The Economic and Fiscal Benefits of Affordable Housing

by Rebecca Cohen and Keith Wardrip

When communities take a moment to consider their most important assets, the candidates often mentioned include high-quality schools, access to parks and open space, a strong job base, a vibrant arts scene, and even a winning sports franchise.

How often have you heard an ample supply of affordable housing mentioned as an asset? Instead, conversations about affordable housing usually focus on the cost to taxpayers and rarely take into account the fiscal and economic benefits that accrue when communities encourage the development of affordable homes.

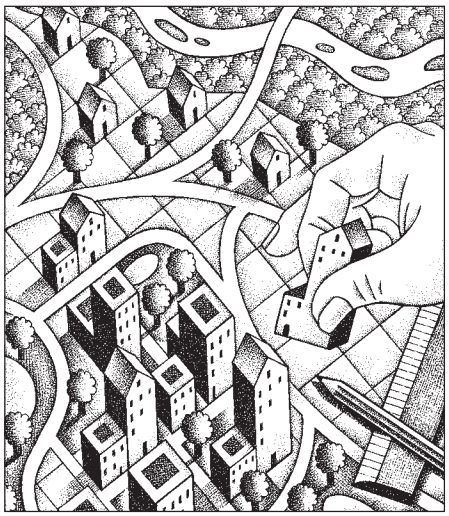
As cities and counties try to bring their revenues and expenditures in-line and prioritize how to spend scarce resources, policymakers and planners should understand the benefits of well-designed affordable housing programs. Such programs are important now more than ever, as research demonstrates that housing affordability has worsened significantly in recent years.[1]

While the provision of affordable housing involves important social and civic values, our focus in this article is aimed at "clearing the air" about affordable housing's economic and fiscal impacts and highlighting some local strategies for addressing the challenge of providing housing for all.[2]

Part I: The Economic & Fiscal Benefits of Affordable Housing

1. One-Time and Ongoing Job Creation and Spending:

It stands to reason that building or rehabilitating affordable housing creates jobs in the construction field. Research by the National Association of Home Builders (NAHB) estimates that building 100 affordable housing units for families through the Low-Income Housing Tax Credit program can lead to the creation of more than 120 jobs, on average, during a project's construction phase.[3]



From an employer's perspective, a lack of affordable housing can put a local economy at a competitive disadvantage.

Even more importantly, long after the homes are occupied, the ripple effect from residents of these new units can support as many as 30 new jobs in a wide array of industries, including retail, healthcare, and local government.[4] These employment effects are on-par with building comparable market-rate units.

2. Positive Fiscal Impacts for State and Local Governments:

When affordable homes are built or rehabbed, the funds flowing to cities and states can be considerable. Revenues can take the form of fees for permitting, zoning, and utilities, or they can reflect sales, income, or property taxes generated by construction-related economic activity. The NAHB estimates that 100 units of affordable housing for families generates the same amount of one-time revenue for jurisdictions as does a comparable market-rate property – roughly $827,000, on average – with more than half coming from permit/impact fees and utility user fees.[5]

Additionally, research findings summarized in a report by the Center for Housing Policy (CHP) show that the impact of a new affordable housing development on nearby property values is more likely to be neutral or positive than negative (often leading to increased local government property tax revenues).[6] As the CHP report notes, the quality of the properties' design, management, and maintenance are important factors.

One persistent concern raised about affordable housing development is that it will flood local schools with children,

1 See, e.g., Keith Wardrip, *Housing Landscape 2011: An Annual Look at the Housing Affordability Challenges of America's Working Households* (Center for Housing Policy, 2011).

2 The first half of the article draws on material from Keith Wardrip, Laura Williams, and Suzanne Hague, *The Role of Affordable Housing in Creating Jobs and Stimulating Local Economic Development: Evidence in Brief* (Center for Housing Policy, 2011).

3 *The Local Economic Impact of Typical Housing Tax Credit Developments* (NAHB, 2010).

4 *Id.*

5 Local revenue generation is estimated to be identical for Low-Income Housing Tax Credit and market-rate properties because LIHTC developments are typically built to market-rate standards. See *The Local Economic Impact of Typical Housing Tax Credit Developments* (NAHB, 2010), and *The Local Economic Impact of Home Building in a Typical Metro Area: Income, Jobs, and Taxes Generated* (NAHB, 2009).

6 See, e.g., Lei Ding et al., "Risky Borrowers or Risky Mortgages: Disaggregating Effects Using Propensity Score Models" (University of North Carolina Dept. of Urban Studies and Planning and the UNC Center for Community Capital; Working Paper, May 17, 2010).

increasing the demand for school facilities and educational services. Putting aside the need for our society to provide a solid education to all children, do lower-income households actually have significantly more children than upper-income ones? The answer is no. Today there is only a small difference in the average number of children per household when comparing income levels.

The much more important trend, and one that carries across all income levels, is the dramatic reduction in the average number of children per household. Take a look, for example, at the chart posted online by the Russell Sage Foundation: www.russellsage.org (search: Average Number of Children per Household by Income Quintile).

3. Reducing Foreclosure Risks and Associated Costs:

Recent research suggests that low- and moderate-income households who participate in affordable homeownership programs have a much lower risk of delinquency and foreclosure than similar buyers with prime or subprime loans.[7]

Reducing foreclosures not only helps stabilize neighborhoods, but also yields significant savings for local governments that may otherwise have to absorb costs related to property maintenance, court and legal expenses, increased police and social services for the affected neighborhoods, and, in some cases, demolition of abandoned houses.[8]

Even when vacant homes are spared from demolition, they can drain public coffers. Abandoned homes can decrease the property taxes, utility revenues, and other taxes and fees that jurisdictions typically collect. It is also well documented that vacancies can affect the value of nearby homes, further reducing property tax revenues.[9]

4. Improving Worker and Employer Attraction and Retention:

Many employers have reported that a lack of affordable housing makes it more difficult – and thus more costly – to recruit and retain employees. In a national survey of more than 300 companies, 55 percent of the largest respondents acknowledged an insufficient level of affordable housing in their proximity, and two-thirds of the same respondents believed that the shortage negatively affected their ability to hold onto qualified employees.[10] A recent study revealed that retail salespersons could not afford to rent a typical one-bedroom apartment in 184 of the 210 markets studied.[11]

From an employer's perspective, a lack of affordable housing can put a local economy at a competitive disadvantage.

5. Increasing the Buying Power of Residents:

Affordable rent and mortgage payments can significantly increase the residual income that households have at their disposal after meeting necessary housing costs – by $500 or more per month in some cases.[12] Research shows that low- and moderate-income households are more likely than others to spend this money on basic household needs such as food, clothing, healthcare, and transportation.[13] Local businesses stand to gain from the increased buying power made possible by the availability of affordable housing.

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7 *"Don't Put it Here!" Does Affordable Housing Cause Nearby Property Values to Decline?* (Center for Housing Policy, 2009).

8 See, e.g., William C. Apgar and Mark Duda, "Collateral Damage: The Municipal Impact of Today's Mortgage Foreclosure Boom" (Homeownership Preservation Foundation, Minneapolis, MN, 2005).

9 See Dan Immergluck and Geoff Smith, "The External Costs of Foreclosure: The Impact of Single-Family Mortgage Foreclosures on Property Values," *Housing Policy Debate* 17(1): 57-79 (2006).

10 "Lack of Affordable Housing Near Jobs: A Problem for Employers and Employees" (Urban Land Institute, June 4, 2007).

11 *Paycheck to Paycheck* (Center for Housing Policy, 2010).

12 Chris Walker, "Affordable Housing for Families and Neighborhoods: The Value of Low-Income Housing Tax Credits in New York City" (Enterprise Community Partners, Inc., and Local Initiatives Support Corporation; June 2010).

13 See Josh Bivens and Kathryn Anne Edwards, "Down-Payment on Economic Recovery: Why Temporary Payments to Social Security and Supplemental Security Income Recipients Are Effective Stimulus" (Briefing Paper #269, Economic Policy Institute, 2010).

Affordable Versus Workforce Housing:

"Affordable housing" takes many different forms, and this article uses the term to encompass all housing developed to be affordable to income-qualifying households earning less than 120 percent of the area median income. A subset of affordable housing, "workforce housing," simply refers to housing that is affordable to a community's essential workers.

However, in practice, workforce housing often is used to describe housing that is affordable at the upper end of this scale (i.e., 60 to 120 percent of area median income). Because typical market-rate rental housing is affordable at this level in many communities, workforce housing is more likely to include homeownership programs.

See the Urban Land Institute's J. Ron Terwilliger Center for Workforce Housing for one definition of workforce housing; www.uli.org.

Impact of Affordable Housing on Nearby Property Values

The Center for Housing Policy's short report, *Don't Put it Here!*, looked at the impact of affordable housing on nearby property values. Reviewing existing research, the authors found little evidence that affordable housing negatively affected the value of neighboring properties. They identified several key factors that appeared to have the greatest influence over impacts on the surrounding neighborhood:

- Quality of property management and maintenance: While poorly-maintained housing depressed nearby property values, well-maintained and managed affordable housing was more likely to have a neutral or positive impact.
- Project design and size: Attractive buildings that blended in with the surrounding neighborhood had a neutral or positive impact on the values of nearby properties. In addition, new affordable developments often helped revitalize blighted neighborhoods when included as part of a broader community revitalization strategy.
- Existing neighborhood trajectory: Well-designed and located affordable housing was unlikely to negatively impact property values in strong neighborhoods.

Don't Put It Here! is available at: www.nhc.org/insights.html.

Portland, Oregon's Bookmark Apartments

The Bookmark Apartments, located in the Hollywood District of Portland, Oregon, combine in one building a public library, café, and 47 apartments – 19 of which are affordable to households earning up to 60 percent of the area median income. The apartments were created as part of a larger process to revitalize Hollywood's commercial district, which included development of a new, stand-alone library.

Stakeholders recognized the opportunity to simultaneously address the need for more affordable housing, and in 1999, Multnomah County commissioners adopted a policy to support mixed-use development at branch libraries. Local officials and planning staff also supported the project and helped resolve permitting issues and refine zoning ordinances to facilitate development. Design compromises helped allay neighbors' concerns about the size of the building, including a reduction in its height and increased setbacks of the housing units on the upper floors, and the rental complex had its grand opening in 2002.

A public library and affordable housing: a winning combination in Portland, Oregon.

Live Near Your Work

Launched by the State Housing Authority in 2003, Delaware's Live Near Your Work program provides down payment or closing cost grant assistance to employees at participating companies. Employers contribute a minimum of $1,000 per participating employee, which is then matched by a state contribution up to $1,000 and matching funds from the local community, if it is also a program participant.

To qualify, employee household income and home purchase prices cannot exceed specified thresholds, and homes must be located within a 3-mile radius of the workplace. Employees who receive the grants must add $1,000 from their personal savings, complete a HUD-approved housing counseling course, and secure financing from an approved lender.

While the program scope is relatively modest, with around a dozen families benefiting each year, 19 employers, 15 lenders, and 3 jurisdictions have agreed to participate.

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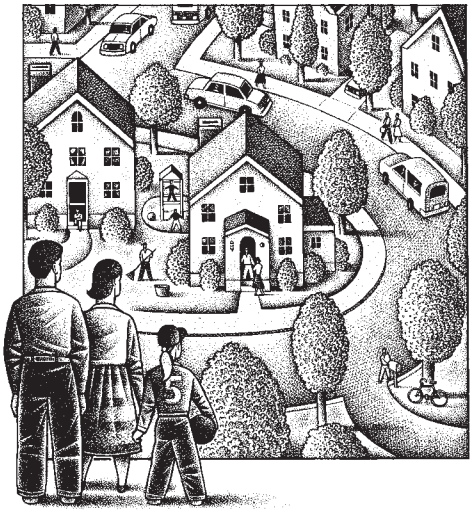

Part II: Low- or No-Cost Strategies for Increasing the Availability of Affordable Homes

While the level of support and availability of funding for affordable housing seem to ebb and flow with every election cycle, communities can put into place an array of programs that do not depend on annual appropriations to create and preserve homes for low- and moderate-income families. These programs fall into five main categories:[14]

1. Expand Development Opportunities:

In many communities, the high cost of land presents a major barrier to the development of affordable homes – particularly for non-profit developers lacking up-front capital. Municipalities often control significant amounts of land, and can play a role in identifying vacant, underutilized, or surplus land that may be appropriate for residential development and transferring ownership at low or no cost to entities that agree to create affordable housing.

Planners and local economic development staff can also identify opportunities to creatively adapt existing structures (such as former school buildings) to provide housing or incorporate affordable housing into new mixed-use developments.

Other strategies to encourage affordable housing include:

- zoning residential areas to allow for higher-density development.
- lowering the cost of developing affordable homes in areas well-served by public transit by reducing residential parking requirements (some localities have adopted a maximum, rather than a minimum, required number of parking spots per unit).
- streamlining the processes for redeveloping vacant and abandoned homes.
- establishing non-profit community land or housing trust organizations to help develop affordable housing.

2. Reduce Red Tape:

Developers often cite the unpredictability and time required to navigate the development process as factors that make it more costly, and thus more difficult, to create affordable housing. Some strategies that can streamline the process include:

- reexamining local building codes that govern the rehabilitation of old buildings and eliminating requirements that do little to improve safety but significantly increase development costs. *Editor's Note: for more on this, see Edward McMahon, "Building Codes Get Smarter," PCJ #43 (Summer 2001).*
- expediting permitting and review for developers of affordable homes, or establishing one-stop permit centers to speed up the process for all applicants.
- establishing zoning districts that allow multifamily housing as of right.

3. Capitalize on Market Activity:

While growth has slowed significantly in many areas, most communities can expect to see a rebound in the coming years and would benefit from having policies in place that capture a portion of the value generated by market-rate development to support affordable homes. Options range from inclusionary zoning programs (which provide incentives or require developers to set aside a portion of units in new market-rate development for low- and moderate-income families), to the establishment of tax increment financing (TIF) districts.

14 Visit www.HousingPolicy.org for more information on each of these strategies and policies.

While TIF districts are commonly used to fund infrastructure projects, some communities have successfully used them to support development of affordable homes, either by requiring that a percent of the increment be set aside for housing or by creating TIF districts solely to support affordable housing and associated infrastructure.[15]

4. Generate Capital:

Communities can generate capital for affordable homes without raiding city coffers or diverting resources from other programs. Some cities form partnerships with non-profit organizations and private companies to create employer-assisted housing programs, through which companies provide down payment or other assistance for qualifying workers.

While the employer's financial investment is usually relatively small, it can make a significant difference in whether prospective employees are able to secure affordable housing in the community.

See also Live Near Where You Work, p. 14.

5. Preserve and Recycle Resources:

As housing practitioners know all too well, the limited resources available through federal and state affordable housing programs mean that every dollar must be stretched to deliver the maximum return on investment. Efforts to preserve affordable rental homes can be assisted by having a "preservation catalog" that inventories the existing stock of subsidized housing. This enables easy identification of properties whose use restrictions are due to expire.

Rental preservation efforts can also be strengthened through the adoption of notice and right-of-first-refusal laws that allow residents to help determine the future of their building when faced with an upcoming conversion or change in ownership, as well as robust code enforcement programs to identify rental properties at risk of deterioration.

Communities that offer down payment assistance programs may also

consider moving to a revolving loan model, where homebuyers repay the assistance when they sell the home. Recycling down payment funds reduces the extent to which communities need to raise new funds to provide assistance.

Summing Up:

Investing in affordable housing does more than improve the quality of life for local residents – it strengthens the local economy by creating jobs and fortifying a community's tax base. Providing affordable housing also yields economic benefits to local employers by making it easier to attract and retain workers. Communities can encourage the provision of affordable housing by making use of a variety of policy tools at their disposal. ◆

Rebecca Cohen and Keith Wardrip are both senior research associates at the Center for Housing Policy. Cohen has assisted in the development of a series of resources for local practitioners and elected officials, including www.HousingPolicy.org, a one-stop shop for state and local housing policy information. Prior to joining the Center, Cohen worked as a policy analyst at the Minnesota Housing Partnership.

Wardrip has focused primarily on housing and transportation analyses; housing issues faced by older adults;, and quantitative analyses tracking national, state, and local housing affordability trends. Before joining the Center, he served as the senior research analyst with the National Low Income Housing Coalition.

15 An example of the former can be found in the Atlanta BeltLine project (www.beltline.org); and the latter in Maine's Affordable Housing Tax Increment Financing districts (see www.mainehousing.org, search "affordable housing TIF").

Delivering the Message

by PCJ Editor Wayne Senville

It's not enough just to have good data showing the economic benefits of affordable housing – it's also vital to be able to communicate this effectively to elected officials.

In 2006, Rhode Island voters approved a $50 million statewide housing bond, Building Homes Rhode Island (BHRI). The bond funds have already supported the construction or rehabilitation of some 1,255 long-term affordable housing units, including many rehabs of abandoned or foreclosed properties. But as Nellie Gorbea, Executive Director of the nonprofit HousingWorks RI, puts it, "we were concerned that state and local policymakers weren't aware of the significant return on investment that this housing was generating for the economy."

As a result, the organization commissioned a study of the economic impacts of the BHRI bond. The results were striking:

- the $50 million invested has generated nearly $800 million in total economic activity throughout the state.
- construction activity supported by BHRI accounted for 53 percent of the total estimated cost of residential construction permitted in Rhode Island from 2007 to 2010.
- at a time of record-high unemployment numbers in the state, BHRI has supported 6,100 jobs (including some 3,000 in the construction sector).

But how to communicate this to policymakers, and also to local media? According to Gorbea, the key was having a simple, clear message and one that highlighted the job creation impact of developing long-term affordable homes.

HousingWorks RI prepared a concise, eight-page report summarizing the economic impact study, as well as an entertaining three-minute animated video. Why an animated video? The aim, says Gorbea, was to "try to get across some key concepts in a light way."

Judge for yourself. The video is available on YouTube at: www.youtube.com/HousingWorksRI; the report can be downloaded at: http://housingworksri.org (search "economic impacts"). Need more information, contact: Nicole Lagace, Communications Director, at: nlagace@housingworksri.org.

A Workforce Housing Miscellany

Compiled by the Staff of the Planning Commissioners Journal

Building a Coalition

Several years ago, the State of New Hampshire set out to keep its well-educated young people from fleeing the state. One key reason state planners and economic development officials cared: in order to attract and retain employers, there must be a high quality workforce. But in order to have this kind of workforce, there must be housing that workers – including young people starting out their careers – can afford.

State planners worked hard on both jobs and housing, but came up against a surprising foe: conservationists. Some friends of the environment saw increased density as a threat to the rural character of their communities.

In 2005, under the auspices of the New Hampshire Charitable Foundation, environmental groups, housing organizations, business interests, and planners came together as the Growth and Development Roundtable, to try to find common ground. Meeting over the course of 18 months, representatives from more than twenty organizations developed an incentive-based program aimed at encouraging communities to create a unified strategy for housing development and natural resource protection – seeing both as equally important components of a sustainable town plan.

With broad-based support, the New Hampshire Legislature adopted the program developed by the Roundtable, and funded it with an initial appropriation of $400,000. The New Hampshire Housing and Conservation Planning Program (HCPP) was born.[1]

As a result of grants received under HCPP since 2007, several communities have updated or created town plans that both provide for increased workforce housing and protect the character and natural resources of their community.

Aerial view of the project location, which is closely aligned with both the Long Island Railroad line and Straight Path road. Below, a rendering of a plaza that would be part of the redevelopment.

David Preece, Executive Director of the Southern New Hampshire Planning Commission and a Roundtable participant, sums it up this way, "You can't protect conservation areas, and you can't build workforce housing, unless you have done your homework by doing the necessary land use planning."

Wyandanch Rising

Made up of more than a dozen municipalities on the south shore of Long Island, the Town of Babylon is home to more than 200,000 residents. While much of Babylon is thriving, Wyandanch, a hamlet of 10,000, is down on its heels.[2]

Today portions of downtown Wyandanch are blighted, with a substantial number of vacant properties. The Suffolk County Planning Department cited Wyandanch as "the most economically distressed community on Long Island." At the same time, parts of Wyandanch, as well as nearby communities, have high-priced homes. What is missing, according to Babylon planners, is "decent, habitable and affordable housing."

Downtown Wyandanch is located directly on the Long Island Railroad line (LIRR), just one hour east of Manhattan. Town planners and residents recognize that it is a natural transit hub with enormous development potential, as well as one of the few relatively affordable places left for developers in the New York Metro region.

The Town of Babylon has embarked on a huge project called Wyandanch Rising. As the Town puts it, the aim of Wyandanch Rising is "to transform an economically distressed downtown into a transit-oriented, pedestrian friendly, environmentally sustainable downtown." The development will occupy 105 acres, comprising much of downtown Wyandanch, including numerous vacant properties. The project site is bisected by the LIRR and a major roadway. At build out, it is planned to include 1,335 units of housing, nearly 100,000 square feet of retail, and some 150,000 square feet of office space.[3]

By creating opportunity for dense mixed-use development near existing transit, town planners seek to provide affordable housing for current residents, while also offering a variety of market rate housing options to attract new residents to the area. The increased housing will provide economic opportunity for downtown businesses.

To date, the Town has secured the land, bonded for a new sanitary sewer system, and adopted a form-based zoning code for the area that allows for increased density. It has undertaken major roadways improvements within the project area, and is seeking additional federal transportation dollars. Now, the Town is looking to the private sector to implement the ambitious development plan.

Supplemental Note: for an example of TOD workforce housing plans that are further along than Wyandanch, take a look at what's in the works for the already vast Tysons Corner area in Fairfax County, Virginia.

1 For information about HCPP: www.nh.gov/oep/programs/HCPP/. For more about the Growth & Development Roundtable: http://nhroundtable.net.

2 Only in New York, it seems, can you find "towns" with hundreds of thousands of inhabitants, and "hamlets" with ten thousand!

3 The Wyandanch Rising website is at: http://wyandanchrising.squarespace.com.

Planners are aiming to increase the residential population of Tysons Corner from 17,000 to 100,000, tied to the extension of the Washington Metro rail line.

Fairfax County is requiring that at least 20 percent of these new units be workforce housing. In addition, new non-residential development will be assessed $3 per square foot (or 25 cents/year) to help fund affordable housing.

More details are posted on the Fairfax County website: www.fairfaxcounty.gov/tysons/housing/.

Putting Together the Pieces

It can be quite a challenge to put together a project aimed at supplying needed housing for the local workforce … but with commitment and cooperation, it can be done. That was the message from Bruce Ogilvie, Chair of the planning commission in the small northwest Michigan city of Frankfort (population 1,435) and local developer Joe Hollander.

According to Ogilvie, the aim was "to convert a very tired, old, eye-sore called 'Smoke Stack Storage' where seasonal boats were stored in an old WW II era glider factory" into 36 units of affordable housing." It wasn't easy to accomplish, explained Hollander. But over the course of a about two years, a fairly complex financing package was put together to develop the Gateway Village apartments. Components included $400,000 in state tax credits to remove lead and other contaminants from the site, as well as $75,000 in state "Green Communities" grant money and $91,000 for construction of a geo-thermal HVAC system. This funding helped the project obtain LEED certification.

Hollander also attributes the project's success to the involvement of Art Jeannot, president of Honor State Bank. Jeannot helped persuade several other community banks to invest in the project and make use of available federal low income housing tax credits.

Ogilvie adds that "the City Planning Commission and City Council of Frankfort worked closely with Joe Hollander and his partners to approve this innovative new rental housing."

Gateway Apartments, reports Ogilvie, "is fully leased to workforce families enjoying three bedroom and two bedroom apartments, along with the accessible one bedroom units." It is also, he points out, "located near schools and shopping, public transportation, and other small city services."

Interestingly, of the 36 units, 20 are two-bedroom and eight are three-bedroom. This has enabled more families to rent in the Gateway Village complex.

How did the project avoid the concerns that often accompany plans to develop housing aimed at families with children? One factor relates to Michigan school funding, where there are fiscal advantages to localities from having additional students. This is especially important in rural areas where school districts often want to avoid consolidation. As Hollander notes, the Gateway apartments have resulted in a net increase of seven students into the district (there are more school-age children living in the Gateway apartments, but a number were already residing within the district).

In the grand scheme of things, 36 affordable apartments may not sound like a lot, but in a small city like Frankfort located in a rural county facing a lack of workforce housing, the apartments have been a valued addition.

JOE HOLLANDER

Gateway Village Apartments in Frankfort, Michigan.

Workforce Housing: An Economic Necessity

by Trisha Riggs

The most effective way to garner support for workforce housing development in the still-shaky economic environment is to position this type of housing as an important component of community viability and long-term sustainability, according to housing experts at a recent workforce housing forum sponsored by the Urban Land Institute (ULI) Terwilliger Center for Workforce Housing.

The consensus among speakers: Housing that is affordable to workers – both Gen Yers entering the job market and baby boomers still working, either by necessity or choice – can catalyze economic growth as a tool that enhances a community's appeal to residents of a variety of incomes and ages.

Emphasizing the role of workforce housing as an economic catalyst is the best way to gain broad acceptance by stakeholders and correct misperceptions about the housing and who it serves, said forum panelist Michael Pitchford, president and chief executive officer of the Community Preservation and Development Corporation. "We are spending too much time talking about [workforce] housing in terms that don't get to the core message that this housing is an economic necessity, rather than a social issue," he said.

Positioning workforce housing as an economic benefit is starting to resonate, as many communities find themselves struggling to gain a competitive edge in the post-recession economy, panelists noted. Such housing will continue to be built through partnerships with the private sector, including traditional ones with the public sector that involve contributions other than funding, said Henry Cisneros [former Department of Housing and Urban Development Secretary]. Local governments strapped for funds can still contribute to partnerships by providing land and development sites, he noted. "An entrepreneurial government is the primary contribution a city can offer."

Other workforce housing partners for the private sector: Universities, medical and research institutions, and other knowledge economy-related businesses that make improving the neighborhoods in which they are located – including housing for a variety of incomes – a top priority.

Trisha Riggs is Vice President of Communications at the Urban Land Institute. Reprinted with permission. For more on ULI's Terwilliger Center, go to the ULI web site: www.uli.org.

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Providing Workforce Housing in Downtown Boise

by Jon Cecil, AICP

Until recently, Boise, Idaho's downtown urban core was viewed primarily as the office and commercial center for the Treasure Valley rather than as a place for living. That perspective changed when Boise's urban redevelopment agency, Capital City Development Corporation (CCDC) began an urban housing initiative in 2000.

The Boise Smart City Initiative envisioned the downtown core as a vibrant urban village with a lively mix of housing, workplaces, restaurants, retail, cultural and education activities, and social places. Downtown could become what urban theorist Richard Florida calls a magnet for the creative economy – generating new businesses and adding to economic prosperity.

In 2003, CCDC began to examine how to increase the number of living options in downtown. Market research and consumer preference surveys quantified that approximately 5,000 one- and two-person households in downtown were needed p*rovided the product and price range were right* (emphasis added). This data was distributed to local real estate agents and developers. By 2007, some 500 mostly luxury and market-rate housing units in downtown were either finished or were under construction.

CCDC and others, however, have recognized that having a downtown that is home to mostly high-end, market-rate condos, and loft units affordable only to the wealthiest members of the community, represents an unhealthy trend.

In 2004 CCDC advocated on behalf of a building code amendment that promoted mixed-use, high-density housing to allow up to five floors of Type V-A (wood frame construction above structured parking); one more floor than was allowed under the previous building code. The adoption of this code amendment by Boise City allowed for an increase in the number of units in a project as a way to encourage more urban-style housing options at a lower cost per unit.

CCDC

The iconic "Idanha" – first opened as a hotel in 1901 and once the tallest building in Idaho – is one of several downtown Boise buildings that include low or moderate income apartments.

By 2006, continued concern about the lack of available workforce housing units in downtown resulted in the creation of a workforce housing task force. The task force included a wide cross section of local representatives from the housing, nonprofit and community development sectors. As one task force member observed, "urban centers are best when they provide mixed-use and diversity … quality housing must be available for everyone."[4]

The task force acknowledged there was no easy solution, or silver bullet, that would provide a sufficient supply of workforce housing in downtown. Instead a so-called "silver buckshot" approach was needed; one that recognized the responsibility of many different stakeholders such as developers, employers, lenders, state and city officials, and housing advocates to bridge the housing affordability gap.

After six months' effort the Task Force submitted a report of its findings that concluded, "A successful downtown requires a diverse range of incomes that can afford to live, work and recreate in a downtown environment."[5]

Consistent with this, CCDC has been instrumental in the formation of a workforce housing coalition of developers, builders, real-estate professionals, lenders, and employers to implement workforce housing strategies. One spin-off from this effort: an employer-assisted housing training program that helps local area Realtors working with major employers on homeownership programs.

Today 3,897 Boiseans call downtown home (just under two percent of the city's total population). As downtown Boise continues to mature and develop, maintaining a proper balance between affordable and market-rate housing will be essential to the creation of a vital urban environment so that people can live, work, and play in close proximity to a variety of housing, public amenities, transit, and public services. ◆

Jon Cecil, AICP, joined Capital City Development Corporation (Boise, Idaho) in 2006. Since joining the agency he has focused on planning and redevelopment activities in three urban renewal districts within the city of Boise.

4 CCDC, *Workforce Housing: Meeting Market Demand*, p. 10.

5 CCDC, *Workforce Housing Task Force Report*, p. 14.