

**POLICIES FOR AFFORDABLE HOUSING  
IN THE DISTRICT OF COLUMBIA:  
LESSONS FROM OTHER CITIES**

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## **INTRODUCTION AND SUMMARY**

### **INTRODUCTION**

The past decade has been a period of unprecedented change in the District of Columbia's housing market; in fact, in America's urban housing markets generally. In planning to address the change, the District has responded more coherently than it probably ever has before.

Starting in 2001, the Fannie Mae Foundation has made a major investment in establishing a sound, recurrently updated database on trends in housing and related forces in the city and its region, accompanied by a series of detailed annual reports that interpret the trends.<sup>1</sup> In 2003, the District's Mayor and Council established a Comprehensive Housing Strategy Task Force composed of a broad array of civic leaders and housing advocates as well as city officials. The Task Force took full advantage of the new data resources in its deliberations and completed a report with a wide-sweeping set of recommendations in early 2006.

The District government completed its new draft comprehensive plan for the future development of the city later in the year, containing a housing element that was very much consistent with the recommendations of the Task Force. In the summer of 2006, it also provided a sizeable boost in funding for housing in its new budget, in keeping with the Task Force report. Furthermore, Task Force recommendations were explicitly endorsed by all major candidates in the subsequent Mayoral campaign; most importantly by Adrian Fenty who, in November, was elected to become the District's new Mayor.

The work of the Task Force was intense. While there is considerable confidence in the results, the Fannie Mae Foundation decided in early 2006 to sponsor a quick outside check to find out what other U.S. cities have been doing to respond to the new market

environment and whether there are any lessons of relevance for the next stages of strategy implementation in the District. This paper is the result. The work entailed scanning of readily available documentation (web sites and hard-copy reports) and interviewing selected housing policy experts, knowledgeable about recent activity in other cities.

Results are presented in two major sections. Part 1 offers a brief summary of the facts that define the new housing market environment in the city and summarizes the main themes of the Task Force strategy. In so doing, it also identifies the policy instruments that will be the focus of the reviews of recent experience in other cities. Part 2 begins with overview of what other U.S. cities are doing to address their housing problems. It then looks in more detail at other cities' use of the selected policy instruments in two categories: (a) those related to expanding the housing supply and neighborhood development; and (b) those related to the preservation of affordable housing and managing the existing housing stock.

## **MAIN FINDINGS AND CONCLUSIONS**

### **The Environment and the Strategy**

A booming regional and local economy, constraints on housing production and other factors have combined to create unprecedented housing price inflation in the District of Columbia in the past few years. The market is placing enormous pressures on low-income families and much increasing the risk of displacement.

The District's new Comprehensive Housing Strategy recognizes goals of preserving and creating mixed-income neighborhoods, providing sufficient housing to allow for notable growth in the District's population and helping the city become an "Inclusive City." The Strategy encourages the District to take advantage of its new growth and prosperity, but it also insists that ways be found to channel the prosperity so that it significantly benefits and retains existing residents (including many lower-income and minority families and all families with children) rather than only benefiting the groups that have been increasing their numbers in the city of late (including many young higher-income singles and couples without children).

The Strategy recognizes that high housing costs in the District are fundamentally a result of imbalance between surging demand and a shortfall in supply. Sufficient expansion on the supply side, therefore, is essential to reducing the pressure overall. The central task then is to accelerate private housing production and use subsidies and regulatory incentives to reduce the prices of a sizeable share of the new units so they will be

affordable to lower-income residents. Further the Strategy calls for that to be done in all neighborhoods so that the new goals related to mixed-income development and diversity can be achieved in all parts of the city.

Specifically, the Strategy calls for an increase in the housing supply of 55,000 units between 2005 and 2020, with approximately one third of this total affordable to households with low incomes as defined by HUD. Policy instruments on the production side include regulatory reform, efforts to identify and assemble vacant and underutilized land for development, revising zoning and other techniques to encourage housing production (in particular with higher densities near transit stops and transportation corridors), and implementing inclusionary zoning and mechanisms like community land trusts, as well as subsidies, to make a significant share of all new production affordable.

However, the Strategy also recognizes that it costs much less in subsidy funds to preserve an affordable housing unit that already exists than it does to build a new one. Accordingly, the Strategy gives the highest priority to preserving the affordability of existing housing that is now affordable to lower income families in the District. The target is to preserve 30,000 units. This first requires the identification of vulnerable properties and then the channeling of resources and other actions (like ownership change) to keep those properties affordable and in good condition over the long term. Others include new efforts to expand and sustain homeownership

To achieve all of this, the Strategy impressively calls for a doubling of the District's current housing related outlays to reach \$399 million per year over the next 15 years.

### **Lessons from Other Cities**

Since 2000, a number of other cities have, like the District, notably increased their local financial commitment to affordable housing and developed multi-faceted strategies to address today's housing problems. The themes of most of these programs are generally similar to those incorporated in the District's new Strategy. All of this should be seen as corroborating the District's basic approach.

How does the District's Strategy stack up against the others? Our review suggests that, in several respects at least, it would seem to be at, or very close to, the top in the field:

- It is one of the most ambitious in terms of its public funding goal;
- It appears to be the most comprehensive, with recommendations on virtually all aspects of local housing policy;
- It is backed-up by what appears to be the most thorough factual analysis of conditions and trends in the local economy and housing market;

- It makes the strongest explicit commitment to inclusiveness and the mixing of incomes city-wide;
- It offers one of the strongest commitments to preservation, with tools to implement it that represent good models for others (e.g., the Tenant's Opportunity to Purchase Act, TOPA, the Site Acquisition Funding Initiative, and a new effort to strategically manage the Section 8 expiring use pipeline); and
- It was prepared by a process that entailed the most extensive leadership and participation of civic and advocacy groups working in collaboration with city officials.

In several other areas, however, it does appear that other cities have valuable lessons to offer the District. Generally, these are topics where statements in the Strategy are on the right track but where the District has simply not yet done as much toward implementation as some other localities. In several cases, these represent policy and program changes that local political pressures have generally stifled in most of the nation in the past, but that have made headway in a few places recently as the affordability crisis has forced recognition of the need for stronger action.

- *Regulatory Reform* - reform of the agencies that administer housing regulations, dramatic streamlining of the permit approval process, and revision of codes to permit more effective selections of construction/rehabilitation materials and processes (Columbus Ohio and several other cities).
- *Land Assembly* – concerted effort to inventory all land owned by local public agencies, assess its current and planned utilization and prioritize opportunities for use for affordable housing development (New York City).
- *Transit Oriented Development* – public education and collaboration in motivating support and planning increased densities, mixed-use development, street designs to promote walkability and parking space reduction around transit stops (Arlington County and several other cities)
- *Community Land Trust* – more extensive use of the CLT approach to retain ownership of land but lease it long-term for housing development with resale restrictions to keep prices and rents affordable to low-income families (several cities)
- *Employer Assisted Housing* – developing new regional public-private institutional infrastructure to facilitate and support efforts of private firms in reducing reduce costs of housing for their employees near their place of business (Chicago)
- *Code Enforcement* – systematic and strategic inspections and other efforts to secure code compliance, with intensity and approach varying with neighborhood market conditions (several cities, particularly in California).
- *Integrated Neighborhood Initiatives* – sustaining and enhancing environmental quality in middle-range neighborhoods by mobilizing home owners and

neighborhood associations to undertake maintenance and upgrading campaigns and initiating small loan and grant programs to support housing quality and city programs to keep the streets clean and revitalize infrastructure and public facilities (Baltimore, Los Angeles, Bellevue and several other cities).

*Part 1*

## **THE NEW HOUSING MARKET ENVIRONMENT AND THE STRATEGY**

This section begins by offering a brief review of the remarkable changes that have taken place in the District's housing market and its regional context over the past decade and how those changes define the District's current housing affordability challenge. It then summarizes a range of affordable housing policies and policy instruments recommended by the Comprehensive Housing Strategy Task Force (2006) and others to address the District's housing challenge as defined above.

### **THE MARKET ENVIRONMENT**

The story of how the District's housing market evolved and why has been told in some depth in the *Housing in the Nation's Capital* report series (Turner, et al, 2002 through 2006) and in the Comprehensive Housing Strategy Task Force report (2006). It can be summarized under four main headings below:

#### **A Vigorous Regional Economy and Housing Market**

With cutbacks in the Federal workforce in the early 1990s the metropolitan Washington's economy was performing sluggishly at best. But later in the decade, several factors combined to create a true boom in regional economic activity; importantly, a sizeable expansion of government contracting to private firms in the region (high-level technical services and others), the diversification of the market for regional output, and taking advantage of the natural benefits the region gains due to its role as the nation's capital. With this momentum, the region weathered the national downturn of the first two years of this decade much better than most and its growth has since accelerated.

On average, employment in the nation's 100 largest metropolitan areas grew at an annual rate of 1.9 percent from 1995 to 2000; the Washington region's rate was 1.6 percent (giving it a rank of 48th among the 100 metros over that period). From 2000 to 2005 the annual rate for the top 100 metros slipped to 0.7 percent; the region's rate was 1.4 percent, moving its rank up to 28th. The unemployment rate in the Washington region went from 4.1 percent in 1995 (32<sup>nd</sup> best among the 100) to 3.4 percent in 2005 (3<sup>rd</sup> best).

All of the new jobs in the region have brought unprecedented population growth, an average of 85,000 net new residents per year over 2000-2005. In response, housing production has also moved up to record levels: an average of 37,200 new housing units authorized per year, much above the 30,500 unit average of the 1990s. However, this has not been enough to keep up. It is the equivalent of 44 units per 100 new residents, about the same as in the 1990s but well *below* the 48 unit average of the 1980s – a long-term shortfall that no doubt helps explain an unprecedented acceleration in housing prices.

In 2005, the median price for existing single-family homes in metropolitan Washington (\$425,800) ranked 11<sup>th</sup> highest among the 154 metropolitan areas for which the National Association of Realtors provides data.<sup>2</sup> The 2004-2005 increase in the metro Washington median was 21 percent, 15<sup>th</sup> highest (there were 10 metros where the comparable single year rate was above 25 percent).

### **The Resurgence of the District of Columbia**

The improvement in the regional economy did not appear to be having much effect on Washington DC itself until near the end of the 1990s. Economically, physically and socially, the city had been in a 30-year period of decline that in many ways reached its low point with its collapse in governance near the middle of that decade. But then, almost all of the indicators began to turn around.

The work of a Control Board and subsequent elected leaders have markedly improved the city's management and put its budget back in the black. Employment in the District grew from 650,000 in 2000 to 680,000 in 2005 (implying a growth rate three times that of the late 1990s) and, after dropping from 604,000 to 572,100 in the 1990s, population also turned around, going up to 582,100 in 2005. Investment has been unparalleled. The number of new housing units authorized per year, after a negligible 295 average in the 1990s, shot up dramatically to reach 1,936 in 2004 and then 2,860 in 2005 (more than 10 times 1990s level). Commercial and office construction has been even more impressive, particularly downtown but in most of the rest of the city as well.

And the District is clearly sharing in the region's acceleration of housing prices. After much more gradual increases in the late 1990s, the median single-family house price shot up from \$159,000 in 2000 to an astounding \$485,000 in 2005 (a 25 percent average annual increase). A household would have to earn almost twice the metropolitan area's median income (\$89,300 for a family of four) to afford a home at that price. Rents have also gone up sharply in relation to incomes. From 2000 to 2004, the share of tenants paying more than 30 percent of their income for rent in the District rose from 39 to 46 percent and the share paying more than half of their income went up from 18 to 23 percent. Pressures on renters are increased as well by the sizeable numbers of rental units being converted into condominiums.

### **Growing Disparities and the Loss of Affordable Housing**

According to the Census Bureau, the District's poverty rate hit its lowest level in recent times in 2000 at 17.5 percent, but it has since gone up again to 18.9 percent in 2004. Clearly, the acceleration of housing prices and rents places disproportionate pressure on families with low or moderate incomes, most of whom are renters.

Good data are not available on the losses of affordable units in the rental housing stock but there are many indications that they are substantial at this point. As to the purely private rental market, the District's rent control law slows the increases somewhat but the changes in overall renter affordability noted above suggests that the number of affordable units must be declining significantly; a decline surely exacerbated by a growing flow of condominium conversions.

And there is reason to worry about losses to the publicly assisted housing stock as well. In a strong property market, many landlords who own projects with HUD Section 8 assistance contracts may well want to opt out of the program when their contracts expire. The National Housing Trust (2004) has estimated that projects with 2,200 units had exited the program in the District between 1995 and 2003, leaving projects with another 10,100 units in the program at that time. Of these, 8,500 units worth were to reach expiration between 2003 and 2008, with only 1,600 additional units worth scheduled to expire after that.

In addition, there are approximately 10,000 renter households in the District whose rent in private apartments is now subsidized via HUD's Housing Choice Voucher program. Although perhaps not as dramatically, these too are threatened as increasing private market rents imply that subsidy funds per household will have to be increased to maintain the current level. If HUD fails to provide such increases there will have to be

reductions in either the number of households supported or the amount of support provided per household.

Given the above pressures and processes, it is reasonable to assume that a sizeable number of low-income households are being forced to move because their units are being removed from the rental stock or because they cannot afford the increased rent. They may have to move in with friends or relatives, become homeless in the District or move outside of the District to find a unit they can afford (a move that may well involve a sizeable distance considering current circumstances in the regional housing market).

There are no direct measures of such displacement on the rental side of the market, although the DC Fiscal Policy Institute estimates that rising rents alone caused a loss of 7,500 units with monthly rents under \$500 between 2000 and 2004. There are data on the home-owner side, however. Comparing the average for 1999-01 to 2002-04, the share of all home purchase mortgage borrowers that were white, went up from 38 to 40 percent, the share that were “high-income” (incomes above 120 percent of the metropolitan median) increased from 35 to 39 percent.

In some parts of the city (cluster groups defined in Turner, et al 2005), the change has been substantial. Comparing the 1999-01 period to 2002-04, the high income share of all borrowers went up from 12 to 22 percent in the Takoma group, from 35 to 52 percent in the Capital Hill group, and from 25 to 35 percent in the Mount Pleasant group.

It is important to point out that in the period since the last data reported in the Strategy, the District’s housing market has softened somewhat. In the first quarter of 2006, there were only 826 sales of single-family houses, down from 1,270 in the same quarter a year earlier. The median single-family home price in the first quarter of 2006 was \$420,000, down from \$448,000 in the last quarter of 2005. (Tatian, 2006). However, current prices are still higher than they were one year ago and much higher than five years ago. No one expects that further declines will be abrupt if they continue at all. The basic affordability problems for low-income families discussed above that are the foundation for the new Strategy are sure to be central to housing policy for many years to come.

### **Themes of the Comprehensive Strategy**

This section does not attempt to repeat all of the Strategy’s recommendations, but rather focuses on identifying and explaining a selected set of policy instruments designed to address the Strategy’s main themes. Later sections of this report will review how this selected set is being used in other U.S. cities.

The basic approach recommended by the Task Force is virtually identical to that recommended in the Mayor's proposed draft of the new *Comprehensive Plan for the District of Columbia* (2006) – see comparison of contents in Table 1 - and to concepts proposed in the *Housing in the Nation's Capital* report series (especially in Turner, et al, 2005). The approach is driven by the understanding of market conditions and issues as summarized above but also by the acceptance of new goals.

### **Strategic Goals**

The Task Force's Strategy report opens by noting that its work was driven by three goals set out in its authorizing legislation: preserving and creating mixed-income neighborhoods, providing sufficient housing to allow for notable growth in the Districts population, and helping the District become an "Inclusive City."

The goal related to population growth was based on analysis showing that a larger population would much benefit the city both economically and fiscally (O'Cleireacain and Rivlin, 2001). Overall, the Strategy encourages the District to take advantage of its new growth and prosperity. Clearly the prospects for the poor are much better in this type of environment than one of economic decline. However, the strategy also insists that ways be found to channel the prosperity so that it significantly benefits and retains existing residents (including many lower-income and minority families with children) rather than only benefiting the groups that have been increasing their numbers in the city of late (including many young higher-income singles and couples without children).

The Strategy then accepts that the only way to accomplish this is by creating mixed-income neighborhoods. It is important to note what a marked change this represents from low-income housing policy priorities for most of the post World War II era. As late as 1990, many housing advocates focused on expanding housing resources for the poor without worrying much whether assisted housing was located in a manner that isolated the poor from mainstream society. The District's new Strategy is a recognition of the failure of that approach.

Considerable research has shown that living in neighborhoods of concentrated poverty cuts poor families off from opportunities to advance. Full evidence is not in yet on the experiments with mixed income neighborhoods initiated in the 1990s, but there appears to be a broadening acceptance of the view that this new approach is virtually sure to be better than the alternative.

## Policy Framework - Overview

Table 1 identifies the seven main section headings from the strategy and gives the gist of the topical recommendations of the subsections under each. The column on the right gives the numbers of the sections in the housing element of the *Comprehensive Plan* that deal with the same subjects.

To summarize the main recommendations, and to give structure to the comparisons with policies in other cities in the rest of this paper, we adopt a simpler set of categories:

- Expand the housing supply and develop neighborhoods – policies mostly from Sections 1 and 3 in the Strategy document.
- Preserve affordable housing and manage existing housing/neighborhoods – policies mostly from Section 2 in the document
- Provide housing for special needs populations – Section 4 in the document
- Enhance funding and administrative capacity – Sections 5 and 7

The Strategy recognizes that high housing costs in the District are fundamentally a result of the imbalance between surging demand and a shortfall in supply. Sufficient expansion on the supply side, therefore, even if the mix includes luxury apartments as well as new housing at more modest prices, should help to lessen the pressure overall. Steps need to be taken then to encourage a further acceleration of production by the private sector. If that happens, it should be possible to use subsidies and regulatory incentives to additionally reduce the prices of a sizeable share of the new units so they will be affordable to lower-income residents. Further the Strategy calls for that to be done in all neighborhoods where new production is taking place so that the new goals related to mixed-income development and diversity can be achieved.

However, the Strategy also recognizes that the subsidy cost to produce an affordable unit in a new development is extremely high. Accordingly, it gives the highest priority to preserving the affordability of existing housing that is now affordable to lower income families in the District.

In the paragraphs immediately below, we summarize the main proposals in each of these categories, identifying the policy instruments that are recommended for application.

### Expand the Housing Supply and Develop Neighborhoods

The Strategy calls for a net increase in the housing supply of 55,000 units between 2005 and 2020; the number analysis showed would be needed to accommodate the targeted

Table 1

**CONTENTS OF THE HOUSING STRATEGY TASK FORCE REPORT COMPARED  
TO THE HOUSING ELEMENT OF THE COMPREHENSIVE PLAN**

	Task Force	Comp Plan	
<b>Development and Preservation</b>	1.0		
Housing supply of 55,000 units by 2020	1.1	1.1	*
New production supports balanced growth policy	1.2	1.1.3	
Assisted & Market housing meet high architectural standards	1.3	1.1.5	
<b>Accelerate efforts to Preserve</b>	2.0		
Preserve at least 30,000 affordable housing units	2.1		*
At least 19,000 (1/3) of new units are affordable	2.2	1.2.2	
Increase homeownership rate to 44%	2.3	3.1.1	
Assist additional 14,600 renter households	2.4		*
Campaign on Housing Affordability	2.5		
Review and modify Housing Production Trust Fund rules	2.6		
New sources for revenue for HP Trust Fund	2.7	1.2c	
Rent Control	2.8	2.1.6	
<b>Mixed Income Neighborhoods</b>	3.0	1.2.3	
Target and coordinate in limited neighborhoods (SNIP)	3.1	1.4	*
Continue to transform Public Housing (Hope VI, CDBG, etc.)	3.2	1.4.4, 1.4b	
Develop large parcel of public land into new neighborhoods	3.3		*
Neighborhood Scale Retail Encouraged	3.4		
<b>Housing for Special Needs Population throughout City</b>	4.0		
Permanent housing solutions	4.1	4.1.2	
Coordinate housing and services funding	4.2	4.1.3	
Follow Mayor's homeless report	4.3	4.2c	
Coordinate with DC Dept. of Mental Health	4.4		*
Location of Senior Housing	4.5	4.1.1	
Dept. of Corrections of short term rent subsidies for ex-offenders	4.6	4.2.6	*
DCFS short term rent subsidies for youth leaving foster care	4.7		*
8% of units accessible to people with disabilities	4.8	4.2.4	
Do not allow hospitals, etc. to discharge into homeless shelters	4.9		*
<b>Increase Administrative capacity</b>	5.0		
Coordinate / Streamline with "chief of housing"	5.1	1.5a	
Decrease regulatory barriers	5.2	1.5	
Create a data bank	5.3	1.5d	
Proactive in outreach and coordination with non-profits	5.4	1.2.6	
Consider "site plan review process"	5.5		*
Update and modernize housing code	5.6	1.5c	
Simpler planned-unit development (PUD) process	5.7		*
Persistent violation go to negotiated sales or receivership	5.8	2.2b	
Culturally and Linguistically competent	5.9	3.2a	
Well versed in Fair Housing Act policies	5.10	3.2.1	
<b>Attract New Residents</b>	6.0		
Housing programs only 1 part – reduce poverty, revitalization	6.1	1.4	
Infrastructure and amenities reflect neighborhood development	6.2	1.4.6	
Tap under-utilized funding streams	6.3		*
Collaboration to improve adult literacy & workforce-ED	6.4		*
<b>Mayor and Council's Implementation</b>	7.0		
Designate "Chief of Housing"	7.1	1.5a	
Public Roundtable to testify on plans	7.2		*
Extend life of Housing Task force	7.3		*
Mayor report annually – 1 <sup>st</sup> report 1 year after	7.4	1.1b	
Council hold roundtable to review mayor's report	7.5		*

100,000 increase in population.<sup>3</sup> To achieve that goal and to do so in a manner that will also support other goals (inclusiveness and the creation of mixed-income neighborhoods), the Strategy calls for the application of policy instruments in four areas:

**Revise regulations to stimulate development.** There are two main types of instruments in this area, both designed to remove restrictions and provide incentives for private housing production consistent with community objectives and sensible standards.

- *Modify zoning to encourage production* (Sec. 1.2). Most important, this involves allowing higher densities around transit stops and along major corridors, allowing housing development as appropriate in selected areas now zoned for non-residential use and allowing/encouraging the development of accessory apartments, Single Room Occupancy buildings and cohousing facilities.
- *Strengthen/streamline codes and review/approval processes.* This includes updating and modernizing the housing code (Sec. 5.6), instituting a site-plan review process (Sec. 5.5), streamlining and strengthening standard plan review processes (Sec. 5.2, 5.4, 5.7).

**Assemble land and initiate neighborhood development.** The Strategy recommends that the public sector take the initiative to stimulate new private housing development in integrated neighborhood development initiatives. It recommends using a mix of policy initiatives to do this and “choosing existing neighborhoods with the potential for sustained improvement and coordinate investments in them, targeting a limited number of neighborhoods at a time.” In all neighborhood development and renewal, the Strategy emphasizes a coordinated approach involving the revitalization of schools and other public facilities, and retail development, along with new housing. Four specific policy approaches are key:

- *Develop underutilized public land* (Sec. 3.3). A number of large parcels of vacant or underutilized land have been identified in the District as having good potential for development.
- *Acquire new land for development (land banking)*(Sec.2.2). As a complement to the above, it also makes sense for government (and/or nonprofits with government help) to acquire land in strategic locations and to hold it for development.
- *Transit oriented development* (Sec.1.2). This entails a package of techniques for redevelopment around transit stops, emphasizing high density mixed-use development.
- *Transform distressed public and publicly assisted housing developments* (Sec. 3.2 - the HOPE VI approach). This is the now well-known approach of

demolishing (or significantly rehabilitating) public projects and rebuilding attractive new (usually mixed-income) communities in their place

***Make a significant share of new units affordable.*** The Task Force recommends that prices and rents be reduced for one third of the total 55,000 unit target for supply expansion (approximately 19,000 units) so that they will be affordable to District residents with incomes below 80 percent of the metropolitan median income (the “low-income” category as defined by HUD). This will entail deployment of public subsidies (dealt with under the general category of preserving affordable housing below), but emphasis is given to two other policy instruments.

- *Mandatory Inclusionary Zoning (Sec. 2.2).* With this tool, private developers are given density bonuses or other benefits in exchange for the commitment to provide a significant share of all new units at affordable prices or rents.
- *Community Land Trusts (Sec. 2.2 and 2.3),* where community-based entities acquire land and hold it long-term, providing it to developers via long-term leases with requirements to provide units to low income households at affordable prices and/or rents (including constraints on ability to take out equity when units are sold).
- *Local subsidies for extremely low-income renters (Sec. 2.4).* In addition to the subsidies provided by the Federal government, the Strategy proposes new local subsidies to assist 14,600 additional extremely low-income renters.

### **Preserve Affordable Housing and Manage Existing Housing/Neighborhoods**

As noted, the affordability of a considerable amount of housing occupied by lower-income groups in the District is now threatened. The expansion of the housing supply, discussed in the preceding section is important to holding prices in check. However, there are other steps that can be taken to address the potential decline of the affordable stock. Direct action is needed to provide focused assistance to threatened properties. More broadly, other policy instruments come into play in efforts to better manage the existing housing so as to moderate price pressures while at the same time maintaining housing quality: e.g., rent control, the expansion and stabilization of home ownership, code enforcement, and neighborhood maintenance and upgrading.

***Preserve affordable rental housing.*** Analysis shows the amount of subsidy required to support a family at an affordable rent in a new apartment is much higher than is required to do so in an existing unit.<sup>4</sup> Accordingly, as far as subsidies are concerned, the Strategy gives priority to preserving existing affordable housing. The strategy calls for the preservation of 30,000 existing affordable units through several approaches.

One approach starts with discussions with the owners of Section 8 properties facing contract expiration in the near term. For some thinking of opting out, it may be that a small amount of financial and/or other assistance from the District can induce them to remain in the program. For others, the most appropriate route may be for the District to acquire the property, and probably then transfer title to a nonprofit willing to operate it as affordable housing over the long term. (The Strategy recognizes the need for legislation to give the District the right to do this).

In the case of condominium conversions, District legislation already gives the tenants the first right of purchase when the landlord gives notice of intention to convert. What is needed here is action, normally by District assisted nonprofit technical assistance providers, to help the tenants work through the acquisition process. City financial and other assistance may also be required. For other troubled small private rental properties, the Strategy recommends the creation of a small upfront rehabilitation grant program, with use restrictions to assure the maintenance of long-term affordability.

**Rent control.** (Sec. 2.8) From 1975 through 2006, rent control in the District operated with a ceiling system. In 2000 it was estimated that 101,500 of the District's 147,100 rental units were subject to rent control but that only 17,500 of them actually had rents constrained by the ceiling.<sup>5</sup> The Strategy report states that the rent control law should "provide a balance between the desire to maintain a degree of rent affordability . . . and the need of the owners to secure an adequate return on investment and collect sufficient rents to maintain units in good working order." The Strategy did not recommend any change in the law but it was, nonetheless, revamped by the Council in June 2006.

**Preserve and expand homeownership.** (Sec. 2.3) The Task Force notes that expanding homeownership should be in line with preservation as it gives people more "stake in the community and a chance to participate in its growing prosperity." Important instruments are:

- *Employer Assisted Housing Programs.* The Strategy advocates strengthening the city governments own program and encouraging private employers to set up similar programs.
- *Local Financial Assistance for Homeowners.* Recommended here are implementing a tax credit program for low-income long-term owners to help them cover maintenance costs; matching the Federal first-time homebuyer tax credit in distressed and emerging neighborhoods; adding a grant or no-interest loan program for owners in historic districts; increasing assistance to tenants who want to purchase their units. .
- *Homeownership Counseling.* The Strategy recommends expanding existing opportunities.

**Maintain healthy neighborhoods.** Maintaining the quality of existing neighborhoods is not a matter that receives emphasis in the strategy, but it is referenced at several points. Instruments include:

- *Code Enforcement.* An effective housing code enforcement program is needed to keep the pressure on landlords and owner-occupants to adequately maintain their properties. The Strategy notes the importance of vigorous code enforcement as a complement to its proposed rehabilitation grant program (Sec. 2.1) and states that persistent violations should be addressed through negotiated sales to nonprofits or putting properties in receivership (Sec. 5.8).
- *Sustaining/Improving Existing Neighborhoods (Sec 6.2).* Many cities have initiatives to sustain and enhance quality in middle-range neighborhoods involving a series of activities; e.g., mobilizing home owners and neighborhood associations to undertake maintenance and upgrading campaigns; small loan and grant programs to support housing quality; city programs to keep the streets clean and revitalize infrastructure and public facilities.

### **Provide Housing for Special Needs Populations**

District residents with “special needs” require “targeted and tailored help in finding, paying for, and maintaining affordable housing. These groups include: the homeless, the elderly, people with physical disabilities, people living with HIV-AIDS, people with mental illness, and former prisoners re-entering District neighborhoods. A series of principles and approaches for these groups are recommended in Sec. 4.0 of the Task Force report. Because policies in this area are likely to be many, varied and designed to fit the specific city at hand, we do not explore what other cities are doing along these lines in later sections of this paper.

### **Enhance Funding and Administrative Capacity**

The Task Force estimated that the implementation of its major recommendations would require average expenditures of \$399 million per year over the next 15 years, which is almost twice the \$202 million annual flow that is presently available. To obtain the other \$197 million per year, the Task Force recommends tapping new sources of revenue for the city’s Housing Production Trust Fund, most prominently expanding ongoing funding from the deed recordation tax

The District’s *Housing Production Trust Fund* (HPTF) was created in 1988, but was not funded until 2002 when it received \$25 million from the sale a DC property. The Housing Act of 2002 allocates 15 percent of deed recordation and real estate transfer

tax revenues to Trust Fund. The city is planning a bond issue to raise approximately \$185 million to be paid for over 20 years with \$15 million a year from the HPTF.

The District also recently established the *Site Acquisition Funding Initiative* (SAFI). The Department of Housing and Community Development will select lenders who are required to match at least one-to-one funds with their own capital. SAFI offers below-market interest rate site acquisition and pre-development loans to pre-qualified, non-profit housing developers.<sup>6</sup>

The Task Force also recommends a series of additional measures to improve the District's administrative capacity and others related to the specifics of implementation. Important is their proposal to create a "chief of housing" that would have more power to act and could be held accountable for the implementation of the strategy overall. The report recognizes the primary responsibility of the District government in all aspects of housing program management, but it also proposes enhanced collaboration with housing and community development nonprofits and other civic groups in carrying out the work and in monitoring performance.

The Strategy also has a section on "Attracting New Residents" (Sec. 6.0) that recognizes housing policies alone will not be sufficient to achieve the District's population increase goal. The Section talks about workforce development and other programs to alleviate poverty as well as improvements to the school system and other local infrastructure and service programs. (This broader approach is indeed critical to achieving housing goals, however, we do not attempt to review what other cities are doing along these lines in this report.)

*Part 2*

## **EXPERIENCE IN OTHER CITIES**

This part begins with overview of what other U.S. cities are doing to address the urban housing problems prevalent in America in the first decade of this new century. It then looks in more detail at other cities' use of selected policy instruments in two categories: (a) those related to expanding the housing supply and neighborhood development; and (b) those related to the preservation of affordable housing and managing the existing housing stock.

While our scan of recent trends has been limited, it has still been possible to discern some new basic directions in local housing policy that appear to be widespread and that differ in important ways from what would have been found by similar research in the early 1990s.

### **WHAT OTHER CITIES ARE DOING: OVERVIEW**

Most important, there are several indications (discussed more below) that political leaders in a sizeable number of U.S. cities are giving more priority to housing policy than they were a decade ago.

#### **Raising Additional Funds, With Emphasis on Local Sources**

The first indication of increased attention being paid to local housing policy is that major efforts are being made to raise funds to address the affordable housing crisis. Over 300 localities and 36 states have created housing trust funds, most in just the past few years. These funds are using dedicated sources of public revenue like taxes and fees. They now "collectively spend more than \$500 billion annually on the production and preservation of affordable housing" (Katz and Turner, Forthcoming).

An example is the Los Angeles Housing Trust Fund, launched in 2002, that will soon have \$100 million in annual dedicated revenues, enabling it to create 4,000 to 5,000 units per year, making it the largest such fund in the country. Additionally, the California voters have approved a \$2.1 billion bond issue to endow a new state trust fund.

This upsurge in local fund raising is clearly motivated by the deepening housing affordability crisis. Activity appears most intense in strong market cities - those like Washington DC with rapid housing price acceleration, thus facing the strongest affordability pressures. However, interviews suggest it has also been influenced by recognition that local governments cannot count on federal funding to address the current problem. Nation-wide, direct federal spending for deep-subsidy housing assistance had been increasing modestly through the 1990s, mostly through the expansion of the Housing Choice Voucher Program. But for two decades there has been no increase for more traditional HUD project-based assistance in public housing or privately-owned assisted programs like Section 8, and since 2000 even the voucher program is being cut back.

One federal initiative, however, has expanded: the Low Income Housing Tax Credit (LIHTC) which, as amended, gives states the equivalent of nearly \$5 billion in annual budget authority to issue credits in support of affordable housing. This program, created by the Tax Reform Act of 1986, does not provide enough subsidy per unit to help families from the lowest income groups, but it does ease the pressures for those somewhat farther up the income ladder. All states and the District, now take advantage of Federal LIHTC program. Most are using it extensively, and several states have adopted their own LIHTC's in addition.

### **Preparing Comprehensive Housing Strategies**

Another indicator of the priority being given to housing is that, since 2000, a sizeable number of cities have developed new comprehensive housing plans or strategies at least somewhat like the one developed in the District. While most appear to be for "strong-market cities," the number is not trivial. The District's Task Force report itself (2006) notes several of these cities and we have identified others. The combined (but probably not exhaustive list) includes: Atlanta, Boston, Charlottesville, Chicago, Irvine, New York, Los Angeles, Milwaukee, Oakland, San Diego, and San Francisco.<sup>7</sup>

It has not been possible to review these strategies in any depth, but from available descriptions, it appears they are incorporating themes similar to those in the District's new Strategy. Most include:

- An increased commitment to the production of affordable units, but giving even greater emphasis to preservation of existing affordable units.
- The application of zoning incentives and regulatory reform
- The expanded use of local housing trust funds and city stimulated housing production
- More intensive use of city owned land
- Inclusionary zoning

By far the largest city program is that initiated by the City of New York (Box below).

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#### *CITY HOUSING STRATEGY*

##### ***New York City's "New Housing Marketplace Plan."***

*New York City's efforts to provide affordable housing were prominent among U.S. cities in the 1980s when it supported massive renovation of tax foreclosure housing in all parts of the city. In many cases this stimulated the revival of private investment in long neglected neighborhoods. The City's housing problem today is clearly different than it was then - characterized primarily by concerns about price acceleration rather than abandonment.*

*In February 2006, Mayor Bloomberg raised the targets of his New Housing Marketplace Plan to a \$7.5 billion investment yielding 165,000 units of low- and moderate-income housing by 2013 (91,600 new units and 73,400 units preserved). The program intends to spur private production in a number of ways. The plan entails the application of new zoning incentives and the removal of current regulatory barriers. It also entails the City's Department of Housing Preservation and Development (HPD) working with a number of other city agencies to identify vacant and underutilized land they own that could be used for housing. HPD also plans to redevelop vacant school and hospital buildings.*

*The Mayor has emphasized the importance of inclusionary zoning in making new units affordable and has recently expanded its application to include areas outside of Manhattan. The city also plans a comprehensive review of tax incentive programs for housing which may be overhauled if needed so as to work effectively in today's market.*

*Further, the Mayor's 2006 budget included a proposal to create a New York City Housing Trust Fund, and fund the trust with \$130 million in revenues from the Battery Park City Authority. The plan also includes creating a separate New York City Land Acquisition Fund to acquire and prepare sites and finance other pre-development costs.*

**Source:** *Housing Development Reporter, 2006.*

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## **Lessons and Implications for the District**

Since 2000, a number of other cities have, like the District, notably increased their local financial commitment to affordable housing and developed multi-faceted strategies to address today's housing problems. The themes of most of these programs are generally similar to those incorporated in the District's new Strategy. All of this should be seen as corroborating the District's basic approach.

It is important to note how markedly different these strategies are from typical local approaches to housing policy a decade ago. At that time, the belief that U.S. cities were on a continuing downward spiral was pervasive. Housing was not being given much attention by most Mayors, but to the extent they were pursuing it, emphasis was generally on subsidized housing production and rehabilitation in distressed inner-city neighborhoods.

Then, while it did not happen everywhere, the last half of the 1990s saw a surprising upswing in urban reinvestment, and turnarounds in key indicators that were foundations of the earlier feelings of hopelessness (e.g., rates of violent crime, unemployment, teen pregnancy). After two decades of disturbing increases, concentrated poverty also dropped significantly.<sup>8</sup> The boom in the national economy was a fundamental reason for the revival, but local leadership and policy change evidently also played a critical role.<sup>9</sup>

Housing was not the center-piece of local policy in this period either, perhaps with the exception of efforts to deconcentrate poverty by transforming severely distressed public housing projects through HUD's HOPE VI program. In the first few years of this decade, however, local priorities did shift toward housing as the most worrisome trend in many cities became unprecedented inflation in housing prices and rents.<sup>10</sup> A focus of concern has been the pressures this loss of affordability is placing on low-income families, but Mayors and Governors have also been paying attention to research indicating that extremely high housing prices in some metropolitan areas may be one of the most serious constraints on local economic development.<sup>11</sup>

Thus the District's new housing Strategy, and those of many other cities with serious affordability problems, are responses to a quite different set of housing problems than had existed through most of the post-World War II era. The new policy themes and instruments emphasized in all of these strategies seem an appropriate in responding to the particular challenges of this new environment.

How does the District's Strategy stack up against the others? Our review suggests that, in several respects at least, it would seem to be the leader in the field:

- The DC Strategy is one of the most ambitious. Even though the absolute amounts involved may be higher in New York and Los Angeles, none of the other strategies we have seen matches the local comparative goal of doubling current public outlays for housing.
- The DC Strategy appears to be the most comprehensive on paper, with explicit recommendations on virtually all conceivable aspects of local housing policy (see the topical listing in Table 1).
- The DC Strategy is backed-up by what appears to be the most thorough analysis of conditions and trends in the local economy and housing market. (Boston's strategy is the only other that comes close in this regard – see Heudorfer and Bluestone, 2006).
- The DC Strategy makes the strongest explicit commitment to inclusiveness and the mixing of incomes city-wide. Other cities have taken impressive steps to break up concentrations of poverty via the HOPE VI approach and to encourage income mixing via inclusionary zoning, but no other strategy document is as clear on income mixing as a goal for all city neighborhoods.
- The DC Strategy's commitment to preservation is also among the strongest and at least a few local initiatives would seem among the national best practices in this area: the implementation of the Tenant's Opportunity to Purchase Act (TOPA); the new Site Acquisition Funding Initiative; and a new effort that combines databases and joint reviews by housing officials and nonprofit technical assistance providers to strategically manage the Section 8 expiring use pipeline.
- The DC Strategy also rates highest with respect to the civic collaboration by which it was prepared. The Task Force was co-chaired by two civic leaders who are not a part of the city's housing bureaucracy. Key District housing officials were indeed members of the Task Force (Deputy Mayor for Development, Housing Authority Director, Planning Director, Director of the Housing Finance Agency), but a clear majority of the 24 Task Force members were representatives of outside civic groups and advocacy organizations.

This last point warrants emphasis. In today's environment, the case can be made that a strategy that is prepared through true civic collaboration will fare better in implementation than one that is not. This assumes, of course, that such collaboration is carried over into the implementation process itself, as was explicitly recommended in the final District Strategy report. In our review, the only other city of where extensive civic collaboration was documented was San Francisco.

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## CIVIC COLLABORATION IN HOUSING STRATEGIES

### **San Francisco's Housing Strategy Implementation**

*San Francisco has developed a highly structured process for establishing housing priorities and goals, managed by the Mayor's Office of Housing. It involves a long-standing working group of housing advocates and practitioners along with professional agency staff. The process evolved from the early days of the CDBG program when community advocates wrested control away from the local redevelopment agency.*

*The working group plays a central role in defining the city's housing priorities and gives serious attention to needs analysis. The process is thus the primary mechanism that the city's political leadership uses to arrive at its housing priorities and strategies. The working group also approves the Requests for Proposals that the city issues to distribute available housing resources and its members meet to decide how money from different sources will be combined to fund the development projects that are selected each year. Thus the process of strategy development is fully integrated with the process for making implementation decisions. (Turner et al, 2002a)*

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While the District's Strategy seems ahead of the pack in some areas, it is not in all. The remaining sections of this paper assess whether other cities' experience with specific individual policy instruments could inform and improve their implementation here.

We review what we judge to be the most important policy instruments identified in the Strategy in the order in which they were introduced in Part 1. In each case, we say more to explain the instrument at hand and its implementation in the District and then give examples of its application in other jurisdictions. The examples were selected because our scan suggested they represent sound and innovative approaches relevant to the District's circumstances. Emphasis is given to cases where the District's Strategy calls for use of the instrument but, so far, the District has not yet made as much progress toward program development and implementation as the example jurisdiction. In other words, they are cases where the District has something to learn. As might be expected, the large majority of these examples come from "hot market" environments.

## **EXPAND THE HOUSING SUPPLY AND DEVELOP NEIGHBORHOODS**

This section reviews relevant applications in other cities and states of the policy instruments that fall in the first broad category we have used to group the Task Force's strategic themes.

## **Regulatory Changes: Modify Zoning to Encourage Production and Strengthen/Streamline Codes and Review Approval Processes**

In 1991, a national commission issued a report entitled *Not in My Backyard* that documented how outmoded building and zoning regulations were significantly increasing the costs of urban housing. Problems include complicated approval processes that significantly increase cost due to delay as well as to overly restrictive codes and ordinances that prohibit cost-effective selections of building materials, building systems and site designs. A prominent complaint has been that building codes have been too oriented to new construction on fresh land in the suburbs and have an inherent cost-raising bias against rehabilitation and infill housing within cities.

Problematic regulations and procedures have proved extremely difficult to change at the local level because of longstanding political cultures that supported them, and for most of the 1990s little progress on the commission recommendations was evident. While the District's new strategy recommends an updating of the housing code, strengthening/streamlining review and approval processes, and general reform of the Department of Consumer and Regulatory Affairs (DCRA) it set no definite timetable.

More recently, however, there are indications that more cities are now making headway toward reform. A 2005 HUD report, *Why Not in Our Community*, states that "many jurisdictions are now reducing regulatory barriers to affordable housing" and provides documentation on a number of cases (see also, Schill 2004). It shows that, "in some cases, these communities are lowering the cost of housing affordable to working families by tens of thousands of dollars." Our review of the recent comprehensive housing strategies earlier in this paper reinforces the notion that change is taking place in this area - all of them called for serious efforts to reduce regulatory barriers. In addition, HUD has established the web-based *Regulatory Barriers Clearinghouse* (<http://www.huduser.org/rbc>) with frequent updates on successful reform examples.

Perhaps the most important lessons for the District are: (1) the recognition that the affordable housing issue has reached "crisis" status can be used to finally motivate serious attention to regulatory reform; but (2) high level focused support from community and civic groups as well as the construction industry over time is likely to be necessary to achieve results in this area. Progress at reform within DCRA has been made under the current administration (Barber, 2006), and it appears critical that momentum not be lost in the transition. One specific example that illustrates the kinds of changes being made is the case of Columbus, Ohio, described below.

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## ADDRESS REGULATORY BARRIERS

### **Columbus, Ohio**

*The City of Columbus, Ohio entered into a Memorandum of Understanding (MOU) with the Columbus development community to improve the city's development services. Developers complained that a timely and often disorderly processing delays increased project costs and served as a barrier to affordable housing. Development services covered by the MOU included processes for plat/plan review and approval, permitting, and inspection of private development. The agreement included employees from City of Columbus department and division employees, developers, builders, architects, engineers, consultants, and association leaders engaged in private development.*

*The City of Columbus agreed to enact 22 initiatives and to implement timeline standards for development services. As part of their agreement the city created a position titled the Building Services Administrator, who is responsible and accountable for all development services. They are also planning to consolidate all development services into one location to serve as a one-stop shop, which would allow developers to move multiple permits through multiple divisions without jumping locations. In a further effort to streamline their processes, the City of Columbus revised regulations and now allows applicants to simultaneously submit review materials to multiple departments. As part of their effort to make development documents available in print and online the city updated their Columbus Development Guide and plans to increase their web-based capabilities so that developers would be able to submit permit requests, monitor the status of permits, schedule inspections, pay fees, or bid on projects electronically. The private development industry agreed to learn and comply with the city's development process, avoid incomplete or noncompliant submissions, and more detailed requirements for plats and plans.*

*Prior to these reforms it took between 18 to 24 months to process and approve a subdivision in the City of Columbus. Since enacting the MOU those number have reduced to 12 to 18 months. In doing so, Columbus reduced processing time, decreased the cost to projects, and helped ease an impediment to private development of affordable housing.*

**Sources:** <http://www.huduser.org/rbc/newsletter/vol5iss4more.html#1>  
<http://development.columbus.gov/formsandpublications/BSMOU.asp>  
<http://www.dola.state.co.us/Doh/Documents/ReducingCosts.htm>

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## Assembling Land for Development

Land banking entails public (or publicly authorized) entities acquiring land in advance of imminent need and holding it for future productive use. They acquire primarily vacant, abandoned, or dilapidated parcels and then either hold and subsequently improve the land themselves or they sell or lease it to an outside entity that will do so. A goal of land banking may be to stabilize declining areas by repairing, removing, or redeveloping blighted property in ways that best benefit the community, but in the current context in the District it could theoretically make an important contribution to the Strategy's goals for expanded production.

Once a property is acquired into a land bank it is generally, held, managed, and then developed. The land bank can develop the property itself over time or may elect to recoup at least part of the cost of attaining and holding the property by reselling the acquired land. If the land bank chooses to hold the land it is 'banking' on the increased value of the property in the future. Or land banking can bundle and join parcels into developable sites with possible restrictions that developments benefit the long-term interest of the city or community.

In recent years, some other cities have made progress in land banking. It was attempted in Cleveland in the 1990s, but the most impressive recent example is Baltimore's *Project 5000* through which the city has acquired title to a truly significant share of its abandoned residential properties and is now beginning to expedite disposition and reuse.<sup>12</sup> While there are administrative lessons here, the problem is that this approach is not very relevant to the District where property values have gone up so rapidly as to make significant public acquisition infeasible.

Another approach, however, does warrant investigation: assembling vacant and underutilized land already owned by the public sector to support new housing production. It is widely understood that public agencies in most cities have acquired surplus lands over the years, and there are inadequate incentives for them to convert them to productive use.

New York City's experience (cited above) may offer the most valuable lessons for the District in this area. The first step needs to be creating a complete centralized and computer-based inventory of all lands owned by public entities in the jurisdiction (school, hospital and library sites, along with parcels owned by other departments). Then the responsible agencies need to formally assess their probable and timing of use for each parcel (Mayoral staff or consultants may need to be employed to develop independent assessment for a sample of cases). The next step would be an across-the-board

analysis of development/market potential and then a prioritizing of sites for assembly and reuse.

### **Transit Oriented Development**

A transit-oriented development (TOD) is a mixed-use core centered around a public transit node and surrounded by increased neighborhood density. These developments are intended to maximize public transit ridership and decrease the dependence on cars, (thus traffic congestion and pollution), by creating compact walkable communities.

A transit-oriented development has a center with a train station, metro station, tram/trolley stop, rail station, or bus station. TODs generally are located within a 5 to 10 minute walk (0.25 to 0.5 miles) from the transit stop; considered to be an appropriate scale for pedestrians. They are specifically designed to cater to non-motorized transportation. Minimum parking requirements are abolished and instead, maximum parking requirements are instituted, limiting parking for personal vehicles (typical standards range between 10 and 500 spaces for every 1,000 workers. Streets are designed to automobile limit speeds to 30 mph, make space for bicycle lanes, and provide quality pedestrian crossings.

The residential and commercial development is also focused on the transit node. Mixed-use development, including residential, office, retail, and civic services in the core can generate near 24-hour ridership. One of the reasons TODs are attractive is that shoppers tend to spend more per hour in their side-street stores (\$84) than they do in a typical enclosed mall (\$58 – Urban Land Institute data cited by Hart, 2006). Developers are often granted density bonuses to build mixed-income, mixed-use, high-density communities closet to the transit stop with progressively lower-density development spreading outwards from the center.

A few years ago, the conventional wisdom was that the TOD approach would not be adopted widely because of the ubiquitous resistance of urban property owners to density increases anywhere near their homes. However, TOD is winning acceptance in many places. The number of mixed-use projects of 15 acres or more has actually increased by 28 percent per year nationally since 1996, with 650 projects at various stages of completion in 2004 (New Urban News cited by Hart, 2006). Among the most impressive success stories that the District can learn from is the well planned TOD development that has been implemented since across the Potomac River in Arlington County (Zucker, 2003), but many other cases have now been documented (Urban Land Institute, 2003), including the Portland, Oregon, case summarized below.

The most important lessons to note here, given the District's early stage in this field, relate to the importance of broad public education about the benefits of the approach and the importance of a collaborative approach to planning involving a range of community stakeholders in each area. As to the former, the most powerful argument rests on the conclusion that further development pressure in the District is inevitable. Focusing density increases around transit stops, rather than letting them spread out randomly, is actually key to preserving the character of existing low-density communities in other parts of the city. Also important is evidence that successful implementation of TOD is actually likely to enhance property values in the surrounding area rather than diminishing them.

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#### *TRANSIT ORIENTED DEVELOPMENT*

##### **Orenco Project - Westside MAX Light Rail Project**

**Portland, OR.** *Orenco Station is a Transit Oriented Development community developed along the Metropolitan Area Express (MAX), the light rail system serving the Portland metropolitan area. Orenco Station is located in the Hillsboro suburb and was redeveloped in conjunction with the opening of the MAX's Westside service between Hillsboro, Beaverton and Portland in September 1998.*

*The project was designed to create high-density employment, housing, transit, retail, activities, and services in a walkable environment. In Orenco Station there is a pedestrian axis to the light rail station, around which a grid of alley-loaded "skinny streets" extend. The walkable town center hails mixed-use shops, services and residential buildings with limited on-street parking and lots in the rear of buildings. Housing prices range from \$79,000 to over \$500,000 and housing types vary from traditional rental units, "granny flats", live/work units, loft units above retail, and much higher density than is typical for the American suburbs -- up to 25 units to the acre*

Source: <http://www.todadvocate.com/pdxcasestudy.htm>  
<http://www.vtpi.org/tadm/tadm45.htm>

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#### **Mixed-Income Development**

A growing body of social science evidence indicates that the over-concentration of profoundly poor families (especially families with children) has disastrous consequences (Ellen and Turner, 1997). It heightens management and maintenance problems and costs, often leads to crime and disorder (which spill over to affect the surrounding community), and may deprive residents of the role models, social networks,

quality schools, and economic opportunities they need to move toward greater self-sufficiency.

The most noteworthy public initiative to address these problems over the past decade has been HUD's HOPE VI program, implemented in over 100 U.S. cities. It has typically entailed demolishing distressed public projects and rebuilding attractive new mixed-income communities in their place (see Popkin et al, 2004, and Kingsley, et al, 2004). Original residents that do not move back to the revitalized development are given Housing Choice Vouchers to help them occupy apartments in the private housing market.

Some HOPE VI developments now serve households that range from extremely low-income families and individuals (many of whom receive welfare or other income support) to low-income working families. All of these households are still eligible for public housing assistance, but the mix of incomes is considerably broader than in the original development. But there are many more ambitious efforts that incorporate market rate rental and homeowner housing alongside public housing (as well as units with other, shallower subsidies) to create a much wider mix of incomes in a single residential community. The case described below describes how this theme was implemented in one of the nation's first mixed-income projects, Harbor Point Community Apartments in Boston.

The District's Housing Authority is one of the national leaders in the design and implementation of HOPE VI, so there is not much need to draw lessons about experiences with that program in other cities. It would be valuable, if there were lessons from elsewhere about how to accomplish one of the broader goals of the District's Strategy: creating a mix of incomes in other neighborhoods across the city, where major HOPE VI type transformations are not contemplated. However, in our review we were not able to identify any other city that is yet as far along as the District in asserting this as a goal or in thinking about how it might be achieved. To the extent that other cities are interested in this direction, that interest has been shaped mostly in discussions of inclusionary zoning policies – a topic we examine further below.

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*MIXED INCOME DEVELOPMENT*

***Harbor Point Community Apartments  
Boston, MA***

*Harbor Point, formerly Columbia Point, was the nation's first federal housing project to be converted to private, mixed-income housing. Columbia Point was built in the early 1950s*

*and was on of the nation's largest public housing projects with 1,504 units. It was located on a beautiful 50-acre oceanfront setting, but the concentration of poverty, isolated from downtown Boston, and the neglect of the property lead to it's demise in 1979. By then, only 350 units were occupied and the rest were boarded up and condemned.*

*With a vital exemption from HUD's required one-for-one replacement of public housing units, and a right of return for the remaining 350 units, the old apartments units were demolished and Harbor Point Apartment Community was built in their place. The development is jointly planned, implemented, and owned in an equal partnership between private developer, Corcoran, Mullins, Jennison, and the resident organization Columbia Point Task Force (CPTF). In order to attain a mixed-income development no building could have more than 50 percent of the units occupied by subsidized renters.*

*Of the 1,283 units, 18 percent are for those making over 100 percent of the area median income (AMI), 8 percent for those between 80 and 100 percent AMI, 14 percent for those between 50 and 80 percent of AMI, and 59 percent of all units are reserved for those making less than 50 percent of AMI. There is no difference between the market rate and subsidized units and all residents have access the community's health club, swimming pool, tennis courts, and free parking. During the development process social services were provided to residents and incorporated into the redevelopment of the community. Harbor Point preceded the Department of Housing and Urban Development's HOPE VI program and an national example for redeveloping public housing.*

[http://www.corcoranjennison.com/development/html/completed\\_projects.asp](http://www.corcoranjennison.com/development/html/completed_projects.asp)

[http://www.nbm.org/exhibits/online/affordable\\_housing/national/117\\_Harbor\\_Point.html](http://www.nbm.org/exhibits/online/affordable_housing/national/117_Harbor_Point.html)

<http://www.lib.umb.edu/archives/points.html>

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## **Inclusionary Zoning**

In inclusionary zoning (IZ) ordinances, housing developers are asked to provide a minimum share of the units in their projects at rents or prices that will be affordable to families with low and moderate incomes. Generally, the developers receive non-monetary benefits, such as density bonuses, zoning variances, and/or expedited permits, to compensate for this commitment. The goal of inclusionary zoning is to encourage private market developers to both expand the supply of affordable housing and to do so in a manner that will yield mixed-income living environments.

The nation's first inclusionary zoning ordinance was enacted in Montgomery County in the mid-1970s (see box below), but the idea did not catch on at that point. Now, more than 130 localities (covering around 5 percent of the U.S. population) have adopted inclusionary zoning – most in just the past few years in response to the surge in housing prices since the late 1990s (Katz and Turner, forthcoming).

Inclusionary zoning laws can be found at the local and state level. They normally apply to developments above a fixed size threshold; e.g., development of 10 units or more. They are structured as either mandatory or voluntary. Mandatory IZ laws require that all residential developments above the threshold set aside a share of their units as affordable. Voluntary ordinances grant incentives to encourage developers to do so.

Most legislation requires developers to build the affordable units on site, but many jurisdictions provide an option for building off-site units or, alternatively, paying into a fee into a housing trust fund. Affordability restrictions are typically calculated as a percentage of the area median income (AMI) and can last anywhere from a decade to indefinitely.

Inclusionary zoning policies advance mixed-income communities by encouraging developers to create affordable housing within the larger development. Most IZ policies require that affordable units be indistinguishable from the market-rate units and should be distributed throughout the development property. The affordability restrictions allow those making anywhere from 30 to 120 percent of AMI to purchase or rent the affordable units (market-rate housing is often too expensive for teachers, police officers, janitors, childcare providers, and civil servants).

In May 2006, the District's Zoning Commission approved inclusionary zoning regulations for Washington DC. Public hearings have since been held on the mapping of the regulations (i.e., deciding specifically where the rules will apply in the city) and the indications are that most areas within the city where new multifamily housing construction is likely will be included. Final approval by the Council is expected before the end of the year. Work by the DC Office of Planning, the Department of Housing and Community Development, and the DC Housing Authority is still underway on regulations spelling out how the program will be administered.

The District's inclusionary zoning law requires that all development projects with 10 residential units or more set aside 8 to 15 percent of the units for households earning below 50 percent and 80 percent of AMI. Developers will benefit with up to 20 percent density bonuses and may receive some additional zoning flexibility. The exact income levels and the percent of affordable housing units will vary depending on the building type. The law is a mandatory ordinance (under very limited circumstances, developers will be allowed to provide the units outside their new development but in the same census tract, but this is likely to be very rare in practice).

Overall, it appears that the District's will have one of the nation's stronger inclusionary zoning ordinances.

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## INCLUSIONARY ZONING

### **Moderately Priced Dwelling Units Program (MPDUs)**

**Montgomery County, MD.** Cited as the nation's first inclusionary zoning law, Montgomery County enacted its Moderately Priced Dwelling Units Program (MPDUs) in 1973 in response concerns that it was increasingly difficult to find housing for the county's low and moderate income residents. At inception the MPDU program required 15 percent of the total units be affordable in all new residential housing projects of 50 units or more; in exchange, builders were permitted a density bonus of 20 percent above the zoning ordinance. Overtime the program requirements have changed and MPDUs are required for all projects over 20 units in size. There is a sliding scale of between 12.5 to 15 percent of affordable units and the density bonus was changed to a maximum of 22 percent. There is a 20-year price control on all rental units and half of the profits from owner-occupied units (starting in 1989) have to be paid to the Housing Initiative Fund.

The Moderately Priced Dwelling Units Program is primarily implemented by three Montgomery County agencies. The National Capital Park & Planning Commission works with builders during the planning process to subdivide their land and provides the proper permitting. The Department of Housing and Community Affairs monitors the sale, rental and resale of all MPDUs; ensuring that units are being sold at the proper price and to eligible residents via the lottery system. Finally, the Housing Opportunities Commission (HOC) provides financing and homeownership programs for first-time home buyers and resources and information for low to moderate income renters.

Source: <http://www.policylink.org/pdfs/EDTK/IZ/InZon-Montgomery.pdf>

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## **Community Land Trusts**

In the Community Land Trusts (CLT) model, a community entity (the Trust) generally owns land and leases it on a long-term basis to the occupants, who own the building. Occupants can sell their home or unit, however; most land Trusts require that the unit be sold back to the Land Trust or to another household that meets the Trust's restrictions. The lease agreement ensures the buyers most of the security, legacy, equity building, and tax abatement benefits of homeownership.

However, Community Land Trusts establish a formula that restricts resale price. The occupant can then sell their home back to the Trust or to another buyer, but the occupant's share of the appreciation is limited by a formula that caps the capped resale

price. The next buyer will also have a restricted income level, enjoy an affordable housing option, and be required to pass on the affordability limits to the next buyer, thus creating a cycle of permanent affordable housing.

The CLT model was developed in Britain just over a century ago, but it has only caught on in the U.S. in the past few years. As late as 1988, only 30 existed. The number then climbed to about 100 in 2000 and has since accelerated to almost 200 today. There are many successful cases (see the Box on the Durham CLT below) and guidance materials are now available on how to implement the approach. A report by the National Housing Institute (2006), for example, covers CLTs and also the related techniques of limited equity cooperatives and deed-restricted owner occupied housing.

Experience with the model in Washington is limited, and there are those who are uncomfortable with restricting the wealth increasing prospects of homeownership, particularly for low-income families. The main lesson for the District, however, is that the CLT approach now has a track-record in the U.S. and it thus should warrant experimentation here at a reasonable scale.

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#### COMMUNITY LAND TRUST

##### ***Durham Community Land Trustees, Inc. (DCLT)***

**NC.** *The Durham Community Land Trustees was established in 1987 by resident of Durham's West End, Burch Avenue, and Lyon Park neighborhoods, a predominantly African American, low-income community adjacent to the campus of Duke University in the any. DCLT formed as the residents' response to seeing abandoned and dilapidated properties in the neighborhood become bastions for drugs and crime.*

*The Land Trust only owned two homes in its first three years but has since expanded to approximately 100 units of affordable housing and two commercial properties today. The homes have been 60 percent homeownership and 40 percent permanent rental. DCLT utilizes a lease-to-purchase program. Prospective homeowners work with a mortgage lender to pre-qualify for a mortgage loan. The resident can buy the house and other improvements to the land, but cannot buy the land itself. The land is leased to the resident in a 99-year renewable land agreement. The resident can build equity and pass on or inherit the purchased home and leased land. The resale of the home is limited by a restricted resale formula; the homeowner collects the initial appraised purchase value plus a percentage of the increased value at the time of sale*

**Source:** <http://www.dclt.org/index.htm>

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## **PRESERVING AFFORDABLE HOUSING AND MANAGING THE EXISTING STOCK**

Paralleling the last, this section reviews applications in other cities of the policy instruments that fall in the second broad category we have used to group the Task Force's strategic themes, "Preserving Affordable Housing and Managing the Existing Stock." We say more about the instruments and give examples of applications.

### **Preservation Strategies**

Again, there has been a substantial increase in activity in this policy area in response to the housing affordability crisis nation-wide. Here, however, most of the action has been initiated by state housing finance agencies rather than city governments. A National Housing Trust report (2005) states:

Four years ago, the National Housing Trust (NHT) conducted an informal survey of state housing finance agencies to determine which ones were prioritizing or setting aside low income housing tax credits to preserve federally-assisted or insured multifamily housing. At that time, fewer than six states were concerned enough to dedicate a portion of their most plentiful housing resource – low income housing tax credits – to preserve and improve affordable multifamily homes. Today more than 40 city and state agencies prioritize preservation, through points or a specific preservation set-aside in their Qualified Allocation Plans (QAPs).

They found that 19 states had set aside at least 10 percent of their 9 percent tax credits for preservation. The highest was South Dakota (at 60 percent) followed by Utah and Wisconsin (40 percent) and Massachusetts (35 percent). Furthermore, almost all states had a surplus of 4 percent tax credits and private activity bonds at its disposal and almost all use such bonds for preservation. They note, in particular, the achievement of two states: Maryland, which has used private activity bonds to preserve 3,000 apartments in just the past three years and New York, whose Governor created the "HOPES" Program devoting a \$140 million set of private activity bonds and 4 percent credits to preservation. NHT has documented several other initiatives underway in different states:

- Fairfax County, Virginia, has dedicated "one penny for housing" from real estate taxes levies to raise \$18 million for affordable housing preservation in its first year. Their target is to preserve 1,000 affordable units by 2007.
- Virginia and Washington State have developed nonprofit CDFIs that fund predevelopment or provide bridge financing for preservation transactions.

- Minnesota and Montgomery County MD use state and local tax revenue for preservation.

Preservation is a strong emphasis in the District's new strategy and its existing preservation tools and programs seem to stand up fairly well in comparison with those of other cities nationally. In fact, some District initiatives appear to be classifiable as "best practices." One of these is certainly the DC Tenant's Opportunity to Purchase Act (TOPA), which requires landlords to provide early notification to tenants of their intention to sell their properties and gives tenants the first right of purchase. The new Site Acquisition Funding Initiative would also fit in this category.

Another best practice may be emerging in District efforts to strategically manage the Section 8 expiring use pipeline. In most places, funds raised for preservation are allocated on a competitive basis via NOFAs or similar approaches. There is no systematic review of all vulnerable properties, which means that some important properties that are threatened may not be identified and proposed for preservation. A process has begun in the District that is more systematic. Computer databases are merged and produce lists of Section 8 properties, organized by contract expiration date. These lists are reviewed in joint meetings of nonprofit housing advocates and technical assistance providers and city housing officials. The process allows the group to sort out any overlaps in assistance and develop preservation plans for specific at-risk properties that are not yet being assisted by anyone. With possible exceptions of processes getting underway in Oregon and Minnesota, we were not able to identify other agencies that are mobilizing the data similarly for the "strategic management" of their preservation pipeline.

### **Preserve and Expand Homeownership: Employer Assisted Housing**

Employer Assisted Housing or EAH is term used to describe a number of different ways in which an employer can invest in workforce housing solutions for their employees. Employers, partnered with a lender and the organization that administers the EAH program, work together to provide rental or homeownership assistance to the qualified employee.

Each employee assisted housing program is different. Benefits vary, but often include: a forgivable, deferred, or repayable second loan; a grant; a matched savings plan; rental assistance; security deposit assistance; and/or homebuyer education. Employers can write off EAH costs as a business expense and a growing number of states or local jurisdictions provide tax incentives for EAH investments. Some employee assisted housing programs have income restrictions on the employees that may participate (see example below). Also, many EAH programs try to encourage housing options closer to

the workplace, however neither this nor income restrictions are universal requirements of EAH programs.

The employer enjoys the benefits of a more stable workforce when employees live near work. An EAH program sets a company apart when recruiting employees, reduces employee commute times, increases employee retention, improves the company's community relationship, strengthens the company's financial statements and the company's reputation. The employee receives financial support to purchase or rent a home, possibly reduces his or her commute time to work, may feel more secure in and loyal to the company, and benefits from the long-term investment of homeownership. The community also benefits with an increased tax base from any homeownership, a tool for revitalizing the neighborhood, and residents invested in the neighborhood where they live and work.

While the District's Strategy encourages strengthening of the city's own EAH program, other cities have done more to broaden the EAH in the private sector. Chicago's REACH program (described below) would seem an attractive model for doing that. The central idea is developing an umbrella organization (with private sectors involvement) that can promote the approach, help interested employers design their own programs and link them to a broader array of public assistance opportunities.

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#### EMPLOYER ASSISTED HOUSING

##### ***Regional Employer-Assisted Collaboration for Housing (REACH)***

*Chicago, IL. The Regional Employer-Assisted Collaboration for Housing (REACH) is the employee assisted housing program in the Chicago, Illinois area. Participation in the program is open to employers of all types and sizes and each REACH program is customized to fit the employer's size and budget. The Metropolitan Planning Council (MPC), Housing Action Illinois, or a REACH Illinois partner must administer the program. Employers can provide homeownership assistance or rental assistance to their employees. All programs are strongly encouraged (and for tax credits are required) to have a "live near work" component to the employee assisted housing program. Since 2000, REACH programs have assisted more than 400 employees purchase homes.*

*REACH works to help employers access two state funding sources, the state matching funds and the state tax credit. The matching fund is a one-to-one match from the Illinois Housing Department Authority (IHDA) determined by household income and size. For households earning less than 50 percent of the area median income (AMI), IHDA will match up to \$5,000, and up to \$3,000 for households earning between 50 and 80 percent of AMI.*

*To qualify for the 50 percent state tax credit for every dollar invested, REACH employers have the option of offering down payment and closing cost assistance, reduced interest mortgages, mortgage guarantee programs, rent subsidies, security deposit assistance, or individual development savings account plans to their employees. The employee's household income cannot exceed 120 percent of AMI. Employers down payment assistance ranges from \$1,000 to \$15,000, but to be eligible for the state matching funds, an employer must provide at minimum of \$1,000 direct assistance per employee, and the employee must contribute \$1,000. For non-profits, the state tax credits are transferable and can be 'sold' to an individual or corporation with state tax liability.*

*Source: <http://www.reachillinois.org/>*

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The Strategy advocates strengthening the city governments own program (increasing amounts for down payment and closing cost assistance and easing limitations), and encouraging private employers to set up similar programs.

### **Maintain Healthy Neighborhoods: Code Enforcement**

As noted earlier, an effective housing code enforcement program is needed to keep the pressure on landlords and owner-occupants to adequately maintain their properties. Many local code enforcement systems are "complaint based;" i.e., inspections are initiated when the local government receives a complaint about an apparent violation. The more effective systems, however, employ systematic recurrent inspections of all properties (or at least all multi-family properties) and they also deploy enforcement resources strategically in response to differing neighborhood conditions. For example, it often makes more sense to mount intensive program of inspections and enforcement in a neighborhood where buildings are just starting to show signs of deterioration (landlords are still making money and are more likely to respond) than one in which most buildings are already in an advanced state of disrepair. The better code enforcement programs also employ public education and other programs to secure public support for, and participation in, the code enforcement process.

The example below describes one county's efforts (Montgomery County, Maryland) to promote more effective and proactive housing code enforcement when two buildings were found to have multiple code violations, one of which's roof collapsed following a snowfall.

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### **CODE ENFORCEMENT**

### **Housing Code Enforcement Strategy Montgomery County, MD**

*The Department of Housing and Community Affairs (DHCA) worked to develop a different approach to housing code enforcement when two high profile projects were found to have numerous significant code violations in the spring of 1996. DHCA created a code enforcement program manager position and created. All rental properties that were over 40 years old, rented below the average market rent, had a record of previous complaints, or had previous inspection violations, were added to an inventory of potentially deteriorating rental properties. The Department shifted to targeting neighborhoods on the new inventory list and targeting their surrounding neighborhoods to prevent future deterioration.*

*DHCA's new code enforcement program still responds to resident or neighbor complaints as always. However now teams of inspectors were located in the identified target areas. Inspectors were assigned "beat" areas to drive and find code violations and inspectors were required to inspect all units in a building. Inspectors also worked with landlords to bring a building up to full compliance and with the County Attorney's Office to form consent decrees that require landlords to improve a citation within a prescribed time period. If a property is extremely deteriorated properties, the County can condemn units or revoke the rental facility license if the landlord, after being placed on notice, does not act to correct the code violations.*

*The County did not want its code enforcement efforts to undermine the county's continuing need to maintain affordable housing so it provides low-cost financing and federal grants to landlords for repairs. Programs included providing lead paint abatement grant funds, State Weatherization Program funds, federal HOME loans to supplement privately-funded repairs to older deteriorated multi-family properties, and the department's Homeowner Rehabilitation Loan Program provides low interest loans for low to moderate income homeowners. These programs allow the county to keep housing affordable by minimizing rehabilitation and maintenance costs, while continuing its proactive campaign of code enforcement.*

[http://www.montgomerycountymd.gov/dhctmpl.asp?url=/Content/DHCA/housing/code\\_E/strategy.asp](http://www.montgomerycountymd.gov/dhctmpl.asp?url=/Content/DHCA/housing/code_E/strategy.asp)

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The next example describes actions of a state (California) to promote more effective housing code enforcement in all of its jurisdictions. Code enforcement efforts in the District are not yet taking advantage of national best practices, so this is clearly an area where the District can learn from other cities.

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## CODE ENFORCEMENT

### **Code Enforcement Grant Program California**

*The state of California has three programs to help address the problem of code enforcement, all run by the California Department of Housing and Community Development, Department of Codes and Standards:*

*The Code Enforcement Incentive Program (CEIP) was created in 2000 and awards matching grants to cities and counties, specifically to increase staffing for housing code enforcement. Grants must serve as a supplement to local funds and are capped at \$1 million per grantee. CEIP focuses on enforcement efforts in communities with concentrations of poverty, deteriorating housing stock, and programs targeting repeat offenders. The city of San Diego received a \$395,500 grant from CEIP towards their Neighborhood Code Compliance Department (NCCD). This enabled NCCD to proactively quash the deterioration of older-housing stock in low-income neighborhoods.*

*The Community Code Enforcement Pilot Program (CCEPP) grants local government up to \$450,000. CCEPP funds enforcement projects that encourage community engagement in code enforcement. Therefore the grant requires that applicants “develop plans to create a high-visibility code enforcement team, increase communication and interaction with local residents, ensure cooperative relationships between local officials and effectively enforce code violations.”*

*Finally, the California’s Department of Code Enforcement Grant Program (CEGP) offers a three year grant for capital expenditure costs of local housing code enforcement programs. The grant is for a minimum of \$30,000 and a maximum of \$300,000 and must supplement existing funds for code enforcement. This grant does not cover soft costs or staffing, those funds must be provided by the local government. CEGP favors applicants with preexisting enforcement and housing conservation plans, a community oriented approach, and relationships with additional local agencies.*

<http://www.hcd.ca.gov/codes/cegp/>

<http://www.sandiego.gov/budget/annual/volume3/pdf/28v3neighborcode.pdf#search=%22%22%20Code%20Enforcement%20Incentive%20Program%22%22>

<http://mail.ci.santa->

[rosa.ca.us/as/pdf/admin/pdf/OandMBudgetDoc\\_04\\_05.pdf#search=%22%22Community%20Code%20Enforcement%20Pilot%20Program%22%20%22santa%20rosa%22%22](http://rosa.ca.us/as/pdf/admin/pdf/OandMBudgetDoc_04_05.pdf#search=%22%22Community%20Code%20Enforcement%20Pilot%20Program%22%20%22santa%20rosa%22%22)

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## **Maintain Healthy Neighborhoods: Integrated Neighborhood Initiatives**

The Strategy (Sec. 6.2) supports the sustaining and improvement of existing neighborhoods as a part of what is needed to attract population growth. However, it gives emphasis to new development and actually says little about what should be done in neighborhoods where less marked change is anticipated. This too appears an area where the District could learn from other cities.

A number of other cities have developed initiatives to sustain and enhance neighborhood quality that involve an integrated series of activities; e.g., mobilizing home owners and neighborhood associations to undertake maintenance and upgrading campaigns; small loan and grant programs to support housing quality; city programs to quickly clean up vacant properties, remove abandoned vehicles, etc.; strategic programs of repairs and improvements to neighborhood infrastructure; programs to improve public facilities (schools, libraries, recreation centers – rejuvenating the programs they operate as well as the facilities themselves).

The approach is usually applied in neighborhoods that are not yet deeply distressed but where there may be early signs of disinvestment. In some cities, this is called the “healthy neighborhoods approach” (See discussion of this approach in Baltimore in Boehlke, 2001). Other relevant examples include the Los Angeles Initiative and the Neighborhood Enhancement Program in Bellevue Washington.

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### *INTEGRATED NEIGHBORHOOD INITIATIVES*

#### **Los Angeles Neighborhood Initiative Los Angeles, CA**

*The Los Angeles Neighborhood Initiative (LANI) works to spark revitalization by improving the main streets that are at the core of neighborhoods. LANI works to reverse or prevent empty store-fronts, unsafe sidewalks, litter, vacant lots, graffiti, crime, lack of public space and vital businesses. In each neighborhood, LANI establishes a Recognized Community Organization (RCO) made up of residents, community organizers, and business and property owners. The RCO helps set the neighborhood priorities, and projects budgeting, design, and construction. LANI has completed neighborhood improvement projects in 17 neighborhoods totaling more than \$14.9 million. In addition, LANI also has a Matching Maintenance Funds program (LANI-MMF) that grants neighborhood \$100 to \$2,500 to maintain or repair an existing improvement, provide a maintenance service, or replace minor low-cost improvements.*

The following is a list of LANI projects: 867 Street Trees; 88 Improved Facades; 1,054 Street Lights; 6 Murals; 1,056 Banners; 49 Benches; 61 Bus Shelters; 101 Potted Trees & Flowers; 5 Pocket Parks and Community Gardens; 16 Community Information Kiosks; 104 Decorative Pedestrian Crosswalks; 6 Community Entry Monuments; Colorful Painting of 698 Street Lights; 117 Decorative Trash Receptacles; 10,000 Square feet of New Sidewalk; and 22 Community and Transit Maps and Directories.

[http://www.lani.org/program\\_overview.htm](http://www.lani.org/program_overview.htm)

<http://www.lani.org/sustainability.htm>

<http://www.lani.org/files/search=%22neighborhood%20maintenance%20improvement%20initiatives%22>

<http://www.tfsrc.gov/pubrds/septoct00/leimert.htm>

[http://www.usc.edu/dept/geography/SC2/sg/pdf/sg\\_LANI.pdf#search=%22LANI%20LA%20neighborhoods%22](http://www.usc.edu/dept/geography/SC2/sg/pdf/sg_LANI.pdf#search=%22LANI%20LA%20neighborhoods%22)

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## INTEGRATED NEIGHBORHOOD INITIATIVES

### **Neighborhood Enhancement Program Bellevue, Washington**

The City of Bellevue sponsors two programs aimed at enabling residents to better the neighborhoods they live in. The Neighborhood Enhancement Program (NEP) was founded as part of the city's outreach efforts in 1988. Neighborhoods are allocated funds based on the number of households in the area (an average of \$250,000) once every three years. Residents submit requests for improvement projects by mail or electronically. Projects must cost less than \$150,000, be consistent with city and county plans and policies, take less than three years, fall within the city's jurisdiction or approved by outside agencies, supported by 75 percent of affected residents, in public space, have maintenance funds available, and benefit the general public. A list of all proposed projects is then sent to all residents in the area and a workshop is held to inform residents about the different projects. The projects that receive the most votes are employed in that year's NEP cycle and residents are encouraged to work with the city and the community coordinator on the implement of the project. Previous projects have included sidewalk installation, streetlights, trails / boardwalks, playground equipment, a skate park, a fountain plaza, and more.

From the Neighborhood Enhancement Program emerged the Neighborhood Match Program (NMP) established in 1997. NMP was a solution for the number of smaller localized submissions they were receiving in the NEP program such as landscaping, signage, and public art. The Match Program grants residents up to \$5,000 for an improvement project. Projects must match or exceed city funds with community or outside donations in the form of cash, professional services, materials or labor. Residents are allowed one year to complete the project and projects should require no to low

*maintenance by the city. Understanding that these projects take coordination and to further their goal of resident involvement, the City of Bellevue also gives “Little Match” grants of up to \$250 to help establish, reinvigorate, or increase participation in neighborhood associations.*

<http://www.cityofbellevue.org/page.asp?view=4022#Overview>

<http://www.cityofbellevue.org/page.asp?view=35189>

<http://www.cityofbellevue.org/page.asp?view=34956>

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## ENDNOTES

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<sup>1</sup> The *Housing in the Nation's Capital* report series (Turner, et al, 2002 through 2006).

<sup>2</sup> There were six metros with medians above \$500,000 all but one of which were in California. The highest was metropolitan San Jose at \$745,000.

<sup>3</sup> These estimates are by Turner (2006). They assume that the District becomes somewhat more attractive to families with children than has been the case in recent years. If the city's population growth continues to be dominated by singles and childless couples rather than by families with children, the number of new housing units needed is higher — 61,400 new units, or 4,090 per year.

<sup>4</sup> National Housing Trust, 2004a. See also, Bodaken, 2002a and National Housing Trust, 2004b

<sup>5</sup> Nathan Associates Inc., 2000.

<sup>6</sup> For information on the Trust Fund, see: <http://www.dcfpi.org/2-24-03hous.htm>, <http://www.housingfinance.com/ahf/articles/2005/june/dc.html>, [http://www.cnhed.org/download/123321\\_U127242\\_41655/HPTF+Principles+&+Fact+Sheet.pdf](http://www.cnhed.org/download/123321_U127242_41655/HPTF+Principles+&+Fact+Sheet.pdf). For information on SAFI, see: <http://newsroom.dc.gov/show.aspx/agency/dhcd/section/2/release/8964/year/2005>

<sup>7</sup> Sources aside from the Task Force report include Garrison (2005) for Los Angeles, and Turner et al (2002b) for San Francisco.

<sup>8</sup> In the 100 largest metro areas in the 1990s, the share of the poor that lived in neighborhoods with poverty rates of 30 percent or more jumped from 25 percent in 1980 to 31 percent in 1990, but then fell all the way back to 26 percent in 2000. Kingsley and Pettit, 2003.

<sup>9</sup> See, for example, Proscio and Grogan, 2001

<sup>10</sup> Among the 154 metros for which data are available from the National Association of Realtors, there were 10 that experienced increases in the median price for existing single-family homes of 25 percent or more between 2004 and 2005; 47 where the rate was 10 percent or more (metro Washington ranked 15<sup>th</sup>). But this sort of hyper-housing-inflation also, has not occurred everywhere: 22 metros on the list experienced declines in value from 2004 to 2005, and another 16 had gains of less than 2 percent.

<sup>11</sup> Heudorfer and Bluestone (2006) found that between 2000 and 2004, U.S. metro areas in the top decile according to housing costs experienced employment growth of just 0.95 percent, whereas those in the second decile had three times as much employment growth (2.91 percent) and those in the third had more than twice as much (2.29 percent). They note that high housing costs have been a major factor holding back development over the past few years in Massachusetts.

<sup>12</sup> Prior to *Project 5000*, the city had only been acquiring only a small number of properties per year. Since the project's inception, the Housing Authority of Baltimore City (HABC) has obtained titles for an estimated 6,100 land parcels through tax sale foreclosure. Using GIS technology, the city mapped all of its properties to focus land banking on pockets of dilapidated neighborhoods. More recently the target has been expanded to the control of roughly 10,000 properties in these areas. Many are being assembled for large-scale redevelopment to be packaged for private developers, investors and nonprofits. Others will be sold using Baltimore's Project SCOPE, which allows realtors to list and market selected city owned properties. Source: [http://www.baltimorehousing.org/index/ps\\_5000.asp](http://www.baltimorehousing.org/index/ps_5000.asp)