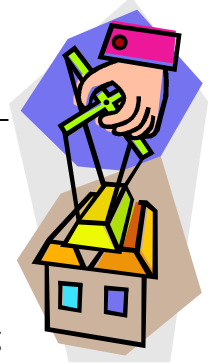


# INCLUSIONARY HOUSING

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## Model Inclusionary Regulations, Strategies & Policies



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In 2005, the Centre County Affordable Housing Needs Assessment was released. The report defined and quantified the housing needs of very low, low and moderate income households in our County.

One finding was the number of for sale housing units needed by the year 2030 to meet the affordable housing demand, which is 1,964 units.

Another finding was that regulatory and policy barriers need to be addressed in order to promote affordable housing development. Barriers include: land use regulations, administrative fees,

and the length of the development plan review process. For example, a minimum lot size requirement of a half an acre and wide setback requirements add higher costs to the overall cost of building a home. Smaller lot sizes as well as narrower setbacks and cartway widths reduce the overall costs of housing development, making the housing unit more affordable.

In response to the findings, the Centre County Planning and Community Development Office in partnership with the Centre Regional Planning Agency applied for a Land Use Planning and

Technical Assistance Program-Grant for the purpose of developing model

regulations, strategies and policies that are appropriate for Centre County. The intent is to reduce the housing burden (see below) for current and future Centre County residents.

Since no one size fits all for Centre County based on the differences of the County's municipalities, the final product will provide a menu of options for municipal officials to consider.

## Resources

The US Department of Housing and Urban Development (HUD) provides useful information and tools on their website under Regulatory Barriers Clearinghouse. The web links are:

<http://www.huduser.org/rbc/>

<http://www.huduser.org/rbc/nca/index.html>

The National Community Land Trust Network is the umbrella organization supporting the work of community land trusts across the United States -- promoting sustainable development through the development of permanently affordable housing and the protection of working lands.

<http://www.clnetwork.org/>

Click on Resources

## Housing Burden



Housing burden is defined by US Department of Housing and Urban Development (HUD) as paying no more than 30% of a household's gross income on housing costs.

There are many households in Centre County that exceed the 30%, and the burden is even as high as 80%, especially for households on a limited fixed income such

as households receiving Social Security benefits. This is due to the widening gap between housing costs and income.

### Housing Costs Defined:

#### RENTERS

Rent & Utilities

#### HOME OWNERS

(PITI) Principal and interest, taxes & insurance



## Inclusionary Policies Development Process

### ◆ BACKGROUND STUDIES

- Inventory and evaluate existing regulations and other practices in Centre County
- Research best practices adopted by other communities
- Update GIS (Geographic Information Systems) for housing opportunities
- Conduct key person interviews
- Research options for sustaining housing affordability

### ◆ DEVELOPMENT OF REGULATIONS AND OPTIONS FOR AFFORDABLE HOUSING

- Develop regulations and policies for municipal consideration
- Make recommendations on code, regulatory, and permitting changes
- Provide options for sustaining housing affordability

### ◆ PUBLIC OUTREACH

- Meet with municipal officials to review the draft document and receive input
- Hold public meetings

### ◆ RECOMMENDATIONS AND PROMOTION OF MUNICIPAL ADOPTION

- Finalize model regulations and affordability tools
- Provide assistance to municipalities

**\$210,000**

Average sale price of a home in Centre County-June 2009, according to the Centre County Association of REALTORS

### HOME PURCHASE POWER???

- ⇒ Household of 4
- ⇒ 80% AMI (\$52,650)
- ⇒ 5% down payment
- ⇒ 5% interest rate loan
- ⇒ Paying 28% of income for PITI

Can afford a \$138,060 home, which is well below the County average sales price

Summer 2009:

Staff is in the process of developing regulations and options for affordable housing.

## Income Eligibility

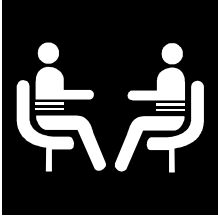
Inclusionary regulations and policies establish an income range for the households to be served by the new housing units. The range is based on the needs of community and the existing housing stock. A commonly used standard for income is an area's median income (AMI), which is based on the US Census and adjusted annually by US Department of Housing and Urban Development. Typically, the income range is between 60% and 120% AMI. Below are the 2009 income figures for Centre County.

2009 Centre County Area Median Income



Household Size	60% of Area * Median Income	80% of Area Median Income	100% of Area Median Income	120% of Area Median Income
1 Person	\$27,660	\$36,850	\$46,100	\$44,220
2 Person	\$31,560	\$42,100	\$52,600	\$50,520
3 Person	\$35,520	\$47,400	\$59,200	\$56,880
4 Person	\$39,480	\$52,650	\$65,800	\$63,180
5 Person	\$42,660	\$56,850	\$71,100	\$68,220
6 Person	\$45,780	\$61,050	\$76,300	\$73,260

Adjusted annually by HUD



## Key Person Interviews

The first phase of developing model

inclusionary regulations and policies included garnering input from key persons in communities across Centre County.

The interviews consisted of: collecting information on current practices, identifying barriers, and seeking recommendations to promote affordable housing development.

Over two-thirds of the interviews have been completed. To date, interviewees have included representatives from sewer and water authorities, regional planning commissions, elected officials, human service agencies, realtors, lenders, developers, public transit and others.

The input received was categorically broken down for easy reference as staff continues its work in developing model policies for municipal consideration. Categories

include: housing market, housing type and design, finance, codes, mobile home parks, human services, municipal/county, street standards, zoning and subdivision/land development regulations and utilities.

Additional interviews will be conducted over the next several months, which will give staff the opportunity to obtain feedback on preliminary findings.

## ABCs of Creating New Affordable Housing Opportunities

The *Pennsylvania Municipalities Planning Code* is the legal framework for planning in the Commonwealth. Municipalities comply with the Code when developing and revising municipal land use plans and controls.

The provisions that pertain to affordable housing are as follows:

Article III. Section 301. Preparation of Comprehensive

Plan. (2.1) The plan shall include a plan to meet the housing needs of present residents and of those individuals and families anticipated to reside in the municipality, which may include conservation of presently sound housing, rehabilitation of housing in declining neighborhoods and the accommodation of expected new housing in different dwelling types and at

appropriate densities for households of all income levels

Article VI. Section 603. Zoning Ordinance Provisions (6) provisions authorizing increases in the permissible density of population or intensity of a particular use based upon expressed standards and criteria set forth in the zoning ordinance.



### TOOLKIT

Learn more about affordable housing by reading a document developed by the Centre County Affordable Housing Coalition

**HOMES WITHIN REACH TOOLKIT: A SOURCE OF OPTIONS FOR CENTRE COUNTY MUNICIPAL OFFICIALS AND DEVELOPERS**

[http://www.co.centre.pa.us/planning/housing/homes\\_within\\_reach\\_toolkit.pdf](http://www.co.centre.pa.us/planning/housing/homes_within_reach_toolkit.pdf)  
Or

[http://cog.centreconnect.org/crpa-mpo/Housing/AHC\\_toolkit\\_Combined\\_10.pdf](http://cog.centreconnect.org/crpa-mpo/Housing/AHC_toolkit_Combined_10.pdf)

### Basic Steps for Municipalities to Consider:

- 1) Reduce regulatory requirements to promote affordable housing development such as minimum lot sizes, setbacks, and cartway widths
- 2) Incentivize or require developers to provide for a percentage of housing units within a development to serve households within a prescribed income range. Incentives could include a density bonus, reduction or deferral of fees, relaxation of parkland requirements
- 3) Adopt policies and procedures for the implementation of inclusionary housing
- 4) Sustain the affordability of the housing units (See Affordability Controls, Page 4)

Guidance on the steps listed above will be detailed in the LUPTAP's final product.

## Affordability Controls

In order to make certain that housing remains affordable for future households, policies are needed to guarantee the housing unit's affordability over time.

Two commonly used methods to sustain housing affordability are: deed restrictions or protective covenants and land trusts.

A **deed restriction or protective covenant**, is a tool that can be used by municipalities, non-profits, and/or developers to sustain housing affordability for a specified period of time. The number of years that affordability is required may vary, depending on local policies. In general, deed restrictions or protective covenants prescribe the period of affordability, income eligibility, restrictions on improvements to

the unit, and resale formula, including how appreciation will be shared.

Another tool for sustaining housing affordability is a **community land trust**. According to the National Community Land Trust Network, "A community land trust (CLT) is a private non-profit community organization that safeguards land in order to provide affordable housing opportunities. CLTs build and sell affordably-priced homes to families with limited incomes- the CLT keeps the price of homes affordable by separating the price of the house from the cost of the land. When a family decides to sell a CLT home, the home is resold at an affordable price to another homebuyer with a limited income. The goal of CLTs is to

balance the needs of homeowners to build equity and gain stability in their lives with the needs of the community to preserve home ownership opportunities for future generations."

In Centre County, there are two community land trusts: the Centre County Housing and Land Trust and the State College Community Land Trust.

The State College Community Land Trust is limited to the political boundaries of the Borough of State College. The period of affordability for both land trusts is in the form of a 99-year lease. Both the Centre County Housing and Land Trust and the State College Community Land Trust also have the capacity to administer deed restrictions, as per any adopted and recorded agreement.



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