and developer would produce IZ units within ½ mile of development, and be consistent with the HousingNOLA "Neighborhood Typology" map.]

d. Parking offsets **[encouraged by AIA as an incentive]**

   i. It would be acceptable if the resident in the affordable unit does not have a car

   ii. If the resident in the affordable unit does have a car, they would need to have access to the same options for a parking space as other residents.

3) Design Considerations:

a. No discriminatory design, such as having an entry for 'market rate' residents, and a separate entry for IZ / affordable housing residents.
b. Interior finishes used in market rate units may be different used in IZ units, but exteriors should be similar
c. IZ units should be dispersed throughout development, not clustered or grouped to the same floor level, etc.
d. Mix of unit types used as IZ units should be similar to the mix of unit types throughout the development.

--- END ---

Nicholas J. Kindel

From: CPCinfo
Sent: Tuesday, February 14, 2017 12:15 PM
To: Nicholas J. Kindel
Subject: FW: VOTE NO! for Smart Housing" initative with zoning recommendations

From: Wv 512215 [mailto:wvergesrisch@hotmail.com]
Sent: Wednesday, October 26, 2016 12:35 PM
To: CPCinfo; CouncilDistrictD; Jason R. Williams; Stacy S. Head
Subject: VOTE NO! for Smart Housing" initative with zoning recommendations

I urge you to vote against the proposal especially for the Gentilly Terrace area. PD-4, 6-8

The powers that be basically removed some available housing through legalizing short term rentals and now you want to rezone our residential neighborhoods so that multi-family dwellings can be constructed to increase housing availability. Now every neighborhood will be zoned "mixed density suburban" under this plan. (NOT Acceptable!)
It is my understanding is that there may no longer be a single family residential designation. My experience has been that being a single family neighborhood is very important to our residents and most people would not like this changed.

The zoning designation of Single Family, Low Density is under review to be completely removed as well as the designation of Multi-Family Residential so that there will be 1 zoning designation that allows single-family and multi-family to co-exist in any neighborhood. (NOT Acceptable!!!)

The residents in Gentilly Terrace voice their desire to zone certain areas as Single -family Low- Density in order to preserve the integrity of their neighborhoods. Many of us residents living in neighborhoods that had Multi-Family zoning along with Single_ Family , Low Density state that we did not want any increase in properties zoned for the Multi-Family Residential as these residents felt there was already overcrowding and more CRIME that has already increased in our neighborhoods since Katrina.

Again ---I urge you to vote against the proposal!!!!!
It seems this administration is determined to undermine the very neighborhoods that we've all invested in for decades. I'm extremely disappointed in your efforts on both of these fronts, which, I believe, have been spearheaded by the Mayor.

57 year resident of Gentilly!!!

Nicholas J. Kindel

From: CPCinfo
Sent: Tuesday, February 14, 2017 12:14 PM
To: Nicholas J. Kindel
Subject: FW: SMART Housing

From: Jessica Davis [mailto:jessica.siouxsie@gmail.com]
Sent: Friday, November 04, 2016 3:15 PM
To: CPCinfo
Subject: SMART Housing

To whom it may concern,

I am having very mixed feelings about SMART Housing. I've lived in this city long enough to question when something like this is presented. While this looks great on paper, I am convinced that it will create a negative impact for Gentilly and I would love to see more information proving otherwise. I will admit that I am ignorant to what all of SMART housing entails, but I can't help but feel that overtime it will just bring more crime to an otherwise safe community. As harsh as that sounds, I have seen it happen time and time again in New Orleans with low income housing/apartments and as a result I have very little faith in this idea. I live in Oak Park and as of right now, I have no desire to see this in my neighborhood.

Any information is much appreciated

Thank you for your time,
Jessica

Nicholas J. Kindel

From:	CPCinfo
Sent:	Tuesday, February 14, 2017 12:14 PM
To:	Nicholas J. Kindel
Subject:	FW: Smart Housing Mix Ordinance Study Comments
Attachments:	CPC_SHM_Comments_FINAL_16.12.14.pdf

From: Maxwell Ciardullo [mailto:mciardullo@gnofairhousing.org]
Sent: Wednesday, December 14, 2016 11:27 AM
To: CPCinfo
Cc: info@housingnola; Monika Gerhart
Subject: Smart Housing Mix Ordinance Study Comments

Dear City Planning Commission Staff,

Please accept the attached comments on the Smart Housing Mix Ordinance Study from the Greater New Orleans Fair Housing Action Center (GNOFHAC).

Please also don't hesitate to reach out if you have additional questions related to these comments.

Best,

Maxwell

--
Maxwell Ciardullo
Senior Policy Analyst
Greater New Orleans Fair Housing Action Center
404 S. Jeff Davis Pkwy
New Orleans, LA 70119

Mobile: 202.492.4381
New Orleans Office: 504-708-2428 (direct)
Toll Free: 877.445.2100

www.gnofairhousing.org

Comments on the Smart Housing Mix Ordinance Study

Submitted to:

New Orleans City Planning Commission

by:

Greater New Orleans Fair Housing Action Center

December 14, 2016

The Greater New Orleans Fair Housing Action Center (GNOFHAC) welcomes and encourages the City Planning Commission's study of a Smart Housing Mix ordinance.

As a city, we cannot afford to see long-term residents—the drivers of our cultural and hospitality economy—pushed out of the neighborhoods that have been their homes for generations. If we value and want to continue the traditions that make our city special, then families must have access to housing that is affordable in all of our neighborhoods.

Unfortunately, New Orleans continues to face an affordability crisis. 2015 data shows that more than half of renters are rent-burdened and pay 30% or more of their income toward rent and utilities. One-third are severely rent-burdened and pay 50% of their income towards rent and utilities, leaving little left for education, transportation, groceries or other necessities. While high rents continue to push everyday New Orleanians out of the city, our housing market is booming and real estate developers continue to reap the rewards of our city's recovery.

If New Orleans is going to put long-time residents first, we need a Smart Housing Mix policy. Smart Housing Mix policies rely on the strength of our current housing market to reinvest in affordability for the working families who have been left out of the last decade of recovery. Under such a policy, everyone participates and is asked to contribute their fair share to our combined success.

Opponents of a Smart Housing Mix policy claim that the only solution to our affordable housing crisis is to roll-back land use regulations and let real estate developers continue down the same path. Research shows this will not bring about better outcomes for the hard working New Orleanians at risk of being priced out of our city.

Research compiled by Grounded Solutions Network and the National Housing Conference in their *Separating Fact from Fiction to Design Effective Inclusionary Housing Programs* (2016), overwhelmingly shows that Smart Housing Mix (also known as "inclusionary housing") programs produce affordable units and do not have a negative effect on the larger market. These types of policies were also recently endorsed by the White House in their September 2016 *Housing Development Toolkit*.

In the face of our affordability crisis, many agencies and organizations have taken steps to address our affordability challenge:

- The City Council reformed the Neighborhood Housing Improvement Fund (NHIF) to direct more of our scarce public dollars toward housing.
- The City's Office of Community Development is coordinating with the New Orleans Redevelopment Authority (NORA) to make public land available for affordable housing development.
- The Housing Authority of New Orleans (HANO) is implementing plans to re-develop mixed-income housing on its scattered site properties.
- Non-profit, mission-based developers continue to creatively layer funds and produce below-market rate units, even as federal and state subsidies dry up.

Each of these entities is doing their part and it's time for the for-profit housing industry to step up and be a part of the solution.

Throughout the past four years, residents, developers, housing advocates, and city leaders have discussed a Smart Housing Mix policy. The HousingNOLA plan, the Mayor's *Housing for a Resilient New Orleans* strategy, and the City's recent Assessment of Fair Housing have already endorsed such a policy. GNOFHAC believes it's time to start making it a reality.

We thank the City Planning Commission for its study of a Smart Housing Mix ordinance and invite its commissioners and staff to discuss these comments with us as it proceeds. Please contact Director of Policy and Communications Monika Gerhart-Hambrick (mgerhart@gnofairhousing.org), or Senior Policy Analyst Maxwell Ciardullo (mciardullo@gnofairhousing.org).

Nicholas J. Kindel

From: CPCinfo
Sent: Tuesday, February 14, 2017 12:14 PM
To: Nicholas J. Kindel
Subject: FW: Comments on Smart Housing Mix Ordinance Study
Attachments: Enterprise Comments on Smart Housing Mix Ordinance Study.pdf

---

From: Sullivan, John [mailto:jsullivan@enterprisecommunity.org]
Sent: Thursday, December 29, 2016 2:31 PM
To: CPCinfo
Subject: Comments on Smart Housing Mix Ordinance Study

Hello – Please find attached comments from Enterprise Community Partners on the Smart Housing Mix Ordinance Study.

Thank you,

John

John Sullivan
Senior Program Director
State and Local Policy, Gulf Coast
Enterprise Community Partners, Inc.
643 Magazine Street, Suite 202
New Orleans, LA 70130
504.335.2305 | Fax: 504.561.0785
Facebook | LinkedIn | Twitter | YouTube | Our Blog, @the horizon
Invest with Us | Donate to Enterprise Community Partners, Inc.

Enterprise

December 29, 2016

City of New Orleans
City Planning Commission
1300 Perdido Street, 7th Floor
New Orleans, LA 70112

Dear Mr. Rivers:

On behalf of Enterprise Community Partners, thank you for the opportunity to comment on the Smart Housing Mix Ordinance Study. Enterprise supports the adoption of effective inclusionary housing and incentive policies that will give lower-income families access to well-built housing in neighborhoods of opportunity.

Enterprise works with partners nationwide to finance, build and advocate for affordable housing for low- and moderate-income families. Since Hurricane Katrina, Enterprise has invested nearly $380 million to support the production of more than 10,000 affordable homes in Louisiana and Mississippi.

In addition to working with local nonprofit and development partners to serve the city's housing needs, we have collaborated with the Office of Community Development, the Planning Commission, NORA, and HANO to develop effective programs and policies that leverage private and nonprofit effort and investment for better housing in New Orleans.

At Enterprise, we believe that building opportunity starts with home – affordable places to live in flourishing communities linked to jobs, good schools, health care and transportation. With New Orleans' post-Katrina successes, a growing economy and a boom in housing development, the city now has the chance to implement inclusionary policies to leverage those successes to enhance housing opportunities for all its citizens.

Developing an effective Smart Housing Mix policy is important for New Orleans for several reasons:

- **It gives the city another tool to battle rising unaffordability.** Increasing housing costs, as chronicled in the mayor's *Housing for a Resilient New Orleans* plan and the HousingNOLA 10-year plan, are a burden for many New Orleanians and a threat to the city's economic vitality. Inclusionary policies are cheap ways to increase the availability of housing affordable to low- and moderate-income residents.
- **It will give more New Orleanians access to neighborhoods of opportunity.** Placing affordable housing in market rate development gives lower-income residents better access to jobs and good transit, and moves residents away from high crime areas. This kind of economic integration is necessary for the sustained economic vitality for the city.
- **It will enhance the racial integration of the city's neighborhoods.** As recommended in the City's Assessment of Fair Housing plan, an inclusionary policy can produce

ENTERPRISE
504.335.2300 ■ www.enterprisecommunity.org ■ www.enterprisecommunity.com

developments and neighborhoods that are more racially diversified. In addition to economic integration within neighborhoods, racial integration is important to the city's long-term sustainability.

In adapting inclusionary housing policies to New Orleans, we urge the Planning Commission to consider the following:

- **The inclusionary policy should be mandatory, and not voluntary, for the development types that will be subject to the policy.** Cities that require certain developments to meet inclusionary goals have seen more affordable units produced and located in neighborhoods of opportunity than cities that have made inclusionary goals optional.
- **With a mandatory inclusionary policy, developers should be given "in lieu" options to meet inclusionary requirements.** Developers should have the flexibility to meet inclusionary goals in ways that best fit their projects. These options can include fees, off-site development, land dedication, and preservation activities that produce housing in neighborhoods of opportunity.
- **The City should have the ability to quickly respond to changing market dynamics.** If inclusionary policies are limited to certain areas of the city that now have high market activity, then the City must have the ability to include other areas or neighborhoods as market patterns shift. With its current economic growth the city is changing rapidly, and while some markets may be considered "cold" at the time the policy is put into place, those "cold" markets can heat up quickly. The City will be missing an opportunity to leverage private investment in those areas unless it can identify those changing areas and add them to the inclusionary target area within a short period of time.

Again, we thank you for the opportunity to comment on the Smart Housing Mix Ordinance Study. Now is the perfect time for the City to adopt inclusionary and incentive policies that will connect more residents to opportunity and strengthen the fabric of the city. With current strong market conditions, time is of the essence. It is crucial that the Planning Commission and City Council adopt a Smart Housing Mix Ordinance quickly to not miss out on the ability to incorporate more affordable units into the surge of new development poised to happen in the city's neighborhoods of opportunity.

Sincerely,

John Sullivan

John Sullivan
Senior Director for State and Local Policy, Gulf Coast

Nicholas J. Kindel

From:	CPCinfo
Sent:	Tuesday, February 14, 2017 10:31 AM
To:	Nicholas J. Kindel
Subject:	FW: Affordable Housing and Accessory Dwelling Units
Attachments:	COR - 2017 01 02 - to CPC re accessory dwelling units.pdf
Follow Up Flag:	Follow up
Flag Status:	Completed

From: Jim Uschold [mailto:juplc@iname.com]
Sent: Monday, January 02, 2017 1:16 PM
To: CPCinfo; Stacy S. Head; Jason R. Williams; Susan G. Guidry; LaToya Cantrell; DistrictC; CouncilDistrictD; James A. Gray
Cc: info@gnoha.org
Subject: Affordable Housing and Accessory Dwelling Units

Dear Mr. Rivers, CPC Staff, and City Councilmembers:

I write in reference to the Affordable Housing Impact Study and the Smart Housing Mix Ordinance Study requested by the City Council in Motions M-16-167 and M-16-490.

I ask that the commission and the councilmembers consider the role of accessory dwelling units (ADUs) in providing affordable housing. Research indicates that legalizing detached ADUs is one of the fastest, easiest, and cheapest ways to add affordable housing stock.

Attached is a letter outlining my position which I submit as a public comment relative to both motions.

Jim Uschold

JAMES E. USCHOLD, PLC | 700 Camp Street - Suite 317 | New Orleans, LA 70130
phone: 504-528-9500 | fax: 504-754-7654 | cell: 206-755-0007 | email: juplc@iname.com
Tax Sale Lawyer | Code Enforcement Defense | Personal Injury | General Civil Litigation

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A PROFESSIONAL LAW CORPORATION
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504.528.9500 FAX 504.754.7654 juplc@iname.com

January 2, 2017

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CPCinfo@nola.gov

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1300 Perdido Street
New Orleans, LA 70112
jagray@nola.gov

RE: Affordable Housing and Accessory Dwelling Units

Dear Mr. Rivers, CPC Staff, and City Councilmembers:

I write in reference to the Affordable Housing Impact Study and the Smart Housing Mix Ordinance Study requested by the City Council in Motions M-16-167 and M-16-490. I ask that the commission and the councilmembers consider the role of accessory dwelling units (ADUs) in providing affordable housing.[1] Research indicates that legalizing detached ADUs is one of the fastest, easiest, and cheapest ways to add affordable housing stock.

Detached Accessory Dwelling Units Should be Legalized

Detached ADUs are currently prohibited under CZO Section 21.6.A(10) ("No detached accessory structure may be used for habitation.")

Recent studies and regulatory changes in other jurisdictions show that allowing more ADUs can have an immediate and significant impact on affordable housing. ADUs are cheaper to build and do not require government incentives such as subsidies and tax credits. While attached ADUs are legal, detached ADUs generally provide a greater degree of privacy and separation between residents of the primary and accessory dwelling units. Many existing accessory structures, such as garages and carriage houses, can be quickly converted into or expanded to include ADUs.

[1] While I am an attorney, I represent no client in this matter. I write as a concerned citizen.

ADUs typically have significantly lower rents. The information in the materials cited below indicates that 10% to 15% of ADUs have zero rent and approximately 20% have rents far below market rates.[2]

ADUs can also help property owners, many of whom also have substantial housing burdens.[3] The income streams from ADUs can help people afford to purchase new homes, pay for their existing homes, and remain in their homes through retirement.

Legalizing detached ADUs is a win/win because they help renters, property owners, and the City as a whole. As noted in the City Council's motion, "high housing costs can limit a region's ability to attract and retain the workforce necessary for a healthy economy."

Resources

There appears to be a growing consensus that ADUs can have significant positive impacts on affordable housing. Below is a list of links to various websites providing background information and/or discussing the impact of ADUs on affordable housing.

- https://accessorydwellings.org/2014/08/07/do-adus-provide-affordable-housing/:

  > ADUs are extremely economical to construct per unit, cost the government little or nothing to allow, and – given the number of single family residences in US cities – could be incredibly abundant.

- http://urbanland.uli.org/planning-design/rethinking-private-accessory-dwellings/

  > The net effect of recent demographic changes is that we have millions of single-family detached houses, which have more than doubled in average size since 1950, with about a third fewer—and older—people living in them. Not only are the houses larger, but so are the lots on which they sit. If PADs [private accessory dwellings] can be added in appropriate scale and number, existing housing, zoned land, and current infrastructure could be efficiently used to increase housing supply and to stabilize or even reduce housing prices. Moreover, since PADs are by definition smaller than existing dwellings, they will attract both younger and older residents who will enrich the intergenerational composition of both urban and suburban communities.
  >
  > Detached single-family dwelling zones were widely adopted during the post–World War II period when households transformed from extended to nuclear families. In 1950, more than 87 percent of households contained a husband and a wife, and 58 percent had children under 18 living at home. Suburban land was inexpensive; home ownership was subsidized by federal policies; and the Interstate Highway Act of 1956 opened wide swaths of developable land. In 1950, less than half of homes were owned, compared with two-thirds today. Now, married households

---

[2]Many "zero rent" ADUs are used by family members. For owners with elderly parents, ADUs may be a much more affordable alternative to independent or assisted living facilities and may avoid the need for public assistance. ADUs also provide affordable housing for adult children entering the workforce and/or saving to buy a permanent home.

[3]The City Council's motion says "In New Orleans, more than 70% of all households pay more than one third or more of their income towards housing costs." If the current renter/owner split is roughly 50/50, then 50% to 60% of New Orleans *owners* pay more than a third of their income towards housing costs. Selling and becoming renters is not likely to improve their situations.

> represent less than half of all households, and those with children represent under a quarter. Single-person households increased from less than 8 percent in 1950 to almost 30 percent today. Moreover, about 124.6 million Americans were single in August 2014, accounting for 50 percent of those who were 16 years or older, according to data used by the U.S. Bureau of Labor Statistics, so the market for single-person households is likely to continue to increase.
>
> The size of the average single-family house in 1950 was only 983 square feet (91 sq m), but it almost tripled to over 2,679 square feet (249 sq m) by 2013, according to the National Association of Home Builders. Yet, average household occupancy has declined about one-third from 3.7 to only 2.5 per residence. The American Enterprise Institute found that the square footage of living space per person in the median-size new home has almost doubled since 1973 from 552 to 1,055 square feet (51 to 98 sq m).
>
> . . .
>
> While typical postwar city lots measured about 5,000 square feet (465 sq m), the median size now is almost double at 8,900 square feet (827 sq m). Since the average plus-or-minus-2,000-square-foot (186 sq m) house occupies a footprint of only about 1,000 square feet (93 sq m), up to 90 percent of the average lot might be available for accessory buildings. So the outstanding detached housing stock reveals larger houses with fewer occupants on larger lots, largely open. PAD proponents eye these larger houses and larger lots to create both internal and detached PADs for multiple markets in cities and suburbs.

- http://nlihc.org/article/field-new-hampshire-wins-protections-accessory-dwelling-units

> Affordable housing advocates in New Hampshire celebrated a significant victory this month when Governor Maggie Hassan (D) signed Senate Bill 146, legislation that allows single-family homeowners to add an accessory dwelling unit as a matter of right through a conditional use permit or by special exception as determined by their municipalities. The bill removes a significant regulatory barrier to increasing rental homes at no cost to taxpayers.

- https://smartgrowthamerica.org/using-accessory-dwelling-units-to-bolster-affordable-housing/ (discussing ADUs and actual and/or proposed regulations in Santa Cruz, CA, and Minneapolis, MN).

- http://www.citylab.com/design/2016/05/how-one-colorado-city-instantly-created-affordable-housing/483027/ (discussing ADU regulations in Durango, CO) See also https://www.youtube.com/watch?v=_s0p-zJeDpQ (City of Durango video).

- http://billmoyers.com/2014/10/06/are-tiny-houses-one-solution-to-homelessness/

- http://americantinyhouseassociation.org/accessory-dwelling-units/ (contains numerous links to articles, ADU regulations, proposed regulations, and model regulations)

Recommendations

My research indicates that detached ADUs can be legalized with only a few relatively simple changes to the CZO. While additional changes or regulations may advisable or desirable, I suggest the following specific changes:

- Amend the definitions in Section 26:

> **Accessory Structure**. An attached or detached structure located on the same lot as, and of a nature and use clearly incidental and subordinate to, the principal structure.~~, that does not contain habitable space~~. See "Accessory Dwelling Unit."
>
> **Accessory Dwelling Unit (ADU).** A dwelling unit located in an accessory structure. See "Accessory Structure."

- Amend Section 21.6.A:

> 9. No detached accessory structure may be constructed prior to construction of the principal building to which it is accessory. This section does not apply to detached accessory dwelling units.
>
> 10. With the exception of accessory dwelling units, no detached accessory structure may be used for habitation.
>
> 11. Accessory Dwelling Units (ADUs):
>
>   a) Building permits are require for all new ADUs and conversions of existing accessory structures to ADUs.
>
>   b) Existing accessory structures, including garages, carriage houses, pool houses, and cabanas, may be converted to ADUs.
>
>   d) Existing non-conforming detached ADUs shall be subject to inspection and may be required to be brought up to code.
>
> ~~11~~12. Any accessory structure that is no longer in use is considered abandoned and the owner shall remove the accessory structure. The City may ensure and enforce removal by means of its existing regulatory authority. This section does not apply to accessory dwelling units.

Comments

It is not clear why there should be substantial objections to legalizing detached ADUs. To the extent there may be legitimate concerns, the benefits of ADUs should outweigh those concerns.

But what are the possible concerns? Concerns about neighborhood densities seem unreasonable. As fewer people are occupying larger homes and there are more single-person households, neighborhood densities have been *declining* for decades.[4]

While I understand the historical desire to limit densities and not to allow more than one dwelling unit in single-family residential districts, that desire may have been based in part an a questionable general bias against allowing renters in such districts. I do not believe "I don't want renters in my neighborhood" is a valid objection to legalizing ADUs. Nor should owners in such districts lose the option of allowing there parents or children live on the same property in ADUs. is there a reasons

---

[4]While rarely discussed, I believe the dramatic rise in the number of single-person households is a significant contributor to higher rents as it increases demand. As these numbers are expected to continue increasing, the demand for smaller dwelling units should also increase (a trend already seen in the "small house" movement).

But even if there are reasons to prohibit ADUs in single-family residential districts, it is not clear why there *ever* should have been a prohibition in two-family and multi-family districts. If there can be two dwelling units in a double built on a 30' x 120' lot, why can't there be two dwelling units (the primary single-family dwelling and an ADU) on a 60' x 120' lot? If the owner of a double can live on one side and rent the other side (or rent both sides), why can't the owner of a single-family dwelling build and rent out a garage apartment? I further note that conversions doubles to singles have reduced the total number of dwelling units in two-family districts.

Aesthetic consideration also favor legalizing ADUs. While garages are often very unattractive utility buildings, property owners will usually want their ADUs to be more attractive than a garage.

Conclusion

Legalizing accessory dwelling units is an important component of any plan or strategy to provide more affordable housing in New Orleans. It is one of the fastest, easiest, and cheapest ways to add affordable housing stock. I recommend that the Commission and the City Council take immediate action to amend the CZO to legalize detached ADUs.

Very truly yours,

/s/

James E. Uschold
JEU/ju
D:\Dropbox\ADU research\COR - 2017 01 02 - to CPC re accessory dwelling units.wpd

From: CPCinfo
Sent: Tuesday, January 24, 2017 12:18 PM
To: Kelly G. Butler; Nicholas J. Kindel
Subject: FW: SMART HOUSING MIX ORDINANCE STUDY

From: Curtis Laub [mailto:curtislaub@gmail.com]
Sent: Tuesday, January 24, 2017 11:10 AM
To: CPCinfo
Subject: SMART HOUSING MIX ORDINANCE STUDY

Hello,
I want to thank you for undertaking this study. The lack of affordable housing is one of the biggest issues facing our city today.

I applaud you for considering changes to the zoning code. In too many places, development is limited to one- or two-family dwellings, making it more difficult for developments that allow a denser mix of more affordable units. I have heard of someone wanting to convert an existing two-story double in to 4 units and use affordable housing programs, but was not able to because the zoning limited him to two families. These types of developments should be encouraged, not restricted.

More robust incentives/requirements for affordable housing in private development are also needed, and should not have sunsets, or if so they should be maximium length.
Thank you again for your consideration of this issue.
-Curtis Laub
2426 General Taylor St

From: Jenga Mwendo <jenga@ccclt.org>
Sent: Tuesday, December 06, 2016 3:35 PM
To: Stephen K. Kroll
Cc: Royce Duplessis; Kelly G. Butler
Subject: Re: Question about City Planning Commission Process

Thank you both for your prompt responses!

To clarify, the first question on my list was really about how the CPC reviews and records comments, rather than how it receives comments. I am wondering what, if any, accountability or checks and balances might be in place around the public comment review process. Procedures for reviewing and recording might be: CPC staff is required to read each comment it receives; or CPC staff must generate a summary of comments that is submitted to the CPC board and the board will compare the summary to the final product; or CPC must issue a response to public comments explaining how comments were reflected in the final product. (Of course, I am making these up.)

Understanding that there is no requirement for the CPC to reflect all public comments in the final plan/study/ordinance, what are the procedures that guide the CPC's process for considering the comments (and their merits)?

Thank you for answering my questions. Have a great day!

- Jenga

On Tue, Dec 6, 2016 at 12:43 PM, Stephen K. Kroll <skroll@nola.gov> wrote:

Hi Jenga,

Royce is correct about everything but I'll supplement his response to provide a little more detail.

- Is there an official procedure around how comments are reviewed and recorded? (I've read the Administrative Rules, Policies and Procedures and didn't come across specific rules on this.)

Comments must be received by 5 pm on the Monday eight days prior to the CPC meeting at which the application will be considered. They can be submitted via email to CPCinfo@nola.gov, sent via postal mail, or hand-delivered. Kelly Butler is the primary staff contact on the Smart Mix Housing Study, so I would also email comments to her at kgbutler@nola.gov. I'm copying Kelly on this email as well.

- Are certain comments weighed more heavily than others (for instance, comments that come from organized groups representing a large number of people versus those that come from an individual)?

As Royce said, comments are not weighed. They're all considered equally and on their merits.

- Are there any requirements about special consideration for repetitive comments (for instance, 1,000 individuals and entities submitting the same comments)?

No, same as above.

- Are the comments being reviewed on an ongoing basis? If so, are they being used to inform the current study?

Yes. We encourage people to submit comments well in advice of the comment deadline for all applications, as that allows more time to read and consider the comments as we draft our staff reports.

Stephen Kroll

City Planning Commission

City of New Orleans

1300 Perdido Street

Room 7W03

New Orleans, Louisiana 70112

504.658.7010

skroll@nola.gov

www.nola.gov/cpc

From: Royce Duplessis [mailto:roycedup@gmail.com]
Sent: Monday, December 05, 2016 7:21 PM
To: Jenga Mwendo
Cc: Stephen K. Kroll
Subject: Re: Question about City Planning Commission Process

Hi Jenga,

Thank you for the email. I definitely remember you. I tried my best to answer your questions. See below:

- The official process for submitting comments is as simple as email or letter mail. You can submit them directly to the CPC staff.
- There is no formal "weighing" system, so no comments should be weighed more heavily than others. All comments should be considered equally.
- Same answer as above
- I believe the answer to this is "yes"

To be certain, I have copied Stephen Kroll from the CPC staff.

Stephen, can you please confirm if anything I stated was incorrect?

Thank you,

Royce Duplessis

On Mon, Dec 5, 2016 at 3:33 PM, Jenga Mwendo <jenga@ccclt.org> wrote:

Hi Royce,

I hope this message finds you well. And congratulations on your recent nuptials!

We met through my work with Backyard Gardeners Network, a Lower 9 based organization that I founded in 2009. Although BGN remains in operation, I recently began working with Julius Kimbrough, Jr at Crescent City Community Land Trust as the Deputy Director. Our focus is permanently affordable housing and commercial development in the city of New Orleans.

As part of our policy work, we have been involved with GNOHA and HousingNOLA. We will be submitting comments for the Smart Housing Mix Study and Ordinance. Neither of us have great experience with the public comment process, so we thought it might be best to ask someone on the CPC board.

My questions are as follows:

- Is there an official procedure around how comments are reviewed and recorded? (I've read the Administrative Rules, Policies and Procedures and didn't come across specific rules on this.)

- Are certain comments weighed more heavily than others (for instance, comments that come from organized groups representing a large number of people versus those that come from an individual)?

- Are there any requirements about special consideration for repetitive comments (for instance, 1,000 individuals and entities submitting the same comments)?

- Are the comments being reviewed on an ongoing basis? If so, are they being used to inform the current study?

Thanks for taking the time to read these. If there are no official rules or procedures around comments, your advice about strategic involvement would be most appreciated.

Have a great day!

--

Jenga Mwendo

Deputy Director

Crescent City Community Land Trust

(504) 666-9466 - office

(504) 994-7745 - cell

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Jenga Mwendo
Deputy Director
Crescent City Community Land Trust
(504) 666-9466 - office
(504) 994-7745 - cell

Nicholas J. Kindel

From: CPCinfo
Sent: Tuesday, February 14, 2017 1:13 PM
To: Nicholas J. Kindel
Subject: FW: Support For Mandatory Inclusionary Zoning

From: Josh Grady [mailto:joshgrady2@gmail.com]
Sent: Saturday, December 17, 2016 8:22 PM
To: CPCinfo
Subject: Support For Mandatory Inclusionary Zoning

I am writing to express my support for the Mandatory Inclusionary Zoning policy that is being considered. Units should be permanently affordable and make up at least 20% of the development.

Please move this forward.

Josh

Nicholas J. Kindel

From: CPCinfo
Sent: Tuesday, February 14, 2017 1:15 PM
To: Nicholas J. Kindel
Subject: FW: 'Smart Housing' Initiative

From: Peggy Cochran [mailto:prcochran@gmail.com]
Sent: Wednesday, October 26, 2016 3:50 PM
To: CPCinfo
Subject: 'Smart Housing' Initiative

I will not be able to attend the hearing on Tuesday but want to voice my opinion:

I am 100% against the proposed zoning changes for Gentilly. It will change and ruin the fabric of our neighborhood.

Thank you,
Peggy Cochran
6050 Chatham Dr.
New Orleans, LA 70122

Nicholas J. Kindel

From:	CPCinfo
Sent:	Tuesday, February 21, 2017 9:41 AM
To:	Nicholas J. Kindel
Subject:	FW: Smart housing mix comments
Attachments:	INCLUSIONARY ZONING.ONEPAGER.CPCcomments.docx

From: General Inquiry [mailto:info@nolahousingcoalition.org]
Sent: Tuesday, February 21, 2017 9:29 AM
To: CPCinfo; Robert D. Rivers; Stacy S. Head; Jason R. Williams; Susan G. Guidry; LaToya Cantrell; CouncilDistrictD; James A. Gray
Subject: Smart housing mix comments

Good morning,

Please accept these comments on the Smart housing mix or Inclusionary Zoning.

Regards,

Coalition for Sound Housing Solutions

COALITION for SOUND HOUSING SOLUTIONS

As the Administration and City Council contemplate major zoning changes that would culminate in a so-called “Smart Housing Mix” ordinance, the Coalition for Sound Housing Policy***** respectfully submits these written comments for consideration. It is our understanding that the implementation of an Inclusionary Zoning (IZ) ordinance would underpin any iteration of the City’s proposed smart housing mix ordinance. As such, the following brief comments on IZ are warranted.

In its broadest sense, Inclusionary Zoning (IZ) requires housing developers to sell or rent a proportion, or percentage, of their units below market rate. Correspondingly, a city (or other type of governing authority) often provides incentives to the developer as a means of defraying the cost of generating the below-market units. Developers in some IZ jurisdictions also have the potential option of paying a fee into an afording housing fund, rather than building the units themselves (“in-lieu of” fund). Historically, IZ, which is a relatively complex market intervention requiring sophisticated administration by local government, has been mandated by policymakers or it has been incentivized, and characterized as “voluntary.” In any case, inclusionary zoning is a government-initiated endeavor that results in price control, albeit in the name of housing affordability.

The heart of IZ, which has been around nationally for several decades, is generally to mitigate the multidimensional effects of rising housing costs - or, in other words, to achieve some measure of housing “affordability.” While IZ has been held out over the years as a beacon of hope by select affordable housing activists, planners, and policymakers, its effectiveness in producing the *volume* of units necessary to truly impact the housing affordability gap has been exaggerated. In fact, a sizable sample of research conducted over many years suggests that IZ fails to come close to accommodating the true demand for affordable housing, and, in many instances, actually increases market housing and rental prices in moderate-high demand areas. This then begs the question of what alternatives might exist to aid in producing housing that is affordable at *all* price points.

For whatever merit exists for some type of local, incentive-based inclusionary zoning policy, it should be but a minor part of an affordable housing agenda, and must serve *everyone* who needs help in renting or buying housing affordably. Incentives to explore should include expedited construction permitting and inspections, administrative lot line adjustments, relaxed height and setback requirements, increased floor area ratios (FAR), reduced parking ratio requirements, and more. In fact, anything less than a comprehensive approach to the affordability challenge will ultimately prove futile. Current evidence suggests that some American cities that relied solely on inclusionary zoning to resolve their affordability problems have reversed course and are now evaluating a fuller spectrum of policies to generate meaningful, discernable levels of affordable housing units.

Also foremost in bridging the gap between the cost of housing and the amount that citizens are able to pay for it is the political will and ability to reduce regulatory barriers to housing. Many jurisdictions are rife with onerous regulations that restrict the range of permitted housing types; arbitrarily control growth (which limits land supply); and perpetuate lengthy and complex development approval processes that delay many worthy construction projects. Delays and enhanced costs for regulatory compliance inevitably result in *increased* housing costs, which are obviously counter-productive to any notion of affordability.

Next, we must continue to infuse Federal resources into our local affordable housing programming, such as Federal Low-Income Housing Tax Credit (LIHTC), HOME Investment Partnerships Program (HOME) funds, Community Development Block Grant (CBDG), and other creative Federal financing vehicles. Beyond that, we should apply state and local resources to finance affordable housing units, including bond revenues, tax increment finance districts (TIF), special assessment districts, Payment in Lieu of Taxes (PILOT), historic tax credits, and even revenues associated with tax adjudicated, blighted, and abandoned properties. One of the most expedient ways for the City of New Orleans to help alleviate the housing affordability problem is to use its existing Neighborhood Housing Improvement Fund (NHIF) as it was intended. The NHIF derives its funding from a local millage, generates over two million dollars annually, and is an excellent source of revenue for home renovation for owners and renters. Also "shovel ready" is our ability to explore adaptive reuse of the multitude of City-owned, existing housing and commercial structures and lots, utilizing private investors and efficiently-operating nonprofits, thus relying less on public subsidies and more on conventional real estate economics. Finally, we must acknowledge that various pockets and neighborhoods of potential residential growth have become bastions for NIMBYism (Not in My Backyard) sentiment. While active neighborhood and citizen participation in the development process can bear productive and harmonious results, a dose of moderation in that regard would also go a long way in serving the housing needs of all of the City's citizens.

Recognizing the immense challenges before us, New Orleans can certainly realize the goal of creating quality affordable housing commensurate with our true needs. However, unless we employ a full spectrum of tools, resources, and collective will, our needs will continue to go unmatched. Despite its lure of political expediency, inclusionary zoning in a vacuum will never resolve our affordable housing challenges.

*** The Coalition for Sound Housing Policy is comprised of New Orleans-area for-profit and non-profit land developers, home builders and remodelers, multifamily property owners and managers, and other local real estate professionals and trade organizations. Principals within the group have developed and built thousands of homes in New Orleans over many years and also currently own and manage thousands more rental units in complexes both large and small. For more information on the Coalition, please contact Rita Bautista at 504.837.2700 or visit our website at ___________.**

City Planning Commission
Speaker Card

Date : 11/8/16

I would like to speak regarding CPC Docket : #12 - mixed income housing

IN SUPPORT

Name: Rachel Speck

Address: 3022 Toulouse St.

◯ I am the applicant for this docket

◯ I'd like to cede my time to:

Remarks:

City Planning Commission
Speaker Card

Date : 11/8/16

I would like to speak regarding CPC Docket : SMART HOUSING

IN SUPPORT

Name: IMANI BROWN

Address: 111 W CRETE ST

◯ I am the applicant for this docket

◯ I'd like to cede my time to:

Remarks:

City Planning Commission
Speaker Card

Date : 11/8/16

I would like to speak regarding CPC Docket : Smart Housing Mix ordinance 12

IN SUPPORT

Name: Ciara Stein

Address: 6034 Prytania St.

◯ I am the applicant for this docket

◯ I'd like to cede my time to: Andreanecia Morris

Remarks:

City Planning Commission
Speaker Card

Date : 11/8/16

I would like to speak regarding CPC Docket : 12

IN SUPPORT

Name: Andreanecia Morris

Address: 4640 S. Carrollton Ave

◯ I am the applicant for this docket

◯ I'd like to cede my time to:

Remarks:

City Planning Commission
Speaker Card

Date : 11/8/16

I would like to speak regarding CPC Docket : 12

IN SUPPORT

Name: Tessa Hartley

Address: 822 3rd St

◯ I am the applicant for this docket

⊗ I'd like to cede my time to: Andreanecia Morris

Remarks:

City Planning Commission
Speaker Card

Date : 11/8/16

I would like to speak regarding CPC Docket : 12

IN SUPPORT

Name: ~~Atech~~ Jasmine Brooks

Address: 4640 S. Carrollton

◯ I am the applicant for this docket

⊗ I'd like to cede my time to: Andreanecia Morris

Remarks:

City Planning Commission
Speaker Card

Date : Nov. 8th

I would like to speak regarding CPC Docket : Smart Housing

IN SUPPORT

Name: Kelsy Yeargain

Address: 1802 Tulane Ave

◯ I am the applicant for this docket

◯ I'd like to cede my time to:

Remarks:

City Planning Commission
Speaker Card

Date : 11/8/16 #12

I would like to speak regarding CPC Docket : SMART HOUSING MIX

IN SUPPORT

Name: MAXWELL CIARDULLO

Address: 404 S. JEFF DAVIS PKWY 70119

◯ I am the applicant for this docket

◯ I'd like to cede my time to: AM I

Remarks:

City Planning Commission
Speaker Card

Date : 11/8/2016

I would like to speak regarding CPC Docket : Smart Housing

IN SUPPORT

Name: ELIZABETH LISLIT

Address: 2900 Elysian Fields

○ I am the applicant for this docket

○ I'd like to cede my time to:

Remarks:

City Planning Commission
Speaker Card

Date : 11-8-2016

I would like to speak regarding CPC Docket : #12 Smart Housing Mix

IN SUPPORT

Name: Steven Kennedy

Address: 909 Gravier St.

○ I am the applicant for this docket

○ I'd like to cede my time to:

Remarks: I'm in support of Policy

City Planning Commission
Speaker Card

Date : 11/8/16

I would like to speak regarding CPC Docket : Smart Housing Mix Ordinance

IN SUPPORT

Name: Sandra V Serna

Address: 4928 Prytania St, Apt. 2 NOLA 70115

○ I am the applicant for this docket

○ I'd like to cede my time to:

Remarks:

City Planning Commission
Speaker Card

Date : 11/8

I would like to speak regarding CPC Docket :

INFORMATION ONLY

Name: RICHARD LANE

Address: 420 20th ST

○ I'd like to cede my time to:

Remarks: Prepared Statement

City Planning Commission
Speaker Card

Date :

I would like to speak regarding CPC Docket : smart housing

INFORMATION ONLY

Name: KAHN, MORRIS

Address: 1031 St Ph 6

○ I'd like to cede my time to:

Remarks:

City Planning Commission
Speaker Card

Date : 11/8

I would like to speak regarding CPC Docket : Smart housing

IN OPPOSITION

Name: Rita Bautista (Home Builders Assoc.)

Address: 2424 N Arnoult

○ I'd like to cede my time to:

Remarks:

City Planning Commission
Speaker Card

Date : 2/21/17

I would like to speak regarding CPC Docket : #7 - Smart Housing Mix

IN SUPPORT

Name: John Sullivan

Address: 643 Magazine St.

◯ I am the applicant for this docket

◯ I'd like to cede my time to:

Remarks:

City Planning Commission
Speaker Card

Date : 2/21

I would like to speak regarding CPC Docket : 7

IN SUPPORT

Name: Michelle Green

Address:

◯ I am the applicant for this docket

◯ I'd like to cede my time to:

Remarks:

City Planning Commission
Speaker Card

Date : 2/21/17

I would like to speak regarding CPC Docket : ~~[illegible]~~ 7

IN SUPPORT

Name: Michelle Green

Address: 6320 Stratford PL NOLA 70131

◯ I am the applicant for this docket

◯ I'd like to cede my time to:

Remarks:

City Planning Commission
Speaker Card

Date : 2/21

I would like to speak regarding CPC Docket : 7

IN SUPPORT

Name: John Sulliva

Address:

◯ I am the applicant for this docket

◯ I'd like to cede my time to:

Remarks:

City Planning Commission
Speaker Card

Date : 2/21

I would like to speak regarding CPC Docket : 7

IN SUPPORT

Name: ~~@ Alto~~ Andreanecia Morris

Address: 4160 S. Carrollton Ave

○ I am the applicant for this docket

○ I'd like to cede my time to:

Remarks:

City Planning Commission
Speaker Card

Date : 2/21

I would like to speak regarding CPC Docket : 7

IN SUPPORT

Name: Ciara Stein

Address:

○ I am the applicant for this docket

⊗ I'd like to cede my time to: Andreanecia Morris

Remarks:

City Planning Commission
Speaker Card

Date : 2/21/17

I would like to speak regarding CPC Docket : 7/M-16-490

IN SUPPORT

Name: GIDEON STANTON

Address: 1025 2nd ST, NO, LA 70130

○ I am the applicant for this docket

○ I'd like to cede my time to:

Remarks:

City Planning Commission
Speaker Card

Date : 2/21

I would like to speak regarding CPC Docket : 7

IN SUPPORT

Name: Sandra Semar?

Address:

○ I am the applicant for this docket

○ I'd like to cede my time to:

Remarks:

City Planning Commission
Speaker Card

Date : 2/21

I would like to speak regarding CPC Docket : 7

IN SUPPORT

Name: Maxwell Ciardullo

Address:

◯ I am the applicant for this docket

◯ I'd like to cede my time to:

Remarks:

City Planning Commission
Speaker Card

Date : 2/21/17 M 16 490

I would like to speak regarding CPC Docket : smart housing

IN SUPPORT

Name: Breonne DeDecker

Address: 1216 N Miro

◯ I am the applicant for this docket

◯ I'd like to cede my time to:

Remarks:

City Planning Commission
Speaker Card

Date : 2/21

I would like to speak regarding CPC Docket : 7

IN SUPPORT

Name: Kelsy Yeargain

Address:

◯ I am the applicant for this docket

◯ I'd like to cede my time to:

Remarks:

City Planning Commission
Speaker Card

Date : 2/21/17

I would like to speak regarding CPC Docket : Smart Housing Mix

IN SUPPORT

Name: Lucinda Flowers

Address: 124 Nursery Ave., Metairie

◯ I am the applicant for this docket

◯ I'd like to cede my time to:

Remarks: glad to see this moving forward

City Planning Commission
Speaker Card

Date : 2-21-2017

I would like to speak regarding CPC Docket : #7 Smart Housing Mix

IN SUPPORT

Name: Steven Kennedy

Address:

◯ I am the applicant for this docket

◯ I'd like to cede my time to:

Remarks:

City Planning Commission
Speaker Card

Date : Feb 21, 2017

I would like to speak regarding CPC Docket : #7 Smart Housing

IN OPPOSITION

Name: Gary Rauber

Address: 4509 Bienville Ave

I'd like to cede my time to:

Remarks: Opposed to what amounts to subsidized rent control. A better solution to affordable housing is renovation of blight throughout the city

City Planning Commission
Speaker Card

Date : 2/21/2017

I would like to speak regarding CPC Docket : smart housing mix

IN OPPOSITION

Name: Rita Bautista Home Builders Association

Address: 2424 N Arnoult

I'd like to cede my time to:

Remarks:

City Planning Commission
Speaker Card

Date : Feb 21, 2017

#7

I would like to speak regarding CPC Docket :

IN OPPOSITION

Name: Beverly Walker

Address: 3418 Rendon St, NOLA

I'd like to cede my time to:

Remarks:

City Planning Commission
Speaker Card

Date : 2/21/17

I would like to speak regarding CPC Docket : M-16-490

IN OPPOSITION

Name: Tammy Esponge

Address: 3017 Harvard Ave Ste 201 Metairie 70006

I'd like to cede my time to: Rita Baltista

Remarks: The Apartment Association of Greater New Orleans, will email the Commission a letter detailing the issues